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MEDIA RELEASE

Austral Gold Limited

28 August 2020

Austral Gold Announces Filing of 2020 Half Year Report

Austral Gold Limited (the "Company") (ASX: AGD; TSX-V: AGLD) is pleased to announce that it has filed its half year report for the 6 months ended 30 June 2020. The report is available at the Company's profile at https://www.asx.com.au/, www.sedar.com/ and on the Company's website at www.australgold.com/.

About Austral Gold

Austral Gold Limited is a growing gold and silver mining, development and exploration company building a portfolio of quality assets in Chile, the US and Argentina. The Company's flagship Guanaco/Amancaya project in Chile is a gold and silver producing mine with further exploration upside. The company also holds the Casposo Mine (San Juan, Argentina), a ~26.46% interest in the Rawhide Mine (Nevada, USA) and an attractive portfolio of exploration projects including the Pingüino project in Santa Cruz, Argentina (100% interest) and the San Guillermo and Reprado projects near Amancaya (100% interest). With an experienced local technical team and highly regarded major shareholder, Austral's goal is to continue to strengthen its asset base through acquisition and discovery. Austral Gold Limited is listed on the TSX Venture Exchange (TSXV: AGLD), and the Australian Securities Exchange. (ASX: AGD). For more information, please consult the company's website www.australgold.com.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Release approved by the Chief Executive Officer of Austral Gold, Stabro Kasaneva.

For additional information please contact:

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Director
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Results for half-year ended 30 June 2020

Appendix 4D, previous corresponding period, half-year ended 30 June 2019.

Revenue and net profit				US$'000
Revenue from ordinary activities	Down	10%	to	43,177
Income from ordinary activities after tax	Up	155%	to	4,285
Net Profit attributable to members	Up	187%	to	4,285
Dividend information				

Interim unfranked dividend per share	A$0.009
Interim dividend dates	
Ex-dividend date	09 July 2020
Record date	10 July 2020
Payment date	24 July 2020

Net tangible assets per security	June 2020 per share	Dec 2019 per share
Net tangible assets per security	US$0.10	US$0.10
Common shares on issue at balance sheet date	559,395,275	534,173,010

Additional Appendix 4D disclosure requirements can be found in the Directors' Report and the 30 June 2020 half-year financial statements.

This report is based on the condensed consolidated half-year financial statements for the period to 30 June 2020 which have been reviewed by KPMG and are not subject to dispute or qualification. The Independent Auditors' Review Report is included herein.

This is a half-yearly report and is to be read in conjunction with the 31 December 2019 Annual Report.

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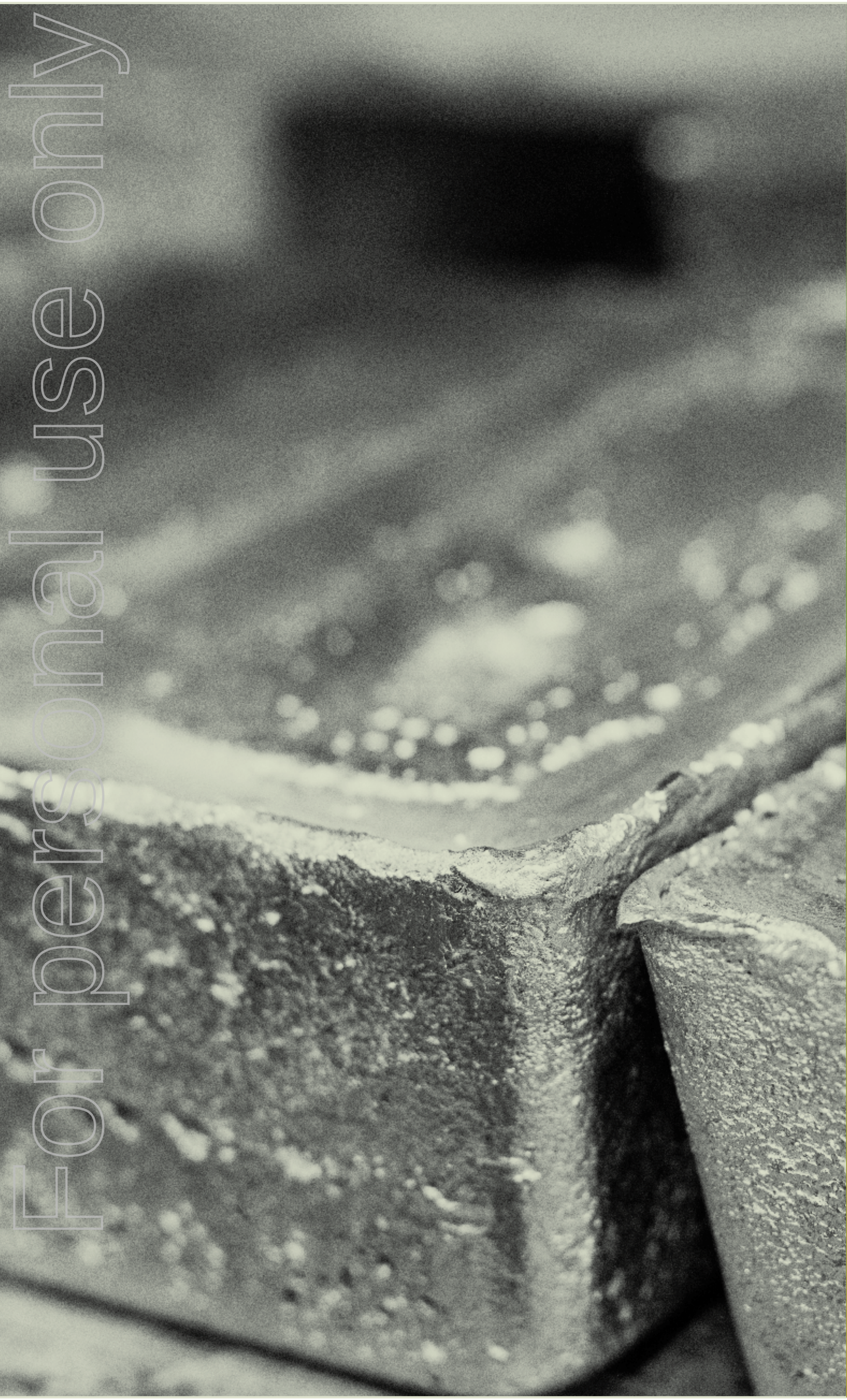
AUSTRALGOLD



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HALF-YEAR FINANCIAL REPORT

30 JUNE 2020

www.australgold.com

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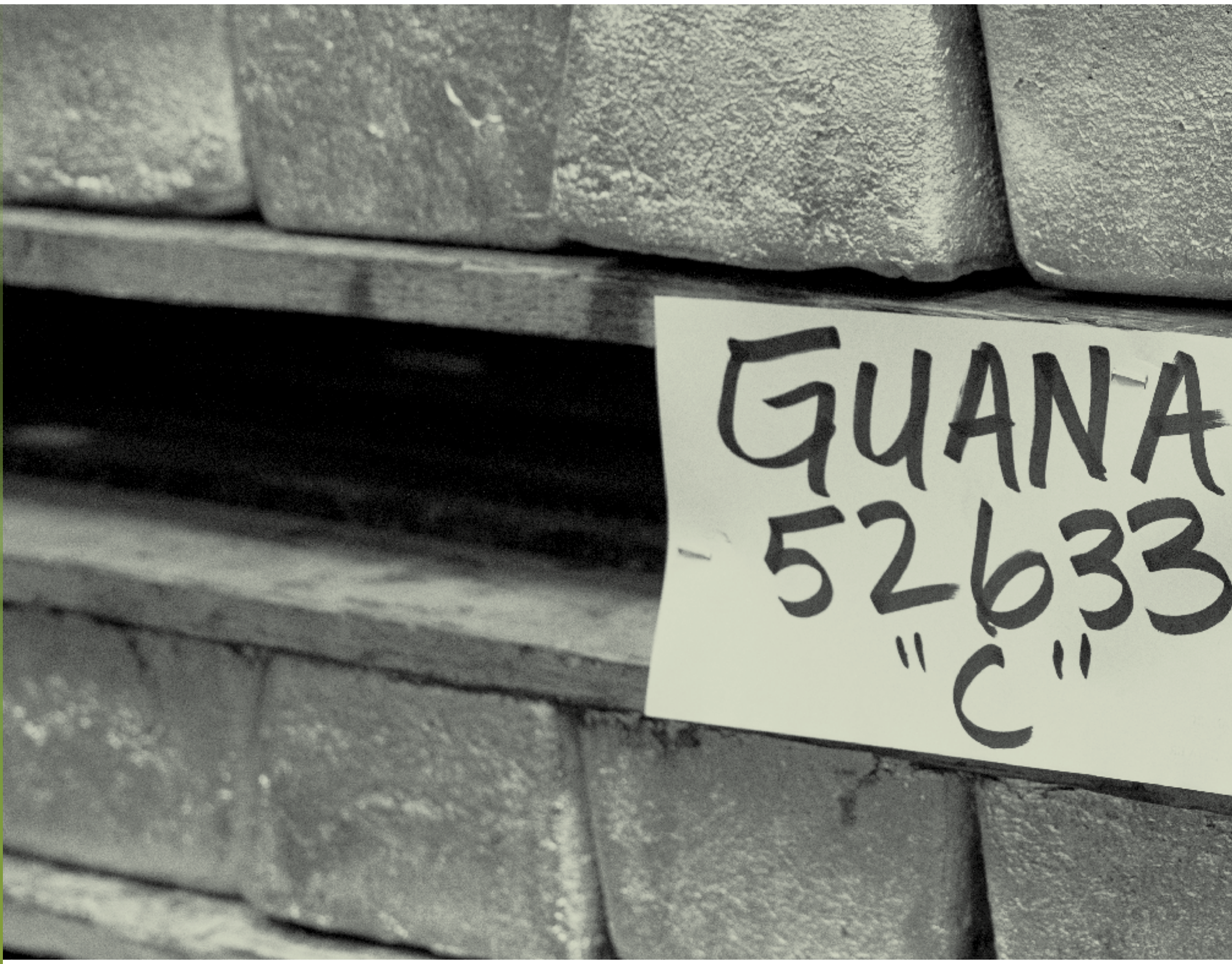
CORPORATE DIRECTORY



KEY MANAGEMENT

Stabro Kasaneva
Chief Executive Officer and Executive Director

Rodrigo Ramirez
Vice President of Operations

Raul Guerra
Vice-President of Exploration

Jose Bordogna
Chief Financial Officer

DIRECTORS

Wayne Hubert
Chairman & Executive Director

Eduardo Elsztain
Vice Chairman & Non-Executive Director

Saul Zang
Non-Executive Director

Pablo Vergara del Carril
Non-Executive Director

Stabro Kasaneva
Chief Executive Officer and Executive Director

Robert Trzebski
Independent Non-Executive Director

Ben Jarvis
Independent Non-Executive Director

COMPANY SECRETARY

David Hwang
Automic Group

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KPMG
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LISTED

Australian Securities Exchange
ASX: AGD

TSX Venture Exchange
TSXV: AGLD

PLACE OF INCORPORATION:

Western Australia

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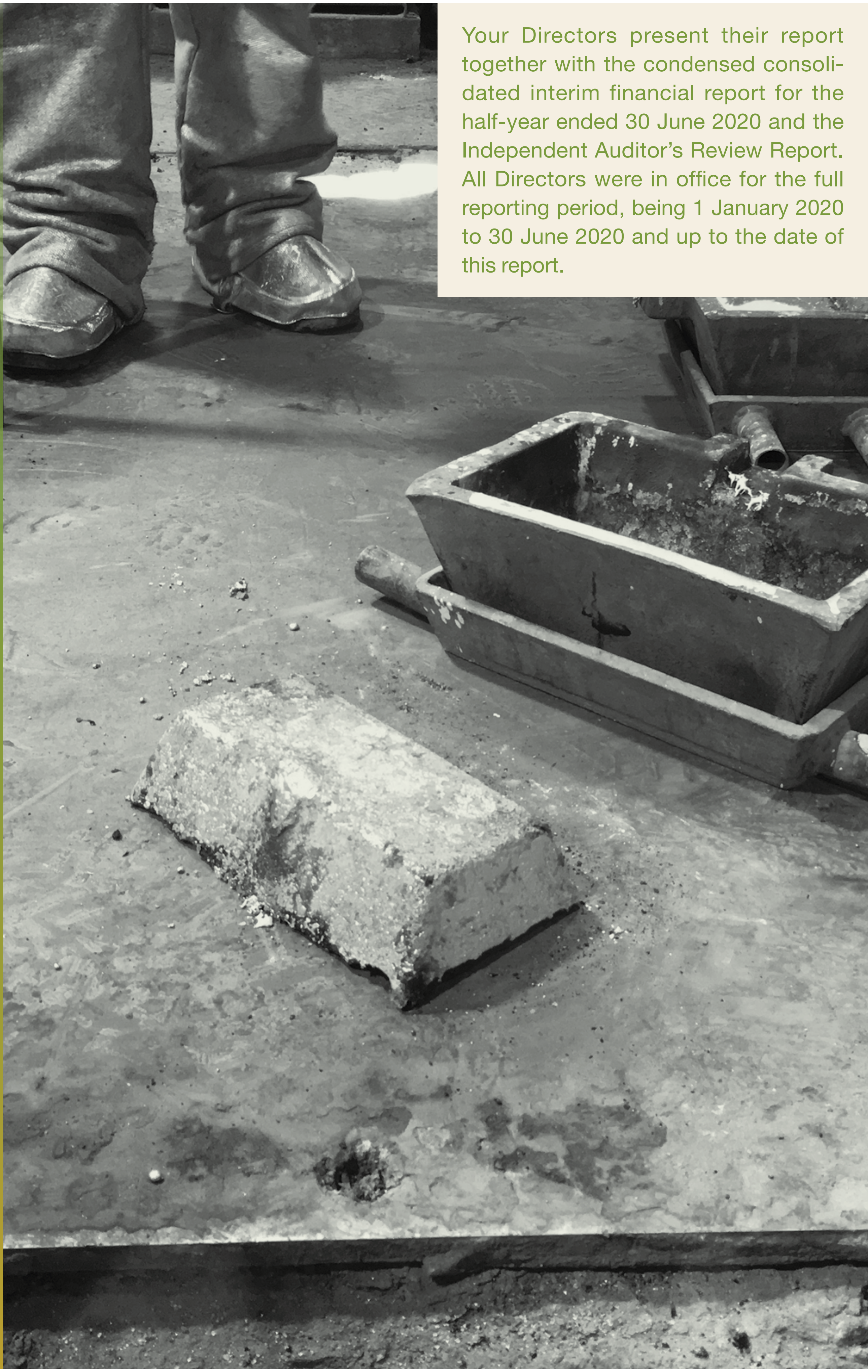
DIRECTORS' REPORT

Your Directors present their report together with the condensed consolidated interim financial report for the half-year ended 30 June 2020 and the Independent Auditor's Review Report. All Directors were in office for the full reporting period, being 1 January 2020 to 30 June 2020 and up to the date of this report.



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PRINCIPAL ACTIVITIES

The principal activities of the Group during the 6-month period were gold and silver production at the Group's Guanaco/ Amancaya mines which were impacted by a 24 day miners' strike, several precautionary measures taken to protect the health of our people to address the risk of the COVID-19 virus, exploration at areas surrounding the Guanaco/Amancaya mines and the Casposo mine, and the Group's contributions to the Management committee of the Rawhide mine, which the Company now has a 26.46% interest after exercising its options during the 6-month period. There were no other significant changes in our principal activities during the period. A summary of key operating results for the half year ended 30 June 2020 and 2019 is set out in the following table for comparative purposes.

REVIEW OF RESULTS OF OPERATIONS

Key Operating Results	6 months ended						
	30 June 2020				30 June 2019		
	Guanaco/ Amancaya Mines	Rawhide Mine (100% basis)	Casposo Mine (100% basis)	Net to Austral Gold*	Guanaco/ Amancaya Mines	Casposo Mine (100% basis)	Net to Austral Gold*
Processed (t)	92,261	823,323	-	290,852	122,711	39,545	150,393
Gold produced (Oz)	24,984	11,885	-	27,897	27,815	2,770	29,754
Silver produced (Oz)	131,956	79,297	-	151,310	290,659	143,542	391,138
Gold Equivalent Ounces (Oz)	26,302	12,818	-	29,442	31,173	4,473	34,304

*Effective December 2019, Austral Gold owned 100% of Casposo. From March 2017 to 22 December 2019, Austral Gold owned 70% of Casposo; C1 and AISC calculated based on 100% Processed (t). June 2020 six month weighted average of 24.27% (June 2019 - nil ownership in the Rawhide Mine as effective 31, January 2020 Austral held a 23.62% ownership interest in Rawhide. On 8, May 2020 the ownership interest was increased to 26.46%. **AuEq ratio is calculated at 100:1 Ag:Au for the six months ended June 2020; 85:8 Ag:Au for the six months ended June 2019.

Guanaco Operations	Six months ended	
	June 2020	June 2019
Mined Ore (t)	90,954	121,008
Processed (t)	92,261	122,711
Average Plant Grade (g/t Au)	9.2	7.0
Average Plant Grade (g/t Ag)	49.98	88.1
Gold produced (Oz)	24,984	27,815
Silver produced (Oz)	131,956	290,659
Gold-Equivalent (Oz) ***	26,302	31,173
C1 Cash Cost of Production (US$/AuEq Oz)*	751	750
Adjusted Cash Cost of Production (US$/AuEq Oz) ****	668	750
All-in Sustaining Cost (US$/Au Oz) *	1,020	983
Adjusted All-in Sustaining Cost (US$/Au Oz)*****	915	983
Realised gold price (US$/Au Oz)	1,648	1,306
Realised silver price (US$/Ag Oz)	18	15
Sales volume	43,177	34,456

* The cash cost (C1) includes: Mine, Plant, On-Site G&A, Smelting, Refining, and Royalties (excludes Corporate G&A). It is the cost of production per gold equivalent ounce.
** The All-in Sustaining Cost (AISC) includes: C1, Sustaining Capex, Brownfield Exploration, and Mine Closure Amortisation.
*** AuEq ratio is calculated at 100:1 Ag:Au for the six months ended June 2020; 85:8 Ag:Au for the six months ended June 2019.
**** Adjusted Cash Cost of Production is equal to Cash Cost of of Production less the cost of the union negotiation bonus.
*****Adjusted All-in Sustaining Cost is equal to All-in Sustaining Cost less the cost of the union negotiation bonus.

Production during the six months ended 30 June 2020 at Guanaco/Amancaya decreased by 18% to 26,302 gold equivalent ounces (24,984 gold ounces and 131,956 silver ounces) from 31,173 gold equivalent ounces (27,815 gold ounces and 290,659 silver ounces) for the six months ended 30 June 2020. The decrease was mainly a result of the miners' strike during the 2nd quarter of 2020 which resulted in the mine being shut down for approximately one month which lead to lower throughput at Guanaco/Amancaya.

During the six months ended 30 June 2020, mining continued at the Guanaco underground operations with a total of 2,928 tonnes mined while 90,954 tonnes were mined from the Amancaya underground operations. Management continues to evaluate opportunities to extend the life of mine of the Guanaco and Amancaya mines.

Rawhide Operations (100% basis)	Six months ended June 2020
Processed (t)	823,323
Gold produced (Oz)	11,885
Silver produced (Oz)	79,297
Gold-Equivalent (Oz) *	12,818

*The Company acquired an initial 22.48% interest in interest in Rawhide on 17 December 2019.
*June 2020 six month weighted average of 24.27% (ownership in the Rawhide Mine as effective 31, January 2020 Austral held a 23.62% ownership interest in Rawhide. On 8, May 2020 the ownership interest was increased to 26.46%).

The Board of Rawhide provided production guidance for the of 30,000-35,000 gold equivalent ounces.

Production is expected to increase during the second half of the year. It was below budget during the first six months of the year as a result of the failure of the shaft on the primary crusher, which was repaired by the end of the June 2020.

COVID-19 IMPACT

During the 6 months ended 30 June 2020, the Company´s flagship mine complex in Chile (Guanaco/Amancaya) was not significantly impacted by COVID-19 except for several precautionary measures to address the risk of the COVID-19 virus as recommended by the Health Authorities and Governments around the world. In Argentina, exploration activities were reduced at the Casposo and Pingüino projects following mandatory isolation measures in effect in Argentina since mid-March 2020.

KEY FINANCIAL RESULTS

Key financial metrics Thousands of US$	Six months ended	
	June 2020	June 2019
Revenue	43,177	48,071
Gross profit	18,316	3,575
Gross profit %	42%	7%
Adjusted gross profit (excluding depreciation and amortisation)	25,731	14,552
Adjusted gross profit % (excluding depreciation and amortisation)	60%	30%
EBITDA*	13,884	8,262
EBITDA per share (basic)	0.025	0.016
EBITDA per share (fully diluted)	0.024	0.016
Adjusted EBITDA**	21,521	10,251
Adjusted EBITDA per share (basic)	0.038	0.019
Adjusted EBITDA per share (fully diluted)	0.037	0.019
Profit/ (loss) attributed to shareholders	4,285	(4,948)
Profit/(loss) attributed to non-controlling interests	-	(2,877)
Earnings/(loss) per share (Basic)	0.77c	(0.93)c
Earnings/(Loss) earnings per share (diluted)	0.74c	(0.93)c
Comprehensive income (loss)	4,262	(7,817)

Note: Readers are cautioned that Adjusted EBITDA does not have standardised meanings as prescribed by IFRS and may not be comparable to similar measures presented by other companies. Further, readers are cautioned that Adjusted EBITDA should not replace profit or loss or cash flows from operating, investing and financing activities (as determined in accordance with IFRS), as an indicator of the Company's performance.

EBITDA AND ADJUSTED EBITDA

Thousands of US$	Six months ended	
	June 2020	June 2019
Profit (loss) before tax	7,546	(4,532)
Depreciation and amortisation	7,415	10,977
Net finance (income) / costs	(1,077)	1,817
EBITDA*	**13,884**	**8,262**
Restructuring cost (Casposo)	-	2,147
Other expense / (income)	4,860	(212)
Loss on financial assets	1,941	54
Share of loss of associate	836	-
Adjusted EBITDA**	**21,521**	**10,251**

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Thousands of US$	Six months ended	
	30 June 2020	31 December 2019
Cash & cash equivalents	9,679	9,196
Current assets	24,079	26,849
Non-current assets	79,457	79,318
Current liabilities	21,893	23,529
Non-current liabilities	24,148	25,907
Net assets	57,495	56,731
Net current assets (liabilities)	2,186	3,320
Current loans and borrowings	3,147	4,045
Current financial leases	3,081	3,047
Non-current loans and borrowings	1,662	2,077
Non-current financial leases	4,967	6,302
Combined debt (borrowings and financial leases)	12,857	15,471
Combined net debt (net of cash & cash equivalents)	3,178	6,275
Combined debt to EBITDA	93%	46%
Combined net debt to EBITDA	23%	19%
Current ratio*	1.10	1.14
Total liabilities to net assets	0.80	0.87

*Current Assets divided by Current Liabilities

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OPERATING AND FINANCIAL RESULTS

EBITDA and adjusted EBITDA increased to US$13.9 m (32%) and US$21.5m (50%) during the 6-months ended 30 June 2020 from (US$ 8.3m) (17%) and US$10.3m (21%) during the 6-months ended 30 June 2019.

The Group's profit attributable to shareholders for the 6-month period ended 30 June 2020 US$4.3m (2019: net loss 4.9m).

During the 6-month period ended 30 June 2020, the Group realised a gross profit of US$18.3m or 42% (including US$7.4m of depreciation and amortisation) (6-months ended 30 June 2019: gross profit of US$3.6m or 7% including US$11.0m of depreciation and amortisation). Excluding depreciation and amortisation, the Group earned a gross profit of US$25.7m during the 6-month period ended 30 June 2020 or 60% (6-months ended 30 June 2019: US$14.6m or 30%).

The turnaround to a net profit during the 6-months ended 30 June 2020 from the 6-months ended 30 June 2019 was mainly due to higher operating margins, which resulted from both higher gold and silver prices per ounce realised, higher gold grades and lower cost of sales. The cost of sales in the prior period was also impacted by unprofitable operations at Casposo due to low production and the 2019 restructuring when Casposo was placed on care and maintenance.

The net profit was also impacted by:

i) lower administration costs, which were mainly due to the depreciation of the South American currencies against the USD dollar,
ii) the payment of bonuses and other benefits to mining employees at Guanaco/Amancaya due to the new collective three year union agreement after the miners´strike during May/June 2020,
iii) an increase in care and maintenance expenses as these expenses were incurred for the entire six month period as compared to the prior period when Casposo was placed on care and maintenance during the second quarter of 2019,
iv) net finance income which was primarily due to a gain on foreign exchange,
v) share of the company's loss in operations at the Rawhide mine and
vi) a loss on financial assets.

Net gold equivalent ounces (GEOs) produced during the 6-months ended 30 June 2020 decreased to 29,442 GEOs from 34,304 GEOs produced during the 6-months ended 30 June 2019. The GEOs in the 6-month period ended 30 June includes our share of production (3,140 GEOs) from the Rawhide mine. Production from the Guanaco/Amancaya mine complex decreased to 26,302 GEOs from 31,173 GEOs, a decrease of 18.5%. The decrease in production was primarily due to the miner's strike.

Overall cash cost of production ("C1")* and All-in sustaining costs ("AISC") at Guanaco/Amancaya remained relatively constant at US$751/AuEq oz and US$1,020/ AuEq oz during the 6-months ended 30 June 2020 compared to US$750/AuEq oz and US$983/ AuEq oz during the 6-months ended 30 June 2019. Adjusted C1 and AISC decreased to US$668/ AuEq oz and US$915/ AuEq oz after deducting the cost of the union negotiation bonus during the 6-months ended 30 June 2020.

FINANCIAL POSITION

The net assets of the Group increased by US$0.8m from 31 December 2019 to US$57.5m at 30 June 2020 (31 December 2019: US$56.7m). The increase was mainly due to the profit earned during the 6-months ended 30 June 2020 that was partially offset by the dividend declared of US$3.5m. Working capital decreased by US$1.1m to US$2.2m at 30 June 2020, (31 December 2019: working capital of US$3.3m at 31 December 2019). The decrease in working capital arose mainly due to an increase in income tax payable and the dividend declared to shareholders which was partially offset by the strong operational margins at Guanaco/Amancaya and an increase in inventory as gold bullion increased primarily due to the Company's cash management strategy of maximising it's gold and silver inventory due to the forecasted increase in gold and silver prices.

As at 30 June 2020, the Group had a current ratio equal to 1.10 (FY19 1.14) along with US$9.7m cash and cash equivalents (31 December 2019: US$9.2m)

Combined net debt (borrowings and financial leases net of cash & cash equivalents) decreased by US$3.1m to US$3.2m at 30 June 2020 compared to US$6.3m at 31 December 2019.

Trade and other receivables (current and non-current) decreased by US$3.5m to US$4.3m at 30 June 2020 mainly due to a decrease in trade receivables, prepaid tax and GST/VAT receivable. The decreases were partially offset by loans receivable which were granted to mining employees as part of the new three-year collective labor agreements as explained in further detail in note 8 to the financial statements. (31 December 2019: US7.8m).

Inventories increased by US$1.9m to US$12.5m at 30 June 2020 (31 December 2019: US10.6m) and was mainly due to increases in gold and silver in process and gold and silver bullion due to the Company's cash management strategy. The allowance for inventory obsolescence at Casposo increased by US$0.17m to US$1.4m at 30 June 2020.

Trade and other payables (current and non-current) increased by US$1.2m to US$10.1m at 30 June 2020 (31 December 2019: US$8.9m) mainly due to the dividend declared, which was partially offset by a decrease in trade payables and accrued expenses and royalties payable as a result of an increase in cash generated from operations during the six months ended 30 June 2020.

CASH FLOW

Net cash provided from operating activities before and after changes in assets and liabilities increased to US$17.1m and US$13.3m during the 6-months ended 30 June 2020 from US$7.9m and US$9.9m during the 6-months ended 30 June 2019 respectively. The increase was primarily due to the strong operational results during the six months ended 30 June 2020.

Cash used in investing activities totaled US$9.7m during the 6-months ended 30 June 2020 compared to US$5.3m during the 6-months ended 30 June 2019. Cash was used primarily for additions to plant property and equipment, exploration and evaluation activities, payment of a promissory note and the exercise of options to increase the Group's equity interest to 26.46% in the Rawhide Mine in Nevada, USA.

Cash used in financing activities totaled US$3.1m during the 6-months ended 30 June 2020 compared to US$3.8m during the 6-months ended 30 June 2019 due to the net repayment of borrowings, and financial leases.

LIQUIDITY

Guidance

The Group forecasts 2020 profitable production be at the lower end of the 55,000-60,000 gold equivalent ounces range as a result of the miners' strike during the 2nd quarter of 2020.

Access to capital

The Group has in the money options outstanding from the October 2019 rights issue equivalent to approximately US$0.7 million and has strong banking relationships from which it expects it can obtain financing if required.

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Significant Changes in the State of Affairs

Future Developments, Prospects and Business Strategies

Performance in Relation to Environmental Regulation

The Group has no exploration activities in Australia and is therefore not subject to any particular and significant environmental regulations under a law of the Commonwealth or of a State or Territory.

In relation to the Group's mineral exploration operations in Chile and Argentina, the Directors are not aware of any breaches during the period covered by this report.

Auditors

KPMG continues in office as auditors in accordance with the requirements of the Corporations Act 2001.

Auditor's Independence Declaration

The lead auditor's independence declaration for the half year ended 30 June 2020 has been received and is included in this report. Signed in accordance with a resolution of Directors at Sydney.

Rounding of Amounts

The Company is a company of the kind referred to in ASIC Instrument 2016/191, dated 1 April 2016, and in accordance with that Instrument amounts in the Directors' Report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of Directors made pursuant to s.298(2) of the Corporations Act 2001.

For and on behalf of the board

Director
28 August 2020

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KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Austral Gold Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Austral Gold Limited for the half-year ended 30 June 2020 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Daniel Camilleri

Partner

Sydney

28 August 2020

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FINANCIAL STATEMENTS

AUSTRAL GOLD LIMITED FINANCIAL REPORT 2020

Consolidated statement of profit or loss and other comprehensive income

All figures are reported in thousands of US$	Note	For the 6 months ended 30 June 2020	2019
Continuing operations			
Sales revenue		43,177	48,071
Cost of sales		(17,446)	(33,519)
Gross profit before depreciation and amortisation expense		**25,731**	**14,552**
Depreciation and amortisation expense		(7,415)	(10,977)
Gross profit		**18,316**	**3,575**
Other (expense) / income		(4,860)	212
Administration expenses		(3,219)	(3,973)
Care and maintenance expenses		(991)	(328)
Restructuring expenses		-	(2,147)
Net finance income / (costs)		1,077	(1,817)
Share of loss of associate	14	(836)	-
Loss on financial assets		(1,941)	(54)
Profit/(loss) before income tax		**7,546**	**(4,532)**
Income tax expense		(3,261)	(3,293)
Profit/(loss) after income tax expense		**4,285**	**(7,825)**
Profit/(loss) attributable to:			
Owners of the Company		**4,285**	(4,948)
Non-controlling interests		-	(2,877)
		4,285	**(7,825)**
Items that may not be classified subsequently to profit or loss			
Foreign currency translation		(23)	8
Total comprehensive (loss)/income for the year		**4,262**	**(7,817)**
Comprehensive income/(loss) attributable to:			
Owners of the Company		**4,262**	(4,940)
Non-controlling interests		-	(2,877)
		4,262	**(7,817)**
Earnings per share (cents per share):			
Basic earnings per share	6	0.77	(0.93)
Diluted earnings per share	6	0.74	(0.93)

The notes on pages (20) to (28) are an integral part of these consolidated financial statements.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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All figures are reported in thousands of US$		As at	
	Note	30 June 2020	31 December 2019
Assets			
Current assets			
Cash and cash equivalents		9,679	9,196
Trade and other receivables	8	1,614	6,825
Other financial assets	9	336	277
Inventories	10	12,450	10,551
Total current assets		**24,079**	**26,849**
Non-current assets			
Other receivables	8	2,712	990
Mine properties	11	6,370	6,484
Property, plant and equipment	12	47,819	50,432
Exploration and evaluation expenditure	13	16,744	15,281
Equity Investment	14	3,891	3,976
Goodwill		926	926
Deferred tax assets		995	1,229
Total non-current assets		**79,457**	**79,318**
Total assets		**103,536**	**106,167**
Liabilities			
Current liabilities			
Trade and other payables		10,075	8,910
Income tax payable		2,642	2,022
Employee entitlements		2,948	3,548
Loans and borrowings		3,147	4,045
Promissory note		-	1,957
Financial leases		3,081	3,047
Total current liabilities		**21,893**	**23,529**
Non-current liabilities			
Trade and other payables		-	1
Provisions for reclamation and rehabilitation		11,168	10,814
Loans and borrowings		1,662	2,077
Financial leases		4,967	6,302
Employee entitlements		100	1,048
Deferred tax liability		6,251	5,665
Total non-current liabilities		**24,148**	**25,907**
Total liabilities		**46,041**	**49,436**
Net assets		**57,495**	**56,731**
Equity			
Issued capital		101,680	101,682
Accumulated losses		(43,453)	(44,238)
Reserves		(732)	(713)
Total equity		**57,495**	**56,731**

The notes on pages (20) to (28) are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 6 months ended 30 June 2020 and 2019

All figures are reported in thousands of US$	Note	Issued capital	Accumulated losses	Reserves	Non-controlling interest	Total
Balance at 31 December 2018		**100,569**	**(49,473)**	**35**	**3,741**	**54,872**
Adjustment on initial application of AASB16		-	10	-	-	10
Adjusted balance at 1 January 2019		**100,569**	**(49,463)**	**35**	**3,741**	**54,882**
Profit (loss) for the period		-	(4,948)	-	(2,877)	(7,825)
Foreign exchange movements from translation of financial statements to US$		-	-	8	-	8
Total comprehensive income/ (loss)		**-**	**(4,948)**	**8**	**(2,877)**	**(7,817)**
Acquisition of 49% of Cachinalito		-	-	453	(1,361)	(908)
Balance at 30 June 2019		**100,569**	**(54,411)**	**496**	**(497)**	**46,157**
Balance at 31 December 2019		**101,682**	**(44,238)**	**(713)**	**-**	**56,731**
Profit (loss) for the period		-	4,285	-	-	4,285
Profits transferred to profit reserve		-	(3,500)	3,500	-	-
Foreign exchange movements from translation of financial statements to US$		-	-	(23)	-	(23)
Total comprehensive income/ (loss)		**-**	**785**	**3,477**	**-**	**4,262**
Issued Capital		(2)	-	-	-	(2)
Dividend declared		-	-	(3,496)	-	(3,496)
Balance at 30 June 2020		**101,680**	**(43,453)**	**(732)**	**-**	**57,495**

The notes on pages (20) to (28) are an integral part of these consolidated financial statements

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CONSOLIDATED STATEMENT OF CASH FLOWS

All figures are reported in thousands of US$	For the six months ended June 30		
	Note	2020	2019
Changes in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		9,196	1,716
Cash and cash equivalents, at the end of the period		9,679	2,489
Net increase in cash and cash equivalents		**483**	**773**
Causes of change in cash and cash equivalents			
Operating activities			
Profit / (loss) after income tax		4,285	(7,825)
Non-cash items			
Income tax expense recognized in profit or loss		3,261	3,293
Impairment of assets		-	243
Depreciation and amortisation		7,415	10,977
Interest received		(4)	-
(Gain)/loss on sale of equipment		(20)	40
Non-cash net finance charges		398	487
Provision for reclamation and rehabilitation		(446)	314
Inventory write-down		169	136
Allowance for doubtful accounts		135	145
Non-cash employee entitlements		(901)	47
Share of loss of associate		836	-
Loss in financial assets		1,941	54
Net cash from operating activities before change in assets and liabilities		**17,069**	**7,911**
Changes in working capital:			
(Increase) decrease in inventory		(2,097)	1,954
Decrease in trade and other receivables		3,356	3,966
(Decrease) in trade and other payables		(4,333)	(1,705)
Decrease in deferred revenue		-	(1,760)
Decrease in employee entitlements		(647)	(496)
Net cash provided through operating activities		**13,348**	**9,870**
Cash flows from investing activities			
Additions to plant, property and equipment		(3,405)	(5,094)
Proceeds from maturity of bonds and sale of securities		-	294
Proceeds from sale of equipment		49	383
Payment for investment in exploration and evaluation	13	(1,463)	(87)
Payment for investment in mine properties	11	(212)	(516)
Payment for equity investment	14	(2,708)	-
Payment for purchase of a property option	9	(2,000)	-
Payment for purchase of non-controlling interests		-	(316)
Interest received		4	-
Net cash used in investing activities		**(9,735)**	**(5,336)**
Cash flows from financing activities			
Proceeds from loans and borrowings		-	5,009
Repayment of loans and borrowings		(1,313)	(7,278)
Repayment of lease liabilities		(1,571)	(1,228)
Interest paid on leases		(244)	(264)
Proceeds from exercise of options net of costs		(2)	-
Net cash used in financing activities		**(3,130)**	**(3,761)**
Net increase in cash and cash equivalents		**483**	**773**

The notes on pages (20) to (28) are an integral part of these consolidated financial statements

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NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

Austral Gold Limited ("the Company") is a company limited by shares that is incorporated and domiciled in Australia. The Company's shares are publicly traded on the Australian Securities Exchange under the symbol AGD and on the TSX Venture Exchange under the symbol AGLD.

These condensed consolidated interim financial statements ("interim financial statements") as at and for the 6 months ended 30 June 2020 comprise the Company and its subsidiaries (together referred to as the "Group") are presented in United States dollars (US$), which is the presentation and functional currency of the Group. The nature of the operations and principal activities of the Group are described in the Directors' Report.

The consolidated annual financial statements of the Group as at and for the year ended 31 December 2019 are available upon request from the Company's registered office at Level 5, 126-130 Phillip Street, Sydney NSW 2000, Australia at www.australgold.com.

2. BASIS OF PREPARATION

These interim financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASB) 134 Interim Financial Reporting and Corporations Act 2001, and with IAS 34 Interim Financial Reporting.

The half-year financial report does not include full note disclosures of the type normally included in an annual financial report. As a result, the half-year financial report should be read in conjunction with the 31 December 2019 Annual Financial Report and any public announcement by Austral Gold Limited during the half-year in accordance with continuous disclosure obligations under the Corporations Act 2001.

These interim financial statements were authorised for issue by the Company's Board of Directors on 28 August 2020.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with the legislative instrument, amounts in the consolidated interim financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

Reclassification of Prior Year Presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations. Income tax payable previously included in Trade and other payables have been disclosed separately.

3. GOING CONCERN

For the 6 months ended 30 June 2020, the Group made a profit after income tax of US$4.285 million (6 months ended 30 June 2019: loss after income tax of US$7.825 million) from continuing operations and generated net cash flows from operating activities of US$13.348 million (6 months ended 30 June 2019: net cash flow from operating activities of US$9.870 million). At 30 June 2020, the group has net current assets of US$2.186 million (31 December 2019: net current assets of US$3.320 million).

The Directors note the following with regards to the ability of the Group to continue as a going concern:

i. At 30 June 2020, the Group had a cash balance of US$9.679 million.

ii. The Group's cash flow forecasts following the most likely mine plan and 2020 production guidance that forecast production of;

- 55,000-60,000 gold equivalent ounces; and
- average 2020 gold and silver selling price of US$1,800 and US$19.5 per ounce respectively, indicate that the Group forecasts that it will have free cash flow from operations to meet its borrowing obligations and to meet the required capital expenditures.

The financial statements have been prepared on a going concern basis, which contemplates the continuation of normal business operations and the realization of assets and settlement of liabilities in the normal course of business. Based on the factors set out above, the Directors believe that the going concern basis of preparation is appropriate and the Group will be able to repay its debts as and when they fall due.

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NOTES TO THE FINANCIAL STATEMENTS

4. USE OF ESTIMATES AND JUDGEMENTS

In preparing these interim financial statements, Management has made judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as at and for the year ended 31 December 2019.

Measurement of fair values

The Group has established a control framework with respect to the measurement of fair values. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the 6 months ended 30 June 2020 are detailed below:

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

i. Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities
ii. Level 2 — inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly (i.e. as prices), or indirectly (i.e. derived from prices)
iii. Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The Group holds listed equity securities on the Australian and Canadian stock exchanges and listed Argentine sovereign bonds at fair value, which are measured at the closing bid price at the end of the reporting period. These financial assets are held at fair value fall within Level 1 of the fair value hierarchy. The Group also holds options which rely on estimates and judgements to calculate a fair value for these financial instruments using the Black Scholes model. These financial assets held at fair value fall within Level 2 of the fair value hierarchy.

Further information about the assumptions made in measuring fair values is included in Note 15 — Financial instruments.

5. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these interim consolidated financial statements are the same as those applied in the Group's consolidated financial statements as at and for the 12 months ended 31 December 2019.

The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ended 31 December 2020.

ii. Adoption of other narrow scope amendments to IFRSs and IFRS Interpretations

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements as the impact of adoption was not significant to the Group's Consolidated Financial Statements,

6. EARNINGS PER SHARE

All figures are reported in thousands of US$	6 months ended 30 June	
	2020	2019
Net profit/(loss) attributable to owners	4,285	(4,948)
Weighted average number of shares used as the denominator		
Number for basic earnings per share	559,393,830	534,173,010
Number for diluted earnings per share	576,205,344	534,173,010
Basic earnings per ordinary share (cents)	0.77	(0.93)
Diluted earnings per ordinary share (cents)	0.74	(0.93)

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NOTES TO THE FINANCIAL STATEMENTS

7. OPERATING SEGMENTS

Management have determined the operating segments based on reports reviewed by the Chief Operating Decision Maker ("CODM"). The CODM considers the business from both an operations and geographic perspective and has identified two reportable segments, Guanaco/Amancaya which is based in Chile and Casposo which is based in Argentina. The CODM monitors the performance in these two regions separately. During the 6 months ended 30 June 2020, the Group earned 100% (2019-90%) of its consolidated revenue from sales made to one customer.

All figures are reported in thousands of US$	For the 6 months ended 30 June 2020				For the 6 months ended 30 June 2019			
	Guanaco/ Amancaya	Casposo	Group and unallocated items	Consolidated	Guanaco/ Amancaya	Casposo	Group and unallocated items	Consolidated
Revenue:								
Gold	40,931	-	-	40,931	35,390	4,699	-	40,089
Silver	2,246	-	-	2,246	4,401	3,581	-	7,982
Cost of sales	(17,446)	-	-	(17,446)	(23,998)	(9,521)	-	(33,519)
Depreciation and amortisation expense	(7,332)	(60)	(23)	(7,415)	(7,036)	(3,911)	(30)	(10,977)
Other (expense) income	(4,877)*	17	-	(4,860)	(1)	213	-	212
Administration expenses	(1,311)	(229)	(1,679)	(3,219)	(2,205)	(416)	(1,352)	(3,973)
Care and maintenance expense	-	(991)	-	(991)	-	(328)	-	(328)
Restructuring expense	-	-	-	-	-	(2,147)	-	(2,147)
Finance income (costs)	684	266	127	1,077	(969)	(812)	(36)	(1,817)
Share of loss of associate	-	-	(836)	(836)	-	-	-	-
(Loss) gain on financial assets	(2,000)	-	59	(1,941)	-	-	(54)	(54)
Income tax (expense) benefit	(2,840)	(15)	(406)	(3,261)	(1,872)	(1,503)	82	(3,293)
Segment profit/ (loss)	**8,055**	**(1,012)**	**(2,758)**	**4,285**	**3,710**	**(10,145)**	**(1,390)**	**(7,825)**
Segment assets	74,308	13,470	15,758	103,536	68,673	16,807	10,996	96,476
Segment liabilities	37,522	3,935	4,584	46,041	39,628	8,196	2,495	50,319
Capital expenditure	5,076	606	197	5,879	5,546	66	85	5,697

*Includes end of union negotiation bonuses of approximately US$4,935,000.

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NOTES TO THE FINANCIAL STATEMENTS

Geographic information:

All figures are reported in thousands of US$	For the 6 months ended 30 June	
	2020	2019
Revenue by geographic location		
Chile	43,177	39,791
Argentina	-	8,280
Australia	-	-
Canada	-	-
United States	-	-
Total revenue	**43,177**	**48,071**

All figures are reported in thousands of US$	As at	
	30 June 2020	31 December 2019
Non-current assets by geographic location		
Chile	56,113	57,615
Argentina	19,347	17,619
Australia	-	-
British Virgin Islands	102	102
Canada	4	6
United States	3,891	3,976
Total non-current assets	**79,457**	**79,318**

8. TRADE AND OTHER RECEIVABLES

All figures are reported in thousands of US$	As at	
	30 June 2020	31 December 2019
Current		
Trade Receivables	16	3,787
Loan receivable (i)	111	-
Prepaid income tax	-	1,252
GST/VAT receivable	556	1,238
Other	931	548
Total current receivables	**1,614**	**6,825**
Non-current		
GST/VAT receivable	963	578
Loan receivable (i)	402	-
Prepaid income tax	947	-
Other	400	412
Total non-current receivables	**2,712**	**990**
Allowance for doubtful accounts	**525**	**390**

i. As a part of the new three year collective labour agreements with Unions at the Group's Guanaco/Amancaya mines, the Company provided non-interest-bearing loans to employees.

9. OTHER FINANCIAL ASSETS

All figures are reported in thousands of US$	As at	
	30 June 2020	31 December 2019
Current		
Call option to acquire mining assets — level 3	-	4
Listed bonds — level 1	31	29
Listed equity securities — level 1	305	244
Total current other financial assets at fair value	**336**	**277**

The table above sets out the Group's assets and liabilities that are measured and recognised at fair value at the end of each reporting period with any movements recorded through the profit and loss statement.

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NOTES TO THE FINANCIAL STATEMENTS

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Listed equity securities and bonds are shares of a Canadian listed mining company and sovereign bonds nominated in USD as at 30 June 2020 and 31 December 2019, respectively.

Call options as at 31 December 2019 are options to acquire an interest in a certain mining asset in North America which were exercised during the half year ended 30 June 2020. During the half-year to 30 June 2020, another option to acquire certain mining properties in South America which was purchased at a cost of US$2 million. This option was initially valued using the Black-Scholes option valuation model at the time of acquisition and revalued to nil at 30 June 2020.

Fair value hierarchy

Refer to note 4 of these financial statements for details of the fair value hierarchy.

Transfers

During the half year ended 30 June 2020 there were no transfers between the financial instrument levels of hierarchy.

10. INVENTORIES

All figures are reported in thousands of US$	As at	
	30 June 2020	31 December 2019
Materials and supplies	8,861	8,648
Ore stocks	155	71
Gold bullion and gold in process	3,434	1,832
Total inventories	**12,450**	**10,551**

*Ore stock inventories require estimates and assumptions most notably in regard to grades, volumes, densities, future completion costs and ultimate sale price. Such estimates and assumptions may change as new information becomes available which may impact upon the carrying value of inventory. The allowance for inventory obsolescence forming part of the above balance is US$1,431k (31 December 2019:US$1,262k).

11. MINE PROPERTIES

All figures are reported in thousands of US$	6 months to	12 months to
	30 June 2020	31 December 2019
Costs carried forward in respect of areas of interest:		
Carrying amount at the beginning of the period	6,484	6,723
Additions	212	1,993
Increase in provision for reclamation and rehabilitation	799	-
Transfers from Exploration and Evaluation expenditure	-	906
Amortization	(1,125)	(3,138)
Carrying amount at end of the period	**6,370**	**6,484**

12. PROPERTY, PLANT AND EQUIPMENT

All figures are reported in thousands of US$	As at	
	30 June 2020	31 December 2019
Property, plant and equipment owned	36,465	37,515
Right-of-use-assets	11,354	12,917
	47,819	**50,432**

All figures are reported in thousands of US$	6 months to	12 months to
	30 June 2020	31 December 2019
Property, plant and equipment owned		
Cost	150,211	146,883
Accumulated depreciation	(113,745)	(109,368)
Carrying amount at end of the period	**36,465**	**37,515**
Movements in carrying value		
Carrying amount at beginning of the period	37,515	41,090
Additions	3,405	10,035
Depreciation	(4,455)	(13,352)
Disposals	-	(258)
Carrying amount at end of the period	**36,465**	**37,515**

NOTES TO THE FINANCIAL STATEMENTS

13. EXPLORATION AND EVALUATION EXPENDITURE

All figures are reported in thousands of US$	6 months to 30 June 2020	12 months to 31 December 2019
Costs carried forward in respect of areas of interest:		
Carrying amount at the beginning of the period	15,281	16,270
Additions	1,463	779
Impairment for the period	-	(862)
Transfers to Mining Properties	-	(906)
Carrying amount at end of the period	**16,744**	**15,281**

14. EQUITY INVESTMENT

The Group's interests in equity-accounted investees comprise an interest in a Rawhide Acquisition Holding LLC. ("Rawhide"). On 17 December 2019 the Group made an initial purchase of approximately 22.48% (21.28% on a fully diluted basis) directly from Rawhide for a purchase price of US$3,957,406, of which US$2,000,000 was paid in cash at closing. The balance of US$1,957,406 was paid on 31 January, 2020. Transaction costs of US$19,016 were incurred. In addition, on 17 December 2019, the Group entered into option agreements with three existing unit owners to acquire an additional 3.795% of the issued and outstanding Rawhide Units for a total of US$750,813. The Group exercised these options during 2020. During the six months ended 30 June 2020, the Group recorded a loss of US$836,426 representing the share of the loss incurred by Rawhide adjusted for the impact of AASB 16 based on their ownership interest throughout the period.

All figures are reported in thousands of US$	As at	
	30 June 2020	31 December 2019
Percentage ownership interest	26.46%	22.48%
Non-current assets	29,135	25,330
Current assets	12,524	15,323
Non-current liabilities	(34,491)	(34,557)
Current liabilities	(11,173)	(7,347)
Net liabilities (100%)	**(4,005)**	**(1,251)**
Group's share of net liabilities	(1,060)	(281)
Carrying amount of interest in associate	**3,891**	**3,976**

All figures are reported in thousands of US$	For the 6 months ended 30 June
Revenue	17,684
(Loss) from continuing operations (100%)	(3,446)
Other comprehensive income (100%)	-
Total comprehensive income (100%)	(3,446)
Group's share of total (loss) and comprehensive income (24.27%)*	**(836)**

*Weighted average of 24.27% ownership in the Rawhide Mine during the six months ended 30 June 2020.

15. FINANCIAL INSTRUMENTS

Financial risk management objectives

The Group's principal financial instruments comprise borrowings, receivables, listed equity securities, cash and short-term deposits. These activities expose the Group to a variety of financial risks: market risk (interest rate risk and foreign currency risk), credit risk, price risk and liquidity risk.

The Group recognises the importance of risk management and has adopted a Risk Management and Internal Compliance and Control policy which describes the role and accountabilities of management and of the Board. The Directors manage the different types of risks to which the Group is exposed by considering risk and monitoring levels of exposure to the main financial risks by being aware of market forecasts for interest rates, foreign exchange rates, commodity and market prices. The Group's exposure to credit risk and liquidity risk is monitored through general business budgets and forecasts.

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NOTES TO THE FINANCIAL STATEMENTS

The Group holds the following financial instruments:

All figures are reported in thousands of US$	As at	
	30 June 2020	31 December 2019
Financial Assets		
Cash and cash equivalents	9,679	9,196
Trade and other receivables	2,807	6,000
Other financial assets	336	277
Financial liabilities		
Trade and other payables	10,075	8,911
Employee entitlements	3,048	4,596
Borrowings	4,809	6,122
Promissory note	-	1,957
Financial leases	8,048	9,349

a. Market Risk

i. Foreign Currency Risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign currency exchange rate fluctuations.

Foreign exchange rate risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the functional currency of the Group. The risk is measured using cash flow forecasting. Foreign currency risk is minimal as most of the transactions are settled in US$.

As at 30 June 2020, the Group was exposed to foreign exchange risk though the following financial assets and liabilities denominated in currencies other than the Group's functional currency (thousands of $US).

	Argentinian Peso (ARS)	Chilean Peso (CLP)	Australian Dollar (AUD)	Canadian Dollar (CAD)
Financial assets				
Cash and cash equivalents	99	103	315	8
Trade and other receivables	2,152	100	7	10
Other financial assets	31		-	-
Financial liabilities				
Trade and other payables	434	3,900	123	18
Employee entitlements	113	1,215	-	-
Financial leases	5	115	-	-

ii. Price Risk

The Group's revenues are exposed to fluctuations in the price of gold, silver and other prices. Gold and silver produced is sold at prevailing market prices in US$.

The Group has resolved that for the present time the production should remain unhedged. The Group considers exposure to commodity price fluctuations within reasonable boundaries to be an integral part of the business.

Sensitivity to Changes in Commodity Prices (Gold and Silver)

The below sensitivity analysis demonstrates the after tax effect on the profit/(loss) and equity which could result if there were changes in the gold and silver commodity prices by +/- 10% of the actual commodity prices realised by the Group.

All figures are reported in thousands of US$	Effect on profit/(loss) for the 6 months ended		Effect on equity	
	30 June 2020	30 June 2019	30 June 2020	31 December 2019
10% increase in gold and silver prices	4,318	4,807	4,318	10,221
10% decrease in gold and silver prices	(4,318)	(4,807)	(4,318)	(10,221)

iii. Interest Rate Risk

The Group's main interest rate risk arises from finance leases. The Group's borrowings are at fixed rates and therefore do not carry any variable interest rate risk.

a. Financial Market Risk

The financial market risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market prices, which occurs due to the Group's investment in listed securities where share prices can fluctuate over time. This risk however is not deemed to be significant as these investments are held for long term strategic purposes and therefore movement in the market prices do not impact the short-term profit or loss or cash flows of the Group.

The group holds listed government bonds, and listed equity securities (note 9). These are classified as level 1 within the fair value hierarchy as per AASB 7 "Financial Instruments.

b. Credit Risk

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any allowance for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its other receivables.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. There are no significant concentrations of credit risk.

c. Liquidity Risk

The liquidity of the Group is managed to ensure sufficient funds are available to meet financial commitments in a timely and cost effective manner.

Management continuously reviews the Group's liquidity position through cash flow projections based upon the current life of mine plan to determine the forecast liquidity position and maintain appropriate liquidity levels.

Maturities of financial liabilities

The tables below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

The amounts disclosed in the table are the contractual undiscounted cash flows.

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	Consolidated				
All figures reported in thousands of US$	6 months	6-12 months	1-5 years	> 5 years	Total
30 June 2020					
Financial liabilities					
Trade and other payables	10,075	-	-	-	10,075
Employee entitlements	2,948	-	100	-	3,048
Borrowings	2,732	415	1,662	-	4,809
Leasing	1,578	1,503	4,967	-	8,048
Total 30 June 2020 liabilities	**17,333**	**1,918**	**6,729**	**-**	**25,980**
31 December 2019					
Financial liabilities					
Trade and other payables	8,910	-	1	-	8,911
Employee entitlements	3,548	-	1,048	-	4,596
Promissory note	1,957	-	-	-	1,957
Borrowings	3,484	561	2,077	-	6,122
Leasing	1,532	1,515	6,302	-	9,349
Total 31 December 2019 liabilities	**19,431**	**2,076**	**9,428**	**-**	**30,935**

16. COMMITMENT

16.1 A final tranche of approximately US$308,000 in employee loans (note 8) is to be provided in December 2020 which is to be repaid to the Group in monthly installments from January 2021 to April 2023.

16.2 The Group agreed to invest US$1.5M in exploration activities throughout a period of 5-years in the Manantiales project, a new area granted by the Province of San Juan that is located immediately to the west and adjacent to the Casposo mining property. The exploration amounts per year starting in 2020 are as follows: Year 1: US$100,000, Year 2: US$150,000, Year 3: US$250,000, Year 4: US$500,000, Year 5: US$ 500,000.

17. SUBSEQUENT EVENTS:

17.1 During July 2020, 6,658,522 ordinary shares were issued pursuant to the exercise of 6,658,522 options at A$0.092 per option or US$427,936 of which 6,626,274 were options were exercised by the Vice-Chairman of Austral Gold.

17.2 On 24 July 2020, a dividend of A$0.009 per share was paid to shareholders totaling approximately US$3.5 million.

17.3 During July and August 2020, the Group terminated 33 employees at the Guanaco and Amancaya mine complex resulting in severance of approximately US$500,000.

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DIRECTORS' DECLARATION

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IN THE DIRECTORS' OPINION:

1. the attached interim condensed consolidated financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 Interim Financial Reporting the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
2. the attached interim condensed consolidated financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the consolidated financial statements;
3. the attached interim condensed consolidated financial statements and notes thereto give a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the 6 months ended on that date; and
4. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable. The Directors have been given the declarations required by section 295A of the Corporations Act 2001. Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001. Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

Signed on behalf of the Directors by:

Robert Trzebski
Director
Sydney
28 August 2020

INDEPENDENT AUDITOR'S REVIEW REPORT

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KPMG

Independent Auditor's Review Report

To the shareholders of Austral Gold Limited

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying ***Half-year Financial Report*** of Austral Gold Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of Austral Gold Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 30 June 2020 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Half-year Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2020;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date;
- Notes 1 to 17 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The ***Group*** comprises Austral Gold Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that is free from material misstatement, whether due to fraud or error.

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Auditor’s responsibility for the review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Half-year Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group’s financial position as at 30 June 2020 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Austral Gold Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

Daniel Camilleri

Partner

Sydney

28 August 2020

AUSTRALGOLD

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Forward Looking Statements

In this half year report are statements that are not historical facts are forward-looking statements. Forward-looking statements are statements that are not historical, and consist primarily of projections -- statements regarding future plans, expectations and developments. Words such as “expects”, “intends”, “plans”, “may”, “could”, “potential”, “should”,“ anticipates”, “likely”, “believes” and words of similar import tend to identify forward-looking statements. Forward-looking statements in this half-year report include statements made with respect to access to capital.

All forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those expressed or implied, including, without limitation, business integration risks; uncertainty of production, development plans and cost estimates, commodity price fluctuations; political or economic instability and regulatory changes; currency fluctuations, the state of the capital markets, uncertainty in the measurement of mineral reserves and resource estimates, Austral's ability to attract and retain qualified personnel and management, potential labour unrest, reclamation and closure requirements for mineral properties; unpredictable risks and hazards related to the development and operation of a mine or mineral property that are beyond the Company's control, the availability of capital to fund all of the Company's projects and other risks and uncertainties identified under the heading “Risk Factors” in the Company's continuous disclosure documents fi led on the ASX and SEDAR. You are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. Austral cannot assure you that actual events, performance or results will be consistent with these forward-looking statements, and management's assumptions may prove to be incorrect. Austral's forward-looking statements reflect current expectations regarding future events and operating performance and speak only as of the date hereof and Austral does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change other than as required by applicable law. For the reasons set forth above, you should not place undue reliance on forward-looking statements.