



MEDIA RELEASE

Austral Gold Limited

27 August 2021

Austral Gold Announces Filing of 2021 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 2021. The complete Report is available under the Company’s profile at 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 USA and Argentina. Austral owns a 100% interest in the Guanaco/Amancaya mine in Chile and the Casposo Mine (currently on care and maintenance) in Argentina, a non-controlling interest in the Rawhide Mine in Nevada, USA and a non-controlling interest in Ensign Gold which holds the Mercur project in Utah, USA. In addition, Austral owns an attractive portfolio of exploration projects in the Paleocene Belt in Chile (including those acquired in the recent acquisition of Revelo Resources Corp), a non-controlling interest in Pampa Metals and a 100% interest in the Pingüino project in Santa Cruz, Argentina. Austral Gold Limited is listed on the TSX Venture Exchange (TSX-V: AGLD) and the Australian Securities Exchange. (ASX: AGD). For more information, please consult Austral's website at 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.

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RESULTS FOR HALF-YEAR ENDED 30 JUNE 2021

Appendix 4D, previous corresponding period, half-year ended 30 June 2020.

Revenue and net profit					US\$'000
Revenue from ordinary activities	Down	29%	to		30,698
Loss from ordinary activities after tax	Down	109%	to		(375)
Net Loss attributable to members	Down	109%	to		(375)
Dividend information					
Interim unfranked dividend per share					A\$0.008
Interim dividend dates					
Ex-dividend date					08 March 2021
Record date					09 March 2021
Payment date					19 March 2021
Net tangible assets per security			June 2021 per share	Dec 2020 per share	
Net tangible assets per security			US\$0.10	US\$0.11	
Common shares on issue at balance sheet date			602,550,001	566,070,265	

Additional Appendix 4D disclosure requirements can be found in the Directors' Report and the 30 June 2021 half-year financial statements.

This report is based on the condensed consolidated half-year financial statements for the period to 30 June 2021 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 2020 Annual Report.



HALF-YEAR FINANCIAL REPORT

30 June 2021



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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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LISTED

Australian Securities Exchange

ASX: AGD

TSX Venture Exchange

TSXV: AGLD

PLACE OF INCORPORATION:

Western Australia



DIRECTORS' **REPORT**

Your Directors present their report together with the consolidated interim financial report for the half-year ended 30 June 2021 and the Independent Auditor's Review Report. All Directors were in office for the full reporting period, being 1 January 2021 to 30 June 2021 and up to the date of this report.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the HY21 were:

- Gold and silver production at the Group's Guanaco/ Amancaya mine complex;
- Finalised outsourcing to a new Underground Mine Contractor at Amancaya in February 2021;
- Exploration activities seeking organic growth in the Company's existing mining projects in Argentina and Chile;
- Continued seeking quality assets through M&A in stable jurisdictions through the acquisition of Revelo Resources Corp. ("Revelo") and an interest in Ensign Gold Inc. ("Ensign");
- Acquisitions of additional mining concessions near the Group's Guanaco/Amancaya mine complex;
- 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 2021 and 2020 is set out in the following tables for comparative purposes.

REVIEW OF RESULTS OF OPERATIONS

Key Operating Results	Six months ended					
	30 June 2021			30 June 2020		
	Guanaco/ Amancaya Mines	Rawhide Mine (100% basis)	Net to Austral Gold*	Guanaco/ Amancaya Mines	Rawhide Mine (100% basis)	Net to Austral Gold*
Processed (t)	69,149	1,109,801	362,802	92,261	823,323	290,852
Gold produced (Oz)	12,416	11,349	15,419	24,984	11,885	27,897
Silver produced (Oz)	42,363	84,304	64,670	131,956	79,297	151,310
Gold Equivalent Ounces (Oz)**	13,035	12,341	16,300	26,302	12,818	29,442

* Includes 100% of Guanaco/Amancaya and June 2021 six month weighted average of 26.46% (June 2020 six month weighted average of 24.27%) in the Rawhide Mine.

** AuEq ratio is calculated at 68:1 Ag:Au for the six months ended June 2021 and 100:1 Ag:Au for the six months ended June 2020 at the Guanaco/Amancaya mine and at 85:1 Ag:Au for the six months ended June 2021 and June 2020 at the Rawhide mine.

Guanaco/Amancaya Operations	Six months ended	
	June 2021	June 2020
Mined Ore (t)	67,358	90,954
Processed (t)	69,149	92,261
Average Plant Grade (g/t Au)	5.46	9.20
Average Plant Grade (g/t Ag)	20.78	49.98
Gold produced (Oz)	12,416	24,984
Silver produced (Oz)	42,363	131,956
Gold-Equivalent (Oz) ***	13,035	26,302
C1 Cash Cost of Production (US\$/AuEq Oz)*	1,280	751
All-in Sustaining Cost (US\$/Au Oz) **	2,011	1,020
Realised gold price (US\$/Au Oz)	1,801	1,648
Realised silver price (US\$/Ag Oz)	26	18
Sales volume (AuEq Oz)	17,047	26,200

* 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 68:1 Ag:Au for the six months ended June 2021; 100:1 Ag:Au for the six months ended June 2020.

Production guidance for 2021 for the Guanaco and Amancaya Mine complex remained in the range of 45,000-50,000 gold-equivalent ounces with C1 and AISC in the range of US\$850 to US\$950 and US\$1,050 to US\$1,150 per GEO, respectively.

Production during the six months ended 30 June 2021 at Guanaco/Amancaya decreased by 102% to 13,035 gold equivalent ounces (12,416 gold ounces and 42,363 silver ounces) from 26,302 gold equivalent ounces (24,984 gold ounces and 131,956 silver ounces) for the six months ended 30 June 2020. The decrease in production was mainly due to the transition to a new mining contractor during our March 2021 quarter, the lower gold grades at Amancaya, the lower availability of mining equipment and tailing issues that resulted in the shutdown of the plant for 12 days during June 2021.

During the six months ended 30 June 2021, there was no mining at the Guanaco underground operations (six months ended June 2020: 2,928 tonnes mined) while 67,358 tonnes were mined (2020:90,954 tonnes 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 2021	Six months ended June 2020
Processed (t)	1,109,801	823,323
Gold produced (Oz)	11,349	11,885
Silver produced (Oz)	84,304	79,297
Gold-Equivalent (Oz) *	12,341	12,818

*June 2021 six month weighted average of 26.46% (June 2020 six month average of 24.27%).

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

Production at Rawhide is expected to increase during the second half of the year. Rawhide continued production from the Regent open pit and former heap leach pads during the six months ended 30 June 2021.

COVID-19 IMPACT

Several activities were performed to protect the health of our people to address the risk of the COVID-19 virus. The Company's flagship mine complex in Chile (Guanaco/Amancaya) was not significantly impacted by COVID-19 except for taking precautionary measures as recommended by the Health Authorities and Governments around the world. In Argentina, exploration activities were reduced at the Casposo and Pingüino-Sierra Blanca projects following mandatory isolation measures in effect in the country.

KEY FINANCIAL RESULTS

Key financial metrics (Thousands of US\$)	Six months ended	
	June 2021	June 2020
Revenue	30,698	43,177
Gross profit	6,524	18,316
Gross profit %	21.3%	42%
Adjusted gross profit (excluding depreciation and amortisation)	11,365	25,731
Adjusted gross profit % (excluding depreciation and amortisation)	37%	60%
EBITDA*	5,775	13,884
EBITDA per share (basic)	0.010	0.025
EBITDA per share (fully diluted)	0.010	0.024
Adjusted EBITDA**	6,501	22,512
Adjusted EBITDA per share (basic)	0.011	0.040
Adjusted EBITDA per share (fully diluted)	0.011	0.066
(Loss)/profit attributed to shareholders	(375)	4,285
(Loss)/earnings per share (Basic)	(0.06)c	0.77c
(Loss)/earnings per share (diluted)	(0.06)c	0.74c
Comprehensive (loss) income	(460)	4,262

*See next page

**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 2021	June 2020
Profit before tax	1,276	7,546
Depreciation and amortisation	4,841	7,415
Net finance (income) / costs	(342)	(1,077)
EBITDA*	5,775	13,884
Other expense / (income)*	1,378	5,851
(Gain) / Loss on financial assets	(1,112)	1,941
Share of loss of associates	460	836
Adjusted EBITDA*	6,501	22,512

*Difference of US\$991,000 from the June 2020 HY report due to a reallocation to other income / expense from the June 2020 EBITDA and adjusted EBITDA.

REVIEW

Thousands of US\$	Six months ended	
	30 June 2021	31 December 2020
Current assets	20,619	31,942
Non-current assets	83,689	73,523
Current liabilities	21,358	24,035
Non-current liabilities	19,763	20,162
Net assets	63,187	61,268
Net current (liabilities) assets	(739)	7,907
Current loans and borrowings	4,348	831
Current financial leases	2,836	2,905
Non-current loans and borrowings	831	1,246
Non-current financial leases	2,046	3,416
Combined debt (borrowings and financial leases)	10,061	8,398
Combined net debt (net of cash & cash equivalents)	8,271	(4,003)
Combined debt to EBITDA	174%	60%
Combined net debt to EBITDA	143%	(29)%
Current ratio*	0.97	1.33
Total liabilities to net assets	0.65	0.72

*Current Assets divided by Current Liabilities

OPERATING AND FINANCIAL RESULTS

EBITDA and adjusted EBITDA decreased to US\$5.8m (19% margin) and US\$6.5m (21% margin) during the 6-months ended 30 June 2021 ("HY21") from US\$13.9m (32% margin) and US\$22.5m (52% margin) during the 6-months ended 30 June 2020 ("HY20").

The Group's loss attributable to shareholders during HY21 was US\$0.4m (HY20: profit of US\$4.3m).

During the HY21, the Group realised a gross profit of US\$6.5m or 21% (including US\$4.8m of depreciation and amortisation) (HY20: gross profit of US\$18.3m or 42% including US\$7.4m of depreciation and amortisation). Excluding depreciation and amortisation, the Group earned a gross profit of US\$11.4m during HY21 or 37% (HY20: US\$25.7m or 60%).

The decrease in net profit during HY21 from HY20 was mainly due to lower production which also resulted in higher costs per gold equivalent ounce. The lower production was slightly offset by higher realised gold and silver prices during HY21 and the sale of gold and silver held in inventory at 31 December 2020.

The decrease in net profit in HY21 was also impacted by:

- i. higher administration costs, which were mainly due to transaction costs incurred in the acquisition of Revelo and higher staff costs as the salary of the Corporate VP of Exploration was included during HY21 due to his appointment in August 2020. In addition, administration costs during HY20 were lower due to the impact of an accounting adjustment to revalue the employee benefit plan based on an independent actuarial valuation.
- ii. decrease in other expenses as HY20 included the payment of bonuses and other benefits to mining employees at Guanaco/Amancaya due to a new collective three year union agreement after the miners' strike during May/June 2020,
- iii. gain in financial assets mainly due to an unrealized gain of US\$1.2m on the shares of Pampa Metals (CSE:PM/FIRA/OTCQX:PMMCF) acquired in the acquisition of Revelo.

Net gold equivalent ounces (GEOs) produced during HY21 decreased to 16,300 GEOs from 29,442 GEOs produced during HY20. The GEOs in the 6-month periods ended 30 June includes our share of production (2021- 3,265 GEOs; 2020-3,140 GEOs) from the Rawhide mine. Production from the Guanaco/ Amancaya mine complex during HY21 was 13,035 GEOs, a decrease of 102% from 26,302 GEOs in HY21. The decrease in production is explained above on page 8.

Overall cash cost of production ("C1")* and All-in sustaining costs ("AISC") at Guanaco/Amancaya increased to US\$1,280/AuEq oz and US\$2,011/ AuEq oz during HY21 compared to US\$751/AuEq oz and US\$1,020/ AuEq oz in HY20.

FINANCIAL POSITION

The net assets of the Group increased by US\$1.9m from 31 December 2020 to US\$63.2m at 30 June 2021 (31 December 2020: US\$61.3m). The increase was mainly due to the acquisition (net of cash paid) to Revelo's shareholders for a total of US\$6m which was partially offset by payment of a dividend of US\$3.8m and the investments in Ensign and Rawhide. Working capital decreased by US\$8.6m to negative US\$0.7m at 30 June 2021 (31 December 2020: working capital of US\$7.9m). The decrease in working capital arose mainly due to lower production which resulted in higher unit production costs and payment of the dividend to the Group's shareholders.

As at 30 June 2021, the Group had a current ratio equal to 0.97 (FY20 1.33) along with US\$1.8m cash and cash equivalents (31 December 2020: US\$12.4m).

Combined net debt (borrowings and financial leases) increased by US\$1.7m to US\$10.1m at 30 June 2021.

Trade and other receivables (current and non-current) decreased by US\$1.3m to US\$5.0m at 30 June 2021 mainly due to a decrease in trade receivables of US\$2m, which was offset by an increase in prepaid tax by US\$1m.

Inventories decreased by US\$3.0m to US\$11.6m at 30 June 2021 (31 December 2020: US\$14.7m) mainly due to a decrease of US\$2.8m in gold bullion and gold in process.

Trade and other payables (current and non-current) increased by US\$1.1m to US\$11.5m at 30 June 2021 (31 December 2020: US\$10.4m) mainly due to higher exploration activity during HY21.

Income tax payable decreased by US\$6.0m as a result of the payment of US\$6 million for 2020 corporate income taxes in HY21.

CASH FLOW

Net cash provided from operating activities before and after changes in assets and liabilities were US\$6.0m and US\$2.7m during the HY21 and US\$17.1m and US\$13.3m during HY20. The difference was primarily due to the lower production during HY21 and the payment of \$US6.0m in income tax as explained above.

Cash used in investing activities totaled US\$10.9m during HY21 compared to US\$9.7m during HY20. Cash was used primarily for additions to plant, property and equipment, sustaining capital expenditures, exploration activities and equity investments.

Cash used in financing activities totaled US\$2.4m during HY21 compared to US\$3.1m during HY20. The major financing activities during HY21 included a short-term loan received for US\$3.5m, repayment of loans and lease liabilities totaling US\$2.0m and payment of a US\$3.8m dividend.

LIQUIDITY

Guidance

The Group forecasts 2021 profitable production to be in the range of 45,000-50,000 gold equivalent ounces from the Guanaco/Amancaya complex as it expects monthly production to increase during the second half of the year.

Access to capital

The Group has strong banking relationships from which it expects it can obtain financing if required.



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 2021 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

Robert Trzebski
Director

27 August 2021



LEAD AUDITOR'S INDEPENDENCE DECLARATION



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 2021 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

A handwritten signature in black ink that reads 'J. Dillon'.

Jessica Dillon

Partner

Sydney

27 August 2021



FINANCIAL STATEMENTS



AUSTRAL GOLD LIMITED FINANCIAL REPORT 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

All figures are reported in thousands of US\$	For the 6 months ended 30 June		
	Note	2021	2020
Continuing operations			
Sales revenue		30,698	43,177
Cost of sales		(19,333)	(17,446)
Gross profit before depreciation and amortisation expense		11,365	25,731
Depreciation and amortisation expense		(4,841)	(7,415)
Gross profit		6,524	18,316
Other expenses		(1,378)	(5,851)
Administration expenses		(4,864)	(3,219)
Net finance income	7	342	1,077
Share of loss of associates	15	(460)	(836)
Gain / (loss) on financial assets		1,112	(1,941)
Profit before income tax		1,276	7,546
Income tax expense		(1,651)	(3,261)
(Loss)/profit after income tax expense		(375)	4,285
(Loss)/profit attributable to owners of the Company		(375)	4,285
Items that may not be classified subsequently to profit or loss			
Foreign currency translation		(85)	(23)
Total comprehensive (loss)/income for the year		(460)	4,262
Comprehensive (loss)/income attributable to owners of the Company		(460)	4,262
Earnings per share (cents per share):			
Basic (loss)/earnings per share	6	(0.06)	0.77
Diluted (loss)/earnings per share	6	(0.06)	0.74

The notes on pages (20) to (30) are an integral part of these consolidated financial statements.

AUSTRAL GOLD LIMITED FINANCIAL REPORT 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

All figures are reported in thousands of US\$	As at		
	Note	30 June 2021	31 December 2020
Assets			
Current assets			
Cash and cash equivalents		1,790	12,401
Trade and other receivables	9	3,144	4,469
Other financial assets	10	4,058	404
Inventories	11	11,627	14,668
Total current assets		20,619	31,942
Non-current assets			
Other receivables	9	1,896	1,907
Mine properties	12	3,526	3,876
Property, plant and equipment	13	43,109	44,146
Exploration and evaluation expenditure	14	29,163	18,941
Investments accounted for using the equity method	15	5,849	4,221
Deferred tax assets		146	432
Total non-current assets		83,689	73,523
Total assets		104,308	105,465
Liabilities			
Current liabilities			
Trade and other payables		11,522	10,371
Income tax payable		10	6,034
Employee entitlements		2,642	3,894
Loans and borrowings	16	4,348	831
Lease liabilities		2,836	2,905
Total current liabilities		21,358	24,035
Non-current liabilities			
Provisions for reclamation and rehabilitation		11,081	11,050
Loans and borrowings	16	831	1,246
Lease liabilities		2,046	3,416
Employee entitlements		49	24
Deferred tax liability		5,756	4,426
Total non-current liabilities		19,763	20,162
Total liabilities		41,121	44,197
Net assets		63,187	61,268
Equity			
Issued capital		108,346	102,177
Accumulated losses		(43,793)	(43,871)
Reserves		(1,366)	2,962
Total equity		63,187	61,268

The notes on pages (20) to (30) are an integral part of these consolidated financial statements.

AUSTRAL GOLD LIMITED FINANCIAL REPORT 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 6 months ended 30 June 2021 and 2020

All figures are reported in	Note	Issued capital	Accumulated losses	Reserves	Total
Balance at 31 December 2019		101,682	(44,238)	(713)	56,731
Profit 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
Balance at 31 December 2020		102,177	(43,871)	2,962	61,268
Loss for the period		-	(375)	-	(375)
Foreign exchange movements from translation of financial statements to US\$		-	-	(85)	(85)
Total comprehensive (loss)/ income		-	(375)	(85)	(460)
Windup of Cachinalito Limitada		-	453	(453)	-
Issued Capital		6,169	-	-	6,169
Dividends paid		-	-	(3,790)	(3,790)
Balance at 30 June 2021		108,346	(43,793)	(1,366)	63,187

The notes on pages (20) to (30) are an integral part of these consolidated financial statements

AUSTRAL GOLD LIMITED FINANCIAL REPORT 2021

CONSOLIDATED STATEMENT OF CASH FLOWS

All figures are reported in thousands of US\$	For the six months ended 30 June		
	Note	2021	2020
Changes in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		12,401	9,196
Cash and cash equivalents, at the end of the period		1,790	9,679
Net (decrease)/ increase in cash and cash equivalents		(10,611)	483
Causes of change in cash and cash equivalents			
Operating activities			
(Loss)/profit after income tax		(375)	4,285
Non-cash items			
Income tax expense recognized in profit or loss		1,651	3,261
Depreciation and amortisation		4,841	7,415
Interest received		-	(4)
Gain on sale of equipment		(276)	(20)
Non-cash net finance charges		185	398
Provision for reclamation and rehabilitation		31	(446)
Inventory write-down		24	169
Allowance for doubtful accounts		35	135
Non-cash employee entitlements		586	(901)
Share of loss of associates		460	836
(Gain)/loss in fair value of other financial assets		(1,112)	1,941
Net cash from operating activities before change in assets and liabilities		6,050	17,069
Changes in working capital:			
Decrease/(Increase) in inventory		3,017	(2,097)
Decrease in trade and other receivables		1,317	3,356
Decrease in trade and other payables		(20)	(4,333)
Decrease in income tax payable		(6,024)	-
Decrease in employee entitlements		(1,685)	(647)
Net cash provided through operating activities		2,655	13,348
Cash flows from investing activities			
Additions to plant, property and equipment		(3,333)	(3,405)
Proceeds from sale of equipment		507	49
Payment for investment in exploration and evaluation	14	(4,924)	(1,463)
Payment for investment in mine properties	12	(320)	(212)
Payment for equity investments	15	(2,174)	(2,708)
Payment for purchase of a property option		-	(2,000)
Cash paid to acquire Revelo	18	(920)	-
Cash acquired in Revelo acquisition	18	14	-
Proceeds from sale of other financial assets		287	-
Interest received		-	4
Net cash used in investing activities		(10,863)	(9,735)
Cash flows from financing activities			
Proceeds from loans and borrowings		3,500	-
Repayment of loans and borrowings		(471)	(1,313)
Repayment of lease liabilities		(1,471)	(1,571)
Interest paid on leases		(151)	(244)
Proceeds from exercise of options net of costs		(3)	(2)
Financing fees paid on shares issued excluding options exercised		(17)	-
Dividends paid		(3,790)	-
Net cash used in financing activities		(2,403)	(3,130)
Net (decrease)/ increase in cash and cash equivalents		(10,611)	483

The notes on pages (20) to (30) are an integral part of these consolidated financial statements

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 interim financial statements (“interim financial statements”) as at and for the 6 months ended 30 June 2021 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 2020 are available upon request from the Company’s registered office at Level 5, 126 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 2020 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 27 August 2021.

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.

3. GOING CONCERN

For the 6 months ended 30 June 2021, the Group made a loss after income tax of US\$0.375 million (6 months ended 30 June 2020: profit after income tax of US\$4.285 million) from continuing operations and generated net cash flows from operating activities of US\$2.655 million (6 months ended 30 June 2020: net cash flow from operating activities of US\$13.348 million). At 30 June 2021, the group has net current liabilities of US\$0.739 million (31 December 2020: net current assets of US\$7.907 million).

There is still significant uncertainty over how the outbreak of COVID-19 will impact the Group’s business in future periods. However, the Directors note the following with regards to the ability of the Group to continue as a going concern:

- i. At 30 June 2021, the Group had a cash balance of US\$1.790 million.
- ii. The Group’s cash flow forecasts following the most likely mine plan and 2021 production guidance that forecast production of;
 - 45,000-50,000 gold equivalent ounces; and
 - average 2021 gold equivalent ounces of US\$1,800, 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.

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 2020.

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 2021 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 17 — 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 2020.

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 2021.

i. 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 2021 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	
	2021	2020
Net (loss)/profit attributable to owners	(375)	4,285
Weighted average number of shares used as the denominator		
Number for basic earnings per share	580,221,819	559,393,830
Number for diluted earnings per share	590,353,702	576,205,344
Basic (loss)/ earnings per ordinary share (cents)	(0.06)	0.77
Diluted (loss)/ earnings per ordinary share (cents)	(0.06)	0.74

NOTES TO THE FINANCIAL STATEMENTS

7. NET FINANCE INCOME

All figures are reported in thousands of US\$	For the 6 months to 30 June	
	2021	2020
Interest income	-	4
Interest expense	(86)	(130)
Interest expense on leases	(157)	(244)
Gain from foreign exchange	630	1,662
Present value adjustment to mine closure provision	(44)	(215)
Other	(1)	-
Net finance income	342	1,077

8. 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 2021, the Group earned 70% of its consolidated revenue from sales made to two customers (2020-59% 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 2021				For the 6 months ended 30 June 2020			
	Guanaco/Amancaya	Casposo	Group and unallocated items	Consolidated	Guanaco/Amancaya	Casposo	Group and unallocated items	Consolidated
Revenue:								
Gold	29,769	-	-	29,769	40,931	-	-	40,931
Silver	929	-	-	929	2,246	-	-	2,246
Cost of sales	(19,333)	-	-	(19,333)	(17,446)	-	-	(17,446)
Depreciation and amortisation expense	(4,763)	(59)	(19)	(4,841)	(7,332)	(60)	(23)	(7,415)
Other expense	(157)	(796)	(425)	(1,378)	(4,877)	(974)	-	(5,851)
Administration expenses	(2,011)	(264)	(2,589)	(4,864)	(1,311)	(229)	(1,679)	(3,219)
Finance income (costs)	(129)	816	(345)	342	684	266	127	1,077
Share of loss of associates	-	-	(460)	(460)	-	-	(836)	(836)
(Loss)/gain on financial assets	-	-	1,112	1,112	(2,000)	-	59	(1,941)
Income tax expense	(1,423)	(236)	8	(1,651)	(2,840)	(15)	(406)	(3,261)
Segment (loss)/profit	2,882	(539)	(2,718)	(375)	8,055	(1,012)	(2,758)	4,285
Segment assets	66,251	12,703	25,354	104,308	74,308	13,470	15,758	103,536
Segment liabilities	35,772	4,261	1,088	41,121	37,522	3,935	4,584	46,041
Capital expenditure	7,910	639	28	8,577	5,076	606	197	5,879

NOTES TO THE FINANCIAL STATEMENTS

Geographic information:

All figures are reported in thousands of US\$	For the 6 months ended 30 June	
	2021	2020
Revenue by geographic location		
Chile	30,698	43,177
Argentina	-	-
Australia	-	-
Canada	-	-
United States	-	-
Total revenue	30,698	43,177

All figures are reported in thousands of US\$	As at	
	June 30, 2021	December 31, 2020
Non-current assets by geographic location		
Chile	59,741	51,468
Argentina	17,508	17,722
United States	4,926	4,221
Canada	1,404	2
British Virgin Islands	110	110
Australia	-	-
Total non-current assets	83,689	73,523

9. TRADE AND OTHER RECEIVABLES

All figures are reported in thousands of US\$	As at	
	30 June 2021	31 December 2020
Current		
Trade Receivables	279	2,285
Other current receivables	985	1,072
Loan receivable	22	132
Prepaid income tax	1,071	112
GST/VAT receivable	787	868
Total current receivables	3,144	4,469
Non-current		
GST/VAT receivable	923	905
Prepaid income tax	784	799
Loan receivable	-	12
Other	189	191
Total non-current receivables	1,896	1,907
Allowance for doubtful accounts	478	513
Trade debtors		
The ageing of trade receivables is 0-30 days	279	2,285

NOTES TO THE FINANCIAL STATEMENTS

10. OTHER FINANCIAL ASSETS

All figures are reported in thousands of US\$	As at	
	30 June 2021	31 December 2020
Current		
Listed bonds — level 1	29	34
Listed equity securities — level 1	3,945	370
Rawhide warrants— level 3*	84	-
Total current other financial assets at fair value	4,058	404

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.

Listed equity securities and bonds are shares of a Canadian listed mining company nominated in C\$ and sovereign bonds nominated in ARS as at 30 June 2021 and 31 December 2020, respectively.

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 2021 there were no transfers between the financial instrument levels of hierarchy.

*Key assumptions for Rawhide warrants

Strike price: US\$2.82

Annual volatility 42%

Interest rate 0.06%

Expiration date 30 June 2022

11. INVENTORIES

All figures are reported in thousands of US\$	As at	
	30 June 2021	31 December 2020
Materials and supplies	8,457	8,538
Ore stocks	660	776
Gold bullion and gold in process	2,510	5,354
Total inventories*	11,627	14,668

*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\$1,571k (31 December 2020:US\$1,548k).

12. MINE PROPERTIES

All figures are reported in thousands of US\$	6 months to	12 months to
	30 June 2021	31 December 2020
Costs carried forward in respect of areas of interest:		
Carrying amount at the beginning of the period	3,876	6,484
Additions	320	1,036
Transfers to Exploration and Evaluation expenditure	-	(1,079)
Increase (decrease) in provision for reclamation and rehabilitation	-	(527)
Amortisation	(670)	(2,038)
Carrying amount at end of the period	3,526	3,876

NOTES TO THE FINANCIAL STATEMENTS

13. PROPERTY, PLANT AND EQUIPMENT

All figures are reported in thousands of US\$	As at	
	30 June 2021	31 December 2020
Property, plant and equipment owned	35,217	34,725
Right-of-use-assets	7,892	9,421
	43,109	44,146
Property, plant and equipment owned		
Cost	157,621	154,297
Accumulated depreciation	(122,404)	(119,572)
Carrying amount at end of the period	35,217	34,725
Movements in carrying value		
Carrying amount at beginning of the period	34,725	37,515
Additions	3,333	7,624
Depreciation	(2,841)	(10,411)
Disposals	-	(3)
Carrying amount at end of the period	35,217	34,725
Right of use assets		
Movements in carrying value		
Carrying amount at beginning of the period	9,421	12,917
Additions	31	322
Depreciation	(1,329)	(3,818)
Disposals	(231)	-
Carrying amount at end of the period	7,892	9,421

14. EXPLORATION AND EVALUATION EXPENDITURE

All figures are reported in thousands of US\$	6 months to	12 months to
	30 June 2021	31 December 2020
Costs carried forward in respect of areas of interest:		
Carrying amount at the beginning of the period	18,941	15,281
Additions ⁽¹⁾	10,222	3,329
Impairment for the period	-	(748)
Transfers to Mining Properties	-	1,079
Carrying amount at end of the period	29,163	18,941

(1) Includes the fair value of \$5.298 million of Exploration and Evaluation expenditure acquired from Revelo (note 19.1).

NOTES TO THE FINANCIAL STATEMENTS

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The Group's interests in equity-accounted investees comprise an interest in a Rawhide Acquisition Holding LLC. ("Rawhide") and an interest in Ensign Gold Limited ("Ensign"). Subsequent to acquiring the interest, Ensign changed its name to Ensign Minerals Inc.

All figures are reported in thousands of US\$	As at	
	30 June 2021	31 December 2020
Carrying amount of interest in associates		
Carrying amount of interest in Rawhide	4,926	4,221
Carrying amount of interest in Ensign	923	-
Group's total carrying amount of interest in associates	5,849	4,221

15.1 INVESTMENT IN RAWHIDE

All figures are reported in thousands of US\$	As at	
	30 June 2021	31 December 2020
Percentage ownership interest	23.25%	26.46%
Non-current assets	29,422	23,873
Current assets	20,531	18,145
Non-current liabilities	(36,048)	(33,504)
Current liabilities	(12,951)	(11,047)
Net assets/ (liabilities) (100%)	954	(2,533)
Group's share of net assets/(liabilities)	221	(670)
Carrying amount of interest in associate	4,926	4,221

All figures are reported in thousands of US\$	For the 6 months ended	
	30 June 2021	30 June 2020
Revenue	21,299	17,684
(Loss) from continuing operations (100%)	(795)	(3,446)
Other comprehensive income (100%)	-	-
Total comprehensive income (100%)	(795)	(3,446)
Group's share of total (loss) and comprehensive income (26.46%)*	(210)	(836)

*Weighted average of 26.46% and 24.27% ownership in the Rawhide Mine during the six month periods ended 30 June 2021 and 30 June 2020 respectively.

- i. During the six months ended 30 June 2021, the Group recorded a loss of US\$210,399 (six months ended 30 June 2020-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.
- ii. On 30 June 2021, the Group's percentage ownership interest was diluted to 23.25% as a result of a US\$5.43 million financing by Rawhide of which US\$1 million was contributed by the Group.

15.2 INVESTMENT IN ENSIGN

All figures are reported in thousands of US\$	As at 30 June 2021
Percentage ownership interest	19.94%
Non-current assets	1,746
Current assets	878
Non-current liabilities	-
Current liabilities	(28)
Net assets (100%)	2,596
Group's share of net assets (19.94%)	518
Carrying amount of interest in associate	923

NOTES TO THE FINANCIAL STATEMENTS

- i. During February 2021, the Group acquired 5,950,000 units (19.96%) of Ensign, a Canadian entity that is currently assembling a 5,000-hectare land package on Carlin-type gold deposit geology in the state of Utah. Two of Ensign's five board members are board members of Austral. The Group paid C\$0.25 per Unit, for an aggregate purchase price of approximately US\$1,173,107 (C\$1,487,500). Each Unit consists of one Class A share (each, a "Share") in the capital of Ensign and one-half of one transferable share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder to purchase one additional Share at an exercise price will C\$1.50 for a period of 36 months, subject to an acceleration provision that will accelerate expiration of the Warrants if the closing sale price for a Share on a public market exceeds C\$2.00 for 30 consecutive trading days. In addition, for a period of 12 months from the date of acquisition, Austral agreed to not acquire more than 19.99% of Ensign's shares without the prior written consent of Ensign.
- ii. During July 2021, Ensign raised US\$7.4 million (C\$9.16 million) which reduced the Group's interest to 12.5%.

All figures are reported in thousands of US\$	For the period from 19 February 2021 to 30 June 2021
Revenue	-
(Loss) from continuing operations (100%)	(1,312)
Other comprehensive income (100%)	-
Total comprehensive (loss) (100%)	(1,312)
Group's share of total (loss) and comprehensive income (19.06%)**	(250)

* Weighted average of 19.06% based on 19.9% ownership in Ensign Gold prorated for the period 19 February 2021 to 30 June 2021.

16. LOANS AND BORROWINGS

All figures are reported in thousands of US\$	As at	
	30 June 2021	31 December 2020
Current		
Loan facilities	4,348	831
Total current loans and borrowings	4,348	831
Non-current		
Loan facilities	831	1,246
Total non-current loans and borrowings	831	1,246

During the six month period ended 30 June 2021 the Group entered into a new US\$3.5m six month pre-export facility with an annual interest rate of 2.3%.

17. 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.

The Group holds the following financial instruments:

All figures are reported in thousands of US\$	As at	
	30 June 2021	31 December 2020
Financial Assets		
Cash and cash equivalents	1,790	12,401
Trade and other receivables	3,330	4,603
Other financial assets	4,058	404
Financial liabilities		
Trade and other payables	11,522	10,371
Employee entitlements	2,691	3,918
Borrowings	5,179	2,077
Financial leases	4,882	6,321

NOTES TO THE FINANCIAL STATEMENTS

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 2021, the Group was exposed to foreign exchange risk through 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	282	693	35	11
Trade and other receivables	1,863	-	12	7
Other financial assets	29	-	-	3,945
Financial liabilities				
Trade and other payables	8	4,664	359	35
Employee entitlements	295	1,065	-	-
Financial leases	-	43	-	-

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 2021	30 June 2020	30 June 2021	31 December 2020
10 % increase in gold and silver prices	3,070	4,318	3,070	8,822
10 % decrease in gold and silver prices	(3,070)	(4,318)	(3,070)	(8,822)

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.

b. 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 10). These are classified as level 1 within the fair value hierarchy as per AASB 7 "Financial Instruments".

c. 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.

NOTES TO THE FINANCIAL STATEMENTS

d. 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.

e. 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.

All figures reported in thousands of US\$	Consolidated				Total
	6 months	6-12 months	1-5 years	> 5 years	
30 June 2021					
Financial liabilities					
Trade and other payables	11,522	-	-	-	11,522
Employee entitlements	2,642	-	49	-	2,691
Borrowings	3,933	415	831	-	5,179
Leasing	1,445	1,391	2,046	-	4,882
Total 30 June 2021 liabilities	19,542	1,806	2,926	-	24,274
31 December 2020					
Financial liabilities					
Trade and other payables	10,371	-	-	-	10,371
Employee entitlements	3,894	-	24	-	3,918
Borrowings	416	415	1,246	-	2,077
Leasing	1,468	1,437	3,416	-	6,321
Total 31 December 2020 liabilities	16,149	1,852	4,686	-	22,687

18. ACQUISITION OF REVELO

On 4 February 2021, the acquisition of Revelo was finalised under a statutory plan of arrangement ("the Arrangement") in Vancouver, Canada between Austral Gold and Revelo Resources Corp. ("Revelo"). Under terms of the Arrangement, in exchange for each common share of Revelo, Revelo shareholders received (i) 0.9184 ordinary shares of Austral, and (ii) C\$0.03045715 in cash. Austral Gold issued an aggregate of 35,475,095 common shares and paid cash totaling approximately US\$920,353 (CDN\$1,176,471) to Revelo shareholders. Under the Arrangement Austral paid liabilities of Revelo totaling US\$923,121.

At the time of acquisition, Revelo's main assets were its exploration properties and 7,798,747 shares of Pampa Metals Corp "Pampa". Based on the listed price of Pampa of approximately US\$0.351 (C\$0.45), the total shares were valued at US\$2,745,432. The projects held by Revelo were not in production and there were no plans to place them into production. For these reasons, the acquisition was accounted for as an acquisition of assets and liabilities and not a business combination as defined under AASB3.

The fair value of the Austral ordinary shares issued was based on the listed price of the Company at the date of issue on 4 February 2021, approximately US\$0.171 (AUD \$0.225) per share, which valued the share consideration transferred at US\$6,060,654.

NOTES TO THE FINANCIAL STATEMENTS

18.1 ASSETS AND LIABILITIES ASSUMED

The following table summarises the recognised amounts of assets and liabilities assumed at the date of acquisition.

	30 June 2021
	Thousands of US\$
Cash and cash equivalents	14
Trade and other receivables	29
Other financial assets	2,745
Exploration and evaluation expenditure	5,298
Accounts payable and accrued liabilities	(924)
Related party liabilities	(181)
Total identifiable net assets acquired	6,981

19. SUBSEQUENT EVENTS:

19.1 On 19 July 2021, 1,000 shares were issued pursuant to the exercise of options at A\$0.092 per option.

19.2 On 28 July 2021, the Group entered into an Option agreement which enables it to acquire up to an 80% ownership interest in two mining properties currently held by Pampa Metals Corporation ("Pampa"). Consideration for the Option consisted of the return of 2,963,132 shares of Pampa. Austral may exercise the initial 60% interest option within five years from the date of the agreement by incurring US\$3 million in exploration expenses on the Properties as follows:

- i. at least US\$1 million in year 1; and
- ii. an additional US\$2 million in year 2

If Austral exercises the initial 60% interest option and earns a 60% interest in a property or the Properties, Austral may increase its interest in each such property to an aggregate total of 65% ("**Stage 1**") within five years from the date of closing the Option agreement for the following consideration on each Property:

- a. minimum drilling of 15,000m,
- b. studies required to complete a preliminary economic assessment ("PEA"),
- c. PEA by an internationally recognized engineering firm to the standards, and in the form, prescribed under National Instrument 43-101 ("NI 43-101"), and
- d. minimum annual exploration expenditures on each property of US\$250,000.

After completion of this stage, both parties intend to form a Joint Venture (JV) Company and execute a Shareholder Agreement in respect of each Property subject to the JV. Any Property on which a Preliminary Economic Assessment is not completed will be returned to Pampa.

Austral may at its sole discretion, elect to earn an additional 15% interest to increase its interest to 80% in a property or the Properties ("**Stage 2**") by completing the following activities within 5 years from providing notice to Pampa that it intends to reach Stage 2:

- a. minimum drilling of 10,000m,
- b. studies required to complete a bankable feasibility study ("BFS"), and
- c. BFS by an internationally recognized engineering firm to the standards, and in the form, prescribed under NI 43-101. If Austral does not complete these activities, then Pampa will be named operator of a property or the Properties and may increase its ownership from 35% to 80% by completing these activities, on the same conditions established for Austral.



AUSTRALGOLD

IN THE DIRECTORS' OPINION:

1. the attached interim 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 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 consolidated financial statements and notes thereto give a true and fair view of the Group's financial position as at 30 June 2021 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
27 August 2021

DIRECTORS' DECLARATION



INDEPENDENT AUDITOR'S REPORT



Independent Auditor's Review Report

To the shareholders of Austral Gold Limited

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 does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2021 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 2021
- 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 19 comprising a summary of significant accounting policies and other explanatory information
- 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.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.



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*
- such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities 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. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2021 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*.

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.

KPMG

Jessica Dillon

Partner

Sydney

27 August 2021



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 or 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 filed on the ASX and SEDAR. You are cautioned that the fore-going 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.

