

HALF-YEAR FINANCIAL REPORT

31 December 2011

AUSTRAL GOLD LIMITED
AND ITS CONTROLLED ENTITIES
ABN 30 075 860 472

Corporate Directory

Directors:	Eduardo Elsztain – Chairman and Non-Executive Director Wayne Hubert – Non-Executive Director (appointed 18 Oct 2011) Stabro Kasaneva – Executive Director Saul Zang – Non-Executive Director Pablo Vergara del Carril – Non-Executive Director Robert Trzebski – Independent Non-Executive Director Ben Jarvis – Independent Non-Executive Director
Company Secretary:	Catherine Lloyd
Registered Principal Office:	Suite 605, Level 6, 80 William Street Sydney NSW 2011 Telephone: +61 (2) 9380 7233 Facsimile: +61 (2) 9380 7972 Email: info@australgold.com.au Website: www.australgold.com.au
Antofagasta, Chile Office:	14 de Febrero 2065, of. 1103 Antofagasta, Chile Telephone: +56 (55) 440 304 Facsimile: +56 (55) 440 305
Buenos Aires, Argentina Office:	Bolivar 108 Buenos Aires (1066) Argentina Telephone: +54 (11) 4323 7500 Facsimile: +54 (11) 4323 7591
Share Registry:	Computershare GPO Box 2975 Melbourne VIC 3001 Tel: (within Australia) 1300 850 505 Tel: (outside Australia) +61 3 9415 5000
Auditors:	PKF www.pkf.com.au
Principal Bankers:	National Australia Bank Limited www.nab.com.au
Solicitors:	Norton Rose Australia www.nortonrose.com.au
Listed Code:	Australian Stock Exchange (ASX): AGD
Place of Incorporation:	Western Australia

The half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, it is recommended that this report be read in conjunction with the annual report for the year ended 30 June 2011 and any public announcements made by Austral Gold Limited during the half-year in accordance with the continuous disclosure requirements of the Listing Rules of the Australian Stock Exchange.

Directors' Report

The Directors present their report together with the consolidated financial report for the half-year ended 31 December 2011 and the Auditors' Review.

Directors

The Directors of Austral Gold Limited (the Company) are:

- | | |
|--|--|
| ■ Eduardo Elsztain
Chairman & Non-Executive Director | ■ Saul Zang
Non-Executive Director |
| ■ Stabro Kasaneva
Executive Director & Chief Operating Officer | ■ Pablo Vergara del Carril
Non-Executive Director |
| ■ Wayne Hubert (<i>appointed 18 Oct 2011</i>)
Non-Executive Director | ■ Robert Trzebski
Independent Non-Executive Director |
| | ■ Ben Jarvis
Independent Non-Executive Director |

All Directors were in office for the full reporting period, being 1 July to 31 December 2011, except as noted above.

Review of operations and likely developments

The consolidated loss for the half-year ended 31 December 2011 was \$4,366,396 (*31 December 2010: profit \$2,042,294*). Included in the reported loss are unrealised foreign exchange losses of \$2,035,864 (*31 December 2010: gain \$4,135,754*) and revenues of \$11,714,719 (*31 December 2010: nil*).

Further information on the Company's operations during the half-year ended 31 December 2011 has been released in the Company's announcements and reports to the ASX. These are available for review on the Company's website at www.australgold.com.au.

Corporate

At the AGM held on 30 November 2011, all resolutions as set out in the Notice of Annual General Meeting were approved by shareholders.

In summary, those resolutions were to:

- receive and consider the Annual Financial Report together with the Directors' and Auditor's Reports for the year ended 30 June 2011
- adopt the Remuneration Report
- re-elect Mr Saul Zang, Dr Robert Trzebski, Mr Ben Jarvis and Mr Wayne Hubert
- Amendment of Austral Gold Limited Constitution
- Approve Total Aggregate Annual Directors Fees to Non-Executive Directors

Review of Activities

The strategy of Austral Gold Limited (the Company) is to maximise shareholder value through the development of mineral deposits in which the Company has an interest.

Austral Gold has exploration areas in Argentina and Chile and a significant mineral deposit in Chile. The Company continues to explore and invest in its Guanaco gold and silver mine (“Guanaco”) in northern Chile. Our primary focus is to expand Guanaco’s mineral resources, increase the mine’s annual production and improve its financial viability.

The Company is also seeking to acquire further properties in the Guanaco region and is assessing a number of options to expand its asset base in Chile and Argentina.

Guanaco Mine, Chile

Background

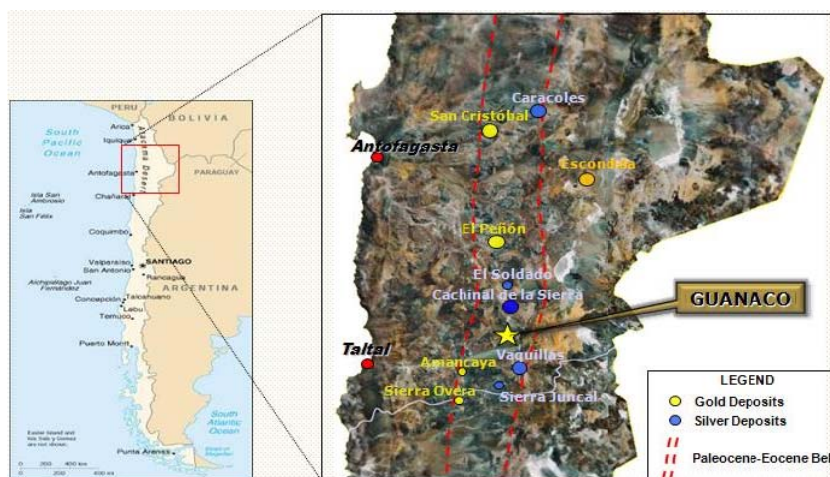
In January 2003 Austral Gold Limited obtained, through its subsidiary Golden Rose International Limited (GRIL), an option to acquire the Guanaco Project in Chile from subsidiaries of Kinross Gold Corporation. At the General Meeting of the Company held on 14 March 2003, the Shareholders approved the acquisition by the Company of an interest in the Guanaco Project.

The Guanaco Project was acquired from Compañía Minera Kinam Guanaco and Kinam de Chile Limited (wholly owned subsidiaries of Kinross Gold Corporation) by a company that is currently wholly owned by Guanaco Mining Company Limited (GMC) called Guanaco Compañía Minera Limitada, incorporated in Chile.

Project and Mine Description

The Guanaco Mine is the Company’s main asset and is located some 220 kilometres south east of Antofagasta in Northern Chile. It is at an elevation of some 2,700 metres and close to the Pan American Highway which runs north/south through Chile.

Guanaco is located in the Palaeocene/Eocene belt, a structural trend which runs north/south down the centre of Chile. This trend accommodates several large gold and copper mining operations including Zaldivar, El Peñon and Escondida.



Mine Property

There has been an increase of about 34% in the Company’s tenements near Guanaco. Thirty-seven claims for tenements totalling 10,100 hectares were submitted during April and May 2011. As of 31 December 2011 the mining property comprises 42,631 hectares.



Panoramic view taken from “Cerro Estrella” of the Dumbo Pit and behind it the processing plant, Heaps 1, 2 and 3 and the pregnant solution ponds

Mining was undertaken at Guanaco from 1886 – with some interruptions – until 2001. Gold, copper and silver have been mined at Guanaco with more than 1 million ounces of gold produced.

In August 2010 a Bankable Feasibility Study (BFS) was finalised, confirming viability of the project.

In early October 2010 it was announced that a local contractor had been engaged to undertake open pit and heap leach operations. This work has involved deepening existing open pits and re-handling heap leach material for secondary treatment.



The refurbished crushing plant

Production

On 26 October 2010 the Company proudly announced that the first gold doré bar had been poured. Since this time through to 29 February 2012, 15,564 gold ounces and 50,560 silver ounces have been produced as set out in the table below.

Production	2010	2011	2012	Total
Gold ounces	332	12,373	2,859	15,564
Silver ounces	431	37,511	12,618	50,560



The first gold doré pouring in Oct 2010

Exploration Activities

Exploration activities during the second quarter of 2011 primarily focused on surface geological reconnaissance (lithology, alteration, silicified structures, sampling, etc.) of the “Guanaco Compañía Minera” mining property.

During 2011, 29 RC holes totalling 6,824 meters were drilled and 6,040 samples were analysed for Au, Ag and Cu at Acme Labs. The result of this work, in conjunction with existing geological and geophysical information, identified nine exploration targets that were drilled in late 2011.

In the Eureka-Palermo, Cerro Guanaquito, Llano Guanaquito and Herradura areas located near Guanaco’s open pit and underground mining areas, 25 RC holes were drilled totalling of 5,594 meters.

Of note, the Cerro Guanaquito drill results indicate a potentially significant new exploration target that may be projected across the entire Guanaco property. Nine RC holes were drilled in this area totalling 2,394 meters. While most of the holes in the volcanic tuff were shallow and showed lower grades of gold, one deeper hole intersected a structure in the high-potential dacitic porphyry unit. Four new holes were drilled along the strike in December 2011 to confirm the extension of this mineralisation.

Decline

On 1 December 2011, the Company recommenced operations at the decline to start processing underground ore.

The 1,641 meter underground decline was completed in December 2010 and was designed to facilitate exploration of the Cachinalito and nearby vein systems. The decline is now being used for ore haulage.

The following table shows crushing tonnage and average daily performance during 2011.

Crusher	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Jun 11	
Metric tons	46,710	71,901	97,492	48,016	102,131	110,275	
Throughput (tpd)	1,507	2,568	3,145	1,601	3,295	3,676	
Operation (hrs)	150	241	326	171	347	395	
	Jul 11	Aug 11	Sep 11	Oct 11	Nov 11	Dec 11	YTD
Metric tons	103,678	105,144	113,537	76,859	71,602	63,057	1,010,402
Throughput (tpd)	3,344	3,392	3,785	2,479	2,387	2,034	2,768
Operation (hrs)	380	360	366	280	300	275	3,592

The following table shows the meters drilled by type of material during 2011.

Type	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Jun 11	
Waste (m)	11,379	19,203	18,415	8,024	9,199	6,497	
Ore (m)	6,756	1,085	1,421	4,717	1,045	1,108	
Total (m)	18,135	20,288	19,836	12,741	10,244	7,605	
Specific factor (ton/m)	10.0	10.8	9.9	7.6	7.8	12.2	
	Jul 11	Aug 11	Sep 11	Oct 11	Nov 11	Dec 11	Total
Waste (m)	8,782	10,321	10,147	17,602	10,451	13,814	143,834
Ore (m)	828	1,317	1,524	969	847	1,608	23,225
Total (m)	9,610	11,638	11,671	18,571	11,298	15,422	167,059
Specific factor (ton/m)	9.0	11.1	9.0	8.8	11.1	10.0	9.8

The following table shows the material loaded and transported from the Open Pit.

Open Pit	tons	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Jun 11	
Defensa	Waste	72,473	101,735	65,042	22,325	23,257	32,899	
	Ore	1,167	10,870	20,271	14,578	13,312	11,371	
	Strip ratio	62.1	9.4	3.2	1.5	1.7	2.9	
Perseverancia	Waste	68,729	110,626	102,982	60,900	45,754	34,190	
	Ore	38,088	12,193	22,865	2,305	5,240	28,171	
	Strip ratio	1.8	9.1	4.5	26.4	8.7	1.2	
Total Open Pit	Waste	141,202	212,360	168,024	83,225	69,011	67,089	
	Ore	39,254	23,063	43,136	16,878	18,552	39,542	
	Strip ratio	3.6	9.2	3.9	4.9	3.7	1.7	
Dumbo	Ore	2,075	4,826	1,620	10,350	4,111	13,153	
	tons	July 11	Aug 11	Sep 11	Oct 11	Nov 11	Dec 11	YTD
Defensa	Waste	25,680	65,812	22,174	39,687	71,075	42,505	584,664
	Ore	17,340	28,832	7,269	4,554	26,606	8,029	164,192
	Strip ratio	1.5	2.3	3.1	8.7	2.7	5.3	3.6
Perseverancia	Waste	42,852	41,333	64,997	110,753	55,627	95,294	834,035
	Ore	13,845	11,967	23,234	22,981	17,941	29,250	228,078
	Strip ratio	3.1	3.5	2.8	4.8	3.1	3.3	3.7
Total Open Pit	Waste	68,532	107,145	87,171	150,440	126,703	137,799	1,418,700
	Ore	31,185	40,799	30,503	27,535	44,547	37,279	392,270
	Strip ratio	2.2	2.6	2.9	5.5	2.8	3.7	3.6
Dumbo	Ore	3,760	7,978	7,722	2,528	5,798	2,880	66,802

The ore from Dumbo corresponds to an old material stock mined by Amax in the 90's.

The following table shows the haul and loading from heap leach Pile II to the crusher (rompad).
Ore and waste corresponds to the stripping of waste (less than 0.4 gpt gold).

Pile II	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Jun 11	
Waste (tons)	3,086	2,757	19,380	0	4,981	34,689	
Ore (tons)	16,626	34,530	55,286	5,985	42,923	53,907	
	Jul 11	Aug 11	Sep 11	Oct 11	Nov 11	Dec 11	2011
Waste (tons)	18,263	19,382	24,302	18,267	8,289	5,100	156,495
Ore (tons)	51,893	62,512	74,429	38,357	25,595	22,650	484,674

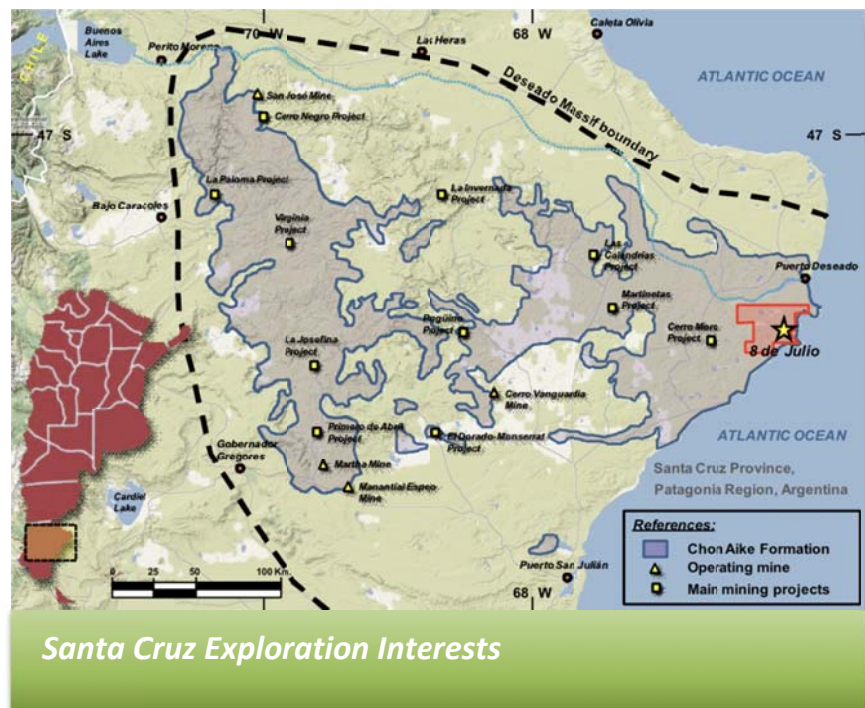
8 de Julio, Santa Cruz, Argentina

Austral Gold Limited has nine tenement applications totalling almost 85,000 hectares in the Macizo el Deseado area of Santa Cruz in southern Patagonia. A low-sulphide gold vein system is contained in the Chon Aike formation.

Since December 2010, mapping of the entire property of 8 de Julio was completed. Operations Director, Stabro Kasaneva, and a recognised local geological consultant reviewed results and 13 areas were subsequently mapped in more detail. At least three areas indicate veins with potential ore shoots. 91 samples were sent for ICP assaying.

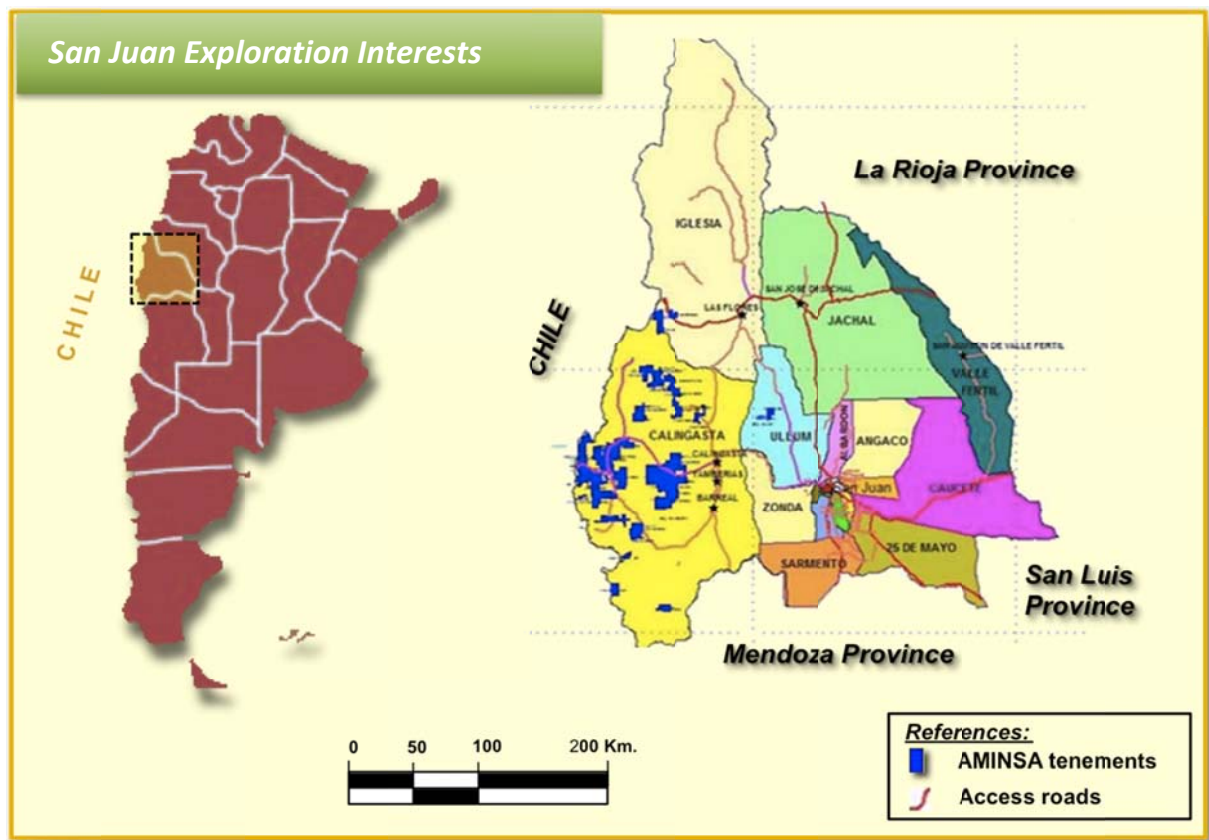
The Los Pino-Aguada Norte and Barroso Grande areas both showed anomalies for gold and silver and ore considered to have the greatest potential for the project. The most attractive results were found in the Barroso Grande area.

A ground magnetics program was completed in the Barroso Grande area followed by geochemical sampling and trenching campaigns showing grades up to 1.2g/t.



AMINSA, San Juan, Argentina

Austral Gold earns an interest in tenements covering approximately 270,000 hectares in San Juan under an agreement with Argentina Minera SA (AMINSA). San Juan is in the north west of Argentina, near the border of Chile.



The properties are located near Xstrata Copper's advanced El Pachón exploration project in Argentina and Los Pelambres owned by Antofagasta Minerals in Chile.

During 2010/2011 exploration of gold anomaly discovered in the Rincones de Araya project continued with a second drilling campaign currently under way.



Competent Person's Statement

Dr Robert Trzebski is a Director of Austral Gold Limited. He has a Degree in Geology, a PhD in Geophysics, a Masters in International Project Management and has over 17 years professional experience in mineral exploration, project management and research and development.

Dr Robert Trzebski is a member of the Australian Institute of Mining and Metallurgy (AUSIMM) and qualifies as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Dr Robert Trzebski consents to the inclusion of the resources noted in this Half-year Financial Report.

Auditors' Independence Declaration

In accordance with the audit independence requirements of the Corporations Act 2001, the directors have received and are satisfied with the "Auditors' Independence Declaration" provided by the Austral Gold Limited external auditors PKF. The Auditors' Independence Declaration has been attached on page 22 of this Half-year Financial Report.



Robert Trzebski
Director

Dated: 15 March 2012

Statement of Comprehensive Income

Austral Gold Limited and its subsidiaries For the half year ended 31 December 2011

	Notes	Half Year Consolidated	
		31 December 2011	31 December 2010
		\$	\$
Continuing Operations			
Revenue	3	11,714,719	989
		11,714,719	989
Cost of sales		(10,755,277)	-
Depreciation expense		(820,066)	(27,102)
Amortisation expense	5	(1,350,428)	-
Exploration and evaluation expenditure written off		-	(287)
Finance costs		(2,513,063)	(1,363,696)
Administration expenses		(1,537,294)	(499,423)
Employee benefits expense		(677,267)	(203,941)
Loss/gain from foreign exchange		(2,035,864)	4,135,754
Loss/profit from continuing operations before income tax		(7,974,540)	2,042,294
Income tax benefit		3,608,144	
Loss/profit from continuing operations after income tax		(4,366,396)	2,042,294
Profit after tax attributable to minority equity interest		-	-
Net loss/profit for the period		(4,366,396)	2,042,294
Other comprehensive income			
Foreign currency translation		2,179,802	(7,924,067)
Total comprehensive income for the period		(2,186,594)	(5,881,773)
Earnings per share (cents per share):			
Basic earnings per share		(2.58)c	1.21c
Diluted earnings per share		(2.58)c	1.21c

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Statement of Financial Position

Austral Gold Limited and its subsidiaries as at 31 December 2011

	Note	31 December 2011 \$	Consolidated 30 June 2011 restated \$	30 June 2010 restated \$
ASSETS				
Current Assets				
Cash and cash equivalents		410,100	1,309,145	1,399,382
Trade and other receivables		5,784,931	5,342,263	3,061,046
Inventories		2,226,891	1,438,653	-
Total Current Assets		8,421,922	8,090,061	4,460,428
Non-Current Assets				
Other receivables		3,794,229	6,070,447	7,871,386
Financial assets		4,903,637	4,306,285	4,061,595
Intangible assets	5	64,706,402	64,083,041	49,409,557
Plant and equipment		20,926,234	20,021,794	4,266,272
Exploration and evaluation expenditure	4	144,579	116,215	39,065
Deferred tax asset		3,681,555	-	-
Total Non-current Assets		98,156,636	94,597,782	65,647,875
TOTAL ASSETS		106,578,558	102,687,843	70,108,303
LIABILITIES				
Current Liabilities				
Trade and other payables		4,979,606	6,139,889	5,007,846
Provisions		25,259	12,179	12,142
Borrowings		294,869	181,680	22,561,292
Total Current Liabilities		5,299,734	6,333,748	27,581,280
Non-current Liabilities				
Provisions		703,380	639,755	-
Borrowings		56,851,856	49,818,669	-
Total Non-current Liabilities		57,555,236	50,458,424	-
TOTAL LIABILITIES		62,854,970	56,792,172	27,581,280
NET ASSETS		43,723,588	45,895,671	42,527,023
EQUITY				
Issued capital		44,400,742	44,400,742	44,400,742
Retained earnings/(accumulated losses)		5,451,724	9,818,120	(3,507,098)
Reserves		(6,128,948)	(8,323,247)	1,633,284
Minority interest		70	56	95
TOTAL EQUITY		43,723,588	45,895,671	42,527,023

The above Statement of Financial Position should be read in conjunction with the accompanying notes

Statement of Changes in Equity

Austral Gold Limited and its subsidiaries for the period ended 31 December 2011

	Issued capital	Retained earnings/ (accumulated losses)	Reserves	Minority interest	Total
	\$	\$	\$	\$	\$
Consolidated					
Balance at 1 July 2010	44,400,742	(3,507,098)	1,633,284	95	42,527,023
Total comprehensive income for the period	-	2,042,294	(7,924,067)	-	(5,881,773)
Decrease in minority interest attributable to foreign exchange	-	-	-	(24)	(24)
Balance at 31 December 2010	44,400,742	(1,464,804)	(6,290,783)	71	36,645,226
Balance at 1 July 2011	44,400,742	9,818,120	(8,323,247)	56	45,895,671
Total comprehensive income for the period	-	(4,366,396)	2,179,802	-	(2,186,594)
Issue of options	-	-	14,497	-	14,497
Increase in minority interest attributable to foreign exchange	-	-	-	14	14
Balance at 31 December 2011	44,400,742	5,451,724	(6,128,948)	70	43,723,588

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes

Statement of Cash Flows

Austral Gold Limited and its subsidiaries for the period ended 31 December 2011

	Half Year Consolidated	
	31 December 2011	31 December 2010
	\$	\$
Cash flows from operating activities		
Receipts from sale of goods	11,713,963	-
Payments to suppliers and employees	(12,472,750)	(3,131,631)
Net cash used in operating activities	(758,787)	(3,131,631)
Cash flows from investing activities		
Purchase of property, plant and equipment	(972,512)	(32,453)
Investment in unlisted shares	(630,779)	(590,045)
Payment for exploration and evaluation expenditure	(29,268)	(43,840)
Investment in development assets	(861,746)	(18,389,116)
Interest received	757	983
Net cash used in investing activities	(2,493,548)	(19,054,471)
Cash flows from financing activities		
Loans from related party	2,298,504	18,800,040
Net cash provided through financing activities	2,298,504	18,800,040
Movement attributable to foreign currency translation	54,786	2,074,860
Net decrease in cash held	(953,831)	(3,386,062)
Cash at beginning of the period	1,309,145	1,399,382
Cash at end of the period	410,100	88,180

The above Statement of Cash Flows should be read in conjunction with the accompanying notes

Notes to the Half-Year Financial Statements

1. CORPORATE INFORMATION

Austral Gold Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Stock Exchange. Austral Gold Limited has prepared a consolidated financial report incorporating the entities that it controlled (the Group) during the period ended 31 December 2011.

The nature of the operations and principal activities of the Group are described in the Directors report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of preparation of half-year financial report

The Half-year Financial Report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The Half-year Financial Report should be read in conjunction with the Annual Financial Report of Austral Gold Limited as at 30 June 2011, which was prepared based on Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS).

It is also recommended that the Half-year Financial Report be considered together with any public announcements made by Austral Gold Limited during the half-year ended 31 December 2011 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(ii) Basis of accounting

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The Half-year Financial Report has been prepared on a historical cost basis.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(iii) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Austral Gold Limited and the entities it controlled during the period ended 31 December 2011 ('the Group').

The financial statements of controlled entities are prepared for the same reporting period as the parent company, using consistent accounting policies.

Adjustments (if any) are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-Consolidated Entity transactions, have been eliminated in full.

Controlled entities are consolidated from the date on which control is transferred to the Group and will cease to be consolidated from the date on which control is transferred out of the Group.

Where there is loss of control of an entity in the Group, the consolidated financial statements will include the results for the part of the reporting period during which Austral Gold Limited had control.

(iv) Significant accounting policies

The Half-year Financial Report has been prepared using the same accounting policies as used in the annual financial report of Austral Gold Limited for the year ended 30 June 2011.

The Group has not elected to early adopt any other new standards or amendments that are issued but not yet effective.

(v) Restatement of comparatives

A reclassification has been made to prior period figures relating to the pre-payment of royalties at acquisition of the Guanaco mining concessions. \$6.4 million paid at the time of acquisition has previously been reported as part of intangible assets and is now being disclosed separately as a pre-payment. Of the \$6.4 million pre-payment, \$600,000 has been released to the Statement of Comprehensive Income by 31 December 2011 (\$88,000 by 30 June 11).

The balance of \$5.8 million at 31 December 2011 (\$6.0 million at 30 June 2011) has been included in the Statement of Financial Position as follows:

	31 December 2011	30 June 2011	30 June 2010
	\$	\$	\$
Other current assets	2.0 million	2.0 million	-
Other non-current assets	3.8 million	4.0 million	7.6 million
	5.8 million	6.0 million	7.6 million

3. REVENUE AND OTHER INCOME

	31 December 2011 \$	31 December 2010 \$
Revenue		
Gold and silver sales	11,713,962	-
Interest Received	757	983
Gain on sale asset	-	6
	11,714,719	989

4. EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	31 December 2011 \$	30 June 2011 \$
Opening	116,215	39,065
Additions for the year	29,268	93,660
Movement attributable to foreign currency translation	(904)	(16,510)
Closing	144,579	116,215

This exploration and evaluation expenditure relates to the Company's tenements in Santa Cruz, Argentina. The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploration or sale of the respective areas.

5. INTANGIBLE ASSETS

	Consolidated		
	31 December 2011 \$	30 June 2011 restated \$	30 June 2010 restated \$
Guanaco			
Cost	66,318,319	64,344,710	49,409,557
Accumulated amortisation	(1,611,917)	(261,669)	-
Development assets – Guanaco	64,706,402	64,083,041	49,409,557
Movements in carrying value			
Reconciliations of the carrying amounts for intangible assets are set out below:			
Carrying amount at beginning of year	64,083,041	49,409,557	-
Reclassification from exploration and evaluation expenditure	-	-	47,409,557
Additions	898,148	8,495,210	10,357,388
Recognition of restoration provision	-	639,755	-
Amortisation	(1,350,248)	(261,669)	-
Impairment reversal/(loss)	-	10,564,676	(6,971,678)
Movement attributable to foreign currency translation	1,075,461	(6,308,484)	(1,385,710)
Carrying amount at end of period	64,706,402	64,083,041	49,409,557

Impairment

Guanaco

The Guanaco project has been determined by management to be a single cash generating unit ("CGU"). The intangible assets of \$64,706,402 noted above and the plant and equipment of \$18,997,883 are included in determining the carrying value of the CGU for the purposes of assessing for impairment. Each year the Group commissions an independent expert to determine the fair value of the Guanaco project. The most recent review by the independent expert, at 30 June 2011, determined the fair value of development assets to be \$135.3 million. This is an increase from the previous valuation of \$107.9 million at 31 December 2010 and reflects the progression from development to early-stage production.

6. SEGMENT INFORMATION

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segment is identified by management as an area of interest, discrete financial information about this operating segment is reported to the executive management team on at least a monthly basis.

Management have identified South America and Australia as the consolidated entity's operating segments.

	31 December 2011			31 December 2010		
	\$			\$		
	Australia	South America	Consolidated	Australia	South America	Consolidated
Gold and silver sales		11,713,962	11,713,962	-	-	-
Interest revenue	757	-	757	979	4	983
Gain on sale of asset	-	-	-	-	6	6
Total segment revenue	757	11,713,962	11,714,719	979	10	989
Segment gain/(loss)	(5,315,495)	949,099	(4,366,396)	3,207,119	(1,164,825)	2,042,294
Segment assets	28,354	106,550,204	106,578,558	33,899	83,197,856	83,231,755
Segment liabilities	(56,998,973)	(5,855,997)	(62,854,970)	(41,199,978)	(5,386,551)	(46,586,529)
Depreciation	772	819,294	820,066	743	26,359	27,102
Amortisation	-	1,350,428	1,350,428	-	-	-

7. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Since the last annual reporting date there has been no material change of any contingent liabilities or contingent assets.

8. CONTROLLED ENTITIES

Subsidiaries	31 December 2011 % owned	30 June 2011 % owned	Country of incorporation
Particulars in relation to subsidiaries			
Parent Entity			
Austral Gold Limited			Australia
Subsidiaries			
Guanaco Mining Company	100.000	100.000	British Virgin Islands
Guanaco Compañía Minería	99.998	99.998	Chile
Austral Gold Argentina	99.708	99.661	Argentina

9. COMMITMENTS

The Group has commitments under the AMINSA Earn-In Agreement from 1 January to 30 June 2012 totalling USD600,000 of which USD350,000 was paid in February 2012.

10. EVENTS SUBSEQUENT TO REPORTING DATE

Other than stated above, no matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in subsequent financial years.

11. DIVIDENDS

No dividends were declared or paid during the six months ended 31 December 2011 (*2010: nil*).

Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of Group's financial position as at 31 December 2011 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors



Robert Trzebski
Director

Dated: 15 March 2012



Chartered Accountants
& Business Advisers

Lead auditor's independence declaration under Section 307C of the Corporations Act 2001

To: The Directors of Austral Gold Limited and its controlled entities during the half year

I declare to the best of my knowledge and belief, in relation to the review for the half year ended 31 December 2011 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review, and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Austral Gold Limited and the entities it controlled during the half year.

PKF

PKF

Tim Sydenham
Partner

15 March 2012
Sydney

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Chartered Accountants
& Business Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF AUSTRAL GOLD LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying consolidated half-year financial report of Austral Gold Limited which comprises the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity. The consolidated entity comprises Austral Gold Limited (the company) and the entities it controlled at 31 December 2011 or from time to time during the half-year ended on that date.

Directors' Responsibility 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 for such 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.

Auditor's Responsibility

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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the 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.

Independence

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

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Conclusion

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 the consolidated entity is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

**PKF**

Tim Sydenham
Partner

15 March 2012
Sydney