



Austral Gold Limited
ABN 30 075 860 472
Level 5, 126 Phillip Street
Sydney NSW 2000

ASX: AGD | TSXV: AGLD
OTCQB: AGLDF
info@australgold.com
<https://australgold.com>

MEDIA RELEASE

24 August 2023

Austral Gold Announces Filing of 2023 Half Year Report

Established gold producer Austral Gold Limited's (Austral or the Company) (ASX: AGD; TSX-V: AGLD; OTCQB: AGLDF) announces that it has filed its half year report for the six months ended 30 June 2023. The complete Report is available under the Company's profile at www.asx.com, www.sedarplus.ca, www.otcmarkets.com and on the Company'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.

For additional information please contact:

Jose Bordogna
Chief Financial Officer
Austral Gold Limited
jose.bordogna@australgold.com
+61 466 892 307

Gareth Quinn
Media and Investor Relations
Republic PR
gareth@republicpr.com.au
+61 417 711 108



RESULTS FOR HALF-YEAR ENDED 30 JUNE 2023

Appendix 4D, previous corresponding period, half-year ended 30 June 2022.

Revenue and net profit				US\$'000
Revenue from ordinary activities	Up	9%	to	28,290
Loss from ordinary activities after tax	Down	43%	to	(2,503)
Net Loss attributable to members	Down	43%	to	(2,498)
Dividend information				

No interim dividend for the financial half year 2023 has been declared.

Net tangible assets per security	June 2023 per share	Dec 2022 per share
Net tangible assets per security	US\$0.08	US\$0.08
Common shares on issue at balance sheet date	612,311,353	612,311,353

Additional Appendix 4D disclosure requirements can be found in the Directors' Report and the 30 June 2023 half-year financial statements.

This report is based on the consolidated half-year financial statements for the period to 30 June 2023 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 2022 Annual Report.

AN ESTABLISHED GOLD PRODUCER

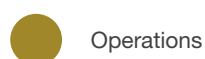
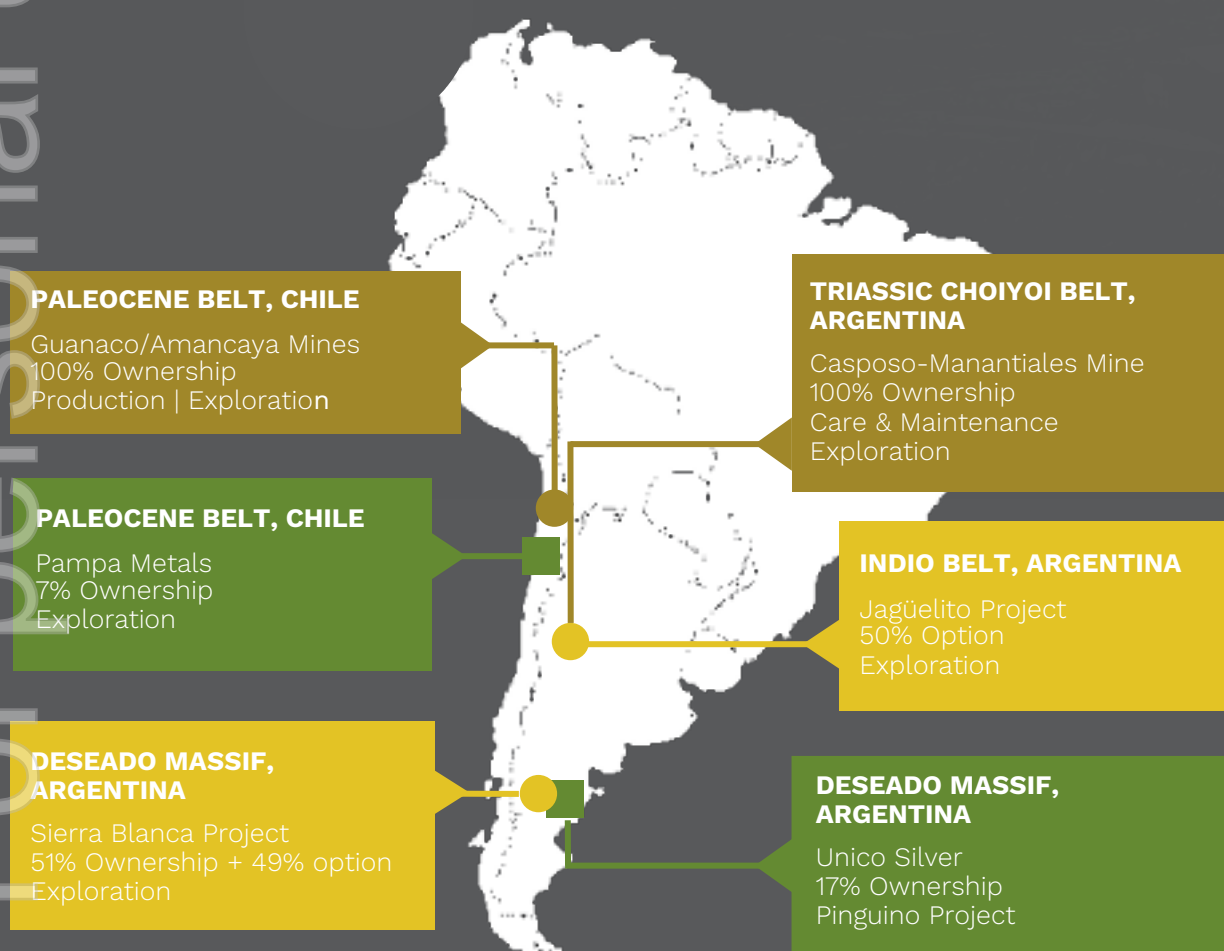


UNIQUE EXPOSURE TO **GOLD PRODUCTION, EXPLORATION, AND INVESTMENTS** IN THE AMERICAS

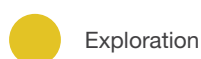
HIGH-QUALITY PORTFOLIO

Located in rich mineral endowments.

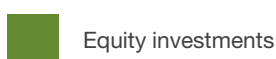
SOUTH AMERICA



Operations

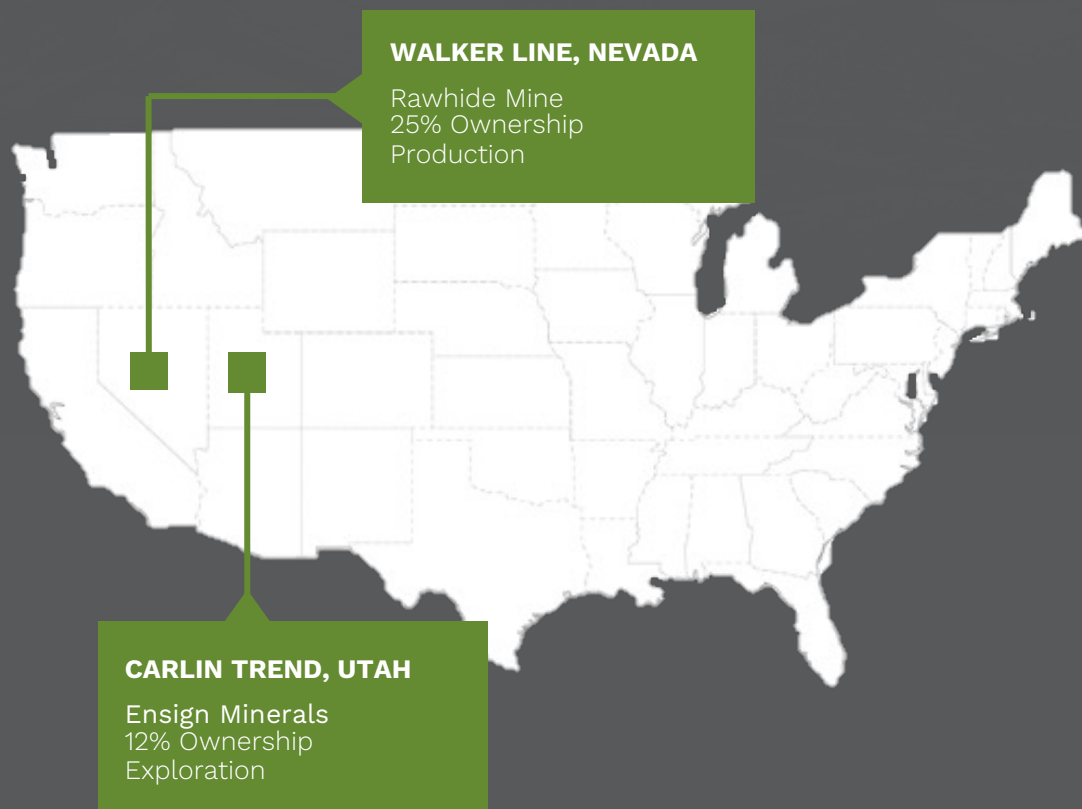



Exploration



Equity investments

UNITED STATES



 Equity investments



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CORPORATE DIRECTORY

KEY MANAGEMENT

Stabro Kasaneva
Chief Executive Officer and Executive Director

Rodrigo Ramirez
Vice President of Operations

Jose Bordogna
Chief Financial Officer

DIRECTORS

Eduardo Elsztein
Chair & 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

Chelsea Sheridan
Automic Group

REGISTERED OFFICE

Level 5 126 Phillip Street
Sydney NSW 2000
Tel: +61 2 9380 7233
Email: info@australgold.com
Web: www.australgold.com

OTHER OFFICES

Santiago, Chile
Lo Fontecilla 201 of. 334
Santiago, Chile
Tel: +56 (2) 2374 8560

Buenos Aires, Argentina
Bolivar 108
Buenos Aires (1066) Argentina
Tel: +54 (11) 4323 7500
Fax: +54 (11) 4323 7591

Vancouver, Canada
170-422 Richards Street
Vancouver, BC V6B 2Z4
Tel: +1 604 868 9639

SHARE REGISTRIES

Computershare Investor Services Australia
GPO Box 2975
Melbourne VIC 3001
Tel: 1300 850 505 (within Australia)
Tel: +61 3 9415 5000 (outside Australia)

Computershare Investor Services Canada
510 Burrard Street, 2nd Floor
Vancouver, BC V6C 3B9
Tel: +1 604 661 9400
Fax: +1 604 661 9549

AUDITORS

KPMG
www.kpmg.com.au

LISTED

Australian Securities Exchange
ASX: AGD

TSX Venture Exchange
TSXV: AGLD

OTC Markets
OTCQB: AGLDF

PLACE OF INCORPORATION:

Western Australia



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DIRECTORS' **REPORT**

Your Directors present their report together with the consolidated interim financial report for the half-year ended 30 June 2023 and the Independent Auditor's Review Report. All Directors, except for one director who retired from office at the Group's May 2023 AGM, were in office for the full reporting period, from 1 January 2023 to 30 June 2023 and up to the date of this report.

PRINCIPAL ACTIVITIES DURING HY23



Achieved production of 14,346 gold equivalent ounces at the Group's Guanaco/ Amancaya mine complex



Completed construction of the Heap Reprocessing project that is expected to provide ten years of production



Reported final assay results from the 7,000-meter drilling campaign at Casposo-Manantiales, supporting the Company objective to commence mining operations



Actively pursued new discoveries with exploration activity undertaken at the Company's high-quality land portfolio including over 4,000 meters of drilling at the Jaguelito Project in Argentina



Completed the sale of the Pingüino advanced exploration project to ASX listed Unico Silver Limited ("Unico") for total consideration of approximately US\$10 million



Executed a letter of intent with TSXV listed Colossus Resources to sell Austral's Chilean Calvario and Mirador copper projects, and become their largest shareholder with a 19.9% interest



Secured related party loans of approximately US\$1.6 million including US\$1.4 million from the Company's major shareholder



Provided bridge funding of US\$0.5 million to the Rawhide mine to obtain a takeover option. Post diligence, the Group decided not to exercise the option and retained its 24.7% interest



Mr. Eduardo Elsztain was appointed as the new non-Executive Chair of the Company after Mr. Wayne Hubert retired as a director at the Group's AGM.

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 2023 and 2022 are set out in the following tables for comparative purposes.

KEY OPERATIONAL INDICATORS

Guanaco/Amancaya Operations	Six months ended	
	June 2023	June 2022
Mined Ore (t)	116,788	91,926
Processed (t)*	193,160	135,411*
Plant Grade Underground (g/t Au)	3.49	4.07
Plant Grade Heap (g/t Au)	1.53	1.14
Plant Grade Underground (g/t Ag)	10.38	13.90
Plant Grade Heap (g/t Ag)	11.17	3.91
Gold recovery rate (%)	92.8	92.1
Silver recovery rate (%)	76.3	86.2
Gold produced (Oz)	13,769	13,388
Silver produced (Oz)	48,724	39,293
Gold-Equivalent (Oz)**	14,346	13,868
C1 Cash Cost of Production (US\$/AuEq Oz)	1,451	1,404
All-in Sustaining Cost (US\$/Au Oz)	1,857	1,797
Realised gold price (US\$/Au Oz)	1,931	1,869
Realised silver price (US\$/Ag Oz)	23	23
Sales volume	14,658	13,831

* 45,728 tonnes processed during the six months ended 30 June 2022 from the Heap disclosed separately in the 30 June 2022 half year report

** AuEq ratio calculated at:84:1 Ag:Au for the six months ended Jun 2023 and 82:1 Ag:Au for the six months ended Jun 2022

Cash Cost of Production (C1) and All-in Sustaining Cost (AISC) Breakdown (Expressed in USD per GEO)	Six months ended	
	June 2023	June 2022
Mining	600	564
Plant	491	433
Geology, engineering, and laboratory	116	105
Onsite General and administration	220	216
Smelting and refining	23	15
Royalties and taxes	50	39
Inventory movement	(51)	30
Other	2	2
Cash Cost (C1)	1,451	1,404
Reclamation & Remediation amortisation	3	3
Sustaining capital expenditure	256	230
Other administration costs	49	39
Financial leases	98	121
All in Sustaining costs (AISC)	1,857	1,797*

*Reported as US\$1,766 in the 30 June 2022 half year report, primarily due to a revised allocation of administrative costs.

KEY FINANCIAL RESULTS

Thousands of US\$	Six months ended	
	June 2023	June 2022
Sales revenue	28,290	25,848
Gross (loss) profit	3,496	(303)
Gross profit %	12.4	(1.2)
Adjusted gross profit (excluding depreciation and amortisation)	6,744	6,461
Adjusted gross profit % (excluding depreciation and amortisation)	23.8	25.0
Adjusted earnings*	4,169	3,727
Adjusted earnings per share (basic and fully diluted)	0.007	0.007
Loss before income tax	(2,918)	(5,586)
Loss attributed to shareholders	(2,498)	(4,350)
Loss attributed to non-controlling interests	(5)	(5)
Loss earnings per share (basic)	(0.41)c	(0.71)c
Loss earnings per share (diluted)	(0.41)c	(0.71)c
Comprehensive loss	(2,500)	(4,354)

* Note: Adjusted earnings and basic and fully diluted adjusted earnings per share are non-IFRS measures that the Group considers to better reflect normalized earnings as it eliminates items that in management's judgment are subject to volatility as a result of factors which are unrelated to operations in the period, and readers are cautioned that Adjusted earnings may not be comparable to similar measures presented by other companies. Further, readers are cautioned that Adjusted Earnings 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 Group's performance.

ADJUSTED EARNINGS

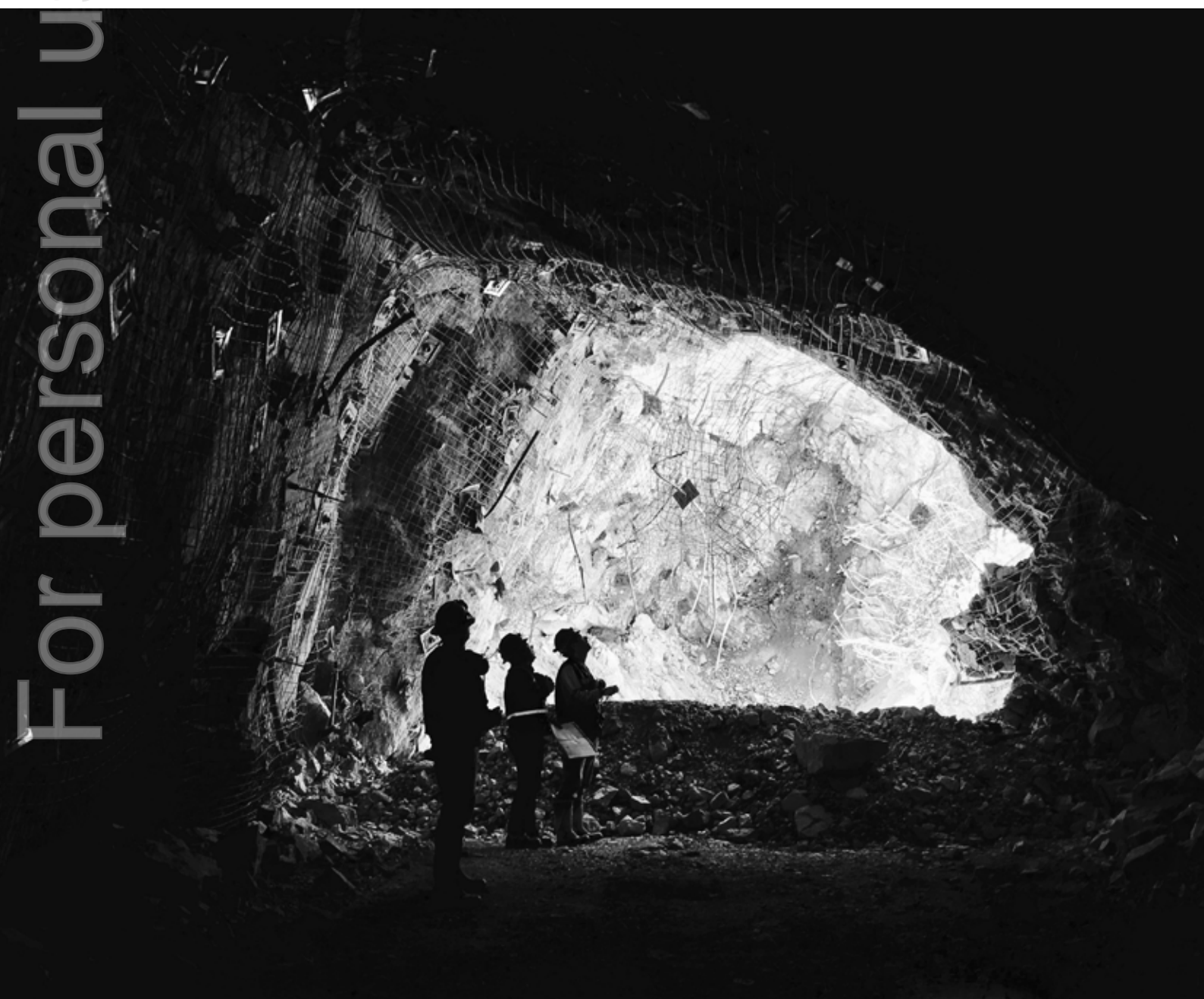
Thousands of US\$	Six months ended	
	June 2023	June 2022
Loss before tax	(2,918)	(5,586)
Depreciation and amortisation	3,269	6,838
Other income ¹		
Gain on sale of subsidiary	(1,964)	-
Gain on sale of equipment	-	(143)
Equipment rental	(151)	(117)
Other	(253)	(100)
Other expenses ²		
Impairment of exploration and evaluation expenditure	2,107	-
Care and maintenance	1,029	928
Loss on financial assets	1,852	671
Rawhide financial option and due diligence expenses	617	-
Finance income		
Interest income	(81)	-
Finance costs		
Interest expense	521	281
Present value adjustment to mine closure provision	81	623
Share of loss of associates	60	332
Adjusted earnings	4,169	3,727

¹ note 7 to the financial statements

² note 8 to the financial statements

Thousands of US\$	As at	
	June 2023	December 2022
Cash & cash equivalents	864	926
Current assets	16,005	22,305
Non-current assets	83,206	75,012
Current liabilities	32,396	29,820
Non-current liabilities	20,500	18,682
Net assets	46,315	48,815
Net current liabilities	16,391	7,515
Current borrowings	9,446	7,382
Non-current borrowings	3,196	1,264
Current financial lease liabilities	1,151	1,925
Non-current financial lease liabilities	1,108	911
Combined financial debt (borrowings and financial leases)	14,901	11,482
Combined net financial debt (net of cash & cash equivalents)	14,037	10,556
Current ratio*	0.49	0.75
Total liabilities to net assets	1.14	0.99

*Current Assets divided by Current Liabilities



OPERATING AND FINANCIAL RESULTS OF THE GROUP

During HY23, the Group realised a loss before and after income tax of US\$2.9m (HY22: US\$5.6) and US\$2.5m (HY22: US\$4.4m)

Revenue at existing operations in HY23 increased to US\$28.3m (HY22: US\$25.8m) with gross profit (including depreciation and amortization) of US\$3.5m (12.4% margin) compared to negative US\$0.3m (negative 1.2% margin) in HY22.

The increase in gross profit in HY23 from HY22 was mainly a result of (i) lower depreciation and amortisation expense in HY23 due to an increase in estimated mineral resources at the Guanaco-Aman-caya mine complex per the March 2022 NI 43-101 Technical Report ⁽¹⁾, (ii) an increase of 6% in the number of gold equivalent ounces sold, (iii) an increase of 3% in the average sales price realised, offset partially by a 5% increase in production costs before depreciation and amortisation expense, mainly due to a weaker US dollar versus the Chilean peso.

The Group's results during HY23 were also impacted by the following:

- i. Decrease in administration costs by US\$0.6m to US\$3.6m (HY22: US\$4.2m) mainly due to a decrease in consulting expenses, staff costs and withholding taxes.
- ii. Increase in other income by US\$2.1m to US\$2.5m (HY22: US\$0.4m) mainly due to a US\$2.0m gain on the sale of SCRIN Properties Ltd. to ASX listed Unico, whose major asset was the Pinguino project.
- iii. Increase in other expenses by US\$4.0m to US\$6.0m mainly due to the following:
 - a. a non-cash US\$2.1m impairment on exploration and evaluation properties, mainly due to the expiry of the option agreement with Pampa Metals on 27 July 2023.
 - b. Unrealised losses on financial assets to US\$1.9m related to the Group's equity investments,
 - c. Rawhide bridge funding of US\$0.6m in exchange for takeover options which were not exercised.

HY23 production at Guanaco/Amancaya increased by 478 GEOs (3%) to 14,346 GEOs (13,769 gold ounces and 48,724 silver ounces) from 13,868 GEOs (13,388 gold ounces and 39,293 silver ounces) during HY22. The cash cost of production ("C1") per GEO increased to US\$1,451 in HY23 from US\$1,404 in HY22 while the all-in sustaining cost ("AISC") per GEO increased to US\$1,857 in HY23 from US\$1,797 in HY22.

The primary factors impacting C1 and AISC during HY23 were higher than budgeted tonnes of ore mined, higher than budgeted plant repairs, a weaker US dollar versus the Chilean peso, and higher exploitation costs including development activities at underground sectors due to increased fortification requirements.

The commencement of the new heap reprocessing project in Q3 2023, as announced on 20 July 2023, is expected to result in higher production in the second half of 2023, with annual guidance remaining at 34,000-38,000 gold equivalent ounces.

(1) Technical Report on the Guanaco-Amancaya Operation, Antofagasta Region, Chile Report for NI 43-101 dated 25 March 2022 and filed on 19 April 22 on SEDAR under the Company's profile at www.sedar.com and available on the Company's website at www.australgold.com



FINANCIAL POSITION

Cash and cash equivalents held by the Group remained constant at US\$0.9m as of 30 June 2023 (31 December 2022: US\$0.9m) or US\$1.5m when combined with the fair value of 329 unsold and unrefined gold equivalent ounces in inventory of US\$0.6m (31 December 2022: 900 unrefined gold equivalent ounces with a fair value of US\$1.8m)

Combined financial debt (borrowings and financial leases net of cash & cash equivalents) increased by US\$3.4m to US\$14.0m at 30 June 2023 (31 December 2022: US\$10.6m).

Trade and other receivables (current and non-current) increased by US\$2.3m to US\$5.6m at 30 June 2023 (31 December 2022: US\$3.3m). The increase was mainly due to the discounted value of three installments totaling US\$2.3m of the US\$2.5m due from Unico over the next two and a half years on the sale of SCRN Properties.

At 30 June 2023, the Group had net current liabilities of US\$16.4m (31 December 2022: US\$7.5m). The increase was primarily due to expenditures incurred on the drilling campaign at the Jaguelito project under the option agreement with Mexplot and costs incurred to complete construction at the heap reprocessing project.

Inventories increased by US\$0.5m to US\$9.4m at 30 June 2023 (31 December 2022: US\$8.9m) mainly due to an increase in materials and supplies and a decrease in the gold equivalent ounces available for sale at the Guanaco-Amancaya mine complex.

Other financial assets (current and non-current) increased by US\$3.4m to US\$4.2m at 30 June 2023 (31 December 2022: US\$0.6m) mainly due to Unico shares and options acquired by the Group from the sale of SCRN Properties Ltd. These shares are currently in escrow, with 50% becoming available on the first anniversary of the closing date (25 November 2023) and the remaining 50% on the second anniversary (25 November 2024), resulting in half of the shares being classified as non-current assets. Other financial assets were also impacted by the decrease in the value of the Group's investment in shares of CSE listed Pampa Metals Corp.

Property, plant and equipment increased by US\$4m to US\$46.2 primarily due to sustaining capital expenditures and construction activities at the new heap reprocessing project.

Prepaid income taxes (current and non-current) decreased by US\$1.1m to US\$0.5 at 30 June 2023 (31 December 2022: US\$1.6m) mainly due to the refund of US\$1.0m in Chilean taxes during the year.

Current trade and other payables increased by US\$2.8m to US\$18.5m at 30 June 2023 (31 December 2022: US\$15.7m). The main reasons for the increase were the capital expenditures and construction activities at the heap reprocessing project, as well as the higher exploration activities that led to more days of payable in HY23. Non-current trade and other payables were US\$nil at 30 June 2023 (31 December 2022: US\$1.0m).

Net assets decreased by US\$2.5m from 31 December 2022 to US\$46.3m at 30 June 2023 (31 December 2022: US\$48.8m) following the net loss of for the 6 month period.

CASH FLOW

Net cash provided from operating activities before and after changes in assets and liabilities increased to US\$3.4m and US\$5.0m during HY23 (HY22: US\$3.3m and US\$4.6m) following higher production and margins per ounce during the period.

Cash used in investing activities totaled US\$7.2m during HY23 (HY22: US\$5.6m). Investments of US\$6.1m in HY23 were primarily used for additions to plant, property and equipment (HY22: US\$3.2m), exploration and evaluation activities of US\$3.6m, (HY22: US\$2.4m), which was partially offset by US\$2.5m received from Unico as the first cash installment from a total of US\$5m, in addition to the shares and warrants disclosed above, to be received on the sale of SCRN Properties Ltd. to Unico Silver.

Net cash from financing activities increased by US\$2.0m to US\$2.2m during HY23 due to the net proceeds from loans and borrowings, partially offset by the payments on financial leases and the payment of interest (HY22: US\$0.2m).

LIQUIDITY

Guidance

The Group forecasts 2023 production to be in the 32,000-36,000 gold equivalent ounces range with production to be higher in the second half of the year and annual C1 and AISC to decrease to US\$1,250-US\$1,350 and US\$1,470-US\$1,570 respectively per gold equivalent ounce.

Access to capital

The Group has strong relationships with its bankers and its major shareholders which it expects can provide additional 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 2023 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
24 August 2023



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 2023 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.

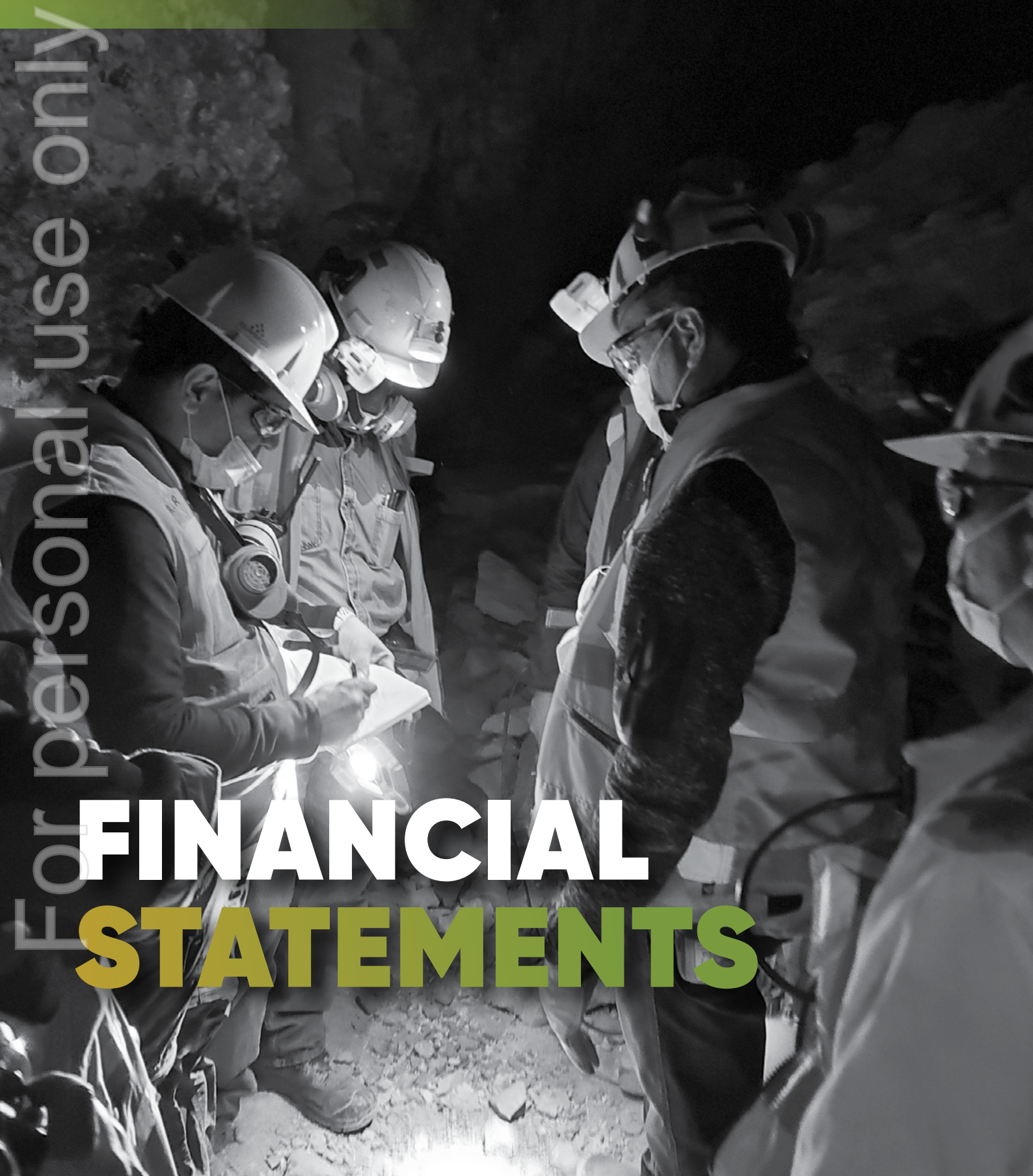
KPMG

KPMG

A handwritten signature in dark ink, appearing to read 'J. Dillon'.

Jessica Dillon
Partner
Sydney
24 August 2023

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FINANCIAL STATEMENTS

AUSTRAL GOLD LIMITED FINANCIAL REPORT 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

All figures are reported in thousands of US\$	For the six months ended 30 June		
	Note	2023	2022 Restated ⁽¹⁾
Sales revenue	12	28,290	25,848
Cost of sales (including depreciation and amortisation)	6	(24,794)	(26,151)
Gross profit/(loss)		3,496	(303)
Other income	7	2,468	360
Other expenses	8	(5,969)	(2,016)
Administration expenses		(3,581)	(4,208)
Finance income	9	2,672	1,817
Finance costs	10	(1,944)	(904)
Share of loss of associates	20	(60)	(332)
Loss before income tax		(2,918)	(5,586)
Income tax benefit		415	1,231
Loss after income tax benefit		(2,503)	(4,355)
Loss attributable to:			
Owners of the Company		(2,498)	(4,350)
Non-controlling interests		(5)	(5)
		(2,503)	(4,355)
Items that may not be classified subsequently to profit or loss			
Foreign currency translation		3	1
Total comprehensive loss for the year		(2,500)	(4,354)
Comprehensive loss attributable to:			
Owners of the Company		(2,495)	(4,349)
Non-controlling interests		(5)	(5)
		(2,500)	(4,354)
Earnings per share (cents) per share			
Basic loss per share	11	(0.41)	(0.71)
Diluted loss per share	11	(0.41)	(0.71)

⁽¹⁾ note 25

The notes on pages (22) to (37) are an integral part of these consolidated financial statements.

AUSTRAL GOLD LIMITED FINANCIAL REPORT 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

All figures are reported in thousands of US\$	As at		
	Note	30 June 2023	31 December 2022
Assets			
Current assets			
Cash and cash equivalents		864	926
Trade and other receivables	13	3,208	2,422
Prepaid income tax		90	1,076
Other financial assets	14	2,441	641
Inventories	15	9,402	8,946
Assets held for sale	16	-	8,294
Total current assets		16,005	22,305
Non-current assets			
Other receivables	13	2,431	904
Prepaid income tax		365	476
Other financial assets	14	1,741	-
Mine properties	17	3,682	4,054
Property, plant and equipment	18	46,205	42,257
Exploration and evaluation expenditure	19	28,782	27,261
Investments accounted for using the equity method	20	-	60
Total non-current assets		83,206	75,012
Total assets		99,211	97,317
Liabilities			
Current liabilities			
Trade and other payables	21	18,512	15,690
Income tax payable		-	770
Employee entitlements		3,287	4,053
Loans and borrowings	22	9,446	7,382
Lease liabilities		1,151	1,925
Total current liabilities		32,396	29,820
Non-current liabilities			
Trade and other payables	21	-	1,003
Provisions for reclamation and rehabilitation	23	11,534	10,934
Loans and borrowings	22	3,196	1,264
Lease liabilities		1,108	911
Employee entitlements		19	35
Deferred tax liability		4,643	4,535
Total non-current liabilities		20,500	18,682
Total liabilities		52,896	48,502
Net assets		46,315	48,815
Equity			
Issued capital		109,114	109,114
Accumulated losses		(61,818)	(59,320)
Reserves		(1,155)	(1,158)
Non-controlling interest		174	179
Total equity		46,315	48,815

The notes on pages (22) to (37) are an integral part of these consolidated financial statements.

AUSTRAL GOLD LIMITED FINANCIAL REPORT 2023

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023 and 2022

All figures are reported in thousands of US\$	Note	Issued capital	Accumulated losses	Reserves	Non- controlling interest	Total
Balance at 31 December 2021		109,114	(51,063)	(1,141)	188	57,098
Loss for the period		-	(4,350)	-	(5)	(4,355)
Foreign exchange movements from translation of financial statements to US\$		-	-	1	-	1
Total comprehensive (loss)/ income		-	(4,350)	1	(5)	(4,354)
Balance at 30 June 2022		109,114	(55,413)	(1,140)	183	52,744
Balance at 31 December 2022		109,114	(59,320)	(1,158)	179	48,815
Loss for the period		-	(2,498)	-	(5)	(2,503)
Foreign exchange movements from translation of financial statements to US\$		-	-	3	-	3
Total comprehensive (loss)/ income		-	(2,498)	3	(5)	(2,500)
Balance at 30 June 2023		109,114	(61,818)	(1,155)	174	46,315

The notes on pages (22) to (37) are an integral part of these consolidated financial statements.

AUSTRAL GOLD LIMITED FINANCIAL REPORT 2023

CONSOLIDATED STATEMENT OF CASH FLOWS

All figures are reported in thousands of US\$	For the six months ended 30 June		
	Note	2023	2022
Changes in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		926	2,346
Cash and cash equivalents, at the end of the year		864	1,550
Net decrease in cash and cash equivalents		(62)	(796)
Causes of change in cash and cash equivalents			
Operating activities			
(Loss) after income tax		(2,503)	(4,355)
Adjustments for			
Income tax benefit recognized in profit or loss		(415)	(1,231)
Income tax collection		955	1,272
Impairment of exploration and evaluation expenditure	19	2,107	-
Depreciation and amortisation		3,268	6,838
Gain on sale of equipment		-	(143)
Gain on sale of subsidiary	7	(1,964)	-
Non-cash net finance charges		410	575
Provision for reclamation and rehabilitation		(712)	(882)
Allowance for doubtful accounts		317	219
Non-cash employee entitlements		(13)	(4)
Share of loss of associates	20	60	332
Loss in fair value of other financial assets	8	1,852	671
Net cash from operating activities before change in assets and liabilities		3,362	3,292
Changes in working capital			
Decrease in inventory		(456)	(115)
Increase in trade and other receivables		(336)	(144)
Increase in trade and other payables		3,206	2,402
Decrease in employee entitlements		(769)	(855)
Net cash provided from operating activities		5,007	4,580
Cash flows from investing activities			
Additions to plant, property and equipment	18	(6,147)	(3,166)
Proceeds from sale of subsidiary	16	2,500	-
Payment for investment in exploration and evaluation	19	(3,628)	(2,432)
Proceeds from sale of other financial assets		28	-
Proceeds from sale of equipment		-	148
Payment for investment in mine properties		-	(27)
Payment for equity investments		-	(124)
Net cash used in investing activities		(7,247)	(5,601)
Cash flows from financing activities			
Proceeds from loans and borrowings		9,055	6,000
Repayment of loans and borrowings		(5,137)	(3,885)
Interest paid on loans and borrowings		(276)	(126)
Repayment of lease liabilities		(1,373)	(1,664)
Interest paid on leases		(91)	(100)
Net cash provided from financing activities		2,178	225
Net decrease in cash and cash equivalents		(62)	(796)

The notes on pages (22) to (37) 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 ("financial statements") as at and for the six months ended 30 June 2023 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 2022 are available upon request from the Company's registered office at Level 5, 126 Phillip Street, Sydney NSW 2000, Australia and at www.australgold.com.

2. BASIS OF PREPARATION

The consolidated 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 2022 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 24 August 2023.

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.

Change in classification

During the period ended 30 June 2023, the Group updated the classification of certain income, expenses and cash flow items to better reflect the nature of the items. The effects of such reclassifications on the comparative period are disclosed in Note 25 to the financial statements.

3. GOING CONCERN

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. For the 6 months ended 30 June 2023, the market fundamentals of gold and silver remained strong and the Group produced 14,346 gold equivalent ounces with sales revenue totalling US\$28.290 million from sales of 14,658 gold equivalent ounces at an average selling price per ounce of US\$1,931 (6 months period ended 30 June 2022: production of 13,868 gold equivalent ounces and sales revenue of US\$25.848 million from sales of 13,831 gold equivalent ounces at an average selling price per ounce of US\$1,869).

During the 6-month period ended 30 June 2023, the Group incurred a net loss after tax of US\$2.503 million (2022: US\$4.355 million net loss after income tax) with net cash flows of US\$5.007 million in 2023 (2022: US\$4.580 million) generated through operating activities. At 30 June 2023, the Group has net assets of US\$46.315 million and net current liabilities of US\$16.391 million (31 December 2022: US\$48.815 million and US\$7.515 million, respectively). For the 6-month period ended 30 June 2023, the net increase of loans and borrowings was US\$3.996 million (6 months ended 30 June 2022: US\$2.115 million).

The Directors have prepared cashflow forecasts underpinning the basis of preparation as a going concern. These include acknowledgement of the intrinsic operational risks of the business, the existing cash position of the Group, the ongoing loan repayment requirements, and the strategy to further support capital investment at the Amancaya/Guanaco mine and other exploration and investment activities.

The 12-month cashflow forecast underpins the basis of preparation of the Group as a going concern and are dependent on a combination of the following main assumptions:

- Continued support of existing financiers for short term and longer-term financing through the renewal of existing loan facilities maturing in the following 12 months; and source ongoing funding support as required from related parties;
- Continued cash management controls including supply chain financing arrangements with trade creditors to defer payment terms as required;
- Production at the Heap Reprocessing Project ("Project") at full capacity in Q4 2023 at its Guanaco-Amancaya Mine Complex in Antofagasta, as the project was commissioned during August 2023;
- For the financial year ended 31 December 2023, 5,000 – 7,000 gold equivalent ounces ('GEOs') are forecast to be produced at a cash cost of production lower than current production from the Guanaco-Amancaya underground mine.
- Average 2023 prices realised per gold equivalent ounce of approximately US\$1,900;

NOTES TO THE FINANCIAL STATEMENTS

- Sale of SCRN Properties Ltd., owner of the Pingüino project (completed) - the Group received cash of US\$2.5M on 1 March 2023 and an additional \$2.5m is forecast to be received in 2023-2025; and
- Deferral of certain exploration expenditures.

The going concern basis presumes a combination of the above operational and funding solutions, as deemed appropriate by the Directors, will be achieved, and that the realisation of assets and settlement of liabilities will occur in the normal course of business. The combined effect of the above represents a material uncertainty as to whether the Group would continue as a going concern.

The Directors of the Group consider it appropriate that the Group will continue to fulfil all obligations as and when they fall due for the foreseeable future and accordingly consider that the Group's financial statements should be prepared on a going concern basis. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

4. USE OF ESTIMATES AND JUDGEMENTS

In preparing these 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 2022. Information about judgments related to going concern are disclosed in Note 3.

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 2023 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:

- Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities
- 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)
- 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 3 of the fair value hierarchy.

Further information about the assumptions made in measuring fair values is included in Note 24 — Financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

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 2022.

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 2023.

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 2023 and earlier application is permitted; the Group has early adopted amendments effective for IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures*. The amendments introduce additional disclosure requirements for companies that enter into supplier finance arrangements.

The Group has not early adopted any other 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. COST OF SALES

All figures are reported in thousands of US\$	For the 6 months ended 30 June	
	2023	2022
Production	15,381	13,975
Staff costs	5,242	4,510
Royalty	708	588
Mining Fees	283	236
Inventory movements	(68)	78
Total cost of sales before depreciation and amortisation expense	21,546	19,387
Depreciation of plant and equipment	2,984	5,864
Amortisation of mine properties	264	900
Total depreciation and amortisation expense	3,248	6,764
Total cost of sales	24,794	26,151
Severance included in staff costs	175	290

7. OTHER INCOME

All figures are reported in thousands of US\$	For the 6 months ended 30 June	
	2023	2022
Gain on sale of subsidiary (note 16)	1,964	-
Gain on sale of equipment	-	143
Equipment rental	151	117
Exclusivity fee on Colossus LOI	100	-
Other	253	100
Total other income	2,468	360

8. OTHER EXPENSES

All figures are reported in thousands of US\$	For the 6 months ended 30 June	
	2023	2022
Impairment of exploration and evaluation expenditure	2,107	-
Loss on financial assets	1,852	671
Care and maintenance	1,029	928
Rawhide option and due diligence expenses (note 20.1)	617	-
Exploration expenses	364	417
Total other expenses	5,969	2,016

NOTES TO THE FINANCIAL STATEMENTS

9. FINANCE INCOME

All figures are reported in thousands of US\$	For the 6 months ended 30 June	
	2023	2022
Gain from foreign exchange	2,527	1,817
Interest income	81	-
Present value adjustment to mine closure provision	64	-
Total finance income	2,672	1,817

10. FINANCE COSTS

All figures are reported in thousands of US\$	For the 6 months ended 30 June	
	2023	2022
Loss from foreign exchange	1,342	-
Interest expense	433	177
Interest expense on leases	88	104
Present value adjustment to mine closure provision	81	623
Total finance costs	1,944	904

11. EARNINGS PER SHARE

All figures are reported in thousands of US\$	For the 6 months ended 30 June	
	2023	2022
Net (loss) attributable to owners	(2,498)	(4,350)
Weighted average number of shares used as the denominator		
Number for basic earnings per share	612,311,353	612,311,353
Number for diluted earnings per share	612,311,353	612,311,353
Basic (loss) per ordinary share (cents)	(0.41)	(0.71)
Diluted (loss) per ordinary share (cents)	(0.41)	(0.71)

NOTES TO THE FINANCIAL STATEMENTS

12. 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 2023, the Group earned 100% of its consolidated revenue from sales made to one customer (30 June 2022-90% of its consolidated revenue from sales made to two customers).

All figures are reported in thousands of US\$	For the 6 months ended 30 June 2023				For the 6 months ended 30 June 2022			
	Guanaco/Amancaya	Casposo	Group and unallocated	Consolidated	Guanaco/Amancaya	Casposo	Group and unallocated items	Consolidated
Revenue:								
Gold	26,966	-	-	26,966	24,960	-	-	24,960
Silver	1,324	-	-	1,324	888	-	-	888
Cost of sales	(21,546)	-	-	(21,546)	(19,387)	-	-	(19,387)
Depreciation and amortisation expense	(3,248)	-	-	(3,248)	(6,764)	-	-	(6,764)
Other income	231	158	2,079	2,468	108	252	-	360
Other expense	(2,286)	(1,029)	(2,654)	(5,969)	(389)	(965)	(662)	(2,016)
Administration expenses	(2,018)	(19)	(1,544)	(3,581)	(2,465)	(37)	(1,706)	(4,208)
Finance income	314	551	1,807	2,672	717	483	617	1,817
Finance expenses	(1,869)	(20)	(55)	(1,944)	(374)	(530)	-	(904)
Share of loss of associates	-	-	(60)	(60)	-	-	(332)	(332)
Income tax (expense)/benefit	694	(279)	-	415	1,242	2	(13)	1,231
Segment (loss)	(1,438)	(638)	(427)	(2,503)	(1,464)	(795)	(2,096)	(4,355)
Segment assets	66,375	14,924	17,912	99,211	65,675	13,787	16,152	95,614
Segment liabilities	44,148	4,841	3,907	52,896	37,035	4,939	896	42,870
Capital expenditure	6,466	448	2,753	9,667	5,050	917	191	6,158

Geographic information:

All figures are reported in thousands of US\$	For the 6 months ended 30 June	
	2023	2022
Revenue by geographic location		
Chile	28,290	25,848
Total revenue	28,290	25,848

All figures are reported in thousands of US\$	As at	
	30 June 2023	31 December 2022
Non-current assets by geographic location		
Chile	61,957	60,074
Argentina	17,805	14,768
Australia	-	60
Canada	3,334	-
British Virgin Islands	110	110
Total non-current assets	83,206	75,012

NOTES TO THE FINANCIAL STATEMENTS

13. TRADE AND OTHER RECEIVABLES

All figures are reported in thousands of US\$	As at	
	30 June 2023	31 December 2022
Current		
Trade Receivables	878	808
Other current receivables	1,404	611
GST/VAT receivable	926	1,003
Total current receivables	3,208	2,422
Non-current		
GST/VAT receivable	1,581	1,117
Other receivables	1,719	339
Total non-current receivables	3,300	1,456
Allowance for doubtful accounts	(869)	(552)
Net non-current receivables	2,431	904
Trade debtors ageing		
The ageing of trade receivables is 0-30 days	878	808
>30 days	-	-

The receivables were discounted using the following US treasury yield rates as follows:

All figures are reported in thousands of US\$			
Due date	Undiscounted receivable	Discounted receivable	Discount rate (%)
25 November 2023	750	734	5.42
25 November 2024	750	698	5.11
25 November 2025	1,000	894	4.68
	2,500	2,326	

14. OTHER FINANCIAL ASSETS

All figures are reported in thousands of US\$	As at	
	30 June 2023	31 December 2022
Current		
Listed bonds — level 1	28	23
Listed equity securities — level 1	2,009	590
Unico Silver options—level 3 (note 16)	395	-
Ensign warrants — level 3	9	28
Total current other financial assets at fair value	2,441	641
Non-current		
Listed equity securities — level 1	1,741	-
Total non-current other financial assets at fair value	1,741	-

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. As at 30 June 2023, there are US\$1.7m listed equity securities (31 December 2022: \$nil) classified as non-current financial assets as there are limitations over its distribution, as described in Note 16.

Listed equity securities and bonds are shares of Canadian listed mining companies nominated in C\$, shares of an Australian company nominated in A\$ and sovereign bonds nominated in ARS as at 30 June 2023 and 31 December 2022, 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 2023 there were no transfers between the financial instrument levels of hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

15. INVENTORIES

All figures are reported in thousands of US\$	As at	
	30 June 2023	31 December 2022
Materials and supplies	7,555	7,167
Ore stocks	590	274
Gold bullion and gold in process	1,257	1,505
Total inventories	9,402	8,946

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\$1,572k (31 December 2022:US\$1,572k).

16. ASSETS FOR SALE

All figures are reported in thousands of US\$	As at	
	30 June 2023	31 December 2022
Transfers from property, plant and equipment	-	951
Transfers from exploration and evaluation expenditures	-	7,343
Assets held for sale	-	8,294

On 25 November 2022, the Group entered into a Share Sale Agreement ("Agreement") with E2 Metals Limited, whose name was subsequently changed to Unico Silver Limited ("Unico") to sell the common shares of its subsidiary, SCRN Properties Ltd. ("SCRN"), whose major assets are exploration assets and property and equipment. As closing of the transaction was subject to several conditions including Unico shareholder approval of the total shares and options to be issued by Unico, the Group recorded the transaction as an asset held for sale at its carrying value on 31 December 2022.

All conditions for closing the transaction were met and the sale was completed on 1 March 2023.

A gain on the sale of US\$1.964 million was recognized (note 7) based on the difference between the US\$8.3 million carrying value of the assets held for sale and the total consideration of US\$10.2 million related to:

- Total cash consideration of US\$5.0 million (\$2.5 million received at closing, while US\$2.5 million is due over three subsequent years on the anniversary of the Agreement date) which fair value has been estimated at US\$4.8 million);
- 49,751,970 shares of Unico valued at US\$4.7 million (A\$6.2 million) that are being held in escrow with 50% released on the first anniversary of the closing date and 50% released on the second anniversary of the closing date, which was equal to 19.9% Unico's shareholding on a non-diluted basis on 1 March 2023 and;
- 15 million options of Unico. The value of the options using the Black-Scholes model at closing was US\$0.7 million using the following key assumptions:

Strike price A\$0.26

Annual volatility 97.81

Interest rate 4.06%

Expiration date 27 February 2026

The US\$2.5 million in deferred cash payments is secured by a share mortgage over 51% of SCRN's common shares until the second cash installment is paid, at which time the share mortgage is to be reduced to 19%. The deferred cash payments are to be received as follows:

- US\$0.75 million on the first anniversary of the Agreement date;
- US\$0.75 million on the second anniversary of the Agreement date; and
- US\$1 million on the third anniversary of the Agreement date

NOTES TO THE FINANCIAL STATEMENTS

17. MINE PROPERTIES

All figures are reported in thousands of US\$	6 months to 30 June 2023	12 months to 31 December 2022
Costs carried forward		
Carrying amount at the beginning of the period	4,054	1,217
Additions	-	30
Transfers from exploration and evaluation expenditure	-	3,585
Transfers to property, plant and equipment	-	(368)
Increase (decrease) in provision for reclamation and rehabilitation	(108)	598
Amortization	(264)	(1,008)
Carrying amount at end of the period	3,682	4,054

Carrying value — Guanaco/Amancaya

The Guanaco and Amancaya mines have been determined by Management to be a single cash generating unit ("CGU"). The fair value less cost of disposal, is used to assess the recoverable value of the CGU. The mine properties noted above and the property, plant and equipment that is an intrinsic part of the mine and its structure (included in note 18) with a total book value of US\$46 million are included in determining the carrying value of the CGU for the purposes of assessing for impairment.

Management have assessed the fair value to be above book value of the Guanaco/Amancaya project and therefore no impairment charge has been applied to the assets for the current year. An impairment test was also performed internally using the discounted cash flow model (DCF) as the primary valuation methodology along with a crosscheck method using comparable listed market values.

Main assumptions of the DCF model for impairment test purposes are as follows:

- Forecast Gold price (2023-2033): US\$1,940/oz-1,750/oz (31 December 2022 (2022-2033): US\$1,800/oz – US\$1,720/oz
- Forecast Silver price (2023-2033):US\$24/oz-22.8/oz (31 December 2022 (2022-2033) US\$20/oz– US\$23.25/oz
- Life of mine operations based on the current model are forecast to end in 2033.
- Discount Rate: 9.3% (31 December 2022: 7.5%)

The sensitivity to +/- 10% variation in the gold price (US\$1,575-2,134/oz) on the fair value of the Guanaco/Amancaya project results in an impact of +/- US\$16.0 million.

The sensitivity to +/- 10% variation in the discount rate (8.4%-10.2%) fair value of the Guanaco/Amancaya project results in an impact of +/- US\$1.8 million.

The sensitivity to +/- 10% variation in production costs on the fair value of the Guanaco/Amancaya project results in an impact of +/- US\$9.1 million.

None of these reasonable possible changes would result in a fair value below the book value of any of the projects.

NOTES TO THE FINANCIAL STATEMENTS

18. PROPERTY, PLANT AND EQUIPMENT

All figures are reported in thousands of US\$	As at	
	30 June 2023	31 December 2022
Property, plant and equipment owned	39,444	35,549
Right-of-use-assets	6,761	6,708
	46,205	42,257

Property, plant and equipment owned		
Cost	171,114	164,967
Accumulated depreciation	(131,670)	(129,418)
Carrying amount at end of the period	39,444	35,549

All figures are reported in thousands of US\$	6 months to 30 June 2023	12 months to 31 December 2023
Movements in carrying value		
Carrying amount at beginning of the period	35,549	34,334
Additions	6,147	6,434
Transfers from mining properties	-	368
Transfers to assets held for sale	-	(952)
Depreciation	(2,252)	(4,590)
Disposals	-	(1,687)
Depreciation on disposals	-	1,642
Carrying amount at end of the period	39,444	35,549

The majority of the property, plant and equipment is included in the Guanaco/Amancaya Cash Generating Unit ("CGU"). Property, plant and equipment that does not form part of the Guanaco CGUs are being carried at the lower of their book value and recoverable amount. The Casposo property, plant and equipment is recorded at salvage value as it is currently not being used.

19. EXPLORATION AND EVALUATION EXPENDITURE

All figures are reported in thousands of US\$	6 months to 30 June 2023	12 months to 31 December 2022
Costs carried forward in respect of areas of interest:		
Carrying amount at the beginning of the period	27,261	32,322
Additions	3,628	6,793
Transfers to assets held for sale	-	(7,343)
Transfers to mining properties	-	(3,585)
Impairment for the period	(2,107)	(926)
Carrying amount at end of the period	28,782	27,261

During the 6 month period ended 30 June 2023, the Group impaired the Morro Blanco project for US\$1,850,126 as the Group did not expect to meet the commitments under the option agreement with Pampa Metals that expired on 27 July 2023. In addition, it impaired the Reprado project acquired from Revelo Resources for US\$257,688 as it abandoned the property.

NOTES TO THE FINANCIAL STATEMENTS

20. 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") that owns Rawhide Mining LLC, a gold and silver operating mine in Nevada, USA and which carrying value is US\$nil (31 December 2022: US\$nil) and an interest in Ensign Gold Limited ("Ensign") that is engaged in the acquisition, exploration, and development of precious metal mineral properties primarily in the state of Utah, United States through its subsidiary, Ensign Gold (US) Corp. 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 2023	31 December 2022
Carrying amount of interest in associates		
Carrying amount of interest in Ensign	-	60
Group's total carrying amount of interest in associates	-	60

20.1 Investment in Rawhide

During the six months ended 30 June 2023, the Group provided bridge funding of US\$555,000 to the Rawhide Mine in exchange for takeover options with the other unitholders to acquire an equity position of approximately 99.98% of the Mine, subject to due diligence. Total expenses related to the takeover option, which include due diligence expenses and the bridge funding, were US\$617,000. As the Group did not exercise the takeover options, the Group recognised these expenses in the consolidated statement of profit or loss and other comprehensive income as Other expenses (note 8). During the six month period ended 30 June 2022, the Group advanced Rawhide US\$123,686. As the Group did not expect to recover this amount, the Group recognised this amount in share of loss of associates in the consolidated statement of profit or loss and other comprehensive income during that period.

20.2 Investment in Ensign

All figures are reported in thousands of US\$	As at	
	30 June 2023	31 December 2022
Percentage ownership interest	11.91%	11.91%
Non-current assets	4,171	4,339
Current assets	401	722
Non-current liabilities	-	-
Current liabilities	(6)	(14)
Net assets (100%)	4,566	5,047
Group's share of net assets	544	601
Carrying amount of interest in associate	-	60

All figures are reported in thousands of US\$	For the 6 months ended 30 June	
	2023	2022
Revenue	-	-
(Loss) from continuing operations (100%)	(572)	(1,742)
Other comprehensive loss (100%)	-	-
Total comprehensive loss (100%)	(572)	(1,742)
Group's share of total (loss) and comprehensive loss*	(60)	(208)

*Weighted average of 11.91% and 11.93% ownership in Ensign Minerals during the six month periods ended 30 June 2023 and 30 June 2022.

21. TRADE AND OTHER PAYABLES

All figures are reported in thousands of US\$	As at	
	30 June 2023	31 December 2022
Current		
Trade payables	10,970	8,655
Trade payables-supply chain financing arrangement	732	876
Accrued expenses	4,737	4,668
Royalty payable	451	376
Director fees	429	341
Other	1,193	774
Total current trade and other payables	18,512	15,690
Non-Current		
Other payables	-	1,003

NOTES TO THE FINANCIAL STATEMENTS

Supply chain financing arrangements

All figures are reported in thousands of US\$	As at	
	30 June 2023	31 December 2022
Carrying amount of financial liabilities		
Presented in trade and other payables	732	876
Of which suppliers have received payment from finance providers	732	876
Range of payment due dates		
Liabilities that are part of the arrangements	180 days after invoice date	180 days after invoice date
Comparable trade payables that are not part of the arrangements	30-60 days	30-60 days

The Group participates in a supply chain financing arrangement (SCF) under which its supplier may elect to receive early payment of their invoice from a bank by factoring their receivable from the Group. Under the arrangement, a bank agrees to pay amounts to a participating supplier in respect of invoices owed by the Group and receives settlement from the Group at a later date. The principal purpose of this arrangement is to facilitate efficient payment processing and enable the willing suppliers to sell their receivables due from the Group to a bank before their due date.

The Group has not derecognised the original liabilities to which the arrangement applies because neither a legal release was obtained, nor the original liability was substantially modified on entering into the arrangement. From the Group's perspective, the arrangement extends payment terms to six months. The Group incurs interest ranging from 8%-9% per 180 days to the bank on the amounts due to suppliers. The Group therefore discloses the amounts factored by suppliers within trade payables because the nature and function of the financial liability remain similar to those of other trade payables but discloses disaggregated amounts in the notes. All payables under SCF are classified as current as at 30 June 2023.

The payments to the bank are included within operating cash flows because they continue to be part of the normal operating cycle of the Group and their principal nature remains operating-i.e. payments for services required to earn revenue. The payments to a supplier by the bank are considered non-cash transactions and amount to US\$690,818 plus accrued interest of US\$41,512 as at 30 June 2023 (6 months ended 30 June 2022-non-cash transactions of US\$758,073 plus accrued interest of US\$23,326).

22. LOANS AND BORROWINGS

All figures are reported in thousands of US\$	As at	
	30 June 2023	31 December 2022
Current		
Loan facilities	7,858	7,382
Related party loans	1,588	-
Total current loans and borrowings	9,446	7,382
Non-current		
Loan facilities	3,196	1,264
Total non-current loans and borrowings	3,196	1,264
Total loans and borrowings	12,642	8,646

Loan Facilities

At 30 June 2023, the current and non-current Loan facilities are to be repaid over 12 months and 43 months respectively at an annual average interest rate of 7.9% (31 December 2022-6.9%)

Related party loans

During the six months ended 30 June 2023, the Group received unsecured related party loans totaling US\$1.555 million. The loans bear an interest rate of 8% per annum of which US\$1.0 million plus interest is due on 1 September 2023 and US\$0.555 million is due on 10 November 2023.

NOTES TO THE FINANCIAL STATEMENTS

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Loans	Leasing
Balance at 1 January 2023	8,646	2,836
Change from financing cash flows		
Proceeds from loans and borrowings	9,055	-
Repayments	(5,137)	(1,373)
Other changes		
New leases	-	806
Foreign exchange	-	(10)
Interest expense	354	91
Interest paid	(276)	(91)
Balance at 30 June 2023	12,642	2,259
Balance at 1 January 2022	5,753	4,763
Change from financing cash flows		
Proceeds from loans and borrowings	11,735	-
Repayments	(8,842)	(3,133)
Other changes		
New leases	-	1,220
Interest expense	330	194
Interest paid	(330)	(208)
Balance at 31 December 2022	8,646	2,836

Lender	Value (US\$)	Carrying value (US\$)	Interest rate (%)	Maturity date ⁽¹⁾
BCI	500,000	530,114	6.95	17 August 2023
Eduardo Elsztain	850,000	872,856	8.00	1 September 2023
Saul Zang	150,000	154,033	8.00	1 September 2023
Santander Bank	1,000,000	1,026,261	8.15	1 September 2023
BCI	62,370	64,001	8.19	4 September 2023
Santander Bank	1,000,000	1,026,967	8.20	4 September 2023
Santander Bank	1,000,000	1,013,566	8.42	31 October 2023
Inversiones Financieras del Sur S.A.	555,000	561,122	8.00	10 November 2023
BCI	500,000	527,139	8.88	17 November 2023
BCI	500,000	518,063	6.19	27 November 2023
BCI	1,000,000	1,000,663	11.94	17 June 2024
Santander Bank	3,500,000	1,847,222	4.27	1 January 2025
Santander Bank	3,500,000	3,499,999	8.50	17 April 2026
Total	14,117,370	12,642,006		

(1) The Maturity date refers to the date when the loan is to be completely repaid. Loans and borrowings have been classified based on the actual repayment calendar as disclosed in note 24.

NOTES TO THE FINANCIAL STATEMENTS

23. PROVISIONS

All figures are reported in thousands of US\$	As at	
	30 June 2023	31 December 2022
Non-current		
Mine closure	11,528	10,924
Other	6	10
Closing balance	11,534	10,934
Movement in non-current provisions		
Opening balance	10,934	9,232
Additions	-	8
Adjustments	(4)	-
(Decrease) /Increase of provision for reclamation or rehabilitation	(108)	598
Exchange difference	695	676
Present value adjustment	17	420
Closing balance	11,534	10,934

Mine closure provision

Provision for rehabilitation work has been recognised in relation to estimated future expenditures including rehabilitating mine sites, dismantling operating facilities and restoring affected areas. These future cost estimates are discounted to their present value. The calculation of this provision requires assumptions such as application of environmental legislation, mine closure dates, available technologies and engineering cost estimates.

As at 30 June 2023, the total restoration provision amounts to US\$7.81 million (31 December 2022-US\$7.2 million) for the Guanaco/Amancaya mine. The present value of the restoration provision was determined based on the following assumptions:

Undiscounted rehabilitation costs: US\$8.4 million; (31 December 2022 – US\$ 7.7 million) and

Discount period: 3.5 years (Discount period based on expected timing of restoration activities). Discount rate: 2.07% (31 December 2022- 1.67%)

As at 30 June 2023, the total restoration provision amounts to US\$3.7 million (31 December 2022 – US\$ 3.8 million) for the Casposo mine. The present value of the restoration provision was determined based on the following assumptions:

Undiscounted rehabilitation costs: US\$3.9 million; and Discount rate: 2.93% (31 December 2022–US\$3.9 million and 2.2%)

24. 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 2023	31 December 2022
Financial Assets		
Cash and cash equivalents	864	926
Trade and other receivables	5,639	3,326
Other financial assets	4,182	641
Financial liabilities		
Trade and other payables	18,512	16,693
Borrowings	12,642	8,646
Financial leases	2,259	2,836

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\$.

At 30 June 2023, 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\$).

The following significant exchange rates have been applied.

USD	Average rate for the 6 months ended 30 June		Spot rate	
	2023	2022	30 June 2023	31 December 2022
ARS	216.78	113.88	256.50	177.06
CLP	828.76	888.39	801.66	855.86
AUD	1.44	1.37	1.51	1.48
CDN	1.25	1.25	1.32	1.35

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Argentine peso, Chilean peso, Australian dollar, Canadian dollar and US dollar against all other currencies at 30 June 2023 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effect in thousands of USD 30 June 2023	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
ARS (70% movement)	(81)	81	(81)	81
CLP (10% movement)	(972)	972	(972)	972
AUD (5% movement)	-	-	-	-
CDN (2% movement)	-	-	-	-
31 December 2022	Strengthening	Weakening	Strengthening	Weakening
ARS (70% movement)	688	(688)	688	(688)
CLP (10% movement)	(585)	585	(585)	585
AUD (5% movement)	-	-	-	-
CDN (2% movement)	-	-	-	-

	Argentinian Peso (ARS)	Chilean Peso (CLP)	Australian Dollar (AUD)	Canadian Dollar (CAD)
Financial assets				
Cash and cash equivalents	67	61	41	6
Trade and other receivables	945	1,130	13	-
Other financial assets	28	-	3,876	269
Financial liabilities				
Trade and other payables	1,154	10,437	155	31
Borrowings	-	-	-	-
Financial leases	2	146	-	-

NOTES TO THE FINANCIAL STATEMENTS

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 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 30 June		Effect on equity	
	2023	2022	30 June 2023	31 December 2022
10 % increase in gold and silver prices	2,829	2,585	2,829	4,971
10 % decrease in gold and silver prices	(2,829)	(2,585)	(2,829)	(4,971)

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. Changes in interest rates are not expected to have a significant impact on the Group.

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 4). 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

Consolidated					
All figures reported in thousands of US\$	<6 months	6-12 months	1-5 years	> 5 years	Total
30 June 2023					
Financial liabilities					
Trade and other payables	18,512	-	-	-	18,512
Borrowings	4,391	5,618	3,404	-	13,413
Leasing	732	539	1,183	-	2,454
Total 30 June 2023 liabilities	23,635	6,157	4,587	-	34,379
31 December 2022					
Financial liabilities					
Trade and other payables	15,690	-	1,003	-	16,693
Borrowings	4,367	3,226	1,296	-	8,889
Leasing	1,405	621	953	-	2,979
Total 31 December 2022 liabilities	21,462	3,847	3,252	-	28,561

25. CHANGE IN CLASSIFICATION

During the period ended 30 June 2023, the Group updated the classification of certain disclosures to better reflect the nature of the items. Comparative amounts in the consolidated statement of profit or loss and other comprehensive income were re-stated as follows:

Previous financial statement captions	30 June 2022 (\$'000's)	Restated financial statement captions	30 June 2022 (\$'000's)
Profit or loss and other comprehensive income			
Other expenses/(income)	(1,378)		
Other income	-	Other income	360
Other expenses	-	Other expenses	(2,016)
Administration expenses	(4,486)	Administration expenses	(4,208)
Net finance income	913		
Finance income	-	Finance income	1,817
Finance expenses	-	Finance expenses	(904)
	(4,951)		(4,951)

26. SUBSEQUENT EVENTS

During July 2023, the Group renewed two borrowings for an aggregate of US\$1.5 million, of which US\$1.0 was renewed for six months at an interest rate of 8.9% per annum and US\$0.5 million was renewed for one year at an interest rate of 13.9% per annum.



DIRECTORS' DECLARATION

IN THE DIRECTORS' OPINION:

1. the 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 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 interim consolidated financial statements and notes thereto give a true and fair view of the Group's financial position as at 30 June 2023 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
5. 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
24 August 2023



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 2023 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 2023
- 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 26 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 these requirements.

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Material uncertainty related to going concern

We draw attention to Note 3, "Going Concern" in the Half-year Financial Report. The events or conditions disclosed in Note 3, indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the Half-year Financial Report. Our conclusion is not modified in respect of this matter.

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 2023 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

24 August 2023



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