2013

ANNUAL REPORT

AUSTRALGOLD

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Corporate Directory

Directors:	Eduardo Elsztain	Chairman & Non-Executive Director
	Saul Zang	Non-Executive Director
	Pablo Vergara del Carril	Non-Executive Director
	Stabro Kasaneva	Executive Director
	Wayne Hubert	Independent Non-Executive Director
	Robert Trzebski	Independent Non-Executive Director
	Ben Jarvis	Independent Non-Executive Director
Company Secretary:	Catherine Lloyd	
Registered Principal Office:	Suite 206, 80 William Street Sydney NSW 2011 Tel: +61 (02) 9380 7233 Fax: +61 (02) 8354 0992 Email: info@australgold.com.au Web: www.australgold.com.au	
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Share Registry:	Computershare GPO Box 2975 Melbourne VIC 3001 Tel: 1300 850 505 *(within Australia)* Tel: +61 3 9415 5000 *(outside Australia)*	
Auditors:	BDO East Coast Partnership www.bdo.com.au	
Principal Bankers:	National Australia Bank Limited www.nab.com.au	
Solicitors:	Addisons Lawyers www.addisonslawyers.com.au	
Listed:	Australian Stock Exchange **ASX:** AGD	
Place of Incorporation:	Western Australia	

Chairman's Letter

Dear Shareholders

By every measure, Financial Year 2013 has been a transformational year for Austral Gold Limited. The company has delivered record gold and silver production, achieved significant exploration success, and delivered on its corporate objectives. All these achievements underpin Austral Gold's continued growth for the 2014 financial year and beyond.

Production at record levels

It is encouraging to note that Austral Gold has again delivered record production at the company's flagship Guanaco project in Chile. Gold production for the year was 39,847 ounces of gold, and 77,404 ounces of silver which equates to 41,446 gold equivalent ounces.

This is a pleasing development for Austral Gold and reflects the hard work and commitment of our very dedicated and talented operations team whom are to be commended for their efforts. As we enter the 2014 financial year, we are witnessing continued growth in production which gives Austral Gold the financial flexibility to pursue additional growth prospects.

Adding value through exploration success

Whilst production growth is an important value driver for the company, exploration results, particularly at Guanaco, have been equally impressive. During the year, our exploration team implemented an active exploration program targeting two vein systems at Guanaco – Cachinalito and Despreciada – with previously unidentified mineralised systems discovered. We are confident that this exploration success will translate to an increased resource as more gold and silver ounces are defined.

Expanding our portfolio

During the year, Austral Gold took advantage of depressed equity markets to advance its strategy of building a leading South American focused precious metals company. We took the next step in this strategy by announcing a C$5 million investment in Argentex Mining Corporation which is listed on the TSX Venture Exchange. This investment was completed in July 2013.

Argentex is developing the 23.6 million ounce silver-equivalent indicated resource at the Pinguino Silver-Gold Project in Santa Cruz, Argentina. With Austral Gold's strong technical team and funding support, we are confident that we can add significant value to this project. As a first step, Austral Gold will hold a 19.9% stake in Argentex, and we have indicated that it is our intention to pursue some form of business combination with Argentex. Negotiations are ongoing.

Our growth strategy was further enhanced when in September 2013, we announced that Austral Gold entered into a Subscription Agreement with Goldrock Mines Corp Limited (TSX-V: GRM) ("Goldrock") for up to 11,560,000 new shares (representing a 15% interest) for a total investment of C$9.3 million.

Goldrock holds 100% of the Lindero gold project in the northwest of Argentina which has proven mineral reserves of 641,000 ounces of gold. We are encouraged by this investment and believe it represents compelling value. Argentina is an important focus for Austral Gold, and it is a market where we have considerable expertise and influence.

The year ahead

As we enter financial year 2014, Austral Gold is in its strongest position in the company's history, and we are confident that we now have the platform in place to create the next leading South American precious metals focused company. Your Board is committed to this vision, and we have a number of new and exciting opportunities that we are pursuing. Our objective is to unlock the significant unrealised value in Austral Gold and deliver favourable returns for our committed shareholders.

Whilst precious metals markets have been volatile in 2013, we remain encouraged by the longer term prospects for gold and silver, and we believe the fundamentals for precious metals are still sound.

I would like to take this opportunity to thank shareholders for their continuing support for Austral Gold. Your company is well placed for success.

Eduardo Elsztain
Chairman

Review of Activities

Austral Gold Limited (the Company, ("Austral Gold") remains committed to maximising shareholder value through the development of mineral deposits in which the Company has an interest.

The Company continues to explore and invest in its Guanaco gold and silver mine ("Guanaco") in northern Chile to expand the mineral resource, increase the mine's annual production and mine life, and improve its financial viability. This is our primary focus. Complementing the Company's operations in South America are its investments in Canadian TSX-V listed companies, Argentex Mining Corporation ("Argentex") and Goldrock Mines Corp ("Goldrock").

Austral finalised a private placement in Argentex in July 2013 in which Austral acquired a 19.9% interest at a total cost of C$5 million. Argentex's primary asset is the Pinguino project in Southern Argentina with an indicated resource of 23,685,000 silver equivalent ounces. This investment makes Austral the largest shareholder in Argentex. Austral Gold and Argentex have also announced their intention to consider some form of business combination and negotiations around this are ongoing.

In September 2013 Austral signed a subscription agreement with Goldrock to acquire a 15% interest in the TSX-V listed company for a total cost of C$9.3 million. Goldrock owns 100% of the Lindero gold project in the northwest of Argentina which has proven mineral reserves of 641,000 ounces of gold.

Guanaco Gold and Silver Mine, Chile (100% interest)

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 Compañia Minera Kinam Guanaco Limitada, a wholly-owned subsidiary of Kinross Gold Corporation.

At the General Meeting of the Company held on 14 March 2003, the Shareholders approved this acquisition and the Guanaco Project was acquired by Guanaco Compañía Minera Limitada - a company wholly owned by Guanaco Mining Company Limited (GMC) and incorporated in Chile.

Project and Mine Description

The 100% owned Guanaco mine has been operated by Austral since September 2009 and remains the company's flagship asset. Guanaco is located approximately 220km SE of Antofagasta in Northern Chile at an elevation of 2,700m and 45km from the Pan American Highway. Guanaco is located in the Palaeocene/Eocene belt, a structural trend which runs north/south down the centre of Chile, and hosts several large gold and copper mining operations including: Zaldivar, El Penon and Escondida.

The Guanaco operation includes the mining of ore from the Quillota open pit, however, the majority of the ore processed comes from the Cachinalito underground and nearby vein systems with higher average grades. Gold mineralisation at Guanaco is controlled by pervasively silicified, E/NE trending sub-vertical zones with related hydrothermal

breccias. Silicification grades outward into advanced argillic alteration and further into zones with propylitic alteration. In the Cachinalito vein system most of the gold mineralisation is concentrated between the 75m and 200m levels and is contained in long shoots. High grade ore shoots (up to 180 g/t Au), 0.5 to 3.0m wide, have been mined out, but the lower grade halos, below 3 g/t, can reach up to 20m in width. The alteration pattern and the mineralogical makeup of the Guanaco ores have led to its classification as a high sulfidation epithermal deposit.

Late in 2012 the high-grade Despreciada vein system was identified with a new strike trend of NNW which opens up the potential for additional vein systems with a similar NNW strike to be identified in the area.

Production

A number of factors have contributed to strengthening production figures from Guanaco in recent months. These include an increased proportion of ore with higher gold grades coming from the underground mine operations and the commissioning of the increased capacity carbon regeneration kiln.

Guanaco Gold produced a record 13,702oz of gold (Au) and 21,325oz of silver (Ag) in the quarter ended June 2013 representing a monthly average of 4,704 gold-equivalent-ounces ("GEO"). The record June production demonstrated a 55% increase on the previous quarter and 113% increase on the same period last year.

Based on production results for July 2013 and August 2013, another production record of over 15,000oz Au is anticipated for the September 2013 quarter. In light of these strong production figures the company is confident in its calendar 2013 forecast of 43,000oz Au.

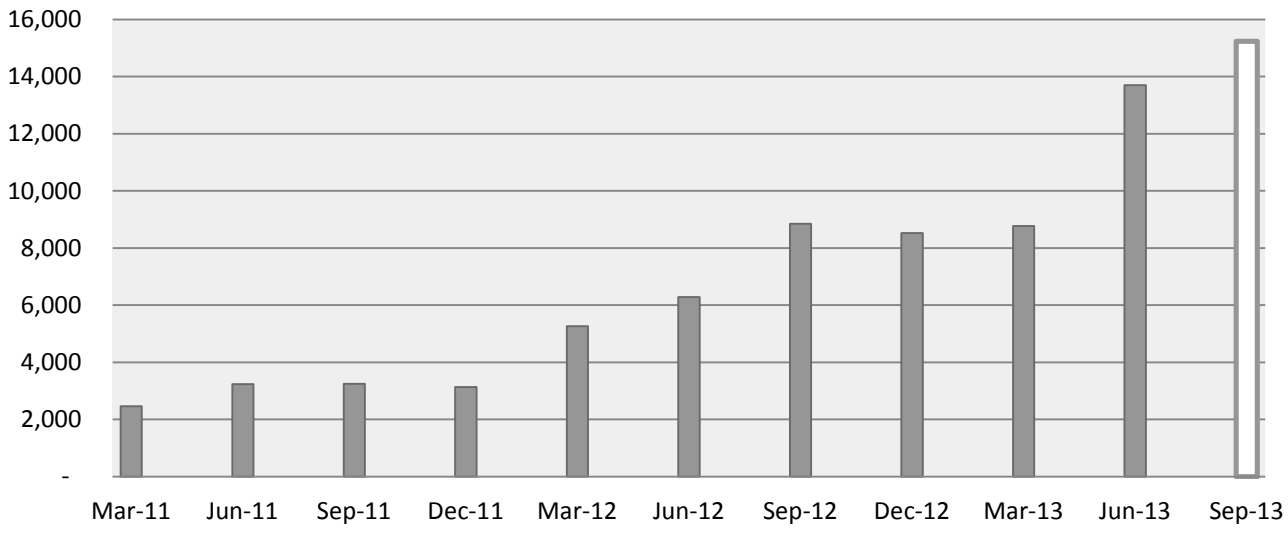
Guanaco Operational Performance:

	Jan – June 2013
Total Ore Mined (t)	**356,77**
Ore from Open Pits (t)	**265,676**
Open Pit Grade (Au g/t)	1.4
Ore from Underground (t)	**91,101**
Underground Grade (Au g/t)	5.91
Weighted Average Recovery (%)	**74.2**
Gold Produced (oz)	**22,474**
Silver Produced (oz)	**39,540**
Cash operating cost (US$/oz)	**727**

Gold and Silver Production:

Production	2011 Cal Year	2012 Cal Year	2013 6 mths
Gold (Au Oz)	12,373	28,907	22,468
Silver (Ag Oz)	37,511	74,829	39,522

Gold Produced (oz)



Safety

Four (4) lost time incidents (LTIs) and 24 nil-lost time accidents (NLTAs) were reported involving employees of the Company and its subsidiaries during the year ended 30 June 2013. These incidents have been thoroughly investigated and in all cases corrective actions have been identified and implemented to prevent recurrence. Safety and environmental protection are core values of the Company and the implementation of strategies to identify and manage risks in our workplaces is a key priority.

Exploration Program

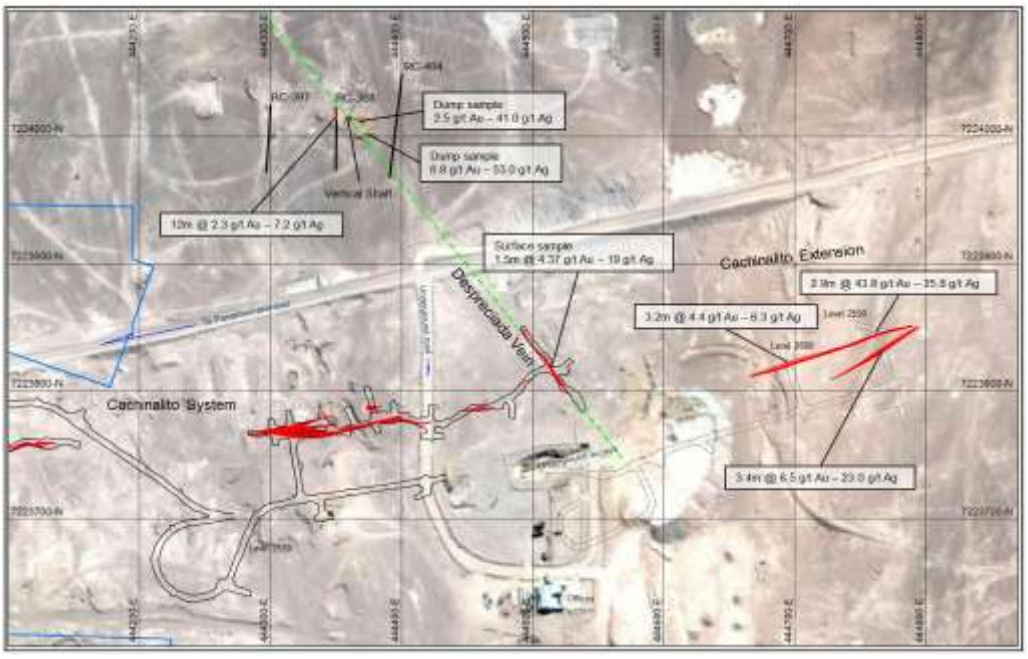
The exploration program during the first half of 2013 was restricted to exploring areas adjacent to the mine development. This strategy resulted in the discovery of the Despreciada vein. During the fourth quarter of 2012, new and encouraging results have been achieved at Guanaco. Both the Cachinalito trend (ENE) and the Despreciada vein system (NNW) are showing a greater mineralised potential than previously presumed.

The Cachinalito vein trend was intersected during drift development. The new ore shoot is currently represented by two intercepts spaced more than 70 metres apart. The first cross cut intersected 3.2 metres grading 4.4 g/t Au and 6.3 g/t Ag, and the second intercept was 2.9 metre wide grading 43.8 g/t Au and 25.8 g/t Ag. Currently, mine activity is being focused in this drift to explore the potential of the ore shoots.

Several surface trenches and geological mapping of the Despreciada vein recognised the vein more than 250 metres to the northwest of the current underground drift of the vein, which is hosted by dacitic porphyry units. Ore material coming from old waste dumps show grades varying from 4.37 g/t Au and 19 g/t Ag up to 6.8 g/t Au and 53 g/t Ag.

During the third quarter of 2013, a new RC drilling program was designed with the objective to study the extension of the Despreciada vein and also a new ore shoot called Cachinalito extension. In addition, the Quillota structure will be explored considering the positive reconciliation between the resource model and the actual ore mined to date.

The following map shows the location of the Cachinalito trend with the eastern new mineralised zone extension and the Despreciada vein.



Cachinalito Trend and Despreciada Vein

Reserves & Resources

Guanaco's resource inventory is outlined in the table below. The resource inventory was last updated in December 2012.

Total Resources

Resources	Measured (Me)			Indicated (Ind)			Total (Me + Ind)			Inferred (Inf)		
Gold (Au)	**Ton (kt)**	**Grade (g/t)**	**Ounces Au**	**Ton (kt)**	**Grade (g/t)**	**Ounces Au**	**Ton (kt)**	**Grade (g/t)**	**Ounces Au**	**Ton (kt)**	**Grade (g/t)**	**Ounces Au**
Underground (>1.0 g/t Au)	1,199	3.66	140,918	2,797	2.86	257,488	3,996	1.65	398,406	2,548	2.42	197,918
Open Pit (>0.4 g/t Au)	360	1.80	20,883	419	1.52	20,460	779	1.65	41,343	15	1.67	798
Heap Leach (>0.4 g/t Au)	7,988	0.53	136,620				7,988	0.53	136,620	2,777	0.55	49,261
Total	**9,547**	**0.97**	**298,421**	**3,216**	**2.69**	**277,948**	**12,763**	**1.40**	**576,369**	**5,340**	**1.44**	**247,977**

Silver(Ag)	**Ton (kt)**	**Grade (g/t)**	**Ounces Ag**	**Ton (kt)**	**Grade (g/t)**	**Ounces Ag**	**Ton (kt)**	**Grade (g/t)**	**Ounces Ag**	**Ton (kt)**	**Grade (g/t)**	**Ounces Ag**
Underground	1,199	8.18	315,115	2,797	10.81	972,492	3,996	3.1	1,287,607	2,548	11.35	929,748
Open Pit	360	18.48	213,790	419	13.38	180,268	779	15.73	394,058	15	10.59	5,074
Heap Leach	7,988	2.66	681,892				7,988	2.66	681,892	2,77	2.63	234,946
Total	**9,547**	**3.94**	**1,210,797**	**3,216**	**11.15**	**1,152,760**	**12,763**	**5.76**	**2,363,557**	**5,340**	**6.81**	**1,169,768**

Perseverancia Open Pit Guanaco Mine - Chile

Copper Porphyry System

The Porphyry Copper exploration program undertaken in June and in October 2012 consists of 5 deep drill holes with depths around 1,000 meters. The objective was not achieved as the geological evidence recognized in the core represents distal facies of the traditional porphyry copper models. Their characteristics are quartz-sericite alteration, abundant pyrite and very common blende-sphalerite mineralization.

DDH probing provides sufficient evidence to potentially discover porphyry copper in the Guanaco area, but rather bound to the North and Northwest of the property. These observations are further supported by moderate illite-sericite intercepts in DDH-1000 and abundant quartz-sericite in DDH-999 and DDH-1016.

Jumbo blast drilling operation in Cachinalito underground mine.

View from Cachinalito underground mine. Two miners working on scaling activity

8 de Julio Project - Santa Cruz, Argentina

In southern Patagonia, Austral Gold has nine tenement applications totalling almost 85,000 hectares in the Macizo el Deseado area in the Province of Santa Cruz.

During the year important results were received from the trench program developed in the Campo Barroso Grande of the Estancia 8 de Julio. A comprehensive strategy is being designed in order to more aggressively advance with the exploration of this prospect.

A geophysics consulting company will perform a resistivity study and the geochemical sampling program in the area will be expanded. The following figure reflects the level of progress with the latest results and the next activities considered for the projects.

- Expansion of the 100x100m geochemical mesh for silica and quartz vein float, to the entire Barroso Grande field.
- Development of a new geophysical program corresponding to a resistivity gradient in the Barroso Grande field where important gold values were obtained.
- Start with the systematic sampling of the other sectors/targets identified in the geological mapping.
- Planned drilling of holes that will test the vertical extension of the mineralized column.

In April 2013 Austral Gold renegotiated terms with AMINSA which released it from future commitments totalling US $8.7 million under the earn-in agreement for US $350,000. US $100,000 of this remains unpaid at 30 June 2013. Austral has recorded a $1.6 million impairment expense in the year ended 30 June 2013 (2012: $4.9 million) to reduce the carrying amount of this investment to nil. However, the renegotiated terms provide Austral with a royalty on the San Juan project to recover funds invested to date as well as the potential for an on-going revenue stream.

Director's Report

Austral Gold Limited and its Subsidiaries

For the year ended 30 June 2013

Your Directors present the following report for the financial year ended 30 June 2013 together with the financial report of Austral Gold Limited ("the Company") and the consolidated financial report of the economic entity, being the Company and its subsidiaries, (referred to hereafter as the Group) for the year ended 30 June 2013 and the auditors' report thereon.

Principal Activities

The principal activities of the Company during the course of the financial year were exploration, evaluation of mineral properties, and gold and silver production as described in preceding sections of this report.

The Company is a company limited by shares and incorporated and domiciled in Australia.

Detailed information on the Company's operations during the year ended 30 June 2013 has been released through the Company's announcements and reports to the Australian Stock Exchange. This information can also be accessed from the Company's website at www.australgold.com.au.

Review and Results of Operations

Operating Results and Dividends

The Group's net loss attributable to members for the year ended 30 June 2013 was $7,422,188 (2012: loss $15,923,280). Due to depreciation of the Australian dollar against the American dollar, foreign exchange loss on translation of the parent entity's liabilities denominated in USD totalled $6,207,093 for the year ended 30 June 2013 (2012 loss: $2,432,577).

No dividends of the Company or its subsidiaries have been paid, declared or recommended since the end of the financial year. Subject to shareholder approval at the November 2013 Annual General Meeting, the directors propose to make a payment to shareholders in the form of a return of capital.

Financial Position

The net assets of the Group have decreased by $466,186 since 30 June 2012 to $31,614,067 at 30 June 2013.

The Company has the support of its substantial shareholder, Inversiones Financieras del Sur S.A. (IFISA) and associates, who confirm that they will continue to support Austral Gold Limited by providing adequate financial assistance in accordance with the details contained in the Funding Agreements between Austral Gold Limited and IFISA.

The Directors are confident the Company is in a position to maintain its current operations.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial year.

Future Developments, Prospects and Business Strategies

Since its incorporation, Austral Gold has been an explorer for gold. First production of gold and silver from Guanaco occurred in late 2010, with gold production steadily increasing since this time. The Guanaco gold and silver mine remains the company's key asset a focus of management. During the

financial year ended June 2013, Austral exited its earn-in agreement with AMINSA and has replaced this investment with a royalty agreement over the project with regard to future production from the project.

Events Subsequent to Balance Date

On 4 July 2013 Austral announced that it had finalised a private placement in Argentex in July 2013 in which Austral acquired a 19.9% interest at a total cost of C$5 million. This investment makes Austral the largest shareholder in Argentex. Austral has one position on the Board of Argentex and has one position on the Technical Committee. Austral Gold and Argentex have also announced their intention to consider some form of business combination and negotiations around this are ongoing. Argentex's primary asset is the 100,000 hectare Pinguino project in Southern Argentina which includes an indicated resource of 23.6 million silver-equivalent-ounces with grades of 102.8 g/t Ag and 0.59 g/t Au.

On 27 August 2013 Austral Gold repaid US$973,863 to IFISA reducing the interest component of the liability outstanding.

On 18 September 2013 Austral signed a subscription agreement with Goldrock to acquire a 15% interest in the TSX-V listed company for a total cost of C$9.3 million. This investment is scheduled to close on 31 October 2013 and will make Austral the largest shareholder of Goldrock. The agreement entitles Austral to nominate one position on the Board of Goldrock and one position on the Technical Committee. Goldrock owns 100% of the Lindero gold project in the northwest of Argentina which has proven mineral reserves of 641,000 ounces of gold.

Performance In Relation To Environmental Regulation

The Group's exploration activities are subject to environmental regulations.

In relation to the Group's mineral exploration operations in Chile, licence requirements relating to "Bases Generales de Medio Ambiente" exist under the Chilean Law No. 19,300. The Directors are not aware of any significant breaches during the period covered by this report. Moreover, all the exploration activities performed so far have been approved by the Environmental Authority, Comisión Nacional de Medio Ambiente (CONAMA).

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 Annual Report.

Directors and Officers

The Directors and Officers of the Company at any time during or since the end of the financial year are:

Name and Qualifications	Experience and Special Responsibilities
Eduardo Elsztain **Chairman** Appointed 2 Jun 11 **Non-Executive Director** Appointed 29 Jun 07 Re-elected by shareholders 28 Nov 12	Mr Elsztain is the Chairman of: (i) IRSA (NYSE: IRSA): Argentina´s largest real estate company, operating a diversified portfolio of shopping centres, office buildings, luxury hotels and residential properties in Argentina and United States; (ii) Cresud (NASDAQ: CRESY): a leading agri-business company, with presence in Argentina, Bolivia, Paraguay and Uruguay, involved in activities such as crop production, beef cattle raising and milk production; (iii) BrasilAgro (NYSE: LND): Companhia Brasileira de Propriedades Agrícolas, engaged in crop production such as soybean, corn and sugarcane, cattle raising and forestry activities in Brazil; (iv) Banco Hipotecario (BA: BHIP), one of Argentina's largest commercial Banks, engaged in the personal banking and corporate banking sectors and Mr Elsztain is a member of the World Economic Forum, the Group of 50 and he has been an attendee of the G20 Business Summits. He is a member of Argentina's Association of Corporations (AEA) and the Board of Directors of the Buenos Aires Stock Exchange. Mr Elsztain is Chairman of Fundación Irsa, a foundation that promotes education for children and young adults, and a member of Endeavor, an organization that helps high-impact entrepreneurs in emerging countries to promote economic growth and development. Mr Elsztain is also Vice-President of the World Jewish Congress and President of Hillel Argentina and Taglit Birthright Argentina. Mr Elsztain has not held any other Directorships with listed entities in the last three years.
Wayne Hubert **Non-Executive Director** Appointed 18 Oct 11 Re-elected by shareholders 30 Nov 11	Mr Hubert is a highly experienced and accomplished mining executive with over 15 years' experience working in the South American resources sector. From 2006 until 2010 he was the Chief Executive Officer of ASX-listed Andean Resources Limited, and led the team that increased Andean's value from $70 million to $3.5 billion in four years. Andean was developing a world-class silver and gold mine in Argentina with a resource of over 5 million ounces of gold when it was acquired by Goldcorp Inc. of Canada. Mr Hubert, who holds a Bachelor degree in Engineering and a Master of Business Administration and has held executive roles for Meridian Gold with experience in operations, finance and investor relations. Currently he is a Director of: Samco Gold Limited [TSX], a company focused on gold exploration in Argentina; Midas Gold Corp [TSX], a Canadian company with a 5.7 million ounce gold resource, Lithic Resources [TSX] and Argentex Mining Corporation (ATX). Other than stated above, Mr Hubert has not held any other Directorships with listed entities in the last three years.
Stabro Kasaneva **Executive Director** Appointed 7 Oct 09, Re-elected by shareholders 28 Nov 12	Mr Kasaneva is also the Chief Operating Officer for Austral Gold Limited. Mr Kasaneva holds a degree in Geology from the Universidad Católica del Norte, Chile. He has more than 20 years' experience in geology and exploration of gold deposits, mainly focused on the Paleocene belt in Northern Chile, where Guanaco Austral Gold's flagship gold/copper project is located. Mr Kasaneva has not held any other Directorships with listed entities in the last three years.

Name and Qualifications	Experience and Special Responsibilities
Saul Zang **Non-Executive Director** Appointed 29 Jun 07 Re-elected by shareholders 30 Nov 11	Mr Zang obtained a law degree from Universidad de Buenos Aires. He is a member of the International Bar Association and the Interamerican Federation of Lawyers and is a founding member of the law firm Zang, Bergel & Viñes. Mr Zang currently holds Vice-Chairmanships on the Boards of IRSA, Shopping Alto Palermo SA, and Alto Palermo and holds Directorships with Cresud [Nasdaq / BASE], Alto Palermo [Nasdaq / BASE], Banco Hipotecario [BASE], BrasilAgro [Bovespa], Puerto Retiro and Fibesa; Nuevas Fronteras SA, Tarshop and Palermo Invest SA. Mr Zang is an adviser and Member of the Board of Directors of BASE and provides legal advice to national and international companies, including the privatisation process of YPF SA and the Province of Buenos Aires' electricity company. Mr Zang has not held any other Directorships with listed entities in the last three years.
Pablo Vergara del Carril **Non-Executive Director** Appointed 18 May 06 Re-elected by shareholders 29 Nov 10	Mr Vergara del Carril is a lawyer and is professor of Postgraduate Degrees for Capital Markets, Contracts, Corporate Law and Business Law at the Argentine Catholic University. He is a director of Banco Hipotecario SA. [BASE: BHIP], Milkaut SA (an Argentine leading dairy company), Nuevas Fronteras (owner of the Intercontinental Hotel in Buenos Aires) Alto Palermo [Nasdaq / BASE] and Emprendimiento Recoleta SA (owner of the Buenos Aires Design Shopping Centre). Mr Vergara del Carril is also a director of Guanaco Mining Company Limited and Guanaco Capital Holding Corp. Mr Vergara del Carril has not held any other Directorships with listed entities in the last three years.
Robert Trzebski **Non-Executive Director** Appointed 10 Apr 07 Re-elected by shareholders 30 Nov 11	Dr Trzebski holds a degree in Geology, PhD in Geophysics, Masters in Project Management and has over 20 years of professional experience in mineral exploration, project management and mining services. He is currently Executive Officer of Austmine Ltd and Executive Director of Australia-Latin America Business Council Ltd. As a fellow of the Australian Institute of Mining and Metallurgy, Dr Trzebski has acted as the Competent Person (CP) for the Company's ASX releases. Dr Trzebski has not held a Directorship of any other listed company in the last three years.
Ben Jarvis **Non-Executive Director** Appointed 2 Jun 11 Re-elected by shareholders 30 Nov 11	Mr Jarvis is the Managing Director and co-founder of Six Degrees Investor Relations, an Australian advisory firm that provides investor relations and communication services to a range of resources and industrial services companies listed on the Australian Securities Exchange. Mr Jarvis is also a Director of ASX-listed Eagle Nickel Limited, and South American Tin Limited, an unlisted public company focused on tin exploration and project development in Bolivia. Mr Jarvis was educated at the University of Adelaide where he majored in Politics. In the last three years, Mr Jarvis also held a Directorship with Connxion Limited.

Directors' Meetings

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Group during the financial year are:

	Directors' meetings		Audit Committee meetings	
Director	**Attended**	**Held during Office**	**Attended**	**Held during Office**
Pablo Vergara del Carril	3	3	2	2
Robert Trzebski	3	3	2	2
Eduardo Elsztain	2	3	N/A	N/A
Saul Zang	2	3	N/A	N/A
Stabro Kasaneva	3	3	N/A	N/A
Ben Jarvis	3	3	N/A	N/A
Wayne Hubert	3	3	N/A	N/A

Options

During or since the end of the financial year, the Company has not granted options over unissued ordinary shares to any Director or to any employee.

Unissued Shares Under Option

At the date of this report there are 140,949 unissued shares under option with an exercise price of $0.30 expiring 15 November 2016.

Indemnity of Officers

The Company has not, during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the Company or a related body corporate:

- Indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- Paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

Interests of Directors

The relevant interest of each director (directly or indirectly) in the share capital of the Company, as notified by the Directors to the Australian Stock Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

Director	Ordinary Shares
P Vergara del Carril	68,119
R Trzebski	-
E Elsztain	144,467,951
S Zang	1,435,668
S Kasaneva	-
B Jarvis	-
W Hubert	1,750,000

It is also noted:

1. P Vergara del Carril, E Elsztain and S Zang are directors of Guanaco Capital Holding Corp which holds 24,289,330 shares according to the last substantial holder notice lodged in September 2013.
2. E Elsztain and S Zang are directors of IFISA which holds 115,492,415 shares according to the last substantial holder notice lodged in September 2013.

Remuneration Report (Audited)

Remuneration Policy

The Company has a Remuneration Policy that aims to ensure the remuneration packages of directors and senior executives properly reflect the person's duties, responsibilities and level of performance, as well as ensuring that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

The Company reviews information about remuneration levels in the various labour markets in which it competes. Total fixed compensation for a particular grade of employee is aimed at the median level of the relevant market.

Remuneration of executive director and Chief Operating Officer (COO) Stabro Kasaneva is made up of a fixed component and a variable component equal to 50% of the fixed component. Performance against pre-determined targets are used to determine the portion of the variable component paid. The targets are based on financial and non financial indicators and include production, safety and new business. The bonus (variable component) paid in the year ended 30 June 2013 represents 100% achievement of these targets.

Non-executive directors' remuneration

Non-executive directors that are associates of the Company's major shareholder (Eduardo Elsztain, Saul Zang and Pablo Vergara del Carril) do not receive any fees or payments from the Group. Independent non-executive directors (Robert Trzebski, Ben Jarvis and Wayne Hubert) receive between $40,000 and $50,000 pa which reflects the demands and responsibilities of their position.

Details of Remuneration

	PRIMARY			POST-EMPLOYMENT		SHARE-BASED		TOTAL
	Cash Salary & Fees	Cash Bonus	Non-monetary Benefits	Super-annuation	Retirement Benefits	Shares	Options	
	$	$	$	$	$	$	$	$
YEAR ENDED 30 JUNE 2013								
S Kasaneva	322,548	163,030	-	-	-	-	-	485,579
W Hubert	48,124	-	-	-	-		-	48,124
R Trzebski	38,125	-	-	3,303	-		-	41,428
B Jarvis	38,125	-	-	3,303	-		-	41,428
P Vergara delCarril	1,428	-	-	-	-	-	-	1,428
Total Directors	**448,350**	**163,030**	**-**	**6,606**	**-**	**-**	**-**	**617,987**
One gold coin gifted in May 2013 to each director listed above								
OTHER KEY MANAGEMENT PERSONNEL								
C Lloyd	119,266	-	-	10,734	-	-	-	130,000
Total KMP	**119,266**	**-**	**-**	**10,734**	**-**	**-**	**-**	**130,000**
Total 2013	**567,616**	**163,030**	**-**	**17,340**	**-**	**-**	**-**	**747,987**

Details of Remuneration (prior year)

	PRIMARY			POST-EMPLOYMENT		SHARE-BASED		TOTAL
	Cash Salary & Fees $	Cash Bonus $	Non-monetary Benefits $	Super-annuation $	Retirement Benefits $	Shares $	Options $	$
YEAR ENDED 30 JUNE 2012								
S Kasaneva	308,135	*310,184	-	-	-	-	-	618,319
W Hubert	35,150	-	-	-	-		-	35,150
R Trzebski	36,697	-	-	3,303	-		-	40,000
B Jarvis	36,697	-	-	3,303	-		-	40,000
Total Directors	**416,679**	**310,184**	**-**	**6,606**	**-**	**-**	**-**	**733,469**
OTHER KEY MANAGEMENT PERSONNEL								
C Lloyd	123,089	-	-	11,078	-	-	-	134,167
Total KMP	**123,089**	**-**	**-**	**11,078**	**-**	**-**	**-**	**134,167**
Total 2011	**539,768**	**310,184**	**-**	**17,684**	**-**	**-**	**-**	**867,636**

*$165,765 of this bonus relates to the years ended 30 June 2011 and 30 June 2010.

Service Agreements

Further to his responsibilities as a Director of Austral Gold Limited, Stabro Kasaneva is employed by the Group as Chief Operating Officer. His employment contract commenced in September 2009 and has no fixed termination date. The termination period is 30 days notice by either party. His salary is paid in Chilean pesos and is subject to a 6-monthly review. Details of payments made for the year ended 30 June 2013 are contained in the table above.

Share Based Payments

There were no share based payments made to Directors or key management personnel during the year.

This concludes the Remuneration Report which has been audited.

Auditors

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

Non-audit services

The company may decide to employ the auditors on assignments additional to their statutory audit duties where the auditors' expertise and experience with the Company are important.

Details of amounts paid or payable to the auditors of the Company (BDO) and its subsidiaries (Nexia and PKF) for audit and non-audit services provided during the year are set out in the adjacent table.

	2013 $	2012 $
Audit Services and review of financial reports	144,691	101,476
Non-audit services	21,628	2,585
Total auditors fees	**166,319**	**104,061**

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditors, as set out below, did not compromise the auditors independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditors.
- None of the services undermine the general principles relating to auditors independence as set out in APES 110 Code of Ethics for Professional Accountants.

Proceedings on Behalf of the Company

Other than stated below, no person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Auditors Independence Declaration

The lead auditors' independence declaration for the year ended 30 June 2013 has been received and is included in this report.

Signed in accordance with a resolution of Directors at Sydney

Ben Jarvis
Director 26 September 2013

Tel: 61 2 9251 4100
Fax: 61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

DECLARATION OF INDEPENDENCE BY TIM SYDENHAM TO THE DIRECTORS OF AUSTRAL GOLD LIMITED

As lead auditor of Austral Gold Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

Tim Sydenham

Partner

BDO East Coast Partnership

Sydney, 26 September 2013

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.

Financial Statements

Statement of Profit or Loss and other Comprehensive Income

Austral Gold Limited and its Subsidiaries

For the year ended 30 June 2013

		Consolidated	
	Notes	2013 $	2012 $
CONTINUING OPERATIONS			
Revenue	4	62,877,362	30,389,567
Total revenue		**62,877,362**	**30,389,567**
Cost of sales	5	(52,058,852)	(28,283,475)
Finance costs	5	(8,155,875)	(7,089,396)
Administration expenses	5	(5,615,830)	(4,916,528)
Impairment	5	(1,600,668)	(4,917,831)
Loss before income tax		**(4,553,863)**	**(14,817,663)**
Income tax expense	7	(2,868,325)	(1,105,617)
Loss after income tax		**(7,422,188)**	**(15,923,280)**
Loss after tax attributable to outside equity interest		-	-
Net Loss for the year		**(7,422,188)**	**(15,923,280)**
OTHER COMPREHENSIVE INCOME – ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS			
Foreign currency translation		6,956,016	2,093,363
Total comprehensive income for the year		**(466,712)**	**(13,829,917)**
LOSS PER SHARE (cents per share):			
Basic loss per share	8	(4.4)c	(9.4)c
Diluted loss per share	8	(4.4)c	(9.4)c

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

Austral Gold Limited and its Subsidiaries

as at 30 June 2013

	Notes	Consolidated 2013 $	Consolidated 2012 $
ASSETS			
Current assets			
Cash and cash equivalents	10	5,021,694	469,876
Trade and other receivables	12	11,303,441	3,088,005
Inventories	11	3,737,221	3,555,662
Total current assets		**20,062,356**	**7,113,543**
Non-current assets			
Other receivables	12	1,800,442	3,828,225
Financial assets	13	51,465	340,111
Intangible assets	14	59,124,056	66,332,753
Plant and equipment	15	24,041,595	20,185,655
Exploration and evaluation expenditure	16	379,610	171,822
Total non-current assets		**85,397,168**	**90,858,566**
TOTAL ASSETS		**105,459,524**	**97,972,109**
LIABILITIES			
Current liabilities			
Trade and other payables	17	5,669,985	5,924,731
Provisions	18	26,729	22,047
Borrowings	19	1,882,429	721,988
Total current liabilities		**7,579,143**	**6,668,766**
Non-current liabilities			
Provisions	18	910,215	742,752
Borrowings	19	60,893,911	57,352,048
Deferred tax liability	7	4,462,188	1,128,290
Total non-current liabilities		**66,266,314**	**59,223,090**
TOTAL LIABILITIES		**73,845,457**	**65,891,856**
NET ASSETS		**31,614,067**	**32,080,253**
EQUITY			
Issued capital	20	44,400,742	44,400,742
Accumulated losses	21	(13,527,348)	(6,105,160)
Reserves	23	740,629	(6,215,387)
Outside equity interest	22	44	58
TOTAL EQUITY		**31,614,067**	**32,080,253**

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 year ended 30 June 2013

		Consolidated				
	Notes	Issued capital $	Retained earnings/ (Accumulated losses) $	Reserves $	Minority interest $	Total $
Balance at 30 June 2011		**44,400,742**	**9,818,120**	**(8,323,247)**	**56**	**45,895,671**
Loss for the year	21	-	(15,923,280)	-	-	**(15,923,280)**
Other comprehensive income		-	-	2,093,363	-	**2,093,363**
Total comprehensive income for the year		-	(15,923,280)	2,093,363	-	**(13,829,917)**
Increase in minority interest attributable to foreign exchange		-	-	-	2	**2**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:						
Options issued	23	-	-	14,497	-	**14,497**
Balance at 30 June 2012		**44,400,742**	**(6,105,160)**	**(6,215,387)**	**58**	**32,080,253**
Loss for the year	21	-	(7,422,188)	-	-	**(7,422,188)**
Other comprehensive income		-	-	6,956,016	-	**6,956,016**
Total comprehensive income for the year		-	(7,422,188)	6,956,016	-	**(466,712)**
Increase in minority interest attributable to foreign exchange		-	-	-	(14)	**(14)**
Balance at 30 June 2013		**44,400,742**	**(13,527,348)**	**740,629**	**44**	**31,614,067**

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 year ended 30 June 2013

		Consolidated	
	Notes	2013 $	2012 $
Cash flows from operating activities			
Receipts from customers		62,776,259	30,112,158
Payments to suppliers and employees		(42,753,502)	(22,581,080)
Net cash provided through operating activities	**28**	**20,022,757**	**7,531,078**
Cash flows from investing activities			
Proceeds from sale of plant and equipment		73,713	10,738
Purchase of property, plant and equipment	15	(1,291,159)	(1,946,477)
Investment in shares		(469,418)	(1,216,219)
Deposit for investment in Argentex		(2,637,140)	-
Payment for exploration and evaluation expenditure		(153,210)	(63,572)
Investment in development assets	14	(6,866,171)	(4,016,475)
Interest received		5,131	1,787
Net cash used in investing activities		**(11,338,254)**	**(7,230,218)**
Cash flows from financing activities			
Loans from related party		-	2,595,002
Repayment to related party		(4,307,069)	(2,353,664)
Net cash (used in)/provided through financing activities		**(4,307,069)**	**241,338**
Movement attributable to foreign currency translation		174,384	(1,381,467)
Net (decrease) / increase in cash held		4,551,818	(839,269)
Cash at beginning of financial year		469,876	1,309,145
Cash at end of financial year	**10**	**5,021,694**	**469,876**

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

Notes to the Financial Statements

1 CORPORATE INFORMATION

The financial report of Austral Gold Limited ("the Company") for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of the Directors on 25 September 2013.

Austral Gold Limited is a company limited by shares that is incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange.

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

2 SUMMARY OF ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001, as appropriate for profit oriented entities.

The financial report covers the Consolidated Entity of Austral Gold Limited and its subsidiaries ("the Group") and is presented in English.

The financial report of Austral Gold Limited and its subsidiaries complies with International Financial Reporting Standards (IFRS) issued by the International Accouting Standards Board (IASB).

Parent entity information

In accordance with the Corporations Act, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 29.

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

2.1 Basis of preparation

The financial report has been prepared on a historical cost basis, except for certain financial assets and liabilities which are stated at fair value.

2.2 Statement of compliance

The accounting policies set out below have been consistently applied to all years presented.

2.3 Presentation currency

The financial report is presented in Australian dollars which is the presentation currency of the Group.

2.4 Use of estimates and judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities with the next financial year are discussed below:

Estimated impairment / reversal of impairment of development assets

Where indicators of impairment or reversal of impairment are identified the recoverable amounts of the assets are determined. The recoverable amounts of the assets have been determined using reports from independent experts. The calculations require the use of assumptions. Refer to note 14 for details of these assumptions.

Estimated impairment of exploration and evaluation assets

The Group tests at each reporting date whether there are any indicators of impairment as identified by AASB 6 "Exploration for and Evaluation of Mineral Resources". Where indicators of impairment are identified the recoverable amounts of the assets are determined. No indicators of impairment were identified in the current year.

2.5 Basis of consolidation

A subsidiary is any entity that Austral Gold Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of subsidiaries is contained in note 27 to the financial statements. The financial statements of the subsidiaries are prepared for the same reporting periods as the parent company using consistent accounting policies.

All inter-company balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation.

Outside equity interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

The financial statements of subsidiaries are included from the date control commences until the date control ceases.

2.6 Revenue recognition

Revenue from the sale of goods is recognised when control of the goods has passed to the buyer, the amount of revenue can be measured reliably and it is probable that it will be received by the Group.

Sale of minerals

Sale of minerals is recognised at the point of sale, which is when the customer has taken delivery of the goods, the risks and rewards have been transferred to the customer and there is a valid contract.

Interest revenue

Interest revenue is recognised as it accrues, using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

2.7 Goods and services tax/ Value added tax

Revenues, expenses and assets are recognised net of the amount of GST/VAT, except where the amount of GST/VAT incurred is not recoverable from the Tax Office. In these circumstances the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST/VAT.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST/VAT component of investing and financing activities, which are disclosed as operating cash flows.

2.8 Intangibles

Development assets

When the technical and commercial feasibility of an undeveloped mining project has been demonstrated the project enters the development phase. The cost of the project assets are transferred from exploration and evaluation expenditure and reclassified into development phase and include past exploration and evaluation costs, development drilling and other subsurface expenditure. When full commercial operation commences, the accumulated costs are transferred into producing assets.

2.9 Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest and are carried forward in the Statement of Financial Position where:

2.9.1 rights to tenure of the area of interest are current; and

2.9.2 one of the following conditions is met:

i such costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively, by its sales; or

ii exploration and/or evaluation activities in the area of interest have not, at reporting date, yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or relation to, the areas are continuing.

Expenditure relating to pre-exploration activities is written off to the Statement of Profit or Loss during the period in which the expenditure is incurred.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Accumulated expenditure on areas that have been abandoned, or are considered to be of no value, are written off in the year in which such a decision is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

2.10 Investments

Investments in subsidiaries are carried in the Parent Entity's financial statements at the lower of cost and recoverable amount.

2.11 Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation

Items of plant and equipment have limited useful lives and are depreciated on a straight line basis over their estimated useful lives.

Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only. Depreciation and amortisation are expensed, except to the extent that they are included in the carrying amount of another asset as an allocation of production overheads.

The depreciation rate used is between 5% - 33%.

De-recognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is de-recognised.

2.12 Translation of foreign currency items

The functional and presentation currency of Austral Gold Limited is Australian dollars ($).

The functional currency of Guanaco Mining Company is American dollars (US$) and its presentation currency is Australian dollars ($).

The functional currency of Austral Gold Argentina is American dollars ($US) and its presentation currency is Australian dollars ($).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at Statement of Financial Position date.

Exchange differences are recognised as revenues or expenses in net profit or loss in the period in which exchange rates change except for qualifying assets and hedge transactions.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

The results and financial position of all Group entities that have a functional currency different from the parent's functional currency are translated into Australian Dollars as follows:

i Assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position.

ii Income and expenses for Profit or Loss are translated at the average rate of exchange.

iii All resulting exchange differences are recognised as a separate component of equity.

2.13 Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash includes:

i cash on hand and at call deposits with banks or financial institutions; and

ii other short-term highly liquid investments with original maturities of three month or less, and bank overdrafts.

2.14 Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and

tax laws used to compute the amount are those that are enacted or substantively enacted by reporting date.

Deferred income tax is provided on all temporary differences at reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except :

i when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

ii when the taxable temporary difference is associated with investments in subsidiaries, associates, or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

iii when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

iv when the deductible temporary difference is associated with investments in subsidiaries, associates, or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of any deferred income tax assets recognised is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply for the year when the asset is realised or the liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted at reporting date.

Income taxes relating to items recognised directly to equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

2.15 Inventories

Raw materials and work in progress are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity. Finished goods are stated at net realisable value. Net realisable value is determined using the prevailing metal prices.

2.16 Trade and other receivables

Trade accounts receivable, amounts due from related parties and other receivables represent the principal amounts due at balance date plus accrued interest and less, where applicable, any unearned income and provisions for doubtful accounts.

2.17 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

2.18 Interest bearing liabilities

All loans and borrowings are initially recognised at cost, being the fair value of consideration received net of issue costs associated with the borrowing.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the Profit or Loss when the liabilities are derecognised and as well as through the amortisation process.

2.19 Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.20 Leases

Lease payments for operating leases, where all the risks and benefits remain with the lessor, are recognised as an expense in the Profit or Loss on a straight line basis over the lease term.

2.21 Impairment of assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell or value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Profit or Loss. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax rate.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives or more frequently if events or circumstances indicate that the carrying value may be impaired.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

2.22 De-recognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

i the rights to receive cash flows from the asset have expired;

ii the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or

iii the Group has transferred its rights to receive cash flows from the asset and either:

iv has transferred substantially all the risks and rewards of the asset, or

v has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

Available-for-sale financial assets

The Group's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or determined to be impaired, at which time the accumulative gain or loss previously reported in equity is recognised in profit or loss. Where the value of available-for-sale financial assets cannot be reliably estimated the asset is carried at cost.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.23 Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.24 Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the parent, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

2.25 Borrowing costs

Borrowing costs are recognised as an expense when incurred unless they are capitalised for qualifying assets.

2.26 Employee leave benefits

Wages and salaries, annual leave and sick leave

Liabilities for employees' entitlements to wages and salaries, annual leave and other employee entitlements expected to be settled within 12 months of the reporting date are recognised in the current provisions in respect of employees' services up to reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated cash outflows.

Superannuation

The Company contributes to employee superannuation funds. Contributions made by the Company are legally enforceable. Contributions are made in accordance with the requirements of the Superannuation Guarantee Legislation.

2.27 Going concern

At the reporting date the Group had net current assets of $12,483,213 (2012: $444,777) and had net cash inflows from operations of $20,022,757 (2012: net cash inflows of $7,531,078) for the year ended 30 June 2013. In addition:

i production from Guanaco yielded revenue from operations of $62,776,259 in the 12 months to 30 June 2013 (2012: $30,112,061);

ii draw downs on the loan from IFISA ceased in February 2012. $4,307,069 were repaid in the 12 months to 30 June 2013 (2012: $2,353,664);

iii At 30 June 2013 the Group is able to draw down an additional $15,844,609 on the loan from IFISA should it be necessary;

iv the interest rate applicable to the loan from IFISA is 4%; and

v the Company has the support of its substantial shareholder, Inversiones Financieras del Sur S.A. (IFISA) and associates, who confirm that they will continue to support Austral Gold Limited by providing adequate financial assistance in accordance with the details contained in the Funding Agreements between Austral Gold Limited and IFISA.

Based on the above, the directors believe the going concern basis of preparation of the financial report is appropriate.

2.28 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

3 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2013 but have not been applied in preparing this financial report. They are not expected to have a material impact on the Group when they are adopted.

AASB 9 Financial Instruments

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2015 and completes phase I of the IASB's project to replace IAS 39 (being the international equivalent to AASB 139 'Financial Instruments: Recognition and Measurement'). This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The consolidated entity will adopt this standard from 1 July 2015 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 10 Consolidated Financial Statements

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. The standard has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns (e.g. dividends, remuneration, returns that are not available to

other interest holders including losses) from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights (e.g. voting rights, potential voting rights, rights to appoint key management, decision making rights, kick out rights) that give it the current ability to direct the activities that significantly affect the investee's returns (e.g. operating policies, capital decisions, appointment of key management). The consolidated entity will not only have to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes. The adoption of this standard from 1 July 2013 may have an impact where the consolidated entity has a holding of less than 50% in an entity, has de facto control, and is not currently consolidating that entity.

AASB 11 Joint Arrangements

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. The standard defines which entities qualify as joint ventures and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets will use equity accounting. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities will account for the assets, liabilities, revenues and expenses separately, using proportionate consolidation. The adoption of this standard from 1 July 2013 will not have a material impact on the consolidated entity.

AASB 12 Disclosures of Interests in Other Entities

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. It contains the entire disclosure requirement associated with other entities, being subsidiaries, associates and joint ventures. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'. The adoption of this standard from 1 July 2013 will significantly increase the amount of disclosures required to be given by the consolidated entity such as significant judgements and assumptions made in determining whether it has a controlling or non-controlling interest in another entity and the type of non-controlling interest and the nature and risks involved.

AASB 13 Fair Value Measurement

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and it provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach would be used to measure assets whereas liabilities would be based on transfer value. As the standard does not introduce any new requirements for the use of fair value, its impact on adoption by the consolidated entity from 1 July 2013 should be minimal, although there will be increased disclosures where fair value is used.

AASB 127 Separate Financial Statements (Revised)

AASB 128 Investments in Associates and Joint Ventures (Reissued)

These standards are applicable to annual reporting periods beginning on or after 1 January 2013. They have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12. The adoption of these revised standards from 1 July 2013 will not have a material impact on the consolidated entity.

AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)

This revised standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The amendments make changes to the accounting for defined benefit plans and the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. The later will require annual leave that is not expected to be wholly settled within 12 months to be discounted allowing for expected salary levels in the future period when the leave is expected to be taken. The adoption of the revised standard from 1 July 2013 is expected to reduce the reported annual leave liability of the consolidated entity.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement

These amendments are applicable to annual reporting periods beginning on or after 1 July 2013, with early adoption not permitted. They amend AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). The adoption of these amendments from 1 July 2014 will remove the duplication of information relating to individual KMP in the notes to the financial statements and the directors report. As the aggregate disclosures are still required by AASB 124 and during the transitional period the requirements may be included in the Corporations Act or other legislation, it is expected that the amendments will not have a material impact on the consolidated entity.

AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards

The amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The amendments make numerous consequential changes to a range of Australian Accounting Standards and Interpretations, following the issuance of AASB 10, AASB 11, AASB 12 and revised AASB 127 and AASB 128. The adoption of these amendments from 1 July 2013 will not have a material impact on the consolidated entity.

Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine and AASB 2011-12 Amendments to Australian Accounting Standards arising from Interpretation 20

This interpretation and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013 The Interpretation clarifies when production stripping costs should lead to the recognition of an asset and how that asset should be initially and subsequently measured. The Interpretation only deals with waste removal costs that are incurred in surface mining activities during the production phase of the mine. The adoption of the interpretation and the amendments from 1 July 2013 will not have a material impact on the consolidated entity.

AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities

The amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The disclosure requirements of AASB 7 'Financial Instruments: Disclosures' (and consequential amendments to AASB 132 'Financial Instruments: Presentation') have been enhanced to provide users of financial statements with information about netting arrangements, including rights of set-off related to an entity's financial instruments and the effects of such rights on its statement of financial position. The adoption of the amendments from 1 July 2013 will increase the disclosures by the consolidated entity.

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities

The amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of "currently has a legally enforceable right of set-off"; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement. The adoption of the amendments from 1 July 2014 will not have a material impact on the consolidated entity.

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle

The amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The amendments affect five Australian Accounting Standards as follows: Confirmation that repeat application of AASB 1 (IFRS 1) 'First-time Adoption of Australian Accounting Standards' is permitted; Clarification of borrowing cost exemption in AASB 1; Clarification of the comparative information requirements when an entity provides an optional third column or is required to present a third statement of financial position in accordance with AASB 101 'Presentation of Financial Statements'; Clarification that servicing of equipment is covered by AASB 116 'Property, Plant and Equipment', if such equipment is used for more than one period; clarification that the tax effect of distributions to holders of equity instruments and equity transaction costs in AASB 132 'Financial Instruments: Presentation' should be accounted for in accordance with AASB 112 'Income Taxes'; and clarification of the financial reporting requirements in AASB 134 'Interim Financial Reporting' and the disclosure requirements of segment assets and liabilities. The adoption of the amendments from 1 July 2013 will not have a material impact on the consolidated entity.

AASB 2012-9 Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039

This amendment is applicable to annual reporting periods beginning on or after 1 January 2013. The amendment removes reference in AASB 1048 following the withdrawal of Interpretation 1039. The adoption of this amendment will not have a material impact on the consolidated entity.

AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments

These amendments are applicable to annual reporting periods beginning on or after 1 January 2013. They amend AASB 10 and related standards for the transition guidance relevant to the initial application of those standards. The amendments clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments. The adoption of these amendments will not have a material impact on the consolidated entity.

4 REVENUE

	Consolidated	
	2013 $	**2012 $**
Operating activities		
Revenue from gold and silver sales	62,776,259	30,112,061
Interest revenue	5,131	1,787
Other	95,972	275,719
Total revenue	**62,877,362**	**30,389,567**

5 LOSS FOR THE YEAR

	Consolidated 2013 $	Consolidated 2012 $
Expenses		
Depreciation of plant and equipment	5,416,821	2,496,319
Amortisation of intangible assets	11,124,935	2,914,505
Total depreciation and amortisation (included in cost of sales)	**16,541,756**	**5,410,824**
Loss from foreign exchange	6,020,955	2,229,932
Finance costs - related parties	1,834,395	4,859,464
Finance costs - other	300,525	-
Total finance costs	**8,155,875**	**7,089,396**
Rental expense on operating leases	15,400	30,755
Impairment of financial assets	1,600,668	4,917,831
Defined contribution plan expense	20,550	21,094

6 AUDITORS' REMUNERATION

	Consolidated 2013 $	Consolidated 2012 $
Remuneration of the auditors of the parent entity (BDO) for:		
Auditing or reviewing the financial reports	71,280	66,000
Other services/taxation	-	-
Total auditors' remuneration – parent entity (BDO)	**71,280**	**66,000**
Remuneration of auditors of subsidiaries (Nexia & PKF) for:		
Auditing or reviewing the financial reports	73,411	35,476
Other services/taxation	21,628	2,585
Total auditors' remuneration – subsidiaries (Nexia & PKF)	**95,039**	**38,061**

7 INCOME TAX EXPENSE

	Consolidated 2013 $	Consolidated 2012 $
Loss before tax	(4,553,863)	(14,817,663)
Prima facie income tax (benefit) / expense calculated at 30% on the (loss)/profit	(1,366,159)	(4,445,299)
Difference due to overseas tax rate	455,386	150,031
Non-deductible expenses / (exempt revenue)	5,564,301	2,573,186
Temporary differences previously not brought into account	-	1,273,011
Temporary differences not brought into account	(1,785,203)	1,554,688
Income tax expense	**2,868,325**	**1,105,617**
Deferred tax asset		
Tax loss carried forward	764,852	4,094,913
Accrual for mine closure	165,238	137,409
Accrual for vacations	99,900	48,480
Total deferred tax assets	**1,029,990**	**4,280,802**
Deferred tax liabilities		
Mining concessions	(5,492,178)	(4,440,821)
Other receivables	-	(968,271)
Total deferred tax liabilities	**(5,492,178)**	**(5,409,092)**
Net deferred tax liabilities	**(4,462,188)**	**(1,128,290)**
NET DEFERRED TAX LIABILITIES		
Opening balance	**(1,128,290)**	**-**
Charged to profit or loss	(2,868,325)	(1,105,617)
Movement attributable to foreign currency translation	(465,573)	(22,673)
Closing balance	**(4,462,188)**	**(1,128,290)**

8 LOSS PER SHARE

	Consolidated	
Classification of securities as ordinary shares *Ordinary shares have been included in basic loss per share.*	**2013 $**	**2012 $**
Earnings reconciliation		
Net loss	(7,422,188)	(15,923,280)
Net loss attributable to outside equity interests	-	-
Net loss	**(7,422,188)**	**(15,923,280)**
Weighted average number of shares used as the denominator		
Number for basic earnings per share	169,139,739	169,139,739
Number for diluted earnings per share	169,139,739	169,139,739
Basic loss per ordinary share (cents)	(4.4)	(9.4)
Diluted loss per ordinary share (cents)	(4.4)	(9.4)

9 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, Australia and South America. The CODM monitors the performance in these two regions separately.

	2013			2012		
	Australia $	**South America $**	**Consolidated $**	**Australia $**	**South America $**	**Consolidated $**
Revenue from gold and silver sales	-	62,776,259	62,776,259	-	30,112,061	30,112,061
Interest revenue	1,931	3,200	5,131	1,787	-	1,787
Other	-	95,972	95,972	-	275,719	275,719
Total segment revenue	**1,931**	**62,875,431**	**62,877,362**	**1,787**	**30,387,780**	**30,389,567**
Cost of sales	-	(35,517,096)	(35,517,096)	-	(22,872,651)	(22,872,651)
Amortisation	-	(11,124,935)	(11,124,935)	-	(2,914,505)	(2,914,505)
Depreciation	(1,545)	(5,415,276)	(5,416,821)	(1,545)	(2,494,774)	(2,496,319)
Impairment	-	(1,600,668)	(1,600,668)	-	(4,917,831)	(4,917,831)
Finance costs	(1,834,395)	(300,525)	(2,134,920)	(4,859,464)	-	(4,859,464)
(Loss)/gain from foreign exchange	(6,207,093)	186,138	(6,020,955)	(2,432,577)	202,645	(2,229,932)
Income tax expense	-	(2,868,325)	(2,868,325)	-	(1,105,617)	(1,105,617)
Other	(948,218)	(4,667,612)	(5,615,830)	(6,580,282)	1,663,754	(4,916,528)

	2013			2012		
	Australia $	South America $	Consolidated $	Australia $	South America $	Consolidated $
Segment (loss)/profit	**(8,989,320)**	**1,567,132**	**(7,422,188)**	**(13,872,081)**	**(2,051,199)**	**(15,923,280)**
Segment assets	**2,767,633**	**102,691,890**	**105,459,523**	**68,457**	**97,903,652**	**97,972,109**
Segment liabilities	**61,026,195**	**12,819,259**	**73,845,454**	**57,572,254**	**8,319,602**	**65,891,856**

10 CASH AND CASH EQUIVALENTS

	Consolidated 2013 $	Consolidated 2012 $
Cash at call and in hand	3,051,845	462,855
Short-term bank deposits	1,969,849	7,021
Total cash and cash equivalents	**5,021,694**	**469,876**

Reconciliation of Cash

Cash at the end of the financial year as shown in the Statement of Cash Flows, is reconciled to items in the Statement of Financial Position as follows:

Cash and cash equivalents	**5,021,694**	**469,876**

Risk Exposure

The Group's exposure to interest rate risk is discussed in note 24. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above.

11 INVENTORIES

	Consolidated 2013 $	Consolidated 2012 $
Raw materials – at cost	1,045,339	462,932
Work in progress – at cost	729,182	629,246
Finished goods – at net realisable value	1,962,700	2,463,484
Total inventories	**3,737,221**	**3,555,662**

12 TRADE AND OTHER RECEIVABLES

	Consolidated 2013 $	Consolidated 2012 $
CURRENT		
Trade receivables	5,449,082	384,749
Other current receivables	3,245,626	627,897
Pre-payments	2,019,690	1,486,330
GST/VAT receivable	589,043	589,029
Total current receivables	**11,303,441**	**3,088,005**
NON CURRENT		
GST/VAT receivable	103,265	63,092
Pre-payments	1,697,177	3,765,133
Total non-current receivables	**1,800,442**	**3,828,225**
TRADE DEBTORS		
The ageing of trade receivables is 0 – 30 days	5,449,082	384,749

12.1 Past due but not impaired

There were no receivables past due at 30 June 2013 (2012: nil).

12.2 Fair value and credit risk

Due to the short term nature of trade receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 24 for more information on the risk management policy of the Group and the credit quality of the receivables.

12.3 Key Customers

The Company is not reliant on any one customer to sell gold and silver produced from the Guanaco mine.

13 FINANCIAL ASSETS

	Consolidated 2013 $	Consolidated 2012 $
Investment in shares – opening balance	340,111	4,306,285
Additions	469,418	1,216,219
Loss on adjustment to market price	(80,649)	-
Movement attributable to foreign currency translation	923,253	(264,562)
Impairment	(1,600,668)	(4,917,831)
Total investment in shares	**51,465**	**340,111**

These financial assets are carried at cost less accumulated impairment losses. There are no fixed returns or fixed maturity date attached to these investments. Refer to note 24 for detailed information on financial instruments.

Impairment

In April 2013 Austral Gold exited the AMINSA earn-in agreement and as a result the carrying value of its investment in AMINSA has been reduced to nil.

14 INTANGIBLE ASSETS

	Consolidated	
	2013 $	2012 $
Guanaco		
Cost	73,325,282	69,409,044
Accumulated amortisation	(14,201,226)	(3,076,291)
Development assets – Guanaco	**59,124,056**	**66,332,753**
MOVEMENTS IN CARRYING VALUE		
Reconciliations of the carrying amounts for intangible assets are set out below:		
Carrying amount at beginning of year	66,332,753	64,083,041
Additions	6,866,171	4,016,475
Reclassification to plant and equipment	(5,745,085)	-
Amortisation	(11,124,935)	(2,914,505)
Movement attributable to foreign currency translation	2,795,152	1,147,742
Carrying amount at end of year	**59,124,056**	**66,332,753**

Impairment - Guanaco

The Guanaco project has been determined by Management to be a single cash generating unit ("CGU"). The intangible assets noted above and the plant and equipment as included in note 15 below are included in determining the carrying value of the CGU for the purposes of assessing for impairment.

Management have assessed the fair value and book value of the Guanaco project to be $81.4 million. The fair value is based on an independent valuation using a discounted cash flow model and the following assumptions:

Gold price: US$1,498/oz – US$1,230/oz
Life of Mine: 7 years
Discount Rate: 7.2%

15 PLANT AND EQUIPMENT

	Consolidated 2013 $	Consolidated 2012 $
Plant and equipment - at cost	33,215,003	23,942,242
Accumulated depreciation	(9,173,408)	(3,756,587)
Carrying amount at end of year	**24,041,595**	**20,185,655**
MOVEMENTS IN CARRYING VALUE		
Carrying amount at beginning of year	20,185,655	20,021,794
Additions	1,291,159	1,946,477
Transfer from intangibles	5,745,085	-
Disposals	(25,271)	(50,655)
Depreciation	(5,416,821)	(2,496,319)
Movement attributable to foreign currency translation	2,261,788	764,358
Carrying amount at end of year	**24,041,595**	**20,185,655**

Plant and equipment has been included in the Guanaco cash generating unit. Refer note 14 for discussion on impairment.

16 EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated 2013 $	Consolidated 2012 $
Costs carried forward in respect of areas of interest in:		
Opening balance	171,822	116,215
Additions for the year	153,210	63,572
Movement attributable to foreign currency translation	54,578	(7,965)
Carrying amount at end of year	**379,610**	**171,822**

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.

17 TRADE AND OTHER PAYABLES

	Consolidated 2013 $	Consolidated 2012 $
CURRENT		
Trade creditors and accruals	**5,669,985**	**5,924,731**

Refer to note 24 for detailed information on financial instruments.

18 PROVISIONS

	Consolidated 2013 $	Consolidated 2012 $
CURRENT		
Employee entitlements	26,729	22,047
MOVEMENT IN CURRENT PROVISIONS		
Opening balance	22,047	12,179
Charged to the profit or loss	3,660	9,868
Movement attributable to foreign currency translation	1,022	-
Closing balance	**26,729**	**22,047**

Amounts not expected to be settled within the next 12 months

The current provision for leave includes all unconditional entitlements in accordance with the applicable legislation. The entire amount is presented as current, since the Group does not have an unconditional right to defer payment.

NON CURRENT		
Mine closure	910,215	742,752
MOVEMENT IN NON CURRENT PROVISIONS		
Opening balance	742,752	639,755
Charged to the profit or loss	75,143	102,997
Movement attributable to foreign currency translation	92,320	
Closing balance	**910,215**	**742,752**

The restoration provision relates to the estimated costs of dismantling and restoring mining sites and exploration tenements to their original condition at the end of the life of the mine or exploration drilling program. The provision at year end represents the present value of the Directors' best estimate of the future sacrifice of economic benefits that will be required for meeting environmental obligations for existing tenements after activities have been completed. The provision is reviewed annually by the Directors.

The present value of the restoration provision was determined based on the following assumptions:

- Undiscounted rehabilitation costs: US$1,099,870;
- Life of Mine: 5 years; and
- Discount rate of 12%

19 BORROWINGS

	Consolidated 2013 $	Consolidated 2012 $
CURRENT		
Royalty payable	1,882,429	721,988
Total current borrowings	**1,882,429**	**721,988**
NON-CURRENT		
Loan – IFISA	60,893,911	57,352,048
Total non-current borrowings	**60,893,911**	**57,352,048**
LOAN IFISA		
Balance at beginning of year	**57,352,048**	**49,818,669**
Funds drawn	-	2,604,522
Repayments	(4,307,069)	(2,353,664)
Interest	1,834,395	4,859,464
Movement attributable to foreign currency translation	6,014,537	2,423,057
Balance at end of year	**60,893,911**	**57,352,048**

19.1 Loan Inversiones Financieras del Sur SA (IFISA)

The borrowings are unsecured. Interest is charged at 4%. The loan comprises principal of $48,756,290 and capitalised interest of $12,137,621. The loan is repayable as follows:

i when sufficient cash flows of the Group allow;

ii at the election of IFISA to subscribe for shares in the Group (contingent on shareholder approval);

iii on successful completion of an equity raising by the Group; or

iv failing all of the above by 30 September 2014.

The Company has the support of its substantial shareholder, Inversiones Financieras del Sur S.A. (IFISA) and associates, who confirm that they will continue to support Austral Gold Limited by providing adequate financial assistance in accordance with the details contained in the Funding Agreements between Austral Gold Limited and IFISA.

19.2 Royalty payable

In accordance with the signed agreement with Compania Minera Kinam Guanaco, the Company is required to pay quarterly amounts determined as the greater between;

i The equivalent of USD75,000 or

ii The "NPI", that is approximately 5% of the income from the sale of concentrate less the necessary costs to produce the concentrate.

The Company can decide to cease to pay these quarterly amounts at any time with the payment of the local currency equivalent of USD 7,500,000 (without deducting royalties already paid).

The balance of $1,882,429 corresponds to the amount accrued up to 30 June 2013, that remains unpaid.

Risk exposure

The Group's risk exposure is currency risk, as the Group is responsible for repaying the loans in American dollars. Further details of this risk exposure is provided in note 24.

Fair value

The carrying value of the loan approximates its fair value.

20 ISSUED CAPITAL

	Consolidated 2013 $	Consolidated 2012 $
Fully paid ordinary shares	44,400,742	44,400,742

ORDINARY SHARES*	2013 Number of shares	2012 Number of shares
Balance at the beginning of the year	169,139,739	169,139,739
Balance at end of year	**169,139,739**	**169,139,739**

* Ordinary shares participate in dividends and the proceeds on winding up of the Parent Entity in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. The ordinary shares do not have any par value.

21 RETAINED EARNINGS / (ACCUMULATED LOSSES)

	Consolidated 2013 $	Consolidated 2012 $
Retained earnings / (accumulated losses) at beginning of year	(6,105,160)	9,818,120
Net loss for the year	(7,422,188)	(15,923,280)
Accumulated losses at end of year	**(13,527,348)**	**(6,105,160)**

22 OUTSIDE EQUITY INTERESTS

	Consolidated 2013 $	Consolidated 2012 $
Outside equity interests in subsidiaries comprise:		
Acquired as part of subsidiary	44	58

23 RESERVES

	Consolidated 2013 $	Consolidated 2012 $
FOREIGN CURRENCY TRANSLATION RESERVE		
Balance at beginning of year	**(6,229,884)**	**(8,323,247)**
Movement attributable to translation of foreign subsidiaries	6,956,016	2,093,363
Balance at end of year	**726,132**	**(6,229,884)**
SHARE OPTION RESERVE		
Balance at beginning of year	**14,497**	**-**
Options issued November 2011	-	14,497
Balance at end of year	**14,497**	**14,497**
Total Reserves	**740,629**	**(6,215,387)**

Nature and purpose of reserves

Foreign Currency Translation Reserve

Exchange differences arising on translation of the foreign subsidiaries are recognised in the foreign currency translation reserve. The reserve is recognised in profit or loss when the net investment is disposed of.

Share Option Reserve

Options granted / issued as share-based payments are recognised in the share option reserve. No options were granted during the year ended 30 June 2013.

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Although the Group does not have documented risk policies and procedures, the Directors manage the different types of risks to which it is exposed by considering risk and monitoring levels of exposure to interest rate and foreign exchange risk and by being aware of market forecasts for interest rates, foreign exchange and commodity prices. The Group does not have significant exposure to credit risk and liquidity risk is monitored through general business budgets and forecasts.

The Group holds the following financial instruments:

	Consolidated	
	2013 $	2012 $
FINANCIAL ASSETS		
Cash and cash equivalents	5,021,694	469,876
Trade and other receivables	8,694,708	1,012,646
Investment in shares	51,465	340,111
Total financial assets	**13,767,867**	**1,822,633**
FINANCIAL LIABILITIES		
Trade and other payables	(5,597,351)	(6,620,103)
Other financial liabilities	(60,893,911)	(57,352,048)
Total financial liabilities	**(66,491,262)**	**(63,972,151)**
Net exposure	**(52,723,395)**	**(62,149,518)**

24.1 Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments that are not traded in an active market such as investments in unlisted subsidiaries is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

The carrying value less impairment provision of receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

24.2 Risk Exposures and Responses

24.2.1 Interest Rate Risk

The Group's main interest rate risk arises from long term borrowings. The Group's borrowings are at a fixed rate of 4% (2012: 4%) and therefore do not carry any variable interest rate risk.

24.2.2 Currency Risk

At 30 June 2013 the Group had the following exposure to US dollars:

	Consolidated	
	2013 AUD $	**2012 AUD $**
FINANCIAL ASSETS		
Cash and cash equivalents	4,904,617	428,869
Trade and other receivables	8,657,893	1,008,296
Investment in shares	51,465	340,111
FINANCIAL LIABILITIES		
Trade and other payables	(5,554,666)	(6,421,293)
Other financial liabilities	(60,893,911)	(57,352,048)
Net exposure	**(52,834,602)**	**(61,996,065)**

Sensitivity analysis

The net exposure from financial assets and liabilities subject to exchange rate risk has been calculated using an exchange rate of USD/AUD 0.9133.

Based on the financial instruments held at 30 June 2013, had the Australian Dollar weakened/strengthened by 10% against the US Dollar with all other variables held constant, the Group's post tax profit would have been $4,825,384 lower/higher (2012: $6,298,180). The movement is mainly due to foreign exchange gains/losses on translation of US Dollar denominated financial instruments as detailed above.

24.2.3 Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any allowance for doubtful debts, as disclosed in the Statement of Financial Position and notes to the financial report.
The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitize 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.

24.2.4 Price Risk

The Group's revenues are exposed to fluctuations in the gold and other prices. Gold and silver produced is sold at prevailing market prices in American dollars.

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

24.2.5 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.

Financing arrangements

Under the funding agreement with IFISA, the Group had access to the following undrawn United States dollar denominated borrowing facilities at the reporting date:

	Consolidated	
	2013 USD	2012 USD
Total facility	59,000,000	59,000,000
Total used	44,529,119	49,051,002
Amount available	14,470,881	9,948,998

These loans may be drawn at any time and are repayable on the terms and conditions as set out in note 19.

Maturities of financial liabilities

The tables below analyse 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.

	Consolidated				
	< 6 months $	6-12 months $	1 -5 years $	>5 years $	Total $
YEAR ENDED 30 JUNE 2013					
FINANCIAL LIABILITIES					
Trade and other payables	5,597,351	-	-	-	5,597,351
Borrowings	-	-	64,015,926*	-	64,015,926
Total 2013 liabilities	**5,597,351**	**-**	**64,015,926**	**-**	**69,613,277**
YEAR ENDED 30 JUNE 2012					
FINANCIAL LIABILITIES					
Trade and other payables	6,620,103	-	-	-	6,620,103
Borrowings	-	-	62,477,732*	-	62,477,732
Total 2012 liabilities	**6,620,103**	**-**	**62,477,732**	**-**	**69,097,835**

*This amount is based on the following assumptions:

i there are no additional draw downs on the IFISA loan facility;

ii the loan is held to 30 September 2014 and is not repaid or converted into equity by IFISA; and

iii interest of $3,122,015 (2012: $5,125,684) calculated using rates disclosed in note 19.

Defaults and breaches

During the current and prior years, there were no defaults or breaches on any of the loans.

Capital management

The Group's policy is to maintain a strong and flexible capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors the return on capital which the Group defines as total shareholders' equity attributable to the members of Austral Gold Limited. The Group monitors financial position strength and flexibility using cash flow forecast analysis and a detailed budget process. There were no changes in the Group's approach to capital management during the year.

25 DIVIDENDS

No dividends were paid or proposed during the year.

Subject to shareholder approval at the November 2013 Annual General Meeting, the directors propose to make a payment to shareholders in the form of a return of capital.

26 COMMITMENTS

26.1 AMINSA Earn-in commitments

In April 2012 Austral Gold renegotiated terms with AMINSA which released it from future commitments under the earn-in agreement. The obligations set out below are not provided for in the accounts and are payable:

	Consolidated	
	2013 $	**2012 $**
Within one year – AMINSA Earn-in commitments	-	3,000,000
One year or later and no later than five years	-	-
Total commitments	**-**	**3,000,000**

27 SUBSIDIARIES

	Country of Incorporation	2013 % owned	2012 % owned
PARENT ENTITY			
Austral Gold Limited	Australia		
SUBSIDIARIES			
Guanaco Mining Company	British Virgin Islands	100.000	100.000
Guanaco Compañía Minera	Chile	99.998	99.998
Austral Gold Argentina	Argentina	99.852	99.750

28 CASH FLOW INFORMATION

	Consolidated	
	2013 $	2012 $
Reconciliation of cash flow from operations with loss after income tax:		
Loss after income tax	**(7,422,188)**	**(15,923,280)**
Non-cash flows in loss		
Interest expense capitalised	1,834,395	4,859,464
Impairment loss	1,600,668	4,917,831
Interest received	(5,131)	(1,787)
Foreign exchange translation loss	6,020,955	2,229,932
Depreciation and amortisation	16,541,756	5,410,824
Net cash from operating activities before change in assets and liabilities	**18,559,455**	**1,492,984**
Changes in assets and liabilities:		
Decrease/ (increase) in inventory	217,883	(2,055,251)
Decrease / (increase) in trade and other receivables	(2,856,101)	5,049,174
Increase in trade and other payables	3,392,852	834,315
Movement attributable to foreign currency translation	708,668	2,209,855
Cash flow from operations	**20,022,757**	**7,531,078**

29 PARENT ENTITY INFORMATION

Information relating to Austral Gold Limited:

	Consolidated	
	2013 $	**2012 $**
Current assets	2,762,624	61,905
Total assets	82,278,143	83,886,037
Current liabilities	4,545,821	706,257
Total liabilities	65,439,731	58,058,306
Net assets	**16,838,412**	**25,827,731**
Issued capital	44,400,742	44,400,742
Accumulated losses	(27,576,827)	(18,587,508)
Reserves	14,497	14,497
Total shareholders' equity	**16,838,412**	**25,827,731**
Loss of the parent entity	**(8,989,320)**	**(13,872,081)**
Total comprehensive income of the parent entity	**(8,989,320)**	**(13,886,578)**
Details of any guarantees entered into by the parent entity in relation to the debts of its subsidiaries	None	None
Details of any contingent liabilities of the parent entity	None	None
Details of any contractual commitments by the parent entity for the acquisition of property, plant or equipment.	None	None

30 SUBSEQUENT EVENTS

30.1 On 4 July 2013 Austral announced that it had finalised a private placement in Argentex in July 2013 in which Austral acquired a 19.9% interest at a total cost of C$5m. This investment makes Austral the largest shareholder in Argentex and provides Austral with one position on the Board of Argentex and one position on the Technical Comittee. Austral Gold and Argentex have also announced their intention to consider some form of business combination and negotiations around this are ongoing. Argentex's primary asset is the 100,000 hectare Pinguino project in Southern Argentina which includes an indicated resource of 23.6 million silver-equivalent-ounces with grades of 102.8 g/t Ag and 0.59 g/t Au.

30.2 On 17 August 2013 Austral Gold repaid US$973,863 to IFISA reducing the interest component of the liability outstanding.

30.3 On 18 September 2013 Austral signed a subscription agreement with Goldrock to acquire a 15% interest in the TSX-V listed company for a total cost of C$9.3 million. This investment is scheduled to close on 31 October 2013 and will make Austral the largest shareholder of Goldrock. The agreement entitles Austral to nominate one position on the Board of Goldrock and one position on the Technical Committee. Goldrock owns 100% of the Lindero gold project in the northwest of Argentina which has proven mineral reserves of 641,000 ounces of gold.

31 RELATED PARTIES AND KEY MANAGEMENT PERSONNEL

31.1 Directors

The names of each person holding the position of Director during the year are; Eduardo Elsztain, Saul Zang, Wayne Hubert, Pablo Vergara del Carril, Robert Trzebski, Stabro Kasaneva and Ben Jarvis. Amounts paid to Directors are set out in the table below.

31.2 Directors' holdings of shares and share options

The parent company, IFISA holds 68% interest in Austral Gold Limited.

Mr Eduardo Elsztain is a Director of Austral Gold Limited, Guanaco Capital Holding, Guanaco Mining Company, IFISA and President of Austral Gold Argentina SA. He holds 144,467,951 shares indirectly in Austral Gold Limited.

Mr Saul Zang is a Director of Austral Gold Limited, Guanaco Capital Holding, Guanaco Mining Company, Austral Gold Argentina SA and IFISA and he holds 1,435,668 shares indirectly in Austral Gold Limited.

Mr Pablo Vergara del Carril is a Director of Austral Gold Limited, Guanaco Capital Holding and of Guanaco Mining Company. He holds 68,119 shares directly in Austral Gold Limited.

E Elsztain and **S Zang** are directors of IFISA which holds 115,492,415 shares according to the last substantial holder notice lodged in September 2012.

P Vergara del Carril, E Elsztain and **S Zang** are directors of Guanaco Capital Holding Corp which holds 24,289,330 shares according to the last substantial holder notice lodged in September 2012.

Mr Stabro Kasaneva is a Director of Austral Gold Limited and does not hold any shares either directly or indirectly in Austral Gold Limited

Dr Robert Trzebski is a Director of Austral Gold Limited and does not hold any shares either directly or indirectly in Austral Gold Limited.

Mr Ben Jarvis is a Director of Austral Gold Limited and does not hold any shares either directly or indirectly in Austral Gold Limited.

Mr Wayne Hubert is a Director of Austral Gold Limited. He holds 1,750,000 shares indirectly in Austral Gold Limited.

31.3 Directors and Key Management Personnel Remuneration

	PRIMARY			POST-EMPLOYMENT		SHARE-BASED		TOTAL
	Cash Salary & Fees $	Cash bonus $	Non monetary benefits $	Super-annuation $	Retirement benefits $	Shares $	Options $	$
YEAR ENDED 30 JUNE 2013								
DIRECTORS								
S Kasaneva	322,548	163,030	-	-	-	-	-	485,579
W Hubert	48,124	-	-	-	-	-	-	48,124
R Trzebski	38,125	-	-	3,303	-	-	-	41,428
B Jarvis	38,125	-	-	3,303	-	-	-	41,428
P Vergara del Carril	1,428	-	-	-	-	-	-	1,428
Total Directors	**448,350**	**163,030**	**-**	**6,606**	**-**	**-**	**-**	**617,987**
One gold coin gifted in May 2013 to each director listed above								
OTHER KEY MANAGEMENT PERSONNEL								
C Lloyd	119,266	-	-	10,734	-	-	-	130,000
Total KMP	**119,266**	**-**	**-**	**10,734**	**-**	**-**	**-**	**130,000**
Total 2012	**567,616**	**163,030**	**-**	**17,340**	**-**	**-**	**-**	**747,987**
YEAR ENDED 30 JUNE 2012								
DIRECTORS								
S Kasaneva	308,135	*310,184	-	-	-	-	-	618,319
W Hubert	35,150	-	-	-	-	-	-	35,150
R Trzebski	36,697	-	-	3,303	-	-	-	40,000
B Jarvis	36,697	-	-	3,303	-	-	-	40,000
Total Directors	**416,679**	**310,184**	**-**	**6,606**	**-**	**-**	**-**	**733,469**
*$165,765 of this bonus relates to the years ended 30 June 2011 and 30 June 2010.								
OTHER KEY MANAGEMENT PERSONNEL								
C Lloyd	123,089	-	-	11,078	-	-	-	134,167
Total KMP	**123,089**	**-**	**-**	**11,078**	**-**	**-**	**-**	**134,167**
Total	**539,768**	**310,184**	**-**	**17,684**	**-**	**-**	**-**	**867,636**

31.4 Borrowings from majority shareholder

	IFISA 2013 $	IFISA 2012 $
Amount payable at end of year	60,893,911	57,352,048
Interest incurred	1,834,395	4,859,464
Funds received	-	2,595,002
Funds repaid	(4,307,069)	(2,353,664)

31.5 Ultimate parent entity

The Parent Entity is controlled by IFISA which is incorporated in Uruguay. The ultimate beneficial owner of IFISA is Eduardo Elsztain.

Director's Declaration

The Directors of Austral Gold Limited declare that:

1) The financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, accompanying notes, are in accordance with the Corporations Act 2001 and:

   i comply with Accounting Standards and the Corporations Act 2001; and

   ii give a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date.

2) The company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards

3) In the directors' opinion, 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 received the declarations required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Ben Jarvis
Director

Sydney
26 September 2013

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Level 11, 1 Margaret St
Sydney NSW 2000
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Austral Gold Limited

Report on the Financial Report

We have audited the accompanying financial report of Austral Gold Limited, which comprises the statement of financial position as at 30 June 2013, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Austral Gold Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.

Opinion

In our opinion:

(a) the financial report of Austral Gold Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 17 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Austral Gold Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership

Tim Sydenham

Partner

Sydney, 26 September 2013

Additional Information

Included in accordance with the Listing Rules of the Australian Stock Exchange Ltd and as required by Australian Securities Exchange Ltd.

Corporate Governance Statement

FOR THE YEAR ENDED 30 JUNE 2013

This statement outlines the main corporate governance practices in place throughout the financial year, which comply with the ASX Corporate Governance Council recommendations, unless otherwise stated.

Board of Directors and its Committees

Your board is responsible for the overall Corporate Governance of the Group including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Composition of the Board

The names of the Company directors in office at the date of this Statement are set out in the Directors' Report.

Audit Committee

The Audit Committee has a documented Charter, approved by the Board. The role of the Committee is to advise on the establishment and maintenance of a framework of internal controls and appropriate ethical standards for the management of the Group.

It also gives the Board of Directors additional assurance regarding the quality and reliability of financial information prepared for use by the Board in determining policies or for inclusion in the financial report.

The members of the Audit Committee during the year were:

- Mr Pablo Vergara del Carril (Non-Executive Director)
- Dr Robert Trzebski (Non-Executive Director)

Audit Committee Meetings are also attended by the external auditors and management representatives as required.

The responsibility of the Audit Committee includes:

- Reviewing the financial report and other financial information distributed externally;
- Reviewing any new accounting policies to ensure compliance with Australian Accounting Standards and generally accepted accounting principles;
- Considering whether non-audit services provided by the external auditor are consistent with maintaining the external auditors' independence;
- Liaising with the external auditors and ensuring that the annual and half year statutory audits are conducted in an effective manner and;
- Monitoring the procedure in place to ensure compliance with the Corporation Act 2001 and Stock Exchange Listing Rules and all other regulatory requirements.

The Audit Committee reviews the performance of the external auditors on an annual basis and normally meets with them during the following:

Prior to announcements of results:

- To review the half yearly and preliminary final report prior to lodgement of these documents with ASX, and any significant adjustments required as a result of the audit; and
- To make the necessary recommendations to the Board for the approval of these documents.

Annual reporting:

- To review the results and findings of the auditor, the adequacy of accounting and financial controls, and to monitor the implementation of any recommendations made;
- To review the draft financial report and audit report and to make the necessary recommendations to the Board for the approval of the financial report.

Remuneration Committee

All remuneration decisions are made by the Board.

The Board is cognisant of the objectives concerning remuneration and they are:

- to appropriately reward and thereby encourage excellent performance by management and directors, as measured by growth of the Company;
- to devise and/or approve appropriate incentives to facilitate growth;
- to take into account the requirements and expectations of all stakeholders, including shareholders, so that remuneration is balanced by expectations concerning profitability of the Company.

The Board will review:

- policies for the annual remuneration of directors and senior management;
- the basis of calculation of remuneration of those persons to ensure the appearance of reasonableness;
- current industry practice in the remuneration of directors and senior executives of similar size and industry entities;
- different methods of remuneration, including:
- bonus schemes;
- employee Share Option Scheme;
- fringe benefits;
- superannuation;
- retirement and termination packages.

The Board will also review:

- professional indemnity policies;
- related party disclosures in the financial statements;
- communication with major stakeholders to gauge their views on remuneration packages.

The Board's objectives concerning remuneration are to devise appropriate criteria for Board membership, and identify specific individuals for Board membership.

The Board takes into account:

- the skill sets of current Board members;
- the current and future requirements of the Company for skills in particular areas which it lacks;

- the value to stakeholders of a Board comprising individuals with high levels of independence and stature.

The Board fosters open and confidential communications at its meetings.

The Board will initiate an annual review of Board and individual director performance, including a review of Board size, committee structures, and effectiveness of Board meetings.

Internal Control Framework

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. To assist in discharging this responsibility, the Board has instigated an internal control framework that can be described as follows:

- Financial reporting – an annual budget is prepared by management and approved by the directors. Monthly actual results are reported against budget and revised forecasts for the year are prepared as required. The Company reports to shareholders quarterly. Procedures are also in place to ensure that price sensitive information is reported to the ASX in accordance with Continuous Disclosure Requirements.
- Investment appraisal – the Group has clearly defined guidelines for capital expenditure. These include annual budgets, detailed appraisal and review procedures, and levels of authority.

Gender Diversity

Austral Gold does not have a documented gender diversity policy. The Board is cognisant of the benefits that come with gender diversity in the workforce, but are unable to make this objective a priority at this stage.

Whilst Austral Gold no longer has any female Directors following the resignation of Natalia Zang in December 2009, Austral Gold is proud to have a female CFO and Company Secretary to support the Board of Directors.

The Role of Shareholders

The Board of Directors aims to ensure that the shareholders are informed of all major developments affecting the consolidated entities state of affairs. Information is communicated to shareholders as follows:

- The Annual Report is available to all shareholders (through the Company web site). The Board ensures that the annual report includes relevant information about the operations of the Group during the year, changes in the state of affairs of the Group and details of future developments, in addition to the other disclosures required by the Corporations Act 2001;
- the quarterly report contains summarised financial information and a review of the operations of the Group during the period.

These reports are posted on the Company's website at www.australgold.com.au as are announcements made to the ASX.

The shareholders are responsible for voting on the appointment of directors.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Groups strategy and goals. Important issues are presented to the shareholders as single resolutions.

Securities Trading Policy

The Group's share trading policy restricts the times and circumstances in which directors, employees and parties legally related to them, may trade in shares of the Company or its listed controlled entity. Trading is not permitted when directors or employees possess price sensitive information which has not yet been disclosed to the market.

Principles of Good Corporate Governance and Best Practice Recommendations

In June 2010 the ASX Corporate Governance Council released its *Corporate Governance Principals and Recommendations with 2010 Amendments 2nd Edition* which came into effect on 1 January 2011.

Listing Rule 4.10.3 requires a company to disclose the extent to which the entity has followed the Recommendations during the reporting period. The entity must identify those recommendations it has not followed and give reasons for not following them. If a recommendation has only been followed for part of the period, the entity must state the period during which it had been followed.

In accordance with Listing Rule 4.10.3 the Company states that it has complied with each of the Eight Essential Corporate Governance Principles and the corresponding Recommendations as published by the ASX Corporate Governance Council.

No	Recommendation	Compliance or Explanation for Non-compliance
1.1	Establish the functions reserved to the board and those delegated to senior executives and disclose those functions	A formal policy document outlining board and management functions has not been established. The directors have determined that given the size and direction of the Company, hands on day-to-day management and supervision by directors is currently in its best interests. Delegation of specific responsibilities to senior management is agreed and documented in Board Meetings.
1.2	Disclose the process for evaluating the performance of senior executives	The Board reviews senior management performance and assesses remuneration in line with this review annually.
2.1	A majority of the Board should be independent directors.	Four of the six non-executive directors are not considered independent due to their relationship with IFISA, the Company's major shareholder. From August 2012 Wayne Hubert becomes independent.
2.2	The chair should be an independent director.	The Chairman is Eduardo Elsztain, the ultimate beneficial holder of the Company's majority shareholder.
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	The role of chair is held by Eduardo Elsztain. The Company has not appointed a chief executive officer rather they have appointed director, Stabro Kasaneva as the Chief Operating Officer.
2.4	The Board should establish a nomination committee.	The Board has not established a nomination committee. In the directors' view, a company of this size and stage of development can best operate with the functions of a nomination committee undertaken by the full Board.
2.5	Disclose the process for evaluating the performance of the board, its committees and individual directors.	The Board intends to review its overall performance and performance of individual directors within the next 12 months.
3.1	Establish a code of conduct and disclose a summary addressing the practices necessary to: • maintain confidence in the company's integrity • take into account their legal obligations and the reasonable expectations of stakeholders; • the responsibility and accountability of	The Company's code of conduct is published on the Company's website under Corporate Governance.

No	Recommendation	Compliance or Explanation for Non-compliance
	individuals for reporting and investigating reports of unethical behaviour.	
3.2	Establish a policy concerning diversity including: • measurable objectives for achieving gender diversity • an annual process for assessing diversity objectives and the company's progress in achieving them.	Austral Gold does not have a documented gender diversity policy. The Board is cognisant of the benefits that come with gender diversity in the workforce, but are unable to make this objective a priory at this stage.
	Disclose the measurable objectives for achieving gender diversity set by the board and its progress towards achieving them.	Austral Gold does not have a documented gender diversity policy.
3.4	Disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board	Whilst Austral Gold no longer has any female Directors following the resignation of Natalia Zang in December 2009, Austral is proud to have a female CFO and Company Secretary to support the Board of Directors.
4.1	The board should establish an audit committee	The Company has an audit committee.
4.2	Structure the audit committee so that it: • consists only of non-executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not chair of the board • has at least three members	The Audit Committee comprises Robert Trzebski (as Chairman) and Pablo Vergara del Carril. Both are non-executive directors. The committee lacks a majority of independent directors which is a reflection of the composition of the Board and influence of the major shareholder. The members of the Audit Committee possess the requisite financial expertise and industry experience necessary to effectively carry out the Committee's mandate.
4.3	The Audit Committee should have a formal charter.	The Audit Committee has a documented charter approved by the Board. The charter is published on the Company's website under Corporate Governance.
5.1	Establish and disclose written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance.	The Company's Continuous Disclosure Policy is available on the Company's website.
6.1	Design and disclose a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings.	The Company's Shareholder Communications Policy is available on the Company's website under Corporate Governance.
7.1	Establish and disclose policies for the oversight and management of material business risks.	The Company's Risk Management and Internal Control Policy is available on the Company's website.
7.2	Design and implement a risk management and internal control system to manage the company's material business risks and report on whether those risks are being managed effectively.	The Company's system of risk management and internal control is basic, yet appropriate for the size and nature of transactions incurred. The Board seeks external advice when considering new or significant transactions to ensure risks are identified and addressed in a timely manner.
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks	The sign-off received by the Board from the CFO relates to financial reporting. It is limited by knowledge and belief and provides a reasonable, but not absolute level of assurance with regards to the system of risk management and internal control.
8.1	Establish a remuneration committee	The Company cannot justify the operation of a Remuneration Committee. All remuneration decisions are

No	Recommendation	Compliance or Explanation for Non-compliance
		made by the Board.
8.2	Remuneration committee structure so that it: • consists of a majority of independent directors • is chaired by an independent chair • has at least three members	The Company cannot justify the operation of a Remuneration Committee. All remuneration decisions are made by the Board.
8.3	Distinguish the structure of non-executive directors' remuneration from that of executive directors and senior management.	The Board is cognisant of the objectives concerning remuneration of directors and senior management and is committed to the design of appropriate structures to fulfil these objectives. Details of remuneration are set out in the remuneration report contained in the Directors Report.

The Board aspires to the highest standards of corporate governance and is fully supportive of and committed to the aims, spirit and letter of the Recommendations and to their implementation as appropriate for a company of its size.

Statement of Issued Capital

As at 31 August 2013 the total issued capital of Austral Gold Limited was 169,139,739 ordinary shares. 169,139,739 shares were quoted on the Australian Securities Exchange under the code AGD. The only shares of the Company on issue are ordinary shares. None of these shares are restricted securities within the meaning of the Listing Rules of the Australian Securities Exchange.

There are no restrictions on the voting rights attached to the fully paid ordinary shares. On a show of hands, every member present in person shall have one vote and upon a poll, every member present in person or by proxy shall have one vote for every share held.

As at 31 August 2013, there exist 140,949 unlisted options as set out below:

No of options	Exercise Price	Expiry Date	No of Holders
140,949	$0.30	15 Nov 2016	1

Distribution of fully paid ordinary shares

as at 31 August 2013

Size of Holding	Holders	Shares held
1 - 100	190	9,369
101 - 1,000	439	242,880
1,001 - 5,000	279	753,441
5,001 - 10,000	78	640,615
10,001 - 50,000	57	1,272,436
50,001 - 100,000	16	1,083,220
>100,001	25	165,137,778
	1,084	**169,139,739**

Substantial Shareholders

In accordance with substantial holder notice lodged on 18 September 2012

Registered Holder	Beneficial Holder	Shares Held
Citicorp Nominees	Inversiones Financieras Del SUR SA (IFISA)	114,716,915
HSBC Custody Nominees	Inversiones Financieras Del SUR SA (IFISA)	775,500
HSBC Custody Nominees	Guanaco Capital Holding Corp	24,289,330
Citicorp Nominees	Eduardo Sergio Elsztain	4,686,206
		144,467,951

Top twenty shareholders as at 31 August 2013

Rank	Name	No. of shares	% of issued capital
1	CITICORP NOMINEES PTY LIMITED	123,956,923	73.29
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	25,064,830	14.82
3	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	3,190,954	1.89
4	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	3,107,974	1.84
5	J P MORGAN NOMINEES AUSTRALIA LIMITED	2,305,420	1.36
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,433,876	0.85
7	ASOCIACION ISRAELITA ARGENTINA TZEIRE AGUDATH JABAD	1,158,265	0.68
8	FORSYTH BARR CUSTODIANS LTD <FORSYTH BARR LTD-NOMINEE A/C>	849,557	0.50
9	HAZLAHA INVESTMENTS LIMITED	770,416	0.46
10	JP MORGAN TRUST COMPANY LTD <THE AUSTRIA A/C>	297,445	0.18
11	LIMOL TRADING CORP	297,445	0.18
12	MR RODNEY DAVID JACKSON	270,000	0.16
13	MOSHE AMBARCHI	250,000	0.15
14	JOAMEL HOLDINGS PTY LTD <ROXBURGH SUPER FUND A/C>	250,000	0.15
15	BIRCHALL PROJECTS LTD	230,000	0.14
16	MR CARLOS PERALTA TORREJON	227,614	0.13
17	MR PHILIP DOUGLAS CHISHOLM	202,186	0.12
18	MR MARCUS EINFELD	200,000	0.12
19	GREENFORD INVESTMENTS LIMITED	200,000	0.12
20	MOUNTAIN SIDE HOLDINGS LTD	194,800	0.12
	Total	164,457,705	97.26
	Other	4,682,034	2.74
	Total shares on issue	**167,139,739**	**100.00**

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