

AUSTRAL GOLD LIMITED

(FORMERLY DIAMOND ROSE NL)
AND ITS SUBSIDIARIES
ABN 30 075 860 472

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2006

The half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, it is recommended that this report be read in conjunction with the annual report for the year ended 30 June 2006 and any public announcements made by Austral Gold Limited (formerly Diamond Rose NL) during the half-year in accordance with the continuous disclosure requirements of the Listing Rules of the Australian Stock Exchange

DIRECTORS' REPORT

The directors present their report together with the consolidated financial report for the half-year ended 31 December 2006 and the auditors' review report thereon.

DIRECTORS

The directors of the Company at any time during or since the end of the half-year are:

Name	Period of directorship
The Hon Marcus Einfeld AO QC Chairman / Non-Executive Director	Appointed 9 March 2005
Terence Willsteed Non-Executive Director	Appointed 9 March 2005
Pablo Vergara del Carril Non-Executive Director	Appointed 18 May 2006
Natalia Zang Alternate Director to Pablo Vergara del Carril	Appointed 24 November 2006

REVIEW OF OPERATIONS AND LIKELY DEVELOPMENTS

The consolidated loss for the half-year ended 31 December 2006 was \$674,289 (31 December 2005: \$1,352,007 profit). Included in the reported loss are foreign exchange losses of \$413,466 resulting from an improvement in the Australian Dollar at the reporting date.

Further information on the Company's operations during the half-year ended 31 December 2006 has been released in the Company's earlier announcements and reports to the ASX for the September and December quarters. These are available for review on the Company's website at www.australgold.com.au.

CORPORATE

On 18 August 2006 the Company received a loan advance of \$540,000 partially secured by a charge over the Company. No interest was payable on the loan which was settled through the issue of securities approved by shareholders at the Annual General Meeting held on 24 November 2006 (AGM). The charge was subsequently released.

On 23 November 2006 the Company entered into a Deed of Acknowledgement and Release (Deed) with Guanaco Capital Holding Corp (GCH), Golden Rose International Limited (GRIL) and Guanaco Mining Company (GMC).

The Deed provides:

- A. The Company formally release GCH from the requirement (determined by international arbitration on 26 May 2003) to contribute an amount of US\$900,000 in addition to its original investment to earn its 51% interest in the Guanaco Project.

The Company be released from its obligation to contribute any further funds, in accordance with the international arbitration on 26 May 2003, for the operation of GMC;
- B. The Deed confirms the proportionate shareholding of GCH and GRIL in GMC of 51% (GCH) and 49% (GRIL);
- C. The shareholders of GRIL procure an in specie distribution of GRIL's shares in GMC;
- D. The loans to GMC provided by GCH and the Company be converted to equity; and
- E. GRIL be wound up.

On 21 February 2007 a general meeting of shareholders of GRIL was held where shareholders unanimously voted in favour of the in specie distribution of GRIL's shares in GMC and the winding up of GRIL. Accordingly at the

date of this report the Company holds 17,888 shares directly in GMC rather than indirectly through GRIL. The Company's interest in the Guanaco Project remains the same (35.78%), but directly, rather than through GRIL.

A consequence of the Deed is that whilst the Company is not required to contribute to the funding of the Guanaco Project it is subject to a 28 day call for funds by GMC (Call). The Company's interest will dilute pro rata to the book value of GMC at the time of the call if the Company does not meet the Call.

On 24 November 2006 the Company held its AGM where shareholders approved:

- the change of Company name to Austral Gold Limited (ASIC certificated the change on 12 January 2007). The new name more accurately reflects the proposed operations of the Company;
- the change of Company status from a public no liability company to a public company limited by shares;
- the adoption of a new constitution;
- the reduction of share capital through a reduction in the accumulated losses account of the Company by \$31,898,426. The paid up capital of the Company not represented by available assets (due to the accumulated losses) was reduced. This transaction is reflected in the half-year financial statements included in this half-year report; and
- the issue of 35,813,954 fully paid shares to GCH at 4.3 cents per share.

Details of the resolutions are contained in the Notice of Meeting and Explanatory Statement dated 16 October 2006. All resolutions were passed at the AGM and have been implemented.

On 24 November 2006 Natalia Zang was appointed as alternate director to Pablo Vergara del Carril

On 28 November 2006 35,813,954 fully paid shares were issued to GCH in consideration of a \$1 million advance provided to the Company on 18 May 2005 and a \$540,000 advance provided in August 2006.

EXPLORATION ACTIVITIES

AUSTRALIA

Bullabulling Project, [95% interest]

The Bullabulling Project is located 60 kilometres [km] west-southwest of Kalgoorlie in the Eastern Goldfields Province of Western Australia. The project comprises 8 granted Prospecting Licences covering a total area of 12.33 square kilometres [sq km] in the historical Bullabulling gold mining area.

Gold exploration was done by various explorers during the period 1980 to 1998 and limited activity has extended to the present day. This work was mainly concentrated on extensive RAB (rotary airblast) and aircore drilling with the objective of delineating deposits of supergene gold within the weathered rock profile (the regolith). More than 3 million tonnes [t] with an average grade of about 1 gram per tonne [g/t] of gold [Au] have been treated by heap leach methods. The main workings and treatment facilities were located a short distance west of Prospecting Licences P15/4514, P15/4515 and P15/4516. This southern tenement group extends south-north and straddles the Great Eastern Highway. Available records suggest that no significant drilling has been done to investigate the potential for primary fresh rock (sub-regolith) gold mineralisation at Bullabulling.

Exploration by the Company has comprised geological structural interpretation of satellite imagery that resulted in identification of a major shear zone about 12 to 14 km wide cuts across the P15/4514 to P15/4516 tenement group. Because of dense vegetation vehicular access is difficult. It is also difficult to access those parts of the tenements that lie to the south of the Great Eastern Highway. During the half 22 lag samples were collected along an 1,800 metres [m] long north-south traverse to the north of the Great Eastern Highway.

The results of this programme indicated a significant anomaly. The analytical results indicate that background gold values range between 2 parts per billion (ppb) and 6 ppb. The anomaly has a peak of more than 300 ppb (0.34 parts per million (ppm)). These results are considered to be significant.

Kookynie Project, [95% interest]

The Kookynie Project is located about 45 km south east of Leonora in the Eastern Goldfields Province. It comprises two Exploration Licence applications E40/197 and E40/198 together with four Prospecting Licence applications P40/1112 and P40/1116 to P40/1118 covering a total area of 10.56 sq km. Previous exploration activity has been concentrated on the search for regolith (weathered rock) hosted near surface small gold deposits.

The interpretation of both aeromagnetic data and Landsat TM satellite imagery has resulted in identification of numerous potential targets.

Leonora Project, [75% interest]

The Leonora Project is located about 10 km west of Leonora in the Eastern Goldfields Region of Western Australia. The Leonora Project comprises Exploration Licences E37/728 and E37/729 covering a total area of 414.0 sq km.

In the opinion of the Company's consultants the potential for discovery of significant gold or base metal deposits is limited and the future of this holding is therefore being reviewed.

Raeside Project, [75% interest]

The Raeside Project comprises Exploration Licence application E37/736 covering a total area of about 210 sq km and is centred 60 km west-northwest of Leonora.

Following a re-evaluation of all available data the Company's consultants have advised that continuation of exploration work on this tenement should be reviewed. The recent discovery of nickel sulphide mineralisation hosted by north-south trending ultramafics well to the north of E37/736 could be of significance and parts of E37/736 will be considered for retention.

Hann Project, [100% Interest]

The Company has applied for two exploration licences (E80/2782 - 2783) covering 388 sq km, located 350 km northeast of Derby.

Promising kimberlitic indicator minerals and some diamonds have been located within the Hann application. The area has structural similarities with the area in which the Aries kimberlite pipe occurs, which is about 50 km to the southwest.

Rocklea Project, [100% interest]

Rocklea Project comprises Exploration Licence Application E04/832 covering a total area of approximately 207 sq km and is located in the West Pilbara Mineral Field of Western Australia.

The project area covers the southern half of the Archaean Rocklea Dome. The exposed rocks in the central part of this structure comprise very old granites and greenstones. These rocks are overlain by interbedded basaltic and sedimentary rocks of the Fortescue Group.

The most significant previous work done within and adjacent to the project area was iron ore exploration by Hamersley Exploration Pty Limited within and adjacent to the northeastern part of current Exploration Licence E47/952.

An indicated mineralisation reserve was quoted at that time of 31 million t grading 53.3% iron, 8.3% silica, 2.1% aluminium and 0.03% phosphorous with a loss on ignition of 11.4%.

Grant of the application is dependant on execution of Heritage Protection Agreements with the Innawonga Bunjima Nyiyaparli and Eastern Guruma Peoples and a State Deed with respect to the tenement. The Company is pursuing available options to meet the requirements of the Native Title Act in this regard.

As a consequence of the Company's exploration rationalisation programme the following licences were relinquished, reduced or lapsed during the half-year ending 31 December 2006: Broadbents M77/869.

CHILE

Guanaco Project, [35.78% interest]

Final results from the 2006 drilling programme including revised resource estimates were received by the Company. Detailed results have been previously reported and are available at the Company's website.

Introduction

The Guanaco project is located 185 kilometres [km] south east of Antofagasta, Chile, at an elevation of about 2700m above sea level.

Guanaco Compañía Minera [GMC] is owned by Guanaco Capital Holding [GCH] [64.22%] and Austral Gold Limited [35.78%]. In 1991 Amax Gold Inc. optioned the property from Minera Guanaco Ltda. and within one year developed a reserve of 11.5 million t containing 1.77 g/t Au. In 1992 Amax Gold leased additional property from ENAMI, a state-owned organization. Mining began in February 1993, and conventional heap leaching was employed for gold recovery. The operation was shut down in 1997 due mainly to the low gold prices, certain corporate reorganization issues related to the then controlling shareholder, and some metallurgical complications. Average production gold grades at the time of closure were between 3 and 4 g/t. In 1999 Kinross Gold acquired Amax and the property was taken over by its local subsidiary Kinam Guanaco. The present owners acquired the property in 2003 and currently control a 150 sq km concession, excluding the Soledad claim, adjacent to the Guanaco mine, as well as other minor third-party properties.

Mining Operations

Three open pits were developed by Amax Guanaco: Dumbo, Defensa and Perseverancia. These carried out mining operations along structure zones of the same names.

The Soledad operations are located immediately west of the Dumbo open pit and mined by underground methods on the Cachinalito, San Lorenzo and Silesia structures.

Geology and Exploration

The deposits are located within a 5 km long [E-W] and more than 1 km wide hydrothermally altered zone. Gold mineralisation at Guanaco is controlled by pervasively silicified, ENE trending sub-vertical zones and related hydrothermal breccias. Silicification grades outward into advanced argillic alteration, and further into zones with propylitic alteration. Dozens of mineralized veins have been exploited in the district, important veins being the Defensa, Perseverancia, Abundancia, and San Lorenzo.

In the Cachinalito vein system, most of the gold mineralisation is concentrated between the 2,500 and 2,650m levels. High grade ore shoots [up to 180 g/t Au], 0.5 to 3.0m wide, have been mined out in adjacent operations but the lower grade halos, below 2 g/t, can extend up to 20m in width.

The oxidation zone extends down 70 to 80m and is relatively free of copper. Gold grades in this zone are generally high, sometimes exceeding 50 g/t. The alteration pattern and the mineralogical makeup of the Guanaco ores have lead to its classification as a high sulfidation epithermal deposit.

GUANACO EXPLORATION PROGRAMME 2006

In 2006, GMC commenced a 23,000m drilling programme focused on the revision of the known sectors of Dumbo West (western extension of the mineralisation mined in the Dumbo Pit), Chilena and Abundancia (eastern extension of the related structures mined at surface and underground in adjacent operations), Cachinalito (eastern extension of the structure mine in adjacent underground operations) to confirm the resources defined in successive exploration programmes in this structure, and the San Lorenzo Structure (exploration of the eastern extension of the mineralisation mine in adjacent underground operations).

This exploration was followed by a reinterpretation of the geology of the district, based on relogging the drill holes completed in the area. Consultants were engaged to better understand the district geology and the distribution of the different types of hydrothermal alterations.

The program consisted of two stages:

- Stage one: consisted of 74 holes of reverse circulation (RC)drilling totalling 13,035m with 38 holes reporting significant intersections. The preliminary results confirmed the extension of the Cachinalito

Structure along strike for approximately 1.6 km and the continuity of more than 150m of gold, silver, and copper mineralisation in the west face of the Dumbo open pit.

- Stage two: consisted of approximately 10,000m of RC to drill 1,300m in 12 holes in the Cachinalito Structure, 1,230m in 17 holes in the Perseverancia open pit, and 7,500m in 33 holes in the Cerro Guanaquito, Beatriz, Salvadora and Chilena Structures. At the date of this report, a total of 5,661 meters has been drilled in 44 holes with 26 holes reporting significant intersections. A new ore shoot has been discovered in Cachinalito West Structure (currently, an extension of the programme is planned in this sector). The preliminary results indicate strike continuity for greater than 180m in this area and a high grade zone with an important width has been confirmed in the Cachinalito Structure.

A total of 335,832 oz Au and 555,876 oz Ag are contained in the Measured plus Indicated Resource categories for all ore zones combined. The total resources, including Inferred Resources, contains to 496,141 oz Au and 1,207,368 oz Ag for all mineralized structures.

The percentage of Measured plus Indicated Resources relative to the total resources are 83.1%, 75.4%, 42.6% and 77.1% for Cachinalito West, Cachinalito Central, Dumbo West and Perseverancia zones respectively. The Dumbo West zone still needs further drilling to further upgrade its resource to the Measured plus Indicated category.

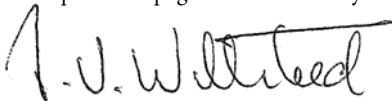
Please refer to the 30 December 2006 Quarterly Report for further details of these estimates.

COMPANY OUTLOOK

The principal objective remains the development of the Company's project at Guanaco in Chile where results of the 2006 programme have been most encouraging. The Company continues to enjoy the support of its major shareholder and has obtained commitments for ongoing funding. A rights issue is proposed to be offered before the end of the current financial year and all shareholders will have the opportunity of participating. The purpose of the offer is to fast track the exploration and development programme at Guanaco and to maintain the Company's equity in the project.

AUDITORS' INDEPENDENCE DECLARATION

In accordance with the audit independence requirements of the Corporations Act 2001, the directors have received and are satisfied with the "Auditors' Independence Declaration" provided by the Austral Gold Limited external auditors PKF. The Auditors' Independence Declaration has been attached with the "Independent Review Report" on page 14 of this half year financial report.



Terence Willsteed
Vice-Chairman

Dated: 16 March 2007

ATTRIBUTION

Australian Projects

Aspects of this report on the Austral Gold Australian projects that relate to Mineralisation, Mineral Resources or Ore Reserves are based on information compiled by persons who are Fellows or Members of the Australian Institute of Mining and Metallurgy and/or the Australian Institute of Geoscientists, and have sufficient relevant experience of the activity undertaken and of the mineralisation style and type of deposit described. They qualify as Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves" (JORC Code). The above statement fairly reflects the reports prepared by these Competent Persons and has been prepared by T V Willsteed, BE [Min] Hons BA FAusIMM MSME as Competent Person for Austral Gold Limited. Mr Willsteed consents to the inclusion in this report of the matters based on their information in the form and context in which it appears.

Guanaco Resource Estimate

Dr Eduardo Magri who prepared the Guanaco resource estimates holds the degrees of Mining Engineer from the University of Chile, MSc from The Colorado School of Mines and PhD from the University of the Witwatersrand, Johannesburg, South Africa, is a fellow of the South African Institute of Mining and Metallurgy and has over 25 years experience in geostatistical resource estimation. He is a Qualified Person according to the definition set out in National Instrument 43-101 of the TSX and Ontario Securities Commission, and is therefore accredited to prepare reports on Exploration Results, Mineral Resources and Ore Reserve for submission to the ASX.

Dr Magri carried out standard geostatistical analyses to arrive at the geological resources however he did not review the drillhole database nor the geological modelling.

Condensed Income Statement

For the period ended 31 December 2006

		Consolidated	
	Note	Half Year 31 December 2006	Half Year 31 December 2005
		\$	\$
Revenue	3	111,973	97,696
Other income	3	-	2,130,995
Finance Costs		(10)	(13,631)
Other expenses from ordinary activities			
- Exploration and evaluation expenditure		(10,490)	(96,307)
- Exchange rate differences		(413,466)	-
- General and administration expenses		(362,296)	(466,760)
- Share of loss of associate		-	(299,986)
Profit / (Loss) before income tax		(674,289)	1,352,007
Income tax		-	-
Profit / (Loss) after income tax		(674,289)	1,352,007
Loss after tax attributable to minority interest		-	-
Net profit / (loss) attributable to members of the parent entity		(674,289)	1,352,007
 Earnings / (loss) per share			
Basic earnings / (loss) per share (cents)		(0.16c)	0.33c
Diluted earnings / (loss) per share (cents)		(0.16c)	0.33c

There were no other non-owner transaction changes in equity.

All amounts relate to continuing operations.

The above condensed Income Statement is to be read in conjunction with the notes to the financial statements as set out on pages 10 to 12.

Condensed Interim Balance Sheet

As at 31 December 2006

	Consolidated	
	31 December 2006	30 June 2006
Note	\$	\$
Current Assets		
Cash and cash equivalents	357,728	223,650
Trade and other receivables	37,412	24,165
Total Current Assets	395,140	247,815
Non- Current Assets		
Trade and other receivables	4,926,702	5,232,443
Intangible assets	467,621	467,621
Plant and equipment	8,891	9,805
Exploration and evaluation expenditure	54,670	26,532
Total Non- Current Assets	5,457,884	5,736,401
Total Assets	5,853,024	5,984,216
Current Liabilities		
Trade and other payables	52,114	49,017
Total Current Liabilities	52,114	49,017
Total Liabilities	52,114	49,017
Net Assets	5,800,910	5,935,199
Equity		
Issued capital	6,923,566	37,281,992
Equity - share capital pending issue	-	1,000,000
Accumulated losses	(1,122,656)	(32,346,793)
Minority equity interest	-	-
Total Equity	5,800,910	5,935,199

The condensed Interim Balance Sheet is to be read in conjunction with the notes to the financial statements as set out on pages 10 to 12.

Condensed cash flow statement

For the period ended 31 December 2006

	Consolidated	
	Half Year 31 December 2006	Half Year 31 December 2005
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(371,532)	(1,017,877)
Finance costs	(10)	(34,874)
Net cash used in operating activities	(371,542)	(1,052,751)
Cash flows from investing activities		
Proceeds from sale of plant and equipment	-	100,200
Interest received	10,139	23,363
Payments for exploration and evaluation expenditure	(44,519)	(47,591)
Net cash provided by/(used) in investing activities	(34,380)	75,972
Cash flows from financing activities		
Proceeds from issue of shares	540,000	-
Proceeds from borrowings	-	8,768
Net cash provided by financing activities	540,000	8,768
Net increase / (decrease) in cash held	134,078	(968,011)
Cash at the beginning of the period	223,650	1,603,794
Cash at the end of the period	357,728	635,783

The condensed cash flow statement is to be read in conjunction with the notes to the financial statements as set out on pages 10 to 12.

Condensed statement of changes in equity

For the period ended 31 December 2006

	Attributable to equity holders of the parent				Minority Interest	Total Equity
	Issued capital	Equity pending Issue	Accumulated losses	Total		
CONSOLIDATED						
	\$	\$	\$	\$		\$
At 1 July 2005	37,272,925	1,000,000	(33,259,136)	5,013,789	-	5,013,789
Profit for the period	-	-	1,352,007	1,352,007	-	1,352,007
At 31 December 2005	37,272,925	1,000,000	(31,907,129)	6,365,796	-	6,365,796

	Attributable to equity holders of the parent				Minority Interest	Total Equity
	Issued capital	Equity pending Issue	Accumulated losses	Total		
CONSOLIDATED						
	\$	\$	\$	\$		\$
At 1 July 2006	37,281,992	1,000,000	(32,346,793)	5,935,199	-	5,935,199
Reduction of share capital (AGM 24/11/2006)	(31,898,426)	-	31,898,426	-	-	-
Loss for the period	-	-	(674,289)	(674,289)	-	(674,289)
Shares issued	1,540,000	(1,000,000)	-	540,000	-	540,000
At 31 December 2006	6,923,566	-	(1,122,656)	5,800,910	-	5,800,910

The condensed statement of changes in equity is to be read in conjunction with the notes to the financial statements as set out on pages 10 to 12.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Austral Gold Limited (formerly Diamond Rose NL) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The change of company name to Austral Gold Limited was approved by shareholders at the Company's Annual General Meeting held on 24th November 2006 and took effect on 12 January 2007. The notes to the half-year financial statements hereinafter refer to the Company as Austral Gold Limited.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The half-year financial report should be read in conjunction with the annual Financial Report of Austral Gold Limited as at 30 June 2006, which was prepared based on Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS).

It is also recommended that the half-year financial report be considered together with any public announcements made by Austral Gold Limited during the half-year ended 31 December 2006 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

At the date of this report other sources of funds are being sought to fund future working capital requirements of the Company.

Included in non-current assets are amounts due from Guanaco Mining Company Limited amounting to \$4,926,702 and, in addition, goodwill relating to the Guanaco Mining project of \$467,621. The ongoing viability of the consolidated entity and the recoverability of its non-current assets is dependent on the success of the project. The Directors believe that the project will be ultimately successful and that the non-current assets are included in the interim Financial Report at their recoverable amount.

The financial report has been prepared on the basis of a going concern. This basis presumes that funds will be available to finance future operations, project expenditure and exploration commitments and that the realisation of assets and settlement of liabilities will occur in the normal course of business. The Directors believe that the consolidated entity will be able to fund future operations and continue to meet its debts as and when they become due and payable through the ongoing support of the Company's major shareholder, equity raising, and sale or joint venturing of interests held in mineral tenements and projects.

The Directors believe that they will be successful in raising sufficient funds to ensure that the Company can continue to meet its debts as and when they become due and payable. However, if additional funds are not raised, the going concern basis may not be appropriate with the result that the company may have to realise its assets and extinguish its liabilities other than in the ordinary course of business and in amounts different from those stated in the Financial Report. No allowance for such circumstances has been made in the Financial Report.

(II) Basis of accounting

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

The half-year financial report has been prepared on a historical cost basis.

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

(III) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Austral Gold Limited and its subsidiaries ('the Consolidated Entity').

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

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

All intercompany balances and transactions, including unrealised profits arising from intra-consolidated entity transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the Consolidated Entity and will cease to be consolidated from the date on which control is transferred out of the Consolidated Entity.

Where there is loss of control of a subsidiary, the consolidated financial statements will include the results for the part of the reporting period during which Austral Gold Limited has control.

Minority interests represent the interests in Golden Rose International Limited, not held by the Consolidated Entity.

(IV) Significant accounting policies

The half-year consolidated financial report has been prepared using the same accounting policies as used in the annual financial report of Austral Gold Limited (formerly Diamond Rose NL) for the year ended 30 June 2006.

3. REVENUE AND OTHER INCOME

	Consolidated	
	31 December 2006	31 December 2005
	\$	\$
Revenue		
Interest received	111,973	97,696
Other income		
Revenue from outside operating activities:		
Forgiveness of loan	-	1,820,000
Sale of plant and equipment	-	89,755
Exchange rate differences	-	221,240
	-	2,130,995

4. EQUITY SECURITIES ISSUED

	Consolidated			
	31 December 2006	31 December 2005	31 December 2006	31 December 2005
	Number of Shares	Number of Shares	\$	\$
Shares issued via placements	35,813,954	-	1,540,000	-
	35,813,954	-	1,540,000	-

5. SEGMENT INFORMATION

Business segments

The consolidated entity operates in one business segment being precious mineral exploration.

Geographical segments

	Australia	South America
	\$	
Revenue	111,973	-
Net gain/(loss)	(674,289)	-

6. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

7. SUBSIDIARIES

Particulars in relation to subsidiaries	Consolidated equity interest	
	31 December	30 June
	2006	2006
	%	%
Parent entity		
Austral Gold Limited		
Subsidiaries		
Golden Rose Pty Limited	100	100
Golden Rose International Pty Limited	73	73

8. EVENTS SUBSEQUENT TO REPORTING DATE

On 21 February 2007 a general meeting of shareholders of GRIL was held where shareholders unanimously voted in favour of an in specie distribution of GRIL's shares in GMC and the winding up of GRIL. At the date of this report the Company holds 17,888 shares directly in GMC rather than indirectly through GRIL. The Company's interest in the Guanaco Project remains the same (35.78%).

Other than as stated above there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the consolidated entity, in future financial years.

9. DIVIDENDS

No dividends were declared or paid during the six months ended 31 December 2006.

DIRECTORS' DECLARATION

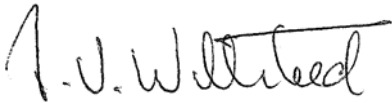
The Directors declare that the financial statements and notes set out on pages 6 to 12:

- a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
- b) give a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the Directors' opinion:

- a) the financial statements and notes are in accordance with the Corporations Act 2001; and
- b) there are reasonable grounds to believe that Austral Gold Limited (Formerly Diamond Rose NL) will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



Terence Willsted
Vice-Chairman

Dated: 16 March 2007



Chartered Accountants
& Business Advisers

INDEPENDENT AUDITORS' REVIEW REPORT To the members of Austral Gold Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Austral Gold Limited, which comprises the condensed balance sheet as at 31 December 2006, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of Austral Gold Limited are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of Austral Gold Limited's financial position as at 31 December 2006 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Austral Gold Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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Conclusion

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

- (a) giving a true and fair view of the Austral Gold Limited Limited's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Inherent uncertainty regarding continuation as a going concern

Without qualification to the opinion expressed above, attention is drawn to the following matter. As disclosed in Note 2, the on going viability of the consolidated entity and the recoverability of its non-current assets is dependent on the success of the Guanaco Mining project. The directors believe that the project will ultimately be successful and that the non-current assets are included in the financial report at their recoverable amount.

The financial report has been prepared on the basis of a going concern. This basis presumes that funds will be available to finance future operations, project expenditure and exploration commitments, and that the realisation of assets and settlement of liabilities will occur in the normal course of business. The directors believe that the consolidated entity will be able to fund these commitments through the on going support of the Company's major shareholder, equity raising and sale or joint venturing of interests held in mineral tenements and projects.

If additional funds are not raised there is significant uncertainty as to whether Austral Gold Limited will be able to continue as a going concern. If Austral Gold Limited is unable to continue as a going concern, it may be required to realise its assets, and extinguish its liabilities other than in the normal course of business and at amounts different from those currently stated in the interim financial report.

**PKF****Bruce Gordon**
Partner**Sydney**
Dated: 16 March 2007



Chartered Accountants
& Business Advisers

AUDITORS' INDEPENDENCE DECLARATION

To: **The Directors**
Austral Gold Limited

As lead engagement partner for the review of Austral Gold Limited for the half-year ended 31 December 2006, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

PKF

Bruce Gordon
Partner

Sydney
Dated: 16 March 2007

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