



AUSTRAL GOLD LIMITED
ABN 30 075 860 472
Terrace Tower
Suite 605
Level 6, 80 William Street
Sydney NSW 2011
T +61 2 9380 7233
F +61 2 9380 7972
info@australgold.com.au
www.australgold.com.au

28 April 2011

Austral Gold Limited (ASX:AGD) is pleased to advise the following activity for the **quarter ended 31 March 2011**

1. EXPLORATION AND PRODUCTION – Chile

Guanaco

Gold Production

Gold production from retreatment of heap leach material at the Company's wholly owned Guanaco Gold mine for the quarter ending 31 March 2011 was 2,457 ounces (silver production 2,995 ounces).

Guanaco is not yet at full production as commissioning issues continue to be worked through.

Open Cut Mining and Processing

Incopesa, an open cut mining contractor, continues to work on deepening existing open pits and re-handling heap leach material for secondary treatment. Freshly mined ore is now being delivered to the primary crusher.

Whilst crusher throughput close to 4,000 tonnes per day was achieved during the March quarter, this figure has not been consistently achieved.

Haulage and Transport

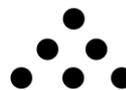
For the quarter ending 31 March 2011, 622,694 tonnes were mined and transported from the open pits of which 107,983 tonnes were ore and 514,711 tonnes were waste. 95,558 tonnes were moved from the former heap leach pad for retreatment.

Minesite Exploration

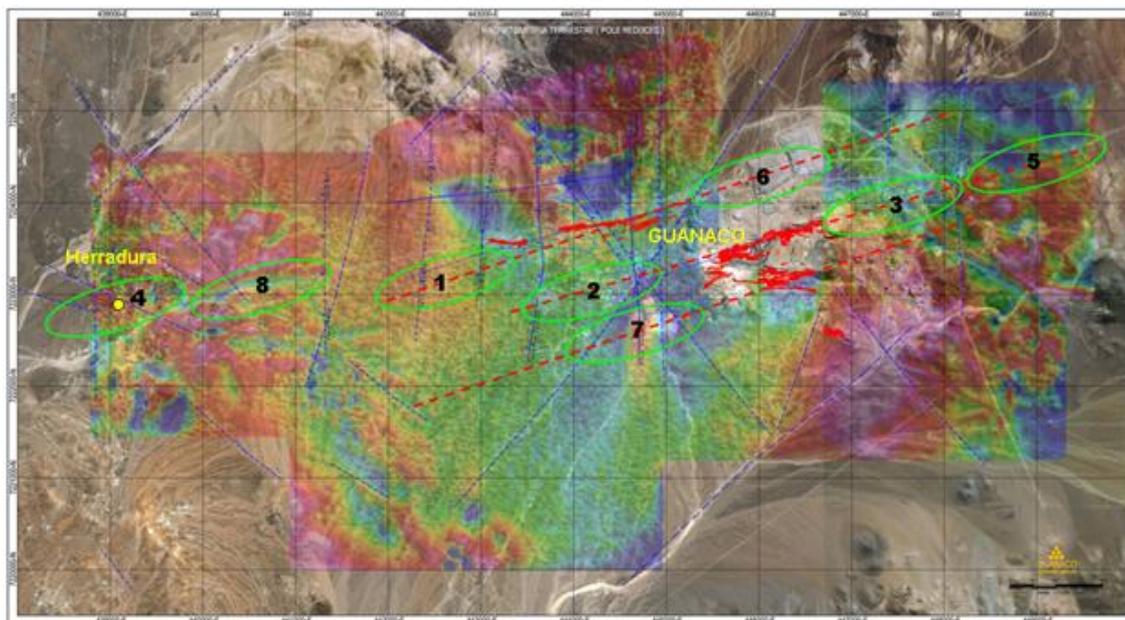
A conceptual model was developed for the Guanaco property consisting of an extensional jog, defined by two main northeast striking structures that generate an EW to ENE transtensional set. In the central part of the set there is a mineralized system that corresponds to the common mineralized trends in the region. This opens up two potential exploration areas in the west and east end of the jog.

The geological model of the Guanaco property with the re-logging of 120 drill holes, detailed review of the geophysical data and interpretation of geophysical models has allowed defining eight exploration targets, which are shown in the following map:

PRESS RELEASE



EXPLORATION TARGETS LOCATION **AUSTRALGOLD**



1 Exploration target

Interpretation of geophysical data revealed eight potential mineralisation zones that will be targeted by fence drilling of 30 RC holes with a total of 9,000m. The rest of the 2011 drilling program of 15,000m will be part of the Minex Exploration (4,000 m) and the Fortuna and Escondida projects, where 1,000 m RC will be drilled in each of the projects.

The Geology team also worked on the Socompa prospect, located 50km to the east of Antofagasta, where a geochemical campaign was started on gulch soils. To date, seven samples have been completed out of an estimated 80. Additional personnel are being hired for this work.

Exploration Tenements

There has been an increase in the Company's tenements to the north of the existing Guanaco region. New claims were submitted during this quarter for six tenements totaling 1,700 hectares

2. EXPLORATION – Argentina

Austral Gold is active in the province of San Juan and from this March quarter in the province of Santa Cruz.

San Juan

The exploration program designed this season is focused on the investigation of the gold anomaly discovered in the Rincones de Araya sector. Systematic geochemical surface sampling and the arrival of a bulldozer will allow trenches for sub-surface sampling.

Santa Cruz

A geological report on the areas Bagres Norte, Rincones de Araya, Río Salinas and Calderón – Calderoncito was prepared by a geologist consultant for the period ending March 2011.

Exploration at Rincones de Araya included four drill holes averaging 1,000 metres. Additional work included mapping and sampling along trenches for gold targets in the Rincones de Araya Este. In

the other areas, further surface mapping and sampling is required to allow better understanding of anomalies.

3. CORPORATE

On 16 March 2011, Austral Gold released its Half Year Financial Report for the period ended 31 December 2010. Highlights from this report include:

- Profit for the period of AUD2.04million. The main factor contributing to this profit was the foreign exchange gain from the restatement of Austral Gold's USD loan facilities.
- Austral Gold's major asset, the Guanaco Project is currently valued at AUD69.46million.
- Austral Gold's existing two funding agreements with substantial shareholders were amended as follows:
 - Guanaco Capital Holding Corp (GCH) (substantial shareholder) facility increased from USD25million to USD31million, termination date extended to 31 March 2012; and
 - Inversiones Financieras Del Sur S.A. (IFISA) (substantial shareholder) facility increased from USD10million to USD20million, termination date extended to 31 March 2012.

4. FUNDING

Austral Gold continues to draw on the Funding Facility provided by IFISA, its major shareholder, for Guanaco development.

Discussions are being held with a number of banks to fund future capital developments outlined in the BFS.

By order of the Board

Jemma Dudley-Smith
CFO & Company Secretary

Dr Robert Trzebski is a Director of Austral Gold Limited. He has a Degree in Geology, a PhD in Geophysics, a Master in International Project Management and has over 16 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.'