



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

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Company Announcement Office
Australian Stock Exchange Limited

AUSTRAL GOLD ANNOUNCES COMMENCEMENT OF DECLINE CONSTRUCTION AND PLANT REFURBISHMENT AT GUANACO PROJECT, CHILE

Following the announcement on 21 October 2009 of the commencement of the 2009/10 exploration program at the Company's 100% owned Guanaco Project, Austral Gold Limited (ASX:AGD) is pleased to announce the commencement of decline construction and plant refurbishment at Guanaco.

Primary, secondary and tertiary crushing plant exists on site as a result of former operations. Critical components of this plant are now being disassembled and sent to workshops in Antofagasta for repair and upgrading.

A 1500 metre underground decline has been designed to facilitate exploration of the Cachinalito and nearby vein systems and for ore haulage during mining. A contract for decline development has recently been let and construction will be completed during calendar 2010.

Shareholders and the ASX will be kept informed as Austral Gold continues activities to bring Guanaco into production.

By order of the Board

Catherine Lloyd
Company Secretary