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Austral Gold Limited (ASX:AGD) is pleased to advise the following activity for the **quarter ended 30 June 2011**

## 1. CHILE

### Guanaco

#### Open Pit

Total drilling from the Perserverancia and Defensa open pits was 30,328 metres for the June quarter (67,754 metres year to date).

295,129 tonnes were hauled and transported from the open pits during the June quarter with 75,803 tonnes (25.6%) corresponding to ore.

#### Heap Leach

206,408 tones were deposited into the third heap leach pad during the quarter with grades of approximately 1.04 g/t Au and 6.39 g/t Ag. The following table shows the comparison between mine grades and plant grades. The deviation is about 8% in gold and 5% in silver.

MINE v/s PLANT GRADE COMPARISON 2011												
Month	MINE					PLANT					% Achievement	
	Tonnes	Au grade	Ag grade	Au Ounces	Ag Ounces	Tonnes	Au grade	Ag grade	Au Ounces	Ag Ounces	Au grade	Ag grade
	Ton	gr/ton	gr/ton	Oz	Oz	Ton	gr/ton	gr/ton	Oz	Oz	%	%
April	48,003	1.44	8.54	2,216	13,174	48,003	1.21	7.42	1,860	11,452	84	86.93
May	102,130	1.06	6.73	3,487	22,098	102,130	1.06	5.93	3,490	19,458	100	88.05
June	110,275	1.04	7.27	3,701	25,775	110,275	0.94	7.74	3,326	27,431	90	106.42
<b>TOTAL</b>	<b>260,408</b>	<b>1.12</b>	<b>7.29</b>	<b>9,405</b>	<b>61,047</b>	<b>260,408</b>	<b>1.04</b>	<b>6.97</b>	<b>8,676</b>	<b>58,341</b>	<b>92.2</b>	<b>95.6</b>

#### Production

Production resulting from the retreatment of heap leach material and open pit mining for the current year is set out in the table below

Gold (Au) Production			Silver (Ag) Production		
March Quarter	June Quarter	Total 2011	March Quarter	June Quarter	Total 2011
2,457oz	3,234oz	5,691oz	2,995oz	8,314oz	11,309oz

PRESS RELEASE

### **Exploration**

Exploration activities during the second quarter of 2011 were primarily focused on surface geological reconnaissance (lithology, alteration, silicified structures, sampling, etc.) of all areas covered by the “Guanaco Compañía Minera” mining property. The results of this work in conjunction with existing geological and geophysical information, allowed the identification of 9 exploration targets, five of which will be drilled from September 2011, in a campaign that initially considers 5,000 metres of reverse circulation drilling.

## **2. ARGENTINA**

### **AMINSA**

Construction of trench works, geological mapping and sampling of the Rincones de Araya sector was completed during the quarter.

Further trenches will be built in the Calderon-Calderoncito project after the winter break.

### **Estancia 8 de Julio, Santa Cruz**

During the quarter ground magnetics were completed on the Barroso Grande field confirming a NW structural trend as well as identifying anomalies that may represent a structural trend extending eastward.

Based on the results of this work, geochemical sampling will be performed to identify anomalous values and new mineralized structures.

## **3. CORPORATE**

On 2 June 2011 changes were made to the Board Structure.

- Mark Bethwaite AM resigned as Chairman and Non-Executive Director
- Non-Executive Director Eduardo Elsztain was appointed by the Board as Chairman
- Ben Jarvis was appointed as a Non-Executive Director. He is Managing Director and co-founder of Six Degrees Investor Relations. Mr Jarvis is also a Director of South American Tin Limited, a company focused on tin exploration and development in Bolivia, ORO SA Limited, a gold exploration company with projects in Bolivia, and Arena Minerals Pty Limited, a private company developing an iron sands mining operation in Indonesia.

#### **4. FUNDING**

Austral Gold is in the process of finalising the following changes to its funding facilities;

The funding facility with Inversiones Financieras del Sur SA (IFISA) (substantial shareholder) will increase from USD20million to USD 27million and the termination date to extend to 30 September 2014.

The funding agreement with Guanaco Capital Holding Corp (GCH) (substantial shareholder) was transferred to IFISA on May 2, 2011. The termination date of this agreement will also be extended to 30 September 2014.

Austral Gold continues to draw on the funding facility provided by IFISA, its major shareholder for exploration, evaluation, development and production of its projects in South America.

By order of the Board



Catherine Lloyd  
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.'*