



September 2015

QUARTERLY ACTIVITY REPORT

Key Highlights

Production

- Quarterly production of 13,409 Au oz and 9,652 Ag oz in line with the goal of achieving total production of 50,000 Au oz for calendar year 2015. For the 9-month period ended September 2015, total gold production reached 37,010 Au oz.
- Quarterly production achieved at an average quarterly cash cost (C1) of US\$539/AuEq oz and AISC of US\$649/AuEq oz.

Exploration

- In our Amancaya project, we completed all of the surface geological mapping as well as sample collection.

Mergers & Acquisitions

- Binding agreement signed to acquire the remaining 80.1% of shares not already held by Austral Gold and dual-list on the TSX-V.
- A further payment of US\$3 million was paid to Yamana Gold in relation to the acquisition of the US\$12 million Amancaya Project. Total outstanding balance is US\$5 million to be repaid within the next 12 months.

Cash Generation

- Quarterly cash flow from operations was US\$2.9 million and as at 30 September 2015 cash and cash equivalents reached US\$7.4 million.

CHILE

Guanaco Mine

Background

The wholly-owned Guanaco mine remains the Company's flagship asset. Guanaco is located approximately 220km south-east of Antofagasta in Northern Chile at an elevation of 2,700m and 45km from the Pan American Highway. Guanaco is embedded in the Paleocene/Eocene belt, a geological structural trend which runs north/south through the centre of Chile, and hosts several large gold and copper mining operations including: Zaldivar, El Peñon and Escondida.

Currently, the majority of the ore processed from the Guanaco operation comes from the Cachinalito underground system and nearby vein systems with higher average grades.

Gold mineralisation at Guanaco is controlled by pervasively silicified, sub-vertical E/NE trending 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 depths of 75m and 200m and is contained in elongated ore shoots. High grade ore shoots (up to 180 g/t Au), 0.5m to 3.0m wide, have been exploited, but the lower grade halos, below 3 g/t Au, can reach up to 20m in width. The alteration pattern and the mineralogical composition of the Guanaco ores have led to the classification as a high-sulfidation epithermal deposit.

Production

Production from underground operations using the heap leach process generated 13,409 gold ounces (Au oz) and 9,652 silver ounces (Ag oz) during the quarter ended 30 September 2015. When measured in gold equivalent ounces* (AuEq oz) total production was 13,553 AuEq oz compared to 12,339 AuEq oz in the prior quarter and 12,698 AuEq oz in the same quarter of the previous year.

Gold and Silver Production

Production	2013 Actual Calendar Year	2014 Actual Calendar Year	2015 Actual 9-months ⁽³⁾	2015 Actual Financial Year	2015 Budget Calendar Year
Gold (Au oz)	50,226	50,375	37,010	51,534	50,000
Silver (Ag oz)	74,031	46,458	30,076	40,108	49,000

For the September 2015 quarter the average operating cash cost¹ (C1) was US\$539/AuEq oz while the all-in sustaining cost² (AISC) was US\$649/AuEq oz (US\$597/AuEq oz and US\$771/AuEq oz respectively for the quarter ended 30 June 2015).

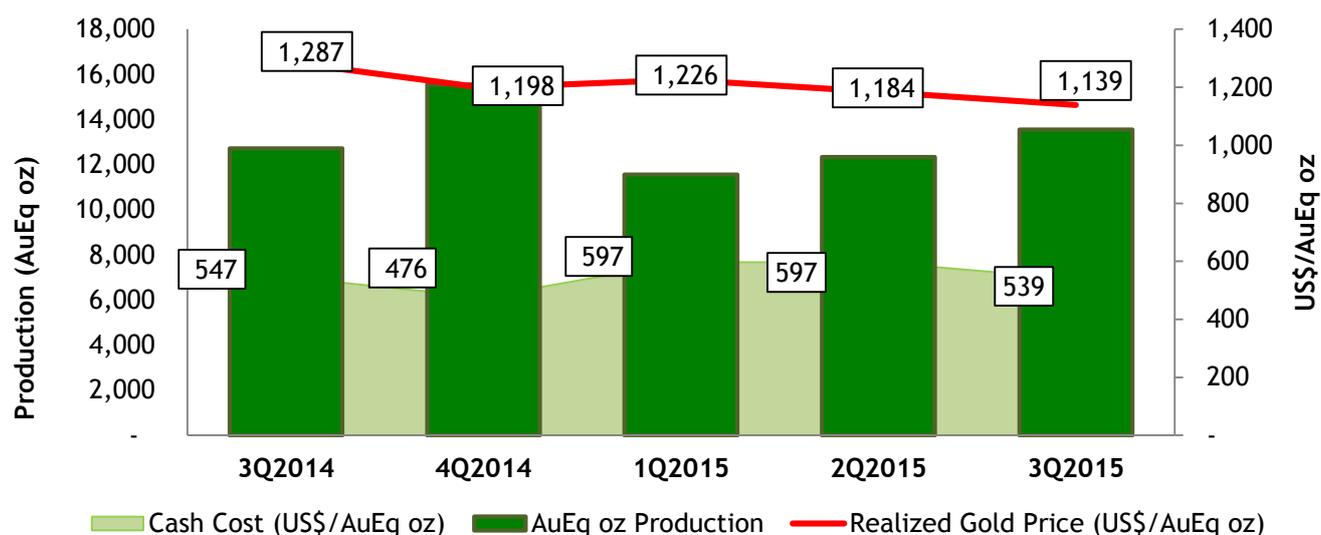
* AuEq ratio is calculated at 67:1 Ag:Au

(1) The operating cash cost (C1) for the Guanaco Mine includes: Mine, Plant, On-Site G&A, Smelting, Refining, and 3% ENAMI Royalty.

(2) The all-in sustaining cost (AISC) for the Guanaco Mine includes: C1, Sustaining Capex, Exploration, and Mine Closure Amortisation.

(3) Nine-month period ended September 2015.

AuEq oz Production per Quarter (calendar year)



Mining

During the September 2015 quarter, mining continued at the Cachinalito underground operations with a total of 83,187 tonnes mined at an average grade of 3.43 g/t Au and 5.56 g/t Ag. The crushed and leached ore totalled 100,612 tonnes for the quarter at an average grade of 2.91 g/t Au and 5.35 g/t Ag.

Total underground mine development was 926 metres for the September 2015 quarter leading to a total of 1,977 metres for the 9-month period ended September.

Safety

During this quarter, no lost-time accidents (LTA) occurred, and two nil-lost-time accidents (NLTA) were reported involving employees of Guanaco and third party contractors. Safety and environmental protection are core values of the Company. The implementation of best practice safety standards along with a sound risk management program are key priorities for Austral Gold.

Exploration Program

The Geology team continued to advance on the exploration program within the current development area of the Guanaco deposit. During this period, underground works were mainly performed at the Aurora vein and the Dumbo sector at 2,570 and 2,670 levels respectively.

The exploration program during the quarter comprised the following main activities: (i) design of underground drilling campaign for next quarter (1,128 metres of diamond drilling); (ii) execution of geophysics studies including detailed ground magnetics survey totalling 980.5km of profiles (done since the beginning of the calendar year); and (iii) evaluation of potential geological resources located in the south of the Cachinalito structure, amongst others.

Production Summary September Quarter FY16

Total Ore processed (t)	100,612
Plant grade (g/t Au)	2.91
Gold recovery (%)	78
Gold produced (oz)	13,409
Silver produced (oz)	9,652
C1 Cash Cost (US\$/oz)	539
All-in Sustaining Cost (US\$/oz)	649
Realised gold price (US\$/oz)	1,139

Other Activities

- The Company celebrated Miner's Day on August 10 and different sporting and other activities were organised at the Guanaco site.
- A massive 8.3-magnitude earthquake struck the centre of Chile on 16 September 2015. As a result, the Company activated its contingency plan to take home all personnel whose families were affected by this situation. In total 16 employees were transferred in a special bus to their towns of residence (Illapel, Canela, Coquimbo and Ovalle).

Guanaco Area Tenements Status

A complete list of the mining tenements in which the Company has an interest is presented in Appendix A attached to this report. The Company's interests in these mining tenements have been combined for Chile during the quarter. Approximately 3,415 hectares of the Guanaco properties were transferred from being classified as mining claims in process to constituted mining claims during the period. All mining properties are fully owned by the Company through its subsidiaries.

Amancaya Project

Development of the Amancaya Project

During the September 2015 quarter, all of the surface geological mapping works were completed in the Amancaya district with 50 samples taken for petrographic studies and 78 samples taken for ICP analysis.

The epithermal vein sector presents more than 70% post-mineral cover providing the opportunity to find new structures beneath these rocks. In addition, quartz floats allowed the identification of new structures and defined structural blocks inside the mineralised corridor.

Amancaya Tenements Status

A complete list of the mining tenements in which the Company has an interest is presented in Appendix A attached to this report. The Company's interests in these mining tenements have been combined for Chile during the quarter. Approximately 2,845 hectares of the Amancaya properties were transferred from being mining claims in process to constituted mining claims during the period. All mining properties are fully owned by the Company through its subsidiaries.

ARGENTINA

8 de Julio

Following approval of Environmental Impact Assessments of the Juangui I, I-A, II, II-A, III, IV-A, V, VI and V-A tenements, the Argentine mining authorities have issued an Exploration Fee invoice, according to provincial law No. 3307/13.

8 de Julio Area Tenements Status

A complete list of the mining tenements in which the Company has an interest is in Appendix B attached to this report. There have been no changes to the Company's interests in these mining tenements during the quarter. All mining properties are fully owned by the Company through its subsidiaries.

CORPORATE SUMMARY & FINANCIAL PERFORMANCE

Financial Performance and Current Cash Position

Austral Gold's total cash position was US\$7.4 million as of 30 September 2015.

Cash proceeds for gold and silver sales for the quarter was US\$14.6 million (average realized gold price was US\$1,139/oz). Recuperation of VAT contributed US\$1.6 million in cash proceeds.

Austral Gold continue to make payments relating to past acquisition agreements. During the period US\$276k was paid in relation to the 51% acquisition of the underground mining contractor Humberto Reyes and US\$3m was paid in relation to the acquisition of the Amancaya Project. A further US\$5m still remains to be paid for the Amancaya acquisition – this will be carried out in two further instalments within the next 12 months.

As reported in a separate press release, on 31 August, Austral Gold announced that it had agreed to acquire all of the remaining shares in Argentex Mining Corporation (Argentex) in a scrip-for-scrip deal, which would see 0.5651 of an ordinary Austral Gold share issued as consideration for each Argentex share. This implies an offer of CAD 0.08 per Argentex share (or CAD 5.8 million total valuation of the 80% of Argentex not already held by Austral Gold and its subsidiaries). This transaction is still subject to due diligence, regulatory, court, stock exchange and shareholder approvals.

In the previous quarter, a loan for US\$3m was made to Inversiones Financieras del Sur SA, a related party, on better than arm's length terms. The loan is to be repaid in 2 instalments with US\$1.5 million to be repaid on 30 September 2015 and the remaining balance plus 4% interest accrued on the loan, to be repaid on 30 November 2015. The loan is unsecured and borrower's rights and obligations under the loan can be assigned or transferred at any time. As of 30 September 2015, US\$150,000 of the outstanding loan balance has been repaid, with a further US\$250,000 repaid on 1 October 2015.

By order of the Board.

Andrew Bursill
Company Secretary

Competent Person's Statement

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 20 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 report.

The numbers presented in this report are unaudited figures and may be subject to minor variation.

Appendices: List of tenements in which the Company currently has an interest

Appendix A: Guanaco Mine and Amancaya Project (Chile) Tenements

Property Name	Claim Type	Size (hectares)
Mining Concessions under exploration	Constituted Mining Claims	27,596
Las Pailas I to Las Pailas XIII / G-3 a G-16	Mining claims in process	-
G-17, 1/20 to G-40, 1/20.	Mining claims in process	6,300
Escondida I, 1/30; Escondida II, III, V, VI, VII, VIII and IX.	Mining claims in process	2,400
Fortuna VII 1/30, VIII 1/20, IX 1/30, X 1/20, XI 1/30, XII 1/20, XIII 1/30 and XIV 1/20.	Mining claims in process	2,000
Mateo I, II, III, IV, V and VI	Mining claims in process	1,700
Fortuna I, 1/30 to Fortuna VI, 1/20.	Mining claims in process	1,500
Escondida IV 1/30, X 1/30, XI 1/20 and XII 1/30	Mining claims in process	1,100
Fortuna XV, 1 to 5	Mining claims in process	50
Sabina 2, 1 al 18, Sabina 3, 1 to 60 (Amancaya Project)	Mining claims in process	318
Total		42,964

Appendix B: 8 de Julio Site (Argentina) Tenements

Property Name	Claim Type	Size (hectares)
8 de Julio IX	Cateo	7,002
8 de Julio X	Cateo	3,497
Juangui II	Manifestation of discovery	4,200
Juangui VII-B	Manifestation of discovery	4,000
Juangui VI-D	Manifestation of discovery	4,000
Juangui I	Manifestation of discovery	3,970
Juangui IV	Manifestation of discovery	3,226
Juangui I-B	Manifestation of discovery	3,936
Juangui II-D	Manifestation of discovery	3,740
Juangui VIII-A	Manifestation of discovery	840
Juangui VI-C	Manifestation of discovery	3,148
Juangui III	Manifestation of discovery	4,081
Juangui IV-F	Manifestation of discovery	2,286
Juangui I-A	Manifestation of discovery	2,008
Juangui V	Manifestation of discovery	1,920
Juangui II-A	Manifestation of discovery	840
Juangui VI-A	Manifestation of discovery	840
Juangui VII-A	Manifestation of discovery	840
Juangui VI	Manifestation of discovery	840
Juangui IV-A	Manifestation of discovery	840
Juangui IV-B	Manifestation of discovery	840
Juangui IV-C	Manifestation of discovery	840
Juangui IV-D	Manifestation of discovery	840
Juangui IV- E 1	Manifestation of discovery	840
Juangui IV- E 2	Manifestation of discovery	840
Juangui IV- E 3	Manifestation of discovery	840
Juangui IV- E 4	Manifestation of discovery	840
Juangui IV- E 5	Manifestation of discovery	840
Juangui V-A	Manifestation of discovery	840
Juangui V-B	Manifestation of discovery	840
Juangui II-C	Manifestation of discovery	638
Juangui II-B	Manifestation of discovery	615
Barroso Chico I	Manifestation of discovery (request)	840
Barroso Chico II	Manifestation of discovery (request)	840
Total		67,387

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

AUSTRAL GOLD LIMITED

ABN

30 075 860 472

Quarter ended ("current quarter")

30 September 2015

Consolidated statement of cash flows

	Current quarter US\$'000	Year to date (3 months) US\$'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	16,244	16,244
1.2 Payments for		
(a) exploration & evaluation	(383)	(383)
(b) development	(1,719)	(1,719)
(c) production	(8,546)	(8,546)
(d) administration	(1,564)	(1,564)
(e) royalties paid	-	-
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(1,132)	(1,132)
1.7 Movement attributable to foreign currency translation	(26)	(26)
Net Operating Cash Flows	2,875	2,875
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	(3,000)	(3,000)
(b) financial assets, net	-	-
(c) equity investment	(276)	(276)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	150	150
1.12 Other (provide details if material)	-	-
Net investing cash flows	(3,126)	(3,126)
1.13 Total operating and investing cash flows	(251)	(251)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

		Current quarter US\$'000	Year to date (3 months) US\$'000
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Net proceeds from financial securities	178	178
Net financing cash flows		178	178
Net increase (decrease) in cash held		(73)	(73)
1.20	Cash at beginning of quarter/year to date	7,448	7,448
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	7,375	7,375

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter US\$'000
1.23	Aggregate amount of payments to the parties included in item 1.2	99
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available US\$'000	Amount used US\$'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

		US\$'000
4.1	Exploration and evaluation	366
4.2	Development	1,800
4.3	Production	9,180
4.4	Administration	1,500
4.5	Royalties	-
4.6	Other (Investment)	276
4.7	Other (Income tax)	1,500
Total		14,622

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter US\$'000	Previous quarter US\$'000
5.1 Cash on hand and at bank	3,852	7,258
5.2 Deposits at call	3,523	190
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	7,375	7,448

Changes in interests in mining tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	N/A		
6.2	Interests in mining tenements acquired or increased	Justicia 1-25, Limbo 1 (1-15), and Limbo 3 (1-5) acquired by public auction	-	100

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities <i>(description)</i>				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	*Ordinary securities	478,761,995	478,761,995		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	*Convertible debt securities <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options <i>(description and conversion factor)</i>	1:1 Unlisted options 140,949	-	<i>Exercise price</i> AUD\$0.30	<i>Expiry date</i> 15 Nov 2016
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: 
(Company secretary)

Date: 30 October 2015

Print name: Andrew Bursill

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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