



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

30 August 2011

Dear Shareholders,

This is my first letter to you as Chairman of Austral Gold and I am delighted to have taken on this role.

Firstly, I would like to thank the former Chairman Mark Bethwaite AM who has led Austral Gold for the past 4 years. Mark was instrumental in many of our negotiations, and transforming Austral Gold into the company that it is today. The Board is grateful for his efforts and we wish him well with his future endeavours.

I would like to share with you my and the Board's vision for Austral Gold and how we are committed to transforming the company into a leading South American focused mining company.

I first became involved with Austral Gold in 2003, when gold was trading at US\$330 per ounce, which made our Guanaco gold and silver mine in Chile an uneconomical prospect. However, we have always taken a long term view, and with gold recently trading around US\$1,800 per ounce, our decision to invest in the South American mining industry has proven to be the right one. We now plan to take Austral Gold to the next stage of growth. Exploration will continue to be a key focus of our growth strategy as our finding costs are less than \$100 per ounce of gold, which will enable increasing shareholder value in this high gold price environment.

We have invested heavily in the Guanaco operation, and will continue to do so in order to make this asset a highly successful gold and silver mine. The Board is currently assessing a number of options to strengthen Guanaco and expand our asset base in Chile. We are assessing additional gold and silver opportunities around Guanaco that include possible acquisitions, farm-in agreements and joint ventures.

The Board is mindful that Austral Gold's capital structure is restrictive to our growth, and we have to improve liquidity in our register. I can assure you that I remain a committed and long term shareholder and the Board is now actively looking at ways to improve liquidity. My recent selling of a small percentage of my holdings is a small contribution to help improve liquidity.

We also plan to strengthen our presence in Argentina by broadening our exploration focus and adding to our asset base in the region as we see considerable upside opportunity in this market. This is a country we know well, which holds great potential and where many of the world's largest mining companies are now actively pursuing opportunities. We are currently assessing joint ventures, staking new exploration concessions and reviewing potential acquisitions of advanced exploration projects.

Shareholders should have every confidence that your Board has a number of clear growth objectives in place, and we are committed to meet them.

The major shareholder's group of companies in South America has a track record of success in building leadership positions in real estate investment, retail, asset management, banking and agribusiness in Argentina and Brazil. They have supported Austral Gold and provided financing to develop the Guanaco project to its current position and will continue to be supportive of the company's growth objectives.

We intend to establish a similar leadership position in the resources sector and I have no doubt that our skilled staff and Board will make it possible to achieve our goals enabling Austral Gold to become one of the leading mining companies of South America.

We will update shareholders more periodically on our developments, and I would like to thank you for your continued support of Austral Gold.

Yours sincerely,



**Eduardo Elsztain**  
Chairman

PRESS RELEASE