



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

6 September 2011

AUSTRAL GOLD INCREASES GUANACO RESOURCE TO 884,653 OUNCES OF GOLD AND 3.8 MILLION OUNCES OF SILVER

- **Resource increases almost 10% on prior year**
- **3.8 million ounces of silver equal to 94,997 of gold equivalent ounces**
- **Total Guanaco resource including gold equivalents almost 1 million gold ounces**
- **5,000 metre RC drilling program to commence at Guanaco in September 2011**

The Board of Austral Gold Limited (ASX: AGD) is pleased to advise a further increase to the gold and silver resource at the company's 100% owned Guanaco Project in Chile.

The total gold resource at Guanaco has increased to 884,653 ounces, which is an increase of 73,601 ounces of gold resources to that reported in the Bankable Feasibility Study in August 2010. In addition, approximately 95,000 gold equivalent ounces from the silver mineralisation at the Guanaco project has been identified (see accompanying table).

The increase in the gold resource is due primarily to the gold mineralisation discovered from the large underground 'Natalia' quartz vein structure which remains open at depth and along strike.

Chief Operating Officer and Director Mr Stabro Kasaneva of Austral Gold commented, "We are encouraged by the growth in our gold and silver resource at Guanaco, and we are confident that testing of known structures, as well as further exploration of new areas within our project will increase our gold resource to over 1 million ounces.

"We are also pleased to report that the company will commence a new 5,000 metre drilling program at Guanaco in September. Exploration is still a major focus at the project, and it is key to unlocking further value, particularly in an environment of historically high gold prices.

"Also of note is the silver mineralisation that we continue to uncover at Guanaco. Exploration for silver is becoming a priority for Austral Gold and we believe Guanaco has the potential to host additional silver mineralisation that we will actively exploit."

RESOURCES Au	Measured (Me)			Indicated (Ind)			Inferred (Inf)			Total (Me+Ind+Inf)		
	Ton (kt)	Grade (g/t)	Ounces Au	Ton (kt)	Grade (g/t)	Ounces Au	Ton (kt)	Grade (g/t)	Ounces Au	Ton (kt)	Grade (g/t)	Ounces Au
Underground (> 1.0 g/t Au)	1,264	3.7	150,506	2,862	2.91	268,018	2,553	2.42	198,824	6,679	2.87	617,348
Open Pit (> 0.4 g/t Au)	657	1.7	35,794	766	1.45	35,692	15	1.63	810	1,438	1.57	72,296
Heap Leach (>0.4 g/t Au)	8,334	0.54	145,748	-	-	-	2,777	0.55	49,261	11,111	0.54	195,009
TOTAL Au	10,255	1.01	332,048	3,628	2.60	303,710	5,345	1.44	248,895	19,228	1.43	884,653
RESOURCES Ag	Measured (Me)			Indicated (Ind)			Inferred (Inf)			Total (Me+Ind+Inf)		
	Ton (kt)	Grade (g/t)	Ounces Ag	Ton (kt)	Grade (g/t)	Ounces Ag	Ton (kt)	Grade (g/t)	Ounces Ag	Ton (kt)	Grade (g/t)	Ounces Ag
Underground	1,264	7.88	320,078	2,862	10.65	979,507	2,553	11.34	930,362	6,679	10.39	2,229,947
Open Pit	657	15.05	317,851	766	12.18	299,879	15	10.27	5,097	1,438	13.47	622,827
Head Leach	8,334	2.66	712,175	-	-	-	2,777	2.63	234,946	11,111	2.65	947,121
TOTAL Ag	10,255	4.09	1,350,104	3,628	10.97	1,279,386	5,345	6.81	1,170,405	19,228	6.14	3,799,895
Gold Equivalent ounces												94,997
TOTAL GOLD AND GOLD EQUIVALENT OUNCES												979,650

Austral Gold will update shareholders on the progress of its planned drilling campaign.

By order of the Board

Catherine Lloyd
Company Secretary

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 17 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 Press Release.