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Austral Gold Limited (ASX:AGD) is pleased to advise the following activity for the **quarter ended 31 December 2009**

HIGHLIGHTS

- Commencement of Bankable Feasibility Study at Guanaco
- Commencement of 2009/10 Drilling Campaign at Guanaco
- The Company's AGM held on 20 November 2009. Approval of all ten resolutions put to shareholders.

CORPORATE ACTIVITIES

On 20 November 2009, Austral Gold held its Annual General Meeting in Sydney. A total of 147,637,525 valid proxies were received. All ten resolutions put to shareholders were approved.

Results of the AGM were lodged with the ASX on 20 November 2009.

EXPLORATION & DEVELOPMENT ACTIVITIES – Chile

Guanaco

As highlighted in the Chairman's Address on 20 November 2009 to shareholders at the AGM, there has been significant and ongoing progress at Guanaco.

On 21 October 2009, Austral Gold announced a major milestone – mandating AMEC to conduct a Bankable Feasibility Study (BFS) into restarting mining and processing operations. The BFS is now at the half way point and is expected to be completed in the June 2010 quarter.

In addition, on 29 October 2009 Austral Gold announced the commencement of the 2009/10 drilling campaign at Guanaco. The objective of this campaign is to increase measured, indicated and inferred resources of gold and silver.

As announced on 20 November, Austral Gold is taking steps to achieve limited early gold production from the retreatment of heap leach material from prior mining operations at Guanaco. Critical components of the existing crushing and gold recovery plant on site have now been disassembled and sent to workshops in Antofagasta for repair and upgrading.

As announced on 21 January, Austral Gold has let a contract for the construction of a 1500 metre underground decline at Guanaco. This decline is designed to facilitate exploration of the Cachinalito and nearby vein systems and for ore haulage during subsequent mining activities. Construction will commence shortly and be completed during calendar 2010.

EXPLORATION ACTIVITIES – Argentina

Austral Gold is active in the province of San Juan and has interests in the province of Santa Cruz.

San Juan

San Juan is in the north west of Argentina, near the border with Chile. Under an Agreement with Argentina Minera SA (AMINSA), Austral Gold is now in its second year of earning an interest in tenements covering approximately 227,000 hectares in San Juan. These properties are located near Xstrata's advanced El Pachón copper exploration project in Argentina and Los Pelambres owned by Antofagasta Minerals in Chile.

Environmental approvals have been obtained for the areas of Rincones de Araya and Calderon-Calderoncito. In the December 2009 quarter, preparations for the 2010 drilling campaign were undertaken, including the construction (in coordination with other companies that work in the area) of an access road to the high altitude zone of interest.

The 2010 drilling campaign is now underway. This campaign concentrates on drilling geochemical and geophysical (conductivity) anomalies and is targeted at potential copper mineralization identified in adjacent areas. Six holes of about 600 metres each are planned and are expected to be complete by end March 2010.

Santa Cruz

In southern Patagonia, Austral Gold has nine tenement applications totalling almost 85,000 hectares in the Macizo el Deseado area in the Province of Santa Cruz.

Austral Gold technical staff and consultants will be on site in these tenements in February 2010 to undertake field assessments and plan exploration activities in this area to be undertaken in the second half of the year.

DIRECTORATE

Ms Natalia Zang resigned as Director on 3 December 2009.

By order of the Board

Catherine Lloyd
CFO & Company Secretary