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Austral Gold Limited (ASX:AGD) is pleased to advise the following activity for the **quarter ended 31 March 2010**

HIGHLIGHTS

- Completion of the 2009/10 Drilling Campaign at Guanaco
- Release of the December 31 Half Year Financial Report
- Update to Investor Presentation released

EXPLORATION ACTIVITIES – Chile

Guanaco

There has been substantial ongoing progress at Guanaco during the March quarter, most significantly, the completion of the 2009/10 drilling campaign announced on 3 March. This campaign started in October 2009 and involved 58 reverse circulation (RC) drill holes totalling 10,593 metres. The results identified two high grade intersections in the Natalia and San Lorenzo veins located approximately 150 metres south and parallel to the Cachinalito vein.

Other activities include ongoing work and plant refurbishment to achieve 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 been 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, which has advanced some 200 metres to date. This decline is designed to facilitate exploration of the Cachinalito and nearby vein systems and for ore haulage during subsequent mining activities and is due to be completed late calendar 2010.

Austral Gold is currently undertaking a Bankable Feasibility Study which should be completed in June 2010. Exploration drilling activities continue at Guanaco with the objective of increasing measured, indicated and inferred resources of gold and silver above current levels.

PRESS RELEASE

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 nearing the end of the 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.

The 2010 drilling campaign is now complete. This campaign has concentrated on drilling geochemical and geophysical (conductivity) anomalies and was targeted at potential copper mineralization identified in adjacent areas. Five holes of about 650 metres each were drilled, totalling 3,048 metres in 67 days. The results from this drilling campaign are now being analysed.

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 visited the area in February and March 2010 to undertake field assessments and to plan exploration activities for the second half of the year.

CORPORATE ACTIVITIES

On 11 March 2010, Austral Gold released its Half Year Financial Report for the period ended 31 December 2009. Highlights from this report include:

- Profit for the period of AU 2,297,772. The main factor contributing to this profit was a reversal of previous impairment to the value of Guanaco. The Guanaco Project is currently valued at AU 57,000,000.
- Renewal of funding agreement with Guanaco Capital Holding Corp (substantial shareholder) securing a further USD16,000,000 to fund further exploration and pre-development activities at Guanaco and Austral Gold's Argentinean projects.

By order of the Board

Catherine Lloyd
CFO & Company Secretary