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Company Announcements Office  
Australian Stock Exchange Limited

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PRESS RELEASE

**AUSTRAL GOLD ANNOUNCES COMMENCEMENT OF 2009/10 DRILLING CAMPAIGN AT  
GUANACO GOLD/COPPER PROJECT, CHILE**

Further to the announcement on 21 October 2009 of the commencement of a Bankable Feasibility Study (BFS) at Guanaco, Austral Gold Limited (ASX:AGD) is pleased to announce commencement of the 2009/10 drilling campaign on this Project.

As of the date of this release, a UDR rig will be on site to drill at least 10,000 metres of both reverse circulation and diamond drill holes. The drilling program has two main objectives

- o to demonstrate high grade gold resources in the previously announced gold bearing Natalia vein close to and south of Cachinalito. The Natalia vein has not yet been tested in its horizon considered most favorable for mineralization.
- o to support the ongoing BFS by better delineation of existing resources, expanding the resource base and by drilling some geotechnical and condemnation holes.

The drilling contractor is Major Drilling Company and the internationally accredited ACME Laboratory in Chile will prepare and assay the drill samples. It is expected to obtain the results of the campaign by the end of January 2010.

As with previous campaigns, the 2009/10 campaign will be conducted according to JORC standards. The final resource estimation will be reviewed by Dr Robert Trzebski, a Director of Austral Gold Limited and who 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.

Shareholders and the ASX will be kept informed as Austral Gold continues to plan a long-term sustainable project to add value to our shareholders.

By Order of the Board

Catherine Lloyd  
Company Secretary/CFO