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## **AUSTRAL GOLD COMMENCES STAGE ONE OF THE 2008 DRILL CAMPAIGN AT THE GUANACO PROJECT, CHILE**

The Board of Austral Gold Limited (ASX: AGD) is pleased to advise that Austral Gold has commenced stage one of the Company's 2008 drill program at the Guanaco Project in Chile.

The 2008 drill program will extend the 20,000 metres already completed at Guanaco in 2007, and the current reverse circulation (RC) drilling program is part of the Company's 2008 exploration campaign aimed at increasing the total in ground gold resource of 496,141 oz Au and silver resource of 1,207,368 oz Ag.

Stage one of the 2008 drill program will involve approximately 30,000 metres of RC drilling which is estimated to comprise around 50-60 holes. Some diamond drilling will be done to structural analysis and metallurgical tests.

Drilling will target the prospective Salvadora fault which lies in close proximity to the identified resources of Cachinalito (330,000 oz Au), Dumbo (139,000 oz Au) and Perseverencia (27,000 oz Au) at Guanaco.

The 2008 drill contract will be undertaken by Major Drilling Chile S.A., with the initial campaign commencing 11 June 2008. This drilling campaign is expected to conclude in July 2008. A second stage will then be carried out by the drill contractors in the December quarter later in the year.

The initial program will target linear anomalies indicated by Controlled Source Audio-frequency MagnetoTellurics ("CSAMT") as part of the geophysical exploration undertaken in late 2007 that identified 70 targets.

It is intended that drilling will follow the CSAMT anomalies to intersect the mineralisation associated with the fault structures.

The high resolution electromagnetic sounding technique which uses a fixed grounded dipole or horizontal loop as an artificial signal source has already proven successful for Austral Gold at Guanaco.

CSAMT anomalies were used to define the position of known structures such as the Cachinalito and Salvadora faults and have also indicated additional smaller-scale structures which occur parallel to these identified faults.

Concurrent to drilling, additional CSAMT surveying will be undertaken to better define the extent of the fault structures which may be associated with gold-bearing mineralisations.

Field and structural mapping will also be carried out to support the geophysics and drilling campaign.

The following page details resource figures as summarised above.

| <b>GOLD</b><br><b>Au</b>   | <b>Cachinallito West</b> |                    |                | <b>Cachinallito Central</b> |                    |                | <b>Dumbo West</b> |                    |                | <b>Perseverancia</b> |                    |                | <b>Tonnes</b>    | <b>TOTAL</b><br><b>Grade (g/t)</b> | <b>Ounces</b>    |
|----------------------------|--------------------------|--------------------|----------------|-----------------------------|--------------------|----------------|-------------------|--------------------|----------------|----------------------|--------------------|----------------|------------------|------------------------------------|------------------|
|                            | <b>Tonnes</b>            | <b>Grade (g/t)</b> | <b>Ounces</b>  | <b>Tonnes</b>               | <b>Grade (g/t)</b> | <b>Ounces</b>  | <b>Tonnes</b>     | <b>Grade (g/t)</b> | <b>Ounces</b>  | <b>Tonnes</b>        | <b>Grade (g/t)</b> | <b>Ounces</b>  |                  |                                    |                  |
| Measured                   | 318,320                  | 3.25               | 33,281         | 540,340                     | 5.42               | 94,209         | 158,440           | 2.88               | 14,660         | 65,780               | 4.04               | 8,540          | 1,082,880        | 4.33                               | 150,690          |
| Indicated                  | 432,040                  | 2.99               | 41,573         | 645,340                     | 4.18               | 86,622         | 523,820           | 2.65               | 44,662         | 101,540              | 3.76               | 12,284         | 1,702,740        | 3.38                               | 185,141          |
| Inferred                   | 189,100                  | 2.50               | 15,175         | 464,460                     | 3.94               | 58,894         | 1,405,440         | 1.77               | 80,068         | 58,700               | 3.27               | 6,173          | 2,117,700        | 2.35                               | 160,310          |
| <b>TOTAL</b>               | <b>939,460</b>           | <b>2.98</b>        | <b>90,029</b>  | <b>1,650,140</b>            | <b>4.52</b>        | <b>239,725</b> | <b>2,087,700</b>  | <b>2.08</b>        | <b>139,390</b> | <b>226,020</b>       | <b>3.71</b>        | <b>26,997</b>  | <b>4,903,320</b> | <b>3.15</b>                        | <b>496,141</b>   |
| <b>SILVER</b><br><b>Ag</b> | <b>Cachinallito West</b> |                    |                | <b>Cachinallito Central</b> |                    |                | <b>Dumbo West</b> |                    |                | <b>Perseverancia</b> |                    |                | <b>Tonnes</b>    | <b>TOTAL</b><br><b>Grade (g/t)</b> | <b>Ounces</b>    |
|                            | <b>Tonnes</b>            | <b>Grade (g/t)</b> | <b>Ounces</b>  | <b>Tonnes</b>               | <b>Grade (g/t)</b> | <b>Ounces</b>  | <b>Tonnes</b>     | <b>Grade (g/t)</b> | <b>Ounces</b>  | <b>Tonnes</b>        | <b>Grade (g/t)</b> | <b>Ounces</b>  |                  |                                    |                  |
| Measured                   | 318,320                  | 3.33               | 34,079         | 540,340                     | 3.42               | 59,378         | 158,440           | 10.55              | 53,725         | 65,780               | 18.48              | 39,082         | 1,082,880        | 5.35                               | 186,264          |
| Indicated                  | 432,040                  | 3.61               | 50,185         | 645,340                     | 3.89               | 80,730         | 523,820           | 11.36              | 191,380        | 101,540              | 14.49              | 47,316         | 1,702,740        | 6.75                               | 369,611          |
| Inferred                   | 189,100                  | 3.59               | 21,820         | 464,460                     | 4.97               | 74,170         | 1,405,440         | 11.62              | 524,826        | 58,700               | 16.26              | 30,677         | 2,117,700        | 9.57                               | 651,493          |
| <b>TOTAL</b>               | <b>939,460</b>           | <b>3.51</b>        | <b>106,084</b> | <b>1,650,140</b>            | <b>4.04</b>        | <b>214,278</b> | <b>2,087,700</b>  | <b>11.47</b>       | <b>769,931</b> | <b>226,020</b>       | <b>16.11</b>       | <b>117,075</b> | <b>4,903,320</b> | <b>7.66</b>                        | <b>1,207,368</b> |

The resource figures identified above were included in an announcement to the ASX on 24 April 2008.

The resources identified above were calculated by Magri Consultores Limitada. Eduardo Magri, the principal of Magri Consultores Limitada, has a PhD from the University of Witwatersrand, a Master of Science from Colorado School of Mines, an honors Bachelor of Science in Operations Research from the University of South Africa and is a Mining Engineer from the University of Chile. He is a Fellow of the South African Institute of Mining and Metallurgy. Eduardo Magri has over 25 years experience as an international consultant in the fields of sampling and geostatistical resource estimation and is a Qualified person under NI-43-101 regulations. Mr Magri 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 is a director of Austral Gold Limited. He has a Degree in Geology, a PhD in Geophysics, a Master in International Project Management and has over 13 years of professional experience in mineral exploration, project management and research and development. Dr Robert Trzebski 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 resource figures identified above in the context it has been provided in this current announcement.

Catherine Lloyd  
Company Secretary & CFO