PRESS RELEASE

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AUSTRAL GOLD ANNOUNCES COMMENCEMENT OF THE BANKABLE FEASIBILITY STUDY AT GUANACO PROJECT, CHILE

Following the announcement on 12 June 2009 of nearly one million ounces of gold and gold equivalent resources at its Guanaco Project, Austral Gold Limited (ASX:AGD) is pleased to announce the commencement of a Bankable Feasibility Study (BFS) on this Project.

Austral Gold has mandated AMEC as the lead consultant to undertake this BFS which will start immediately.

AMEC is an international project management and engineering services company with extensive experience in the design and construction management of industrial and mining projects over some fifty years of operation. AMEC has completed several hundred projects of varying size and complexity.

AMEC has a deep understanding of the challenges associated with mining and processing gold. It has worked on gold projects in Australasia, Africa, Europe and the Americas. AMEC expects to complete the Guanaco Bankable Feasibility Study by the second quarter of 2010

The Guanaco BFS will be managed out of AMEC's Santiago de Chile office which is its largest mining and metal office in the world, with over 500 employees.

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