AUSTRALGOLD

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29 July 2010

PRESS RELEASE

Austral Gold Limited (ASX:AGD) is pleased to advise the following activity for the **quarter ended 30 June 2010**

HIGHLIGHTS

- Preliminary results for the ongoing 2010 drilling campaign at Guanaco
- Underground decline construction at Guanaco progresses ahead of schedule
- Plant refurbishment at Guanaco and heap leaching project on schedule for September/October first gold production
- Camp renovations and improvements at Guanaco
- New mining tenements at Guanaco
- Guanaco Bankable Feasibility Study in final stages

EXPLORATION ACTIVITIES – Chile

Guanaco

There has been substantial ongoing progress at Guanaco during the second quarter.

Drilling Program

The 2010 drilling campaign continued in the June quarter with 49 reverse circulation (RC) drill holes totalling 7,487 metres. During the period, the first phase of the local exploration program was completed and the geology team is currently working on data interpretation. Some oreshoots have been extended and new, previously unrecognized structures were intercepted. In addition, the first phase of the geophysics program (magnetometry) has been completed.

The following table shows mineralized intercepts with grades over 1 gpt Au identified in completed holes.

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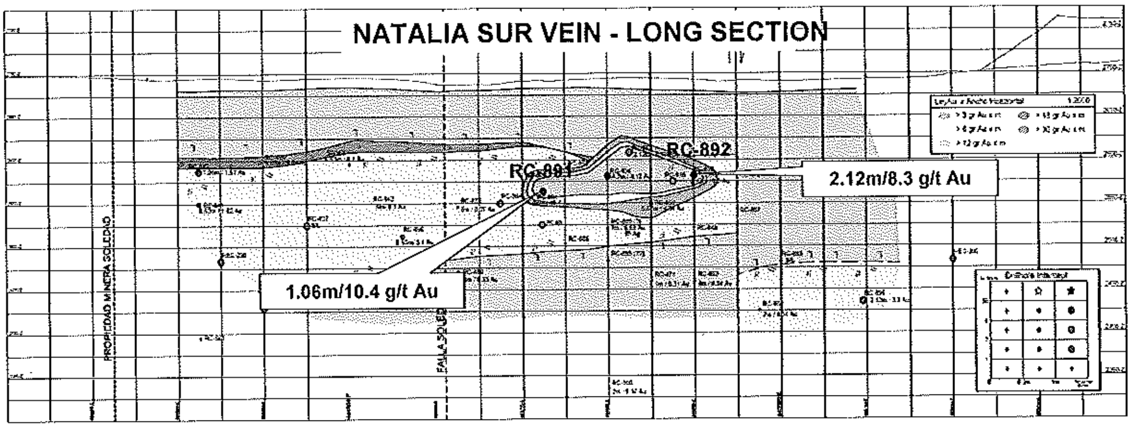
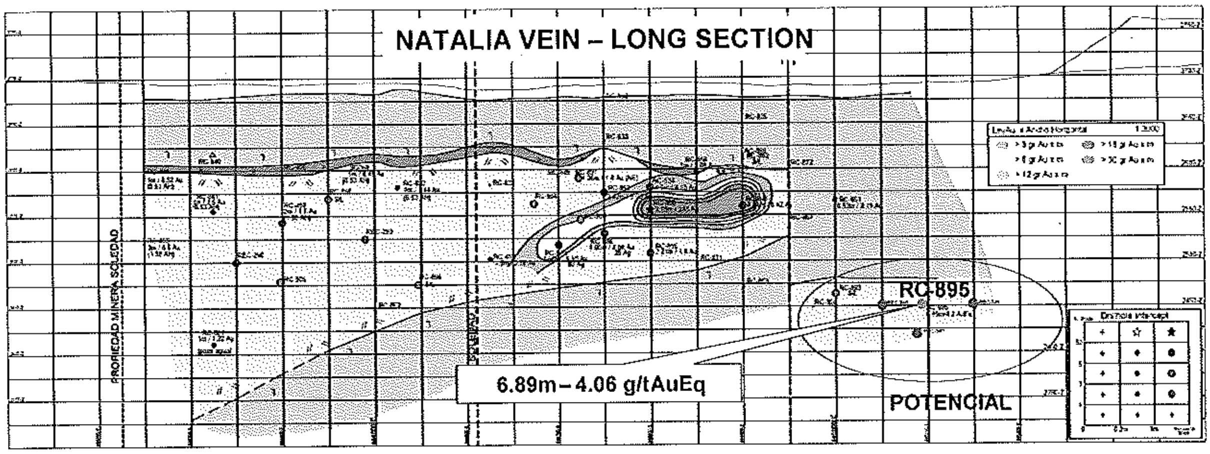
GRADES SUMMARY										
Hole	Incl.	Az	Length	Structure	Intercept	Int	Au g/t	Ag g/t	Cu %	Target
				Sil (+)	64-66	1	1.1	11.5	0.3	Dumbo
RC-890	87°	73°	250	Silica Veinlets	168-172	1	1.95	17.8	0.47	Dumbo
				Vsz	151-152	1	3.2	4	0.01	Natalia
RC-891	55°	180°	220	Vsz	157-158	1	18.3	14	0.17	Natalia
				Vsz	136-139	3	8.3	11.8	0.04	Natalia
RC-892	55°	180°	190	Vsz	137-140	3	1.8	7.9	0.04	Natalia
RC-894	90°		300	Vn (m)	12 a 14	2	1.54	20.9	0.02	Dumbo
				Silica Vein	272-286	13	3.3	50.5	0.81	Natalia
RC-895	55°	180°	330	Silica Veinlets	294-298	4	3.3	79	1.23	Natalia Sur
				Vsz	56-62	6	21	2.4		Cachinalito
RC-896	55°	180°	280	Vsz	219-224	5	1.9	21.6	0.7	Natalia Sur
				Vsz	76-82	6	7.7	5	0.01	Cachinalito 3
RC-898	55°	180°	234	Vsz	206-210	4	1.2	5.8	0.2	San Lorenzo Sur
RC-899	55°	180°	276	Sil (++)	194-195		2	4.5	1.5	San Lorenzo
RC-901	55°	180°	280	Veinlets	133-134		1.3			CH2
				Silica Vein	48-54	3	4			CH3
				Silica Veinlets	102-103	1	2.7			CH5
RC-902	55°	180°	250	Sil (-)	233-236	3	2			SLS
				Silica Veinlets	114-116	1	2.4			Cachinalito Central
				Silica Veinlets	150-154	4	4.3			Cachinalito Central
				Silica Veinlets	169-170	1	4.9			Cachinalito Central
				Silica Veinlets	178-179	1	1.9			Cachinalito Central
				Silica Veinlets	191-195	4	2.4			Cachinalito Central
				Silica Veins	200-202	2	1.7			Cachinalito Central
RC-903	55°	180°	354	Silica Veins	222-228	6	1.8			Cachinalito Central

Results Analysis

Natalia & Natalia Sur System: A mineralized intercept was obtained in drillhole RC-895, with 13 meters (6.9 m horizontal width) and 3.3 g/t Au, 50.4 g/t Ag, and 0.81% Cu. This intercept opens up the possibility of increasing resources to the east at depth.

Other interesting intercepts were obtained in Natalia Sur with drillholes RC-891 and RC-892, including 2 m (1.1 m horizontal width), 10.4 g/t Au and 3 m (2.1 m. horizontal width), 8.3 g/t Au respectively.





San Lorenzo System: In this system, only hole RC-899 had an intercept over 1 gpt Au. It was not possible to define an orebody with the 6 holes drilled in this sector.

Cachinalito System: Hole RC-896 intercepted 6 m (3.2 m horizontal width) with 21 gpt Au, and a 2 m interval with 52 gpt Au located between Cachinalito and San Lorenzo.

Hole RC-898 intercepted a 6m interval (3.2m horizontal width), 7.7 gpt Au which corresponds to the Cachinalito 3 vein.

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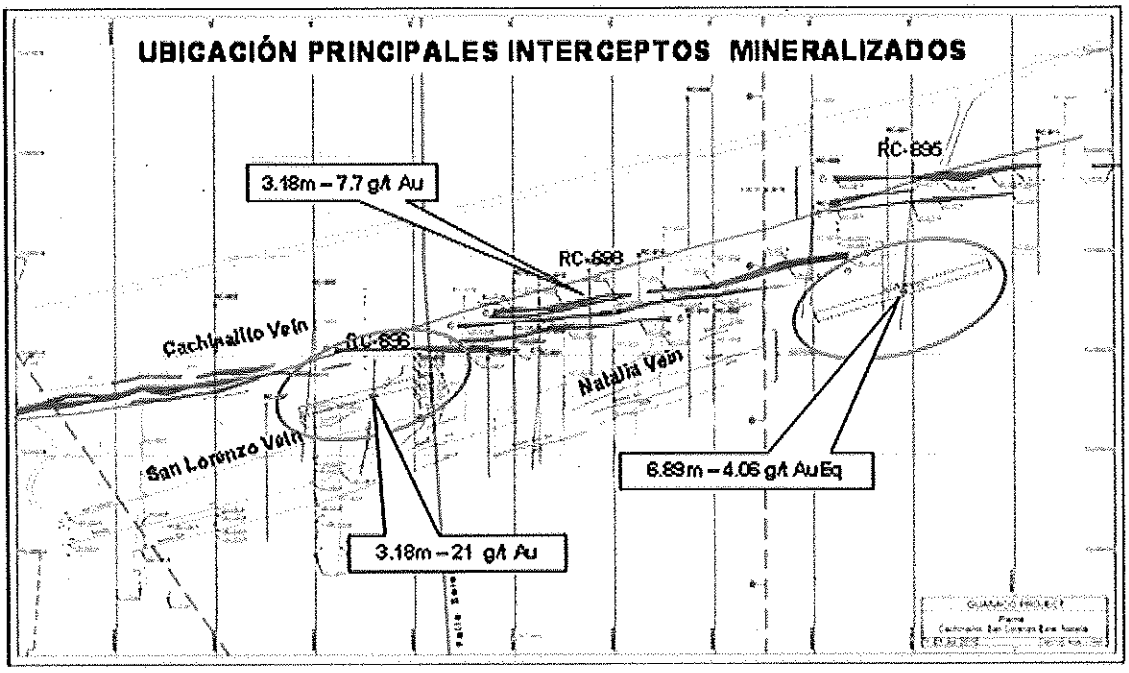
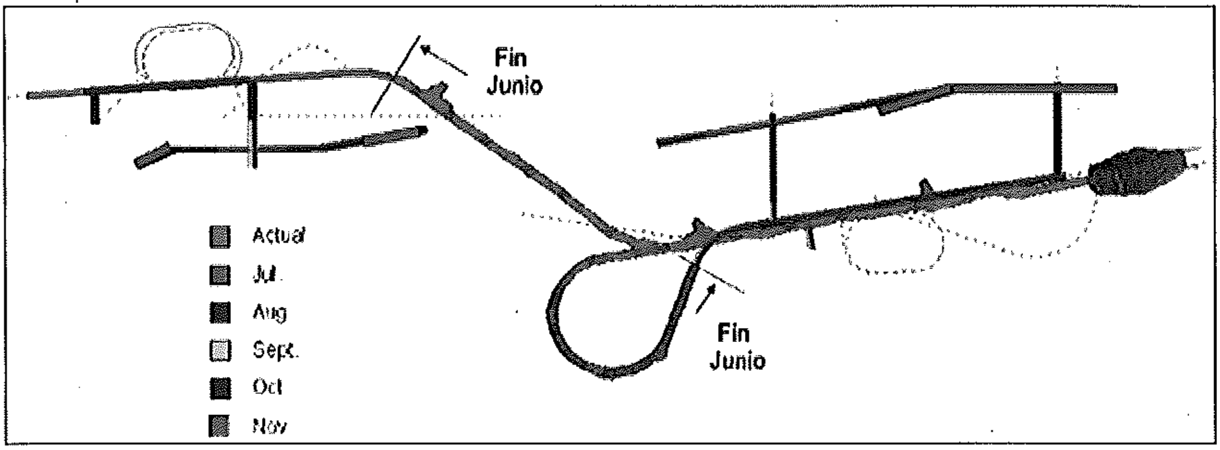


Cerro Quillota: In this zone, 24 holes totaling 1,350 meters were drilled to validate the estimated resources from earlier campaigns and increase resources in the open pit sector. To validate drillholes, twin holes were drilled, because some of the old drillholes do not have assay certificates. In general, results support the mineralization model proposed for Quillota. Grades are pending for final interpretation.

Geophysics Campaign

The first phase of the geophysical campaign, comprising 201 profiles with a total of 486 km over the Herradura, Llano Guanaquito and Cerro Islote sectors, was completed during the period. To date, there are preliminary profiles and the report should be available in July 2010. The second phase in the Veta Blanca sector with 100 km of profiles, will take place during July.

Decline Construction
Decline construction commenced in early 2010 and is progressing ahead of schedule with 587metres completed to date. In addition, civil works at the decline portal are being developed.



Heap Leaching Process: The progress of works in this project indicates that completion of the refurbishment of the Crusher and ADR Plant will be July 2010. Construction of the base of the heap leach pad is advancing and more than 50% of the geomembrane has been installed on the first strip.

Camp renovations and improvements at Guanaco: There have been substantial improvements at the camp to accommodate all employees and contractors.

During the year, Guanaco Compania Minera staff has increased to 52 full time employees at 30 June 2010. This number will increase to 85 full time employees once heap leach pad operation starts in the September quarter. In addition, 276 contractors are now working on site.

Mine Property: There has been an increase of about 34% in the Company's tenements near Guanaco. On 30 April 2010, 24 claims were submitted for tenements totaling 6,300 hectares and on 6 May 2010 claims for a further 7 tenements totaling 2,100 hectares were submitted.

The summary of claims is as follows:

Concession	Amount	Ha
Constituted Mining Claims	221	13,571
Mining Claims in Process	02	60
Constituted Exploration Claims	22	5,100
In process (September 2009)	27	6,300
In process (April 2010)	24	6,300
In process (May 2010)	07	2,100
Total	**313**	**33,431**

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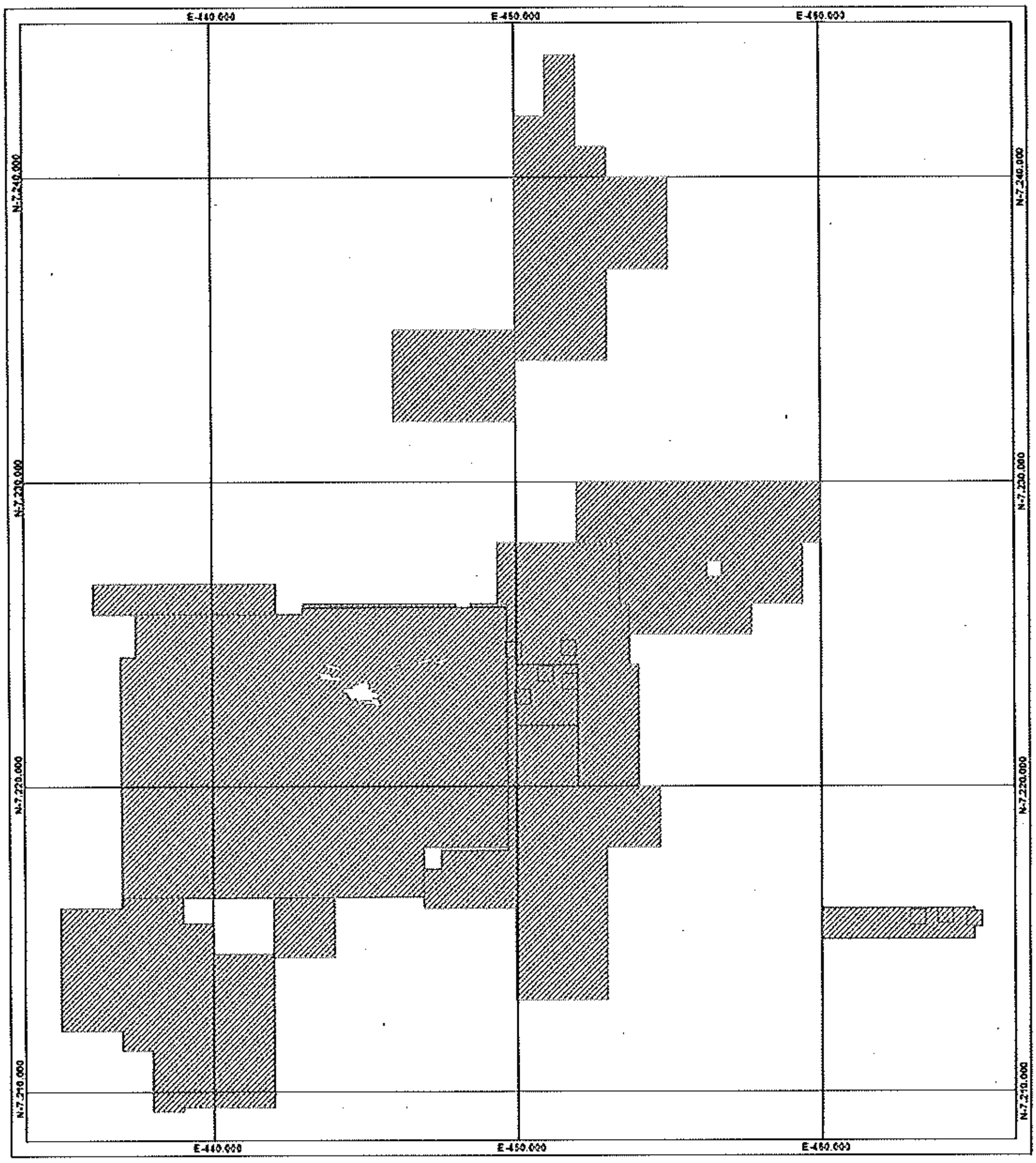

- August 2009: 25,031 Ha
- July 2010 · : 33,431 Ha

Bankable Feasibility Study:. The BFS is now in its final stages with the report expected to be provided to the Board for review in July. It will be released to the ASX soon after in accordance with continuous disclosure requirements.

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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 last part 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 finished. This campaign concentrated on drilling geochemical and geophysical (conductivity) anomalies and was targeted at potential copper mineralization identified in adjacent areas. Five holes of approximately 600 metres each were drilled, totalling 3,048 metres in 67 days. The results have been sub economical to date.

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 in this area later in 2010.

By order of the Board

Catherine Lloyd
CFO & Company Secretary

Dr Robert Trzebski is a Director of Austral Gold Limited. He has a Degree in Geology, a PhD in Geophysics, a Masters in International Project Management and has over 13 years 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 in the context they have been provided in this report.