



June 2015

QUARTERLY ACTIVITY REPORT

Key Highlights

Production

- Guanaco mine reached production of **12,176 Au oz** and **10,938 Ag oz** for the quarter.
- Gold production for the **full financial year** ended 30 June 2015 of **51,534 Au oz** was in line with the guidance of over 50,000 Au oz.
- Quarterly **all-in sustaining cost (AISC)** of US\$771/AuEq oz, and for the full financial year, AISC of **US\$694/AuEq oz**.
- **Cash cost** for the quarter was US\$597/AuEq oz. This competitive cash cost level was maintained throughout the financial year- the average was **US\$548/AuEq oz**.

Exploration Program

- On-going exploration activities continue at the Guanaco and Amancaya sites.
- Main activities include: detailed ground magnetics, surface studies and sampling and trenching of mineralized intercepts.

Financial

- Total cash position was US\$7 million as of 30 June 2015.
- Cash proceeds from the sale of gold and silver was US\$12.4 million for the quarter.

CHILE

Guanaco Mine

Background

The wholly-owned Guanaco mine remains the Company's flagship asset. Guanaco is located approximately 220km south-east of Antofagasta in Northern Chile at an elevation of 2,700m and 45km from the Pan American Highway. Guanaco is located in the Palaeocene/Eocene belt, a geological structural trend which runs north/south through the centre of Chile, and hosts several large gold and copper mining operations including: Zaldivar, El Peñon and Escondida.

Currently, the majority of the ore processed from the Guanaco operation comes from the Cachinalito underground system and nearby vein systems with higher average grades.

Gold mineralisation at Guanaco is controlled by pervasively silicified, E/NE trending sub-vertical zones with related hydrothermal breccias. Silicification grades outward into advanced argillic alteration and further into zones with propylitic alteration. In the Cachinalito vein system, most of the gold mineralisation is concentrated between depths of 75m and 200m and is contained in elongated shoots. High grade ore shoots (up to 180 g/t Au), 0.5m to 3.0m wide, have been exploited, but the lower grade halos, below 3 g/t Au, can reach up to 20m in width. The alteration pattern and the mineralogical composition of the Guanaco ores have led to the classification as a high-sulfidation epithermal deposit.

Production

Production from underground operations using the heap leach process generated 12,176 gold ounces (Au oz) and 10,938 silver ounces (Ag oz) during the quarter ended 30 June 2015. When measured in gold equivalent ounces* (AuEq oz) total production was 12,339 AuEq oz compared to 11,567 AuEq oz in the prior quarter and 10,418 AuEq oz in the same quarter of the previous year.

Gold and Silver Production

Production	2012 Actual Calendar Year	2013 Actual Calendar Year	2014 Actual Calendar Year	2015 Actual 6-months ⁽³⁾	2015 Actual Financial Year	2015 Budget Calendar Year
Gold (Au oz)	28,902	50,226	50,375	23,601	51,534	50,000
Silver (Ag oz)	74,807	74,031	46,458	20,424	40,108	49,000

For the June 2015 quarter the average operating cash cost¹ (C1) was US\$597/AuEq oz while the all-in sustaining cost² (AISC) was US\$771/AuEq oz (US\$597/AuEq oz and US\$807/AuEq oz respectively for the quarter ended 31 March 2015).

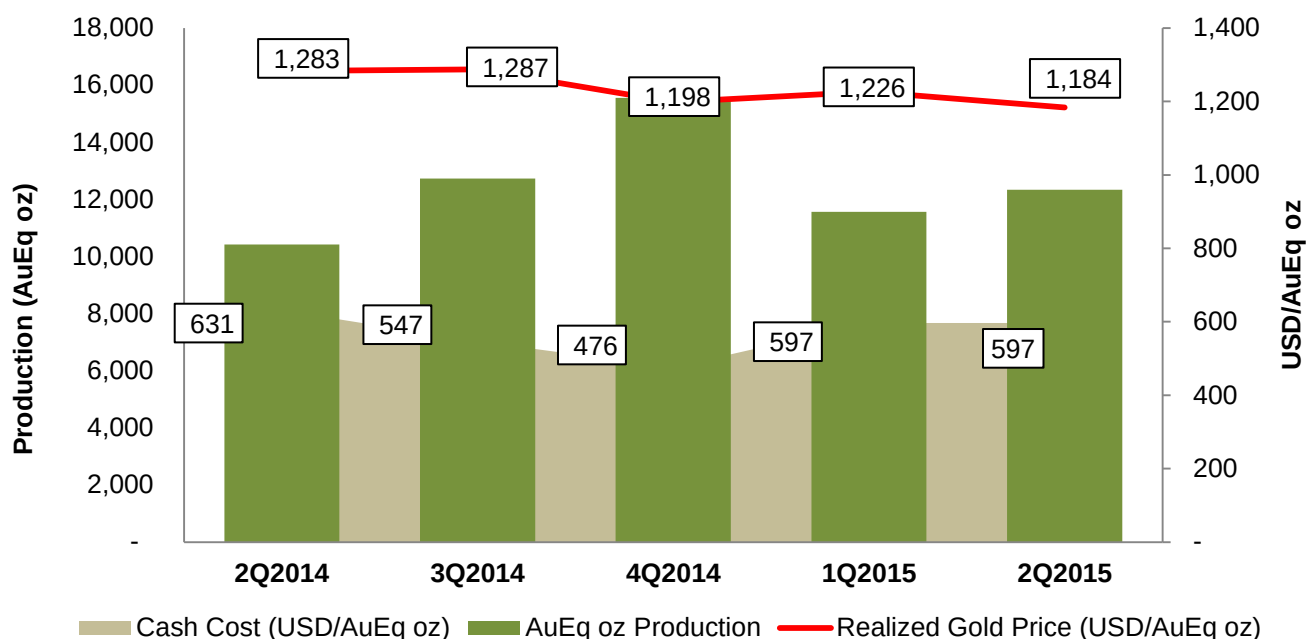
* AuEq ratio is calculated at 67:1 Ag:Au

(1) The operating cash cost (C1) for the Guanaco Mine includes: Mine, Plant, On-Site G&A, Smelting, Refining, and 3% ENAMI Royalty.

(2) The all-in sustaining cost (AISC) for the Guanaco Mine includes: C1, Sustaining Capex, Exploration, and Mine Closure Amortisation.

(3) Six-month period ended June 2015.

AuEq oz Production per quarter (calendar year)



Mining

During the June 2015 quarter, mining continued at the Cachinalito underground operations with a total of 87,535 tonnes mined at an average grade of 6.79 g/t Au and 6.03 g/t Ag. The crushed and leached ore totalled 116,898 tonnes for the quarter at an average grade of 5.89 g/t Au and 5.66 g/t Ag.

Guanaco Operational Performance

June Quarter (3-months actual) 2015

Total Ore processed (t)	116,898
Plant grade (g/t Au)	5.89
Gold recovery (%)	77
Gold produced (oz)	12,176
Silver produced (oz)	10,938
Operating cash cost (US\$/AuEq oz)	597

Total underground mine development was 717 metres for the June quarter leading to a total of 1,093 metres for the 6-month period ended June.

Safety

During this quarter, no lost-time accidents (LTA) occurred, and two nil-lost-time accidents (NLTA's) were reported involving employees of Guanaco and third party contractors. Safety and environmental protection are core values of the Company. The implementation of best practice safety standards along with a sound risk management program are key priorities for Austral Gold.

Exploration Program

The Geology team continued to advance on the exploration program within the current mine development area of the Guanaco deposit. A new drift is being developed to the south of the Cachinalito Central West sector. This new zone was named Aurora where more than 145 metres of tunnel were developed following a vein.

During the quarter, detailed ground magnetics were continued at Guanaco with the goal of testing mineralized structures beneath the alluvial cover. Additionally, cross-cuts were developed to reach mineralized intercepts recognized during the previous quarter's drilling campaign.

Guanaco Area Tenements Status

A complete list of the mining tenements in which the Company has an interest is presented in Appendix A attached to this report. There have been no changes to the Company's interests in these mining tenements during the quarter. All mining properties are fully owned by the Company through its subsidiaries.

Amancaya Project

Development of the Amancaya Project

As reported in the media release on 29 April 2015, the development of the Amancaya Project continues to advance with the purchase of long lead items, further engineering work and further submissions to finalise the Environmental Impact Statement submission.

During this quarter, the Geology team initiated a detailed surface mapping at a 1:5000 scale and new samples were taken for ICP analysis.

Amancaya Tenements Status

A complete list of the mining tenements in which the Company has an interest is presented in Appendix B attached to this report. There have been no changes to the Company's interests in these mining tenements during the quarter. All mining properties are fully owned by the Company through its subsidiaries.



Figure 1: Austral Gold's geology team for Amancaya

ARGENTINA

8 de Julio

Some of the cateos held as part of the 8 de Julio property expired during the quarter. At the same time, new 'manifestations of discovery' over that part of the property, which is considered to have the highest potential, were requested.

8 de Julio Area Tenements Status

A complete list of the mining tenements in which the Company has an interest is in Appendix C attached to this report. There has been changes to the Company's interests in these mining tenements during the quarter. All mining properties are fully owned by the Company through its subsidiaries.

CORPORATE SUMMARY & FINANCIAL PERFORMANCE

Financial performance and current cash position

Austral Gold's total cash position was US\$7 million as of 30 June 2015.

Cash proceeds for gold and silver sales for the quarter was US\$12.4 million (average realized gold price was US\$1,184/oz). Recuperation of VAT contributed \$3.5 million in cash proceeds.

The final tax payment for 2014 Chilean income tax was paid on 30 April 2015 amounting to US\$3.9 million while US\$1.3 million was paid in advance relating to the 2015 Chilean income tax year, as per local regulations.

During the quarter, a loan for US\$3m was made to Inversiones Financieras del Sur SA, a related party, on better than arm's length terms. The loan will be repaid in 2 instalments with US\$1.5 million to be repaid on 30 September 2015 and the remaining balance plus 4% interest accrued on the loan, to be repaid on 30 November 2015. The loan is unsecured and borrowers rights and obligations under the loan can be assigned or transferred at any time.

By order of the Board.

Andrew Bursill
Company Secretary

Competent Person's Statement

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 20 years professional experience in mineral exploration, project management and research and development. Dr Robert Trzebski is a member of the Australian Institute of Mining and Metallurgy (AUSIMM) and 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 resources noted in this report.

The numbers presented in this report are unaudited figures and may be subject to minor variation.

Appendices: List of tenements in which the Company currently has an interest

Appendix A: Guanaco Site (Chile) tenements

Property Name	Claim Type	Size (hectares)
Mining Concessions under exploration	Constituted Mining Claims	21,236
Las Pailas I to Las Pailas XIII / G-3 a G-16	Mining claims in process	3,415
G-17, 1/20 to G-40, 1/20.	Mining claims in process	6,300
Escondida I, 1/30; Escondida II, III, V, VI, VII, VIII and IX.	Mining claims in process	2,400
Fortuna VII 1/30, VIII 1/20, IX 1/30, X 1/20, XI 1/30, XII 1/20, XIII 1/30 and XIV 1/20.	Mining claims in process	2,000
Mateo I, II, III, IV, V and VI	Mining claims in process	1,700
Fortuna I, 1/30 to Fortuna VI, 1/20.	Mining claims in process	1,500
Escondida IV 1/30, X 1/30, XI 1/20 and XII 1/30	Mining claims in process	1,100
Fortuna XV, 1 to 5	Mining claims in process	50
Total		39,701

Appendix B: Amancaya Site (Chile) tenements

Property Name	Claim Type	Size (hectares)
Amancaya 1A, 1 to 20	Constituted mining claims	100
Amancaya 1B, 1 to 30	Constituted mining claims	140
Amancaya 2, 1 to 55	Constituted mining claims	265
Amancaya 3, 1 to 60	Constituted mining claims	300
Amancaya 4, 1 to 60	Constituted mining claims	300
Amancaya 5, 1 to 60	Constituted mining claims	300
Amancaya 6, 1 to 40	Constituted mining claims	200
Janita 1 to 15	Constituted mining claims	150
Sabina 1, 1 to 28	Second layer mining claims	140
Sabina 4, 1 to 60	Second layer mining claims	300
Sabina 5, 1 to 60	Second layer mining claims	300
Sabina 6, 1 to 40	Second layer mining claims	200
Sabina 7, 1 to 30	Second layer mining claims	150
Sabina 3, 1-60	Second layer mining claims	300
Sabina 2, 1 to 18	Mining claims in progress	18
Total		3,163

Appendix C: 8 de Julio Site (Argentina) tenements

Property Name	Claim Type	Size (hectares)
8 de Julio IX	Cateo	7,002
8 de Julio X	Cateo	3,497
Juanguí II	Manifestation of discovery	4,200
Juanguí VII-B	Manifestation of discovery	4,000
Juanguí VI-D	Manifestation of discovery	4,000
Juanguí I	Manifestation of discovery	3,970
Juanguí IV	Manifestation of discovery	3,226
Juanguí I-B	Manifestation of discovery	3,936
Juanguí II-D	Manifestation of discovery	3,740
Juanguí VIII-A	Manifestation of discovery	840
Juanguí VI-C	Manifestation of discovery	3,148
Juanguí III	Manifestation of discovery	4,081
Juanguí IV-F	Manifestation of discovery	2,286
Juanguí I-A	Manifestation of discovery	2,008
Juanguí V	Manifestation of discovery	1,920
Juanguí II-A	Manifestation of discovery	840
Juanguí VI-A	Manifestation of discovery	840
Juanguí VII-A	Manifestation of discovery	840
Juanguí VI	Manifestation of discovery	840
Juanguí IV-A	Manifestation of discovery	840
Juanguí IV-B	Manifestation of discovery	840
Juanguí IV-C	Manifestation of discovery	840
Juanguí IV-D	Manifestation of discovery	840
Juanguí IV- E 1	Manifestation of discovery	840
Juanguí IV- E 2	Manifestation of discovery	840
Juanguí IV- E 3	Manifestation of discovery	840
Juanguí IV- E 4	Manifestation of discovery	840
Juanguí IV- E 5	Manifestation of discovery	840
Juanguí V-A	Manifestation of discovery	840
Juanguí V-B	Manifestation of discovery	840
Juanguí II-C	Manifestation of discovery	638
Juanguí II-B	Manifestation of discovery	615
Barroso Chico I	Manifestation of discovery (request)	840
Barroso Chico II	Manifestation of discovery (request)	840
Total		67,387

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

AUSTRAL GOLD LIMITED

ABN

30 075 860 472

Quarter ended ("current quarter")

30 June 2015

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter US\$'000	Year to date (12 months) US\$'000
1.1	Receipts from product sales and related debtors	16,013	62,241
1.2	Payments for (a) exploration & evaluation	(465)	(1,117)
	(b) development	(2,958)	(6,938)
	(c) production	(7,496)	(31,347)
	(d) administration	(1,964)	(5,484)
	(e) royalties paid	-	(1,023)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	1
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	(4,405)	(5,210)
1.7	Movement attributable to foreign currency translation	8	31
	Net Operating Cash Flows	(1,267)	11,154
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	(4,108)
	(b) financial assets, net	-	-
	(c) equity investment	(255)	(1,029)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	(3,004)	(3,004)
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	(3,259)	(8,141)
1.13	Total operating and investing cash flows	(4,526)	3,013

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity quarterly report

		Current quarter US\$'000	Year to date (12 months) US\$'000
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	(461)
1.18	Dividends paid	-	-
1.19	Net proceeds from financial securities	116	549
	Net financing cash flows	116	88
	Net increase (decrease) in cash held	(4,410)	3,101
1.20	Cash at beginning of quarter/year to date	11,858	4,347
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	7,448	7,448

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter US\$'000
1.23	Aggregate amount of payments to the parties included in item 1.2	622
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

As reported in the December quarter, on 19 December 2014, 307,930,858 shares in Austral Gold Limited were issued to Inversiones Financieras Del Sur SA as total repayment of its loan outstanding with Austral Gold which amounted to US\$53,733,935. This transaction was approved by shareholders at the Annual General Meeting held on 16 December 2014.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available US\$'000	Amount used US\$'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

	US\$'000
4.1 Exploration and evaluation	465
4.2 Development	1,680
4.3 Production	8,055
4.4 Administration	3,019
4.5 Royalties	-
4.6 Other (Investment)	3,255
Total	16,474

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter US\$'000	Previous quarter US\$'000
5.1 Cash on hand and at bank	7,258	11,846
5.2 Deposits at call	190	12
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	7,448	11,858

Changes in interests in mining tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	8 de Julio VI	Cateo (expired)	3,947	-
	8 de Julio VII	Cateo (expired)	3,947	-
	8 de Julio VIII	Cateo (expired)	2,802	-
6.2 Interests in mining tenements acquired or increased	Barroso Chico I	Mining claims in process (request)	-	840
	Barroso Chico II	Mining claims in process (request)	-	840

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities <i>(description)</i>				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	*Ordinary securities	478,761,995	478,761,995		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	*Convertible debt securities <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options <i>(description and conversion factor)</i>	1:1 Unlisted options 140,949	-	Exercise price AUD\$0.30	Expiry date 15 Nov 2016
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: 31 July 2015
(Company secretary)

Print name: Andrew Bursill

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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