March 2016

QUARTERLY ACTIVITY REPORT

Key Highlights

Production

- Guanaco mine production was 8,801 Au oz and 13,548 Ag oz in the March quarter 2016. It is estimated that gold production will be in the 45,000-50,000 Au oz range for a fourth consecutive calendar year.
- Lower production for the quarter resulted in an average cash cost of US$917/AuEq oz along with AISC at US$1,096/AuEq oz. Average realised selling price was US$1,147/Au oz for the quarter.

Exploration and Mine Development

- Exploration activities continue at the Guanaco and Amancaya sites. At Guanaco mine, underground mine development of 2,366 metres was advanced during the period.

Mergers & Acquisitions

- The Company expanded its asset base in Chile with the acquisition of 12,500 hectares of mining concessions, part of the San Guillermo properties surrounding Amancaya.
- During the period, the Company acquired 51% of the Casposo Project, located in the San Juan province of Argentina. It has mobilised a strong technical team to manage the project and use the experience of Guanaco mine to turn Casposo into a profitable project in the short-term after it was put into care and maintenance by Troy Resources Limited.

Cash Generation

- As of 31 March 2016, total cash position was US$3 million despite payments of US$3 million instalment for the purchase of Amancaya and US$1 million for 51% of Casposo during the period.

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 embedded in the Paleocene/Eocene belt, a geological structural system 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, sub-vertical E/NE trending 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 ore 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 8,801 Au oz and 13,548 Ag oz during the quarter ended 31 March 2016. When measured in gold equivalent ounces[1] (AuEq oz) total production was 8,977 AuEq oz compared to 9,411 AuEq oz in the prior quarter.

The lower production for the quarter was partly due to the flow-on effect of operational difficulties and low feed of gold ounces to the heap leach pads from the mine in the latter part of 2015. In addition, there was lower than expected recovery of gold from Dumbo vein due to a higher concentration of copper (Cu) sulphides contained in the ore. All ore from Dumbo will be stocked to be sampled for Cu analysis to have greater control over the plant feed going forward.

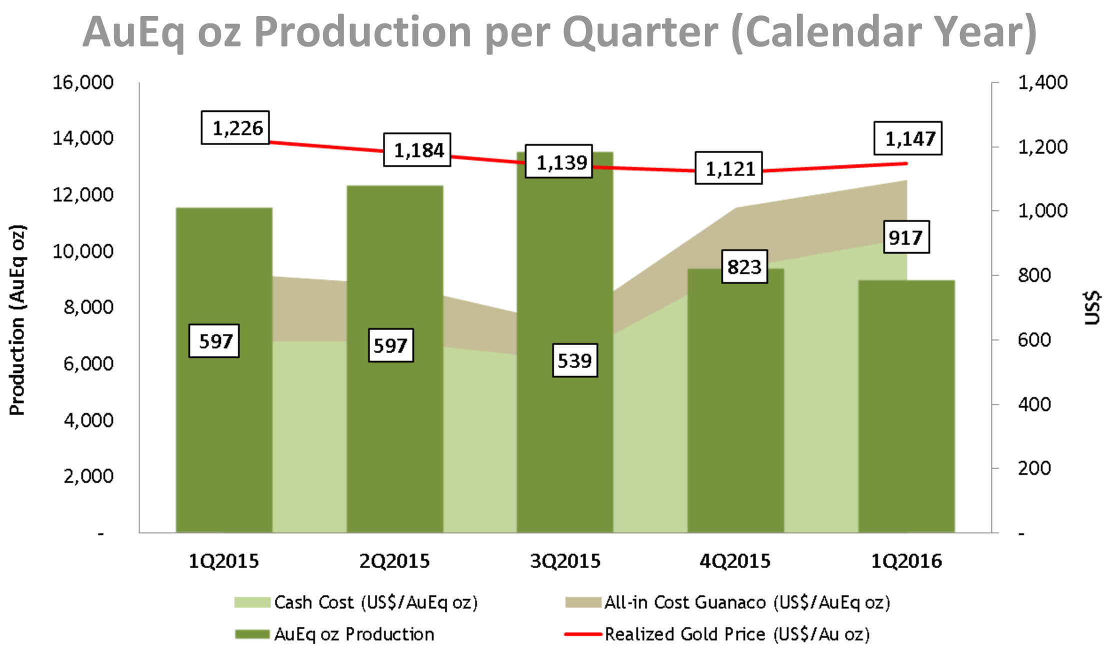
Gold Equivalent Production

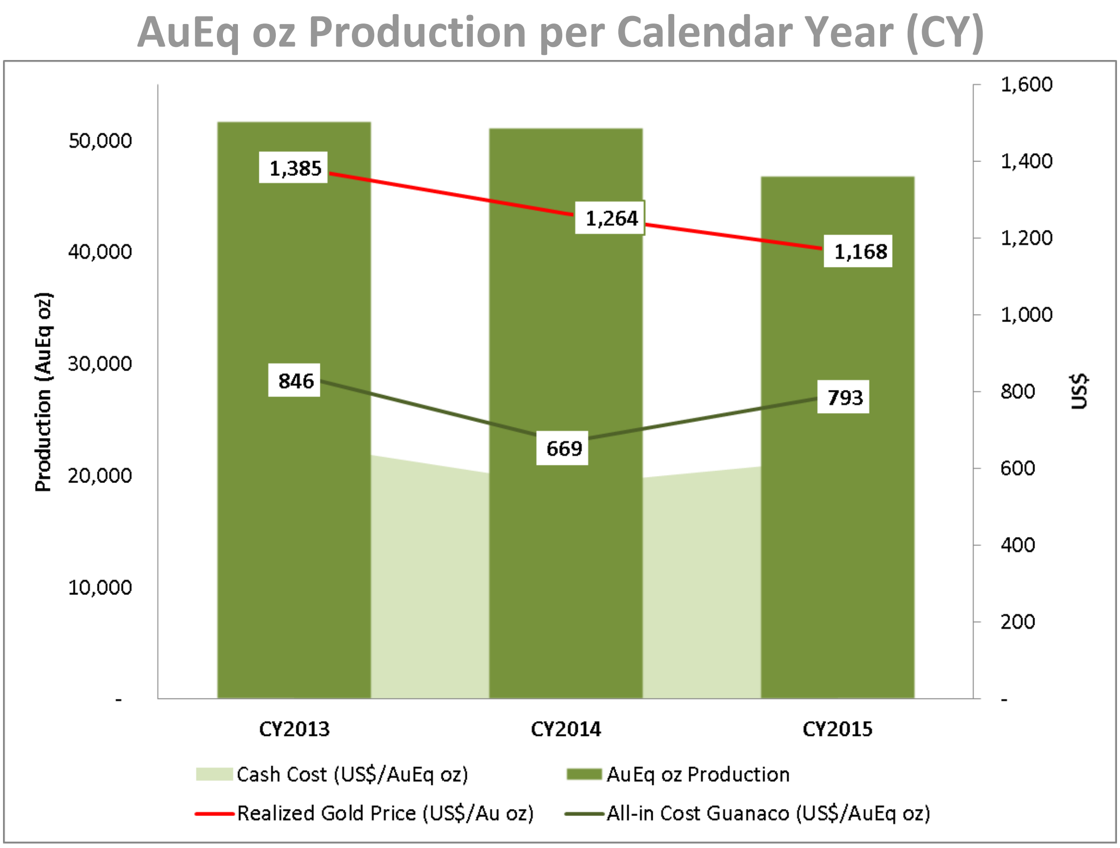
Production	2013 Actual Calendar Year	2014 Actual Calendar Year	2015 Actual Calendar Year	2016 Actual 3-months[2]	2016 Budget Range Calendar Year
Gold (AuEq oz)	51,331	51,068	46,869	8,977	45,500 – 50,500

[1] AuEq ratio is calculated at 77:1 Ag:Au

[2] Three-month period ended 31 March 2016

The March 2016 quarter operating cash cost[3] (C1) was US$917/AuEq oz while the all-in sustaining cost[4] (AISC) was US$1,096/AuEq oz (US$823/AuEq oz and US$1,010/AuEq oz respectively for the quarter ended 31 December 2015).





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

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

Production Summary

Key Indicators	March Quarter 2016	Dec Quarter 2015
Total Ore processed (t)	135,236	130,488
Average Plant grade (g/t Au)	3.30	2.90
Average Plant grade (g/t Ag)	9.90	8.30
Gold produced (oz)	8,801	9,244
Silver produced (oz)	13,548	11,157
C1 Cash Cost (US$/ AuEq oz)	917	823
All-in sustaining cost (US$/ AuEq oz)	1,096	1,010
Realised gold price (US$/ Au oz)	1,147	1,121

Mining

During the March 2016 quarter, mining continued at the Cachinalito underground operations with a total of 123,313 tonnes mined. The crushed and leached ore totalled 135,236 tonnes for the quarter at an average grade of 3.30 g/t Au and 9.90 g/t Ag.

During the quarter, a total of 2,366 metres of underground mine development was advanced, of which 724 metres related to developments and accesses and 1,642 metres to advances in production.

As a result of decreasing grades, more tonnes would be needed from the underground mine to reach the expected production targets for this calendar year. This trend can be reversed as the Amancaya Project advances and when the new plant is constructed and used to process the ore from both the Guanaco and Amancaya deposits.

The budget for 2016 considers underground mining exclusively from the Guanaco deposit and continuing with heap leaching. Budgeted production is expected to be in the range of 45,000-50,000 Au oz for the 2016 calendar year but with slightly higher average cash costs (C1) of approximately US$650/AuEq oz as a result of the lower grades of the deposit as mentioned above.

Safety

During this quarter, one lost-time accident (LTA) occurred and no nil-lost-time accidents (NLTA) 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

In March, the 2016 diamond drilling campaign started, which will involve the execution of 18 holes totalling 1,828m. During the quarter, 1,031 metres drilling was achieved, distributed over 7 holes.

In the next campaign in April, the plan is to continue with the detailed mapping of the Eureka–Palermo sector as well as detailed mapping and re-logging of holes of the Quillota sector and sectors west of this structure.

Other Projects

Amancaya

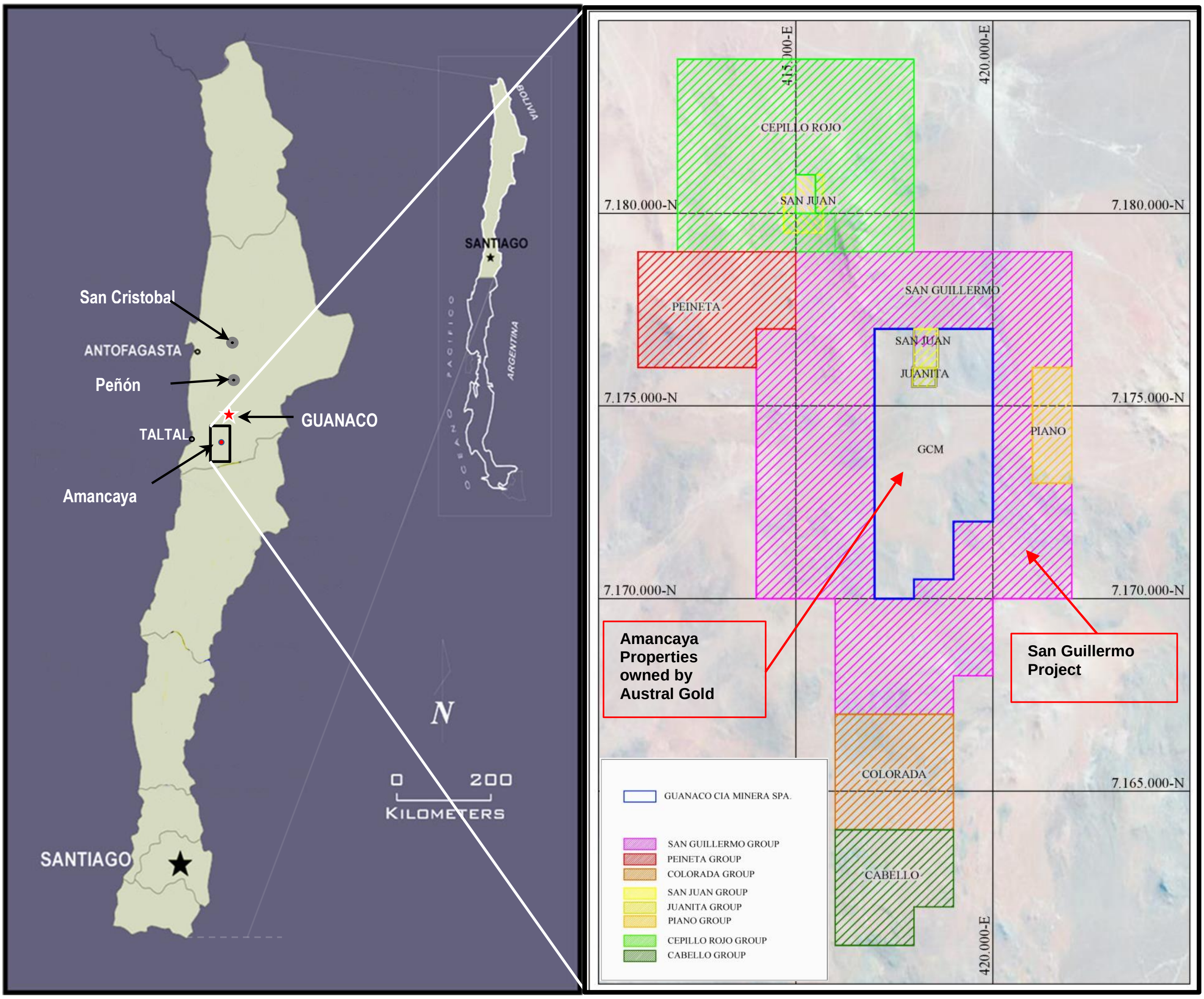
Detailed geological works started at the Amancaya project with the goal of advancing the recognition and detailed mapping of mineralised structures, complemented with systematic float sampling. The target sampling is from several veins within the area.

The task of mapping of floats will help to extend the known vein strikes and identify new branches and cross structures.

San Guillermo

On 9 February 2016, Austral entered into an agreement with Revelo Resources (TSX: RVL) to secure 12,500 hectares of mining concessions, part of the San Guillermo Project which is located around the Amancaya properties as shown in Figure 1.

Figure 1: San Guillermo Properties Acquisition Surrounding Amancaya



The San Guillermo Project is located about 60 kilometres southwest of Austral's Guanaco mine within the Paleocene Belt of northern Chile.

Guanaco and Other Mining Properties in Chile - Tenements Status

A complete list of the Guanaco Mine and Amancaya Project mining tenements in which the Company has an interest is presented in **Appendix A** attached to this report. Approximately 13,200 hectares were transferred from being mining claims in process to constituted mining claims during the period while 150 hectares were relinquished.
In **Appendix D**, a list of the San Guillermo mining properties acquired during the period are detailed. All mining properties are fully owned by the Company through its subsidiaries.

ARGENTINA

8 de Julio

The Company has kept the required permits and registrations up-to-date for these mining properties during the period, with payments to the relevant authorities.

8 de Julio Area - Tenements Status

A complete list of the mining tenements in which the Company has an interest is 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.

Casposo Project

The Casposo project is located in the department of Calingasta, San Juan Province, Argentina, approximately 150km from the city of San Juan, and covers an area of 100.21 km².

As announced on 7 March 2016, Austral acquired 51% of the Casposo project ('Casposo') from Troy Resources Limted ('Troy')(ASX: TRY) for $1 million as well as deferred payments totalling US$2 million (US$1 million payable within six months and US$1 million payable within 12 months) from proceeds generated from Casposo. Austral will be entitled to acquire a further 19% economic interest in Casposo for US$1 million paid within 12 months.

Austral has options to acquire the remaining 30% as follows: 10% for US$1.5m in 3 years; 10% for US$2.5m in 4 years; and 10% for US$3m in 5 years. The exercise price of each option is subject to adjustment based on any increase in the price of silver (base case US$15/oz Ag).

Austral and Troy also entered into a Management Agreement whereby Austral was appointed manager of Casposo with immediate effect. This means Austral is now responsible for all business and activities conducted in relation to Casposo. Since acquiring Casposo, Austral has begun the process of leveraging Austral's experienced technical team to transform Casposo into a profitable project, including identification of the team to lead Casposo locally and implement the capital investment plan.

The capital investment plan to develop and implement a re-engineering plan for Casposo with a view to achieving profitable operations within 12 months, will include amongst other tasks:

- geological mine design and processing studies;
- redesigning the mine operations according to the size of the deposit; and
- optimising the processing cycle.

Austral expects to fund the initial payments and working capital requirements from existing cash reserves and secure additional debt or equity capital to advance the above-mentioned capital investment plan.

Casposo Project Properties - Tenements Status

A complete list of the mining tenements in which the Company has an interest is in **Appendix C** attached to this report. The Company's interests were acquired during the quarter. All mining properties are 51% owned by the Company through its subsidiaries.

CORPORATE SUMMARY & FINANCIAL PERFORMANCE

Austral Gold's total cash position was US$3 million as of 31 March 2016.

Cash proceeds for gold and silver sales for the quarter was US$8.9 million (average realised gold price was US$1,147/Au oz). Recuperation of VAT contributed US$1.2 million in cash proceeds.

Austral Gold continues to make payments relating to consideration for past acquisitions. During the period US$161k was paid in relation to the 51% acquisition of the underground mining contractor Humberto Reyes. As at 19 April 2016, US$418k remains oustanding with the last of the monthly payments due on 10 January 2017. Similarly, US$3m was paid to Yamana Gold Inc. as part of the deferred consideration owing on the Amancaya acquisition. Only one instalment of US$2m remains, to be paid within 6 months.

Payments totalling US$95k were made to Argentex Mining Corporation ('Argentex') during the quarter to fund their working capital under the C$400k funding agreement signed by both Austral Gold and Argentex (extended until 15 June 2016). On 3 February 2016, Austral and Argentex finalised the terms of their Arrangement agreement and are now in the process of obtaining the relevant regulatory, court, stock exchange and shareholder approvals.

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 Mine and Amancaya Project (Chile) Tenements

Property Name	Claim Type	Size (hectares)
Mining Concessions under exploration	Constituted Mining Claims	41,114
G-17, 1/20 to G-40, 1/20.	Mining claims in process	1,700
Loreto I, Loreto II, Loreto III and Loreto IV	Mining claims in process	1,000
Total		**43,814**

Appendix B: 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
Juangui II	Manifestation of discovery	4,200
Juangui VII-B	Manifestation of discovery	4,000
Juangui VI-D	Manifestation of discovery	4,000
Juangui I	Manifestation of discovery	3,970
Juangui IV	Manifestation of discovery	3,226
Juangui I-B	Manifestation of discovery	3,936
Juangui II-D	Manifestation of discovery	3,740
Juangui VIII-A	Manifestation of discovery	840
Juangui VI-C	Manifestation of discovery	3,148
Juangui III	Manifestation of discovery	4,081
Juangui IV-F	Manifestation of discovery	2,286
Juangui I-A	Manifestation of discovery	2,008
Juangui V	Manifestation of discovery	1,920
Juangui II-A	Manifestation of discovery	840
Juangui VI-A	Manifestation of discovery	840
Juangui VII-A	Manifestation of discovery	840
Juangui VI	Manifestation of discovery	840
Juangui IV-A	Manifestation of discovery	840
Juangui IV-B	Manifestation of discovery	840
Juangui IV-C	Manifestation of discovery	840
Juangui IV-D	Manifestation of discovery	840
Juangui IV- E 1	Manifestation of discovery	840
Juangui IV- E 2	Manifestation of discovery	840
Juangui IV- E 3	Manifestation of discovery	840
Juangui IV- E 4	Manifestation of discovery	840
Juangui IV- E 5	Manifestation of discovery	840
Juangui V-A	Manifestation of discovery	840
Juangui V-B	Manifestation of discovery	840
Juangui II-C	Manifestation of discovery	638
Juangui II-B	Manifestation of discovery	615
Barroso Chico I	Manifestation of discovery	840
Barroso Chico II	Manifestation of discovery	840
Total		**67,387**

Appendix C: Casposo Project (Argentina) Tenements

Property Name	Claim Type	Size (Hectares)
Kamila	Constituted Mining claim	3,497
Julieta	Constituted Mining claim	2,625
Alicia -I	Constituted Mining claim	16
Maria José	Mining claims in process	3,985
Vallecito	Mining claims in process	789
María Paz	Mining claims in process	400
Carolina	Mining claims in process	2,251
María Luz	Mining claims in process	2,000
Paloma	Mining claims in process	2,167
Julia	Mining claims in process	2,326
Alina	Mining claims in process	2,501
425315-C-2002	Cateo	1,602
425120-C-2003	Cateo	2,148
414299-I-2004	Cateo	1,839
414375-I-2004	Cateo	3,950
414501-I-2004	Cateo	1,499
414504-I-2004	Cateo	3,330
414717-I-2004	Cateo	1,400
1124350-I-2007	Cateo	1,724
Total		**40,050**

Appendix D: San Guillermo (Chile) Tenements

Property Name	Claim Type	Size (hectares)
Mining Concessions under exploration	Constituted Mining Claims	8,375
Cepillo Rojo 7D	Mining claims in process	200
Cepillo Rojo 8D	Mining claims in process	100
Cepillo Rojo 11C	Mining claims in process	200
Cepillo Rojo A	Mining claims in process	100
Cepillo Rojo 1D	Mining claims in process	300
Cepillo Rojo 2D	Mining claims in process	300
Cepillo Rojo 3D	Mining claims in process	300
Cepillo Rojo 4D	Mining claims in process	300
Cepillo Rojo 5D	Mining claims in process	300
Cepillo Rojo 6D	Mining claims in process	300
Cepillo Rojo 9D	Mining claims in process	200
Cepillo Rojo 10D	Mining claims in process	200
Cepillo Rojo 12D	Mining claims in process	200
Cabello 11D	Mining claims in process	300
Cabello 12D	Mining claims in process	300
Cabello 13D	Mining claims in process	200
Total		12,175

Rule 5.5

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	Quarter ended ("current quarter")
30 075 860 472	31 March 2016

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter US$'000	Year to date (9 months) US$'000
1.1	Receipts from product sales and related debtors	10,130	41,266
1.2	Payments for (a) exploration & evaluation	(397)	(1,290)
	(b) development	(859)	(3,715)
	(c) production	(8,364)	(24,441)
	(d) administration	(2,729)	(6,311)
	(e) royalties paid	-	-
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	1	2
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	(792)	(2,797)
1.7	Movement attributable to foreign currency translation	5	(55)
	Net Operating Cash Flows	**(3,005)**	**2,659**
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a) prospects	(3,000)	(6,000)
	(b) financial assets, net		-
	(c) equity investment	(1,161)	(1,676)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	(95)	(118)
1.11	Loans repaid by other entities	-	400
1.12	Other (provide details if material)	-	-
	Net investing cash flows	**(4,256)**	**(7,394)**
1.13	**Total operating and investing cash flows**	**(7,261)**	**(4,735)**

+ See chapter 19 for defined terms.

		Current quarter US$'000	Year to date (9 months) US$'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	-	-
1.18	Dividends paid	-	-
1.19	Net proceeds from financial securities	172	274
	Net financing cash flows	**172**	**274**
	Net increase (decrease) in cash held	**(7,089)**	**(4,461)**
1.20	Cash at beginning of quarter/year to date	10,076	7,448
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	**2,987**	**2,987**

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	272
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

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	305
4.2	Development	900
4.3	Production	8,880
4.4	Administration	2,728
4.5	Royalties	-
4.6	Other (Investment)	125
4.7	Other (Income tax)	780
	Total	**13,718**

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	2,987	10,002
5.2	Deposits at call	-	74
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	**2,987**	**10,076**

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	**Guanaco Mine (Chile)**			
		G-17, 1/20 to G-40, 1/20	Relinquished	6,300	6,270
		Mateo I, II, III, IV, V and VI	Relinquished	1,700	1,580
6.2	Interests in mining tenements acquired or increased	**San Guillermo (Chile)**			
		Mining Concessions under exploration	Constituted Mining Claims	-	8375
		Cepillo Rojo 7D	Mining claims in process	-	200
		Cepillo Rojo 8D	Mining claims in process	-	100
		Cepillo Rojo 11C	Mining claims in process	-	200
		Cepillo Rojo A	Mining claims in process	-	100
		Cepillo Rojo 1D	Mining claims in process	-	300
		Cepillo Rojo 2D	Mining claims in process	-	300
		Cepillo Rojo 3D	Mining claims in process	-	300
		Cepillo Rojo 4D	Mining claims in process	-	300
		Cepillo Rojo 5D	Mining claims in process	-	300
		Cepillo Rojo 6D	Mining claims in process	-	300
		Cepillo Rojo 9D	Mining claims in process	-	200
		Cepillo Rojo 10D	Mining claims in process	-	200
		Cepillo Rojo 12D	Mining claims in process	-	200
		Cabello 11D	Mining claims in process	-	300
		Cabello 12D	Mining claims in process	-	300
		Cabello 13D	Mining claims in process	-	200
		Casposo Mine (Argentina)			
		Mining Concessions under exploration	Constituted Mining Claims	-	6,138
		Maria José	Mining claims in process	-	3,985
		Vallecito	Mining claims in process	-	789
		María Paz	Mining claims in process	-	400
		Carolina	Mining claims in process	-	2,251
		María Luz	Mining claims in process	-	2,000
		Paloma	Mining claims in process	-	2,167
		Julia	Mining claims in process	-	2,326
		Alina	Mining claims in process	-	2,501
		425315-C-2002	Cateo	-	1,602
		425120-C-2003	Cateo	-	2,148
		414299-I-2004	Cateo	-	1,839
		414375-I-2004	Cateo	-	3,950
		414501-I-2004	Cateo	-	1,499
		414504-I-2004	Cateo	-	3,330
		414717-I-2004	Cateo	-	1,400
		1124350-I-2007	Cateo	-	1,724

+ See chapter 19 for defined terms.

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** *(description)*				
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** *(description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*	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** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

+ 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: 29 April 2016
(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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