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Company Announcements Office
Australian Stock Exchange Limited

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PRESS RELEASE

SIGNIFICANT INCREASE TO GOLD RESOURCES AT GUANACO PROJECT, CHILE

Austral Gold Limited (AGD) is pleased to announce a significant increase to gold resources at its wholly owned Guanaco Project (“Guanaco”) in Chile following the Company’s successful 2008 drill campaigns.

Total resources of gold at Guanaco are now 904,361 ounces, as set out in the table attached. This total excludes approximately 53,000 gold equivalent ounces from the significant silver content of mineralisation at Guanaco.

Following this significant increase to gold resources, Austral Gold is now considering a Feasibility Study into restarting mining operations at Guanaco, and discussions with key contractors and consultants have commenced.

Successful drill campaigns

In 2008, a two stage reverse circulation drilling program was undertaken at Guanaco.

Stage 1 drilling took place in June, July and August 2008 and included further work at Cachinalito Oeste.

At Cachinalito Oeste, the previously identified gold/silver bearing structure was extended 650 meters to the west, where 12 holes encountered a silica/quartz vein structure with low grade gold/silver anomalies.

The reverse circulation drilling program was also successful in identifying a significant/quartz vein structure (named Natalia) 120 meters to the south and parallel to the Cachinalito Norte structure. Natalia contains the same mineral assemblages found in the gold-bearing veins in the district.



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Stage 2 drilling, comprising approximately 830 metres of reverse circulation drilling concentrated in the Dumbo pit floor, took place in late 2008 after interpretation and analysis of Stage 1 drilling.

Geostatistical analysis completed

Geostatistical analysis of the results of both drilling campaigns has now been completed.

Total resources of gold at Guanaco now stand at 904,361 ounces:

GOLD Au	Tonnes	Grade (g/t)	Ounces
TOTAL INGROUND	14,745,058	1.47	709,347
TOTAL HEAP LEACH	11,111,380	0.55	195,014
TOTAL			904,361

Please refer to the last page for complete resources table.

- At Cachinalito Oeste, an incremental 11,530 ounces of gold at a 1.0 gram per tonne cut off grade has been added across all three resource categories. This increase was included in the total Cachinalito Oeste resources of 101,559 ounces in the 31 December 2008 Half Year Financial Statements
- Stage 2 drilling in the Dumbo and Perserverancia Pits has resulted in a further increase of 201,676 ounces of gold across all three resource categories.

The Guanaco project has the benefit of substantial infrastructure and plant from previous mining operations. Austral Gold has a major ground position at Guanaco, secure water rights and an environmental approval process already under way. These assets contribute significantly towards de-risking the project and have removed potential hurdles to restarting mining operations.

Austral Gold Directors believe that these assets, combined with the significant increase in gold resources announced today, provide a strong platform on which to mount a Feasibility Study into restarting mining operations at Guanaco. Negotiations with key contractors and consultants have commenced and shareholders and the ASX will be kept informed of progress towards restarting mining operations at Guanaco.

By Order of the Board

Tony Strasser

Acting Company Secretary/CFO

PRESS RELEASE

GOLD Au

INGROUND	Measured			Indicated			Inferred			TOTAL		
	Tonnes	Grade (g/t)	Ounces	Tonnes	Grade (g/t)	Ounces	Tonnes	Grade (g/t)	Ounces	Tonnes	Grade (g/t)	Ounces
Cachinalito Oeste	334,310	3.22	34,631	526,940	2.99	50,373	203,012	2.50	16,555	1,064,262	2.97	101,559
Cachinalito Central	540,340	5.42	94,209	645,340	4.18	86,622	464,460	3.94	58,894	1,650,140	4.52	239,725
Dumbo Oeste	35,877	2.65	3,062	183,387	2.58	15,190	1,105,442	1.67	59,490	1,324,706	1.82	77,724
Perseverancia	8,537	1.45	399	29,696	2.40	2,289	38,540	2.41	2,986	76,773	2.30	5,674
Dumbo, Defensa, Perserverancia (Open pit)	1,575,013	0.84	42,653	5,050,459	0.80	141,571	4,003,705	0.78	100,441	10,629,177	0.80	284,665
TOTAL INGROUND	2,494,077	2.18	174,954	6,435,822	1.38	296,045	5,815,159	1.27	238,366	14,745,058	1.47	709,347

HEAP LEACH	Measured			Indicated			Inferred			TOTAL		
	Tonnes	Grade (ppm)	Ounces	Tonnes	Grade (ppm)	Ounces	Tonnes	Grade (ppm)	Ounces	Tonnes	Grade (ppm)	Ounces
Heap Leach Pads - Phase I	3,897,578	0.512	64,160	-	-	-	939,094	0.512	15,459	4,836,672	0.512	79,619
Heap Leach Pads - Phase II	4,436,567	0.572	81,591	-	-	-	1,838,141	0.572	33,804	6,274,708	0.572	115,395
TOTAL HEAP LEACH	8,334,145	0.542	145,751	-	-	-	2,777,235	0.542	49,263	11,111,380	0.546	195,014

TOTAL GOLD **904,361** oz

* The total number of gold ounces certified by NCL is 284,665, from which 201,676 are new reported ounces and 82,989 were already reported and certified by Magri.

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.