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NEW VEIN STRUCTURE DISCOVERED IN GUANACO, CHILE

The Board of Austral Gold Limited (ASX: AGD) is pleased to report that the 2008 Stage 1 Drilling Program at the Guanaco gold-silver-copper deposit in Chile was completed on August 31st 2008. The program has been successful in identifying a number of new structures, including the extension of Cachinalito Norte where a significant silica-quartz vein structure was encountered with similarities to the mineralisation found in the gold-bearing veins in the district.

The objective of this Stage 1 of Drilling Program was two-fold: to extend the recognised strike length of the Cachinalito Oeste Structure and to locate additional structures or veins known to occur parallel to existing structures in the district.

Major Drilling Co. was engaged to execute the drilling program which consisted of 37 RC drillholes with an aggregate length of 9,981 meters, with most of the final assay results now on hand and the last batch of assays expected in about 10 days. Vigalab SA has been contracted to conduct sample preparation and analyses, and Geanalítica Ltda, a Chilean assay laboratory, will undertake an additional independent check analysis of approximately 7% of the samples.

Highlights of the drill program and significant intercepts are included as Appendix 1 below.

PROGRAM HIGHLIGHTS

The First Stage Program achieved its two objectives:

- At the extension of Cachinalito Norte, a significant silica/quartz vein structure was encountered 120 meters to the south and parallel to the Cachinalito structure. This vein structure was named Natalia and contains the same mineral assemblages found in the gold-bearing veins in the district.
- Along Cachinalito Oeste the 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 effectiveness of Controlled Source Audio Magnetotellurics (CSAMT), the geophysical tool used to target resistive siliceous structures under the alluvial cover, is being analysed by Austral Gold in collaboration with the geophysical contractor and consultants. The focus of the analysis is the drilling results and the nature and thickness of the alluvial cover

NEXT STEPS

After interpretation and analysis of the results, the Stage 2 Drilling Program will be prepared and is planned to comprise about 15,000 metres of RC drilling. Drilling is expected to recommence in mid October 2008, and shareholders and the market will be kept informed as information becomes available.

By Order of the Board

Catherine Lloyd
Company Secretary/Chief Financial Officer

APPENDIX 1: Significant Au/Ag/Cu intercepts

Stage 1 Drilling Program, Guanaco gold-silver-copper deposit in Chile

Drill Hole	From (m)	To (m)	Au (ppm)	Cu (ppm)	Ag (ppm)	Characteristics
RC-793	180	185	0.38	43	19.6	qz-jar-bar vein/ tuffs
	190	199	0.39	84	28.57	qz-jar-bar vein/ tuffs
	192	193	1.04	625	453.0	qz-pirite vein / tuffs
	193	195	0.24	112	68.0	silica-pirite veinlets/ tuffs
RC-797	121	125	1.17	151	40.8	silica-pirite veinlets/ tuffs
RC-798	192	198	0.20	60	56.2	strong silicification/ tuffs
RC-799	187	188	0.22	30	89.0	moderate argillization- py veinlets/ tuffs
RC-800	90	91	1.27	33	2.0	weak silicification-jar/ tuffs
	99	101	0.70	78	3.0	silica-hematite veinlets/ tuffs
	113	115	5.64	729	7.5	silica-hematite-jarosite veinlets
	123	124	3.03	630	11.0	moderate silicification-jarosite/ tuffs
RC-803	118	119	0.67	70	1.0	fault / tuffs
	135	138	0.86	215	3.7	hematite traces/ tuffs
	163	164	1.33	846	5.0	weak argillization, silica traces/ tuffs
	192	195	1.11	2033	10.7	weak argillization, gray silica traces with sulphurs/ tuffs
	196	199	2.65	4903	28.0	dark gray silica moderate veinlets with sulphurs/ tuffs
	279	283	0.84	111	3.3	weak argillization, silica traces/ tuffs
RC-804	338	339	0.62	1630	6.0	weak silicificación/ tuffs
	130	132	0.50	486	14.0	silica-hematite moderate zone/ tuffs
RC-805	202	206	0.63	1821	6.3	moderate silicification, hem traces/ tuffs
	127	129	0.56	2050	19.0	moderate silica veinlets containing small dark gray silica veinlets with undetermined sulphurs, jar moderate/ tuffs
	229	230	1.06	3580	16.0	strong dark grey silica with sulphurs, hem moderate / tobas
	230	232	0.49	1750	8.5	moderate silica-hem / tuffs
	293	300	0.59	11989	18.0	silica-hem zone with native copper (<3%)/ tuffs
RC-806	304	306	0.77	15900	29.0	silica-hem zone, weak veinlets, native copper (<3%)/ tuffs
	116	117	0.67	11	11.0	moderate silicificación/ tuffs
RC-808	331	333	0.52	286	5.0	silica-hem zone/ tuffs
	124	128	0.55	139	1.0	moderate-strong silica, weak jar/ tuffs
	131	134	0.95	166	1.0	moderate silica-weak hem-jar zone/ tuffs
	190	192	1.81	871	1.0	silica moderate, weak-mod veinlets/ tuffs
	222	223	0.31	5900	1.0	dark gray silica with undetermined sulphurs, weak hem-jar/ porphyry
	266	268	0.32	5765	1.0	strong silicification, dark gray silica with pyrite veinlets and probably enargite, weak jar/ porphyry

Dr Robert Trzebski is a director of Austral Gold Limited. He has a Degree in Geology, a PhD in Geophysics, a Master International Project Management and has over 13 years of 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 consented to the inclusion of the resource figures identified above.