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NEW TENEMENTS TO BE ACQUIRED IN CLOSE PROXIMITY TO GUANACO, CHILE

The Board of Austral Gold Limited (ASX: AGD) is pleased to report that Guanaco Compañía Minera, the Chilean subsidiary of Guanaco Mining Company 100% owned by Austral Gold, has formally initiated the process to acquire an additional 49 concessions totaling some 11,128 hectares located in close proximity to the Company's flagship advanced exploration project in Chile.

If granted, Guanaco Compañía Minera will hold almost 25,000 hectares in 270 concessions.

Guanaco Compañía Minería currently holds 13,571 hectares, and has recently completed 2008 Stage 1 Drilling Program at the Guanaco Project. The program was 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.

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

By Order of the Board

Catherine Lloyd
Company Secretary/Chief Financial Officer

PRESS RELEASE