

**Quarterly Report
Third Quarter March 2007**

Austral Gold Limited
A.C.N. 075 860 472

30 April 2007

AUSTRAL GOLD LIMITED

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Austral Gold Limited is pleased to advise the following activity for the quarter ended 31 March 2007.

HIGHLIGHTS

- o Company changes name to Austral Gold Limited (formerly Diamond Rose NL)
- o New company code (AGD) issued by ASX
- o AGD becomes a company limited by shares (formerly a no liability company)
- o Mark Bethwaite appointed Chairman (3 April 2007) on retirement of the Hon. Marcus Einfeld
- o Denise Lindfield appointed Joint Company Secretary (5 April 2007)
- o AGD agrees terms for corporate restructure
- o 2007 exploration program commenced at Guanaco

CORPORATE

Change of Name and Status

The Company received advice from the ASIC that changes approved by shareholders at the Company's Annual General Meeting held on 24 November 2006 were certificated on 12 January 2007. These were the change of company name from Diamond Rose NL to **Austral Gold Limited** and the change in company status from a *no liability company* to a *company limited by shares*.

On 23 January 2007, the Company's ASX code became **AGD**.

The Company's website address changed to www.australgold.com.au.

Appointment of Chairman / Director

During the March Quarter, Mr Mark Bethwaite consented to act as Director of Austral Gold Limited.

Mr Bethwaite was appointed as a Director on 2 April 2007 and as Chairman on the resignation of the Hon Marcus Einfeld on 3 April 2007.

Mr Bethwaite has qualifications of Bachelor of Engineering, Master of Building Science and Master of Business Administration.

His mining career spans some 23 years including periods living and working in Mount Isa and Broken Hill. Mr Bethwaite worked for North Limited from 1978 to 1987, including five years as Managing Director. He worked for Renison Goldfields Consolidated Limited from 1987 to 1998,

including six years as Managing Director. From 1998 to 2001, Mr Bethwaite worked with Deutsche Bank, principally in the financing of mining projects.

Mr Bethwaite is also Chairman of the Australian National Maritime Museum and is a non-executive Director of Deacons – Lawyers, Note Printing Australia Limited (wholly owned by the Reserve Bank of Australia), New South Innovations Limited and of a number of not for profit organisations.

Appointment of Company Secretary

Denise Lindfield was appointed Joint Company Secretary (on 5 April 2007). Denise is a Chartered Accountant by profession. She also holds a Bachelor of Business degree and a Graduate Diploma in Corporate Governance.

Denise is a member of the Institute of Chartered Accountants, Institute of Chartered Secretaries and the Institute of Company Directors.

Corporate Restructure

During the March Quarter, AGD advised the ASX that the in-specie distribution of Golden Rose International Limited shares which was approved on 27 February 2007 by GRIL shareholders will not proceed. Subsequently, Austral Gold Limited settled terms with Guanaco Capital Holdings, Golden Rose International Limited and Guanaco Mining Company to complete a corporate restructure which, if approved by AGD shareholders, will provide the Company with majority ownership and control of the Guanaco Mining Company and the Guanaco Project.

Details of the restructure are contained in a Notice of Meeting dated 10 April 2007. This Notice was despatched to shareholders on 20 April 2007 and the meeting of shareholders will be held on 22 May 2007.

EXPLORATION ACTIVITIES

AUSTRALIA

There was no exploration activity conducted on AGD's Australian projects during the March Quarter.

A Combined Annual Technical Report on the Kookynie Project for the period 18 December 2005 to 17 December 2006 was prepared and submitted to the Western Australia Department of Industry and Resources in late February, 2007.

Preparation of a Combined Annual Technical Report on the Bullabulling Project commenced during the March Quarter.

CHILE

Guanaco Project, [35.78% interest - *increasing to 51% subject to shareholder approval*]

Introduction

The Guanaco project is located 185 kilometres [km] south east of Antofagasta, Chile.

Guanaco Mining Company Ltd [GMC] is currently owned by Guanaco Capital Holding [GCH] [64.22%] and Austral Gold Limited [35.78%]. In 1991 Amax Gold Inc. optioned the property from Minera Guanaco Ltda. and within one year developed a reserve of 11.5 million tonnes [t] containing 1.77 grams per tonne gold [g/t Au]. In 1992 Amax Gold leased additional property from ENAMI, a state-owned organization. Mining began in February 1993, and conventional heap leaching was employed for gold recovery. The operation was shut down in 1997 due mainly to the low gold prices and some metallurgical complications. Average production gold grades at the time of closure were between 3 and 4 g/t. In 1999 Kinross Gold acquired Amax and the property was taken over by its local subsidiary Kinam Guanaco. The present owners acquired the property in 2003 and currently control a 150 square kilometre [sq km] concession, excluding the third party Soledad claim, adjacent to the Guanaco mine, as well as other minor third-party properties.

Mining Operations

Three open pits were developed by Amax Guanaco: Dumbo, Defensa and Perseverancia - along structure zones of the same names.

The Soledad operations are located immediately west of the Dumbo open pit and mined by underground methods on the Cachinalito, San Lorenzo and Silesia structures.

Geology and Exploration

The deposits are located within a 5 kilometre [km] long [E-W] and more than 1 km wide hydrothermally altered zone. Gold mineralisation at Guanaco is controlled by pervasively silicified, ENE trending sub-vertical zones and related hydrothermal breccias. Silicification grades outward into advanced argillic alteration, and further into zones with propylitic alteration. Dozens of mineralized veins have been exploited in the district, the most important veins being the Defensa, Perseverancia, Abundancia, and San Lorenzo.

In the Cachinalito vein system, most of the gold mineralisation is concentrated between the 2,500 and 2,650 metres [m] levels [above sea level]. High grade ore shoots [up to 180 g/t Au], 0.5 to 3.0m wide, have been mined out, but the lower grade halos, below 2 g/t, can extend up to 20m in width.

The oxidation zone extends down 70m to 80m and is relatively free of copper. Gold grades in this zone are generally high, sometimes exceeding 50 g/t. The alteration pattern and the mineralogical makeup of the Guanaco ores have lead to its classification as a high sulphidation epithermal deposit.

2007 Program

The 2007 Guanaco exploration program commenced in March 2007 and is advancing according to schedule. The program is planned for approximately 25,000 meters of Reverse Circulation (RC) drilling in the following sectors: Cachinalito Oeste, Salvadora, Sierra Inesperada, Cerro Guanaco and Quebrada Guanaco.

Harris y compañía Ltda., a Chilean drilling contractor is conducting the drilling program whilst Geoanalítica is conducting the sample preparation and analysis.

The CONAMA (Chilean Environmental Agency) approved the commencement of the drilling campaign.

At the date of this Report, a total of 4,626 meters has been drilled in 26 holes. The most significant results are shown in the table below.

Hole ID	Sector	Section East	From	To	Intercept m	Au PPM	Ag PPM	Cu %
RC-678	Cachinalito Oeste	443175	56	63	7	7.65	3.57	0.006
			70	78	8	5.20	2.75	0.006
			82	83	1	5.97	9.00	0.005
RC-683	Cachinalito Oeste	443150	81	86	5	5.67	8.00	0.010
RC-686	Salvadora	444250	23	24	1	3.80	93.00	0.003
RC-695	Cachinalito Oeste	443151	107	113	6	5.25	13.30	0.043

Note: Intercepts correspond to drillhole intercepts and do not represent true widths.

Cachinalito Oeste Structure

The mineralization has been increased 50 meters toward the west indicating the extension of this structure along strike. Current drilling is confirming improving continuity of the structure.

Salvadora Structure

Mineralization has been intercepted in one hole and more drilling is proposed in this sector.

Cerro Quillota Structure

Extensive surface sampling was carried out in the area of previous workings, with the results shown in the following table.

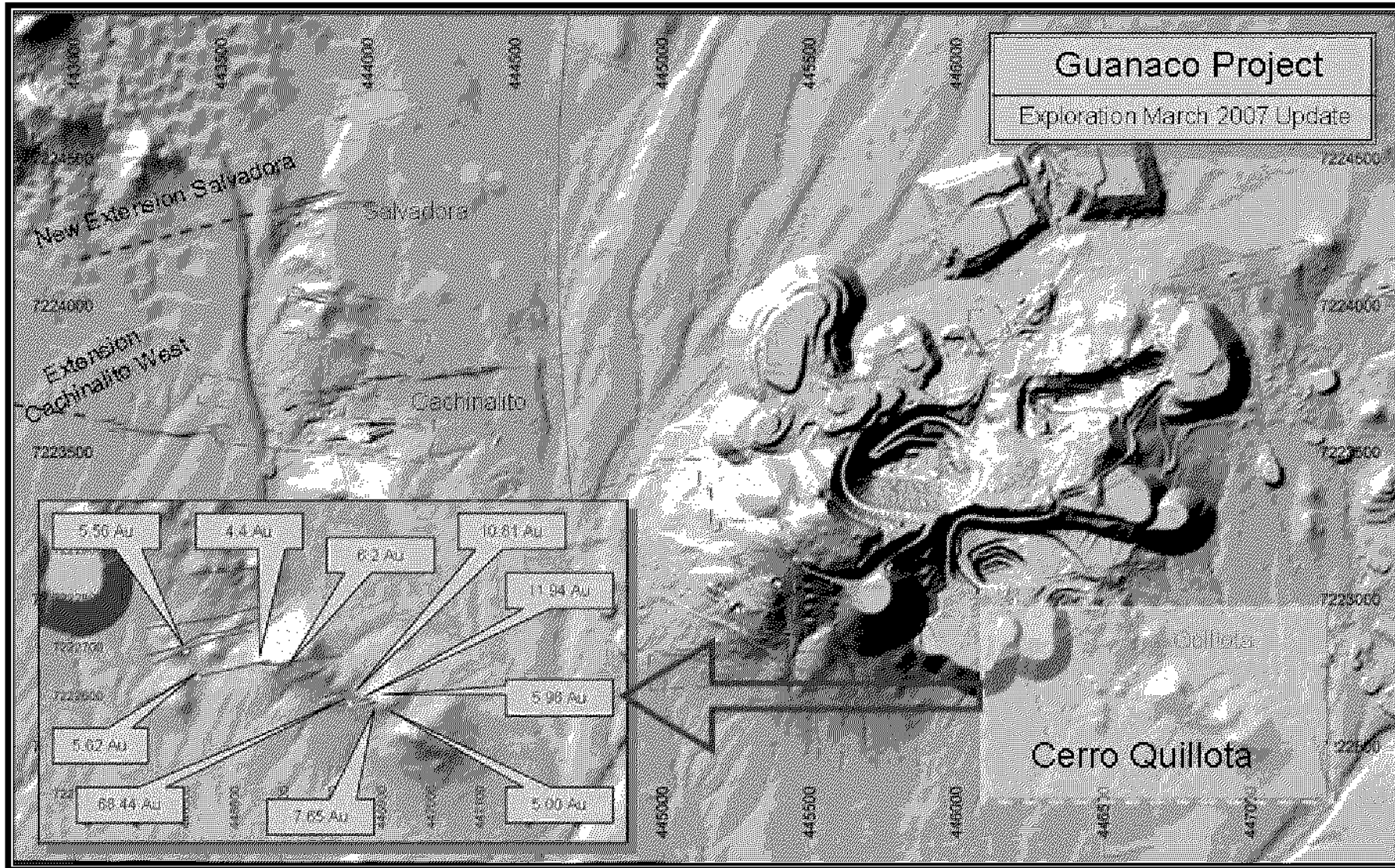
With this information, holes are proposed in Cerro Quillota with the purpose of defining the mineralization. This may increase the resource base of the project.

Surface Sampling of Cerro Quillota

Sample Id	Au g/t	Ag g/t	Cu %
52716	0.90	7.0	0.032
52717	1.47	30.0	0.090
52718	5.56	7.0	0.012
52719	5.62	16.0	0.014
52722	0.52	1.0	0.008
52723	1.38	14.0	0.044
52724	6.2	5.0	0.005
52725	1.49	4.0	0.015
52733	4.4	5.0	0.006
52734	0.89	2.0	0.005
52735	1.19	14.0	0.014
52737	1.14	2.0	0.004
52739	1.72	1.0	0.003
58457	0.40	2.0	0.029
58458	0.47	0.1	0.004
58462	68.44	23.0	0.013
58464	0.94	27.0	0.015
58465	1.14	18.0	0.008
58466	2.83	22.0	0.006
58468	2.62	1.0	0.004
58469	3.67	1.0	0.006
58470	3.50	1.0	0.004
58471	1.31	1.0	0.004
58472	1.58	0.1	0.003
58474	0.53	9.0	0.006
58475	4.12	2.0	0.004
58476	2.25	1.0	0.005
58477	0.60	7.0	0.008
58478	0.65	4.0	0.007
58479	0.76	1.0	0.005
60582	0.82	1.0	0.003
60583	0.46	0.1	0.003
60584	0.40	1.0	0.003
60586	5.96	1.0	0.007
60587	0.47	1.0	0.008
60588	11.94	12.0	0.064
60589	2.83	22.0	0.036
60590	2.29	8.0	0.046
60591	1.03	1.0	0.003
60592	1.28	2.0	0.003
60594	10.81	47.0	0.052
60711	5.00	19.0	0.012
60712	2.68	1.0	0.007
60713	7.65	17.0	0.007
60714	1.62	3.0	0.004
60715	1.85	4.0	0.004
60716	0.84	4.0	0.005
60717	2.54	1.0	0.006
60718	1.92	4.0	0.017
60719	0.60	18.0	0.008
60720	0.93	18.0	0.014
60722	0.79	5.0	0.012

Note: Chip samples from 20 centimeter long channels.

Henry Kinstlinger
Joint Company Secretary



DECLARATIONS

Guanaco 2007 Program

This information is considered exploration information in terms required by the JORC Code standards for Public Reporting in Australasia of Exploration Results, Mineral Resources and Ore Reserves.

The statement on the Austral Gold Chilean Project has been based on program reports prepared by the professional exploration staff and consulting geologists of Guanaco Mining Company. The statement fairly reflects the results reported by Guanaco Mining Company and has been prepared by T V Willsted, Consulting Mining Engineer and Supervising Consultant, BE[Min]Hons, BA FAusIMM MSME, as Competent Person for Austral Gold Limited. Mr Willsted consents to the inclusion on this report of the matters stated based on the information provided in the form and context in which it appears.