

## AUSTRAL GOLD LIMITED

ABN 30 075 860 472

### Quarterly Report 2nd Quarter ended 31 December 2007

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

### HIGHLIGHTS

- AGM held on 30 November 2007 with shareholders approving all resolutions tabled
- Continued financial support by Guanaco Capital Holding
- Continued exploration at Austral Gold's 51% owned Guanaco copper/gold project in Chile
- Continued rationalisation of Australian exploration portfolio to focus on Bullabulling and Rocklea.

### CORPORATE

#### Annual General Meeting

At the AGM held on 30 November 2007, shareholders voted in favour of all resolutions as set out in the Notice of Meeting.

In summary, those resolutions were to

- receive and consider the Annual Financial Report together with the Directors' and Auditor's Reports for the period ending 30 June 2007
- adopt the Remuneration Report
- re-elect Mr Eduardo Elsztain as a Director
- re-elect Mr Saul Zang as a Director

#### Appointment of Officers

Ms Denise Lindfield resigned as Chief Financial Officer & Company Secretary on 30 November 2007 and Ms Catherine Lloyd was appointed Chief Financial Officer & Company Secretary on the same day.

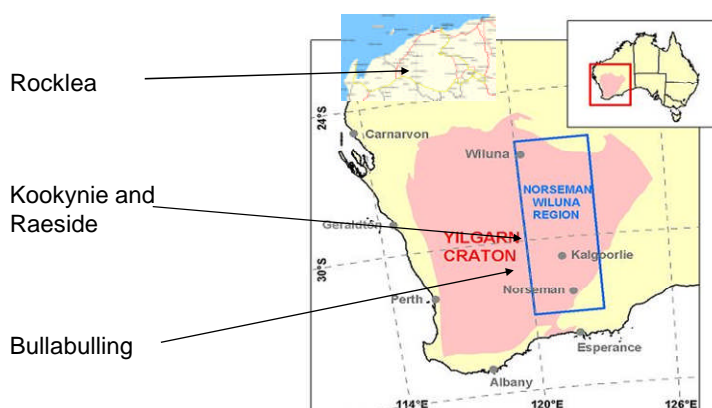
Catherine Lloyd has a Bachelor of Business degree and is a member of the Institute of Chartered Accountants of Australia. Before joining Austral Gold, she worked for a major listed corporation and for Price Waterhouse Coopers.

## EXPLORATION ACTIVITIES

### AUSTRALIA

#### Austral Gold Limited

Australian Exploration Areas



Austral Gold's Australian exploration areas are all in Western Australia. As advised in previous reports, in late 2006 the Company initiated an independent technical review of its Australian exploration portfolio by an independent expert geologist.

Based on that review, commencing in the June 2007 quarter the Company's portfolio has been rationalised to allow Austral Gold to focus on those areas of greatest prospectivity. This rationalization continued in the September and December 2007 quarters with the result that the Hann, Kookynie, Leonora and Raeside tenements have been or are in the process of relinquishment.

The Company's remaining Australian projects are Bullabulling (gold) and Rocklea (iron ore)

#### **Bullabulling Project (95% interest)**

The Bullabulling project is located about 60 km west-southwest of the City of Kalgoorlie-Boulder in the Eastern Goldfields Province of Western Australia. The project comprises eight granted Prospecting Licences covering a total area of 1,233 ha in the historical Bullabulling gold mining area.

The Company has submitted to the WA Department of Industry and Resources for approval a work plan for 2007/08 and is now in discussions with contract exploration companies to carry out that work-plan in the March and June 2008 quarters.

#### **Rocklea Project (100% interest)**

The Rocklea Project comprises Exploration Licence E47/952 (formerly TR6517H), covering a total area of approximately 207 sq km and located in the West Pilbara Mineral Field of Western Australia. The Project is approximately 30 south west of Tom Price and access to the Project site is via Wyloo Station, located approximately 140 kilometres to the west. The Rocklea homestead and airstrip are located within the tenement.

The Project tenement covers the southern portion of the Rocklea Dome, which has a central granitic core, overlain by younger sedimentary and basaltic volcanics belonging to the Fortescue Group. A unit known as the Robe Pisolite of Tertiary Age, located in the north eastern section of the tenement, is of interest for iron ore deposits, as it consists of limonitic iron oxide developed along a palaeo-drainage channel.

The most significant previous work done in the Project area was iron ore exploration by Hamersley Exploration Pty Limited, within and adjacent to the northeastern part of the tenement. Hamersley drilled 12 holes into the Rocklea Limonites, which resulted in a stated resource at that time of 32.1 million tonnes grading 53.3% iron, 8.3% silica, 2.1% aluminium and 0.03% phosphorous with a loss on ignition of 11.4%. This quoted resource was compiled prior to the current JORC code. The composition of this deposit may render it favourable for mixing with other Pilbara iron ores.

The Company has recently entered into a Native Title Agreement with the Innawonga Bunjima Peoples, following which on 13 December 2007, the National Native Title Tribunal granted exploration licence E47/952 to Austral Gold Limited by consent.

The Department of Industry and Resources (WA) has since the close of the December quarter, confirmed grant of the licence on 21 January 2008.

The Company has, on 14 January 2008, appointed Prime Corporate Finance Pty Limited to advise it on its options to maximize the value for shareholders of its Rocklea asset.

## **CHILE**

### **Guanaco Project, 51% interest**

Exploration drilling at Guanaco has been focused in the Cachinalito, Dumbo and Perseverancia systems. Some 20,000 metres of reverse circulation drilling involving 60 holes was undertaken at Guanaco in calendar 2007.

### **Geophysics**

In the December quarter, a geophysical program using a resistivity technique developed by Zonge was conducted with over 60 kilometres of linear profile data recorded. This data is now being analysed with the objective of identifying new drilling targets.

### **Geochemistry**

Samples of cuttings from reverse circulation air drilling were collected in the Cachinalito Central and Cachinalito Oeste areas. These samples will be used for tests to design a milling and grinding circuit.

### **Geology**

Mapping of the Sierras Las Pailas and Inesperada sectors continued and were 50% and 80% complete respectively by the end of December.

By Order of the Board

Catherine Lloyd  
Company Secretary/Chief Financial Officer