



March 2015

QUARTERLY ACTIVITY REPORT

Key Highlights

Guanaco Mine

- Guanaco mine reached production of 11,425 Au oz and 9,486 Ag oz in the March quarter 2015.
- Production estimated to reach 50,000 Au oz for a third consecutive calendar year.
- Cash cost remains competitive at US\$597/AuEq oz along with AISC at US\$807 AuEq oz.

Exploration Program

- On-going exploration activities continue at the Guanaco and Amancaya sites.
- During the March 2015 quarter, a total of 2,557 metres of surface RC and DDH drilling were completed.

Development of the Amancaya project

- In-house feasibility study of the Amancaya project is being finalised.
- Total cost of plant construction is estimated at US\$17 million while total cost for mine development is projected at US\$5 million.
- Capex for long lead items totalling US\$3.3 million has already been committed for this project under 3-year finance leases.
- Long lead items capex along with the continuing processes of obtaining relevant environmental approvals, exploratory drilling and engineering planning is the first stage in the ramp-up in production that is expected to be realised from this project.

Cash Position

As of 31 March 2015, total cash position was US\$11 million.

CHILE

Guanaco Mine

Background

The wholly-owned Guanaco mine remains the Company's flagship asset. Guanaco is located approximately 220km south-east of Antofagasta in Northern Chile at an elevation of 2,700m and 45km from the Pan American Highway. Guanaco is located in the Palaeocene/Eocene belt, a geological structural trend which runs north/south through the centre of Chile, and hosts several large gold and copper mining operations including: Zaldivar, El Peñon and Escondida.

Currently, the majority of the ore processed from the Guanaco operation comes from the Cachinalito underground system and nearby vein systems with higher average grades.

Gold mineralisation at Guanaco is controlled by pervasively silicified, E/NE trending sub-vertical zones with related hydrothermal breccias. Silicification grades outward into advanced argillic alteration and further into zones with propylitic alteration. In the Cachinalito vein system, most of the gold mineralisation is concentrated between depths of 75m and 200m and is contained in elongated shoots. High grade ore shoots (up to 180 g/t Au), 0.5m to 3.0m wide, have been exploited, but the lower grade halos, below 3 g/t Au, can reach up to 20m in width. The alteration pattern and the mineralogical composition of the Guanaco ores have led to the classification as a high-sulfidation epithermal deposit.

Production

Production from underground operations using the heap leach process generated 11,425 gold ounces (Au oz) and 9,486 silver ounces (Ag oz) during the quarter ended 31 March 2015. When measured in gold equivalent ounces (AuEq oz) total production was 11,567 AuEq oz compared to 15,538 AuEq oz in the prior quarter and 12,222 AuEq oz in the same quarter of the previous year.

Production in March was slightly affected by the severe weather experienced over the last days of March in the north of Chile. Provision was made for employees and their families affected by the harsh conditions during this difficult period.

Gold and Silver Production

Production	2012 Actual Calendar Year	2013 Actual Calendar Year	2014 Actual Calendar Year	2015 Actual 3-months ⁽³⁾	2015 Budget Calendar Year
Gold (Au oz)	28,902	50,226	50,375	11,425	50,000
Silver (Ag oz)	74,807	74,031	46,458	9,486	49,000

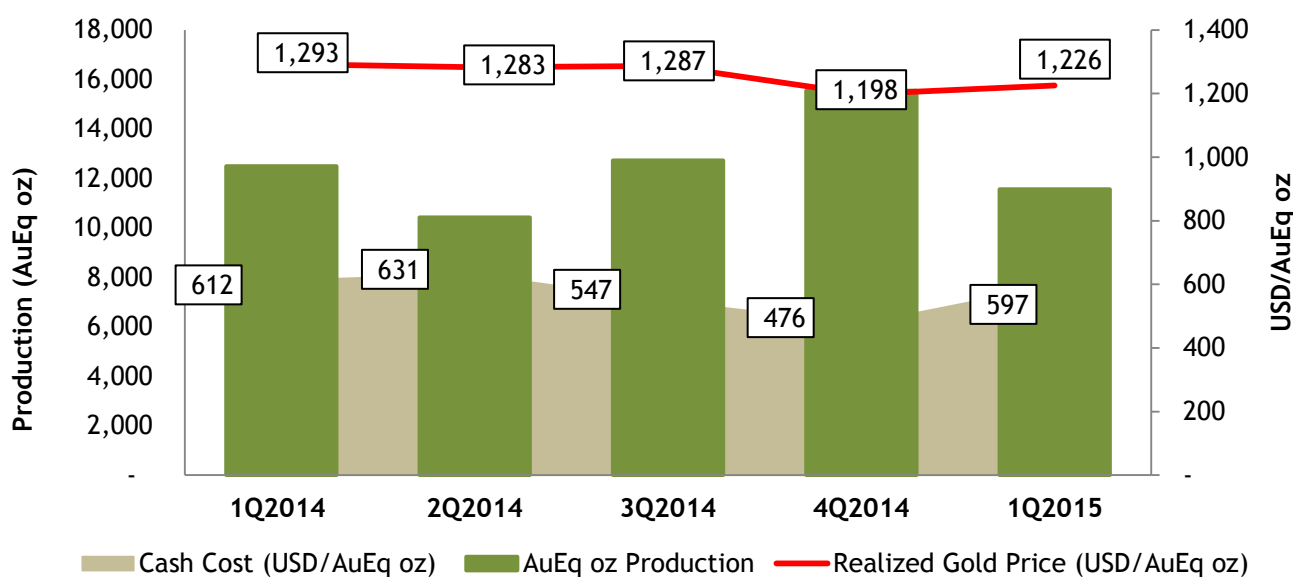
For the March 2015 quarter the average operating cash cost¹ (C1) was US\$597/AuEq oz while the all-in sustaining cost² (AISC) was US\$807/AuEq oz (US\$612/AuEq oz and US\$732/AuEq oz respectively for the quarter ended 31 March 2014).

(1) The operating cash cost (C1) for the Guanaco Mine includes: Mine, Plant, On-Site G&A, Smelting, and Refining. During this quarter, the US\$6.5million up-front payment to ENAMI paid in 2003 was fully depleted. The company will have to pay cash royalties to ENAMI equal to 3% of the gross income generated by the metal extracted from the Guanaco Mine starting next quarter.

(2) The all-in sustaining cost (AISC) for the Guanaco Mine includes: C1, Sustaining Capex, Exploration, and Mine Closure Amortisation.

(3) Three-month period ended March 2015.

AuEq oz Production per quarter (calendar year)



Mining

During the March 2015 quarter, mining continued at the Cachinalito underground operations with a total of 82,602 tonnes mined at an average grade of 4.68 g/t Au and 5.82 g/t Ag. The crushed and leached ore totalled 93,734 tonnes for the quarter at an average grade of 3.53 g/t Au and 5.38 g/t Ag.

Total underground mine development was 376 metres.

Safety

During this quarter, one lost-time accident (LTA) occurred, and two nil-lost-time accidents (NLTA's) were reported involving employees of Guanaco and third party contractors. Safety and environmental protection are core values of the Company. The implementation of safety best practices along with a sound risk management program are key priorities for Austral Gold.

Exploration Program

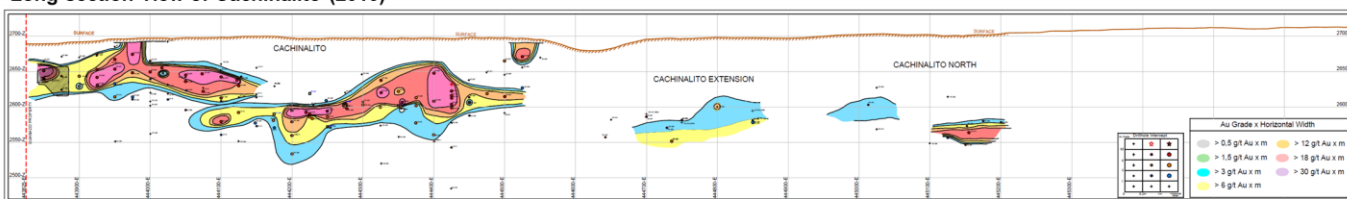
The Geology team continued to advance on the exploration program within the current mine development area of the Guanaco deposit. During the period, a total of 2,557 metres of surface reverse circulation (RC) and underground diamond drilling (DDH) were completed in the Guanaco mine area.

Guanaco Operational Performance

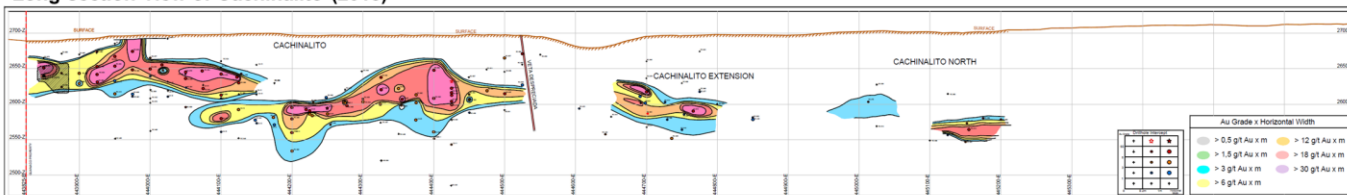
March Quarter (3-months actual) 2015	
Total Ore processed (t)	93,734
Plant grade (g/t Au)	3.53
Gold recovery (%)	77
Gold produced (oz)	11,425
Silver produced (oz)	9,486
Operating cash cost (US\$/AuEq oz)	597

During this quarter, all the drillings made in the Cachinalito main trend confirmed that all the different previously known sectors were part of one structure as shown in the following figure:

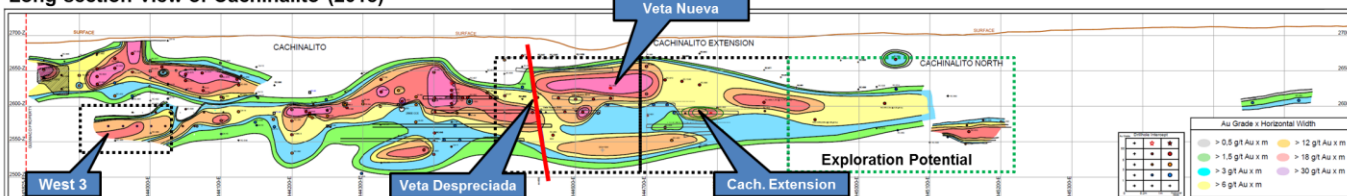
Long section view of Cachinalito (2010)



Long section view of Cachinalito (2013)



Long section view of Cachinalito (2015)



Guanaco Area Tenements Status

A complete list of the mining tenements in which the Company has an interest is presented in Appendix A attached to this report. There have been no changes to the Company's interests in these mining tenements during the quarter. All mining properties are fully owned by the Company through its subsidiaries.

Amancaya Project

Development of the Amancaya Project

Long lead items for the project have been ordered with 3 year finance leases worth US\$3.3 million (plus 19% VAT) entered into during the period. These items include a new ball mill with a forecast capacity of 1,500 tonnes per day, agitators for the leaching circuit, cyclones, filters, thickeners and conveyors. Total cost for the plant construction is estimated at US\$17 million plus 19% VAT while total cost for mine development is projected at US\$5 million plus 19% VAT.

An independent consulting firm is undertaking a review of the engineering feasibility study with a particular focus on processing and structural steel-concrete. Additionally, during the quarter ended 31 March 2015, a geotechnical drilling program was performed at Amancaya in order to improve the mine design.

An addendum to the Amancaya Environmental Impact Statement was submitted in response to feedback from government agencies.

The final review of the in-house feasibility study will be completed during the next quarter.

Exploration Program

In January 2015, the DDH drilling campaign was completed, the objective of which was to perform a geotechnical characterisation of the bedrock in sectors of the pits and ramps planned in the mining project. The work was carried out by drilling 7 holes totalling 789.80 metres.

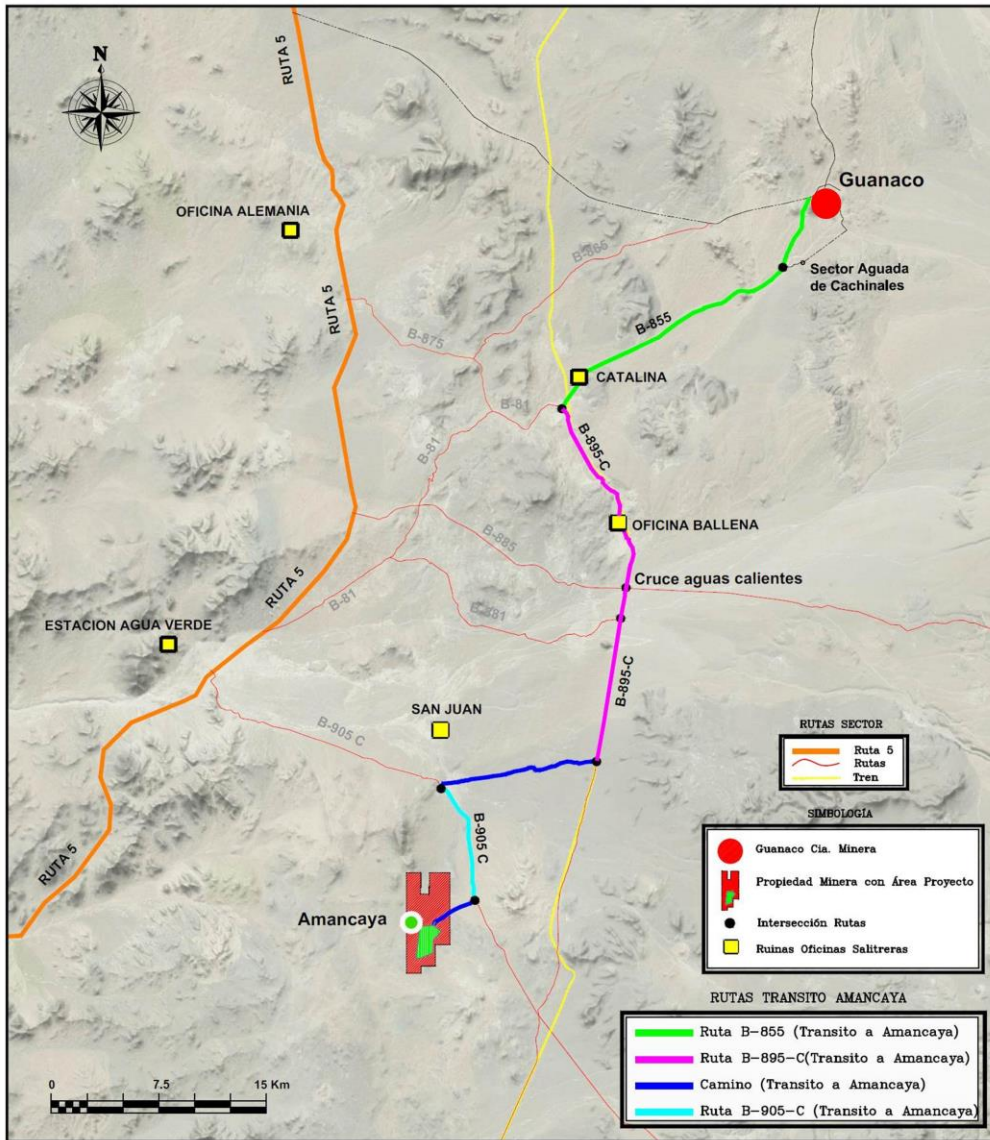


Figure shows location of Guanaco relative to Amancaya. Ore from Amancaya would be hauled by trucks to the Guanaco plant and processed through agitation leaching.

Amancaya Tenements Status

A complete list of the mining tenements in which the Company has an interest is presented in Appendix B attached to this report. There have been no changes to the Company’s interests in these mining tenements during the quarter. All mining properties are fully owned by the Company through its subsidiaries.

ARGENTINA

8 de Julio

The mining properties of lesser interest will be relinquished in due course in order to control the costs associated with this project in 2015 and focus on the areas with higher geological potential.

Work is currently being undertaken to update the environmental impact reports presented in October 2012 and are expected to be submitted to the mining authority in the coming months.

8 de Julio Area Tenements Status

A complete list of the mining tenements in which the Company has an interest is in Appendix C attached to this report. There has been no changes to the Company’s interests in these mining tenements during the quarter. All mining properties are fully owned by the Company through its subsidiaries.

CORPORATE SUMMARY & FINANCIAL PERFORMANCE

Financial performance and current cash position

Cash proceeds for gold and silver sales for the quarter was US\$15 million driven by continued strong production at the flagship Guanaco mine.

Net operating cash flow for the March quarter was US\$3 million after deducting US\$~2 million of sustaining capital expenditures.

A further US\$1 million cash payment was made to Yamana Gold as part of the deferred consideration schedule agreed as part of the purchase of Amancaya in August 2014. The next instalment amounting to US\$3 million is due to be paid in August 2015.

Austral Gold's cash position at the end of the quarter was US\$11 million giving the company the financial flexibility to pursue further additional growth prospects within its current asset portfolio and finance all committed payments in regard to the Amancaya and HReyes transactions.

By order of the Board.

Andrew Bursill
Company Secretary

Competent Person's Statement

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 20 years professional experience in mineral exploration, project management and research and development. Dr Robert Trzebski is a member of the Australian Institute of Mining and Metallurgy (AUSIMM) and 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 resources noted in this report.

The numbers presented in this report are unaudited figures and may be subject to minor variation.

Appendices: List of tenements in which the Company currently has an interest

Appendix A: Guanaco Site (Chile) tenements

Property Name	Claim Type	Size (hectares)
Mining Concessions under exploration	Constituted Mining Claims	21,236
Las Pailas I to Las Pailas XIII / G-3 a G-16	Mining claims in process	3,415
G-17, 1/20 to G-40, 1/20.	Mining claims in process	6,300
Escondida I, 1/30; Escondida II, III, V, VI, VII, VIII and IX.	Mining claims in process	2,400
Fortuna VII 1/30, VIII 1/20, IX 1/30, X 1/20, XI 1/30, XII 1/20, XIII 1/30 and XIV 1/20.	Mining claims in process	2,000
Mateo I, II, III, IV, V and VI	Mining claims in process	1,700
Fortuna I, 1/30 to Fortuna VI, 1/20.	Mining claims in process	1,500
Escondida IV 1/30, X 1/30, XI 1/20 and XII 1/30	Mining claims in process	1,100
Fortuna XV, 1 to 5	Mining claims in process	50
Total		39,701

Appendix B: Amancaya Site (Chile) tenements

Property Name	Claim Type	Size (hectares)
Amancaya 1A,1 to 20	Constituted mining claims	100
Amancaya 1B, 1 to 30	Constituted mining claims	140
Amancaya 2, 1 to 55	Constituted mining claims	265
Amancaya 3, 1 to 60	Constituted mining claims	300
Amancaya 4, 1 to 60	Constituted mining claims	300
Amancaya 5, 1 to 60	Constituted mining claims	300
Amancaya 6, 1 to 40	Constituted mining claims	200
Janita 1 to 15	Constituted mining claims	150
Sabina 1,1 to 28	Second layer mining claims	140
Sabina 4, 1 to 60	Second layer mining claims	300
Sabina 5, 1 to 60	Second layer mining claims	300
Sabina 6, 1 to 40	Second layer mining claims	200
Sabina 7, 1 to 30	Second layer mining claims	150
Sabina 3, 1-60	Second layer mining claims	300
Sabina 2, 1 to 18	Mining claims in progress	18
Total		3,163

Appendix C: 8 de Julio Site (Argentina) tenements

Property Name	Claim Type	Size (hectares)
8 de Julio IX	Cateo	7,002
8 de Julio VI	Cateo	3,947
8 de Julio VII	Cateo	3,947
8 de Julio VIII	Cateo	2,802
8 de Julio X	Cateo	3,497
Juanguí II	Manifestation of discovery	4,200
Juanguí VII-B	Manifestation of discovery	4,000
Juanguí VI-D	Manifestation of discovery	4,000
Juanguí I	Manifestation of discovery	3,970
Juanguí IV	Manifestation of discovery	3,226
Juanguí I-B	Manifestation of discovery	3,936
Juanguí II-D	Manifestation of discovery	3,740
Juanguí VIII-A	Manifestation of discovery	840
Juanguí VI-C	Manifestation of discovery	3,148
Juanguí III	Manifestation of discovery	4,081
Juanguí IV-F	Manifestation of discovery	2,286
Juanguí I-A	Manifestation of discovery	2,008
Juanguí V	Manifestation of discovery	1,920
Juanguí II-A	Manifestation of discovery	840
Juanguí VI-A	Manifestation of discovery	840
Juanguí VII-A	Manifestation of discovery	840
Juanguí VI	Manifestation of discovery	840
Juanguí IV-A	Manifestation of discovery	840
Juanguí IV-B	Manifestation of discovery	840
Juanguí IV-C	Manifestation of discovery	840
Juanguí IV-D	Manifestation of discovery	840
Juanguí IV- E 1	Manifestation of discovery	840
Juanguí IV- E 2	Manifestation of discovery	840
Juanguí IV- E 3	Manifestation of discovery	840
Juanguí IV- E 4	Manifestation of discovery	840
Juanguí IV- E 5	Manifestation of discovery	840
Juanguí V-A	Manifestation of discovery	840
Juanguí V-B	Manifestation of discovery	840
Juanguí II-C	Manifestation of discovery	638
Juanguí II-B	Manifestation of discovery	615
Total		76,403

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

AUSTRAL GOLD LIMITED

ABN

30 075 860 472

Quarter ended ("current quarter")

31 March 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter US\$'000	Year to date (9 months) US\$'000
1.1 Receipts from product sales and related debtors	15,255	46,228
1.2 Payments for (a) exploration & evaluation	(323)	(652)
(b) development	(1,476)	(3,980)
(c) production	(9,537)	(24,656)
(d) administration	(1,332)	(3,520)
(e) royalties paid	-	(1,023)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Movement attributable to foreign currency translation	64	23
Net Operating Cash Flows	2,651	12,421
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	(1,000)	(4,108)
(b) financial assets, net	-	-
(c) equity investment	(252)	(774)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(1,252)	(4,882)
1.13 Total operating and investing cash flows	1,399	7,539

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

		Current quarter US\$'000	Year to date (9 months) US\$'000
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	(461)
1.18	Dividends paid	-	-
1.19	Net proceeds from financial securities	205	433
Net financing cash flows		205	(28)
Net increase (decrease) in cash held		1,604	7,511
1.20	Cash at beginning of quarter/year to date	10,254	4,347
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	11,858	11,858

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter US\$'000
1.23	Aggregate amount of payments to the parties included in item 1.2	428
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

As reported in the previous quarter, on 19 December 2014, 307,930,858 shares in Austral Gold Limited were issued to Inversiones Financieras Del Sur SA as total repayment of its loan outstanding with Austral Gold which amounted to US\$53,733,935. This transaction was approved by shareholders at the Annual General Meeting held on 16 December 2014.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available US\$'000	Amount used US\$'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

		US\$'000
4.1	Exploration and evaluation	324
4.2	Development	1,680
4.3	Production	9,945
4.4	Administration	1,299
4.5	Royalties	-
4.6	Other (Investment)	255
Total		13,503

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter US\$'000	Previous quarter US\$'000
5.1	Cash on hand and at bank	11,846	10,166
5.2	Deposits at call	12	88
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)		11,858	10,254

Changes in interests in mining tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

There were no changes in mining tenements during the quarter.

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference +securities <i>(description)</i>				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	478,761,995	478,761,995		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	+Convertible debt securities <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options <i>(description and conversion factor)</i>	1:1 Unlisted options 140,949	-	<i>Exercise price</i> AUD\$0.30	<i>Expiry date</i> 15 Nov 2016
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: 30 April 2015
(Company secretary)

Print name: Andrew Bursill

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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