

MEDIA RELEASE

Austral Gold Limited

13 June 2017

Austral Gold Reports Robust Pre-Feasibility Study Results for Combined Amancaya Project and Guanaco Mine, Chile.

Austral Gold Limited (“Austral” or the “Company”) (ASX: AGD; TSX-V: AGLD) is pleased to provide additional information to support positive and robust pre-feasibility results. This information is to supplement the mineral resource and reserve estimate for the Amancaya Project and Guanaco Mine, Chile, disclosed in the Company’s announcement dated June 8, 2017.

Highlights:

- **After-Tax Net Present Value (NPV)** at 7.5% discount rate is **US\$66.6** million for the Project.
- All-In Sustaining Cost (**AISC**): **US\$831/oz Au**.
- The mine life is five years, based on Mineral Reserves.
- Combined estimated annual average production of 53,000 ounces of gold and 370,000 ounces of silver.
- Mine life capital totals \$48.1 million, including reclamation and closure.
- Average operating cost over the mine life is \$112 per tonne milled.
- Metallurgical recovery is estimated at 92% for gold and 80% for silver.
- Gold and silver at refinery 99.9% and 99.0% payable, respectively.
- Metal prices: Life of Mine (“LOM”) average of US\$18.88/oz silver and US\$1,284/oz gold, based on consensus of independent forecasts for annual prices.
- Net Smelter Return includes doré refining, transport, and insurance costs. Royalties of 3% for Guanaco and 2.25% for Amancaya are deducted.
- Income taxes are 25% in 2017, 25.5% in 2018, and 27% for the remaining years in the LOM.

Stabro Kasaneva, CEO of Austral Gold stated, “We are very pleased that the results of the pre-feasibility study show robust project economics justifying the investments we have made in pushing forward with construction of the Amancaya operation and the investment in the new agitation leach processing plant. The combination of the two operations provides us with a very robust operation for the next five years. The very high conversion of the Amancaya resource to reserves underlies the consistent nature of the vein.”

All Resources reported are inclusive of Reserves. A full description of assumptions shall be provided in a Technical Report in accordance with CIM Definitions 2014, National Instrument 43-101 and JORC code, to be filed under the Company's profile on SEDAR and ASX by July 24, 2017.

Summary of the Combined Operation

The Guanaco Project (the Project) comprises the operating Guanaco Underground Mine and the Amancaya Open Pit and Underground Project (open pit mining at Guanaco was completed in 2013). Amancaya is a satellite deposit with similar characteristics to Guanaco and will be processed at the Guanaco Mine and Mill Complex. The Mineral Reserves at Amancaya are based on the conversion of Mineral Resources using modifying factors (mining, economic, marketing, legal, environmental, social, and governmental) which were determined based on the current mining operations at Guanaco.

The underground operations at Guanaco currently produce approximately 1,000 tpd. The open pit at Amancaya is expected to produce 400 tpd, followed by underground production of approximately 800 tpd. Each operation will overlap to produce an average mill feed of approximately 1,000 tpd during peak production in 2017 and 2018. Ore from Amancaya will be hauled by contractor via a 75 km road to the new mill located at the Guanaco mining complex. The mill, which was commissioned in March 2017, is designed to process up to 1,500 tpd using crushing, grinding, cyanide leaching, and Merrill Crowe to produce a doré. The Guanaco mine has produced approximately 50 koz per year for the last four years and the Company expects to continue at this rate for the remaining five years of the life of mine (LOM) plan. Guanaco is a mature operation with established infrastructure to support mining at Guanaco and Amancaya.

Capital costs for the new plant and most of the Amancaya infrastructure were incurred in 2016, and as such costs for combined operation of both projects are considered as sustaining capital, and included in the capital cost projection of \$48.1m. As the Company has already built the Amancaya infrastructure there is no additional expected capital funding requirement. This, however, remains uncertain and the Company will assess any funding needs.

Environmental studies and environmental permits have been issued to support mining at Guanaco and Amancaya.

QUALIFIED PERSONS

The Amancaya and Guanaco Reserve and Resource Estimate was prepared in accordance with CIM Definitions 2014 in National Instrument 43-101 and a Technical Report will be filed under the Company's profile on SEDAR and ASX within 45 days of this press release. The RPA Qualified Persons (QPs) for the Amancaya and Guanaco Reserve and Resource Estimate include:

- Kathleen Ann Altman, P.E., Ph.D. (Metallurgy)
- Jason J. Cox, P.Eng. (Mineral Reserves)
- Ian Weir, P.Eng. (Mineral Reserves)
- Chester M. Moore, P.Eng., (Mineral Resources)

This press release has been reviewed and approved by the RPA Qualified Persons.

About Austral Gold

Austral Gold Limited is a growing precious metals mining, development and exploration company building a portfolio of quality assets in Chile and Argentina. The Company's flagship Guanaco project in Chile is a low-cost gold and silver producing mine with further exploration upside. The Company is also operator of the underground silver-gold Casposo mine in San Juan, Argentina, where it has 70% ownership. With an experienced local technical team and highly regarded major shareholder, Austral's goal is to continue to strengthen its asset base through acquisition and discovery. Austral Gold Limited is listed on the TSX Venture Exchange (TSX-V:AGLD), and the Australian Securities Exchange (ASX: AGD). For more information, please consult the company's website www.australgold.com

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

On behalf of Austral Gold Limited:

"Stabro Kasaneva"

CEO

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Forward Looking Statements

Statements in this news release that are not historical facts are forward-looking statements. Forward-looking statements are statements that are not historical, and consist primarily of projections - statements regarding future plans, expectations and developments. Words such as "expects", "intends", "plans", "may", "could", "potential", "should", "anticipates", "likely", "believes" and words of similar import tend to identify forward-looking statements. Forward-looking statements in this news release include those concerning operational, capital cost and performance projections, the life of mine and the Company's intent to file a Technical Report by July 24, 2017. All of these forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those expressed or implied, including, without limitation, business integration risks; uncertainty of production, development plans and cost estimates, metallurgical recoveries, commodity price fluctuations; political or economic instability and regulatory changes; currency fluctuations, the state of the capital markets, uncertainty in the measurement of mineral reserves and resource estimates, Austral's ability to attract and retain qualified personnel and management, potential labour unrest, reclamation and closure requirements for mineral properties; unpredictable risks and hazards related to the development and operation of a mine or mineral property that are beyond the Company's control, the availability of capital to fund all of the Company's projects and other risks and uncertainties identified under the heading "Risk Factors" in the Company's continuous disclosure documents filed on SEDAR. You are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. Austral cannot assure you that actual events, performance or results will be consistent with these forward-looking statements, and management's assumptions may prove to be incorrect. Austral's forward-looking statements reflect current expectations regarding future events and operating performance and speak only as of the date hereof and Austral does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change other than as required by applicable law. For the reasons set forth above, you should not place undue reliance on forward-looking statements.