

Austral Gold Announces Filing of Q4 2019 Quarterly Activity Report

Sydney, Australia--(Newsfile Corp. - January 30, 2020) - Austral Gold Limited (ASX: AGD) (TSXV: AGLD) (the "Company") is pleased to report results from its activities during its Q4 2019 Quarterly Activity Report. The Report is available under the Company's profile at www.asx.com.au and www.sedar.com and on the Company's website at www.australgold.com.

Stabro Kasaneva, CEO of Austral Gold, said, "We are pleased with the results of our fourth quarter. We generated record cash flow through the realisation of higher gold and silver prices, solid production and lower operating cash costs. These factors contributed to the strengthening of our financial position. This was the first time that we made such an extensive commitment to exploration. Some encouraging results were obtained in Chile at Sierra Inesperada and Amancaya and we expect to continue or increase this level of exploration in 2020 including further exploration activities at Casposo and Pinguino.

We also met certain strategic objectives by entering the North American market with an investment in the Rawhide gold and silver mine and completion of the full acquisition of the Casposo mine in Argentina."

KEY QUARTERLY HIGHLIGHTS

- **Continued sound operational performance at the Guanaco and Amancaya Mine complex.** Quarterly production increased by 2.3% from the December 2018 quarter and 0.4% from the September 2019 quarter to 17,953 gold equivalent ounces (16,578 gold ounces and 116,380 silver ounces). **Production for year 2019 reached 67,004 gold equivalent ounces** (60,665 gold ounces and 543,914 silver ounces vs. 2019 Production Guidance of 70,000-75,000 gold equivalent ounces).
- **Record cash generation with** quarterly Operating Cash Flow of US\$13.9 million and US\$9.2 million of cash & cash equivalents at 31 December 2019. **Operating margins increased with** quarterly Operating cash cost (**C1**) and All-in-sustaining cost (**AISC**) at **US\$551 and US\$843** respectively per gold equivalent ounce. **The average selling price for the December 2019 quarter was US\$1,493/oz** reflecting the upward trend of the price of gold and silver. **Average C1 and AISC for 2019 was US\$661 and US\$899 respectively per gold equivalent ounce with selling prices averaging US\$1,403/oz.**
- **Exploration success with the identification of a mineralised NW structural Corridor at the Guanaco's property** in the Sierra Inesperada area located 7km from the Guanaco Mine as announced on 30 January 2020.
- **Completion of the quarterly exploration drilling program with 11,363 meters of drilling within the Company's main projects in Argentina and Chile.** Significant new intersections identified from drilling at Sierra Inesperada including:
 - **Guanaco_INES_38N 8.0m @ 4.26 g/t Au incl. 1m @ 19.17 g/t Au**
 - **Guanaco_INES_27N 14m @ 2.90 g/t Au incl. 1.0m @ 13.77 g/t Au and 16m @ 2.29 g/t Au incl. 2.0m @ 6.64 g/t Au**
 - **Guanaco_INES_42N-DDH 4.05m @ 4.33 g/t Au incl. 0.63m @ 13.80 g/t Au**
- **Closed pro-rata Rights issue offering** which raised gross proceeds of approximately **US\$1.4 million** from eligible shareholders.
- **Purchase of a 22.48%** (21.28% on a fully diluted basis) interest in Rawhide Acquisition Holding LLC ("Rawhide"), a privately held Delaware limited liability company that owns Rawhide Mining LLC which in turn owns the Rawhide Mine located ~50 miles outside of Fallon, Nevada, United States for US\$3,957,406. In addition, the Company entered into three option agreements with existing Unit owners to acquire up to an **additional 3.795 % for an aggregate of US\$750,813.**
- The remaining **30% interest in the Casposo mine in Argentina was** acquired for **\$0.2 million.**
- **Combined net debt (borrowings and financial leases net of cash & cash equivalents) decreased from US\$16.8 million in December 2018 to US\$6.3 million in December 2019.**

Quarterly Production figures

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Processed (t)	66,295	64,018	65,194	-	-	39,152	66,295	64,018	92,600
Gold produced (Oz)	16,578	16,273	15,560	-	-	3,088	16,578	16,273	17,722
Silver produced (Oz)	116,380	136,867	167,372	-	-	254,136	116,380	136,867	345,267
Gold-Equivalent (Oz) **	17,953	17,879	17,547	-	-	6,101	17,953	17,879	21,818

*As of 23 December 2019, Austral Gold owned 100% of Casposo. From March 2017 to 22 December 2019, Austral Gold owned 70% of Casposo; C1 and AISC calculated based on 100% Processed (t).

**AuEq ratio is calculated at 85:1 Ag:Au for the December 2019 Quarter; 85:1 Ag:Au for the September 2019 Quarter; 84:1 Ag:Au for the December 2018 Quarter

Forecasted Calendar 2020 Production and Costs:

- **Production guidance for 2020** for the Guanaco/Amancaya mines is 55,000-60,000 gold equivalent ounces range with **C1 and AISC estimated** at US\$600-700 and US\$900-1,000 respectively per gold equivalent ounce.

EXPLORATION

Our exploration program continues to focus on (i) Chile: brownfield areas in the Amancaya District and Sierra Inesperada (Guanaco District), and (ii) Argentina: Casposo (San Juan) and Pinguino (Santa Cruz) in Argentina. Exploration highlights are as follows:

- Completion of the 3,012 meters drilling program in Amancaya with some positive intercepts at Julia, Janita and Rosa veins.
- Attractive drilling results from the Inesperada Area located 7 km SW of the Guanaco Mine area as announced on 30 January 2020.
- Drilling campaign commenced in Casposo with 2,294 meters of Diamond Drill holes (DDH) in the Inca 3 sector. No significant intercepts were identified. The exploration team continues with the analysis of Inca 3 and its surrounding areas. The next target is the Julieta sector which is expected to commence in January 2020. Construction of a new access to the Julieta sector and drilling platforms were finalized during the December 2019 quarter.
- Completion of the trenching program at the Pinguino project which totaled 113 trenches with 5,000 meters excavated within the main targets (Tranquilo, Silvia and Trinda Veins). Samples were sent to an external laboratory and the first results are expected in Q1 2020.

FINANCIALS

- **Cash and cash equivalents** as of 31 December 2019 were US\$9.2 million. **Net increase in cash and cash equivalents** during the quarter and for the year ended 31 December 2019 was US\$4.7 million and US\$7.5 million respectively.
- **Combined net financial debt (borrowings and financial leases net of cash & cash equivalents) decreased from US\$16.8 million in December 2018 to US\$6.3 million in December 2019 as a result of improved cash flow generated during the year.**
- As of 31 December 2019, **borrowings and financial leases were US\$15.5 million** (of which US\$8.4 million is long-term debt), a **decrease of \$4.1 million** or approximately **21%** from the prior quarter. In addition, a promissory note of US\$1.96 million due 31 January 2020 was issued to Rawhide.

Cash Flow Summary (US\$'M) *	Dec 2019 qtr (3-months)	Dec 2019 yr (12-months)
Operating Cash Flow	13.9	29.5
Net cash used in investing activities	(6.7)	(14.6)
Net cash used in financing activities	(2.5)	(7.4)
Cash Generation	4.7	7.5
Cash beginning of period	4.5	1.7
Cash end of period	9.2	9.2
Net Borrowings Position (US\$'M)	December 2019 *	December 2018

Cash & Cash Equivalents **	9.2	1.7
Borrowings ***	15.5	18.5
Net Borrowings	6.3	16.8

*Combined unaudited figures

** Includes short-term investments in US treasury bills less than 90 days

*** Includes Financial leases and excludes the Promissory note of US\$1.96 million issued in December 2019 and paid in January 2020.

Qualified Persons

The scientific and technical content of this news release has been prepared by, or under the supervision of Robert Trzebski, MAIG, an Independent Director of the Company and has been reviewed and approved by him. Mr Trzebski is a Geologist and Member of Australian Institute of GeoScientists and a consultant of Austral Gold Limited. Mr. Trzebski is a "qualified person" for the purposes of National Instrument 43-101, Standards of Disclosure for Mineral Projects.

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/Amancaya project in Chile is a gold and silver producing mine with further exploration upside. The company also holds the Casposo Mine (San Juan, Argentina), a ~23.62% interest in the Rawhide Mine (Nevada, USA) and an attractive portfolio of exploration projects including the Pingüino project in Santa Cruz, Argentina (100% interest) and the San Guillermo and Reprado projects near Amancaya (100% interest). 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 (TSXV: 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.

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