**MEDIA RELEASE**
Austral Gold Limited
**31 July 2019**

# Austral Gold Announces Filing of Q2 2019 Quarterly Activity Report

Austral Gold Limited (the "Company") (ASX: AGD; TSX-V: AGLD) is pleased to announce that it has filed its Q2 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.

**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) 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.

On behalf of Austral Gold Limited:

**"Stabro Kasaneva" CEO**

**For additional information please contact:**

**Jose Bordogna**
Chief Financial Officer
Austral Gold Limited
jose.bordogna@australgold.com
+54 (11) 4323 7558

**David Hwang**
Company Secretary
Austral Gold Limited
info@australgold.com
+61 (2) 9698 5414

# JUNE 2019

## Quarterly Activity Report

## KEY HIGHLIGHTS

- **Record quarterly production at Guanaco/Amancaya of 18,322 gold equivalent ounces** (16,604 gold ounces and 152,773 silver ounces) **representing a 43% increase from the March 2019 quarter** and an 18% increase from the June 2018 quarter.
- **Guanaco/Amancaya continued generating solid operational margins and cash generation** with quarterly Operating Cash Cost (C1) and all-in-sustaining cost (AISC) at **US$717 and US$952** respectively per gold equivalent ounce. C1 and AISC decreased by 10% and 7% respectively from the March 2019 quarter. Average selling price for the June 2019 quarter was at US$1,308/oz.
- **Casposo was temporarily placed on care and maintenance (C&M)** while total remaining production reached 1,275 gold equivalent ounces during the June 2019 quarter.
- **Total workforce at Casposo decreased by 199 employees leading to a C&M team comprised of 20 people.** Severances and final payroll related payments were US$~2.5 million and were scheduled to be paid in approximately six consecutive monthly instalments starting 30 April 2019. Approximately half of this amount was paid during the

June 2019 quarter.

- Future C&M expenses are estimated at approximately US$150-160K per month. Troy Resources, which owns 30% of the economic interest of Casposo advised they will not fund their share of the cost of placing the mine on care and maintenance.

## PRODUCTION

- **Combined gold and silver production (100% basis*) during the June 2019 quarter totaled 19,597 gold equivalent ounces** (or 17,450 gold ounces and 189,885 silver ounces) with Guanaco contributing 93% of production. The Company´s June 2019 quarterly net production totaled 19,215 gold equivalent ounces (Casposo 70% ownership).
- **Guanaco´s higher production compared to the March 2019 quarter (+43% increase)** is mainly a result of higher throughput from Amancaya due to greater mine equipment availability and higher gold grades and higher gold recoveries. The lower output at Casposo is due to placing the mine on care and maintenance during the June 2019 quarter.

| Operations | Guanaco/ Amancaya Mines | | | Casposo Mine (100% basis) | | | Net to Austral Gold* | | |
|---|---|---|---|---|---|---|---|---|---|
| | June Quarter 2019 | Mar Quarter 2019 | June Quarter 2018 | June Quarter 2019 | Mar Quarter 2019 | June Quarter 2018 | June Quarter 2019 | Mar Quarter 2019 | June Quarter 2018 |
| Processed (t) | 64,719 | 57,992 | 76,072 | 3,375 | 36,170 | 44,499 | 67,082 | 83,311 | 107,221 |
| Gold produced (Oz) | 16,604 | 11,211 | 13,669 | 846 | 1,924 | 2,479 | 17,196 | 12,558 | 15,404 |
| Silver produced (Oz) | 152,773 | 137,886 | 142,246 | 37,112 | 106,430 | 342,992 | 178,751 | 212,387 | 382,340 |
| **Gold-Equivalent (Oz) **** | **18,322** | **12,851** | **15,474** | **1,275** | **3,198** | **6,830** | **19,215** | **15,090** | **20,255** |

* Austral Gold owns 70% of Casposo since March 2017; C1 and AISC calculated based on 100% Processed (t).

**AuEq ratio is calculated at 89:1 Ag:Au for June 2019 Quarter; 83:1 Ag:Au for March 2019 Quarter; 79:1 Ag:Au for June 2018 Quarter

### Forecasted Calendar 2019 Production and Costs:

- **Production guidance for 2019** for the Guanaco/Amancaya mines remains at 70,000-75,000 gold equivalent ounces range with **C1 and AISC estimated** at US$700-800 and US$950-1,000 respectively per gold equivalent ounce.

# EXPLORATION

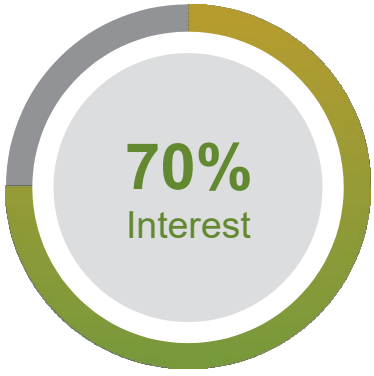
- The exploration in Chile focused on brownfield areas in Amancaya Norte and Sierra Inesperada (Guanaco District) is as follows:
    - At Amancaya Norte, a new sub-surface methodology was implemented to solve the challenge through trenches crossing the “Caliche” layer, a 5,000-meter shallow RC drill campaign was completed. Holes no deeper than 40- 50 meters to reach at least 25 meters vertical beneath surface, drilled the Laura, Gabriela, Nueva, Rosa, and Janita veins. In addition, a 3,800-meter exploration combined program of RC and DDH is being designed for the third quarter of 2019 at Amancaya Norte and other areas of the district.
    - At Sierra Inesperada, the geologists continued with the detailed remapping (1: 5,000 Scale) of the area with the goal of looking for ledges and potentially bulk mineable gold deposits. A geochemical and PIMA sampling grid of 100 x 250 meters is being performed. We expect to define a drilling program for the second half of 2019 in this area.
- The activities in Argentina focused on designing the Casposo exploration campaign for the second half of 2019. A total of ten targets representing 18,000 meters of drilling were identified with Julieta and Inca 3 as the main priorities.

# FINANCIALS

- Cash and cash equivalents at 30 June 2019 were US$2.5 million.
- Sales proceeds (cash basis) for the June quarter were US$26.8 million of which the Guanaco/Amancaya mines contributed US$24.1 million (90% share) and the Casposo mine US$2.7 million.
- **Consolidated cash flow from operations of approximately US$3.8 million was generated** while sustaining capex was US$~2.6 million for the June quarter.
- Borrowings increased slightly from US$18.4 million as of 31 March 2019 to US$19.9 million (of which US$9.8 million is long-term debt) as of 30 June 2019. Borrowings include financial leases, pre-export facilities and lease liabilities recognized on adoption of AASB 16.

**Guanaco & Amancaya Mines**
Antofagasta, Chile

**Casposo Mine**
San Juan, Argentina




**Pingüino Project**
Santa Cruz, Argentina

Austral Gold Limited ('the Company' or 'Austral') and its subsidiaries ('the Group') is a precious metals mining and exploration company building a portfolio of assets in South America.

The Group produces gold and silver from the Guanaco and Amancaya Mines in Chile. The Group also holds the Casposo Mine in San Juan, Argentina, which is currently on care and maintenance. It also holds 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) in Chile.

# CHILE

## Guanaco and Amancaya Mines

### Background

The Guanaco and Amancaya mine complex remains the Company's flagship asset in Chile.

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 embedded in the Paleocene/Eocene belt, a geological feature which runs north/south through the centre of the Antofagasta region, Chile.

Amancaya is located approximately 60km south-west of the Guanaco mine. Amancaya is a low sulphidation epithermal gold-silver deposit consisting of eight mining exploration concessions covering 1,755 hectares (and a further 1,390 hectares of second layer mining claims).

At Amancaya, underground operations started in 2018. The Amancaya ore is being trucked to the agitation leaching plant at Guanaco for processing.

### Safety

During the quarter, there were three lost-time accidents (LTA's) and two no-lost-time accidents (NLTA's) involving Guanaco employees. Safety and environmental protection are core values of the Company. The implementation of best practice safety standards along with a sound risk management program are key priorities for Austral Gold.

### Production

**Quarterly production** at Guanaco/Amancaya **increased by 43% or 5,471 gold equivalent ounces to 18,322 gold equivalent ounces** (16,604 gold ounces and 152,773 silver ounces) from 12,851 gold equivalent ounces (11,211 gold ounces and 137,886 silver ounces) during the March 2019 quarter and increased by **18% or 2,848 gold equivalent ounces** from 15,474 gold equivalent ounces (13,669 gold ounces and 142,246 silver ounces) during the June 2018 quarter. The increase in production is mainly a result of higher throughput from Amancaya due to greater mine equipment availability, higher gold grades and higher gold and silver recoveries.

The **operating cash cost (C1) and the all-in sustaining cost (AISC)** at Guanaco/Amancaya in the June 2019 quarter **decreased to US$717/AuEq Oz and US$952/AuEq Oz** respectively from US$797/AuEq Oz and US$1,027/AuEq Oz during the March 2019 quarter and from US$836/AuEq Oz and US$991/AuEq Oz during the June 2018 quarter.

### Mining

During the June 2019 quarter, mining continued at the Guanaco underground operations with a total of 4,510 tonnes mined while 62,161 tonnes were mined from the Amancaya underground operations. Management continues to evaluate opportunities to extend the life of mine of the Guanaco and Amancaya mines.

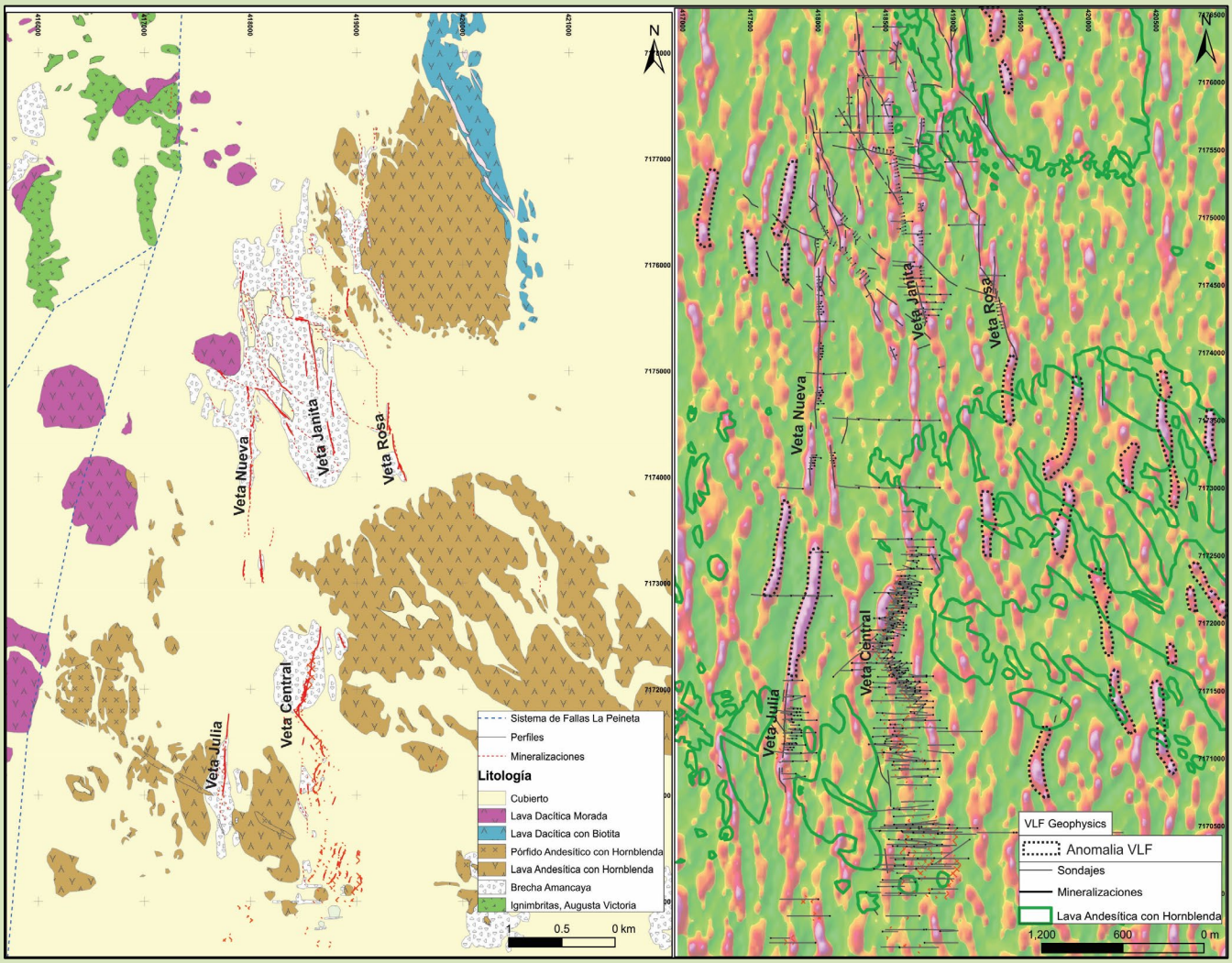
| Operations | Guanaco/Amancaya Quarter ended | | |
|---|---|---|---|
| | June 2019 | March 2019 | June 2018 |
| Processed (t) | 64,719 | 57,992 | 76,072 |
| Average Plant Grade (g/t Au) | 7.8 | 6.1 | 4.5 |
| Average Plant Grade (g/t Ag) | 82.4 | 93.9 | 74.6 |
| Gold produced (Oz) | 16,604 | 11,211 | 13,669 |
| Silver produced (Oz) | 152,773 | 137,886 | 142,246 |
| Gold-Equivalent (Oz) *** | 18,322 | 12,851 | 15,474 |
| C1 Cash Cost (US$/AuEq Oz) * | 717 | 797 | 836 |
| All-in Sustaining Cost (US$/Au Oz) ** | 952 | 1,027 | 991 |
| Realised gold price (US$/Au Oz) | 1,308 | 1,308 | 1,306 |
| Realised silver price (US$/Ag Oz) | 15 | 16 | 17 |

* The cash cost (C1) includes: Mine, Plant, On-Site G&A, Smelting, Refining, and Royalties (excludes Corporate G&A)
** The All-in Sustaining Cost (AISC) includes: C1, Sustaining Capex, Brownfield Exploration, and Mine Closure Amortisation
*** AuEq ratio is calculated at 89:1 Ag:Au for 30 June 2019 quarter; 83:1 for the 31 March 2019 quarter; 79:1 for 30 June 2018 quarter

## Amancaya Mine Exploration

The exploration activities at the Amancaya Project focused on the block immediately to the north of Central Vein area where several veins with the same characteristics have been mapped and sampled.

The most important veins recognized through float mapping and later trenches and shallow drilling programs are: Janita, Gabriela, Rosa, and Nueva Veins. We plan on drilling these structures during the September 2019 quarter. This represents the first attempt for Austral Gold to start exploring deeper zones. In addition, as a result of a strong correlation among veins and VLF anomalies, we expect to expand the vein camp in other directions.



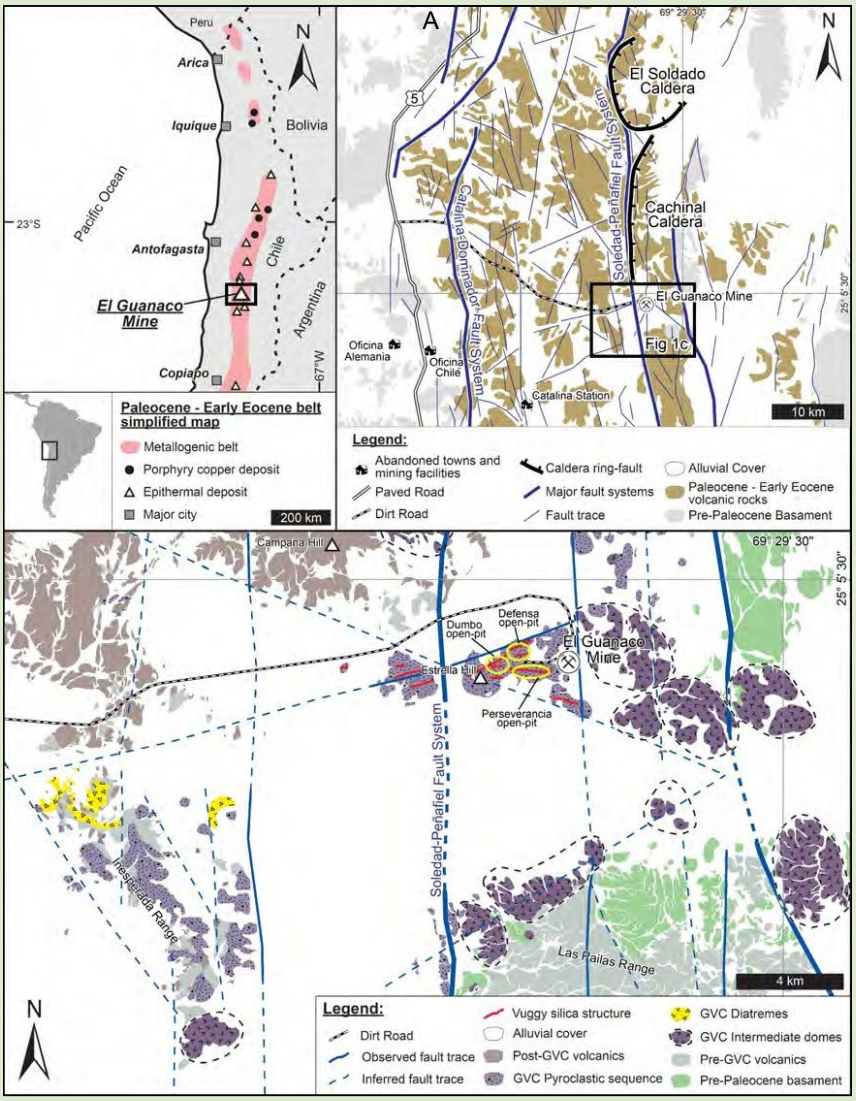

Amancaya Gelogical Map and VLF geophysics response comparison

## Guanaco District

We began detailed mapping and sampling work of the entire Sierra Inesperada area with the objective to improve the geological information of the area and evaluate a future drilling campaign.

There is significant geological evidence identified using hydrothermal alteration and stratigraphic characteristics that provide good arguments to repeat the Guanaco geological environment beneath the lithocap recognized in the Sierra Inesperada area.

Together with the geological map, a 100 by 200 meters grid for geochemical samples is being performed. We plan to analyse the samples using the PIMA methodology to generate a zonation map of the hydrothermal alteration. The work is expected to be completed during the September 2019 quarter and if the results are positive, we plan to implement a drill program during the December 2019 quarter.




Sierra Inesperada Geological Map

# ARGENTINA

## Casposo Mine

### Background

The Casposo mine is located in the department of Calingasta, San Juan Province, Argentina, approximately 150km from the city of San Juan, and covers an area of 100.21km². Casposo is a low sulfidation epithermal deposit of gold and silver located in the eastern border of the Cordillera Frontal geological province.

In March 2016, Austral Gold acquired a controlling stake and management of the Casposo gold and silver project. Since then, Austral Gold has undertaken a complete revision of historical work (geology, geochemistry, geophysics and drillings), and completed a regional mapping at a 1:10,000 scale with the goal of identifying potential opportunities for discovering additional mineralisation and ranking a series of mine and brownfield exploration targets.

The Casposo Mine consists of several narrow steeply dipping ore bodies known as Aztec, B-Vein, B-Vein1, Inca0, Inca1, Inca2A, Inca2B, and Mercado.

### Care & Maintenance

During the June 2019 quarter, Austral completed a comprehensive review of operations, and as the mine operator, decided to temporarily place the mine on care and maintenance.

Total workforce decreased by 199 employees during the June 2019 quarter from 208 employees at 31 March 2019. Severance and final payroll related payments were at AR$120 million (US$~2.5 million) which were scheduled to be paid in approximately 6 monthly instalments. Approximately half of this amount was paid during the June 2019 quarter which was funded with a US$1.5 million bridge facility from Austral's major shareholder that was repaid in July 2019. In addition, all the outstanding pre-export facilities worth US$2.4 million have been repaid from internal cash generated at Guanaco/Amancaya.

In the near-term, Austral plans to increase exploration activities at Casposo with a focus on certain advanced targets. The Company is also exploring opportunities to process ore from third parties that have deposits surrounding the mine to position Casposo as a central processing hub for local exploration and development companies. The Company believes these activities will contribute towards its goal of recommencing processing operations in the future.

Austral will retain a core team of employees to oversee the site, meet environmental monitoring and legal obligations, and continue with exploration activities during the care and maintenance phase.

## Safety

During the June 2019 quarter, there were no lost-time accidents (LTA) and no lost-time accidents (NLTA) involving employees of the Casposo mine. Safety and environmental protection are core values of the Company. The implementation of best practice safety standards along with a sound risk management program are key priorities for Austral Gold.

## Production

Production in Q2 2019 was 1,275 gold equivalent ounces with most of the production produced prior to the care and maintenance phase during April 2019. The table below summarizes the June 2019 quarterly results for Casposo as well as results from the March 2019 and the June 2018 quarters. Actual costs were higher than forecasted reflecting lower production than forecasted and the high fixed component in Casposo's cost structure, which was significantly reduced after placing the mine on care and maintenance.

| Operations | Casposo Mine Quarter ended | | |
|---|---|---|---|
| | June 2019 | March 2019 | June 2018 |
| Processed (t) | 3,375 | 36,170 | 44,499 |
| Average Plant Grade (g/t Au) | 3.4 | 2.2 | 1.8 |
| Average Plant Grade (g/t Ag) | 64.4 | 120.0 | 285.0 |
| Gold produced (Oz) | 846 | 1,924 | 2,479 |
| *Share of Gold produced* * | 592 | 1,347 | 1,735 |
| Silver produced (Oz) | 37,112 | 106,430 | 342,992 |
| *Share of Silver produced** | 25,978 | 74,501 | 240,094 |
| C1 Cash Cost (US$/AuEq Oz) | 2,961 | 1,803 | 1,450 |
| All-in Sustaining Cost (US$/Au Oz) | 3,266 | 1,899 | 1,742 |
| Realised gold price (US$/Au Oz) | 1,282 | 1,304 | 1,300 |
| Realised silver price (US$/Ag Oz) | 15 | 16 | 17 |

* Austral Gold owned 70% of Casposo since March 2017: C1 and AISC calculated based on 100% Processed (t).
** The cash cost (C1) includes: Mine, Plant, On-Site G&A, Smelting, Refining, and Royalties (excludes Corporate G&A and one-off restructuring costs).
# The All-in Sustaining Cost (AISC) includes: C1, Sustaining Capex, Brownfield Exploration, and Mine Closure Amortisation
*** AuEq ratio is calculated at 86:1 Ag:Au for June 2019 Quarter; 83:1 Ag:Au for March 2019 Quarter; 79:1 Ag:Au for June 2018 Quarter.

## Casposo Exploration

The exploration activities of Casposo were focused on the design and review of the exploration program for the second half of 2019.

The main identified targets for exploration were Julieta, Inca 3, Kamila Offset, Market NW and Panzón. We are planning to perform an exploration drilling program during the second half of 2019.

## Pingüino Project

### Recent activities

During the 2019 quarter, the Company continued analyzing the various business scenarios for the Pingüino project while designing an exploration program for the second half of the year.

## Corporate Summary & Financial Performance

The Company had a cash balance of US$2.5 million as of 30 June 2019. Main highlights during the quarter were as follows:

- Cash proceeds from the sale of gold and silver during the quarter were US$26.8 million of which the Guanaco/Amancaya mine contributed US$24.1 million (90% share) and the Casposo mine contributed US$2.7 million.
- Combined cash generated from operating activities during the quarter was approximately US$3.8 million.
- Total consolidated borrowings at 30 June 2019 were US$19.9 million (of which US$9.8 million is long-term debt). Net debt cash repayments during the quarter totaled US$0.7 million.
- Deferred revenue related to the sale of future production of gold equivalent ounces totaled approximately US$0.4 million at 30 June 2019.

By order of the Board

**David Hwang**
**Company Secretary**

## Forward Looking Statements

Statements in this quarterly activity report 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 quarterly activity report include the Company's 2019 forecasted production guidance and costs, that Management continues to evaluate opportunities to extend the life of mine of the Guanaco, Amancaya and Casposo mines, Casposo's mine operations will be temporarily placed on care and maintenance, estimated future care and maintenance expenses at Casposo, plans to increase exploration activities at Casposo with a focus on certain advanced targets, Austral will retain a core team of employees to oversee the site, meet environmental monitoring and legal obligations, and continue with exploration activities during the care and maintenance phase and expectations for future drill programs.

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 discovery and production, development plans and cost estimates, 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, the Company'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 with the ASX and on SEDAR. You are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. The Company 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. The Company's forward-looking statements reflect current expectations regarding future events and operating performance and speak only as of the date hereof and the Company 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.

## Compliance Statement

This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

This statement gives a true and fair view of the matters disclosed.

Sign here: Date: 31 July 2019

(Company secretary)

Print name: David Hwang