**MEDIA RELEASE**
Austral Gold Limited
**31 July 2018**

# Austral Gold Reports Q2 2018 Results

Austral Gold Limited (the "**Company**") (ASX: AGD; TSX-V: AGLD) is pleased to report results from its activities during its second quarter ended 30 June 2018.

Stabro Kasaneva, CEO of Austral Gold said "This has been a better quarter in line with our continuous improvement strategy as production at Guanaco/Amancaya (Chile) increased due to the stabilization of the new agitation leaching plant that was commissioned in 2017. Production at Casposo (Argentina) was below expectations, however, we are working towards solving the setbacks at the underground mine and we forecast higher production for the second half of the year. We also continue to evaluate and pursue strategic opportunities."

## KEY HIGHLIGHTS

- **Combined gold and silver production (100% basis*) for the June 2018 quarter was 22,304 gold equivalent ounces** (or 16,148 gold ounces and 485,238 silver ounces). **This represents an increase of 10% and 31%** compared to quarters ended 31 March 2018 and 30 June 2017, respectively.

- **During the quarter, production at the new agitation leaching plant in the Guanaco/Amancaya mine complex (Chile) was fully stabilized** with average monthly production of 5,158 gold equivalent ounces **while production at the Casposo Mine (Argentina) was behind schedule** with average monthly production of 2,277 gold equivalent ounces due to setbacks at the underground mine.

- Combined quarterly operating **cash cost (C1) and all-in-sustaining cost (AISC) across all operations were US$1,024 (Guanaco/Amancaya:US$836; Casposo:US$1,450) and US$1,221 (Guanaco/Amancaya:US$991; Casposo:US$1,742) per gold equivalent ounce** respectively with average selling prices at US$1,305 per ounce of gold and US$16.5 per ounce of silver.

- Revised guidance for the year is estimated at 100,000 to 105,000 gold equivalent ounces (100% basis*) and 88,000 to 92,000 gold equivalent ounces (net basis*).

## Guanaco and Amancaya Mines Production

- **Quarterly production increased to 13,669 gold ounces and 142,246 silver ounces** (15,474 gold equivalent ounces) compared to the 2018 March quarter where production was 11,606 gold ounces and 99,865 silver ounces (or 12,852 gold equivalent ounces) along with a decrease in quarterly C1 and AISC to US$836 and US$991 from US$990 and $1,120 per gold equivalent ounce, respectively.
- On a quarter over quarter basis, production increased due to higher throughput and ore extracted from the mines at Guanaco and Amancaya.
- **YTD Production was 28,326 gold equivalent ounces which is on track to meet our full year Guidance of 62,000 gold equivalent ounces for 2018.**

## Casposo Mine Production

- **Quarterly production (100% basis*) decreased to 2,479 gold ounces and 342,992 silver ounces** (6,830 gold equivalent ounces) compared to the 2018 March quarter where production was 2,652 gold ounces and 386,726 silver ounces (7,515 gold equivalent ounces). Austral Gold's share of production (70% basis) was 1,735 gold ounces and 240,094 silver ounces (4,781 gold equivalent ounces) in the 2018 June quarter along with Q2 quarterly C1 and AISC of US$1,450 and US$1,742 per gold equivalent ounce, respectively (Q1 quarterly C1 of US$1,427 and ASIC of $1,903).

  On a quarter over quarter basis, production decreased due to operational delays and lower ore extraction because of poorer ground conditions on certain areas of the underground mine.

  **YTD Production was 14,345 gold equivalent ounces.** The Company estimates higher production in the second half of the year and forecasts annual production of 38,000 to 43,000 gold equivalent ounces.

**A summary of key operational parameters for the June 2018 and 2017 and March 2018 reporting periods is set out in the following table for comparative purposes:**

| Operations | Guanaco/ Amancaya Mines | | | Casposo Mine (100% basis) | | | Net to Austral Gold* | | |
|---|---|---|---|---|---|---|---|---|---|
| | June Quarter 2018 | Mar Quarter 2018 | June Quarter 2017 | June Quarter 2018 | Mar Quarter 2018 | June Quarter 2017 | June Quarter 2018 | Mar Quarter 2018 | June Quarter 2017 |
| Processed (t) | 76,072 | 60,573 | 78,407 | 44,499 | 51,107 | 65,124 | 107,221 | 96,348 | 123,994 |
| Gold produced (Oz) | 13,669 | 11,606 | 7,404 | 2,479 | 2,652 | 4,360 | 15,404 | 13,462 | 10,456 |
| Silver produced (Oz) | 142,246 | 99,865 | 15,651 | 342,992 | 386,726 | 374,583 | 382,340 | 370,573 | 277,859 |
| **Gold-Equivalent (Oz) *** ** | **15,474** | **12,852** | **7,617** | **6,830** | **7,515** | **9,441** | **20,255** | **18,113** | **14,226** |
| **C1 Cash Cost (US$/AuEq Oz) **** | **836** | **990** | **1,122** | **1,450** | **1,427** | **981** | **1,024** | **1,151** | **1,044** |
| All-in Sustaining Cost (US$/Au Oz) # | 991 | 1,120 | 1,263 | 1,742 | 1,903 | 1,311 | 1,221 | 1,409 | 1,290 |
| Realised gold price (US$/Au Oz) | 1,306 | 1,322 | 1,263 | 1,300 | 1,329 | 1,254 | 1,305 | 1,324 | 1,260 |
| Realised silver price (US$/Ag Oz) | 17 | 17 | 18 | 17 | 17 | 17 | 17 | 17 | 17 |

* Austral Gold owns 70% of Casposo since March 2017
** 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 79:1 Ag:Au for June Quarter 2018; 80:1 Ag:Au for March Quarter 2018; 74:1 Ag:Au for June Quarter 2017

## YTD 2018 and Forecasted Calendar 2018 Production and Costs:

- The table below provides actual results for YTD 2018 and forecasted production amounts for calendar year 2018.
- **Total YTD 2018 combined production was 42,671 gold equivalent ounces (100% basis) or 38,368 (net to Austral Gold*). This represents 84% compliance with the combined 2018 Guidance prorated for the first half of the year.**

| Operations | Guanaco/ Amancaya Mines | | Casposo Mine (100% basis) | | Net to Austral Gold* | |
|---|---|---|---|---|---|---|
| | YTD 2018 Actual | Calendar 2018 Forecasted | YTD 2018 Actual | Calendar 2018 Forecasted | YTD 2018 Actual | Calendar 2018 Forecasted |
| Gold produced (Oz) | 25,275 | 57,000 | 5,131 | 19,000-24,000 | 28,866 | 76,000-81,000 |
| Silver produced (Oz) | 242,111 | 520,000 | 729,718 | 1,400,000 | 752,913 | 1,500,000 |
| Gold-Equivalent (Oz) *** | 28,326 | 62,000 | 14,345 | 38,000-43,000 | 38,368 | 88,600-92,100 |
| C1 Cash Cost (US$/AuEq Oz) ** | 963 | 700-800 | 1,438 | 950-1,100 | 1,085 | 800-900 |
| All-in Sustaining Cost (US$/Au Oz) # | 1,106 | 900-1,100 | 1,816 | 1,200-1,350 | 1,306 | 1,000-1,200 |
| Sustaining Capital ($000's) | 3,084 | 10,000 | 5,310 | 12,500 | 7,777 | 22,500 |
| Realised gold price (US$/Au Oz) | 1,313 | 1,250 | 1,316 | 1,250 | 1,312 | 1,250 |
| Realised silver price (US$/Ag Oz) | 17 | 17 | 17 | 17 | 17 | 17 |

* Austral Gold owned 70% of Casposo since March 2017
** 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 79:1 Ag:Au for the six months ended 30 June 2018; 79:1 for the six months ended 30 June 2017
****Revised from 43,000 Oz reported in Q1 for the Casposo mine

- Actual production costs were higher than forecasted for the year. However, the Company expects production costs to decrease throughout the balance of the year and to meet its guidance range by year-end.
- **Revised production guidance for the Casposo mine is 38,000 to 43,000 gold equivalent ounces for calendar year 2018 while production guidance for the Guanaco/Amancaya mines remains at 62,000 gold equivalent ounces.**

## Exploration

- Exploration in Chile was focused on drilling the extensions of the Dumbo and Perseverancia open pits mineralised structures at the Guanaco mine, and the Central vein at Amancaya mine to help improve the resource calculated mainly with reverse circulation drill holes. The Central vein was studied in detail with geological sections and geophysics, defining interpreted extension of the mineralization north and south of the vein to be tested with in-house IP equipment in Q3 2018. Alteration mapping at Sierra Inesperada, an intensely hydrothermally altered range located 6 Km SW of the Guanaco area, indicates a potential for ENE-striking high sulphidation structures.
- Exploration in Argentina was focused on the Casposo mine surrounding area, testing the extensions of the MV1 vein at the Mercado area, and confirming the potential of the Julieta vein brownfield target. Reinterpretation of previous IP geophysics at Kamila area defined a series of blind targets. Four vein areas were investigated for potentially shallow mineralisation with mapping and sampling of the Cerro Norte Sur and Amanda veins. A 6-hole drill program at the Amanda vein started during the quarter for further testing.

## Financial

- Sales proceeds for the quarter were US$30m of which the Guanaco/Amancaya mines contributed US$20m and the Casposo mine US$10m.
- Cash and cash equivalents at 30 June 2018 was US$3.2m.
- Total consolidated financial debt at 30 June 2018 was US$23m (of which US$11m is long term debt). Net debt repayments during the quarter totalled US$2.3m.

Further details can be found in the Company's Quarterly Activity Report filed at www.australgold.com, http://www.asx.com.au and on www.sedar.com.

## * Non-IFRS Measures

The Company has included certain non-IFRS measures including "Cash cost per gold ounce sold" and "All-in sustaining cost per gold ounce sold" in this press release. Cash cost per gold ounce sold is equal to production costs less silver sales divided by gold ounces sold. All-in sustaining cost per gold ounce sold is equal to production costs less silver sales plus general and administrative expenses, exploration expenses, accretion of reclamation provision and sustaining capital expenditures divided by gold ounces sold. The Company believes that these measures provide investors with an improved ability to evaluate the performance of the Company. Non-IFRS measures do not have any standardized meaning prescribed under IFRS. Therefore, they may not be comparable to similar measures employed by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

## Qualified Persons

The scientific and technical content of this news release has been prepared by, or under the supervision of Michael Brown, MAIG, and has been reviewed and approved by him. Mr Brown is a Geologist and Member of Australian Institute of GeoScientists and a consultant of Austral Gold Limited. Mr. Brown 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 project in Chile is a 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. 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

**Andrew Bursill**
Company Secretary
Austral Gold Limited
info@australgold.com
+61 (2) 9380 7233

## 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 Company’s 2018 forecasted production guidance and costs, the Company’s expectations that production costs will decrease throughout the balance of the year and to meet its forecast by year-end. 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, 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.

# JUNE 2018

## Quarterly Activity Report

## KEY HIGHLIGHTS

- **Combined gold and silver production (100% basis*) for the June 2018 quarter was 22,304 gold equivalent ounces** (or 16,148 gold ounces and 485,238 silver ounces). **This represents an increase of 10% and 31%** compared to quarters ended 31 March 2018 and 30 June 2017, respectively.

- **During the quarter, production at the new agitation leaching plant in the Guanaco/Amancaya mine complex (Chile) was fully stabilized** with average monthly production of 5,158 gold equivalent ounces **while production at the Casposo Mine (Argentina) was behind schedule** with average monthly production of 2,277 gold equivalent ounces due to setbacks at the underground mine.

- Combined quarterly operating **cash cost (C1) and all-in-sustaining cost (AISC) across all operations were US$1,024 (Guanaco/Amancaya:US$836; Casposo:US$1,450) and US$1,221 (Guanaco/Amancaya:US$991; Casposo:US$1,742) per gold equivalent ounce** respectively with average selling prices at US$1,305 per ounce of gold and US$16.5 per ounce of silver.

- Revised guidance for the year is estimated at 100,000 to 105,000 gold equivalent ounces (100% basis*) and 88,000 to 92,000 gold equivalent ounces (net basis*).

## Guanaco and Amancaya Mines Production

- **Quarterly production increased to 13,669 gold ounces and 142,246 silver ounces** (15,474 gold equivalent ounces) compared to the 2018 March quarter where production was 11,606 gold ounces and 99,865 silver ounces (or 12,852 gold equivalent ounces) along with a decrease in quarterly C1 and AISC to US$836 and US$991 from US$990 and $1,120 per gold equivalent ounce, respectively.
- On a quarter over quarter basis, production increased due to higher throughput and ore extracted from the mines at Guanaco and Amancaya.
- **YTD Production was 28,326 gold equivalent ounces which is on track to meet our full year Guidance of 62,000 gold equivalent ounces for 2018.**

## Casposo Mine Production

- **Quarterly production (100% basis*) decreased to 2,479 gold ounces and 342,992 silver ounces** (6,830 gold equivalent ounces) compared to the 2018 March quarter where production was 2,652 gold ounces and 386,726 silver ounces (7,515 gold equivalent ounces). Austral Gold's share of production (70% basis) was 1,735 gold ounces and 240,094 silver ounces (4,781 gold equivalent ounces) in the 2018 June quarter along with Q2 quarterly C1 and AISC of US$1,450 and US$1,742 per gold equivalent ounce, respectively (Q1 quarterly C1 of US$1,427 and ASIC of $1,903).

  On a quarter over quarter basis, production decreased due to operational delays and lower ore extraction because of poorer ground conditions on certain areas of the underground mine.

  **YTD Production was 14,345 gold equivalent ounces.** The Company estimates higher production in the second half of the year and forecasts annual production of 38,000 to 43,000 gold equivalent ounces.

**A summary of key operational parameters for the June 2018 and 2017 and March 2018 reporting periods is set out in the following table for comparative purposes:**

| Operations | Guanaco/ Amancaya Mines | | | Casposo Mine (100% basis) | | | Net to Austral Gold* | | |
|---|---|---|---|---|---|---|---|---|---|
| | June Quarter 2018 | Mar Quarter 2018 | June Quarter 2017 | June Quarter 2018 | Mar Quarter 2018 | June Quarter 2017 | June Quarter 2018 | Mar Quarter 2018 | June Quarter 2017 |
| Processed (t) | 76,072 | 60,573 | 78,407 | 44,499 | 51,107 | 65,124 | 107,221 | 96,348 | 123,994 |
| Gold produced (Oz) | 13,669 | 11,606 | 7,404 | 2,479 | 2,652 | 4,360 | 15,404 | 13,462 | 10,456 |
| Silver produced (Oz) | 142,246 | 99,865 | 15,651 | 342,992 | 386,726 | 374,583 | 382,340 | 370,573 | 277,859 |
| **Gold-Equivalent (Oz) *** ** | **15,474** | **12,852** | **7,617** | **6,830** | **7,515** | **9,441** | **20,255** | **18,113** | **14,226** |
| **C1 Cash Cost (US$/AuEq Oz) **** | **836** | **990** | **1,122** | **1,450** | **1,427** | **981** | **1,024** | **1,151** | **1,044** |
| All-in Sustaining Cost (US$/Au Oz) # | 991 | 1,120 | 1,263 | 1,742 | 1,903 | 1,311 | 1,221 | 1,409 | 1,290 |
| Realised gold price (US$/Au Oz) | 1,306 | 1,322 | 1,263 | 1,300 | 1,329 | 1,254 | 1,305 | 1,324 | 1,260 |
| Realised silver price (US$/Ag Oz) | 17 | 17 | 18 | 17 | 17 | 17 | 17 | 17 | 17 |

* Austral Gold owns 70% of Casposo since March 2017
** 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 79:1 Ag:Au for June Quarter 2018; 80:1 Ag:Au for March Quarter 2018; 74:1 Ag:Au for June Quarter 2017

## YTD 2018 and Forecasted Calendar 2018 Production and Costs:

- The table below provides actual results for YTD 2018 and forecasted production amounts for calendar year 2018.
- **Total YTD 2018 combined production was 42,671 gold equivalent ounces (100% basis) or 38,368 (net to Austral Gold*). This represents 84% compliance with the combined 2018 Guidance prorated for the first half of the year.**

| Operations | Guanaco/ Amancaya Mines | | Casposo Mine (100% basis) | | Net to Austral Gold* | |
|---|---|---|---|---|---|---|
| | YTD 2018 Actual | Calendar 2018 Forecasted | YTD 2018 Actual | Calendar 2018 Forecasted | YTD 2018 Actual | Calendar 2018 Forecasted |
| Gold produced (Oz) | 25,275 | 57,000 | 5,131 | 19,000-24,000 | 28,866 | 76,000-81,000 |
| Silver produced (Oz) | 242,111 | 520,000 | 729,718 | 1,400,000 | 752,913 | 1,500,000 |
| Gold-Equivalent (Oz) *** | 28,326 | 62,000 | 14,345 | 38,000-43,000 | 38,368 | 88,600-92,100 |
| C1 Cash Cost (US$/AuEq Oz) ** | 963 | 700-800 | 1,438 | 950-1,100 | 1,085 | 800-900 |
| All-in Sustaining Cost (US$/Au Oz) # | 1,106 | 900-1,100 | 1,816 | 1,200-1,350 | 1,306 | 1,000-1,200 |
| Sustaining Capital ($000's) | 3,084 | 10,000 | 5,310 | 12,500 | 7,777 | 22,500 |
| Realised gold price (US$/Au Oz) | 1,313 | 1,250 | 1,316 | 1,250 | 1,312 | 1,250 |
| Realised silver price (US$/Ag Oz) | 17 | 17 | 17 | 17 | 17 | 17 |

* Austral Gold owned 70% of Casposo since March 2017
** 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 79:1 Ag:Au for the six months ended 30 June 2018; 79:1 for the six months ended 30 June 2017
****Revised from 43,000 Oz reported in Q1 for the Casposo mine

- Actual production costs were higher than forecasted for the year. However, the Company expects production costs to decrease throughout the balance of the year and to meet its guidance range by year-end.
- **Revised production guidance for the Casposo mine is 38,000 to 43,000 gold equivalent ounces for calendar year 2018 while production guidance for the Guanaco/Amancaya mines remains at 62,000 gold equivalent ounces.**

## Exploration

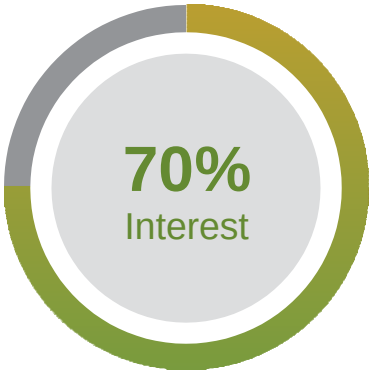
- Exploration in Chile was focused on drilling the extensions of the Dumbo and Perseverancia open pits mineralised structures at the Guanaco mine, and the Central vein at Amancaya mine to help improve the resource calculated mainly with reverse circulation drill holes. The Central vein was studied in detail with geological sections and geophysics, defining interpreted extension of the mineralization north and south of the vein to be tested with in-house IP equipment in Q3 2018. Alteration mapping at Sierra Inesperada, an intensely hydrothermally altered range located 6 Km SW of the Guanaco area, indicates a potential for ENE-striking high sulphidation structures.
- Exploration in Argentina was focused on the Casposo mine surrounding area, testing the extensions of the MV1 vein at the Mercado area, and confirming the potential of the Julieta vein brownfield target. Reinterpretation of previous IP geophysics at Kamila area defined a series of blind targets. Four vein areas were investigated for potentially shallow mineralisation with mapping and sampling of the Cerro Norte Sur and Amanda veins. A 6-hole drill program at the Amanda vein started during the quarter for further testing.

## Financial

- Sales proceeds for the quarter were US$30m of which the Guanaco/Amancaya mines contributed US$20m and the Casposo mine US$10m.
- Cash and cash equivalents at 30 June 2018 was US$3.2m.
- Total consolidated financial debt at 30 June 2018 was US$23m (of which US$11m is long term debt). Net debt repayments during the quarter totalled US$2.3m.

Guanaco & Amancaya mines
Antofagasta, Chile
Argentina

Casposo mine
San Juan, Argentina




Pingüino project
Santa Cruz,

Austral Gold Limited ('the Company' or 'Austral') and its subsidiaries ('the Group') is a growing 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 (100% interest) and the Casposo Mine in San Juan, Argentina (70% interest). The Group also holds an attractive portfolio of exploration projects including the Pingüino project in Santa Cruz, Argentina (100% interest) and the recently acquired San Guillermo and Reprado projects near Amancaya (100% interest).

# CHILE

## Guanaco and Amancaya Mines

### Background

The Guanaco and Amancaya mines remain the Company's flagship mine complex 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, open-pit mining operations began during the first half of 2017 while underground operations started in 2018. The Amancaya ore is being trucked to the new plant at Guanaco for processing.

### San Guillermo and Reprado Properties

On 14 November 2017, Austral Gold completed its purchase of a 100% interest in the San Guillermo and Reprado gold-silver projects, located in the emerging Amancaya precious metals district of northern Chile, from Revelo Resources Corp. (TSX- V:RVL) for consideration of ten million Austral Gold ordinary shares. Revelo has retained Net Smelter Return (NSR) Royalties on future metals production of 1% and 0.5% at Reprado and San Guillermo, respectively.

The San Guillermo property consists of concessions totalling 12,175 hectares that surround the company's high-grade gold and silver Amancaya operation.

## Safety

During the quarter, neither lost-time accidents (LTA) nor no-lost-time accident (NLTA) were reported involving Guanaco employees and third-party contractors. 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

During the quarter, total production at Guanaco/Amancaya was 13,669 Au Oz and 142,246 Ag Oz (or 15,474 AuEq Oz) compared to 7,404 Au Oz and 15,651 Ag Oz (or 7,617 AuEq Oz) during the same quarter of the prior year. The increase in production occurred due to the completion of the construction of the new agitation leaching plant at Guanaco during the latter part of 2017. In addition, production increased from Q1 2018 (12,852 AuEq Oz) due to higher throughput due to an increase in ore extracted from the mines and better recovery rates. These improvements were partially offset by lower gold head grades.

The operating cash cost (C1) at Guanaco/Amancaya for Q2 2018 was US$836/AuEq Oz and the all-in sustaining cost (AISC) was US$991/AuEq Oz compared to US$1,122/AuEq Oz and US$1,263/AuEq Oz during the same period of the prior year and US$990/AuEq Oz and US$1,120/AuEq Oz in Q1 2018. C1 and AISC are forecasted to decrease over the balance of 2018 as we expect to increase throughput at the new agitation leaching. C1 and AISC are forecasted for calendar year 2018 to be US$700-800/AuEq Oz and US$900-1,100/AuEq Oz respectively.

## Mining

During the quarter, mining continued at the Guanaco underground operations with a total of 38,044 tonnes mined while 17,239 tonnes were mined at the Amancaya open pit and 20,700 tonnes were mined from the Amancaya underground.

The technical team continues to evaluate opportunities to extend the life of mine of the Guanaco deposit since the current reserves are expected to be depleted during the current year.

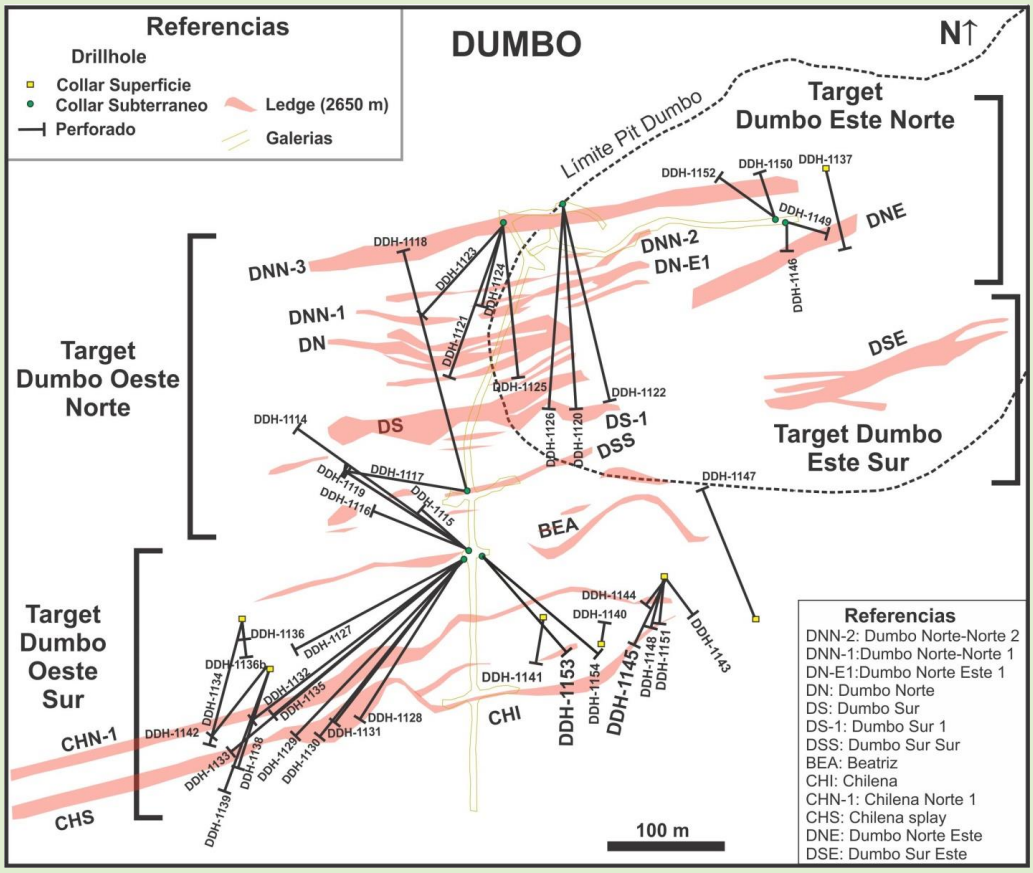
| Operations | Guanaco/Amancaya | | |
|---|---|---|---|
| | June Quarter 2018 | March Quarter 2018 | June Quarter 2017 |
| Processed (t) | 76,072 | 60,573 | 78,407 |
| Average Plant Grade (g/t Au) | 4.5 | 3.9 | 2.5 |
| Average Plant Grade (g/t Ag) | 74.6 | 73.5 | 8.7 |
| Gold produced (Oz) | 13,669 | 11,606 | 7,404 |
| Silver produced (Oz) | 142,246 | 99,865 | 15,651 |
| Gold-Equivalent (Oz) *** | 15,474 | 12,852 | 7,617 |
| C1 Cash Cost (US$/AuEq Oz) * | 836 | 990 | 1,122 |
| All-in Sustaining Cost (US$/Au Oz) ** | 991 | 1,120 | 1,263 |
| Realised gold price (US$/Au Oz) | 1,306 | 1,322 | 1,263 |
| Realised silver price (US$/Ag Oz) | 17 | 17 | 18 |

* 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 79:1 Ag:Au for the six months ended 30 June 2018; 79:1 for the six months ended 30 June 2017

## Guanaco Exploration

During the quarter, a drilling program of 6,263 meters was completed at the Dumbo target. One drill hole (75.15 meters) at Perseverancia Este target (Vania structure) was also drilled during this program.

**Figure 1: Plan view of the Minex drilling program at Dumbo area**




Exploration drilling on the extensions of Dumbo mineralised structures have identified the continuity of many high-grade gold structures, with Dumbo Oeste Sur target as the most relevant area. Best assays are as follows:

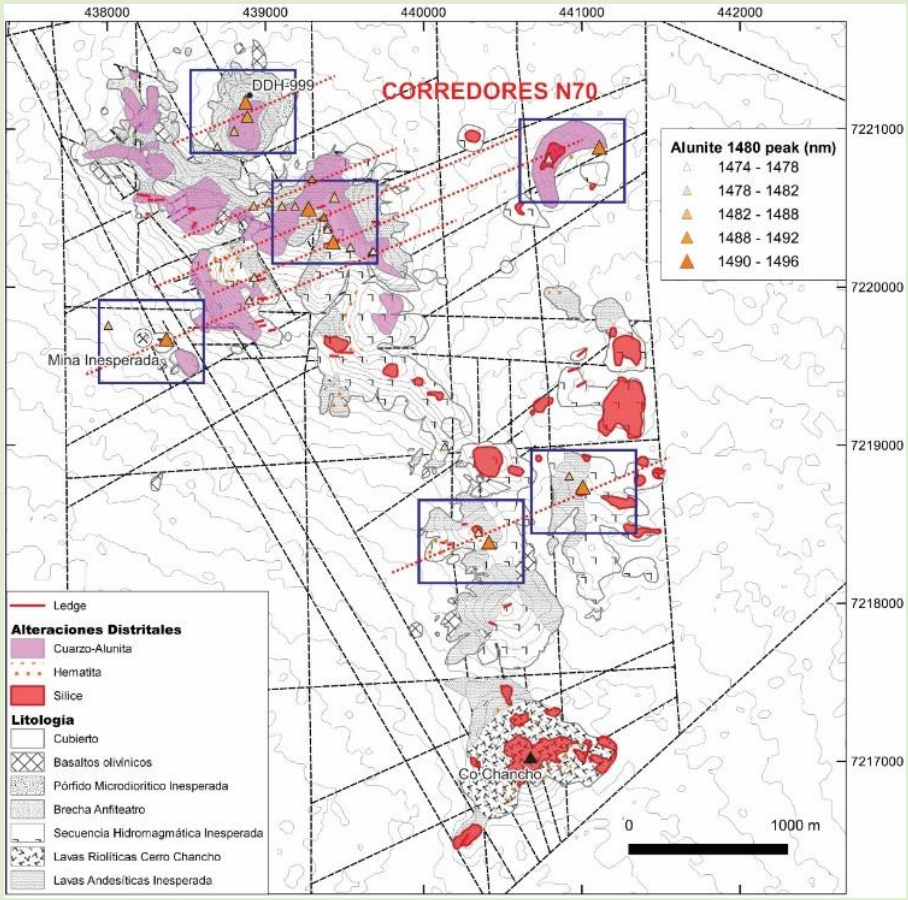
- 3.25m @ 56.7 g/t Au (DDH-1153, Chilena structure-Dumbo Oeste Sur)
- 3.00m @ 2.44 g/t Au (DDH-1155, Vania structure-Perseverancia Este)

During the quarter, other mine exploration target areas were studied. Cachinalito Oeste was the most relevant and targets were selected for future exploration in the near term.

## Guanaco Brownfield Exploration

Alteration mapping in the Sierra Inesperada area, SW of the Guanaco mine, has identified several alunite rich alteration zones along ENE striking structures. These have the potential to represent additional high sulphidation systems, exhibiting the same strike as the Guanaco mineralisation. Planning for follow-up exploration activities is expected to be undertaken to test the potential of these areas.

**Figure 2: Plan view of Sierra Inesperada**



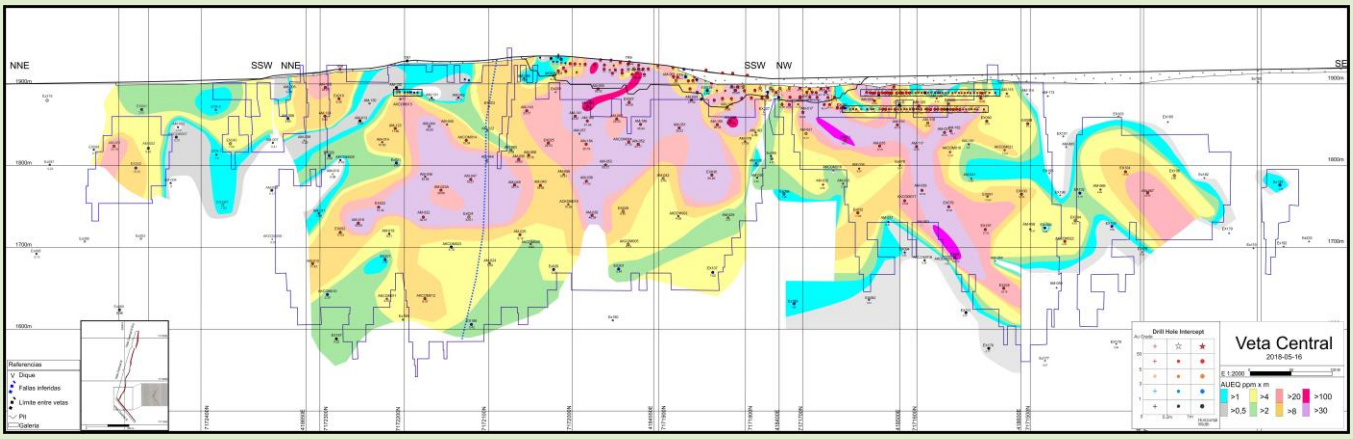

## Amancaya Mine Exploration

An infill drilling program at the Central vein with 6 holes and 539.85 meters was completed during the quarter. Best results are as follows:

- 1.69m @ 19.6 g/t Au & 155.1 g/t Ag (AM-182)
- 1.21m @ 35.1 g/t Au & 94.1 g/t Ag (AM-185)
- 1.45m @ 24.3 g/t Au & 350.9 g/t Ag (AM-186)

During the quarter, a series of works were completed to extend resources at the Central vein area. 25m spaced cross sections were updated all along the Central vein, a 3D solid was created, and with this information a new long section was generated, showing three major portions of the Central vein.

**Figure 3: Plan view and Long section of the Central vein, Amancaya**




## Guanaco and Other Mining Properties in Chile: Tenements Status

A complete list of the mining tenements in Chile in which the Company has an interest is presented in **Appendices A and B,** attached to this report. There have been some minor 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

## 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. The main production from the underground mine to date has been from Inca1, Aztec, and Inca2A.

The mining method used at the Casposo Mine is Longitudinal Longhole Retreat. Mine production is made up of a combination of ore development through sill drifts and stope production.

The processing and recovery method is well known and widespread throughout the gold and silver mining industry, agitation leaching in tanks followed by Merrill Crowe. Gold recovery from the plant is ~90% and ~88% for gold and silver, respectively.

### Safety

During the June 2018 quarter, there was one lost-time accidents (LTA) and three no-lost-time accidents (NLTA) involving employees of the Casposo mine and contractor´s companies during the quarter. 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

The table below summarises the June 2018 quarterly results for Casposo as well as those from the March 2018 and the June 2017 quarters. Actual costs are significantly higher than forecasted, reflecting the reduced production and the high fixed component in Casposo's cost structure.

YTD Production was 14,345 gold equivalent ounces. The Company estimates higher production in the second half of the year and forecasts annual production of 38,000 to 43,000 gold equivalent ounces and the C1 of US$950-1,100/AuEq Oz and AISC of US$1,200-US$1,350/AuEq Oz.

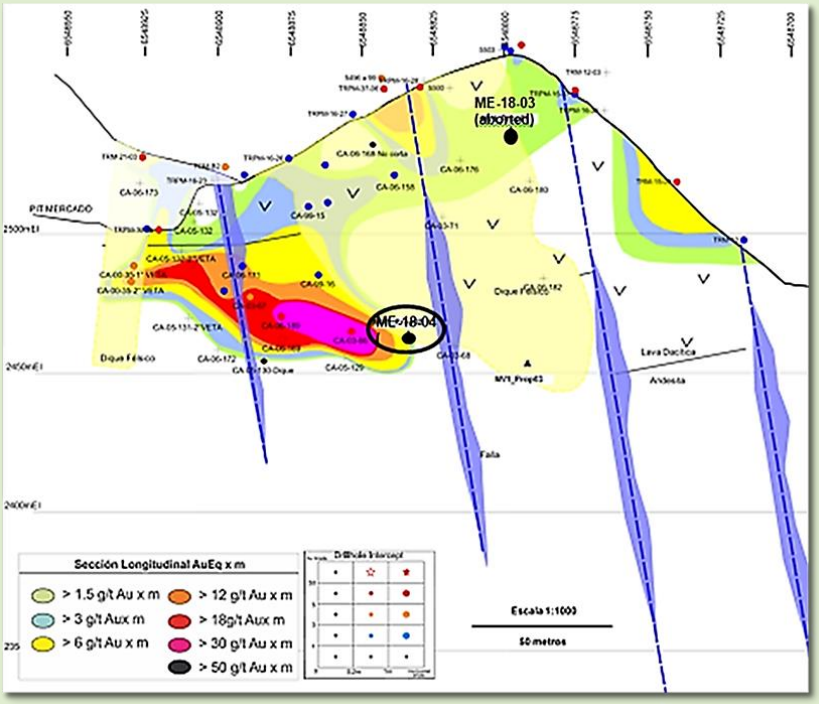
| Operations | Casposo Mine | | |
|---|---|---|---|
| | June Quarter 2018 | March Quarter 2018 | June Quarter 2017 |
| Processed (t) | 44,499 | 51,107 | 65,124 |
| Average Plant Grade (g/t Au) | 1.8 | 1.7 | 2.4 |
| Average Plant Grade (g/t Ag) | 285.0 | 244.2 | 224.0 |
| Gold produced (Oz) | 2,479 | 2,652 | 4,360 |
| *Share of Gold produced* * | 1,735 | 1,856 | *3,052* |
| Silver produced (Oz) | 342,992 | 386,726 | 374,583 |
| *Share of Silver produced** | 240,094 | 270,708 | 262,208 |
| C1 Cash Cost (US$/AuEq Oz) | 1,450 | 1,427 | 981 |
| All-in Sustaining Cost (US$/Au Oz) | 1,742 | 1,903 | 1,311 |
| Realised gold price (US$/Au Oz) | 1,300 | 1,329 | 1,254 |
| Realised silver price (US$/Ag Oz) | 17 | 17 | 17 |

* Austral Gold owned 70% of Casposo since March 2017
** 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 79:1 Ag:Au for June Quarter 2018; 80:1 Ag:Au for March Quarter 2018; 74:1 Ag:Au for June Quarter 2017

## Casposo Exploration

The Mercado (MV1 vein) area drilling program (251.3 m) was completed during the quarter. Results of this program were not conclusive: ME-18-03 could not be completed due to ground problems, and ME-18-04 detected low grade.

**Figure 4: Long section of the MV1 vein, Mercado area, Casposo.**



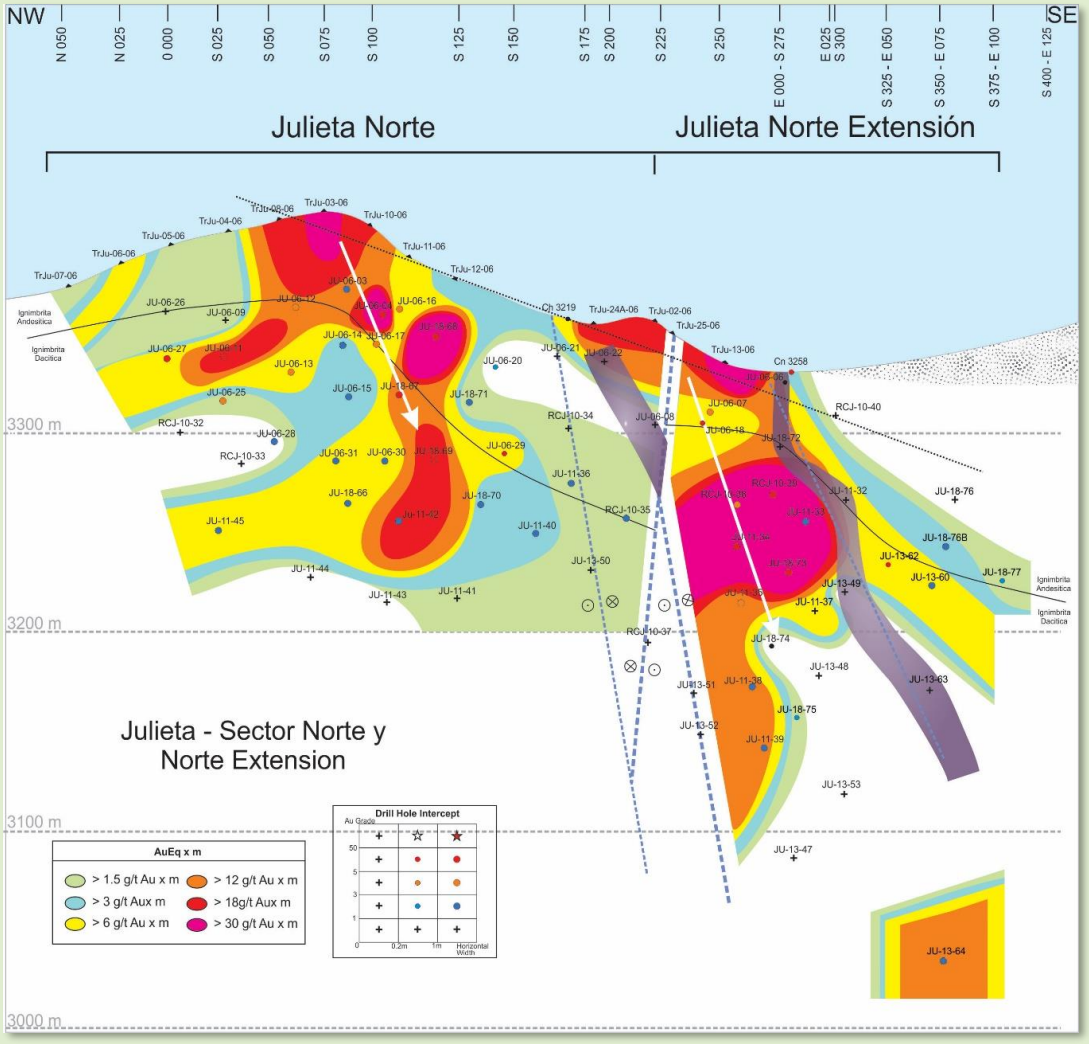

A reinterpretation of previous IP geophysics resulted in a group of blind targets at Kamila area which are being analysed**.**

## Casposo Brownfield Exploration

During the quarter, an infill program of 13 holes (1653.6 meters) were drilled at the Julieta vein target area to improve the quality of the resource. Drilling successfully intersected the Julieta vein in most of the cases, including mineralised secondary veins in the hanging wall in some cases. The presence of a post-mineral dike is attributed to holes that failed to intersect the vein. Best results are as follows:

- 2.10m @ 8.77 g/t Au & 168 g/t Ag (JU-18-69)
- 3.15m @ 6.64 g/t Au & 29 g/t Ag (JU-18-70)
- 2.80m @ 26.08 g/t Au & 394 g/t Ag (JU-18-73)

**Figure 5: Long section of the Julieta target area.**



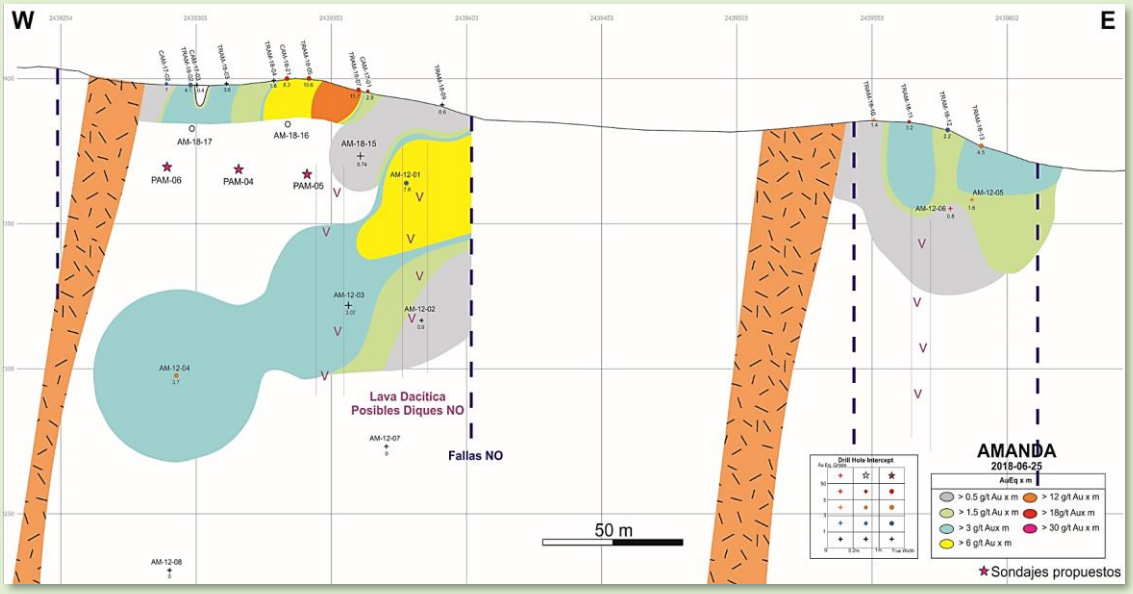

In addition to the drill program at Julieta, surface mapping, geophysics interpretation, and channel sampling were performed at Amanda, Cerro Norte Sur, Lucía, and Oveja Negra vein targets.

Channel Samples from Cerro Norte sur and Amanda veins show high Au and Ag grades in narrow veins. Best results are as follows:

- 0.70m @ 5.71 g/t Au & 27.3 g/t Ag (Cerro Norte sur, CNN-18-107)
- 0.30m @ 9.12 g/t Au & 222.1 g/t Ag (Amanda, CAM-18-19)
- 1.00m @ 8.13 g/t Au & 83.5 g/t Ag (Amanda, CAM-18-21)

Amanda is an E-W, 0.5 to 1 m thick quartz vein that is outcropping for about 100 meters between two post-mineral rhyolitic dikes. Based on positive channel results, a preliminary shallow drill program (6 holes) started at Amanda to test shallow ore potential for open pit. The program is 70% complete (252.6 m drilled), and assays results have not yet been received.

**Figure 6: Amanda vein long section showing the drill program.**




## Casposo Mine Properties – 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 have been no changes to the Company's interests in these mining tenements during the quarter. All mining properties are 70% owned by the Company through its subsidiaries.

## Pingüino Project

### Resource Model

During the quarter, we continued working on a resource model on the Pingüino project, and the results are expected in the next quarter.

### Pingüino Project (and surrounds in Santa Cruz) Properties – Tenements Status

A complete list of the mining tenements in which the Company has an interest is in **Appendix D,** attached to this report. There have been no changes to the interests in these mining tenements during the quarter. All mining properties are 100% owned by the Company through its subsidiaries.

### Rio Negro Properties– Tenements Status

A complete list of the mining tenements in which the Company has an interest is in **Appendix E,** 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.

# CORPORATE SUMMARY & FINANCIAL PERFORMANCE

Austral Gold had a cash balance of US$3.2m as of 30 June 2018. Main highlights during the quarter were as follows:

- Cash proceeds from the sale of gold and silver during the quarter were US$30m of which the Guanaco mine contributed US$20m and the Casposo mine contributed US$10m.
- Tax credits of US$2.6m were recovered during the quarter.
- Annual General Meeting was held on 30 May 2018. All resolutions were duly passed.
- Austral Gold holds 259,278 warrants in Fortuna Silver Mines Inc. (“Fortuna Silver”) related to its 2013 purchase of an equity stake in Goldrock Mines Corp (TSX-V: GRM; de-listed). The warrants were converted to Fortuna Silver warrants when that company acquired Goldrock Mines in August 2016 (converted at the acquisition ratio of 0.133133). These warrants are exercisable at CAD$6 per warrant and expire October 2018. During the quarter, 85,184 warrants of Fortuna Silver were exercised, and 42,592 shares of Fortuna were sold.
- Austral Gold holds an option to acquire the remaining 30% of Casposo which it does not own as follows: 10% for US$1.5m by December 2018; 10% for US$2.5m by December 2019; and 10% for US$3.0m by December 2020. The exercise price of each option is subject to adjustment if the price of silver is at US$16/Oz Ag or higher.

By order of the Board.

**Andrew Bursill**
**Company Secretary**

# APPENDICES: LIST OF TENEMENTS IN WHICH THE COMPANY CURRENTLY HAS AN INTEREST

## Appendix A: Guanaco, Amancaya and Reprado (Chile) Tenements

| Property Name | Claim Type | Size (hectares) |
|---|---|---|
| Mining Concessions under exploration | Constituted Mining Claims | 42,814 |
| VINO (3, 4, 6, 7, 9) | Constituted Mining Claims | 1,800 |
| ARGOMEDO (1 to 6) | Mining claims in process | 1,800 |
| EMILIO (1 to 10) | Mining claims in process | 100 |
| Loreto I, Loreto II, Loreto III and Loreto IV | Mining claims in process | 1,000 |
| Barbara and Flora concessions | Constituted Mining Claims | 3,200 |
| Culebra II 11 | Mining claims in process | 300 |
| Culebra II 130 to 147 | Mining claims in process | 5,300 |
| Reprado | Constituted Mining Claims | 500 |
| Reprado | Mining claims in process | 660 |
| Reprado | Mining exploration claims in process | 2,800 |
| Total | | 60,274 |

## Appendix B: San Guillermo (Chile) Tenements

| Property Name | Claim Type | Size (hectares) |
|---|---|---|
| Mining Concessions under exploration | Constituted Mining Claims | 8,375 |
| Cepillo Rojo 7D | Mining claims in process | 200 |
| Cepillo Rojo 8D | Mining claims in process | 100 |
| Cepillo Rojo 11C | Mining claims in process | 200 |
| Cepillo Rojo A | Mining claims in process | 100 |
| Cepillo Rojo 1D | Mining claims in process | 300 |
| Cepillo Rojo 2D | Mining claims in process | 300 |
| Cepillo Rojo 3D | Mining claims in process | 300 |
| Cepillo Rojo 4D | Mining claims in process | 300 |
| Cepillo Rojo 5D | Mining claims in process | 300 |
| Cepillo Rojo 6D | Mining claims in process | 300 |
| Cepillo Rojo 9D | Mining claims in process | 200 |
| Cepillo Rojo 10D | Mining claims in process | 200 |
| Cepillo Rojo 12D | Mining claims in process | 200 |
| Cabello 11D | Mining claims in process | 300 |
| Cabello 12D | Mining claims in process | 300 |
| Cabello 13D | Mining claims in process | 200 |
| **Total** | | **12,175** |

## Appendix C: Casposo Mine (Argentina) Tenements

| Property Name | Claim Type | Size (Hectares) |
|---|---|---|
| Kamila | Constituted Mining claim | 3,497 |
| Julieta | Constituted Mining claim | 2,625 |
| Alicia -I | Constituted Mining claim | 16 |
| Various | Mining claims in process | 16,420 |
| Various | Cateos | 17,492 |
| **Total** | | **40,050** |

## Appendix D: Santa Cruz (Argentina) Tenements

| Property Name | Claim Type | Size (hectares) |
|---|---|---|
| Tranquilo 1 | Mine | 3,484 |
| Tranquilo 2 | Mine | 3,182 |
| Cañadon | Mine | 1,827 |
| Pingüino | Mine | 1,493 |
| Plata Leon | Manifestation of discovery | 3,500 |
| Mina Alto Cóndor | Mine | 3,016 |
| Cóndor | Mine | 1,500 |
| Diamante 1 | Mine | 2,906 |
| Diamante 2 | Mine | 2,862 |
| Contreras Oeste | Mine | 2,938 |
| Contreras Este | Mine | 1,622 |
| Nuevo Oro 2 | Mine | 840 |
| 8 de Julio IX | Cateo | 7,002 |
| 8 de Julio X | Cateo | 3,497 |
| Cerro Contreras Norte | Cateo | 10,000 |
| Juangui II | Manifestation of discovery | 4,200 |
| Juangui VII-B | Manifestation of discovery | 4,000 |
| Juangui VI-D | Manifestation of discovery | 4,000 |
| Juangui I | Manifestation of discovery | 3,970 |
| Juangui IV | Manifestation of discovery | 3,226 |
| Juangui I-B | Manifestation of discovery | 3,936 |
| Juangui II-D | Manifestation of discovery | 3,740 |
| Juangui VIII-A | Manifestation of discovery | 840 |
| Juangui VI-C | Manifestation of discovery | 3,148 |
| Juangui III | Manifestation of discovery | 4,081 |
| Juangui IV-F | Manifestation of discovery | 2,286 |
| Juangui I-A | Manifestation of discovery | 2,008 |
| Juangui V | Manifestation of discovery | 1,920 |
| Juangui II-A | Manifestation of discovery | 840 |
| Juangui VI-A | Manifestation of discovery | 840 |
| Juangui VII-A | Manifestation of discovery | 840 |
| Juangui VI | Manifestation of discovery | 840 |
| Juangui IV-A | Manifestation of discovery | 840 |
| Juangui IV-B | Manifestation of discovery | 840 |
| Juangui IV-C | Manifestation of discovery | 840 |
| Juangui IV-D | Manifestation of discovery | 840 |
| Juangui IV- E 1 | Manifestation of discovery | 840 |
| Juangui IV- E 2 | Manifestation of discovery | 840 |
| Juangui IV- E 3 | Manifestation of discovery | 840 |
| Juangui IV- E 4 | Manifestation of discovery | 840 |
| Juangui IV- E 5 | Manifestation of discovery | 840 |
| Juangui V-A | Manifestation of discovery | 840 |
| Juangui V-B | Manifestation of discovery | 840 |
| Juangui II-C | Manifestation of discovery | 638 |
| Juangui II-B | Manifestation of discovery | 615 |
| Barroso Chico I | Manifestation of discovery | 840 |
| Barroso Chico II | Manifestation of discovery | 840 |
| **Total** | | **106,557** |

## Appendix E: Rio Negro (Argentina) Tenements

| Property Name | Claim Type | Size (hectares) |
|---|---|---|
| Menucos 6 | Manifestation of discovery | 2,999 |
| Menucos 7 | Cateo | 2,880 |
| Menucos 8 | Cateo | 2,959 |
| Menucos 9 | Cateo | 2,999 |
| Menucos 10 | Cateo | 2,730 |
| Menucos 11 | Cateo | 1,840 |
| Menucos 12 | Cateo | 2,920 |
| Menucos 13 | Cateo | 2,965 |
| **Total** | | **22,292** |

## Appendix F

### JORC Code, 2012 Edition – Table 1 Report

### Competent Person Statement

The information in this report that relates to Exploration Results listed in the table below is based on work supervised, or compiled on behalf of, Michael Brown, an Independent Consultant. Technical Information in this presentation has been reviewed by Michael Brown, who is a member of the Australian Institute of GeoScientists (MAIG) and qualifies as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Michael Brown consents to the inclusion in this presentation of the technical information that he has reviewed and approved.

Michael Brown has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the JORC Code 2012.

## Guanaco Mine Exploration

### Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| Sampling techniques | • Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.<br>• Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.<br>• Aspects of the determination of mineralisation that are Material to the Public Report.<br>• In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1m samples from which 3kg was pulverised to produce a 30g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual | • Industry standard practices were used for sampling of diamond drilling.<br>• The diamond drilling core was recovered from drill tubes and stored in core boxes, where it was geologically logged then half core samples were taken using a mechanical core splitter, bagged and sent to the laboratory.<br>• Samples were assayed for gold and base metals at internal laboratory. |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| | commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information. | |
| Drilling techniques | • Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). | • Drilling techniques used were underground and surface core drilling rig producing core at HQ size. |
| Drill sample recovery | • Method of recording and assessing core and chip sample recoveries and results assessed.<br>• Measures taken to maximise sample recovery and ensure representative nature of the samples.<br>• Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. | • Sample recovery is generally >95%.<br>• The mineralised zone appeared to be quite competent and core recoveries were excellent.<br>• All core was carefully placed in HQ sized core trays and transported a short distance to a core processing area where core recovery, depth markup and photography could be completed. |
| Logging | • Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.<br>• Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.<br>• The total length and percentage of the relevant intersections logged. | • Diamond drill core was geologically logged using predefined logging codes for lithological, mineralogical, and physical characteristics.<br>• Logging, structural and geotechnical measurements and the estimation of recoveries, was quantitative in nature.<br>• Drill core was photographed and digitally stored for visual reference.<br>• All holes are logged from start to finish. |
| Sub-sampling techniques and sample preparation | • If core, whether cut or sawn and whether quarter, half or all core taken.<br>• If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.<br>• For all sample types, the nature, quality and appropriateness of the sample preparation technique.<br>• Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.<br>• Measures taken to ensure that the | • For the diamond drill holes, sample intervals were marked and the core was split with a mechanical splitter. One half of the core was placed in plastic bags and tagged with a unique sample number. The other half of the core was returned to the core box and securely stored. |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| | sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.<br>• Whether sample sizes are appropriate to the grain size of the material being sampled. | |
| Quality of assay data and laboratory tests | • The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.<br>• For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.<br>• Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. | • Drill samples were collected and bagged and sent to the Internal laboratory in Guanaco. There they were crushed and prepared. Gold assays were done using FA-AAS procedure on a 30g sample. Base metal assaying was done by Aqua regia 2gr 100 with final determination by atomic adsorption AAS.<br>• Internal laboratory checks are made regarding sample preparation and assaying procedures. |
| Verification of sampling and assaying | • The verification of significant intersections by either independent or alternative company personnel.<br>• The use of twinned holes.<br>• Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.<br>• Discuss any adjustment to assay data. | • Not applicable.<br>• Not applicable<br>• Logged on paper and entered manually into electronic spreadsheets. Data then entered into CSV Database and validated before being processed by industry standard software packages such as Vulcan.<br>• Not applicable. |
| Location of data points | • Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.<br>• Specification of the grid system used.<br>• Quality and adequacy of topographic control. | • Drilling collar survey used Trimble 3601DR total station, +- 1mm precision.<br>• The system used was PSAD56.<br>• Downhole surveys are completed by downhole methods (Reflex multishot) at regular intervals (30m).<br>• Sample locations recorded using underground surveying. |
| Data spacing and distribution | • Data spacing for reporting of Exploration Results.<br>• Whether the data spacing and distribution is sufficient to establish the degree of geological and grade | • Drillhole spacing is approximately 25m.<br>• Data spacing and distribution are sufficient to establish the degree of geological and grade continuity |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| | continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.<br>• Whether sample compositing has been applied. | appropriate for the Mineral Resource and Ore Reserve estimation procedures.<br>• No sample compositing is applied during the sampling process. |
| Orientation of data in relation to geological structure | • Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.<br>• If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. | • The mineralised systems at Guanaco (silicic ledges) are structurally controlled by principal WSW-ENE trending structures that are being mined via current underground mining by Austral Gold, and have been historically mined in open pits. As such the orientation of the ledges and structures is well known to orientate the drilling. Based on this model drill azimuths were planned to intersect the veins as close to possible to perpendicular to their strike, subject to location of underground drill cuttings. |
| Sample security | • The measures taken to ensure sample security. | • Samples are transported from the field to the internal laboratory via an own transport. The laboratory received sample dispatch documents for every sample batch.<br>• Laboratory returns pulp samples and excess material |
| Audits or reviews | • The results of any audits or reviews of sampling techniques and data. | • Not applicable. |

## Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section)

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| Mineral tenement and land tenure status | • Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.<br>• The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area. | • The Guanaco Mine is located 220 km southeast of Antofagasta. The Guanaco Mine area consists of 208 granted exploitation concessions totalling 23,541ha. There are claims held by third parties within the Guanaco Project area that are excisions from the Minera Guanaco tenure holding, and are not included in the Project.<br>• Minera Guanaco applied for and was granted, on 15 November 2011, surface rights for the areas required to operate the mine plant and infrastructure. Minera Guanaco holds the conveyance rights of way to allow unfettered access to the Project and transport of goods and materials to and from the mining operation.<br>• Minera Guanaco has an estimated water consumption of 7.40 L/s and water rights for 18.79 L/s. These water rights are sufficient for the current operational requirements.<br>• A net smelter royalty of 6% is payable to ENAMI.<br>• All necessary statutory permits have been granted and the requirements have been met. Austral is in compliance with all environmental and work permits. |
| Exploration done by other parties | • Acknowledgment and appraisal of exploration by other parties. | • Historically the following work has been recorded on the Guanaco Project:<br>• Gold mineralisation was discovered at Guanaco in 1878 by miners from the nearby Cachinal silver mines. There was only small-scale production until 1886. From 1887 until 1890, more than 200 underground mines were developed, and approximately 200,000 Oz of gold were produced from high-grade veins.<br>• In the early 1980s, BHC completed a reverse circulation (RC) drilling campaign. No other details about work conducted by this company |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| | | have been recorded.<br>• During 1987, Minera Guanaco, at that stage controlled by the Gordo brothers, became operators of the Project by undertaking an underground production at a minimum rate of 500 t/d within six months. By the end of 1990, Minera Guanaco had drilled 179 exploration holes and developed a 1,800 t/d open-pit/heap-leach operation. The Gordo brothers produced an estimated 75,000 Oz gold to the end of 1991.<br>• Amax entered into a purchase-option agreement with Minera Guanaco effective 1 April 1991, and subsequently commenced mapping, geochemical sampling, and reverse circulation drilling. A pre-feasibility study was completed the same year. In 1992, Amax Gold leased additional properties from Enami. In April 1992, Amax acquired a 90% interest in the Project for US$35m through a wholly owned subsidiary.<br>• Open-pit mining commenced in early 1993, with gold recovered from heap leach pads and a Merrill Crowe recovery plant. From 1993 to 1996, in addition to mining operations, work completed included mineral resource and mineral reserve estimation, airborne and ground geophysical surveys, rock chip and grab sampling, geological mapping, and RC and core drilling. In 1997, the operation was placed on care and maintenance due to a combination of low gold prices and poor metallurgical recoveries due to the presence of copper.<br>• In 1999, Kinross acquired Amax, and operations were conducted by Kinross' indirect subsidiary Kinam Guanaco. During 1999 and 2000, Kinross conducted exploration core and RC drilling, data reviews, geological mapping and chip sampling, preparation and description of petrographic samples, |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| | | and ground geophysical surveys.<br>• In 2002, Golden Rose, a subsidiary of AGD, entered into a purchase-option agreement with Kinross, which was executed in March 2003. From 2003 to 2012, Austral Gold (until 2007 AGD) undertook data reviews, core and RC drilling, mineral resource and mineral reserve estimation, hydrological, geotechnical and metallurgical studies, reviews of social and environmental conditions, and assessments of existing infrastructure and equipment, and commissioned a feasibility study during 2009–2010. |
| Geology | • Deposit type, geological setting and style of mineralisation. | • Guanaco represents a high sulphidisation epithermal system. All mines within the Guanaco gold district, including Mina Inesperada, are located within rocks which configure a Paleocene, north-south-trending graben. Alteration and mineralisation in the district are hosted by volcanic flows, tuffs and breccias, with andesitic, dacitic and rhyolitic composition, which range from Paleocene to mid-Eocene in age. The north-south-striking Soledad fault system, along the eastern side of the Palaeocene graben, divides the gold district into an eastern and a western domain.<br>• Gold-bearing structures are all steeply inclined ledges composed of massive vuggy and cryptocrystalline quartz of replacement origin. Individual ledges are up to 5m wide, but more commonly they seem to comprise several impersistent siliceous strands separated by altered, but barren, wall rock. The ledge structures extend for at least 4km along strike, although gold concentrations are confined to relatively restricted shoots. The ledges, formerly mined underground, and afterward in the Dumbo, Defensa, and Perseverancia open pits, contain the largest mineralised shoots, |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| | | which reportedly extended for as much as 300m vertically. However, further west the mineralised shoots defined to date appear to be more restricted, both laterally and vertically.<br>• The gold-bearing shoots in the Guanaco ledges appear to be closely associated with ledge segments that underwent fracturing, brecciation, and introduction of late-stage quartz and barite (barium sulphate). The shoots have different sizes, but tend to be both horizontally and vertically more restricted in the northwestern part of the district,<br>• Pervasive silicification commonly replaces all the primary rocks, whereas vuggy silica resulting from extreme acid leaching is a preferred host of the gold mineralisation.<br>• The most important structural features related to gold mineralisation at Guanaco follow east–west and east–northeast–west–southwest trends. In the Dumbo sector, these trends underwent appreciable dextral-oblique normal displacement. Movements along other gold-bearing structures are far less constrained, but appear to have been substantially less than on the Dumbo structure. |
| Drill hole Information | • A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:<br>• easting and northing of the drill hole collar<br>• elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar<br>• dip and azimuth of the hole<br>• down hole length and interception depth<br>• hole length.<br>• If the exclusion of this information is | • All drill holes are reported in Annex 1. |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| | justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. | |
| Data aggregation methods | • In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.<br>• Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.<br>• The assumptions used for any reporting of metal equivalent values should be clearly stated. | • Sum product Weighted averaging was used to report gold and silver grades over sample intervals that contained more than one sample. No upper or lower cut-off grades were used. |
| Relationship between mineralisation widths and intercept lengths | • These relationships are particularly important in the reporting of Exploration Results.<br>• If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.<br>• If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known'). | • The orientation of the veins is generally east-west and the dip of the mineralisation is sub-vertical.<br>• The majority of drilling is oriented close to perpendicular to the known strike orientation of the mineralisation. Downhole intersections are generally oblique to the dip of mineralisation due to the sub-vertical attitude of the veins.<br>• The intersection length is measured down the hole trace and may not be the true width. |
| Diagrams | • Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. | • Plan maps and sections are included in the report above. |
| Balanced reporting | • Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid | • All assay results that are considered anomalous are reported, and in diagrams where low grades were encountered where the structures were intersected the assays results |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| | misleading reporting of Exploration Results. | are reported as from the laboratory. |
| Other substantive exploration data | • Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. | • No metallurgical samples or bulk density sampling has currently been undertaken with the reported drilling results. In the event that the samples are used they will be reported at such time. |
| Further work | • The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).<br>• Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. | • The reported results from this drilling campaign represent 60% of the total planned drilling campaign. |

## ANNEX 1:

| Hole Id | Easting | Northing | Elevation (m.a.s.l) | Azimuth | Dip | Length (m) | From | Interval | Au (g/t) | Ag (g/t) |
|---|---|---|---|---|---|---|---|---|---|---|
| DDH-1147 | 445857.71 | 7223197.16 | 2799.90 | 339.2 | 46.5 | 223.6 | 191.32 | 1.45 | 2.40 | 3.6 |
| | | | | | | | 196.80 | 1.04 | 1.09 | 14.4 |
| DDH-1148 | 445766.57 | 7223230.37 | 2826.09 | 205.8 | 53.2 | 219.7 | 3.00 | 1.20 | 1.21 | 1.0 |
| | | | | | | | 178.27 | 4.91 | 1.60 | 5.3 |
| | | | | | | | 199.50 | 0.80 | 1.36 | 0.9 |
| | | | | | | | 210.50 | 0.70 | 1.40 | 2.3 |
| | | | | | | | 213.10 | 1.40 | 1.51 | 2.6 |
| | | | | | | | 216.50 | 0.90 | 1.41 | 1.6 |
| DDH-1149 | 445879.50 | 7223534.90 | 2624.93 | 126.0 | 39.6 | 45.1 | 4.00 | 2.20 | 2.85 | 17.4 |
| | | | | | | | 6.80 | 0.80 | 1.16 | 5.9 |
| | | | | | | | 9.60 | 2.35 | 1.14 | 2.2 |
| | | | | | | | 28.10 | 2.60 | 1.61 | 2.9 |
| | | | | | | | 31.65 | 1.35 | 1.37 | 2.2 |
| DDH-1150 | 445876.26 | 7223541.11 | 2627.28 | 314.8 | 3.6 | 80.0 | ND | | | |
| DDH-1151 | 445768.53 | 7223230.93 | 2826.21 | 214.3 | 61.7 | 235.5 | ND | | | |
| DDH-1152 | 445874.38 | 7223540.55 | 2626.31 | 301.2 | 19.7 | 75.5 | 27.00 | 2.00 | 1.82 | 0.8 |
| DDH-1153 | 445614.56 | 7223248.38 | 2671.23 | 160.7 | 13.2 | 156.4 | 133.70 | 0.95 | 4.65 | 1.3 |
| | | | | | | | 141.20 | 3.25 | 56.70 | 5.1 |
| DDH-1154 | 445614.60 | 7223248.55 | 2670.82 | 156.2 | 27.4 | 144.6 | 106.40 | 0.50 | 2.14 | 33.9 |
| DDH-1155 | 446529.58 | 7223212.88 | 2700.00 | 0.7 | 51.6 | 75.2 | 13.80 | 3.00 | 2.44 | 31.9 |
| | | | | | | | 34.50 | 0.50 | 2.09 | 39.9 |
| | | | | | | | 37.24 | 2.11 | 1.90 | 28.3 |
| | | | | | | | 40.25 | 0.75 | 3.59 | 35.1 |

# AMANCAYA MINE EXPLORATION

## JORC Code, 2012 Edition – Table 1 Report

### Section 1 Sampling Techniques and Data (Criteria in this section apply to all succeeding sections)

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| Sampling techniques | • Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. | • Industry standard practices were used for sampling of reverse circulation drilling. Samples were collected in one metre sections in large PVC bags. Sub-samples were taken for logging and for laboratory analysis. Sub sampling using a splitter produced a 2-3kg sample for laboratory analysis. Sampling was done on a one metre composite basis. |
| **Criteria** | **JORC Code Explanation** | **Commentary** |
| Sampling techniques | • Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.<br>• Aspects of the determination of mineralisation that are Material to the Public Report. | • Samples were assayed for gold and base metals at Guanaco Mine internal laboratory. |
| | • In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1m samples from which 3kg was pulverised to produce a 30g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information. | |

| | | |
|---|---|---|
| Drilling techniques | • Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what<br>• method, etc). | • Drilling techniques used is underground and surface core drilling rig producing core at HQ size. |
| **Criteria** | **JORC Code Explanation** | **Commentary** |
| Drill sample recovery | • Method of recording and assessing core and chip sample recoveries and results assessed.<br>• Measures taken to maximise sample recovery and ensure representative nature of the samples.<br>• Whether a relationship exists between sample recovery and grade and whether sample bias may have<br>• occurred due to preferential loss/gain of fine/coarse material. | • Sample recoveries are estimated by the weight for each metre. Sample recoveries have averaged >95%.<br>• The mineralised zone appeared to be quite competent and core recoveries were excellent.<br>• All core was carefully placed in HQ sized core trays and transported a short distance to a core processing area where core recovery, depth mark up and photography could be completed. |
| Logging | • Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.<br>• Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.<br>• The total length and percentage of the relevant intersections logged. | • Diamond drill core was geologically logged using predefined logging codes for lithological, mineralogical, and physical characteristics.<br>• Logging, structural and geotechnical measurements and the estimation of recoveries, was quantitative in nature.<br>• Drill core was photographed and digitally stored for visual reference.<br>• All holes are logged from start to finish. |
| Sub-sampling techniques | • If core, whether cut or sawn and whether quarter, half or all core taken. | • For the diamond drill holes, sample intervals were marked, and the core was split with a mechanical splitter. One half of the core was placed in plastic bags and tagged with a unique sample number. The other half of the core was returned to the core box and securely stored. |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| and sample preparation | • If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.<br>• For all sample types, the nature, quality and appropriateness of the sample preparation technique.<br>• Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.<br>• Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.<br>• Whether sample sizes are appropriate to the grain size of the material being sampled. | |
| Quality of assay data and laboratory tests | • The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.<br>• For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.<br>• Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. | • Drill samples were collected and bagged and sent to the Internal laboratory in Guanaco mine. There they were crushed and prepared. Gold assays were done using FA-AAS procedure on a 30g sample. Base metal assaying was done by Aqua regia 2gr 100 with final determination by atomic adsorption AAS.<br>• Internal laboratory checks are made regarding sample preparation and assaying procedures. |
| Verification of sampling and assaying | • The verification of significant intersections by either independent or alternative company personnel.<br>• The use of twinned holes.<br>• Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.<br>• Discuss any adjustment to assay data. | • Not applicable.<br>• Not applicable<br>• Logged on paper and entered manually into electronic spreadsheets. Data then entered into CSV Database and validated before being processed by industry standard software packages such as Vulcan.<br>• Not applicable. |
| Location of data points | • Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in | • Sample locations recorded using differential GPS considered to have an accuracy of +- 4m.<br>• The system used was PSAD56. |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| | Mineral Resource estimation.<br>• Specification of the grid system used.<br>• Quality and adequacy of topographic control. | • Downhole surveys are completed by downhole methods (Reflex multishot) at regular intervals (30m).<br>• Sample locations recorded using underground surveying. |
| Data spacing and distribution | • Data spacing for reporting of Exploration Results.<br>• Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.<br>• Whether sample compositing has been applied. | • Drill hole spacing is approximately 25m (northing) by 25m (easting). Drill locations were defined to determine the distribution of mineralisation near surface, following systematic discrepancies in reconciliation between block model and mining of initial benches.<br>• Data spacing and distribution are sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedures.<br>• No sample compositing is applied during the sampling process. |
| Orientation of data in relation to geological structure | • Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.<br>• If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. | • The Central vein outcrop at surface and this orientation combined with historical drilling has allowed for the geological modelling of the host quartz vein.<br>• Based on this model drill azimuths were planned to intersect the vein perpendicular to their strike. |
| Sample security | • The measures taken to ensure sample security. | • Samples are transported from the field to the internal laboratory via an own transport. The laboratory received sample dispatch documents for every sample batch.<br>• Laboratory returns pulp samples and excess material. |
| Audits or reviews | • The results of any audits or reviews of sampling techniques and data. | • Not applicable. |

## Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section)

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| Mineral tenement and land tenure status | • Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, over-riding royalties, native title interests, historical sites, wilderness or national park and environmental settings.<br>• The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area. | The properties are located approximately 220km SSE of Antofagasta, Chile, in Region III. The Amancaya project is comprised of the Amancaya property and the San Guillermo property.<br>The Amancaya property consists of eight individual exploitation mining concessions covering a total area of 1,755 ha and is 100% owned by Minera Guanaco.<br>The San Guillermo properties cover an area of 12,500 ha and were purchased from Revelo, along with the nearby Reprado Project, for 10,000,000 ordinary shares of Austral Gold on November 14, 2017 (refer to News Release and SEDAR filing). The previous Earn-In Option with Revelo Resources Limited was terminated.<br>The properties are in good standing and there are no restricted or protected areas within or overlapping either of the properties.<br>The surface rights are controlled by the federal government and access is normally granted as required.<br>• The current Amancaya water rights amount to 1.6 L/s of underground water, located in Agua Verde sector of Taltal County. The extraction well called "Zazzali" is located at 7,189,625.540 North and 400,453.353 East.<br>• A royalty of 2.25% of the net smelter return (NSR) on all production from the Amancaya mining concessions is payable to Meridian Gold Inc (Meridian)/Yamana<br>• All necessary statutory permits have been granted and the requirements have been met. Austral is in compliance with all environmental and work permits. |
| Exploration done by other parties | • Acknowledgment and appraisal of exploration by other parties. | Historically the following work has been recorded on the Amancaya Project:<br>• 1950s: Small scale exploration |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| | | and mining of copper and gold in the Rosario del Llano and Juanita veins.<br>• 1992: Exploration by Recursos Mineros Andinos consisting of soil and rock geochemistry and 20 reverse circulation drill holes. The information from this work has been lost.<br>• 2003: Placer Dome Inc. completed 20 reverse circulation drill holes totalling 2,661m and collected 515 surface rock samples. Some anomalous results were located in the north part of the property (e.g. 2.84 g/t Au and 16.7 g/t Ag over 2m), however, structures in the south were not recognised. Trenching was also completed.<br>• 2004 to 2008: Geophysical surveys, surface and trench sampling, geological mapping, radiometric dating, and fluid inclusion analysis were completed by Meridian/Yamana. Yamana also completed a total of 202 reverse circulation drill holes for 54,782m and 16 trenches totalling 486.1m. A total of 40 drill holes and four surface trenches are used in the subsequent resource estimate.<br>• 2009: Resampling of trenches and some resampling of historic drill core was performed by Cenizas. Cenizas carried out a drill campaign totalling 5,054m in 23 holes to confirm the thickness of the Veta Central, the distribution of gold and silver grades within the vein and host rocks and the density of the mineralisation. |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| | | • 2014: Austral Gold purchases the property. |
| Geology | • Deposit type, geological setting and style of mineralisation. | The Amancaya project represents a low sulphidation gold-silver epithermal deposit. The critical features that define the mineralisation at Amancaya include lithological and structural control. The mineralisation and alteration are focused along high-angle structures in a dacite-andesite volcanic dome. The structural system provided a pathway for rising hydrothermal fluids. The Central Vein exhibits banded textures, with bands of grey chalcedonic quartz, clear crystalline quartz, amethyst, and dark bands containing sphalerite, silver, and lead sulphosalts. Other textures include coliform texture, sinuous alternating bands of chalcedonic quartz and amethyst, and crustiform quartz. Interstices are filled with clays, limonite, manganese oxide, and carbonates (ankerite). |
| Drill hole Information | • A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:<br>○ easting and northing of the drill hole collar<br>○ elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar<br>○ dip and azimuth of the hole<br>○ down hole length and interception depth<br>○ hole length.<br>• If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. | • All drill holes are reported in Annex 1. |
| Data aggregation methods | • In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are | • Sum product Weighted averaging was used to report gold and silver grades over sample intervals that contained more than one sample. No upper or lower cut-off grades |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| | usually Material and should be stated.<br>• Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.<br>• The assumptions used for any reporting of metal equivalent values should be clearly stated. | were used. |
| Relationship between mineralisation widths and intercept lengths | • These relationships are particularly important in the reporting of Exploration Results.<br>• If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.<br>• If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known'). | • The orientation of the veins is generally north and the dip of the mineralisation is sub-vertical.<br>• The majority of drilling is oriented close to perpendicular to the known strike orientation of the mineralisation. Downhole intersections are generally oblique to the dip of mineralisation due to the sub-vertical attitude of the veins.<br>• The intersection length is measured down the hole trace and may not be the true width. |
| Diagrams | • Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. | • Sections are included in the report above this. |
| Balanced reporting | • Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. | • All assay results that are considered anomalous are reported, and in diagrams where low grades were encountered where the structures were intersected the assays results are reported as from the laboratory. |
| Other substantive exploration data | • Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; | • No metallurgical samples or bulk density sampling has currently been undertaken with the reported drilling results. In the event that the samples are used they will be reported at such time. |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| | bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. | |
| Further work | • The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).<br>• Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. | • The reported results from this drilling campaign represent the 100% of the total planned drilling campaign. |

## ANNEX 1

| Hole Id | Easting | Northing | Elevation (m.a.s.l) | Azimuth | Dip | Length (m) | From | Interval | Au (g/t) | Ag (g/t) |
|---|---|---|---|---|---|---|---|---|---|---|
| AM-181 | 418631.29 | 7171626.63 | 1913.04 | 229.0 | 49.0 | 113.0 | 108.10 | 0.79 | 4.37 | 35.1 |
| AM-182 | 418597.16 | 7171630.56 | 1910.15 | 225.0 | 55.0 | 88.6 | 77.35 | 0.21 | 1.40 | 37.5 |
| | | | | | | | 77.72 | 1.69 | 19.63 | 155.1 |
| | | | | | | | 80.66 | 0.56 | 2.29 | 29.9 |
| AM-183 | 418404.16 | 7171828.20 | 1889.68 | 120.0 | 45.0 | 81.6 | 54.01 | 0.91 | 4.83 | 602.5 |
| | | | | | | | 56.52 | 0.49 | 3.00 | 82.1 |
| | | | | | | | 58.22 | 0.55 | 19.77 | 73.2 |
| | | | | | | | 59.00 | 0.64 | 1.52 | 58.6 |
| | | | | | | | 77.84 | 0.35 | 24.17 | 95.9 |
| AM-184 | 418552.50 | 7171980.98 | 1904.63 | 291.0 | 54.0 | 85.9 | 68.35 | 0.56 | 32.63 | 241.4 |
| | | | | | | | 69.30 | 0.32 | 2.47 | 89.3 |
| | | | | | | | 72.85 | 0.25 | 2.24 | 8.6 |
| AM-185 | 418553.00 | 7171980.98 | 1904.82 | 291.4 | 64.5 | 98.5 | 90.87 | 1.21 | 35.10 | 94.1 |
| AM-186 | 418537.12 | 7171930.42 | 1904.84 | 270.0 | 63.0 | 72.3 | 64.65 | 1.45 | 24.30 | 350.9 |

## Caposo Mine and Brownfield Exploration

## JORC Code, 2012 Edition – Table 1 Report

### Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| Sampling techniques | • Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.<br>• Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.<br>• Aspects of the determination of mineralisation that are Material to the Public Report.<br>• In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1m samples from which 3kg was pulverised to produce a 30g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information. | • Channel sampling was undertaken along a number of machine excavated trenches cut perpendicular to the inferred strike of the structures to be sampled. A 10cm channel was cut in the vein outcrop with a hand held diamond saw to collect a continuous sample over the sample interval.<br>• The key features being tested by the channel sampling were sub vertical structures and quartz veins. Horizontal sampling is therefore deemed to be representative of the true width of the vein/structure. Sampling was undertaken based on geological units generally in a range of 0.2m to 1.5m in length.<br>• Given the range of sample lengths stated above, the Individual sample volume was generally in the range 1 to 5kg.<br>• Industry standard practices were used for sampling of diamond drilling. Core was recovered from drill tubes and stored in core boxes, where it was geologically logged then half core samples were taken using a mechanical core splitter, bagged and sent to the laboratory.<br>• Sample intervals were determined by both lithology and a visual estimate of quartz veining and quartz stockworks/breccia. Sampling mineralised zones was generally on one metre intervals however mineralised contacts were also considered.<br>• Standards and blanks were routinely inserted as per company QA/QC procedure.<br>• Samples were assayed for gold and silver metals at Caposo internal laboratory. |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| Drilling techniques | • Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). | • Drilling techniques used core drillings (NQ)/1.77", producing core at NQ size. |
| Drill sample recovery | • Method of recording and assessing core and chip sample recoveries and results assessed.<br>• Measures taken to maximise sample recovery and ensure representative nature of the samples.<br>• Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. | • All core was carefully placed in NQ sized core trays and transported a short distance to a core processing area where core recovery, depth markup and photography could be completed.<br>• Core recovery is generally very good and would not impact sample integrity. Core recoveries were calculated prior to logging.<br>• The sawing of the core and its replacement in the core boxes have been done to industry standards.<br>• There is no significant correlation of grade bias attributed to lower sample recovery. |
| Logging | • Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.<br>• Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.<br>• The total length and percentage of the relevant intersections logged. | • Diamond drill core was geologically logged using predefined logging codes for lithological, mineralogical, and physical characteristics.<br>• Logging was generally quantitative in nature with the exception of structural and geotechnical measurements and the estimation of recoveries.<br>• Drilling has been supervised by experienced geologists.<br>• Drill core was photographed and digitally stored for visual reference<br>• All holes are logged from start to finish. |
| Sub-sampling techniques and sample preparation | • If core, whether cut or sawn and whether quarter, half or all core taken.<br>• If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.<br>• For all sample types, the nature, quality and appropriateness of the sample preparation technique.<br>• Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.<br>• Measures taken to ensure that the | • Drilling included assaying of half core for surface holes and whole core for underground holes:<br>• Sample intervals were marked and the core was either split with a mechanical splitter or sawn with a diamond saw. One half of the core was placed in plastic bags and tagged with a unique sample number. The other half of the core was returned to the core box and securely stored. During this process, as per the quality assurance/quality |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| | sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.<br>• Whether sample sizes are appropriate to the grain size of the material being sampled. | control (QA/QC) protocols, blanks and standards were submitted into the sample stream at regular intervals. |
| Quality of assay data and laboratory tests | • The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.<br>• For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.<br>• Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. | • The Casposo Mine laboratory was ISO 9001-2008 certified in 2015. The mine laboratory protocol also consisted of drying, crushing and pulverisation according to standardised written procedures.<br>• The assay sample sizes are considered appropriate for the style of mineralisation. |
| Verification of sampling and assaying | • The verification of significant intersections by either independent or alternative company personnel.<br>• The use of twinned holes.<br>• Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.<br>• Discuss any adjustment to assay data. | • Data generated on the Casposo Mine is currently stored on company servers within a DataSheet SQL database that contains data for drill holes, trenches, and pits, and covers all exploration targets and gold.<br>• Drilling results reported here have not been independently verified. |
| Location of data points | • Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.<br>• Specification of the grid system used.<br>• Quality and adequacy of topographic control. | • All drill hole collars were surveyed using a total station instrument (Gauss Kruger, Datum Campo Inchauspe 1969 Zona 2 grid).<br>• Downhole surveys are completed by Refkex methods at regular intervals (10m). |
| Data spacing and distribution | • Data spacing for reporting of Exploration Results.<br>• Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and | • The current drill and sampling data spacing is sufficient to establish geological and grade continuity to various degrees as is reflected in the applied classifications of Mineral Resource and Ore Reserves.<br>• No sample compositing is applied during the sampling process. |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| | classifications applied.<br>• Whether sample compositing has been applied. | |
| Orientation of data in relation to geological structure | • Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.<br>• If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. | • Drill sections are normal the strike of the mineralisation.<br>• The dip of the mineralisation is approximately 45˚ to 70˚ to the southwest.<br>• In general, the holes were drilled to cut the mineralisation at as near a perpendicular orientation as possible.<br>• Overall, there is considered to be no sampling bias from the orientation of the drilling. |
| Sample security | • The measures taken to ensure sample security. | • Sample security relied upon the fact that the samples were always attended or stored in designated sampling areas. Sample collection, preparation, and transportation have always been undertaken by Casposo personnel using corporate vehicles.<br>• Assay receipt was electronic and restricted to authorised personnel. |
| Audits or reviews | • The results of any audits or reviews of sampling techniques and data. | • Upon receipt of results from assays they are reviewed and standards, blanks and duplicates are checked. In the event of data discrepancies with the control samples the laboratory is contacted and the preparation and assaying records are reviewed. |

## Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| Mineral tenement and land tenure status | • Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.<br>• The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area. | • The Casposo Mine comprises three mining leases, eight Manifestaciones de Descubrimiento (Discovery Concessions), eight exploration Cateos (Exploration Concessions), and three Canteras (Quarry Permits), covering a total area of 39.35km$^2$.<br>• Austral holds sufficient surface rights to safely and effectively operate the Mine.<br>• The right to take sufficient water for mining and processing activities has been granted under Water Concession 520-0430-B-99 at Kamila and for potential future mining at Julieta under Water Concession 506-0069-T-10-Folio 108.<br>• On production, a “Production Royalty” of US$5/Oz AuEq is to be paid to the original vendors, net of any advanced royalties.<br>• All necessary statutory permits have been granted and the requirements have been met. Casposo is in compliance with all environmental and operating permits. |
| Exploration done by other parties | • Acknowledgment and appraisal of exploration by other parties. | • Historically the following work has been recorded on the Casposo Project:<br>• There is no recorded exploration on the Casposo Mine area prior to 1998. From 1993 to 1999 Battle Mountain Gold (BMG) conducted regional exploration programs in the San Juan Province, driven by Landsat interpretation and selected ground follow-up. In 1998, this regional program resulted in the discovery of gold-silver mineralisation at Casposo.<br>• From 1998 to 2000, BMG undertook a program of surface sampling, geological mapping, trenching, geophysics and diamond drilling, and rock chip channel sampling.<br>• Exploration by Intrepid commenced in July 2002, with regional |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| | | reconnaissance studies, detailed trench sampling of the vein systems, re-logging of core, and bulk sampling for metallurgical studies. Extensive diamond drilling was completed between 2003 and 2008. Various Mineral Resource estimates, a preliminary economic evaluation, and feasibility study were also completed between 2003 and 2008.<br>• No commercial production occurred prior to Troy's purchase of the Mine in May 2009. Troy commenced development in August 2009 and first gold pour took place in November 2010. |
| Geology | • Deposit type, geological setting and style of mineralisation. | • The mineralisation identified within the Casposo Property is an example of low-sulphidation epithermal deposition of gold and silver.<br>• The gold–silver mineralisation at Casposo is structurally controlled and occurs in crustiform-colloform quartz veins and stockworks,<br>• Native metal alloys of gold and silver are present as minute zoned grains that vary up to 100 µm in the longest dimension. These grains are enclosed by gauge minerals, along the contact with sulphosalts and as inclusions in sulphosalts. The alloys are typically zoned with gold-rich cores and mantled by more silver-rich margins. |
| Drill hole Information | • A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:<br>○ easting and northing of the drill hole collar<br>○ elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar<br>○ dip and azimuth of the hole<br>○ down hole length and interception depth<br>○ hole length.<br>• If the exclusion of this information is | • All drill holes are reported in Annex 1. |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| | justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. | |
| Data aggregation methods | • In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.<br>• Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.<br>• The assumptions used for any reporting of metal equivalent values should be clearly stated. | • Sum product Weighted averaging was used to report gold and silver grades over sample intervals that contained more than one sample. No upper or lower cut-off grades were used. |
| Relationship between mineralisation widths and intercept lengths | • These relationships are particularly important in the reporting of Exploration Results.<br>• If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.<br>• If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known'). | • The orientation of the veins is generally northwest and the dip of the mineralisation is approximately 45˚ to 70˚ to the southwest.<br>• The majority of drilling is oriented approximately perpendicular to the known orientation of the mineralisation.<br>• The intersection length is measured down the hole trace and may not be the true width. |
| Diagrams | • Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. | • Plan view is included in the report above this. |
| Balanced reporting | • Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. | • All assay results that are considered anomalous are reported, and in diagrams where low grades were encountered where the structures were intersected the assays results are reported as from the laboratory. |

| Criteria | JORC Code Explanation | Commentary |
|---|---|---|
| Other substantive exploration data | • Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. | • No metallurgical samples or bulk density sampling has currently been undertaken with the reported drilling results. In the event that the samples are used they will be reported at such time. |
| Further work | • The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).<br>• Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. | • The reported results from this drilling campaign represent approximately 70% of the total planned drilling campaign. |

## ANNEX 1:

### Casposo Mine drillings

| Hole Id | Easting | Northing | Elevation (m.a.s.l) | Azimuth | Dip | Length (m) | From | Interval | Au (g/t) | Ag (g/t) |
|---|---|---|---|---|---|---|---|---|---|---|
| ME-18-03 | 2438851.97 | 6548806.25 | 2495.93 | 259.0 | -7.0 | 50.8 | No vein intercepted | | | |
| ME-18-04 | 2438673.71 | 6548819.00 | 2500.16 | 80.0 | -38.0 | 200.5 | No vein intercepted | | | |

### Casposo Brownfield drillings

| Hole Id | Easting | Northing | Elevation (m.a.s.l) | Azimuth | Dip | Length (m) | From | Interval | Au (g/t) | Ag (g/t) |
|---|---|---|---|---|---|---|---|---|---|---|
| JU-18-69 | 2433860.96 | 6551680.41 | 3345.92 | 33.0 | -47.0 | 98.1 | 83.40 | 2.10 | 8.77 | 168.0 |
| | | | | | | | 58.65 | 0.60 | 5.60 | 20.0 |
| | | | | | | | 71.15 | 1.70 | 6.31 | 29.0 |
| JU-18-70 | 2433861.07 | 6551679.84 | 3345.37 | 42.0 | -61.0 | 110.5 | 95.35 | 1.80 | 2.03 | 17.0 |
| | | | | | | | 62.00 | 1.00 | 16.50 | 62.0 |
| | | | | | | | 71.15 | 3.15 | 6.64 | 29.0 |
| JU-18-71 | 2433880.34 | 6551675.33 | 3343.97 | 38.0 | -25.0 | 85.8 | 68.25 | 1.57 | 0.98 | 7.0 |
| JU-18-72 | 2434002.42 | 6551592.50 | 3317.24 | 73.0 | -61.0 | 64.5 | Dike intercepted | | | |
| JU-18-73 | 2433920.24 | 6551535.20 | 3288.47 | 59.0 | -37.0 | 109.5 | 71.20 | 2.80 | 26.08 | 394.0 |
| | | | | | | | 63.00 | 1.00 | 32.80 | 537.0 |
| JU-18-74 | 2433919.64 | 6551534.72 | 3288.42 | 55.0 | -63.0 | 119.5 | 93.55 | 0.70 | 1.37 | 55.0 |
| | | | | | | | 46.20 | 1.55 | 1.51 | 25.0 |
| JU-18-75 | 2433870.21 | 6551477.58 | 3283.83 | 49.5 | -54.0 | 173.5 | 152.70 | 0.50 | 3.73 | 4.2 |
| | | | | | | | 145.45 | 0.35 | 18.00 | 133.0 |
| JU-18-76 | 2433897.42 | 6551450.95 | 3302.57 | 69.0 | -21.0 | 179.5 | 144.15 | 0.35 | 1.76 | 45.6 |
| JU-18-76B | 2433898.04 | 6551450.47 | 3302.37 | 69.0 | -25.0 | 194.3 | 130.90 | 3.00 | 0.99 | 26.0 |
| JU-18-77 | 2433897.03 | 6551450.32 | 3301.71 | 80.0 | -38.0 | 200.0 | 140.75 | 2.40 | 0.56 | 22.0 |

## Casposo Brownfield: Channel Samples

| Channel Id | Easting | Northing | Elevation (m.a.s.l) | Azimuth | Dip | Length (m) | From | Interval | Au (g/t) | Ag (g/t) |
|---|---|---|---|---|---|---|---|---|---|---|
| CCN-18-107 | 2439472.00 | 6548984.00 | 2390.60 | 0.0 | 0.0 | 0.7 | 0.00 | 0.70 | 5.71 | 27.3 |
| CCN-18-108 | 2439496.00 | 6548990.00 | 2398.60 | 0.0 | 0.0 | 0.5 | 0.00 | 0.50 | 2.36 | 7.3 |
| CCN-18-108 | 2439496.00 | 6548990.00 | 2398.60 | 0.0 | 0.0 | 1.0 | 0.00 | 1.00 | 1.85 | 7.6 |
| CCN-18-109 | 2439510.00 | 6548991.00 | 2397.30 | 0.0 | 0.0 | 0.6 | 0.00 | 0.60 | 2.55 | 8.5 |
| CCN-18-110 | 2439394.00 | 6548983.00 | 2387.10 | 0.0 | 0.0 | 0.5 | 0.00 | 0.50 | 0.86 | 10.0 |
| CAM-18-15 | 2439189.00 | 6548728.00 | 2413.00 | 264.0 | 0.0 | 0.4 | 0.00 | 0.40 | 4.48 | 61.0 |
| CAM-18-16 | 2438965.00 | 6548767.00 | 2456.00 | 280.0 | 0.0 | 0.6 | 0.00 | 0.60 | 0.75 | 18.9 |
| CAM-18-17 | 2438998.00 | 6548751.00 | 2448.00 | 305.0 | 0.0 | 0.6 | 0.00 | 0.55 | 0.09 | 5.2 |
| CAM-18-18 | 2439022.00 | 6548795.00 | 2426.00 | 275.0 | 0.0 | 1.0 | 0.00 | 1.00 | 0.09 | 6.3 |
| CAM-18-19 | 2439119.00 | 6548784.00 | 2395.00 | 290.0 | 0.0 | 0.3 | 0.00 | 0.30 | 9.12 | 222.1 |
| CAM-18-20 | 2439141.00 | 6548771.00 | 2414.00 | 315.0 | 0.0 | 0.5 | 0.00 | 0.50 | 1.25 | 19.2 |
| CAM-18-21 | 2439318.00 | 6548767.00 | 2403.00 | 340.0 | 0.0 | 1.0 | 0.00 | 1.00 | 8.13 | 83.5 |
| CAM-18-22 | 2439125.00 | 6548884.00 | 2424.00 | 270.0 | 0.0 | 0.6 | 0.00 | 0.60 | 1.22 | 16.9 |
| CAM-18-23 | 2439329.00 | 6548924.00 | 2427.00 | 260.0 | 0.0 | 0.3 | 0.00 | 0.30 | 3.82 | 21.4 |

## 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 2018 forecasted production guidance and costs, the Company's expectations that production costs will decrease throughout the balance of the year and to meet its forecast by year-end, that current reserves at the Guanaco deposit are expected to be depleted during the year, planning for follow-up brownfield exploration activities at Guanaco is expected to be undertaken and results on the Pinguino resource model are expected in the next quarter. 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 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.

+Rule 5.5

# Appendix 5B

## Mining exploration entity and oil and gas 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, 01/05/13, 01/09/16

**Name of entity**

AUSTRAL GOLD LIMITED

| **ABN** | **Quarter ended ("current quarter")** |
|---|---|
| 30 075 860 472 | 30 June 2018 |

| **Consolidated statement of cash flows** | | | **Current quarter US$'000** | **Year to date (6 months) US$'000** |
|---|---|---|---|---|
| **1.** | **Cash flows from operating activities** | | | |
| 1.1 | Receipts from customers/tax credits | | 32,244 | 64,863 |
| | | | | |
| | (a) | exploration & evaluation | (613) | (695) |
| | (b) | development | (2,229) | (4,627) |
| | (c) | production | (15,625) | (33,123) |
| | (d) | staff costs | (8,622) | (20,815) |
| | (e) | royalties paid | (301) | (820) |
| | (f) | administration and corporate costs | (1,538) | (5,161) |
| 1.3 | Dividends received (see note 3) | | | |
| 1.4 | Interest received | | 2 | 2 |
| 1.5 | Interest and other costs of finance paid | | | |
| 1.6 | Income taxes paid | | (871) | (1,122) |
| 1.7 | Research and development refunds | | - | - |
| 1.8 | Other (provide details if material) | | - | - |
| 1.9 | Movement attributable to foreign currency translation | | 56 | (4) |
| **1.10** | **Net cash from / (used in) operating activities** | | **2,503** | **(1,502)** |

+ See chapter 19 for defined terms

*1 September 2016*

| Consolidated statement of cash flows | | Current quarter US$'000 | Year to date (6 months) US$'000 |
|---|---|---|---|
| **2.** | **Cash flows from investing activities** | | |
| **2.1** | **Payments to acquire:** | | |
| (a) | property, plant and equipment | - | - |
| (b) | tenements (see item 10) | - | (13) |
| (c) | Investments | (385) | (452) |
| (d) | other non-current assets | - | - |
| **2.2** | **Proceeds from the disposal of:** | | |
| (a) | property, plant and equipment | - | - |
| (b) | tenements (see item 10) | - | - |
| (c) | investments | 235- | 235 |
| (d) | other non-current assets | 3 | 3 |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other (provide details if material) | - | - |
| **2.6** | **Net cash from / (used in) investing activities** | **(147)** | **(227)** |
| **3.** | **Cash flows from financing activities** | | |
| 3.1 | Proceeds from issues of shares | - | - |
| 3.2 | Proceeds from issue of convertible notes | - | - |
| 3.3 | Proceeds from exercise of share options | - | - |
| 3.4 | Transaction costs related to issues of shares, convertible notes or options | - | - |
| 3.5 | Proceeds from borrowings | 1,908 | 6,408 |
| 3.6 | Repayment of borrowings | (4,242) | (8,087) |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | (75) | (75) |
| 3.9 | Other (provide details if material) | - | - |
| **3.10** | **Net cash from / (used in) financing** | **(2,409)** | **(1,754)** |

+ See chapter 19 for defined terms

*1 September 2016*

| Consolidated statement of cash flows | | Current quarter US$'000 | Year to date (6 months) US$'000 |
|---|---|---|---|
| **4.** | **Net increase / (decrease) in cash and cash equivalents for the period** | | |
| 4.1 | Cash and cash equivalents at beginning of period | 3,283 | 6,713 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | 2,503 | (1,502) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (147) | (227) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | (2,409) | (1,754) |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| **4.6** | **Cash and cash equivalents at end of period** | 3,230 | 3,230 |

| **5.** | **Reconciliation of cash and cash equivalents**<br>At the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | **Current quarter US$'000** | **Previous quarter US$'000** |
|---|---|---|---|
| 5.1 | Bank balances | 3,230 | 3,283 |
| 5.2 | Call deposits | - | - |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (provide details) | - | - |
| **5.5** | **Cash and cash equivalents at end of quarter (should equal item 4.6 above)** | **3,230*** | **3,283*** |

| **6.** | **Payments to directors of the entity and their associates** | **Current quarter US$'000** |
|---|---|---|
| 6.1 | Aggregate amount of payments to these parties included in item 1.2 | 113 |
| 6.2 | Aggregate amount of cash flow from loans to these parties included in item 2.3 | - |
| 6.3 | Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2 | |

* Includes bonds held for trading

+ See chapter 19 for defined terms

*1 September 2016*

| 7. | Payments to related entities of the entity and their associates | Current quarter US$'000 |
|---|---|---|
| 7.1 | Aggregate amount of payments to these parties included in item 1.2 | - |
| 7.2 | Aggregate amount of cash flow from loans to these parties included in item 2.3 | - |
| 7.3 | Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2 | |
| | | – |

| 8. | Financing facilities available<br>Add notes as necessary for an understanding of the position | Total facility amount at quarter end US$'000 | Amount drawn at quarter end US$'000 |
|---|---|---|---|
| 8.1 | Loan facilities | 23,787 | 22,787 |
| 8.2 | Credit standby arrangements | - | - |
| 8.3 | Other please specify | | |
| 8.4 | Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well. | | |
| 8.1 | Loan facilities mainly include: (i) US$11m 5-year loan with Santander at an annual interest rate of 5.48%, and (ii) US$6.5m credit facility with the BAF Latam Credit Fund, an unrelated third party lender. The remaining facilities are pre-export financing, financial leases and credit lines with local banks in Chile and Argentina. | | |

+ See chapter 19 for defined terms

*1 September 2016*

| 9. | Estimated operating cash outflows for next quarter | US$'000 |
|---|---|---|
| 9.1 | Exploration and evaluation | 600 |
| 9.2 | Development | 1,500 |
| 9.3 | Production | 17,000 |
| 9.4 | Staff costs | 6,000 |
| 9.5 | Administration | 3,000 |
| 9.6 | Royalties | 700 |
| **9.9** | **Total estimated cash operating outflows** | **28,800** |

| 10. | Changes in tenements (items 2.1(b) and 2.2(b) above) | Tenement reference and location | Nature of interest | Interest at beginning of quarter (Ha) | Interest at end of quarter (Ha) |
|---|---|---|---|---|---|
| 10.1 | Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced | | | | |
| 10.2 | Interests in mining tenements and petroleum tenements acquired or increased | Culebra II 11<br>Culebra 11 130 to 147 | Mining claim<br>Mining claim | | 300<br>5,300 |

+ See chapter 19 for defined terms

*1 September 2016*

# 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: 30 July 2018

(Company secretary)

Print name: Andrew Bursill

**Notes**

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.

If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.