



MEDIA RELEASE

Austral Gold Limited

15 December 2020

Austral Gold Agrees to Expand Footprint in the U.S.

Austral Gold Limited (the “**Company**” or “**Austral**”) (ASX: AGD; TSX-V: AGLD) is pleased to announce that one of its Canadian subsidiaries, Argentex Mining Corporation (“**Argentex**”), has entered into a Subscription and Investment Agreement with Ensign Gold Inc. (“**Ensign**”), a Canadian corporation, pursuant to which Argentex has agreed to purchase 5,950,000 units (each a “**Unit**”) of Ensign for C\$0.25 per Unit, for an aggregate purchase price of C\$1,487,500 (US\$1,162,109 at an assumed exchange rate of 1.28). Each Unit will consist of one Class A share (each, a “**Share**”) in the capital of Ensign and one-half of one transferable share purchase warrant (each whole warrant, a “**Warrant**”). Each Warrant will entitle the holder to purchase one additional Share at an exercise price of \$1.50 for a period of 36 months, subject to an acceleration provision that will accelerate expiration of the Warrants if the closing sale price for a Share on a public market exceeds C\$2.00 for 30 consecutive trading days. After adjusting for this subscription, Argentex would own approximately 19.96% of the issued and outstanding Ensign Shares on an undiluted basis and approximately 27.22% on a partially diluted basis (approximately 22.90% on a fully diluted basis).

The proposed transaction is not at arm’s-length (as that term is defined by the TSX Venture Exchange). Austral Chairman Wayne Hubert is a member of the Ensign board and he is an Ensign shareholder. Mr. Hubert owns 1,464,865 Ensign Shares, 132,935 Ensign share purchase warrants and 100,000 Ensign stock options representing 6.1% of the issued and outstanding Ensign Shares on an undiluted basis and approximately 7.05% on a partially diluted basis (in each case without accounting for the Argentex subscription).

In addition, Stabro Kasaneva, a director and the Chief Executive Officer of Austral, is a member of the Ensign Board. Mr. Kasaneva owns no Ensign Shares, but he does own 100,000 Ensign stock options, representing 0.42% of the Ensign Shares on a partially diluted basis, and 0.33% of the issued and outstanding Ensign Shares on a fully diluted basis (without accounting for the Argentex subscription).

Significant Transaction Terms

- Purchase of 5,950,000 Units at a price of C\$0.25 per Unit.
- Argentex will be granted anti-dilution or pre-emptive rights entitling Argentex and its affiliates (including Austral) to participate in any subsequent issuances, sales or offerings of equity securities as long as Argentex and its affiliates then own at least 5% of Ensign’s issued and outstanding shares of a fully-diluted basis.
- Transaction is subject to TSXV approval.
- Provided Argentex and its affiliates (including Austral) maintains at least a 5% interest and provided it does not already have Board representation, Austral is entitled to appoint one Ensign director reasonably acceptable to Ensign’s Board.
- Austral’s nominee to the Ensign Board will also be entitled to join the Ensign Exploration and/or Technical Committee.
- 80% of the proceeds from the Austral subscription are to be used for exploration purposes pursuant to a budget attached to the subscription agreement.

About Ensign

Ensign is a privately held federally incorporated Canadian company. It is not a reporting issuer in any Province of Canada, nor is it listed on any stock exchange. It is currently assembling a 5,000-hectare land package on favourable Carlin-type gold deposit geology in the state of Utah with the goal of consolidating the Mercur camp for the first time. Ensign owns 54 patented claims, 370 unpatented claims, and 5 SITLA claims on South Mercur, West Mercur and North Mercur, while Barrick Gold Corporation owns the central Mercur mine area. Historically, this region produced over 3 million ounces of gold and was shut down over two decades ago when gold was less than \$300 per ounce. Ensign intends to initiate a phase 1 drilling program in early December.

In the subscription agreement, Ensign has agreed to use commercially reasonable efforts to conduct an initial public offering and list its shares on an internationally recognized stock exchange.

Chief Executive Officer, Stabro Kasaneva commented: “This investment is consistent with our expansion plans into North America – investing in one of the first Carlin type discoveries, with significant exploration upside remaining at today’s gold prices. The Mercur property is adjacent to the prolific Bingham Canyon mine which has produced over 50 million ounces of gold and over 30 million tonnes of copper on the other side of the mountain range. This represents a modest investment to potentially unlock another gold opportunity for us in North America.”

About Austral Gold

Austral Gold Limited is a growing gold and silver mining, development and exploration company building a portfolio of quality assets in Chile, the US and Argentina. Its flagship Guanaco/Amancaya project in Chile is a gold and silver producing mine with further exploration upside. Austral also holds the Casposo Mine (San Juan, Argentina), a 26.46% interest in the Rawhide Mine (Nevada, USA) and an attractive portfolio of exploration projects including its controlling interest in the Pingüino and Sierra Blanca projects in Santa Cruz, 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 (TSX-V: AGLD), and the Australian Securities Exchange (ASX: AGD). For more information, please consult Austral's website at (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.

Release approved by the Chief Executive Officer of Austral Gold, Stabro Kasaneva.

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Forward Looking Statements

Statements in this news release that are not historical facts are forward-looking statements. Forward-looking statements are statements that are not historical and consist primarily of projections - statements regarding future plans, expectations and developments. Words such as "expects", "intends", "plans", "may", "could", "potential", "should", "anticipates", "likely", "believes" and words of similar import tend to identify forward-looking statements. Forward-looking statements in this news release include statements concerning Ensign's intent to initiate a phase 1 drilling program in early December, the Company's belief that there is significant exploration upside at the Mercur property and that this investment represents a modest investment to potentially unlock another gold opportunity for Austral Gold in North America.

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 especially in light of the effects of the novel coronavirus, 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 the Mercur project and other risks and uncertainties identified under the heading "Risk Factors" in the Company's continuous disclosure documents filed on the ASX and on SEDAR. You are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. 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.