Austral Gold Announces Restart of Casposo Gold-Silver Mine Operations following Release of an Updated Mineral Resource and Ore Reserve Estimate

Sydney, Australia September 27, 2016 – Austral Gold Limited ("Austral" or the "Company") (ASX:AGD) (TSX-V:AAM) is pleased to announce that it is recommencing full operations at the Casposo gold-silver project ("Casposo" or the "Project") following receipt of the results of an updated Mineral Resource and Ore Reserve estimate for Casposo in Argentina. The estimates were reviewed by independent consultants Roscoe Postle Associates ("RPA"), and are summarized in a National Instrument 43-101 ("NI 43-101") and JORC 2012 compliant Technical Report on the Casposo Gold-Silver Mine, Department of Calingasta, San Juan Province, Argentina (the "Casposo Technical Report" or "Technical Report") dated September 7, 2016. The Casposo Technical Report will be filed on ASX (www.asx.com.au (ASX: AGD)) and SEDAR under the profile of Austral Gold within 45 days in accordance with NI 43-101. The Technical Report confirms that the optimisation of the plant and move to small scale mining will support a robust and economically viable underground gold and silver mine. All dollar amounts are quoted in U.S. dollars ("$").

Life of Mine Plan Highlights

- Changes in underground mining methods are expected to reduce dilution
- Optimisation of processing plant is expected to improve efficiency of the plant
- Mine life: 4 years
- Pre- Tax NPV(5%) of $53 million and After-tax NPV(5%) of $37 million
- Proven and Probable Ore Reserves as of June 30, 2016, totaling 972,000 tonnes at 2.53 g/t Au and 231 g/t Ag, containing approximately 79,000 ounces of gold and 7.2 million ounces of silver
- Measured and Indicated Mineral Resources as of June 30, 2016, inclusive of Ore Reserves, totalling 1.4 million tonnes at 3.0 g/t Au and 238 g/t Ag, containing approximately 136,500 ounces gold and 10.8 million ounces silver
- Average production of 800 tonnes per day (tpd) from underground (300,000 tonnes per year)
- All-In Sustaining Cost (AISC) of $1,038 per oz gold equivalent
- Metallurgical recovery based on operating data averaging 91% for gold, 83% for silver
- Average annual gold production of 21,000 ounces of gold and 1.7 million ounces of silver per year
- Life of Mine (LOM) capital totals $41.7 million, including reclamation and closure costs
- Proposed operations to be funded from Austral's existing and other internal cash resources

Austral Gold Chief Executive Officer, Stabro Kasaneva, remarked that, "The Life of Mine Plan provides a very solid basis for advancing to commissioning the full operation. The Plan supports the viability of moving to small scale underground mining methods and optimisation of the process plant. The positive results put us in a position to re-commence full operations. We look forward to continuing the operation of Casposo and working with the community to the benefit of all stakeholders."

"The results present an exciting opportunity for the Company and its shareholders, and it is a very significant moment for the company, representing our first operation in Argentina", remarked Austral Gold Chairman, Eduardo Elsztain. "The results confirm our expectations for Casposo, validating the original commitment of the Board of Directors, management, our investors and Argentina's stakeholders to push forward with recommissioning the operation and growing our precious metal production in Argentina and Chile."

CASH FLOW ANALYSIS

Project economics at an average gold price of $1,329/ounce and a silver price of $19/ounce, based on a consensus of independent forecasts for annual prices, resulted in Table 1.

Table 1: LOM Net Present Value

	Pre-Tax	After Tax
Net Present Value at a 5% discount rate (NPV_5)	$53 million	$37 million
Net Present Value at a 7.5% discount rate ($NPV_{7.5}$)	$52 million	$37 million
Net Present Value at a 10% discoun rate (NPV_{10})	$50 million	$36 million

Notes: All figures are reported on a 100% equity project basis and are rounded
Economic valuation is presented using a start date of June 30, 2016

The cash flow to be generated over the LOM are shown in Table 2

Table 2: LOM Cash Flow

Units	2016	2017	2018	2019	2020	Total
US$ '000	Year 1	Year 2	Year 3	Year 4	Year 5	
Au ounces recovered	11,168	18,603	24,525	17,924		72,221
Ag ounces recovered	1,292,271	2,541,028	1,439,876	729,225		6,002,400
Au Gross Revenue	15,002	24,526	32,334	23,631		95,492
Ag Gross Revenue	24,430	48,038	27,221	13,786		113,475
Total Gross Revenue	39,432	72,564	59,555	37,417		208,967
Net Revenue	36,552	67,143	55,563	35,033		194,291
Total Operating Cost	13,648	29,234	28,738	25,157		96,777
Operating Cash flow	22,904	37,910	26,825	9,876		97,514
Total Capex (Including Working Capital)	8,177	14,603	13,047	4,705	1,185	41,717
Taxes	1,846	8,325	5,142	1,045		16,357
After-Tax Cash flow	12,880	14,982	8,636	4,126	(1,185)	39,439

Note: Numbers may not add due to rounding. Only Ore Reserves have been used in generating the cash flow analysis. No Inferred Resources have been used in this cash flow model

COST SUMMARY

Table 3: Operating Costs Summary

LOM Operating Costs		
Mining (Underground)	US$/t milled	40.07
Processing	US$/t milled	37.51
G&A	US$/t milled	21.53
Total Unit Operating Cost	US$/t milled	99.11

Average cost per ounce metrics for LOM are shown in Table 4.

Table 4: Average Cost per Ounce Metrics

Cost per Ounce		Operating	AISC
Gold, Silver as by product	US$/oz Au	(231)	550
Gold Equivalent	US$/oz AuEq	656	1,038
Silver, Gold as by product	US$/oz Ag	0.21	9.61
Silver Equivalent	US$/AgEq	5.49	13.09

Notes: Under current price assumptions, neither gold nor silver dominates revenue – they are co-products. As such, AISC calculated according to World Gold Council guidance with silver as a by-product, may not be comparable to other gold operations

CASH FLOW SENSITIVITY ANALYSIS

Economic risk analysis was examined by running cash flow sensitivities on Gold and Silver Price, head grade, recovery, operating costs and capital costs. The pre-tax NPV @ 5% was calculated for reasonable variations of each input.

The cash flow is most sensitive to metal prices and head grades as shown in Table 5. It is least sensitive to recoveries and capital costs (which are low given that Casposo is being recommissioned).

Table 5: Pre-tax NPV (5%) Sensitivity Analysis

Parameter Variables	Units	Lowest	Lower	Base	Higher	Highest
Gold Price	US$/oz	1,000	1,200	1,329	1,400	-
Recovery %	% Au	87%	89%	91%	93%	95%
Head Grade	g/t Au	2.02	2.27	2.52	2.77	3.03
Operating Cost	$ millions	87	92	97	106	116
Capital Cost	$ millions	38	40	42	46	50
Pre Tax NPV@5%	**Units**	**Lowest**	**Lower**	**Base**	**Higher**	**Highest**
Gold Price	$ millions	7	35	53	63	-
Recovery %	$ millions	44	49	53	56	60
Head Grade	$ millions	17	35	53	71	89
Operating Cost	$ millions	62	57	53	44	35
Capital Cost	$ millions	57	55	53	49	45

Austral is currently consolidating exploration and mining geology databases and is expecting to define and prioritise brownfield targets for future drilling.

By way of background, Austral acquired a 51% interest in Casposo from a subsidiary of Troy Resources Limited (Troy) on March 4, 2016 for $1,000,000, with a reciprocal purchase and sale obligation for an additional 19% interest for the sum of $1,000,000 to be transferred and paid on March 4, 2017. In addition, Austral and Troy have agreed that Casposo will pay Troy $2,000,000 within 12 months as from March 4, 2016, out of which $1,000,000 has been already paid. In turn, Austral has options to acquire: (i) an additional ten percent (10%) for $1,500,000 within the period commencing on December 31, 2018, and ending on January 15, 2019, (ii) an additional ten percent (10%) for $2,500,000 within the period commencing on December 31, 2019, and January 15, 2020, and (iii) the last ten percent (10%) for $3,000,000 within the period commencing on December 31, 2020, and ending on January 15, 2021. These purchase price options

may be subject to an adjustment based on an increase in the price of silver during such period. Pursuant to the Troy Agreement, Austral agreed to obtain from other sources or provide to Casposo funding or financing of up to US $10,000,000 towards developing and implement a re-engineering plan to recommission Casposo.

Life of Mine Plan Details

RPA reviewed and validated the Mineral Resource, Ore Reserve, production schedule, and cost estimates for the Casposo operations as received from Austral.

For information with respect to the key assumptions, parameters and risks associated with the estimates included therein and other technical information, please refer to the Technical Report on the Casposo Gold-Silver mine to be filed on SEDAR within the next 45 days.

A summary of areas described in the Technical Report is included below:

Mineral Resources

The Mineral Resources for Casposo are contained in the Kamila (including Aztec, B-Vein Inca and Mercado zones), Julieta and Casposo Norte deposits and are summarised in Table 6.

In RPA's opinion, sampling and assaying have been carried out using industry-standard quality assurance/quality control (QA/QC) practices, and the resulting database is appropriate for use in Mineral Resource estimation.

In RPA's opinion, interpretations of the geology and the three-dimensional (3D) wireframes of the estimation domains are reasonable, and the resource estimates have been prepared using appropriate methodology and assumptions including: treatment of high assays, composite length, search parameters, bulk density, interpolation, cut-off grade and classification.

The Mineral Resources are classified and reported in accordance with Canadian Institute of Mining, Metallurgy and Petroleum Definition Standards for Mineral Resources and Mineral Reserves dated May 10, 2014 (CIM definitions) as incorporated in NI 43-101, as well as JORC 2012.

Table 6: Mineral Resources as of June 30, 2016

Classification	Tonnes (000)	Grades (g/t)			Contained Metal (000 oz)		
		Ag	Au	Au Eq	Ag	Au	Au Eq
Measured	178	255	2.69	5.84	1,460	15.4	33.4
Indicated	1,237	235	3.04	5.94	9,352	121.1	236.6
Total Measured + Indicated	1,415	238	3.00	5.94	10,811	136.5	270.0
Total Inferred	1,090	140	5.0	6.73	5,040	176	238.2

Notes:

1. Mineral Resources were estimated in compliance with JORC definitions
2. Mineral Resources are estimated using an average long-term silver price of $15 per ounce, and a gold price of $1,200 per ounce
3. Mineral Resources are estimated at a cut-off grade of 2 g/t Au Eq
4. Gold equivalents (Au Eq) are calculated using a factor of 1 g Au = 81 g Ag, based on metal prices, and metallurgical recoveries (92% for gold, 87% for silver)
5. A minimum wireframe width of 0.5 m was used
6. Bulk density is 2.6 t/m^3

7. Mineral Resources are inclusive of Ore Reserves
8. Mineral Resources that are not Ore Reserves do not have demonstrated economic viability. The quantity and grade of reported Inferred Resources in this estimation are uncertain in nature and there has been insufficient exploration to define these inferred Resources as an Indicated or Measured Mineral Resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured Mineral Resource category
9. Numbers may not add due to rounding
10. The Competent Person (CP) is Chester Moore, P.Eng., an employee of Roscoe Postle Associates ("RPA")

The Kamila deposit remains open down plunge to the southeast of the Inca 3 zone. The Casposo Norte and Julieta zones are not completely delineated and many smaller targets on the property remain to be fully explored.

Ore Reserves and Mining

The estimated Ore Reserves are shown in Table 7.

Table 7: Proven and Probable Ore Reserves as of June 30, 2016

	Tonnes (000)	**Grades (g/t)**			**Contained Metal (oz)**		
		Ag	**Au**	**Au Eq**	**Ag**	**Au**	**Au Eq**
Proven	115,000	170	1.76	3.87	630,000	6,500	14,300
Probable	857,000	240	2.63	5.59	6,602,000	72,500	154,000
Total Reserves	**972,000**	**231**	**2.53**	**5.38**	**7,232,000**	**79,000**	**168,300**

Notes:

1. Ore Reserves were estimated in compliance with JORC definitions
2. Ore Reserves were estimated at a cut-off grade of 2.8 g/t Au Eq. Development was evaluated at an incremental cut-off grade of 1.3 g/t Au Eq
3. Gold equivalents (AuEq) were calculated using a factor of 1 g Au = 81 g Ag, based on metal prices and metallurgical recoveries (92% for gold, 87% for silver)
4. Ore Reserves were estimated using an average long-term silver price of $15 per ounce and gold price of $1,200 per ounce
5. A minimum mining width 2 m was used
6. Bulk density is 2.6 t/m3
7. Numbers may not add due to rounding
8. The Competent Person (CP) is Jason Cox, P.Eng., an employee of Roscoe Postle Associates ("RPA")

There are no known mining, metallurgical, infrastructure, permitting, or other relevant factors that could materially affect the Ore Reserve estimate.

Planned and unplanned dilution, minimum mining width, and extraction were included in the resource to reserve conversion at the stope optimization and design stage. The design shapes were drawn to represent final mined out volumes. An extraction factor of 95% is applied to both stopes and drifts. Dilution included in the design averages 33% across all veins (stopes and development).

MINING METHODS

The Casposo Mine consists of a number of narrow steeply dipping orebodies known as Aztec, B-Vein, B-Vein1, Inca0, Inca1, Inca2A, Inca2B, Mercado, and Julieta. Open pit mining in Kamila and Mercado pits was completed in 2013, and all mining is currently planned as underground, although there is potential for open pit mining at Julieta. The main production from the underground mine to date has been from Inca1, Aztec, and Inca2A.

The mining method at the Casposo Mine is expected to be Longitudinal Longhole Retreat, which was the historical method used at the mine. Mine production is expected to be made up of a combination of ore development through sill drifts (34%) and stope production (66%).
Austral is modifying previous operating practices in a number of ways to better control dilution:

- Reduced stope heights from 20 m to 15 m
- Smaller drift size (4.5 m by 4.5 m)
- Installation of cable bolts on the hangingwall
- Revised blasting practices

The veins are to be accessed by sub-level footwall drives, driven from the main ramp at 15 m intervals, except where pre-existing drives at 20 m intervals will be used. Stopes are designed using a minimum mining width of 2 m and are 10.5 m high, while sill drifts are designed at 4.5 m high and on average 4.0 m to 5.0 m wide. Stope lengths vary depending on the ore body, however, are limited to a maximum of 15 m due to geotechnical constraints.

Mining is planned to progress in a bottom up fashion. Stopes on each level are to be accessed in the middle and developed along strike, at both the top and bottom elevations. Once sill development is completed, the stopes are drilled and blasted. Drilling and blasting start at the end of the stoping blocks and mucked in retreating vertical slices.

PRODUCTION SCHEDULE

The production schedule covers a mine life of four years based on the Ore Reserves outlined in the Casposo Technical Report. Austral has been engaged in the development and rehabilitation work at the Casposo mine since April 2016, and production is expected to begin by the end of Q3 2016 at Aztec, Inca1, Inca2A, and Inca2B, which are all accessible with current existing development. The production schedule is summarized in Table 8.

Table 8: Production Schedule

	Units	**2016**	**2017**	**2018**	**2019**	**Total**
Total Mill Feed	Tonnes (000)	150	322	297	206	976
	g/t Au	2.53	1.97	2.81	2.96	2.52
	g/t Ag	322	295	182	132	230
Recovery Au	%	91.2%	91.2%	91.2%	91.2%	91.2%
Recovery Ag	%	83.0%	83.0%	83.0%	83.0%	83.0%
Recovered Au	Oz (000)	11	19	25	18	72
Recovered Ag	Oz (000)	1,292	2,541	1,440	729	6,002
Recovered Au Eq	Oz (000)	26.4	51.5	42.8	26.97	148

PROCESS

The processing and recovery method is whole ore cyanide leaching for extraction of the precious metal from the ore and Merrill-Crowe counter-current decantation (CCD) and filtration for recovery of the metal from the leach circuit. The Casposo Mine recovers gold and silver doré which is to be transported to a refining facility in Brampton, Ontario Canada for further processing into high purity gold and silver.
The Casposo processing plant has a nameplate throughput of 400,000 tpa of ore. The current underground mine plan delivers approximately 300,000 tpa of ore, and Austral plans to operate the plant on an intermittent basis to retain the nominal plant throughput.
Austral's plant modifications are expected to increase operational efficiency in the crushing and grinding circuits, and in tailings filtration and water management.

CAPITAL & OPERATING COST ESTIMATES

Austral has been carrying out a program of mine development, process improvements, and operational readiness since April 2016. The estimated capital costs (expressed in US dollars) from June 30, 2016 forward are summarised in Table 9.

Table 9: Summary of Capital Costs

Item	**Units**	**Total**	**2016**	**2017**	**2018**	**2019**	**2020**	
Mine Development	$ millions	29.2	4.9	12.7	9.9	1.7	-	
Sustaining Capital	$ millions	6.3	2.2	0.9	3.2	-		
Working Capital	$ millions	2.0	1.0	1.0	-	-	-	
Reclamation & Closure	$ millions	4.2				3.0	1.2	
Total	**$ millions**	**41.7**	**8.1**	**14.6**	**13.0**	**4.7**	**1.2**	

Mine development is based on the LOM plan requirements, and a unit rate of $2,200/m, based on actual costs incurred at the mine.

Sustaining capital includes budgeted plant improvements, such as changes to the belt filter and cyanide detoxification circuit to improve efficiency and reduce costs, some mobile equipment purchases, and general site maintenance costs. Mountain Pass Consulting estimated reclamation and closure costs of $4.2 million.

Operating costs for the LOM plan are shown below in Table 10.

Table 10: Summary of Operating Costs

Unit Costs	**Unit**	**Total**	**2016**	**2017**	**2018**	**2019**
Mining (Underground)	US$/t milled	40.07	34.60	36.96	40.07	48.90
Processing	US$/t milled	31.51	36.20	35.06	36.40	43.90
G&A	US$/t milled	21.53	19.97	18.62	20.20	29.10
Total Unit Operating Cost	**US$/t milled**	**99.11**	**90.77**	**90.65**	**96.67**	**125.91**
Total Costs	**Unit**	**Total**	**2016**	**2017**	**2018**	**2019**
Mining (Underground)	US$ '000	39,127	5,202	11,920	11,913	10,092
Processing	US$ '000	36,631	5,443	11,308	10,820	9,060
G&A	US$ '000	21,020	3,003	6,006	6,006	6,006
Total Operating Cost	**US$ '000**	**96,777**	**13,648**	**29,234**	**28,738**	**25,157**

Operating cost estimates include mining, processing, and general and administration (G&A) expenses. Operating costs were budgeted based on costs incurred during previous mining activities and have been compiled by area based on estimated labour requirements, consumables, and other expenditures according to the updated mine plan and process design.

The power requirements will be met by the existing power line to site that has the capacity to transmit 18 MW of power, which is well in excess of the requirements of the operation.

SOCIAL & ENVIRONMENTAL

All required studies were completed and the Environmental Impact Assessment (EIA) for Casposo was submitted in 2007. It was reviewed by a multi-disciplinary commission, approved in 2009, and renewed every two years subsequently. The fourth update was presented recently, with approval due in March 2018.

Austral reports that it has all required permits to carry out operations. Calingasta is a mining town and the town is home to a Mining Technology school. As a result, in the view of RPA, the mine enjoys better than average local support. The social and community relations are reported to be excellent.

A Mine closure plan was prepared by Mountain Pass LLC (Mountain Pass) in December 2014.

TECHNICAL INFORMATION

The Casposo Technical Report summarizing the results of the PFS is being prepared in accordance with NI 43-101 and will be filed under the Company's profile on SEDAR within 45 days of this press release. The RPA Competent Persons (CPs) for the Casposo Technical Report include:

- Kathleen A. Altman, Ph.D., P.E. (metallurgy, processing, and environmental)
- Jason J. Cox, P.Eng. (mining, Ore Reserves, costs, and economic analysis)
- Chester M. Moore, P.Eng., (geology and Mineral Resources)

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

About Austral Gold

Austral Gold Limited is a growing precious metals mining, development and exploration company building a portfolio of quality assets in Chile and Argentina. The Company's flagship Guanaco project in Chile is a low-cost gold and silver producing mine with further exploration upside. The company is also operator of the Casposo mine in San Juan, Argentina, which is currently being recommissioned. 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:AAM) and the Australian Securities Exchange (ASX: AGD). For more information, please consult the company's website www.australgold.com.au

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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: expectations regarding the filing of a technical report and the expected content of the technical report; statements with respect to the Company's proposed operations at Casposo, including recommencement of operations; expectation that dilution will be reduced; expectation that optimisation of plant improve operational efficiency; LOM, cash flow and other economic projections; the ability to fund operations from existing and other internal cash resources; matters relating to future exploration; matters relating to the implementation of the mine closure plan; any future increases in the Company's interest in Casposo and the related payments; the future mine grades, recovering and production rates expected from Casposo; the estimation of Ore Reserves and mineral resources; the realization of Ore Reserve and mineral resource estimates; and the outlook for prices of gold and silver. 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 Ore Reserves and resource estimates, Austral’s ability to extract mineralization at Casposo profitably and its 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.

APPENDIX 1: JORC CODE (2012) TABLE 1

The following table provides a summary of important assessment and reporting criteria used at the Casposo Gold-Silver Mine for the reporting of Mineral Resources and Ore Reserves in accordance with the Table 1 checklist in The Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2012 Edition). Criteria in each section apply to all preceding and succeeding sections.

SECTION 1 – SAMPLING TECHNIQUES AND DATA

Criteria	Commentary

Sampling techniques	• Casposo sampling was completed in three main phases:
	  • Battle Mountain Gold (BMG) surface sampling, trenching, rock chip channel sampling and drilling – 1998 to 2000
	  • Intrepid Mines Limited (Intrepid) trenching and diamond drilling – 2002 to 2008.
	  • Troy Resources Argentina (Troy) reverse circulation (RC) and diamond drilling – 2009 to 2015.
	• BMG Core logging and sampling were carried out according to BMG, Intrepid or Troy protocols. Core was split in half with a mechanical splitter (BMG) or diamond saw (Intrepid and Troy). One half of the core was sent for analysis and the remaining half returned to the core box in its original orientation as a permanent record. Normally, the entire hole was sampled. The sample interval was usually one metre to two metres for BMG, and 0.5 m to two metres for Intrepid and Troy (maximum 1.5 m in mineralized zones). Highly-fragmented core was bound with adhesive tape before splitting.
	• For underground drill core, whole core samples are put in plastic bags, identified with samples numbers from tags as above.
	• Sample intervals were determined by both lithology and a visual estimate of quartz veining and quartz stockworks/breccia. Sampling mineralized zones was generally on one metre intervals however mineralized contacts were also considered.
	• Continuous channel sampling was conducted in the trenches with chisel and hammer, usually at the bottom of the excavations. The average length was 2.38 m. The average channel sample weight was three kilograms to five kilograms.
	• RC samples were collected from the cyclone every one metre, then homogenized and split twice, to obtain a three kilogram to five kilogram sample. Another split of the sample was stored as backup. The remaining reject was discarded.
	• Sample collection is described in **Section 10 of the Technical Report**.

Drilling techniques	• Casposo drilling was completed in three main phases:
	  • BMG – 1999 to 2000.
	  • Intrepid – 2003 to 2008.
	  • Troy – 2009 to 2015.
	• BMG used two contractors, Major and Connors Drilling (Connors), which completed 11 holes (1,732 m) and 35 holes (6,894 m), respectively. The drill hole diameter was primarily NQ (47.6 mm nominal core diameter), although some holes were collared with HQ (63.5 mm nominal core diameter), and reduced to NQ for the deeper sections.
	• Intrepid completed 38,549 m of core drilling in 242 drill holes. Drill contractors included Connors, Bolland, and Major Drilling. The diamond drill hole diameter was primarily HQ drilled with a HQ-3 triple tube method to ensure minimum core rotation and maximum sample recovery.

Criteria	Commentary
	• Troy completed both RC and diamond drilling. Drill Contractors included Boart-Longyear Argentina, Energold Argentina SA, and Eco-Minera Mining Services Argentina. • The core was not oriented. • Drilling techniques are described in **Section 10 of the Technical Report**.
Drill sample recovery	• Core recovery is generally very good and would not impact sample integrity. Core recoveries were calculated prior to logging. • RPA examined mineralized core from nine Casposo drill holes. In RPA's opinion, the sawing of the core and its replacement in the core boxes have been done to industry standards. • RPA noted no significant correlation of grade bias attributed to lower sample recovery.
Logging	• Diamond drill core was geologically logged using predefined logging codes for lithological, mineralogical and physical characteristics. • Logging was generally quantitative in nature with the exception of structural and geotechnical measurements and the estimation of recoveries. • Drill core was photographed and digitally stored for visual reference. • Drilling has been supervised by experienced geologists. • RPA is of the opinion that the core handling, logging, splitting, and sampling procedures are of sufficient quality to support Mineral Resource and Mineral Reserve estimates.

Sub-sampling techniques and sample preparation	• Drilling included assaying of half core for surface holes and whole core for underground holes:
	  • 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 control (QA/QC) protocols, blanks and standards were submitted into the sample stream at regular intervals.
	• The sample preparation techniques were appropriate for the sample type. Preparation techniques vary but usually comprised oven drying, crushing and pulverising samples to established parameters:
	  • BMG used ALS Geolab in Mendoza as the primary laboratory. There were no detailed references in the BMG data to sample preparation procedures.
	  • Intrepid initially used ALS Chemex (ISO 9001 accreditation) in La Serena, Chile and Mendoza, Argentina as primary laboratory, and Alex Stewart (in Mendoza, Argentina) (ISO 9001) as the secondary laboratory, however, starting from drill hole 148 (February 2005), Intrepid switched to Alex Stewart (Mendoza) as the primary laboratory. The preparation protocol at the ALS Chemex, Mendoza preparation facility consisted of:
	  ○ Drying
	  ○ Crushing to 85% passing 10 mesh
	  ○ Splitting and pulverization of 1,000 g to 85% passing 200 mesh (74 µm)
	  ○ Separation of two bags of pulp with approximately 200 g each
	  • The sample preparation protocol at Alex Stewart was similar to the protocol used by ALS Chemex.
	  • The Casposo Mine laboratory was ISO 9001-2008 certified in 2015. The mine laboratory protocol also consisted of drying, crushing and pulverization according to standardized written procedures.

Criteria	Commentary
	• Production grade control channel samples were handled on site at the mine analytical facility. • The assay sample sizes are considered appropriate for the style of mineralization. • Sampling techniques are described in **Section 10 of the Technical Report** and sample preparation techniques are described in **Section 11 of the Technical Report**.

Quality of assay data and laboratory tests	• The BMG samples submitted to ALS Geolab in Mendoza were assayed for:
	  • Gold by fire assay (FA) using method PM209
	  • Silver, lead, zinc, molybdenum, copper, arsenic, antimony by atomic absorption spectrometry (AAS) using method G105 and occasionally for mercury using method G008.
	• The Intrepid samples submitted to ALS Chemex were assayed as follows:
	  • Gold by FA with either a gravimetric or AAS finish, using method AA Au-AA24 or method Au-GRA22 for samples with Au > 10 g/t
	  • Silver in samples expected to have high values by either four acid digestion and AAS, or FA and gravimetric finish, using method Ag-AA63 or method Ag-GRA22 for samples with Ag > 100 g/t
	  • Silver, aluminum, arsenic, barium, beryllium, bismuth, calcium, cadmium, cobalt, chromium, copper, iron, potassium, magnesium, manganese, molybdenum, sodium, nickel, phosphorus, lead, sulphur, antimony, strontium, titanium, vanadium, tungsten, zinc by four acid digestion and inductively coupled plasma with atomic emission spectroscopy (ICP-AES), using method ME-ICP61
	  • Mercury by cold vapour/AAS, using method Hg-CV41
	• Intrepid and later Troy samples submitted to Alex Stewart were assayed using the following:
	  • Gold by FA and either a gravimetric or AAS finish, using method Au4-50 or Au4A-50 for samples with Au > 10 g/t
	  • Silver by three techniques: four-acid digestion followed by AAS reading for check samples up to February 2006, aqua regia digestion followed by inductively coupled plasma with optical emission spectroscopy (ICP-OES) reading for ordinary samples after February 2006, and FA and gravimetric finish for samples with Ag > 200 g/t up to February 2006 and for all samples in mineralized intersections after February 2006.
	• There have been a number of QA/QC programs to verify analytical results. These include sets of CRMs and pulp duplicates submitted as part of the original sampling and a series of pulps submitted for re-assaying. QA/QC results indicate:
	  • BMG had a very limited QA/QC program in place during their drill program, consisting of the insertion of 16 standards over the duration of the sampling campaign.
	  • The QA/QC program implemented by Intrepid for the Casposo Mine from 2003 to 2008 included the insertion of control samples to monitor assay accuracy (standards) and contamination (coarse blanks).
	  • The QA/QC program implemented by Troy on samples sent to Alex Stewart Laboratories included the insertion of control samples (standards) at intervals of approximately every 37 samples to monitor assay accuracy and coarse blank samples within or after mineralized intervals to check for prep contamination between samples. Assay precision was checked by pulp duplicates of approximately five percent of the total samples which were sent to an independent commercial laboratory.
	  • The QA/QC program implemented by Alex Stewart Laboratories involves the insertion in each batch of 50 samples one internal standard and one blank and the repeat assay of three samples.

Criteria	Commentary
	• The Casposo mine laboratory used Alex Stewart to perform secondary assay checks. • RPA considers the QA/QC programs to meet industry standard practice at the time of completion and the results to be acceptable. • Results and discussion on QA/QC programs are described in **Section 11 of the Technical Report**.
Verification of sampling and assaying	• Over the life of the Mine, database and QA/QC reviews have been carried out by Intrepid (March 2007, September 2007, June 2008, February 2009) and Maxwell Geoservices (2012) under Troy. RPA's QA/QC review of the 2012 – 2015 data can be found in **Section 11 of the Technical Report**. • 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. • RPA reviewed the methods and practices used by Austral to generate the resource database (including drilling, sampling, analysis, and data entry) and found the work to be appropriate for the geology and style of mineralization. RPA checked a select number of drill holes to verify the described methods and application of practices. Other checks included: • Review of the drill hole traces in 3D, level plans, and vertical sections. • Query of the database for missing or repeated data, unique header, duplicate holes, and gaps or overlapping intervals. • Comparison the gold and silver samples of assay certificates to the Vulcan database used to generate the Mineral Resource estimate. • RPA is of the opinion that the practices and procedures used to generate the Casposo database comply with industry standards and are acceptable to support Mineral Resource and Mineral Reserve estimation.
Location of data points	• Three dimensional spatial locations were calculated using collar locations and downhole survey measurements with curved path geometries. • BMG drill collars were surveyed using a GPS instrument. Acid tests (27 holes) and the Tropari system (19 holes) were used to measure the downhole deviations. • Initially drill collars were surveyed by Intrepid using a GPS instrument. All drill hole collars were resurveyed using a total station instrument. The Tropari system was used to measure the downhole deviations in 13 drill holes, the Sperry Sun method for drill holes to hole CA-07-219, and a Reflex instrument for the remainder of the holes. • Initially drill collars were surveyed using a GPS instrument by Troy. All drill hole collars were resurveyed using a total station instrument. Down hole surveys are conducted every 30 m down the length of the hole and at the end of the hole with a Reflex EZ-Trac multi-shot instrument as the hole was drilled. • All drill hole collars were surveyed using a total station instrument (Gauss Kruger, Datum Campo Inchauspe 1969 Zona 2 grid) • The surface topography is represented by a three dimensional digital terrain model (DTM). Open pit contours are generated using differential GPS.
Data spacing and distribution	• Drill hole spacing on the mine generally ranges from 12.5 m by 12.5 m at Inca 1 and Inca 2 to 40 m by 40 m at Julieta. • 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.

Criteria	Commentary
	• The dominant sampling length for diamond drill samples at Casposo is one metre and for channel samples is 0.8 m.
Orientation of data in relation to geological structure	• Drill sections are normal the strike of the mineralization. • The dip of the mineralization is approximately 45˚ to 70˚ to the southwest. • In general, the holes were drilled to cut the mineralization at as near a perpendicular orientation as possible. • Overall, there is considered to be no sampling bias from the orientation of the drilling.
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 BMG, Intrepid, and Troy or laboratory personnel using corporate vehicles. Chain of custody procedures consisted of filling out sample submittal forms that are sent to the laboratory with sample shipments to make certain that all samples were received by the laboratory. • Assay receipt was electronic and restricted to authorized personnel. • In RPA's opinion, the chain of custody and sample security measures are adequate and completed to industry standard.

Audits or reviews	• Over the life of the Mine, database and QA/QC reviews have been carried out by Intrepid (March 2007, September 2007, June 2008, February 2009) and Maxwell Geoservices (2012) under Troy. RPA's QA/QC review of the 2012 – 2015 data can be found in **Section 11 of the Technical Report**.
	• RPA reviewed the methods and practices used by Austral to generate the resource database (including drilling, sampling, analysis, and data entry) and found the work to be appropriate for the geology and style of mineralization. RPA checked a select number of drill holes to verify the described methods and application of practices. Other checks included:
	  • Review of the drill hole traces in 3D, level plans, and vertical sections.
	  • Query of the database for missing or repeated data, unique header, duplicate holes, and gaps or overlapping intervals.
	  • Comparison the gold and silver samples of assay certificates to the Vulcan database used to generate the Mineral Resource estimate.
	• RPA is of the opinion that the practices and procedures used to generate the Casposo database comply with industry standards and are acceptable to support Mineral Resource and Mineral Reserve estimation.

SECTION 2 – REPORTING OF EXPLORATION RESULTS

Criteria	Commentary
Mineral tenement and land tenure status	• 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 39.35 km^2. • Austral holds sufficient surface rights to safely and effectively operate the Mine. • 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. • On production, a "Production Royalty" of US$6/oz AuEq is to be paid to the original vendors, net of any advanced royalties. • All necessary statutory permits have been granted and the requirements have been met. Casposo is in compliance with all environmental and operating permits. • Additional land tenure information is presented in **Section 4 of the Technical Report**.
Exploration done by other parties	• 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 mineralization at Casposo. • From 1998 to 2000, BMG undertook a program of surface sampling, geological mapping, trenching, geophysics and diamond drilling, and rock chip channel sampling. • Exploration by Intrepid commenced in July 2002, with regional 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. • 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	• The mineralization identified within the Casposo Property is an example of low-sulphidation epithermal deposition of gold and silver. • The gold–silver mineralization at Casposo is structurally controlled and occurs in crustiform-colloform quartz veins and stockworks, • 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. • Additional geology and mineralogy information is presented in **Sections 7 and 8 of the Technical Report**.
Drill hole Information	• Detailed information in relation to the drill holes forming the basis of the Mineral Resource estimate is not included in this report on the basis that the dataset, consisting of some 945 holes totalling 204,823 m is too large and most of the information has been previously publically released. • Additional drill hole information is presented in **Section 10 of the Technical Report**.

Criteria	Commentary
Data aggregation methods	• Not applicable – reporting Mineral Resources and Ore Reserves.
Relationship between mineralization widths and intercept lengths	• The orientation of the veins is generally northwest and the dip of the mineralization is approximately 45˚ to 70˚ to the southwest. • The majority of drilling is oriented approximately perpendicular to the known orientation of the mineralization. • The intersection length is measured down the hole trace and may not be the true width.
Diagrams	• Appropriate maps and sections have been generated that show significant features of the deposit. See **Sections 7 and 10 of the Technical Report.**
Balanced reporting	• Not applicable – reporting Mineral Resources and Ore Reserves.
Other substantive exploration data	• No other substantial exploration data has been reviewed by RPA that would be considered meaningful or material.
Further work	• The Kamila deposit remains open down plunge to the southeast of the Inca 3 zone. The Casposo Norte and Julieta zones are not completely delineated and many smaller targets on the property remain to be fully explored.

SECTION 3 – ESTIMATION AND REPORTING OF MINERAL RESOURCES

Criteria	Commentary
Database integrity	• All drill hole data used in the Mineral Resource estimate is held within an industry standard relational digital database. • All holes were approved by appropriate Geological Management. • Over the life of the Mine, database and QA/QC reviews have been carried out by Intrepid (March 2007, September 2007, June 2008, February 2009) and Maxwell Geoservices (2012) under Troy. RPA's QA/QC review of the 2012 – 2015 data can be found in **Section 11 of the Technical Report**. • RPA has carried out a number of checks and validation routines on the data to ensure suitability for Mineral Resource estimation and classification. RPA reviewed the drill hole traces in 3D, level plans, and vertical sections. Unreasonable drill trace geometries were flagged and sent to Austral for review and updates. RPA queried the database for missing or repeated data, unique header, duplicate holes, and gaps or overlapping intervals. Overlapping intervals were discovered and corrected by Austral personnel. RPA checked the total depth recorded in in the collar table against the lithology table. • The database cut-off date for the Mineral Resource Estimation work was July 7, 2016.
Site visits	• RPA Competent Persons completed a site visit in May 2016.
Geological interpretation	• Geological modelling was conducted using vertical sectional interpretation in Maptek's Vulcan software. A total of 29 mineralization wireframes were constructed. Wireframes representing Aztec, B-vein, Casposo, Casposo Norte, Inca, Julieta, and Mercado were defined based on lithological, mineralogical, and alteration features logged in drill core. • The geological confidence is moderate to high where historical mining and significant diamond drilling has been undertaken. Geological confidence can be considered low to moderate where less drilling has been completed. • RPA visually inspected the wireframes and noted only minor issues with the wireframes including, some irregularities due to over interpretation (attempts to exclude low grade or to include high grade). These issues were addressed by Austral. RPA is of the opinion that the wireframing meets industry standard and the wireframes are suitable for constraining block estimates. • Vein continuity is relatively good. It is affected by stratigraphy and structure. Grade continuity within the veins is variable. The close-spaced drill hole spacing is sufficient to capture grade and geology changes.
Dimensions	• Mineralization at Casposo occurs along a 10 km long west–northwest to east–southeast trending regional structural corridor, with the main Kamila Vein system forming a sigmoidal set 500 m long near the centre. The Casposo mineralized district identified to date covers an area of approximately 100 km^2. • The Kamila vein system extends for over 650 m along strike and over 260 m in depth, with a general dip of -60º to -70º to the southwest. The Mercado Vein system is exposed 200 m north of the Kamila deposit and is separated from it by the east–west-trending, south-dipping Mercado Fault. This northwest–southwest-trending hydrothermal quartz vein zone extends for over 500 m along strike, and over 150 m in depth, dipping -45º to -50º to the southwest. The Julieta vein system is well exposed having an average width of about 1.7 m and a maximum width of 5 m. These veins trend northwest, extending for approximately 850 m along strike and 150 m in depth with dips averaging -65° to the southwest. • The Casposo Norte mineralization extends 300 m along strike and extends 60 m down dip.

Criteria	Commentary
Estimation and modelling techniques	• The Mineral Resource estimate is based on underground sampling and diamond drill core using Ordinary Kriging (OK) and Inverse Distance (ID) methodologies to inform block grades constrained by wireframes modelled using sectional interpretation at a nominal 2.0 g/t AuEq wireframing cut-off grade. Gold equivalents are calculated using a factor of 1 g Au = 81 g Ag, based on metal prices (US$15 per ounce silver, and US$1,200 per ounce gold) and metallurgical recoveries (92% for gold, 87% for silver). • Block sizes vary from 2 m X 2 m x 2 m to 10 m by 10 m by 10 m depending on vein width. Parent blocks are sub-celled to the geological boundaries to preserve volume. • Vulcan software was used to generate the wireframes and block models. • The drill hole data was composited to a target length of one metre base based on the length analysis of raw intercepts. • Composites were capped to between 8.8 g/t Au and 73.4 g/t Au depending on vein statistical studies. Composites were capped to between 160 g/t Ag and 6,300 g/t Ag also depending on vein statistical studies. RPA recommends capping of raw drill hole assays. • Experimental variograms were modelled based on the composites. • Wireframes were filled by blocks using a 2 m X 2 m x 2 m, 5 m x 5 m x 5 m or 10 m by 10 m by 10 m parent cell, with a minimum sub-cell size of 0.5 m or 1.0 m. Block grades were interpolated using parent cell estimation. • A two or three pass search strategy was used to inform block grades using OK or ID raised to the second or third power. Each closed wireframe solid was treated as a separate zone and sample sharing across the lenses was not permitted. The search ellipsoid parameters were based on the result of the variography. • No by-product recoveries were considered. • The grade estimation was validated using cross-validation, visual inspection of interpolated block grades versus underlying data, and swath plots. • All mining including development was depleted from the block model. • Additional information on estimation and modelling techniques is presented in **Section 14 of the Technical Report**.
Moisture	• Moisture was not considered in the density assignment and all tonnage estimates are based on dry tonnes.
Cut-off parameters	• The Mineral Resources at Casposo are reported considering underground mining methods at a 2.0 g/t AuEq cut-off grade. Gold equivalents are calculated using a factor of 1 g Au = 81 g Ag, based on metal prices (US$15 per ounce silver, and US$1,200 per ounce gold) and metallurgical recoveries (92% for gold, 87% for silver).
Mining factors or assumptions	• A minimum wireframe width of 0.5 m was used and no dilution was added to the wireframes. This issue was addressed in the mine designs used for estimating Mineral Reserves. As a result, Mineral Resources include a minor amount of very narrow mineralization, which is generally not converted to Mineral Reserves. • RPA recommends that the Mineral Resource estimates should incorporate any necessary dilution to allow appropriate mining dimensions and potentially economic extraction.
Metallurgical factors or assumptions	• Historical processing determinations return average gold recoveries of 92% and silver recoveries of 87%. • These values was used as parameters in the Mineral Resource cut-off grade calculation.

Criteria	Commentary
Environmental factors or assumptions	• All necessary statutory permits have been granted and the requirements have been met. Casposo is in compliance with all environmental and operating permits.
Bulk density	• Previous studies produced an average bulk density of 2.6 t/m^3 to convert volume to tonnes for mineralization. • Bulk density appears to have no correlation with Mineral Resource grades.

Classification	• Definitions for Mineral Resource categories are consistent with those defined by JORC (2012).
	• The following criteria were used to aid the classification of blocks:
	  • Search range
	  • Number of samples per estimate
	  • Drill spacing
	• Measured Mineral Resources were based on a minimum of four sample composites at an average estimation distance of less than 15 m and must include channel samples in the block estimate.
	• Indicated Mineral Resources also required four sample composites, however, the average estimation distance was increased to less than 30 m.
	• Inferred Resources were based on grades inside manually constructed grade shells inside the vein solids. Areas of Inferred Mineral Resources reflect mineralization with limited drill hole data.
	• In RPA's opinion, the overall classification of Mineral Resources for Casposo is reasonable.

Audits or reviews	• RPA reviewed the grade estimation using cross-validation, visual inspection of interpolated block grades versus underlying data, and swath plots.
Discussion of relative accuracy/ confidence	• No uncertainty studies have been carried out to establish the confidence and accuracy of the Mineral Resource estimate.

SECTION 4 – ESTIMATION AND REPORTING OF ORE RESERVES

Criteria	Commentary
Mineral Resource estimate for conversion to Ore Reserves	• The Mineral Resource estimate is based on underground sampling and diamond drill core assay data. Block models for each vein use Ordinary Kriging (OK) or Inverse Distance (ID) methodologies to inform block grades constrained by wireframes modelled using sectional interpretation at a nominal 2.0 g/t AuEq wireframing cut-off grade. • The grade estimation was validated using cross-validation, visual inspection of interpolated block grades versus underlying data, and swath plots. • All previous mining including development was depleted from the block models. • Mineral Resources are inclusive of Ore Reserves.
Site visits	• RPA Competent Persons completed a site visit in May 2016.
Study status	• The Casposo Mine was in production from 2011 to December 2015. After a short hiatus involving a change in ownership, Austral has restarted operations. • Inputs to Ore Reserve estimation are based on previous operating data, forecasts, and detailed mine plans.
Cut-off parameters	• A break-even cut-off grade of 2.8 g/t AuEq was estimated using a gold price of US$1,200/oz, a recovery of 90%, and estimated operating costs of US$98/tonne. This cut-off was used to evaluate stopes. • An incremental cut-off grade of 1.3 g/t AuEq was estimated in a similar manner, using only variable costs. This cut-off was used to evaluate development. • Gold equivalents were calculated using a factor of 1 g Au = 81 g Ag, based on metal prices (US$15 per ounce silver, and US$1,200 per ounce gold) and metallurgical recoveries (92% for gold, 87% for silver).
Mining factors or assumptions	• Mining is carried out using longhole stoping methods, in a longitudinal retreat sequence. • Ore Reserves are estimated from mine designs, with allowance for dilution built into the mining shapes, based on a minimum width of 2.0 m and operating experience with overbreak. Dilution averages 33%. A 95% extraction factor was applied. • The mining method considered for Ore Reserves is appropriate for the geotechnical conditions. • No Inferred Resources were included in Ore Reserves.
Metallurgical factors or assumptions	• Ore is processed by whole-ore cyanide leaching, counter-current decantation and filtration, followed by Merrill-Crowe metal recovery. • The process is appropriate for the mineralization, and has been demonstrated to be effective over five years of operation. • Recoveries used to assess economic viability of Ore Reserves are 91% for gold and 83% for silver, based on operating data. • No elements deleterious to the recovery process have been identified.
Environmental	• All required permits and approvals for operation are in place. • Tailings and mine waste rock are co-disposed in a Tailings Management Facility. • There are no direct water discharges from the site.

Infrastructure	• The Casposo Mine is an established operation with all required infrastructure in place, including: o A site access road o A power transmission line o A crushing plant and 1,100 tpd mill o A dry-stack tailings/waste management facility o An administrative building o A laboratory o Maintenance facilities o A core processing and sample preparation facility o A fenced property perimeter and gated security entrance o Underground workings providing access to ore
Costs	• Capital costs include ongoing mine development, process sustaining capital, an allowance for working capital, and reclamation and closure costs. • Costs incurred by Austral prior to June 30, 2016, including acquisition costs, mine development, and process improvements, are treated as sunk. • Operating costs were estimated based on modifying historical costs to fit the current Life of Mine Plan, including proposed changes in operating practices. • The quality of the product (doré bars) is such that penalty charges do not apply. • Ore Reserves are estimated using metal prices of US$1,250/oz Au and US$15/oz Ag, based on consensus long-term forecast prices from independent banks and financial institutions. Ore Reserves demonstrate economic viability at those prices. • The exchange rate used to convert costs in Argentinian pesos (ARS) to US dollars (USD) is ARS 14 = USD 1.00. • Terms for transport and refining of doré bars are based on contracts currently in place. • Royalties applicable to the mine revenue include: o Provincial Royalty of 3% of gross revenue. o Fideicomiso of 1.5% of gross revenue. o Owner's Royalty of US$5.00 per ounce AuEq.
Revenue factors	• Ore Reserves are estimated using metal prices of US$1,250/oz Au and US$15/oz Ag, based on consensus long-term forecast prices from independent banks and financial institutions. Ore Reserves demonstrate economic viability at those prices. • The exchange rate used to convert costs in Argentinian pesos (ARS) to US dollars (USD) is ARS 14 = USD 1.00. • Terms for transport and refining of doré bars are based on contracts currently in place.
Market assessment	• Gold and silver are freely traded, at prices and terms that are widely known, such that prospects for sale of any production are virtually assured.
Economic	• Economic analysis is based on the Life of Mine Plan, revenue terms, cost estimates, and applicable taxes and royalties. • No allowance for inflation is included. • After-tax NPV ranges from $36 M to $37 M for discount rates ranging from 5% to 10%. • NPV sensitivity was examined for key inputs including metal prices, head grades, recoveries, operating costs, and capital costs. The cash flow is most sensitive to metal prices and head grades.

Social	• All necessary agreements are in place.
Other	• All necessary approvals and permits are in place for operations.
Classification	• Measured Mineral Resources within the stope and development designs were classified as Proved Ore Reserves. • Indicated Mineral Resources within the stope and development designs were classified as Probable Ore Reserves. • In the opinion of the Competent Person, the Ore Reserve estimate reflects a reasonable view of the deposit.
Audits or reviews	• The Ore Reserve estimate reflects RPA's ongoing review of Austral's estimation methodology and results during the estimation process.
Discussion of relative accuracy/ confidence	• The estimate incorporates improved dilution assumptions, relative to historical results. A number of operational adjustments aimed at reducing dilution have been applied, and early results are positive. As mining continues, dilution measurements will confirm updated assumptions. • Reconciliation of production results to Ore Reserve estimates will provide the best measurement of estimation accuracy.

CONSENTS

The information in this Press Release that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Competent Persons Kathleen Ann Altman, Member of the Mining and Metallurgical Society of America, Jason J. Cox and Chester M. Moore, both P.Eng. registered with Professional Engineers Ontario. Ms Altman, Mr Cox and Mr Moore are employed by Roscoe Postle Associates Inc. and are independent of Austral Gold Limited.

Ms Altman, Mr Cox and Mr Moore have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Ms Altman, Mr Cox and Mr Moore consent to the inclusion in the press release of the matters based on his (or her) information in the form and context in which it appears.