

MEDIA RELEASE

Austral Gold Limited

31 August 2015

Austral Gold to Strengthen Asset Base with Proposed Acquisition of Argentex Mining Corporation

- **Austral Gold to acquire Argentex Mining Corporation (TSXV: ATX; OTCQB: AGXMF), a junior mineral exploration resource company with assets in Argentina.**
- **Argentex Board supports the transaction**
- **All share transaction – represents total consideration of approximately CAD\$5.8 million.**
- **Austral Gold to seek listing on TSX Venture Exchange upon completion of transaction.**
- **Transaction represents Austral Gold's continued evolution in establishing a high quality precious metals portfolio of South American assets.**

Austral Gold Limited ("Austral Gold", ASX: AGD) is pleased to announce that the board of directors of Argentex Mining Corporation ("Argentex Mining", TSXV: ATX; OTCQB: AGXMF) has approved entering into a binding letter agreement (the "Agreement") with Austral Gold, in connection with a business combination transaction involving Austral Gold and Argentex Mining.

Pursuant to the Agreement, Austral Gold has agreed to acquire all of the issued and outstanding common shares of Argentex ("Argentex Shares") that are not already held by Austral Gold and its subsidiaries, which represents approximately 80.1% of the Argentex Shares currently outstanding (the "Transaction").

The proposed Transaction is expected to be completed by way of a share-for-share exchange whereby Argentex Shareholders (other than Austral Gold and its subsidiaries) are expected to receive 0.5651 of an ordinary share of Austral Gold in respect of each Argentex Share held (the "Exchange Ratio"), which represents an implied valuation of CAD\$~0.08 per Argentex Share (or CAD\$~5.8 million total valuation) and ~7.75% of the total outstanding shares of Austral Gold after adjusting for the shares issued in the Transaction.

As previously reported, Argentex owns an impressive portfolio of mineral exploration and development assets in Argentina's Santa Cruz and Rio Negro provinces. In total, Argentex holds 100% of the mineral rights of more than 27 properties with over 264,403 acres (107,000 hectares) of land. The company's flagship asset, the Pingüino Silver-Gold project (the "Pingüino Project") in the Santa Cruz Province of Argentina, covers 10,000 hectare and includes 26.7 million silver-equivalent-ounces in the indicated category at grades of 103.4 g/t Ag and 0.58 g/t Au. It is aligned along the Pingüino system in which over 70 individual vein segments have been identified with a combined strike length of over 113 line-kilometres.

Austral Gold brings to the proposed combined company extensive local technical and corporate experience and an operating gold mine with current positive free cash flow. As part of the proposed Transaction, Austral Gold will seek to list its ordinary shares for trading on the TSX Venture Exchange, with the intention that such shares commence trading shortly after the completion of the proposed Transaction.

The Chief Executive Officer of Argentex Mining, Mr. Mike Brown, said: "We are excited by the prospect of merging with Austral Gold to create a platform of growth for precious metals in South America. The merger will create a Company with a unique blend of operations and development projects in the Americas, with access to existing cash flow from a low cost Guanaco mine in Chile. The Company will have a highly experienced development and operational team which will advance

our Pingüino project with the ability to exploit other opportunities in the region. This presents a unique value proposition for our shareholders in the current market. We believe that the Transaction adds immediate value for our existing shareholders while providing Austral Gold with additional quality development projects, an experienced exploration team and corporate and market experience” concluded Mike Brown.

Mr. Eduardo Elsztain, Chairman of Austral Gold commented: "The proposed acquisition of Argentex Mining represents another step in our objective of becoming a broad-based precious metals company and a leading regional player in South America. We have had a strategy of prudently deploying our capital to invest in projects and equity stakes in precious metals companies that we believe have considerable upside value. Argentex Mining represents one such opportunity and we are confident that their shareholders will recognise the benefits of being part of Austral Gold.

We also believe now is the right time to pursue a listing on the TSX Venture Exchange as this will give us access to a wider investor base in North America where our group of companies has a well-established and strong reputation. This investor base will be important as we continue to strengthen our asset base in South America. We have a number of additional opportunities we are pursuing and we look forward to updating shareholders in this regard."

The proposed Transaction is subject to all applicable regulatory, court, stock exchange and shareholder approvals. In addition, the Exchange Ratio may be adjusted in certain circumstances, including as a result of any change in the capital structure of either Argentex or Austral (other than a change resulting from the completion by Austral of a financing transaction on specified terms).

About the Pingüino Project

The following resource estimates were reported in respect of the Pingüino Project in a technical report dated September 19, 2014 (effective August 9, 2014) entitled "Updated Technical Report on the Pingüino Project":

Resource Summary

Indicated	Grade (g/t)			Grade		Ounces (000's)			Pounds (000's)		
	Tonnes ('000)	Ag eq	Ag	Au	Zn (%)	Pb (%)	Ag	Ag eq	Au	Zn	Pb
	6,281	132.3	103.4	0.58	0.77	0.54	20,877.0	26,717.0	116.8	107,225	74,993

Inferred	Grade (g/t)			Grade		Ounces (000's)			Pounds (000's)		
	Tonnes ('000)	Ag eq	Ag	Au	Zn (%)	Pb (%)	Ag	Ag eq	Au	Zn	Pb
	2,207	98.0	65.3	0.66	0.52	0.35	4,632.0	6,957.0	46.5	25,378	17,062

It is noted that the resource estimates in this announcement are foreign resource estimates and not reported in accordance with the JORC Code. A Competent Person (as defined in the JORC Code) has not done sufficient work to classify the foreign resource estimates as inferred mineral resources in accordance with the JORC Code and it is uncertain that, following evaluation and/or further exploration work, the foreign resource estimates will be able to be reported as mineral resources in accordance with the JORC Code.

Notes:

1. *Ag equivalent grade = Ag grade + (Au grade * 50) (Rounding may cause apparent discrepancies).*
2. *Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the estimated Mineral Resources will be converted into Mineral Reserves. All Mineral Resources have been classified in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM"), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the Standards Committee on Reserve Definitions and adopted by the CIM Council on December 11, 2005 and updated on November 27, 2010 and on May 10, 2014.*

3. Two cutoffs are used for reporting the resources: 40g/t AgEq for elevations above 270 metres, and 100g/t AgEq for elevations below 270 metres. Average surface elevations at the Pingüino property are around 400 metres above sea-level.
4. Reports resources at cutoffs that are reasonable for deposits of this nature given anticipated mining methods and plant processing costs, while also considering economic conditions.
5. For the Luna, Savary and CSV veins, resources were reported only for those that fell within a floated cone based on reasonable assumptions and prices for resource reporting for open pit mining.
6. Grades presented are in situ and have been reported to 3 metres by 6 metres by 4 metres (high) blocks.
7. Tonnes reported are for all veins, as are gold and silver grades and ounces, but zinc and lead pounds and grades are exclusive of Luna, Savary, Karina, and CSV veins, which did not have zinc and lead estimated.
8. All equivalent ounces for silver were calculated by Argentex Mining.

Cautionary Note Regarding Forward-Looking Statements

Certain statements contained in this press release constitute forward-looking statements and forward-looking information (collectively, "**Forward-Looking Statements**") and Austral Gold cautions investors about important factors that could cause Austral Gold's actual results to differ materially from those expressed, implied or projected in any Forward-Looking Statements included in this press release. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "will likely result", "are expected to", "expects", "will continue", "is anticipated", "anticipates", "may", "could", "believes", "estimates", "intends", "plans", "forecast", "projection" and "outlook") are not historical facts and may be Forward-Looking Statements that involve projections, estimates, assumptions, known and unknown risks and uncertainties which could cause actual results or outcomes to differ materially from those expressed in such Forward-Looking Statements or otherwise materially inaccurate. No assurance can be given that these expectations or assumptions will prove to be correct and such Forward-Looking Statements included in this press release should not be unduly relied upon. These Forward-Looking Statements speak only as of management's beliefs and expectations as of the date of this press release. In addition, this press release may contain Forward-Looking Statements drawn from or attributed to third party sources. Accordingly, any such statements are qualified in their entirety by reference to the information discussed throughout this press release.

In particular, this press release contains Forward-Looking Statements regarding the proposed Transaction involving the business combination of Austral Gold and Argentex Mining, the binding nature of the Agreement, the implied valuation of the share consideration, the enterprise valuation of Argentex Mining, that the proposed Transaction is expected to be completed by way of share-for-share exchange, the Pingüino Project, that Austral Gold will bring extensive local technical and corporate experience to the combined business, the intention to list the ordinary shares of Austral Gold on the TSX Venture Exchange, the timing for trading of the ordinary shares of Austral Gold on the TSX Venture Exchange, anticipated future financial, structural, growth and operating performance of Austral Gold, including as it pertains to the operations detailed in this press release.

Actual results may differ materially due to a number of risks and uncertainties faced by Austral Gold, including, but not limited to: failure to satisfy the conditions precedent to completing the Transaction; general economic and business conditions; the price of gold and silver; global financial conditions; third parties honouring their contractual obligations with Austral Gold and its subsidiaries; relationships with operating and/or joint venture partners; inaccuracy, incompleteness or omissions in any of the financial and other information upon which management bases its analysis of the Transaction; the failure to realize the anticipated benefits of Transaction; factors relating to the mining industry, including prices of gold and silver; licensing risk; regulatory requirements; dependence on key personnel at the management and operational levels; changes in federal, provincial and foreign laws and regulations; competition for, among other things, capital, equipment and skilled personnel; the inability to generate sufficient cash flow from operations to meet future obligations; the inability to obtain required debt and/or equity financing for future acquisitions on suitable terms; competition for acquisition targets; seasonality and fluctuations in results; and limited diversification of Austral Gold's business industries, structures and operations. Austral Gold cautions that the list and description of Forward-Looking Statements, risks, assumptions and uncertainties set out above is not exhaustive. Austral Gold will update the Forward-Looking Statements as required by securities law. All Forward-Looking Statements contained in this press release are qualified by these cautionary statements.

Unless otherwise specified in this press release, information contained in this press release is current as of the date of this press release. Unless otherwise specified, all dollar amounts herein refer to Canadian dollars. Additional information on these and other factors that could affect the operations or financial results of Austral Gold and its subsidiaries may be included in disclosure documents filed publicly by Austral Gold. 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.

Competent Person

The information in this announcement that relates to resource estimates for the Pingüino Project has been approved by Mr. Robert Trzebski, a director of Austral Gold. Mr. Trzebski has reviewed the resource estimates for the Pingüino Project disclosed in this announcement, but has not verified the information. Mr. Trzebski has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and the activity he is undertaking to qualify as a Competent Person (as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results ("JORC Code")). Mr. Trzebski consents to the inclusion in this announcement of the resource estimates for the Pingüino Project in the form and context in which it appears.

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