



## CHAIRMAN'S ADDRESS

Austral Gold Limited General Meeting – 29 November 2017

Dear Shareholders

The 2017 financial year has been another year of significant progress for Austral Gold. We expanded our asset base, constructed a new processing facility at our flagship the Guanaco mine in Chile and further strengthened our team. Combined, these put us in a solid position as we look to continue to grow and seek value enhancing opportunities.

Austral Gold continued to deliver stable production and the 2017 financial year was the fifth consecutive year where we met production targets. We expect to grow future production as Austral Gold realises the benefits from the investment we have made in expanding the production capacity in Chile, and from the increase in our ownership of the Casposo mine in Argentina from 51% to 70%.

The Board is proud of some key milestones Austral Gold achieved in FY17 and early FY18:

- We commenced open pit mining operations on the Central Vein at Amancaya, which is a high grade gold and silver vein hosted deposit approximately 70 kilometres from the Guanaco mine.
- The pre-feasibility study completed for the combined operation of both Guanaco and Amancaya has demonstrated robust economics and a life of mine of five years from current reserves. The Amancaya ore is being trucked to the nearby plant at Guanaco, which has greatly reduced the capital expenditure. We expect Amancaya to be a platform for long term production in Chile, with significant exploration opportunity to potentially expand mining operations on the property, which we consider to contain a significant vein array.
- We completed construction of the 1,500 tonnes per day agitation leach and Merrill-Crowe plant to process production from our Guanaco and Amancaya mining operations.

- We connected to the Taltal Wind Farm and entered a power supply agreement with the northern Chile power grid. This grid connection should not only decrease the current power costs by more than 50%, but it should also significantly reduce the carbon footprint of the Guanaco operation by avoiding the diesel consumption that is currently used to generate power at the on-site plant.
- Following the acquisition of our initial interest in the Casposo mine from Troy Resources in FY16, we exercised the option to acquire a further 19% in March 2017. There has been now stable production at Casposo for three consecutive quarters which was achieved by Austral Gold management having optimised operations and advanced gold and silver production.
- We ramped up exploration with the most prospective results to date that included the discovery of a new high grade gold vein at the Amancaya property.
- Our CEO, Stabro Kasaneva has re-structured and strengthened the corporate and technical teams to respond to the scale up of our operations, and to continuously improve operations and pursue further value adding opportunities.
- Major work was undertaken to establish a platform of long term reserves at our operations. During FY17, a maiden reserve and resource estimate was completed, in accordance with both NI 43-101 and JORC2012, for both the Guanaco and Amancaya mines. Similarly, for the re-commissioned Casposo mine, a new resource and reserve estimate was completed by independent consultants in September 2016 which coincided with the relaunch of production.
- We completed the acquisition of Argentex Mining Corporation in August 2016, which owns the Pinguino Project, an advanced stage Silver-Gold-Zinc-Lead-Indium development project located in Santa Cruz, Argentina. In the last 15 years, 6 mines have been constructed in Santa Cruz, making it one of the most prolific precious metal provinces in the world, including world class deposits such as Cerro Vanguadia and Cerro Negro.
- Lastly, we successfully dual listed on the TSX-V, a key exchange for resource stocks, under the ticker AGLD. The Company now trades on both the ASX and the TSX-V.

We continue to invest in value-accretive projects. On 13 July 2017, we entered into a binding Letter of Intent to acquire the San Guillermo and Reprado projects in Chile from Revelo Resources Corporation. These projects are strategically located around and along strike to the Amancaya property, which we believe is prospective for further exploration discovery of additional precious metals mineralisation.

Safety is a key focus for our Company. We are working at integrating this culture across our new operation at Casposo, Argentina, the new open pit operation at Amancaya and the new processing plant at Guanaco. We remain committed to the well-being of our employees and the communities in which we operate and continue to promote the highest health, safety and environmental standards. We are committed to supporting the local communities in which we operate through hiring of local personnel and community and education initiatives.

Austral Gold is well placed for FY18. Our strategic acquisitions, backed by an experienced executive management team, strong technical team - with a proven operational and exploration track record, exceptional networking in Chile and Argentina and a deep knowledge of the mining industry in both countries provide the platform for continued growth. We anticipate this will be a landmark year of growth and development as we ramp up processing at the new processing plant in Chile, continue to streamline and enhance production at Casposo in Argentina, secure further brownfield prospects in both Chile and Argentina and explore new strategic opportunities.

Our CEO, Stabro Kasaneva and his team are to be commended for their efforts this year. I can assure fellow shareholders that we indeed have one of the best exploration and mine development teams in South America and this gives us a major strategic advantage as we continue to build Austral Gold into a leading precious metals company. Our Board is committed to this stated vision.

I also believe gold and silver prices have begun a new, long-term bull market and I expect Austral Gold to deliver value to investors by increasing both our revenues and the capital value of our mineral resources.

I would like to thank our shareholders for their continued support, all of our employees and contractors, and my fellow Board members for their hard work and dedication throughout the year.

**Robert Trzebski (on behalf of Austral Gold Ltd Chairman, Eduardo Elsztein)**

**Non-Executive Director – Austral Gold Limited**