



MEDIA RELEASE

Austral Gold Limited

4 April 2019

Casposo Mine Update

Austral Gold Limited (the “Company” or “Austral”) (ASX: AGD; TSX-V: AGLD) advises that it has completed its comprehensive review of operations for its 70% owned Casposo mine in Argentina, and as the mine operator, has decided to temporarily place the mine on care and maintenance during April 2019.

The decision was based on lower than budgeted silver prices and less than expected production in 2018 and 2019. These factors resulted in the mine currently operating at a loss and markedly reducing the inventory of mineral reserves of the project. During 2019, the Casposo underground mine continued to be affected by lower head grades and lower tonnage of ore extraction, although this was partially offset by the new Julieta open pit operation which commenced in January 2019. Total production for the March 2019 quarter was 3,207 gold equivalent ounces, a 90% decrease from production of 6,101 gold equivalent ounces during the previous quarter ended 31 December 2018.

Costs to place the mine on care and maintenance are estimated to be approximately US\$3 million plus repayment of US\$2 million of borrowings and is expected to affect 200 employees and 50 contractors. The Company is currently evaluating financing alternatives to fund these costs.

In the near-term, Austral plans to increase exploration activities at Casposo with a focus on certain advanced targets. The Company is also exploring opportunities to process ore from third parties that have deposits surrounding the mine to position Casposo as a central processing hub and toll treater for local exploration and development companies. The Company believes these activities will contribute towards its goal of recommencing processing operations in the future.

Austral will retain a core team of employees to oversee the site, meet environmental monitoring and legal obligations, and continue with exploration activities during the care and maintenance phase.

About Casposo

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 2016, Austral recommenced operations of Casposo after acquiring 51% of the economic interests of the mine from former operator Troy Resources Limited ("Troy") and completing an updated Mineral Resource and Ore Reserve Estimate reviewed by independent consultants Roscoe Postle Associates ("RPA").

As disclosed in the Company's press release dated September 27, 2016, the updated estimates for Casposo were 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").

The new designed mine plan included in the Technical Report extended the life of Casposo for a further four years until 2019. Austral has operated the mine for approximately three years since it was recommissioned in 2016. As the mine operator, the Company (i) spent approximately US\$25 million on capital expenditures (Capex) towards mine development, acquisition of mining equipment, improvements at the processing plant, amongst others, (ii) increased the number of employees to a peak of 300 employees when operations were recommenced from the previous care and maintenance phase implemented by Troy, and (iii) produced more than 90,000 gold equivalent ounces since 2016.

Austral currently holds a 70% interest in Casposo. For further information about the Casposo acquisition and the remaining options that Austral holds to acquire the remaining interest of the project please consult the Company's website www.australgold.com.

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/Amancaya 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).

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.

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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 costs to place the mine on care and maintenance are estimated to be approximately US\$3 million plus repayment of US\$2 million of borrowings and is expected to affect 200 employees and 50 contractors, most of the care and maintenance costs are expected to be internally funded from Austral's cash generating Guanaco/Amancaya mines and the Company's plans to increase exploration activities at Casposo with a focus on certain advanced targets. 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.