

MEDIA RELEASE

Austral Gold Limited

6 March 2017

Austral Gold acquires a further 19% of Casposo Mine

- **Austral has paid US\$1 million to increase its stake in Casposo silver-gold mine by 19%, bringing total ownership to 70% as per the agreement with Troy.**
- **A further US\$1 million was also paid from Casposo to Troy as part of the agreement related to the collection of VAT credits outstanding at the time of Austral acquisition (the “Deferred Payment”).**
- **Austral has markedly improved Casposo’s operations since assuming management of the mine.**

Austral Gold Limited (‘Austral’ or ‘the Company’) (ASX: AGD; TSXV: AGLD) is pleased to announce that the Company has paid US\$1 million to Troy Resources Limited (‘Troy’) (ASX: TRY) to acquire an additional 19% interest in the Casposo silver-gold mine located in San Juan, Argentina (‘Casposo’).

Following Austral acquiring operatorship through an agreement entered into with Troy in March 2016, Austral recommissioned the mine and plant and commenced full operations in November 2016.

Since it started operating Casposo, Austral has made significant progress in a number of areas including changes to the workforce, key changes to the equipment used in underground production, economies of scale, amongst others. Operational benefits have also been realised from implementing processes used in Austral’s other producing mine, Guanaco Mine, and though improvements in the processing plant.

“The Casposo mine is a key piece of our growth strategy, with a large resource and significant potential for growth in the resource and new discoveries through brownfield and regional exploration”, stated Stabro Kasaneva, CEO of Austral. “We are working towards our targeted production rates as we adapt the mine and workforce to narrow vein mining methodology. This has brought its challenges, but we are confident we are now on the path to meet our targets”.

To date, Austral has invested US\$5.8 million on developing Casposo and recommissioning operations, US\$4.3 million from internal cash reserves and US\$1.5 million through external financing.

Casposo agreement

Under the agreement between Austral and Troy signed in March 2016, Austral paid US\$1 million for 51% operatorship and undertook to fund up to US\$10 million in studies and CAPEX to recommission the mine. Austral was entitled to acquire a further 19% of Casposo by paying US\$1 million.

Troy was also entitled to receive US\$2 million in deferred payments, with US\$1 million paid in September 2016 and the remaining US\$1 million being the Deferred Payment.

Austral still has options to acquire the remaining 30% as follows:

- 10% for US\$1,500,000 in December 2018;
- 10% for US\$2,500,000 in December 2019; and

- 10% for US\$3,000,000 in December 2020.

The exercise price of each option is subject to adjustment if the price of silver is at US\$16/oz Ag or greater.

Qualified Persons

The scientific and technical content of this news release has been prepared by, or under the supervision of Michael Brown, MAIG, and has been reviewed and approved by him. Mr Brown is a Geologist and Member of Australian Institute of GeoScientists and an employee of Austral Gold Limited. Mr Brown is a "qualified person" for the purposes of National Instrument 43-101, *Standards of Disclosure for Mineral Projects*.

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 mine in Chile is a low-cost 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 (TSX-V:AGLD), and the Australian Securities Exchange (ASX: AGD). For more information, please consult the company's website 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.

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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 the Company's expectation that it could be in a position to make a production decision on Casposo very shortly; its anticipation that the new mining methods being adopted at Casposo will impact operations positively going forward; the Company's production projection for Guanaco for calendar 2017 of 45,500-51,000 ounces of Gold (AuEq oz); its expectation that construction of the new agitation leach plant (Merrill-Crowe circuit) will be completed by the end of March 2017 and that the pre-feasibility study from Roscoe Postle & Associates should be completed by the end of the first quarter of 2017; and its expectation that production for the calendar year 2017 will be 50,000 gold equivalent ounces with a goal of reaching an AISC of US\$957 per ounce, and expectation that it will pay \$1 million to Troy Resources in March 2017 to earn an additional 19% of Casposo. 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.