

Austral Gold Provides Mining Operations and Corporate Update

Sydney, Australia--(Newsfile Corp. - January 21, 2019) - Austral Gold Limited (ASX: AGD) (TSXV: AGLD) (the "Company") is pleased to provide an update on its Mining operations and a Corporate Update with respect to its option on Casposo.

Guanaco/Amancaya

Total production for 2018 was 61,271 gold equivalent ounces which is in full compliance with the 62,000 gold equivalent ounces production guidance for the year.

The 2019 guidance for costs and production levels will be reported in detail in the upcoming 2018 December quarterly report which is to be released by the end of January 2019. The Company anticipates production guidance in the 71,000-75,000 gold equivalent ounces range, which is an increase of approximately 20% from 2018 production.

Casposo

Total production for 2018 was 26,836 gold equivalent ounces which is in line with the revised production guidance of 26,000 gold equivalent ounces provided in the Company's September 2018 quarterly activity report ("Q3 2018 report"), but significantly lower in comparison to the 2018 guidance of 43,000 gold equivalent ounces provided in the Company's December 2017 quarterly report.

As disclosed in the Company's Q3 2018 report, management commenced a comprehensive review of Casposo due to the current challenging macroeconomic environment and operational performance of the Mine. Based on the review, the Company has implemented cost saving initiatives and reduced its workforce to align with the newly designed short-term mine plan of 12,000-16,000 gold equivalent ounces for the first half of 2019, while continuing with exploration activities with the goal of extending the life of mine of the project. Additional details will be provided in the December 2018 quarterly activity report which will be released prior to the end of January 2019.

Based on our request, Troy Resources Limited agreed to extend the closing date for the exercise of Option 3 of the Casposo Sale Agreement from 15 January 2019 to 31 March 2019. This Option was part of the original Sale Agreement in respect of 70% of the Casposo project in Argentina acquired from Troy Resources Limited, with Option 3 the Company to acquire an additional 10% of the project. The remaining 20% is also subject to 2 options of 10% each exercisable in January 2020 and January 2021.

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 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). 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 production guidance for 2019 for the Company's Guanaco/Amancaya and Casposo mines, continuing with exploration activities at Casposo and that additional details will be provided in the December 2018 quarterly activity report which will be released prior to the end of January 2019. 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.