Austral Gold Announces Drilling Results at Sierra Inesperada, Chile

30.01.2020 | Newsfile

Highlights:

- A mineralised NW structural Corridor has been identified at Sierra Inesperada as a result of the 2019 December quarterly exploration program.
- Sierra Inesperada represents a new exploration area for the Company - located SW of the Guanaco Mine area.
- Attractive new intersections observed from the 4,806 meters reverse circulation ("RC") and diamond drill hole ("DDH") campaign included:
  - 8.0m @ 4.26 g/t Au incl. 1m @ 19.17 g/t Au
  - 14m @ 2.90 g/t Au incl. 1.0m @ 13.77 g/t Au
  - 4.05m @ 3.99 g/t Au incl. 0.63m @ 13.80 g/t Au

Sydney, January 30, 2020 - Austral Gold Ltd. (ASX: AGD) (TSXV: AGLD) ("Austral" or the "Company") is pleased to announce exploration drilling results from its recent drill program at the Sierra Inesperada property, which is located near the Company's Guanaco Mine.

Sierra Inesperada is located approximately seven kilometers southwest of the Guanaco Mine. During the fourth quarter of 2019, the Company conducted a drill campaign comprising 48 holes and 4,806 meters, with 4,256 meters of RC and 550 meters of DDH drilling.

Austral Gold's Chief Executive Officer Stabro Kasaneva said: "Our technical team is very encouraged by these drilling results. We will analyze these results further as we plan our next drilling program for Q1 2020, as well as metallurgical testing and a geophysics campaign using ground magnetometry at Sierra Inesperada."

A mineralised structural corridor was identified, which is oriented N60 W / 85 SW, with a thickness that varies between 5 and 40 meters and an interpreted depth greater than 150 meters and strike of 200 meters. The structures have brecciated textures with fragments of gray quartz, vuggy silica and lithics. The wall rock is affected by an advanced argillic alteration with moderate to intense silicification and a strong presence of alunite.

The oxidation zone is recognized by the presence of iron oxides that mostly correspond to hematite-jarosite and traces of copper oxides. The sulphide zone is clearly represented by the weak to high presence of disseminated pyrite in irregular veinlets. Gray sulphides are observed as enargite and traces of chalcocite, which are arranged as a very thin patina in the pyrite.

The host rock of the mineralization corresponds to a pyroclastic sequence formed by layers of tuffs and lithic tuffs of andesitic-dacitic composition, defined as Inesperada Hydro-magmatic Sequence. It covers a unit of green porphyric andesites with medium-sized plagioclase phenocrystals.

The gold grades observed varied mostly in a range between 0.5 gr/t and 3 gr/t Au, with a maximum gold grade of 19.17 gr/t Au. See Table 1 for all mineralized intercepts.

The Company assumes that the geological characteristics and orientation of the structural patterns observed in the veins will provide an important exploration guide to recognize the mineral potential of the Sierra Inesperada. A location map of the Sierra Inesperada project is set out in Figure 1.

Figure 1: Location map Sierra Inesperada

To view an enhanced version of Figure 1, please visit:
https://orders.newsfilecorp.com/files/690/51953_db87bae354d408f3_002full.jpg

SIERRA INESPERADA PROJECT - Drilling Results*

Drill hole	From (m)	To (m)	Length (m)	Au (g/t)	Ag (g/t)	Cu (g/t)	Au Eq (g/t)
INES_7N	28	34	6	1.91	12	193	2.05
	46	54	8	1.53	16	83	1.71
INES_8N	36	40	4	1.00	6	106	1.06
	73	74	1	1.15	15	56	1.32
	78	86	8	2.82	16	114	3.00
	Including 78-79 (1m) : 3,90 g/t Au						
	Including 81-83m (2m): 4,79 g/t Au						
	Including 84-86 (2m) : 2,95 g/t Au						
	101	107	6	1.26	6	105	1.33
INES_15N	10	26	16	1.05	8	215	1.14
	28	32	4	1.31	7	217	1.39
	42	47	5	1.43	20	174	1.65
	48	49	1	1.57	21	265	1.80
	54	57	3	1.15	8	101	1.24
	54	67	13	1.80	64	701	2.52
INES_16N	60	64	4	1.87	23	127	2.13
	77	79	2	1.14	36	131	1.55
	80	87	7	2.17	44	159	2.67
	Including 85-86m (1m): 5,03 g/t Au						
	92	100	8	1.2	8	158	1.27
	102	103	1	1.2	21	336	1.45
INES_18N	12	16	4	1.3	24	686	1.57
	64	65	1	1.2	5	36	1.21
	66	68	2	1.2	14	33	1.31
INES_19N	38	46	8	1.2	48	53	1.71
	52	58	6	1.3	16	63	1.49
	60	67	7	1.9	32	93	2.28
	67	76	9	4.6	31	73	4.98
	Including 69-73m (4m): 6,0 g/t Au						
	Including 75-76m (1m): 6,4 g/t Au						
INES_20N	26	28	2	1.03	9	117	1.13
INES_21N	40	42	2	1.06	5	38	1.12
	44	46	2	1.08	10	50	1.19
	50	54	4	1.65	25	51	1.93
	56	59	3	1.22	13	84	1.37
INES_22N	38	40	2	1.20	8	49	1.29
	46	52	6	1.14	12	57	1.28

Drill hole	From (m)	To (m)	Length (m)	Au (g/t)	Ag (g/t)	Cu (g/t)	Au Eq (g/t)
INES_24N DDH	52.1	52.5	0.4	12.05	126	130	13.47
	53.75	61.77	8.02	1.45	13	51	1.59
	75	75.34	0.34	1.11	13	120	1.26
	122.85	134.8	11.95	2.66	41	11136	3.13
	Including 123,47-124,44m (0,97m): 8,83 g/t Au						
	Including 127,31-139,11m (1,8m): 6,86 g/t Au						
	149.45	150.8	1.35	2.16	21	16026	2.39
	153.43	155.1	1.67	1.04	20	10334	1.26
	180.52	181.32	0.8	3.08	9	2780	3.18
	184.37	186.44	2.07	1.48	14	6752	1.64
	188.17	190.12	1.95	1.94	36	2586	2.34

INES_26N	39	40	1	1.47	56	141	2.10
	44	45	1	4.45	21	102	4.69
	52	54	2	1.38	22	116	1.63
	56	60	4	1.55	25	68	1.83
INES_27N	11	16	5	1.29	10	156	1.41
	33	35	2	1.40	19	161	1.62
	63	79	16	2.29	12	107	2.42
			Including 77-79m (2m): 6,64 g/t Au				
	81	95	14	2.90	33	107	3.27
			Including 84-85m (1m): 13,77 g/t Au				
INES_28N	24	28	4	1.92	6	98	1.99
	31	38	7	2.04	6	65	2.11
	45	52	7	2.47	22	37	2.72
			Including 46-47m (1m): 7,77 g/t Au				
	56	57	1	1.66	19	71	1.88
INES_29N	12	24	12	2.08	26	558	2.37
			Including 12-13m (1m): 8,30 g/t Au				
	37	38	1	3.63	70	173	4.42
INES_31N	14	15	1	1.60	9	142	1.70
	17	20	3	1.61	7	83	1.69
	23	28	5	1.60	4	95	1.65
	32	36	4	1.15	3	90	1.18
	38	39	1	2.18	7	93	2.26
	42	43	1	1.62	22	79	1.87
INES_32N	21	22	1	1.40	9	317	1.50
	49	54	5	1.31	39	220	1.74
	56	57	1	1.07	10	287	1.19
INES_35N DDH	42.6	45.58	2.98	1.12	16	94	1.30
	56.95	61.03	4.08	1.85	35	190	2.25
	65.5	75.75	10.25	1.97	23	97	2.23
Drill hole	From (m)	To (m)	Length (m)	Au (g/t)	Ag (g/t)	Cu (g/t)	Au Eq (g/t)
INES_36N DDH	25.78	27.45	1.67	2.35	4	40	2.40
	36.45	38.6	2.15	1.27	4	20	1.31
	40.6	54	13.4	2.68	13	61	2.83
			Including 40,6-42,6m (2m): 5,71 g/t Au				
INES_37N	38	39	1	1.03	30	49	1.37
	47	54	7	1.60	3.6	74	1.64
INES_38N	38	40	2	1.45	49	88	2.00
	45	51	6	2.45	20	78	2.67
			Including 48-49m (1m): 5,62 g/t Au				
	53	64	11	1.54	4	92	1.59
	67	75	8	4.26	21	106	4.50
			Including 67-68m (1m): 19,17 g/t Au				
INES_40N	22	24	2	1.76	41	346	2.22
	34	37	3	2.12	29	104	2.45
	61	69	8	2.18	8	137	2.27
	76	79	3	3.42	75	135	4.26
			Including 78-79m (1m): 6,90 g/t Au				
	87	88	1	1.11	6	57	1.18
INES_41N	45	48	3	1.88	8	210	1.97
	50	51	1	1.92	10	210	2.04
	52	56	4	1.24	6	161	1.31
	59	65	6	1.71	8	96	1.80
INES_42N DDH	44.4	47.5	3.1	1.05	4	114	1.10
	58.8	68.1	9.3	1.27	25	163	1.55
	71.25	73.2	1.95	1.05	15	200	1.22
	75.05	82.6	7.55	2.08	16	171	2.26
			Including 79,63-81m (1,37m): 5,48 g/t Au				

	85.55	86.43	0.88	8.18	36	200	8.59
	88	89.74	1.74	1.91	8	83	2.00
	91.09	93.87	2.78	3.43	30	164	3.77
	Including 92,65-93,2m (0,55m): 8,08 g/t Au						
	97.68	101.73	4.05	3.99	22	163	4.24
	Including 101,1-101,73m (0,63m): 13,80 g/t Au						
	103.22	104.18	0.96	1.18	24	130	1.45
INES_43N	2	3	1	1.72	2	37	1.74
	22	24	2	3.62	13	263	3.76
	Including 23-24m (1m): 5,57 g/t Au						
	31	37	6	1.54	11	111	1.66
INES_44N	39	41	2	1.35	22	174	1.60
	46	50	4	1.19	14	104	1.35
INES_45N	39	44	5	1.52	5	120	1.58
Drill hole	From (m)	To (m)	Length (m)	Au (g/t)	Ag (g/t)	Cu (g/t)	Au Eq (g/t)
	114	115	1	4.10	49	47	4.65
	117	118	1	1.50	6	27	1.57
INES_47N	126	127	1	2.12	32	113	2.48
INES_48N	25	27	2	3.99	11	138	4.12
	35	36	1	1.61	16	65	1.79
INES_49N	2	3	1	5.20	23	1921	5.46
	9	11	2	2.20	46	370	2.72
	16	19	3	1.75	25	189	2.03
	23	24	1	1.96	13	212	2.11
	26	28	2	1.27	8	239	1.36
INES_50N DDH	43.86	51.5	7.64	1.96	7	65	2.04
	55.93	57.26	1.33	1.48	6	90	1.54
	60.52	61.96	1.44	1.47	8	80	1.56
	63.21	64.24	1.03	4.83	28	60	5.15
	71.6	90	18.4	1.63	11	99	1.75
	Including 80,42-81,8m (1,38m): 6,22 g/t Au						
	100.07	106.35	6.28	2.10	18	150	2.30
	Including 100,88-102,15 (1,27m) : 2,32 g/t Au						
	Including 102,78-104,2 (1,42m) : 2,05 g/t Au						
	Including 104,95-106,35 (1,4m) : 3,17 g/t Au						

* Reporting Criteria: Intercepts reported are Au > 1.0ppm (1 g/t Au) and a minimum 1m downhole width with maximum consecutive internal dilution of 2m. Please refer to Appendix 1 (JORC Table) for further information on sampling techniques and data and reporting of exploration results.

The table above displays selected analytical results from a total of 48 RC and DDH drill holes. Complete drill results have been posted on the Company's website www.australgold.com.

Figure 2: Drilling holes with grade intervals of Au > 1.0ppm (1 g/t Au)

To view an enhanced version of Figure 2, please visit:
https://orders.newsfilecorp.com/files/690/51953_db87bae354d408f3_003full.jpg

Competent Persons

The scientific and technical content of this news release has been prepared by, or under the supervision of Robert Trzebski, MAusIMM , and has been reviewed and approved by him. Dr. Trzebski is a Geologist and Member of Australian Institute of Mining and Metallugists and Director of Austral Gold Ltd.. Dr. Trzebski is a "competent person" for purposes of the JORC Code and of National Instrument 43-101, Standards of Disclosure for Mineral Projects.

About Austral Gold

Austral Gold Ltd. 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 also holds the Casposo Mine (San Juan, Argentina), a ~22.48% interest in the Rawhide Mine (Nevada, USA) and an attractive portfolio of exploration projects including the Pingüino project in Santa Cruz, Argentina (100% interest) and the San Guillermo and Reprado projects near Amancaya (100% interest). 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 Ltd. 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 the 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.

On behalf of Austral Gold Ltd.:

"Stabro Kasaneva"

CEO

For Further Information please contact:

Jose Bordogna
Chief Financial Officer
Austral Gold Ltd.
jose.bordogna@australgold.com
54 11 4323 7558

David Hwang
Company Secretary
Austral Gold Ltd.
info@australgold.com
61 2 9698 5414

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 plan to review and analyze the results as it plans its next drill program, metallurgical testing, a geophysics campaign at Sierra Inesperada, and the Company's anticipation that the geological characteristics and orientation of the structural patterns will provide an important exploration guide to the geological potential at Sierra Inesperada.

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 the ASX and 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.

Appendix 1: JORC Table
Sierra Inesperada Exploration
Section 1 Sampling Techniques and Data
(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code Explanation
Sampling techniques	● Nature and quality of sampling (eg cut channels, random chips, or specific specialised indus measurement tools appropriate to the minerals under investigation, such as down hole gam or handheld XRF instruments, etc). These examples should not be taken as limiting the broa of sampling. ● Include reference to measures taken to ensure sample representivity and the appropriate ca any measurement tools or systems used. ● Aspects of the determination of mineralisation that are Material to the Public Report. ● In cases where 'industry standard' work has been done this would be relatively simple (eg 'r circulation drilling was used to obtain 1m samples from which 3kg was pulverised to produc charge for fire assay'). In other cases more explanation may be required, such as where the gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg nodules) may warrant disclosure of detailed information.
Drilling techniques	● Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, s and details (eg core diameter, triple or standard tube, depth of diamond tails, face- sampling type, whether core is oriented and if so, by what method, etc).

Criteria	JORC Code Explanation
Drill sample recovery	● Method of recording and assessing core and chip sample reco ● Measures taken to maximise sample recovery and ensure rep ● Whether a relationship exists between sample recovery and gr occurred due to preferential loss/gain of fine/coarse material.
Logging	● Whether core and chip samples have been geologically and ge support appropriate Mineral Resource estimation, mining studi ● Whether logging is qualitative or quantitative in nature. Core (c ● The total length and percentage of the relevant intersections lo
Sub- sampling techniques and sample preparation	● If core, whether cut or sawn and whether quarter, half or all co ● If non-core, whether riffled, tube sampled, rotary split, etc and ● For all sample types, the nature, quality and appropriateness o ● Quality control procedures adopted for all sub-sampling stages Measures taken to ensure that the sampling is representative for instance results for field duplicate/second-half sampling. ● Whether sample sizes are appropriate to the grain size of the

Criteria	JORC Code Explanation

Quality of assay data and laboratory tests	● The nature, quality and appropriateness of the assaying and laboratory the technique is considered partial or total. ● For geophysical tools, spectrometers, handheld XRF instruments, etc, determining the analysis including instrument make and model, reading applied and their derivation, etc. ● Nature of quality control procedures adopted (eg standards, blanks, du checks) and whether acceptable levels of accuracy (ie lack of bias) and established.
Verification of sampling and assaying	● The verification of significant intersections by either independent or alte ● The use of twinned holes. ● Documentation of primary data, data entry procedures, data verification electronic) protocols. ● Discuss any adjustment to assay data.
Location of data points	● Accuracy and quality of surveys used to locate drill holes (collar and do workings and other locations used in Mineral Resource estimation. ● Specification of the grid system used. ● Quality and adequacy of topographic control.
Data spacing and distribution	● Data spacing for reporting of Exploration Results. ● Whether the data spacing and distribution is sufficient to establish the d continuity appropriate for the Mineral Resource and Ore Reserve estim classifications applied. ● Whether sample compositing has been applied.

Criteria	JORC Code Explanation
Orientation of data in relation to geological structure	● Whether the orientation of sampling achieves unbiased samp which this is known, considering the deposit type. ● If the relationship between the drilling orientation and the orie considered to have introduced a sampling bias, this should b
Sample security	● The measures taken to ensure sample security.
Audits or reviews	● The results of any audits or reviews of sampling techniques a

Section 2 Reporting of Exploration Results
(Criteria listed in the preceding section also apply to this section)

Criteria	JORC Code Explanation

Mineral tenement and land tenure status	● Type, reference name/number, location and ownership including agreem third parties such as joint ventures, partnerships, overriding royalties, na sites, wilderness or national park and environmental settings. ● The security of the tenure held at the time of reporting along with any kn license to operate in the area.

Criteria	JORC Code Explanation
Exploration done by other parties	● Acknowledgment and appraisal of exploration by other parties.
Geology	● Deposit type, geological setting and style of mineralisation.
Drill hole Information	● A summary of all information material to the understanding of the exploration re tabulation of the following information for all Material drill holes: ● easting and northing of the drill hole collar ● elevation or RL (Reduced Level - elevation above sea level in metres) of the dri ● dip and azimuth of the hole ● down hole length and interception depth ● hole length. If the exclusion of this information is justified on the basis that the in and this exclusion does not detract from the understanding of the report, the Co clearly explain why this is the case.

Criteria	JORC Code Explanation
Data aggregation methods	● In reporting Exploration Results, weighting aver truncations (eg cutting of high grades) and cut-o ● Where aggregate intercepts incorporate short le grade results, the procedure used for such aggr such aggregations should be shown in detail. ● The assumptions used for any reporting of meta
Relationship between mineralisation widths and intercept lengths	● These relationships are particularly important in ● If the geometry of the mineralisation with respec reported. ● If it is not known and only the down hole lengths effect (eg 'down hole length, true width not know
Diagrams	● Appropriate maps and sections (with scales) an significant discovery being reported These shou collar locations and appropriate sectional views.

Balanced reporting	● Where comprehensive reporting of all Exploratio both low and high grades and/or widths should Results.

Criteria	JORC Code Explanation
Other substantive exploration data	● Other exploration data, if meaningful and material, should be reported includin geological observations; geophysical survey results; geochemical survey resul and method of treatment; metallurgical test results; bulk density, groundwater, characteristics; potential deleterious or contaminating substances.
Further work	● The nature and scale of planned further work (eg tests for lateral extensions o large-scale step-out drilling). ● Diagrams clearly highlighting the areas of possible extensions, including the m interpretations and future drilling areas, provided this information is not comme

To view the source version of this press release, please visit https://www.newsfilecorp.com/release/51953