Vancouver, British Columbia--(Newsfile Corp. - January 25, 2017) - Austral Gold Ltd. (ASX: AGD) (TSXV: AGLD) (the "Company" or "Austral") is pleased to announce the final batch of assay results from the infill drilling program at its 100% owned high grade gold and silver Amancaya project ("Amancaya") located in Chile.

- Two new high grade shoots discovered.
- High grade zone of Central Vein extended by approximately 400 metres.
- Infill drilling program project complete — 13,312 metres drilled and all assays received and reported.
- Results will be used to finalise pre-feasibility study for Amancaya in Q1 2017.

The infill program, which commenced on September 8th, 2016, targeted the Central and Julia veins, which host the gold and silver epithermal inferred resource that is the focus of an ongoing pre-feasibility study expected to be completed by the first quarter of 2017.

Amancaya is located 60 km southwest of the Company's Guanaco underground gold mine, which is approximately 220 km from Antofagasta in northern Chile.

Highlights from these reported assays:

- AM-082: 3.1 metres @ 58.93 g/t gold and 94.7 g/t silver from 72.4 metres,
- AM-053: 3 metres @ 45.48 g/t gold and 966.70 g/t silver from 132 metres,
- AM-055: 6.7 metres @ 14.6 g/t gold and 83.2 g/t silver from 20 metres, plus

  4.4 metres @ 11.65 g/t gold and 62.8 g/t silver from 45.2 metres,

- AM-067: 1.77 metres @ 49.41 g/t gold and 61.6 g/t silver from 170.2 metres
- AM-052: 3 metres @ 24.69 g/t gold and 363.7 g/t silver from 102 metres

"We are very pleased with the results from the infill program, which has significantly extended the high grade zones on the Central Vein, with the discovery of two new high grade shoots. The significant expansion and consistency of the high grade mineralisation exhibited from this drilling at the Central Vein is extremely encouraging", stated Stabro Kasaneva, CEO of Austral Gold. "The high grade and continuity of the mineralisation indicate that Amancaya may have the potential to be a very significant part of Austral's future plans to grow production into a medium sized precious metal producer. We are looking forward to seeing the results of this drilling incorporated into a new independent mineral resource estimate and pre-feasibility study, which should be completed prior to the end of the first quarter, 2017."

The infill program of approximately 13,312 m was completed on November 30th, 2016. A total of 93 holes were drilled, most of which were initially drilled with reverse circulation collaring and converted to diamond drilling as they approached the vein target areas. This resulted in approximately 87% of the drilled metres being comprised of reverse circulation, and 13% represented as diamond drilling. Assay results for the final 44 of these holes, on the Central and Julia Vein, have been received and are reported in this news release.

The drill program was designed to test and confirm the presence and consistency of mineralisation within the inferred resource that was previously reported at Amancaya in the amended Technical Report ("Amancaya Technical Report") "Guanaco Gold Project, Antofagasta Province, Region II, Chile, NI 43-101 Technical Report", which has an effective date of November 24, 2015 and which was amended June 30, 2016 and filed on July 25, 2016 on the Company's profile on www.sedar.com.

Summary of significant results from the drilling with assays from the final 44 holes:

HOLE Id	Location	From	To	Total Length (m)	True Width* (m)	Au g/t	Ag g/t
AM-050							

Central vein

139.94

142.32

13.63

AM-051	Central vein	89.00	94.00	5.00	3.50	9.04	89.2
AM-052	Central vein	102.00	105.00	3.00	2.10	24.69	363.7
AM-053	Central vein	132.00	135.00	3.00	2.16	45.48	966.7
AM-054	Central vein	44.47	50.42	5.95	3.87	10.35	65.9
AM-055	Central vein	20.00	26.70	6.70	4.69	14.60	83.2
		29.90	31.28	1.38	0.97	2.24	4.1
		45.24	49.70	4.46	3.12	11.65	62.8
		52.05	52.74	0.69	0.48	19.51	47.3
AM-056	Central vein	151.97	163.85	11.88	7.72	3.24	9.5
AM-058	Central vein	209.23	211.00	1.77	1.24	6.24	11.4
AM-060	Central vein	77.60	80.39	2.79	1.81	13.54	96.2
AM-061	Central vein	20.00	24.00	4.00	2.60	7.14	64.4
AM-062	Central vein	45.00	46.13	1.13	0.73	3.03	22.6
AM-065	Central vein	86.00	88.00	2.00	1.30	4.05	10.9
		114.00	116.00	2.00	1.30	2.52	10.6
AM-066	Central Vein	163.00	165.00	2.00	1.30	9.20	17.6
AM-067	Central vein	170.23	172.00	1.77	1.15	49.41	61.6
AM-068	Julia vein	155.09	156.09	1.00	0.65	16.89	12.9
AM-069	Julia vein	126.00	127.00	1.00	0.65	1.87	3.6
AM-070	Julia vein	85.60	86.50	0.90	0.59	1.75	6.6
AM-071	Julia vein	126.15	127.50	1.35	0.94	1.85	1.2
AM-072	Julia vein	161.00	162.00	1.00	0.70	4.60	3.9
AM-073	Julia vein	155.81	157.00	1.19	0.83	1.88	0.6
AM-075	Julia vein	87.00	90.00	3.00	2.10	8.40	5.7
AM-076	Julia vein	70.00	71.00	1.00	0.70	1.21	1.1
AM-077	Julia vein	159.00	160.00	1.00	0.70	1.91	2.8
AM-078	Julia vein	147.06	147.72	0.66	0.46	6.29	6.8
AM-079	Julia vein	87.20	87.60	0.40	0.28	1.42	3.0
AM-080	Central vein	37.23	37.85	0.62	0.43	2.48	48.4
AM-081	Julia vein	136.00	139.00	3.00	2.10	4.08	7.9
AM-082	Central vein	72.42	75.50	3.08	2.16	58.93	94.7
		77.31	78.60	1.29	0.90	2.10	3.4
AM-083	Central vein	121.22	123.31	2.09	1.46	3.01	4.7
AM-084	Julia vein	155.00	159.00	4.00	2.80	3.31	2.3
AM-085	Julia vein	66.00	68.00	2.00	1.40	1.35	3.9
AM-086							

174.00

180.55

6.55

AM-087	Julia vein	104.05	105.75	1.70	1.19	1.80	5.4
AM-088	Central vein	63.00	64.59	1.59	1.11	6.92	44.2
		118.06	125.51	7.45	5.22	6.16	41.6
	incl.	121.97	125.51	3.54	2.48	11.07	66.2
AM-089	Julia vein	159.00	160.00	1.00	0.70	1.55	5.2
AM-091	Julia vein	114.15	114.80	0.65	0.45	3.12	5.9
AM-092	Julia vein	66.70	71.00	4.30	3.01	7.05	26.2
AM-093	Julia vein	98.00	100.00	2.00	1.40	4.36	6.8

*True width refers to horizontal width and is inferred as being 70% of the down-hole intercept, although ranges from 65-89% subject to intersection with sub-vertical veins and drilling dip.

Holes not listed above had no significant results.

The Central Vein

The Central Vein is the principal vein at the project, hosting the majority of the resource discovered to date. The drilling program was focused on narrowing drill spacing within the known mineralisation (Figure 2) in order to maximize the chances of upgrading inferred resources to indicated resources for the ongoing pre-feasibility study. It was very successful identifying two new high grade shoots and broadening an existing high grade shoot. The most significant of these new shoots is located in the northern half of the vein. This shoot plunges gently to the north and is essentially horizontal, with a strike length of approximately 500 metres (see Figure 4). Hole AM067 (1.77 metres at 49.41 g/t gold and 61.6 g/t silver) intercepted a new high grade zone, that appears open at depth following the southerly plunge. The drilling also broadened the existing higher grade zone that plunges more steeply south in the southern half of the vein (compare Figure 3 and 4).

The Julia Vein

A modest exploration resource existed at Julia and this was not included in the Amancaya Technical Report (see Figure 6). Figure 4 shows the location of infill drilling undertaken in this program, which has identified higher grade mineralisation within a broad, gently north plunging mineralized zone (see Figure 7). Mineralisation remains open at depth to the north down plunge.

Development Update

The Company has been advancing site activities at Amancaya in preparation for pre-stripping and potential open pit mining by mid-2017. As previously stated, the company is envisioning trucking mineralized material 73 kilometres on existing public roads to the new agitation leach plant at Guanaco, which is expected to commence commissioning tests by the end of the first quarter of 2017. The Amancaya project is fully permitted and currently the estimated capital costs for construction are envisioned to be funded from cash flow from operations from the Company's treasury. A pre-feasibility study, currently being undertaken by Roscoe Postle & Associates, is expected to be completed by the end of first quarter of 2017, covering the potential combined operation of Amancaya and Guanaco mines with all material being treated in the new agitation leach plant at Guanaco.

Figure 1: Amancaya Project Location

To view an enhanced version of Figure 1, please visit:
http://orders.newsfilecorp.com/files/690/24712_a1485321557623_45.jpg

Figure 2: Central Vein Drilling Plan and Reported Results

To view an enhanced version of Figure 2, please visit:
http://orders.newsfilecorp.com/files/690/24712_a1485321557810_2.jpg

Figure 3: Long section of Central Vein Prior to Infill Drill Program: Gold (g/t) x true width Contours

To view an enhanced version of Figure 3, please visit:
http://orders.newsfilecorp.com/files/690/24712_a1485321558139_52.jpg

Figure 4: Long section of Central Vein Including Infill Drill Program: Gold (g/t) x true width Contours

To view an enhanced version of Figure 4, please visit:
http://orders.newsfilecorp.com/files/690/24712_a1485321558404_7.jpg

Figure 5: Julia Vein Drilling Plan and Reported Results

To view an enhanced version of Figure 5, please visit:
http://orders.newsfilecorp.com/files/690/24712_a1485321558639_93.jpg

Figure 6: Long section of Julia Vein Prior to Infill Drill Program: Gold (g/t) x width Contours

To view an enhanced version of Figure 6, please visit:
http://orders.newsfilecorp.com/files/690/24712_a1485321558873_7.jpg

Figure 7: Long section of Julia Vein Including Infill Drill Program: Gold (g/t) x width Contours

To view an enhanced version of Figure 7, please visit:
http://orders.newsfilecorp.com/files/690/24712_a1485321559092_80.jpg

Quality Assurance

For reverse circulation drilling two samples were collected following passing through a cyclone and riffle splitter. Chip samples were collected and bagged with a unique identifier number. For diamond drill holes, sample intervals were marked and the core was split with a mechanical splitter. One half of the core was placed in plastic bags and tagged with a unique sample number. The other half of the core was returned to the core box and securely stored. During the sampling processes, as per the QA/QC protocols, blanks and standards were submitted into the sample stream at regular intervals. Drill samples were sent to the Actlabs laboratory in Coquimbo, Chile, where they were crushed and prepared. Gold assays were done using 1A2-30 code FA-AAS procedure on a 30g sample. Base metal assaying was done by multi-element 5AAS-07 AR-AAS 2g/100ml ICP-MS analysis. Samples over limit in silver, lead, zinc, and/or copper are reanalysed by a high detection limit ICP-ES analysis (7AR procedure). Activation Laboratories Ltd.is an ISO 17025 certified full-service commercial laboratory, with its head office located in Ancaster, Ontario, Canada.

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 Ltd.. 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 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 project 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 Ltd. 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.

On behalf of Austral Gold Ltd.:

"Stabro Kasaneva"

President and CEO

Further information please contact:

Alison Crealy
info@australgold.com.au
+61 (2) 9380 7233

Mike Brown
Mike.brown@australgold.com
+1 604 568 2496 ext. 21

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; Austral's expectation that Amancaya may have the potential to be a very significant part of Austral's future plans to grow production into a medium sized precious metal producer, its expectation that a new mineral resource estimate incorporating recent results should be completed by the end of the first quarter of 2017, the agitation leach plant will commence commissioning tests be completed by the end of the first quarter of 2017, a pre-feasibility study currently being undertaken by Roscoe Postle & Associates will be completed by the end of the first quarter of 2017. 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.