Austral Gold Announces Maiden Reserve Estimate for Amancaya Project and Updated Reserve and Resource Estimate at Guanaco Mine, Chile

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Vancouver, June 8, 2017 - Austral Gold Ltd. (ASX: AGD) (TSXV: AGLD) ("Austral" or the "Company") is pleased to announce that Roscoe Postle Associates Inc. ("RPA") has completed a new independent resource and reserve estimate in accordance with CIM Definition Standards, 2014 as incorporated in National Instrument ("NI") 43-101 and Joint Ore Reserves Committee Code, 2012 (JORC12) for the Company's 100% owned Amancaya project and Guanaco Mine, Chile. The Amancaya reserve estimate is the first in that project's existence.

Highlights:

Amancaya*:

● Total Indicated resource at Amancaya of 804,690 tonnes at 9.64 g/t gold and 80.7 g/t silver for 277,352 Gold Equivalent ("AuEq") ounces, including;

o A maiden probable reserve of 948,053 tonnes grading 6.77 g/t gold and 63.2 g/t silver for 232,074 AuEq ounces, including;

o A maiden open pit probable reserves of 254,596 tonnes grading 7.56 g/t gold and 119.5 g/t silver for 74,993 AuEq ounces

● Total inferred resource at Amancaya of 959,554 tonnes at 6.79 g/t gold and 36.1 g/t Ag for 220,000 AuEq ounces.

Guanaco*:

● Measured and Indicated resource of 2,193,000 tonnes grading 2.9 g/t gold and 13.0 g/t silver for 217,000 AuEq ounces, including;

● Total reserves of 489,635 tonnes grading 2.99 g/t gold and 3.6 g/t silver for 47,907 AuEq ounces, including;

o Proven reserve of 189,613 tonnes grading 3.41 g/t gold and 4.1 g/t silver for 21,106 AuEq ounces, and,

o Probable reserve of 300,022 tonnes grading 2.73 g/t gold and 3.4 g/t silver for 26,801 AuEq ounces.

● Inferred resource: 1,200,000 tonnes grading 2.6 g/t gold and 12.9 g/t silver for 110,000 AuEq ounces.

*See tables below for assumptions used in the estimates.

"We are very pleased with this maiden reserve and resource estimate at Amancaya. It confirms the high grade nature of the Amancaya project and our expectation that Amancaya will play a significant part in our growth plans," stated Stabro Kasaneva, CEO of Austral Gold. "The Amancaya project is a unique asset; high grade gold and silver vein outcropping at surface that is fully permitted, pre-stripping has commenced and ore is being stock piled, pending the imminent commissioning of the new processing plant. The pre-feasibility study that evaluates the combined production from the Amancaya project with the operating Guanaco mine, including its new processing plant, is expected shortly. We are expecting that this study will reveal a financially robust combined operation located in a very attractive jurisdiction."

Amancaya Reserve and Resource Estimate

RPA undertook the study based on company infill drilling and exploration activities completed in 2016 and previous work done on the project by other companies. Full details and assumptions used will be available when the Technical Report summarizing the Pre-Feasibility study is filed on SEDAR and ASX within 45 days.

Table 15 Amancaya Mineral Reserves — as at December 31, 2016
Austral Gold Ltd. — Guanaco and Amancaya Gold Project

			Grades			Contained Metal Ounces		
Category	Area	Tonnage (t)	Au (g/t)	Ag (g/t)	AuEq (g/t)	Au (oz)	Ag (oz)	AuEq (oz)
Underground:								
Probable	Veta Central Norte	418,205	6.96	47.9	7.61	93,642	644,422	102,277
Probable	Veta Central Sur	275,253	5.74	34.2	6.19	50,754	302,259	54,804
Total	Underground	693,457	6.48	42.5	7.05	144,396	946,681	157,081
Open Pit: Probable	Open Pit	254,596	7.56	119.5	9.16	61,887	978,062	74,993
Total	All	948,053	6.77	63.2	7.61	206,283	1,924,742	232,074

Notes:

1. Mineral Reserves followed CIM Definitions, 2014 and are compliant with the JORC Code, 2012.
2. Underground Mineral Reserves are estimated at a break-even cut-off grade of 2.5 g/t AuEq for stopes and an incremental cut-off grade of 1.5 g/t AuEq for drifts. Open Pit Mineral Reserves are estimated at a cut-off grade of 1.53 g/t AuEq.
3. Mineral Reserves are estimated using an average long-term gold price of US$1,300 per ounce and silver price of US$20 per ounce.
4. Gold Equivalents (AuEq) were calculated as AuEq = Au + 0.0134 x Ag, based on a Au and Ag price of $1,300/oz and $20/oz and recoveries of Au and Ag of 92% and 80%, respectively.
5. A minimum mining width of 1.5 m was used for stopes and 3.5 m for drifts.
6. Stope dilution: 0.5 m in the hanging wall and 0.5 m in the footwall (1.0 m total).
7. Drift dilution: 0.25 m in each of the side walls (0.5 m total).
8. Bulk density is 2.5 t/m^3.
9. Numbers may not add due to rounding.

Table 14-1 Amancaya Mineral Resources —as at December 31, 2016
Austral Gold Ltd. — Guanaco and Amancaya Gold Project

	Category	Tonnes	Grades			Ounces		
		(kt)	Au (g/t)	Ag (g/t)	AuEq (g/t)	Au (koz)	Ag (koz)	AuEq (koz)
Open Pit	Measured	-	-	-	-	-	-	-
	Indicated	171.5	11.24	177.5	13.61	62.0	978.9	75.1
	Total M + I	171.5	11.24	177.5	13.61	62.0	978.9	75.1
	Inferred	60	7.6	110.0	9.0	15	210	20
Underground	Measured	-	-	-	-	-	-	-
	Indicated	633.2	9.21	54.5	9.94	187.4	1,109.5	202.3
	Total M + I	633.2	9.21	54.5	9.94	187.4	1,109.5	202.3
	Inferred	900	6.7	31.0	7.2	195	910	210
Total	Measured	-	-	-	-	-	-	-
	Indicated	804.7	9.64	80.7	10.72	249.4	2,088.4	277.4
	Total M + I	804.7	9.64	80.7	10.72	249.4	2,088.4	277.4
	Inferred	960	6.8	36.0	7.3	210	1,110	220

Notes:

1. Mineral Resources followed CIM definitions, 2014 and are compliant with the JORC Code.
2. Mineral Resources are reported inclusive of Mineral Reserves.
3. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
4. Open pit Mineral Resources are reported at a cut-off grade of 1.5 g/t AuEq. Pit optimization shells were used to constrain the resources. Underground Mineral Resources are estimated at a cut-off grade of 2.5 g/t AuEq beneath the open pit shells.
5. Mineral Resources are estimated using a long-term gold price of US$1,300 per ounce, and a silver price of US$20 per ounce.
6. Gold Equivalents (AuEq) were calculated as AuEq = Au + 0.0134 x Ag, based on a gold and silver price of $1,300/oz and $20/oz and recoveries of gold and silver of 92% and 80%, respectively.
7. Minimum width for the open pit resource is 1.0 m and 1.5 m for the underground resource.
8. Bulk density is 2.50 t/m^3.
9. Numbers may not add due to rounding.

The very high conversion rate (approximately 87%) of the Indicated resource into reserves in the Amancaya maiden reserve estimate is a result of the consistent form and grade of the deposit.

Guanaco Reserve and Resource Estimate

Reserves:

Table 15-a Guanaco Mineral Reserves — as at December 31, 2016
Austral Gold Ltd. — Guanaco and Amancaya Gold Project

			Grades			Contained Metal Ounces		
Category	Area	Tonnage (t)	Au (g/t)	Ag (g/t)	AuEq (g/t)	Au (oz)	Ag (oz)	AuEq (oz)
Underground								
Proven	Cachinalito West	172,468	3.47	2.79	3.51	19,238	15,876	19,451
Probable	Cachinalito West	281,971	2.77	3.70	2.81	25,141	27,302	25,507
Total	Cachinalito West	454,439	3.03	3.40	3.08	44,379	43,178	44,958
Proven	Dumbo West	11,178	3.38	4.87	3.44	1,215	1,695	1,238
Probable	Dumbo West	14,256	2.29	7.95	2.39	1,049	3,446	1,095
Total	Dumbo West	25,434	2.77	6.73	2.85	2,264	5,141	2,333
Proven	Perseverancia	5,967	1.67	37.78	2.18	321	7,242	418
Probable	Perseverancia	3,795	1.43	14.34	1.63	175	1,755	198
Total	Perseverancia	9,762	1.58	28.67	1.96	496	8,998	616
Total Proven	All	189,613	3.41	4.11	3.46	20,774	24,813	21,106
Total Probable	All	300,022	2.73	3.34	2.78	26,365	32,503	26,801
Total Reserves	All	489,635	2.99	3.96	3.04	47,139	57,316	47,907

Notes:

1. Mineral Reserves followed CIM definitions, 2014 and are compliant with the JORC Code.
2. Mineral Reserves are estimated at a break-even cut-off grade of 2.0 g/t AuEq for stopes and an incremental cut-off grade of 1.0 g/t AuEq for drifts.
3. Mineral Reserves are estimated using an average long-term gold price of US$1,300 per ounce and silver price of US$20 per ounce.
4. Gold Equivalents (AuEq) were calculated as AuEq = Au + 0.0134 x Ag, based on a Au and Ag price of $1,300/oz and $20/oz and recoveries of Au and Ag of 92% and 80%, respectively.
5. A minimum mining width of 1.5 m was used for stopes and 3.5 m for drifts.
6. Stope dilution: 0.5 m in the hanging wall and 0.5 m in the footwall (1.0 m total).
7. Drift dilution: 0.25 m in each of the side walls (0.5 m total).
8. Bulk density is 2.5 t/m^3.
9. Numbers may not add due to rounding.

Resources

Table 14-2 Guanaco Mineral Resources — as at December 31, 2016
Austral Gold Ltd. — Guanaco & Amancaya Gold Project

	Tonnes	Grades			Ounces		
Deposit	(kt)	Au (g/t)	Ag (g/t)	AuEq (g/t)	Au (koz)	Ag (koz)	AuEq (koz)
Measured							
Cachinalito Central	111.4	4.37	3.7	4.42	15.6	12.4	15.8
Cachinalito West	164.0	3.03	3.5	3.08	16.0	18.3	16.2
Defensa	81.9	2.52	25.7	2.86	6.63	67.5	7.54
Dumbo West	102.9	3.43	9.7	3.56	11.3	31.9	11.8
Perseverancia	180.8	2.17	23.4	2.48	12.6	136	14.5
Natalia	-	-	-		-	-	-
Total Measured	641	3.02	12.9	3.19	62.2	266	65.8
Indicated							
Cachinalito Central	235.3	3.98	3.9	4.03	30.1	29.4	30.5
Cachinalito West	350.0	2.91	3.6	2.95	32.7	41.0	33.2
Defensa	303.0	2.56	22.3	2.86	25.0	217	27.9
Dumbo West	320.8	3.13	10.6	3.28	32.3	110	33.8
Perseverancia	-	-	-		-	-	-
Natalia	342.5	2.03	23.0	2.34	22.4	253	25.8
Total Indicated	1,552	2.86	13.0	3.03	143	650	151
Inferred							
Cachinalito Central	197	3.9	4.7	3.9	24	29	25
Cachinalito West	94	2.7	4.0	2.7	8	12	8
Defensa	31	2.4	22.0	2.7	2	21	3
Dumbo West	693	2.4	17.0	2.7	54	369	59
Perseverancia	134	2.1	10.0	2.2	9	45	10
Natalia	45	2.2	12.0	2.4	3	17	3
Total Inferred	1,200	2.6	12.9	2.8	100	500	110
Underground							
Measured	641	3.02	12.9	3.19	62	266	65.8
Indicated	1,552	2.86	13.0	3.03	143	650	151
Total M + I	2,193	2.90	13.0	3.08	205	916	217
Inferred	1,200	2.6	12.9	2.8	100	500	110

Notes:

1. Mineral Resources followed CIM definitions, 2014 and are compliant with the JORC Code.
2. Mineral Resources are reported exclusive of Mineral Reserves and do not include dilution.
3. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
4. Mineral Resources are reported at a 1.5 g/t AuEq cut-off grade where AuEq = Au + (0.0134 * Ag).
5. Mineral Resources are estimated using a long-term gold price of US$1,300 per ounce, and a silver price of US$20 per ounce.
6. Gold Equivalents (AuEq) were calculated as AuEq = Au + 0.0134 x Ag, based on a Au and Ag price of $1,300/oz and $20/oz and recoveries of Au and Ag of 92% and 80%, respectively.
7. A minimum mining width of 1.5 m was not used for the estimation of the Mineral Resource.
8. Bulk density is 2.50 t/m^3.
9. Numbers may not add due to rounding.

There are no known legal, political, environmental, or other risks that could materially affect the potential development of the Guanaco and Amancaya mineral resources or mineral reserves.

QUALIFIED PERSONS

The Amancaya and Guanaco Reserve and Resource Estimate was prepared in accordance with CIM Definitions 2014 in NI 43-101 and a Technical Report will be filed under the Company's profile on SEDAR and ASX within 45 days of this press release. The RPA Qualified Persons (QPs) for the Amancaya and Guanaco Reserve and Resource Estimate include:

● Jason J. Cox, P.Eng. (Mineral Reserves)

● Ian Weir, P.Eng. (Mineral Reserves)

● Chester M. Moore, P.Eng., (Mineral Resources)

This press release has been reviewed and approved by the RPA Qualified Persons.

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, where it has 70% ownership. 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"

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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 the project will play a significant part in its growth plans, its expectation the commissioning of its new processing is imminent, its expectation that the complete pre-feasibility study the combined production at Amancaya and Guanaco is expected shortly, as well as its expectation of what that study will reveal. 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.