Austral Gold Reports Q3 2018 Results

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Sydney, October 31, 2018 - Austral Gold Ltd. (the "Company") (ASX: AGD) (TSXV: AGLD) is pleased to report results from its activities during its third quarter ended 30 September 2018.

Stabro Kasaneva, CEO of Austral Gold said "We are pleased to confirm the stabilisation of the Guanaco/Amancaya mine complex by surpassing 15,000 of gold equivalent ounces of production for a second consecutive quarter. Our main challenge remains the operation of the Casposo mine. Production at Casposo continues to be below expectations and we have commenced a comprehensive review of the operational and business model. We expect our cash and AISC costs to continue to decrease in our fourth quarter as we focus on our continuous improvement strategy."

Key Highlights:

- Combined gold and silver production (100% basis*) for the September 2018 quarter was 21,788 gold equivalent ounces (or 16,585 gold ounces and 423,180 silver ounces). This represents an increase of 23% from the quarter ended 30 September 2017 and a decrease of 2% from the quarter ended 30 June 2018.
- During the quarter, production at the Guanaco/Amancaya mine complex (Chile) remained stable at 15,398 gold equivalent ounces (monthly average of 5,133 ounces) while production at the Casposo mine (Argentina) was lower than forecasted at 6,390 gold equivalent ounces (monthly average of 2,130 ounces) due to continued setbacks at the underground mine.
- Combined quarterly operating cash cost (C1) and all-in-sustaining cost (AISC) improved from the June 2018 quarter by 10% to US$922 (Guanaco/Amancaya:US$775; Casposo:US$1,274) and 6% to US$1,157 (Guanaco/Amancaya:US$930; Casposo:US$1,705) per gold equivalent ounce respectively with average selling prices of US$1,214 per ounce of gold and US$14.6 per ounce of silver.
- Revised combined production guidance for the year is reduced to 88,000-90,000 gold equivalent ounces from former guidance of 100,000-105,000 gold equivalent ounces (100% basis*) due to a reduction in the forecasted production at the Casposo Mine. The Company has commenced a comprehensive review of the Casposo operational and business model and further details will be announced in due course.

Guanaco and Amancaya Mines Production

- Quarterly production remained stable at 13,240 gold ounces and 175,718 silver ounces (15,398 gold equivalent ounces) compared to production of 13,669 gold ounces and 142,246 silver ounces (or 15,474 gold equivalent ounces) in the June 2018 quarter. Quarterly C1 and AISC decreased to US$775 and US$930 respectively per gold equivalent ounce from US$836 and $991 in the June 2018 quarter. The decrease in costs were mainly driven by the depreciation of the Chilean peso against the US dollar during the period.

- YTD production was 43,724 gold equivalent ounces and is on track to meet our full year 2018 guidance of 62,000 gold equivalent ounces.

Casposo Mine Production

- Quarterly production (100% basis*) decreased to 3,345 gold ounces and 247,462 silver ounces (6,390 gold equivalent ounces) compared to the June 2018 quarter where production was 2,479 gold ounces and 342,992 silver ounces (6,830 gold equivalent ounces). The Company's quarterly share of production (70% basis) was 2,342 gold ounces and 173,223 silver ounces (4,473 gold equivalent ounces). Quarterly C1 and AISC decreased to US$1,274 and US$1,705 respectively per gold equivalent ounce from US$1,450 and US$1,742 in the June 2018 quarter. The cost improvements were mainly due to the increase in the value of the US dollar against the Argentine peso and cost saving initiatives. The costs were also impacted by the new Argentine export tax implemented in September as a temporary measure by the Argentine government until December 2020 representing approximately 8% of export sales at the current exchange rate.

- Production remained behind schedule due to operational delays, a change in mining sequence, lower grades and poorer than forecasted ground conditions.
- YTD production was 20,735 (100% basis*) gold equivalent ounces. The Company estimates that monthly production will be approximately 2,000 gold equivalent ounces per month for the balance of the year. Therefore, the Company has revised its forecasted annual production to 26,000-28,000 gold equivalent ounces from previous guidance of 38,000-43,000 gold equivalent ounces.

- With the current challenging macroeconomic environment and operational performance of the mine, management has commenced a comprehensive review of Casposo. Further details will be announced in due course when the assessment has been completed.

A summary of key operational parameters for the September 2018 and September 2017 and June 2018 reporting periods is set out in the following table for comparative purposes:

Operations		Guanaco/ Amancaya Mines		Ca (10
	Sept Quarter 2018	June Quarter 2018	Sept Quarter 2017	Sept Quarter 2018 June
Processed (t)	76,608	76,072	99,240	46,484
Gold produced (Oz)	13,240	13,669	6,086	3,345
Silver produced (Oz)	175,718	142,246	44,057	247,462
Gold-Equivalent (Oz) ***	15,398	15,474	6,668	6,390
C1 Cash Cost (US$/AuEq Oz)**	775	836	997	1,274
All-in Sustaining Cost (US$/Au Oz) #	930	991	1,229	1,705
Realized gold price (US$/Au Oz)	1,214	1,306	1,274	1,215
Realized silver price (US$/Ag Oz)	15	17	17	15

* Austral Gold owns 70% of Casposo since March 2017
** The cash cost (C1) includes: Mine, Plant, On-Site G&A, Smelting, Refining, and Royalties (excludes Corporate G&A)
# The All-in Sustaining Cost (AISC) includes: C1, Sustaining Capex, Brownfield Exploration, and Mine Closure Amortisation
*** AuEq ratio is calculated at 81:1 Ag:Au for September 2018 Quarter; 80:1 Ag:Au for June 2018 Quarter; 76:1 Ag:Au for September 2017 Quarter

YTD 2018 and Forecasted Calendar 2018 Production and Costs:

The table below provides actual results for 2018 YTD and revised production forecasted for calendar year 2018 due to a reduction in the estimated production at the Casposo Mine.

Total 2018 YTD combined production was 64,459 gold equivalent ounces (100% basis) or 58,239 (net to Austral Gold*).

Operations	Guanaco/ Amancaya Mines		Casposo Mine (100% basis)	
	YTD 2018Actual	Calendar 2018Forecasted	YTD 2018Actual	Calendar 2018Foreca
Gold produced (Oz)	38,515	56,000	8,476	10,000-12
Silver produced (Oz)	417,829	520,000	977,180	1,400
Gold-Equivalent (Oz) ***	43,724	62,000	20,735	26,000-28
C1 Cash Cost (US$/AuEq Oz) **	861	820-850	1,387	1,270-1
All-in Sustaining Cost (US$/Au Oz) #	1,006	950-1,000	1,781	1,600-1
Sustaining Capital ($000's)	5,468	10,000	8,001	9

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# The All-in Sustaining Cost (AISC) includes: C1, Sustaining Capex, Brownfield Exploration, and Mine Closure Amortisation
*** AuEq ratio is calculated at 81:1 Ag:Au for the nine months ended 30 September 2018; 79:1 for the nine months ended 30 September 2017

Financial

- Sales proceeds for the quarter were US$27.3m of which the Guanaco/Amancaya mines contributed US$18.5m and the Casposo mine US$8.8m while total tax recovered, and other export credits totaled US$3.6m.
- Cash and cash equivalents at 30 September 2018 was US$2.1m.
- Total consolidated financial debt at 30 September 2018 was reduced to US$20.4m (of which US$10m is long-term debt). Net debt repayments during the quarter totaled US$2m.
- The stabilization of the Chilean operations has contributed to higher cash flow and improved liquidity ratios while also partially offsetting the current net cash outflows at Casposo.

Further details can be found in the Company's Quarterly Activity Report filed at www.australgold.com, http://www.asx.com.au and on www.sedar.com.

* Non-IFRS Measures

The Company has included certain non-IFRS measures including "Cash cost per gold ounce sold" and "All-in sustaining cost per gold ounce sold" in this press release. Cash cost per gold ounce sold is equal to production costs less silver sales divided by gold ounces sold. All-in sustaining cost per gold ounce sold is equal to production costs less silver sales plus general and administrative expenses, exploration expenses, accretion of reclamation provision and sustaining capital expenditures divided by gold ounces sold. The Company believes that these measures provide investors with an improved ability to evaluate the performance of the Company. Non-IFRS measures do not have any standardized meaning prescribed under IFRS. Therefore, they may not be comparable to similar measures employed by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Qualified Persons

The scientific and technical content of this news release has been prepared by, or under the supervision of Robert Trzebski, MAIG, an Independent Director of the Company and has been reviewed and approved by him. Mr Trzebski is a Geologist and Member of Australian Institute of GeoScientists and a consultant of Austral Gold Ltd.. Mr. Trzebski 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 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 (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.

On behalf of Austral Gold Ltd.:

"Stabro Kasaneva" CEO

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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 2018 forecasted production guidance and costs, and further details of the Company's comprehensive review of the Casposo operational and business model will be announced in due course. 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.