

Austral Gold Signs LOI to Expand Chilean Asset Base

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Sydney, April 14, 2021 - [Austral Gold Ltd.](#) (ASX: AGD) (TSXV: AGLD) ("Austral" or the "Company") is pleased to announce that the Company and [Pampa Metals Corp.](#) (CSE: PM) (FSE: FIRA) (OTC Pink: PMMCF) ("Pampa") have entered into a non-binding letter of intent ("LOI") whereby Austral may acquire up to an 80% interest in the Cerro Blanco and Morros Blancos properties held by Pampa (the "Transaction").

Austral Gold's Chief Executive Officer Stabro Kasaneva said: "Following our recent acquisition of [Revelo Resources Corp.](#) ("Revelo"), which included exploration projects located close to our Guanaco/Amancaya mining complex and a 19.9% shareholding interest in Pampa, we are pleased to enter into this LOI, which should enable us to further increase the number of projects that we own or control in the area. Our interest in this Transaction is consistent with our strategy to obtain a leading role in the Paleocene-Eocene Belt in Chile which we believe is a prolific mineralized belt that is underexplored for precious metals."

Highlights of the LOI:

a) Initial Option:

Pampa has agreed to grant Austral an option to acquire an initial 60% interest in the Cerro Blanco and Morros Blancos ("Properties") for the following consideration:

- US\$3 million in exploration expenditures on the Properties including a minimum of US\$1 million in year 1, and a further US\$2 million in year 2,
- 2,963,132 shares of Pampa that Austral holds through Revelo. After returning these shares, Austral's shareholding in Pampa will be reduced to approximately 13.6%,
- Austral will terminate its nomination right to appoint a representative to the board of directors of Pampa through Revelo.

b) Stage 1:

If Austral exercises the Option and earns a 60% interest in a property or the Properties, Austral may increase its interest in each such property to an aggregate total of 65% ("Stage 1") for the following consideration:

1. minimum drilling of 15,000m,
2. studies required to complete a preliminary economic assessment ("PEA"),
3. PEA by an internationally recognized engineering firm to the standards, and in the form, prescribed under National Instrument 43-101 ("NI 43-101"), and
4. minimum annual exploration expenditures on each property of US\$250,000.

c) Stage 2

Austral may at its sole discretion, elect to earn an additional 15% interest in a property or the Properties ("Stage 2") by completing the following activities within 5 years from providing notice to Pampa that it intends to reach Stage 2:

1. minimum drilling of 10,000m,
2. studies required to complete a bankable feasibility study ("BFS"), and

3. BFS by an internationally recognized engineering firm to the standards, and in the form, prescribed under NI 43-101.

If Austral does not complete these activities, then Pampa will be named operator of a property or the Properties and may increase its ownership from 35% to 80% by completing these activities, on the same conditions established for Austral.

The primary exploration targets of Austral on the Properties are gold, silver and other precious metals. If Austral's exploration on the Properties results in a reasonable conclusion that copper is the dominant metal for a property, Pampa will become the 60% holder of the property, and will have the same earn-in rights and parameters as described above for Austral with appropriate adjustments.

The Transaction is subject to due diligence, compliance with any requirements from the ASX and TSX Venture Exchange, execution of a definitive agreement and certain undertakings from Pampa, in addition to customary conditions precedent to be included in the Definitive Agreement. Austral expects the Transaction to close before the end of June 2021.

About the Properties:

Both the Cerro Blanco (6,500 Ha) and the Morros Blancos (7,300 Ha) Properties are prospective for porphyry copper (+/- gold +/- moly) and high-sulphidation epithermal gold-silver (+/- copper) deposits which are located in the heart of the Paleocene Mineral Belt in northern Chile. The Paleocene Belt is host to important copper and gold-silver deposits and mines, and the Properties are located along a prolific segment of the prospective belt, along trend from important copper mines such as Spence (BHP) and Sierra Gorda (KGHM and Sumitomo), as well as precious metals mines and projects.

Cerro Blanco is located about 20 Km southwest of the multi-million ounce El Peñon gold-silver mining district (Yamana Gold) and Morros Blancos is located adjacent and to the east of Austral's Amancaya gold-silver mine. Access to both projects is easy, both being located less than 30 Km from the Pan American Highway, and altitudes are moderate. Both projects are close to Austral's Guanaco processing plant, which may allow for more efficient and cost-effective development and operation.

About Austral Gold

Austral Gold Limited is a growing gold and silver mining, development and exploration company building a portfolio of quality assets in Chile, the USA and Argentina. Austral owns a 100% interest in the Guanaco/Amancaya mine in Chile and the Casposo Mine (currently on care and maintenance) in Argentina, and a non-controlling interest in the Rawhide Mine in Nevada, USA. In addition, Austral owns an attractive portfolio of exploration projects in the Paleocene Belt in Chile (including those acquired in the recent acquisition of [Revelo Resources Corp.](#)), a 19.2% interest in Pampa Metals and a 100% interest in the Pingüino project in Santa Cruz, Argentina. [Austral Gold Ltd.](#) is listed on the TSX Venture Exchange (TSXV: AGLD) and the Australian Securities Exchange. (ASX: AGD). For more information, please consult Austral's website at www.australgold.com.

About Pampa Resources

Pampa Metals is a Canadian company listed on the Canadian Stock Exchange (CSE: PM). Pampa Metals has interests in an outstanding 59,000-hectare portfolio of projects prospective for copper and gold located along proven mineral belts in Chile, one of the world's top mining jurisdictions. See attached map for the locations of the Company's projects. The Company has a vision to create value for shareholders and all other stakeholders by making a major copper discovery along the prime mineral belts of Chile, using the best geological and technological methods. For more information, please visit Pampa Metals' website here www.pampametals.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.

Release approved by the Chief Executive Officer of Austral Gold, 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 terms agreed to in the Letter of Intent, the parties' expectation that they will be able to conclude the Transaction, and the expectation that they will be able to do so before the end of June 2021. 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 especially in light of the effects of the novel coronavirus,, 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.

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