

MEDIA RELEASE

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Austral Gold on Path to Double Annual Production

- **Amancaya in-house feasibility study is being finalised**
- **Ore to be treated at nearby Guanaco agitation leaching plant**
- **AISC gold/silver production to remain at low cost**
- **\$3.3m committed to capex on long lead time items**

Austral Gold Limited (ASX: AGD) ('AGD' or the 'Company') is finalising the in-house feasibility study over the recently acquired gold/silver Amancaya project ('Amancaya'), located 60km south west of the Company's Guanaco mine in northern Chile. The study evaluates an operational model combining influx of ore from both Guanaco and Amancaya sites in one production process. Amancaya is a low sulphidation epithermal gold-silver deposit projected to commence open pit operations next year at initially high grades.

Ore will be hauled by trucks to the Guanaco plant and processed through agitation leaching. The Guanaco mine is currently producing over 50,000 Au oz annually at low All-in Sustaining Costs (AISC) of US\$669 per AuEq oz for 2014.

Combined production is estimated to double to 100,000 AuEq oz annually within 24 months, while the cost per AuEq oz is expected to further decrease once the new plant is fully operational.

Total cost for the plant construction is estimated at US\$17 million plus 19% VAT while total cost for mine development is projected at US\$5 million plus 19% VAT. Capex for the plant construction valued at US\$3.3 million plus 19% VAT has been committed to date under 3-year finance leases. This capex includes a new ball mill with a forecast capacity of 1,500 tonnes per day, agitators for the leaching circuit, cyclones, filters, thickeners and conveyors. An independent consulting firm is undertaking a review of the engineering feasibility study with a particular focus on processing and structural steel-concrete. Additionally, during the 3-month period ended March 31 2015, a geotechnical drilling program was performed at Amancaya in order to improve the mine design.

Stabro Kasaneva, Director and COO, said: "The process is now underway for Austral to remain a low cost gold/silver producer while increasing production to 100,000 AuEq oz per year.

"The purchase of long lead items for the project a short time after the project's acquisition is a testament to the quality of the team and our focus on maintaining a tight control on costs so that we continue to deliver high margins.

"Amancaya is a stepping stone to establish Austral Gold as a leading South American precious metals producer. While the development of Amancaya is our utmost focus, along with maintaining current production levels at the flagship Guanaco mine, other growth opportunities are also under evaluation. We look forward to updating shareholders on any developments."

Austral Gold Limited is listed on the Australian Securities Exchange (ASX: AGD) and is a growing precious metals mining and exploration company building a portfolio of assets in South America. The Company's flagship Guanaco project in Chile is a low-cost producing mine with further exploration upside. With an experienced and highly regarded major shareholder, Austral Gold is strengthening its asset base by investing in new precious metals projects in Chile and Argentina that have near-term development potential. For more information, please consult the company's website www.australgold.com.au

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