



AUSTRALGOLD

# Low Cost Gold Near Term Growth

May 2015

ASX: AGD





## IMPORTANT NOTICE

### **Disclaimer**

The purpose of this presentation is to provide general information about Austral Gold Limited (“AGD” or “Austral”). It is not recommended that any person makes any investment decision in relation to AGD based on this presentation. This presentation contains certain statements which may constitute "forward-looking statements". Known and unknown risks and uncertainties, as well as factors outside of Austral’ s control, may cause the actual results, performance and achievements of Austral to differ materially from those expressed or implied in this presentation. Austral does not warrant the accuracy, currency or completeness of the information with respect to forward-looking statements contained in this presentation , nor the future performance of Austral.

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This presentation should be read in conjunction with the AGD Annual Report as at 30 June 2014 and the Half-Year Report as at 31 December 2014 and together with any announcements made by AGD in accordance with its continuous disclosure obligations arising under the Corporations Act 2001. Any references to reserve and resource estimations should be read in conjunction with AGD’s Mineral Resource and Ore Reserve Statement at 30 June 2014 as released to the Australian Securities Exchange on 20 January 2015.

All amounts within this presentation are stated in United States Dollars (US\$) consistent with the Functional Currency of Austral Gold Limited. Tables contained within this presentation may contain immaterial rounding differences.

### **Consent of Competent Person**

Dr Robert Trzebski is a Director of Austral Gold Limited. He has a Degree in Geology, a PhD in Geophysics, a Masters in International Project Management and has over 20 years professional experience in mineral exploration, project management and research and development. Dr Robert Trzebski is a member of the Australian Institute of Mining and Metallurgy (AUSIMM) and qualifies as a Competent Person as defined in the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.’ Dr Robert Trzebski consents to the inclusion of the resources noted in this report.



## Stabilized low cost gold production – Near term growth

- **Low cost gold production** – US\$669/AuEq oz lowest quartile AISC costs in 2014
- **Stable production** - 50,000 Au oz/yr since 2013
- **New project Amancaya** to deliver growth to 100,000 AuEq oz/yr \*
- **Proven technical team with sound sponsors**
- **Cash in bank (US\$11m)\*\***, **debt (US\$2m)\*\***
- Major change: **US\$53m debt converted to equity** (December 2014)

\* *Within 24 months dependent on blend of US\$25m finance*

\*\* *As at 31 March 2015*

# Corporate Overview

## Capital Structure

AGD Shares	AX: AGD
52-Week Range	A\$0.07-A\$0.17
Avg Daily Volume (3mths)	1,600
Basic Shares Outstanding	478.7m
Market Capitalization (\$0.15/share)	A\$71m
Cash (as at 31 Dec 2014)	US\$10m
Debt (as at 31 Dec 2014)	US\$2m
EBITDA (FY2014)	US\$29m

## Share Price Performance (ASX:AGD)



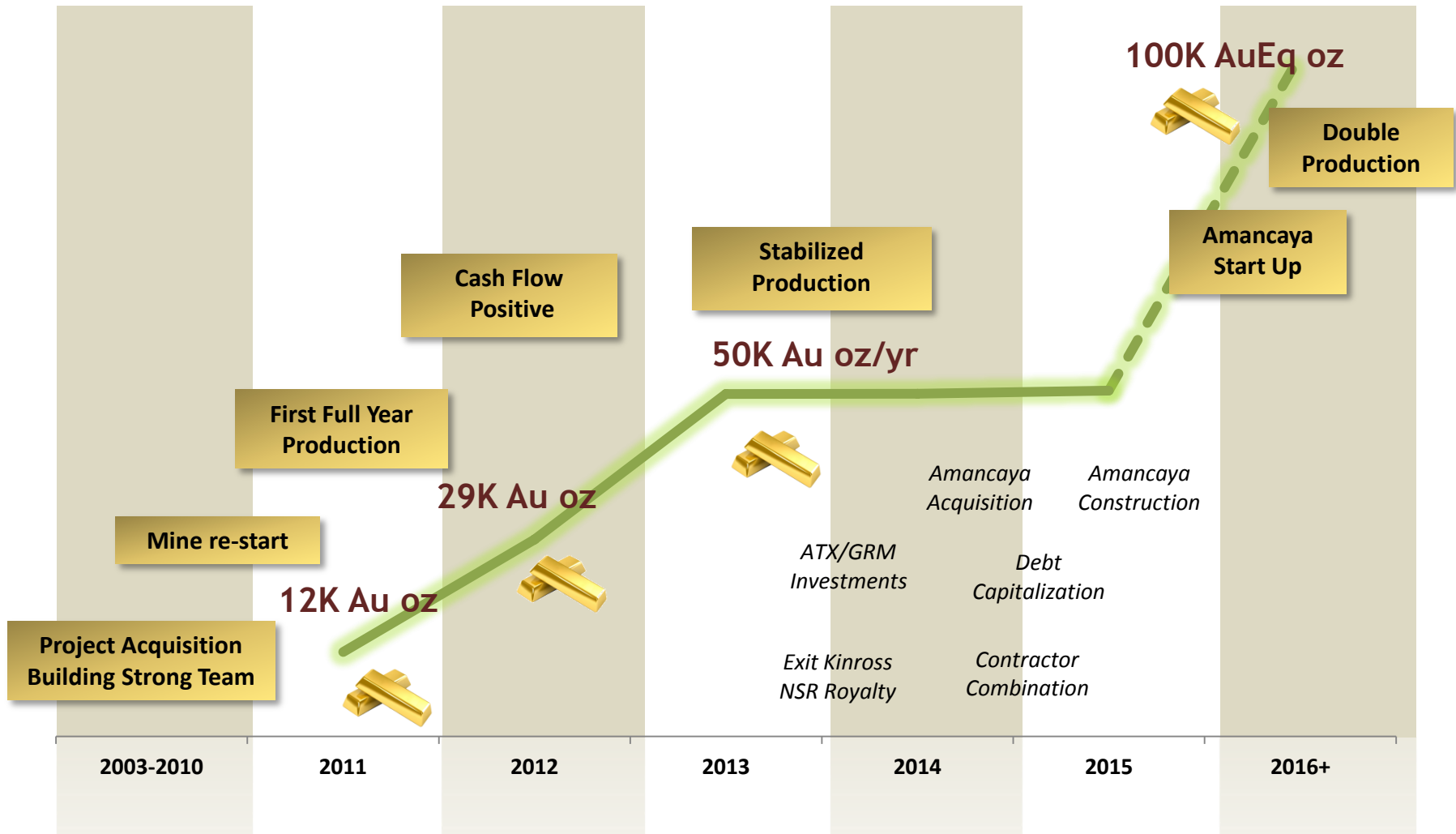
## Major Shareholder

Investor Name	Position (Shares)	%
Mr. Eduardo Elstain and related companies	452.7m	94.6%*

\* Increased in December 2014 due to the conversion of US\$53.7m debt into equity

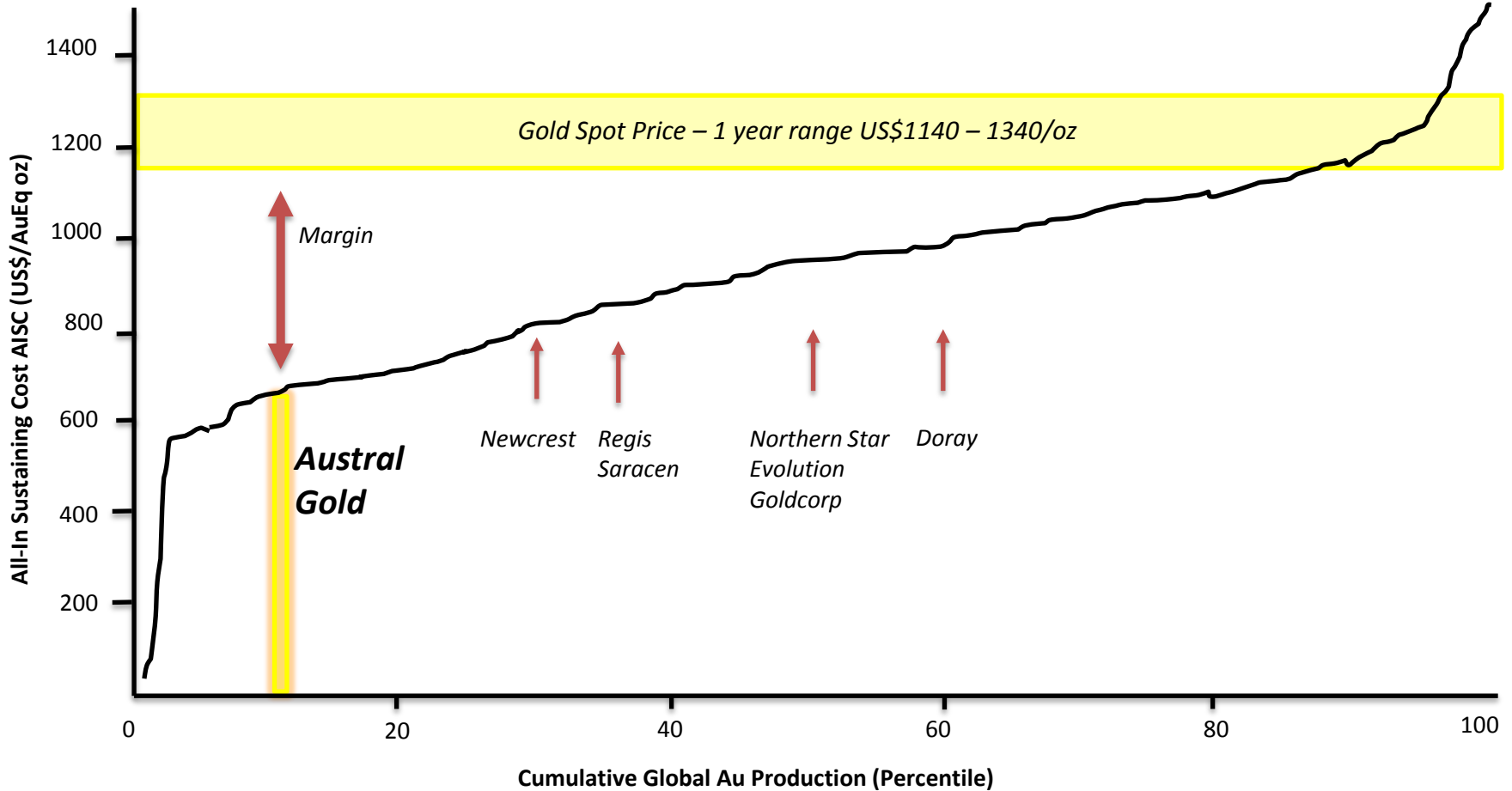
# Proven Performance & Production Growth

## Clear Strategic Focus



# Low cost producer – AISC US\$669 AuEq oz (2014)

## Lowest Quartile AISC



Source: Goldman Sachs Research (1 Feb 2015); RBC Capital (2 Mar 2015)  
Mid point Company Forecasts; Oceana Gold



## Consolidated Financial Highlights

	FY2013 30-June-13	FY2014 30-June-14	1H2014 31-Dec-13	1H2015 31-Dec-14
Gold Sales Volume	50 K	50 K	28 K	29 K
Revenues	\$64m	\$66m	\$38m	\$36m
Gross Profit	\$28m	\$34m	\$21m	\$22m
Operating Profit	\$16m	\$28m	\$19m	\$ 19m
Operating Profit Margin	25%	42%	50%	52%
Cash	\$5m	\$4m	\$8m	\$10m
Borrowings	\$56m	\$54m	\$55m	\$2m
Operating Cash Flow	\$20m	\$30m	\$19m	\$15m
Investing Cash Flow	-\$12m	-\$25m	-\$13m	-\$8m
Sustaining Capex	\$8m	\$10m	\$4m	\$4m

# 5 Mining Projects located in Chile & Argentina from Exploration to Production

- Production**  
100% Guanaco Mine (CH)
- Pre-Construction**  
100% Amancaya Mine (CH)
- Pre-Construction**  
12% Lindero\* Project (ARG)
- Advanced Exploration**  
20% Pinguino Project \*\* (ARG)
- Early Exploration**  
100% 8 de Julio Project (ARG)

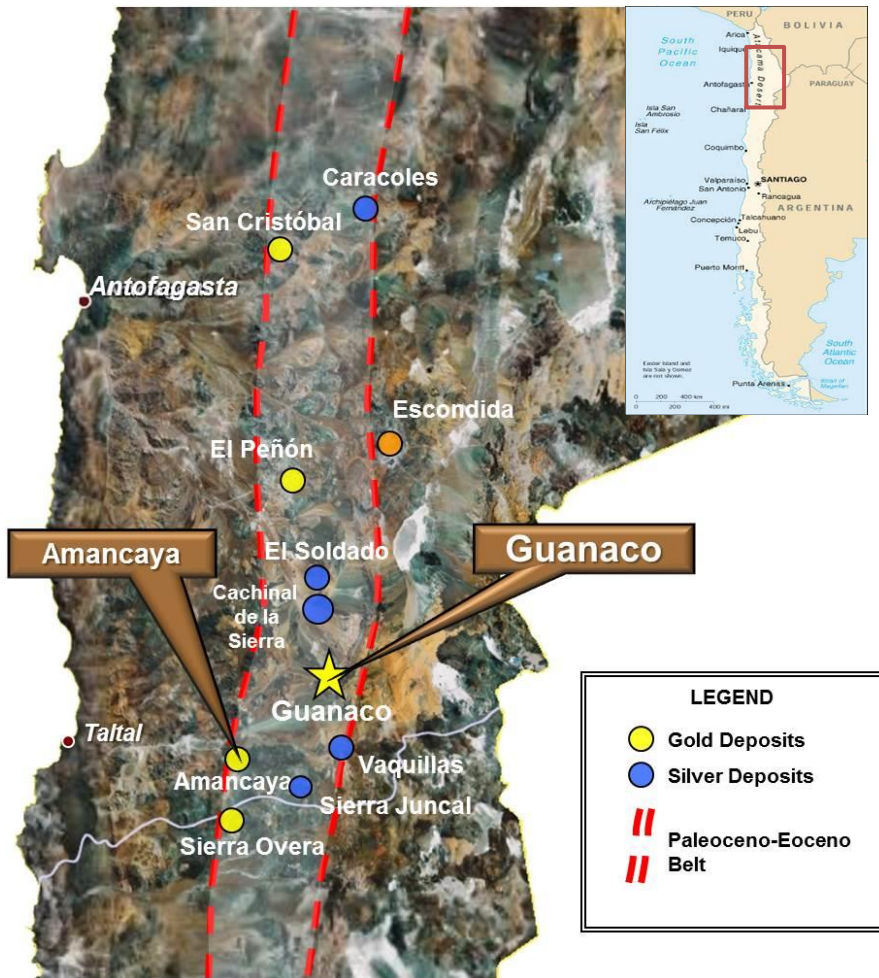


\* Ownership through equity investment in GRM:TSX-V

\*\* Ownership through equity investment in ATX:TSX-V



## Flagship asset – Guanaco Mine



- Guanaco Mine 220km SE of Antofagasta, Chile (2,700m elevation).
- Epithermal gold vein system, believed to have produced 1.5m Au oz (1886-1997)
- Acquired 2003 by AGD
- Mine reopened 2010; 1<sup>st</sup> Production 2011
- Capex US\$20m
- 50,000 Au oz/yr 2013-14

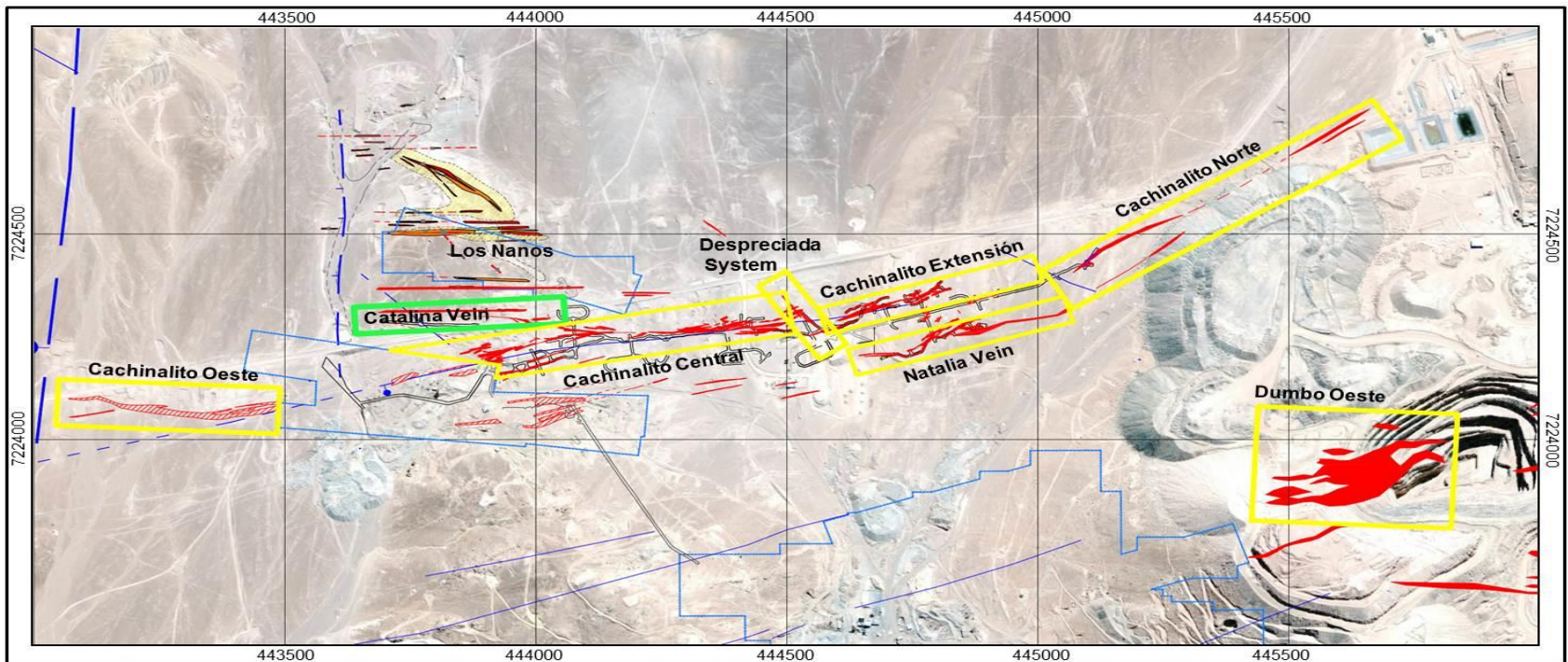
### Mines Nearby:

El Penon Au/Ag mine – Yamana Gold

- Production: 452,000 AuEq oz 2014
- Reserve/Resource: 3.2m Au oz, 85m Ag oz

## Flagship asset – Guanaco Mine

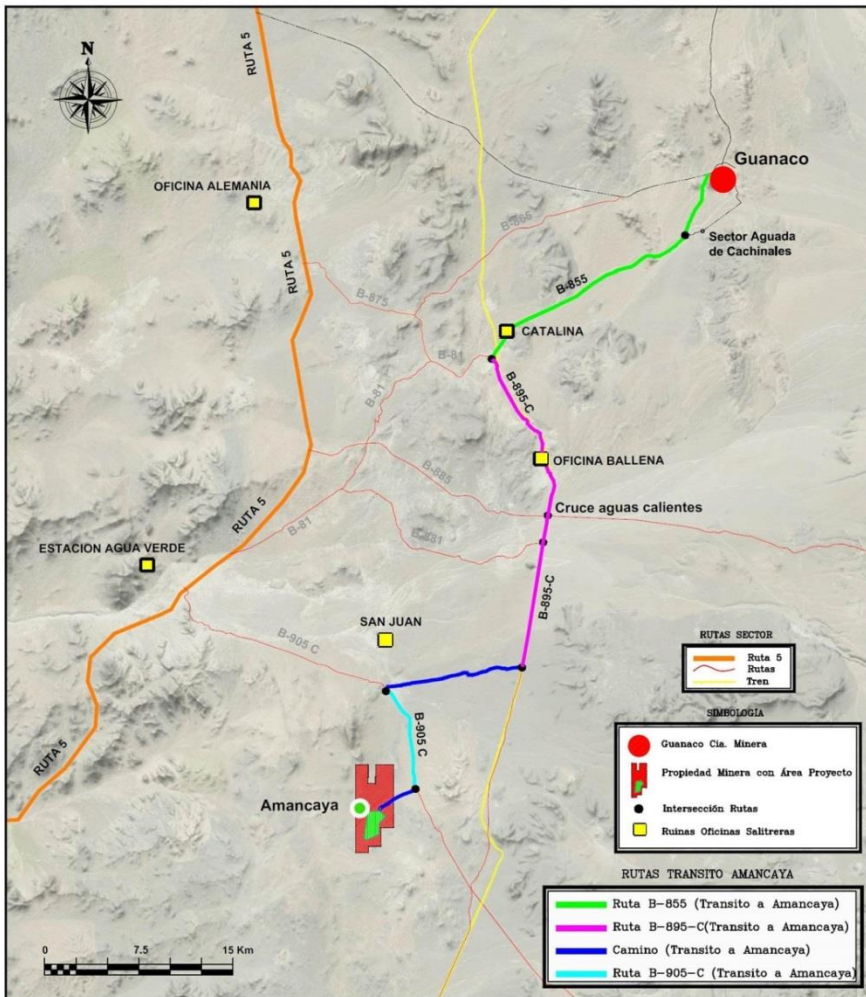
- Current production: 50,000 Au oz/yr and 40-70,000 Ag oz/yr
- Approx. 420,000 tonnes/yr at 4.5-5.5 g/t Au at 77-81% recovery
- **Low cash costs** (US\$558/AuEq oz , CY2014) with projected 5 year life of mine\*
- Open Pit & Underground operation, with crushing, heap leach and ADR plant



Main Guanaco Vein Systems

\* Using the most likely case in modelling

## New Near-term mine - Amancaya



- Amancaya: 60km SW of Guanaco
- Low sulphidation epithermal gold vein system
- Planned open pit operation with later underground operation
- Plan to truck ore to processing plant at Guanaco (60km)
- Combine production from Guanaco and Amancaya into new plant
- Planned grinding circuit, agitation leach, Merrill Crowe, with forecast recoveries over 90%



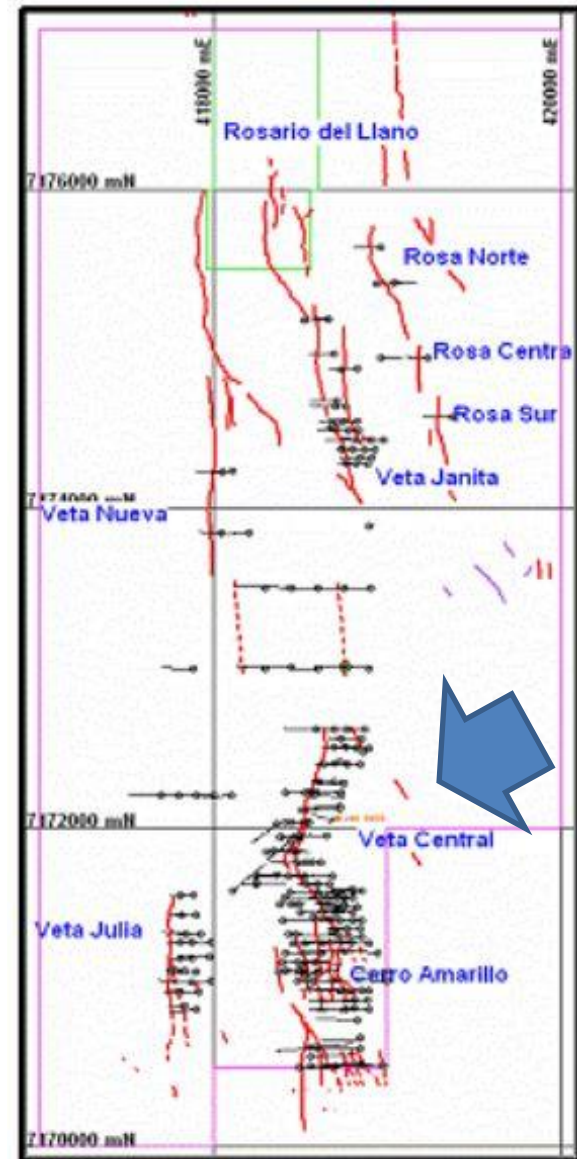
## Amancaya – Lower Cost of Production

### New Amancaya Mine / New Plant\*\*

- Capex US\$17 million plant construction + VAT
- Capex US\$5 million mine construction + VAT
- Long lead items ordered (US\$3.3 m)
- Operating costs: To reduce further
- Plant Design: Ball mill, Agitation leach, Merrill Crowe
- Throughput: 1500tpd
- Initial head grades\*: 6-7 g/t Au; 150 g/t Ag
- Recoveries\*: 91-92% Au

\* Combined Guanaco/Amancaya head grade and recoveries

\*\* Forecast costs and performance based on preliminary in house feasibility study



Open Pit  
Location



## Amancaya and the path to 100,000 AuEq oz/yr low cost production

- Amancaya acquired in August 2014 from Yamana Gold for US\$12m (US\$8m still to be paid under deferred consideration agreement)
- In-house feasibility study being finalised - analysis still in progress
- Geotechnical drilling program performed to improve the mine design
- Bringing Amancaya into production phase within 24 months is expected to:
  - Decrease overall costs per gold equivalent ounce
  - Increase recovery from mined ore (agitation leaching)
  - Increase combined gold equivalent ounce production to 100,000 AuEq oz/yr
  - Extend the life of the existing Guanaco mine – short trucking distance (60km)
  - Enable further opportunities to increase the Austral Gold footprint in the region

## Sound Sponsor – Safe hands



IFISA is part of a major Agribusiness, Financial and Property conglomerate with a successful track record in South America. It has direct and/or indirect investment interests in the following companies \*:



88.5%



AUSTRALGOLD



100%



### Agribusiness

MKT CAP (FD): US\$746.9m  
(NASDAQ: CRESY)



### Real Estate

MKT CAP: US\$1,056.7m  
(NYSE: IRS)



### Financial Services

MKT CAP: US\$686.1m  
(BASE: BHIP)



### Shopping Centers and Offices

MKT CAP (FD): US\$971.7m  
(NYSE: APSA)



### Agribusiness Brazil

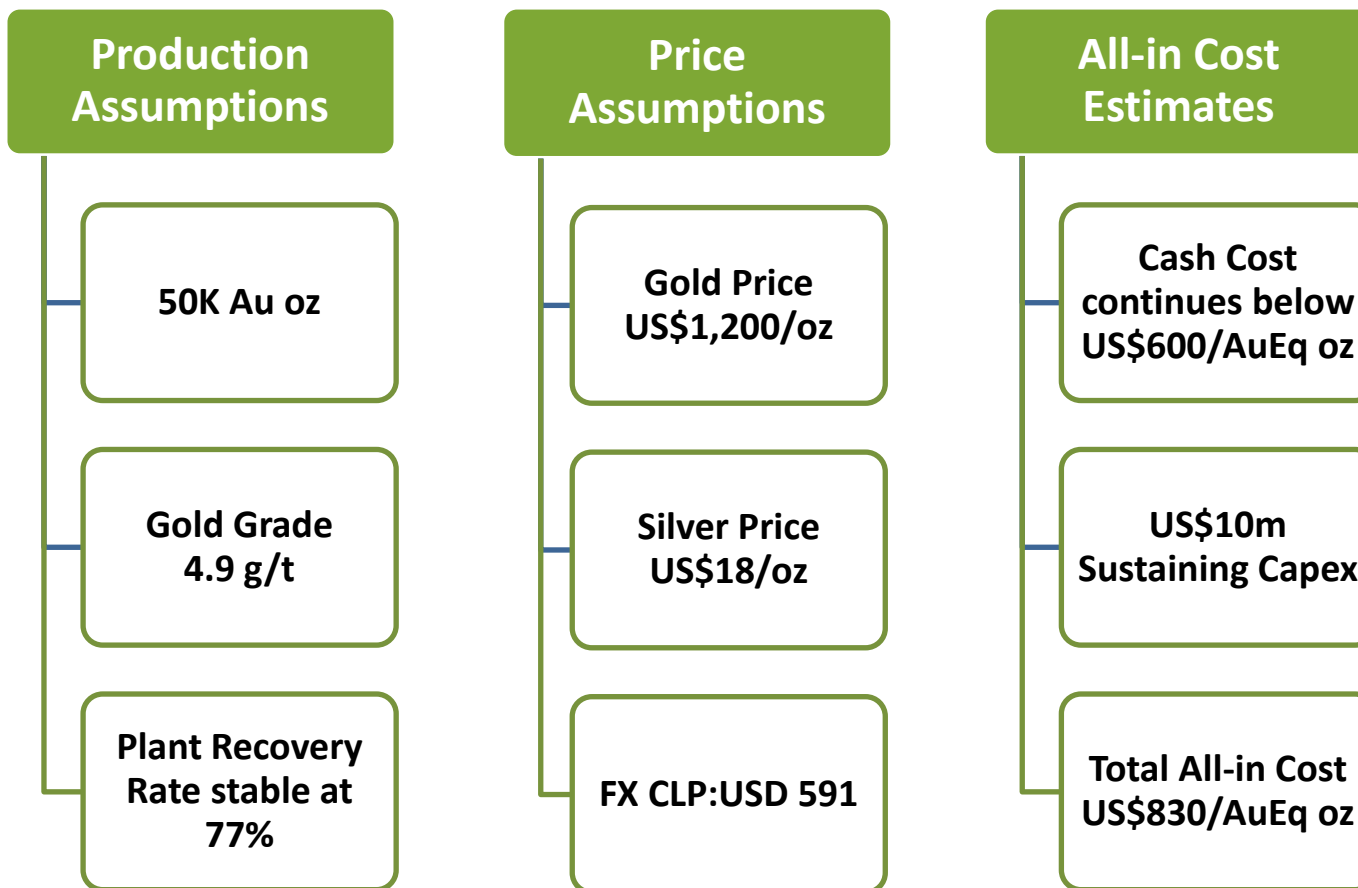
MKT CAP: US\$171.8m  
(NYSE:LND)



### Diversified Israeli Holding

MKT CAP: US\$204.9m  
(TASE:IDBD)

## 2015 financial and production outlook for the Guanaco Mine operation





## Appendices

1. Mineral Resource Estimate – 30 June 2014
2. 2014 Quarterly Production – Low cost
3. Gold Production History
4. Guanaco Mine Exploration
5. Exploration in Argentina
6. Investments in Argentina
7. Board of Directors
8. Contact



# Mineral Resource Estimate - Guanaco

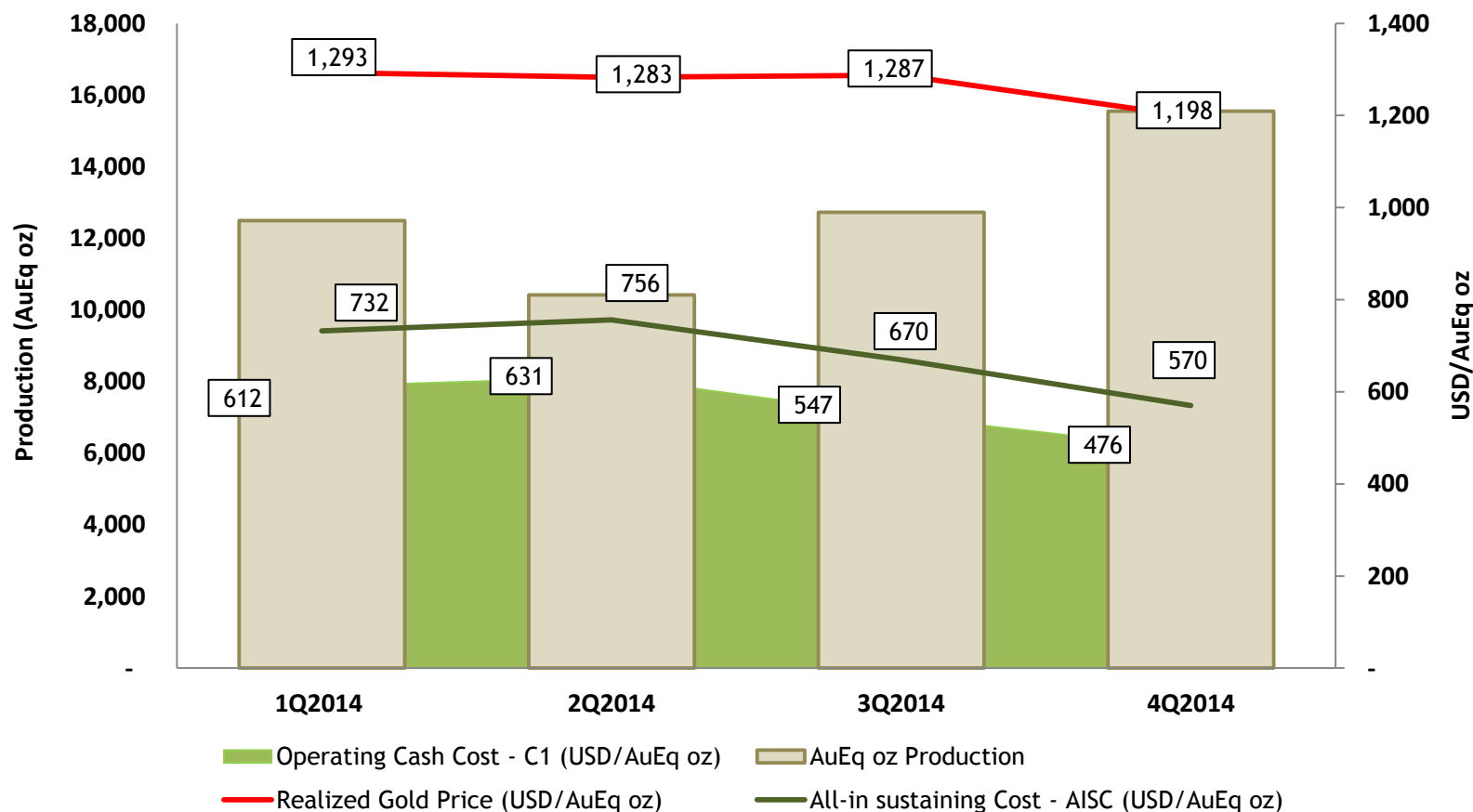
## 30 June 2014

### JORC Code 2004\*

Resources	Measured (Me)			Indicated (Ind)			Total (Me + Ind)			Inferred (Inf)		
	Ton (Kt)	Grade (g/t)	Ounces Au	Ton (Kt)	Grade (g/t)	Ounces Au	Ton (Kt)	Grade (g/t)	Ounces Au	Ton (Kt)	Grade (g/t)	Ounces Au
<b>Gold (Au)</b>												
Underground (>1.0 g/t Au)	1,024	3.22	105,868	2,608	2.7	226,441	3,632	2.85	332,309	2,501	2.398	192,809
Open Pit (>0.4 g/t)	360	1.8	20,883	419	1.52	20,460	779	1.65	41,343	15	1.67	798
Heap Leach (>0.4 g/t Au)	7,988	0.53	136,620				7,988	0.53	136,620	2,777	0.55	49,261
<b>Total</b>	<b>9,372</b>	<b>0.874</b>	<b>263,371</b>	<b>3,027</b>	<b>2.537</b>	<b>246,901</b>	<b>12,399</b>	<b>1.28</b>	<b>510,272</b>	<b>5,293</b>	<b>1.427</b>	<b>242,868</b>
<b>Silver (Ag)</b>												
Underground	1,024	8.87	291,704	2,608	11.31	948,249	3,632	10.62	1,239,953	2,501	11.479	922,868
Open Pit	360	18.48	213,790	419	13.38	180,268	779	15.73	394,058	15	10.59	5,074
Heap Leach	7,988	2.66	681,892				7,988	2.66	681,892	2,777	2.63	234,946
<b>Total</b>	<b>9,372</b>	<b>3.941</b>	<b>1,187,386</b>	<b>3,027</b>	<b>11.596</b>	<b>1,128,517</b>	<b>12,399</b>	<b>5.81</b>	<b>2,315,903</b>	<b>5,293</b>	<b>6.834</b>	<b>1,162,888</b>

\* Mineral Resource Estimate undertaken under the guidelines of the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.'

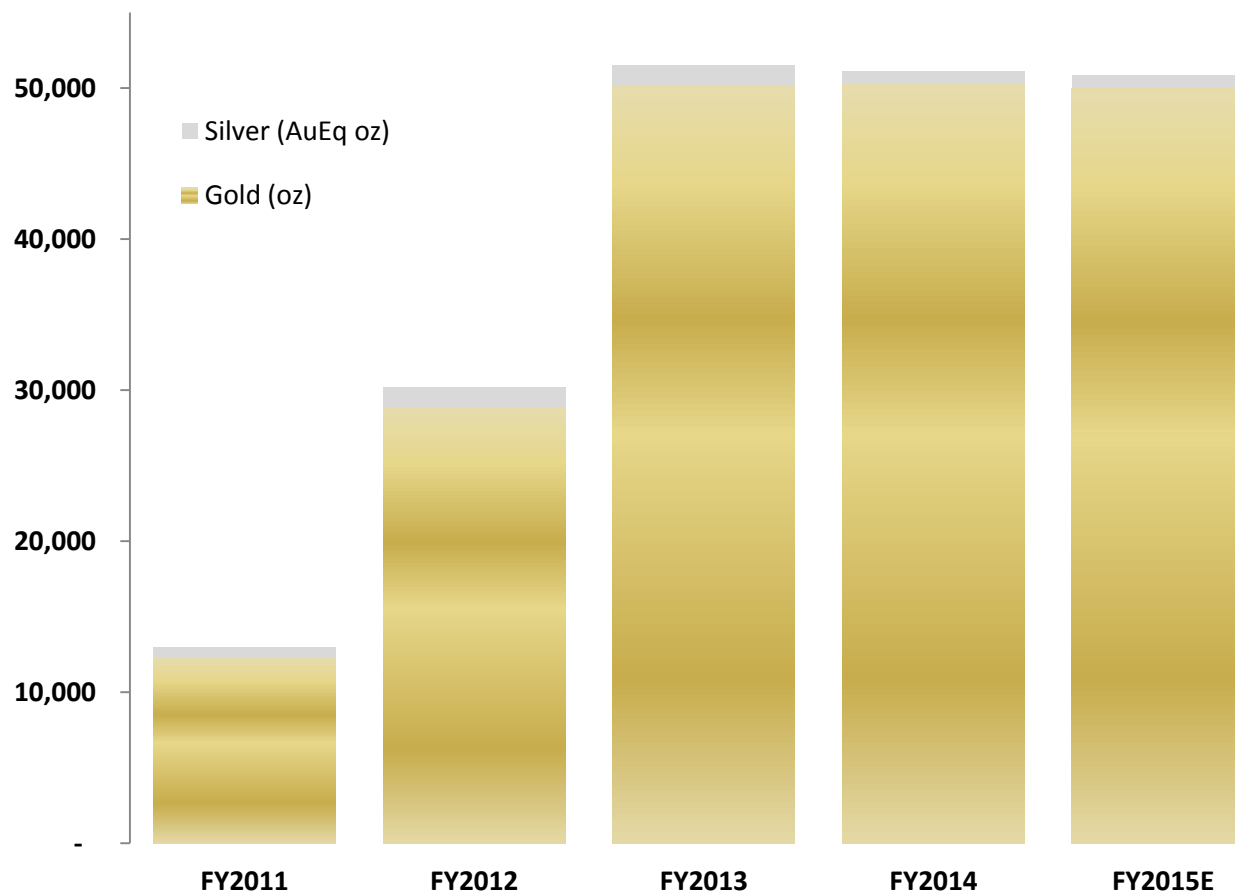
## 2014 Quarterly Production – low cost



Gold Production: 50,375 Au oz (+46,433 Ag oz) = 51,189 AuEq oz  
 Operating Cash Cost (C1): US\$558/AuEq oz  
 All-in sustaining Cost (AISC): US\$669/AuEq oz  
 Average Realized Gold Price: US\$1,260/oz

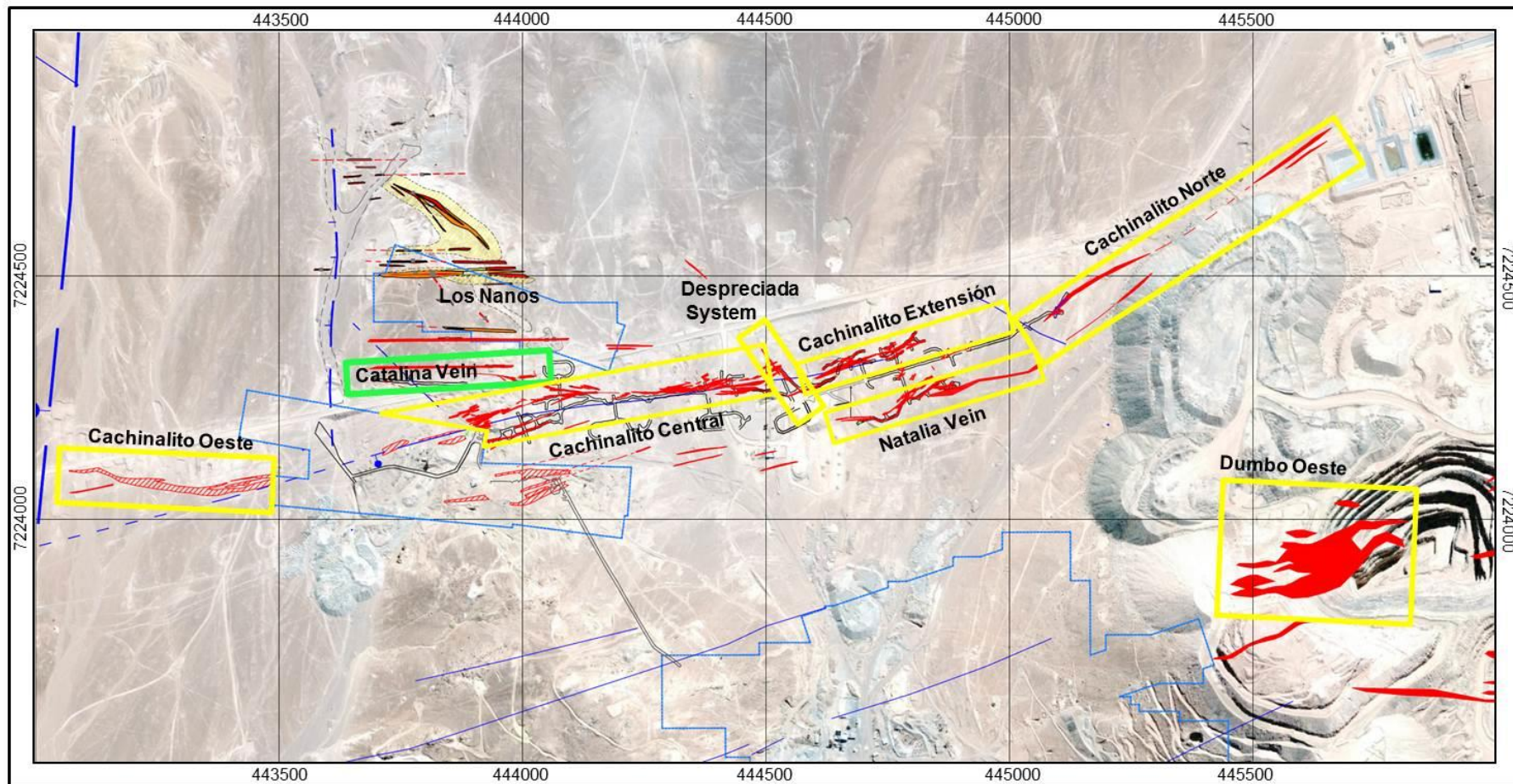
## 2015 Gold Production

Third consecutive year reaching 50K gold ounces expected



Gold Production 2011-2015

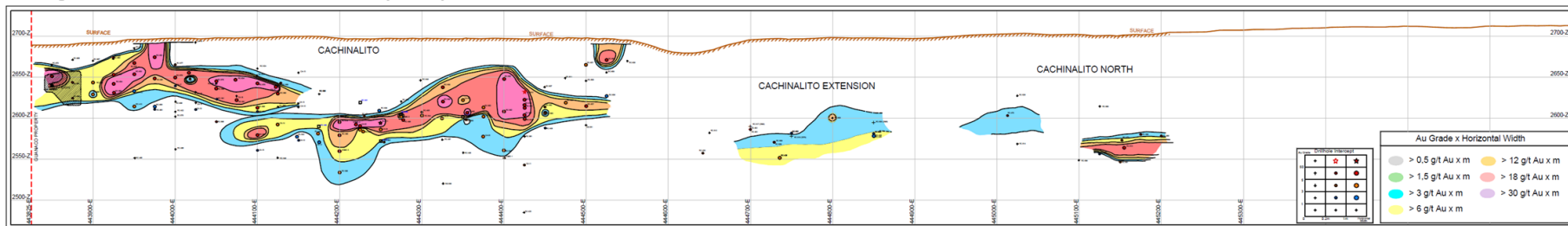
# Guanaco Mine Exploration Main Vein Systems



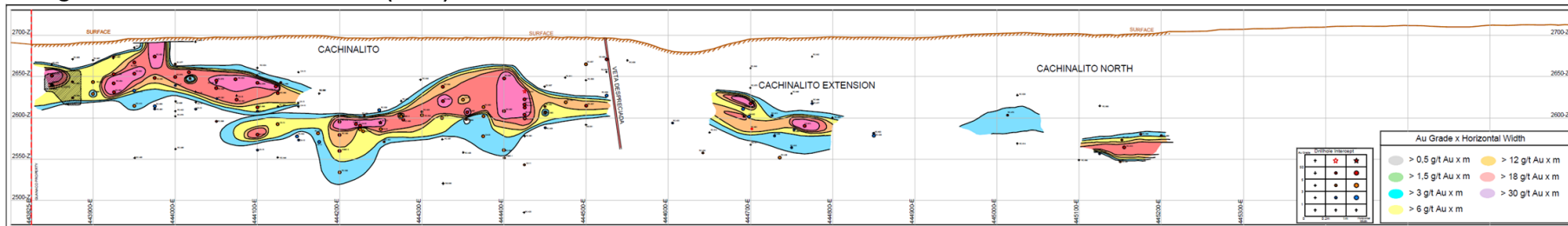
# Guanaco Mine Exploration

## VETA CACHINALITO: Analysis of Resources

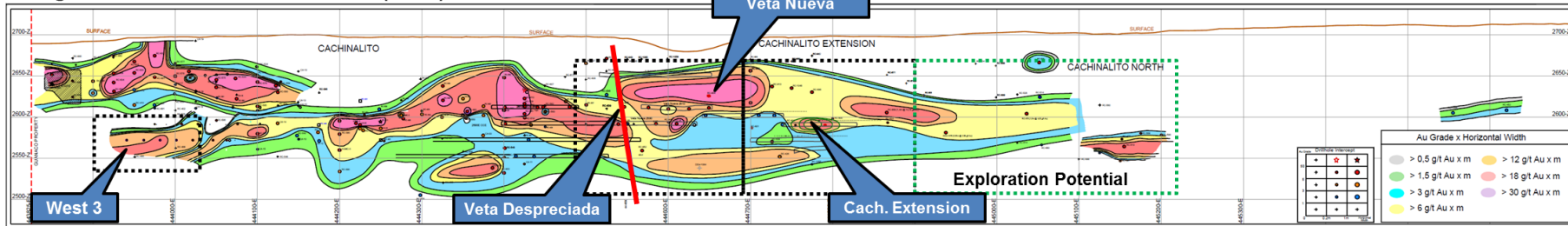
Long section view of Cachinalito (2010)



Long section view of Cachinalito (2013)



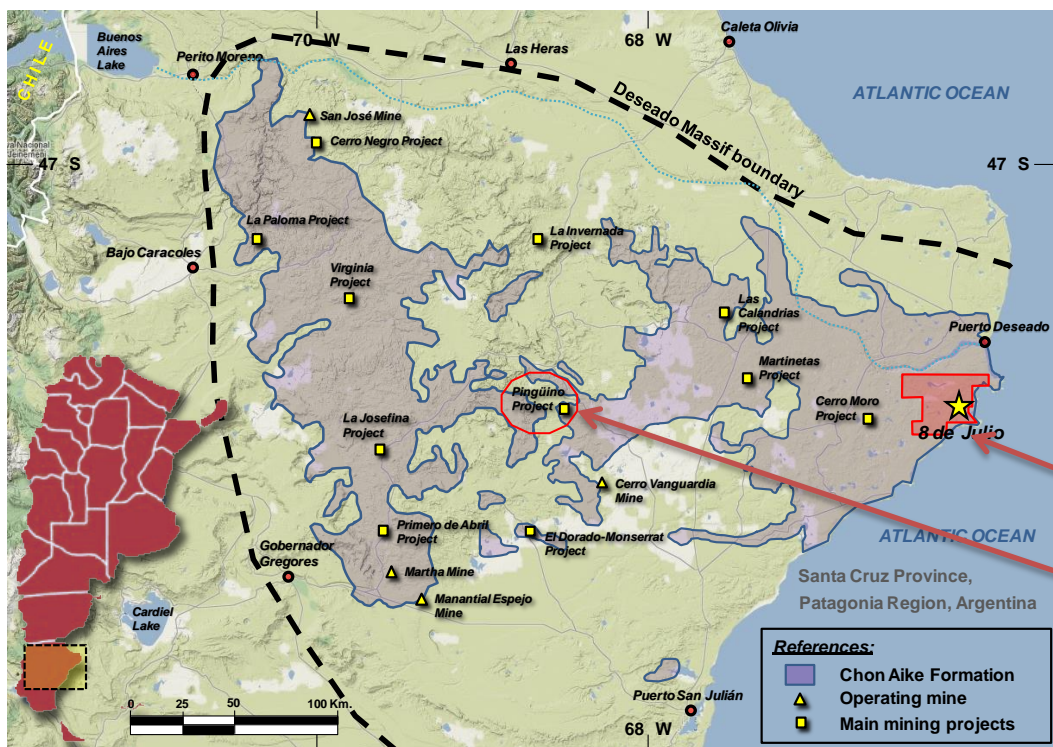
Long section view of Cachinalito (2015)



# Expanding Footprint in South America

## Exploration Projects in Argentina

- Santa Cruz Province
- 8 de Julio project (85K Ha), 100% AGD, minimal exploration in 2014
- Pinguino Project - Argentex (TSX-V:ATX) (10K Ha) - 19.9% shareholder
- Strategic investment in known gold province



Nearby Au/Ag mines:

- Cerro Vanguardia (Anglo): Expansion
- Cerro Negro (Goldcorp): Production
- Cerro Moro (Yamana): In construction
- Lomada (Patagonia): Production
- San Jose (Hochschild): Production

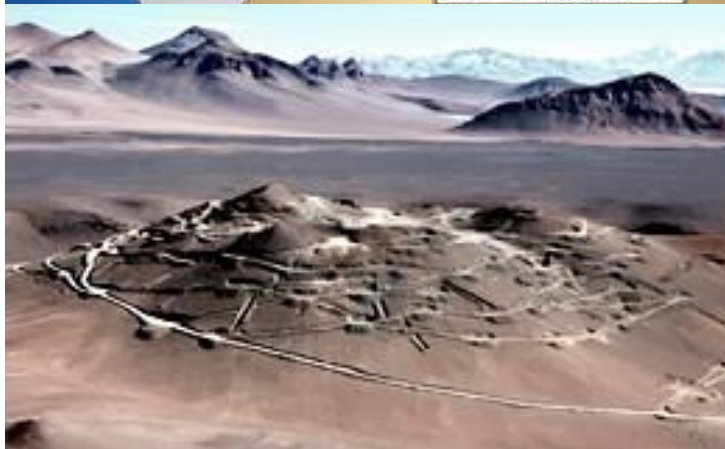
**Austral Properties  
(100% owned)**

**Argentex Properties (20% shareholder)**

## Expanding Footprint in South America

### Pre-Construction Project in Argentina

- Salta Province
- Lindero Project - Goldrock (TSX-V:GRM) - 12% shareholder
- Heap leach gold project in pre-construction
- “Argentina’s next gold mine”



#### Project Summary (from Goldrock):

- Production: 128,000 Au oz (1<sup>st</sup> 3 years)
- Later Production: 109,000 Au oz (9 yrs)
- Reserves: 1.5 million Au oz @ 0.85g/t
- Resources (M+I): 2.2 million Au oz
- Capex: US\$155 million

# Board of Directors



**Eduardo Elsztain**  
Chairman

Appointed Director 29 Jun 2007  
Re-elected by shareholders 28 Nov 2012  
Appointed Chairman on 2 Jun 2011

Mr. Elsztain is the Chairman of:

- (i) IRSA (NYSE: IRSA, BASE: IRSA): Argentina's largest real estate company, operating a diversified portfolio of shopping centres, office buildings, luxury hotels and residential properties in Argentina and United States;
- (ii) Cresud (NASDAQ: CRESY, BASE: CRES): a leading agri-business company, with presence in Argentina and Bolivia, involved in activities such as crop production, beef cattle raising and milk production;
- (iii) BrasilAgro (NYSE: LND, BOVESPA:AGRO3): Companhia Brasileira de Propriedades Agrícolas, Cresud's arm in Brazil and Paraguay;
- (iv) Banco Hipotecario (BASE: BHIP): one of Argentina's largest commercial banks, engaged in the personal banking and corporate banking sectors.
- (v) Is also Co-Chairman of IDB Development (TASE:IDBD): a leading conglomerate in the State of Israel which directly and indirectly owns Clal Insurance (TASE: CLIS), Shufersal (TASE: SAE), Cellcom (NYSE & TASE: CEL), Properties & Building Corp. (TASE: PTBL), ADAMA Agricultural Solutions, Elron Electronic Industries (TASE: ELRN) and others;

Mr. Elsztain is a member of the World Economic Forum, Council of the Americas, the Group of 50 and Argentina's Business Association (AEA), among others.

He is president of Fundacion IRSA, which promotes education among children and young people, including "Puerta 18", a program that provides free computing and technology education for young people from low-income backgrounds in order to develop their scientific, artistic and professional talents.



**Stabro Kasaneva**  
Executive Director  
Chief Operating Officer

Appointed 7 Oct 2009  
Re-elected by shareholders on 28 Nov 2012

Mr Kasaneva holds a degree in Geology from the Universidad Católica del Norte, Chile. He has more than 20 years experience in geology and exploration of gold deposits, mainly focused on the Paleocene belt in Northern Chile, where Guanaco, Austral Gold's flagship gold/silver project, is located.



**Saul Zang**  
Non-Executive Director

Appointed 29 Jun 2007  
Re-elected by shareholders on 16 Dec 2014

**Mr. Zang** obtained a law degree from Universidad de Buenos Aires. He is a founding member of the law firm Zang, Bergel & Viñes.

Mr Zang is an adviser and Member of the Board of Directors of Buenos Aires Stock Exchange and provides legal advice to national and international companies. Mr Zang currently holds (i) Vice-Chairmanships on the Boards of IRSA (NYSE: IRSA, BASE: IRSA), IRSA Propiedades Comerciales (NASDAQ: IRCP, BASE: APSA), Cresud (NASDAQ: CRESY, BASE: CRES) and (ii) holds Directorships with Banco Hipotecario (BASE: BHIP), BrasilAgro (NYSE: LND, BOVESPA:AGRO3), IDB Development Corporation Ltd. (TASE:IDBD) – a leading conglomerate in the State of Israel which directly and indirectly owns Clal Insurance Enterprises Holdings (TASE: CLIS), Shufersal (TASE: SAE), Cellcom (NYSE & TASE: CEL), Properties & Building Corp. (TASE: PTBL), ADAMA Agricultural Solutions, Elron Electronic Industries (TASE: ELRN) among others.





**Wayne Hubert**  
**Non-Executive Director**

Appointed 18 October 2011  
 Re-elected by shareholders on 16 Dec 2014

Mr Hubert is a mining executive with over 15 years experience working in the South American resources sector. From 2006 until 2010 he was the Chief Executive Officer of ASX-listed Andean Resources Limited, and led the team that increased Andean's value from \$70 million to \$3.5 billion in four years. Andean was developing a world-class silver and gold mine in Argentina with a resource of over 5 million ounces of gold when it was acquired by Goldcorp Inc. of Canada.

Mr Hubert holds a degree in Engineering and a Master of Business Administration and has held executive roles for Meridian Gold with experience in operations, finance and investor relations. Currently he is a Director of: Midas Gold Corp [TSX], a Canadian company with a 5.7 million ounce gold resource, Lithic Resources [TSX] and Argentex Mining Corporation (ATX).



**Robert Trzebski**  
**Non-Executive Director**

Appointed 10 April 2007  
 Re-elected by shareholders on 27 Nov 2013

Dr Trzebski holds a degree in Geology, PhD in Geophysics, Masters in Project Management and has over 20 years of professional experience in mineral exploration, project management and mining services. He is currently Chief Operating Officer of Austmine Ltd. As a fellow of the Australian Institute of Mining and Metallurgy, Dr Trzebski has acted as the Competent Person (CP) for the Company's ASX releases



**Ben Jarvis**  
**Non-Executive Director**

Appointed 2 June 2011  
 Re-elected by shareholders on 16 Dec 2014

Mr Jarvis is the Managing Director and co-founder of Six Degrees Investor Relations, an Australian advisory firm that provides investor relations to a broad range of companies listed on the Australian Securities Exchange.

Mr Jarvis is also a Director of South American Tin Limited, a company focused on tin exploration and project development in Bolivia. Mr Jarvis was educated at the University of Adelaide where he majored in Politics.



**Pablo Vergara del Carril**  
**Non-Executive Director**

Appointed 18 May 2006  
 Re-elected by shareholders on 27 Nov 2013

Mr Vergara del Carril is a lawyer and is professor of Postgraduate Degrees for Capital Markets, Corporate Law and Business Law at the Argentine Catholic University.

He is a member of the International Bar Association and the American Bar Association as well as an officer of the Legal Committee of the Argentine Chamber of Corporations. He is recognized as a leading lawyer in Corporate, Real Estate, M&A, Banking & Finance and Real Estate Law by international publications such as Chamber & Partners, Legal 500, International Financial Law Review, Latin Lawyer and Best Lawyer.

He is a director of Banco Hipotecario SA. [BASE: BHIP], Nuevas Fronteras (owner of the Intercontinental Hotel in Buenos Aires), IRSA Propiedades Comerciales [Nasdaq / BASE] and Emprendimiento Recoleta SA (owner of the Buenos Aires Design Shopping Centre), among other companies.

Mr Vergara del Carril is also a director of Guanaco Mining Company Limited and Guanaco Capital Holding Corp.



## Contact

For further information please contact:

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