



MEDIA RELEASE

8 May 2023

Austral Gold Obtains Takeover Option at Rawhide Mine

AGREEMENT HIGHLIGHTS

- Austral Gold's subsidiary Austral Gold North America Corp ("**AGNA**") to provide US\$555,000 bridge funding to the Rawhide Mine in Nevada, a fully permitted operation that produces gold and silver through an open pit heap leaching operation.
 - AGNA to perform a due diligence on the mine, in which it already owns a 24.74% interest.
 - AGNA has an option to take an approximate 99.98% stake in the mine and assume controlling ownership upon completion of due diligence by 29 May 2023.
 - Rawhide's existing financial debt of approximately US\$18.5 million to be restructured.
 - AGNA has invested a total of US\$6.4 million in Rawhide since 2019 as part of its corporate strategy to expand its footprint in North America through equity investments.
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Established gold producer Austral Gold Limited's (Austral or the Company) (ASX: AGD; TSX-V: AGLD) subsidiary, AGNA, has agreed to provide US\$555,000 bridge funding to the Rawhide Mine in Nevada, and acquired a takeover option under an agreement with Rawhide Acquisition Holding LLC ("RAH"), the RAH unit owners and the Rawhide lenders (the "Lenders").

Agreement Overview

AGNA currently owns 24.74% of RAH. RAH is a privately held Delaware limited liability company that owns Rawhide Mining LLC ("**Rawhide**"), a Nevada limited liability company that owns the Rawhide Mine in the state of Nevada, USA. AGNA has entered into an agreement (the "**Agreement**") with Rawhide, RAH, all of the RAH limited partnership unit owners and the Lenders, pursuant to which:

- (i) AGNA has an exclusive period to perform due diligence on RAH and Rawhide during a 21-day period expiring on 29 May, 2023;
- (ii) AGNA has agreed to provide Rawhide with bridge funding ("**Bridge**") in the amount of US\$555,000, for the purpose of helping Rawhide fund its current operations while AGNA performs due diligence;
- (iii) AGNA has acquired an option to purchase all of the limited partnership units of the other unit owners, other than management of Rawhide who collectively own 0.15% of RAH, for a total

of one hundred dollars; and

- (iv) The Lenders have agreed to restructure the existing Rawhide financial debt, in the amount of approximately US\$18.5 million, on the following terms (i) up-front payment of US\$1.5M cash; (ii) a senior loan of US\$ 7.5M with a fixed interest rate of 7.5% per year, payable in 13 equal semi-annual instalments of principal and interest, with the first payment due on 31 December 2023; (iii) the Lenders will keep their guarantees under the existing Loan Agreement; and (iv) Lenders will provide AGNA with a one-year call option, exercisable after 31 December 2024, to cancel Lender’s remaining loan and security for a lump sum payment of US\$ 4.5M, while during the same period the Lenders will have a 1-year put option to have the outstanding loan and security precancelled for a lump sum payment of US\$3M, with a 6 month prior notice and the amount cancelled on or June 30, 2025 (the “**Loan Restructuring**”).

The transaction is subject to and conditioned upon: (i) satisfactory Due Diligence by AGNA to review, determine and/or confirm, among other things, the current operational status, that there are no other liabilities than those disclosed in the financial statements of Rawhide (except for those incurred in the ordinary course of business), and current agreements with the insurance company and the State of Nevada; (ii) the execution of definitive agreements and documents (“**Definitive Agreements**”) in form and substance satisfactory to the parties; (iii) mutually satisfactory amendment of the Loan Agreement and/or any other agreements to implement the Loan Restructuring, as applicable; (iv) obtaining Rawhide Mining and Rawhide’s Management Committee and regulatory authorities, including ASX and TSXV, approvals for closing the transaction.

Key Transaction Terms

- AGNA to provide short term Bridge of US\$555,000
- AGNA acquires each option in consideration of providing the Bridge, with the right to exercise all options for a total of one hundred dollars.
- Exclusivity period to implement the Loan Restructuring during due diligence.
- Break-up fee of US\$0.5 million if the Lenders, RAH or Rawhide receive and accept an alternative strategic sale offer within a 30-day period from the expiration of the exclusivity period.

About Rawhide

Rawhide is a fully permitted operation that produces gold and silver through an open pit heap leaching operation. In 2019, Rawhide received a mine expansion permit associated with the Regent open pit. Rawhide is a historical mining operation that started in the early 1900s located in the Walker Lane structural zone, one of the most prolific gold mining districts in the world, and is located 50 miles from Fallon, Nevada, USA. It is surrounded by multiple 1.0 million+ gold oz deposits. Rawhide was formerly operated as a subsidiary of Kennecott Corp. prior to Coral Reef Capital partnering with the Rawhide mine management team to acquire the property from Rio Tinto Plc in 2010.

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.



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 those concerning the proposed transaction and the parties intent to negotiate and enter into definitive agreements and obtain regulatory and stock exchange approval, the results of the proposed due diligence investigation and Austral and AGNA's desire to proceed with the transaction and the timing for all of these events.

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, regulatory approval, approval by the current Rawhide lenders, business integration risks; uncertainty of production, uncertainty of exploration programs, 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.



About Austral Gold

Austral Gold is a growing gold and silver mining producer building a portfolio of quality assets in the Americas. Austral continues to lay the foundation for its growth strategy by advancing its attractive portfolio of producing and exploration assets.

OPERATIONS

- **Guanaco and Amancaya mines, Antofagasta Province, Chile** (100% interest)
Open pit and underground.
2023 Forecast: 34,000-38,000 gold equivalent ounces
 - **Casposo/Manantiales Mine Complex, San Juan Province, Argentina** (100% interest)
Gold and silver mine currently in care and maintenance. Strategy is to restart profitable mining operations.
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EXPLORATION

CHILE

- Paleocene Belt, Chile
- Guanaco District
- Amancaya District
- Las Pampa District

ARGENTINA

- Triassic Choiyoi Belt
 - Indio Belt
 - Deseado Massif
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EQUITY INVESTMENTS

- Unico Silver Limited, an ASX listed company
- Pampa Metals Corp, a CSE listed company
- Ensign Minerals Inc., private vehicle, Utah, USA
- Rawhide Mine, private vehicle, Fallon, Nevada, USA