



MEDIA RELEASE

Austral Gold Limited

15 August 2019

Austral Gold Announces Non-Renounceable Pro-rata Rights Offering of up to A\$5.614 million

Austral Gold Limited (**Company**) (ASX: AGD; TSX-V: AGLD) is pleased to announce that it is undertaking an offer to Eligible Shareholders to participate in a Non-Renounceable Pro-Rata Rights Offer (**Offer**) of ordinary shares (each a **Share**) and attaching options (each an **Option**) to raise gross proceeds up to a maximum of A\$5,614,407 (excluding potential proceeds from the exercise of the attached Options, which could amount to a maximum of an additional A\$4,304,378).

Participation and important dates in relation to the Offer

The Offer is being made only to holders of the Shares as at 5.00 p.m. (Sydney, Australia time) on 20, August 2019 (**Record Date**) that have a registered address in Australia or New Zealand at that time and date (each an **Eligible Shareholder**). The Offer will not be made to any other person.

The Offer is expected to open on 23 August 2019 and it is expected to close at 5:00 p.m. (Sydney, Australia time) on, 13 September 2019, unless extended at the discretion of the Board. If the closing date or any other date relevant to the Offer is varied, subsequent dates may also be varied accordingly. The Company will announce any such variation as soon as possible after it has been determined.

The Offer

The Offer is an offer from the Company to Eligible Shareholders of one (1) Share for every seven (7) Shares held by that Eligible Shareholder on the Record Date at a price of A\$0.08 per Share (**Offer Price**) and 1 Option for every one and a half (1.5) Shares subscribed for under the Offer.

Each Option will entitle the holder to purchase one additional Share for A\$0.092 until the second anniversary of the date of issue of the Option.

The Offer Price for each Share and attaching Option represents a discount of 4.53% and a premium of 9.79% to the 5 day volume weighted average closing price (**VWAP**) of Shares quoted on the ASX, up to and including Friday, 9 August, 2019.

The Offer is “non-renounceable”. This means that the entitlement under the Offer of an Eligible Shareholder to subscribe for Shares and attaching Options (**Entitlement**), cannot be sold and, if not taken up by the Closing Date, will lapse and be of no further value.

Based on the capital structure of the Company as at the date of this release, and assuming that the Offer is taken up in full, the maximum aggregate number of Shares and Options to be issued pursuant to the Offer, the Shortfall Offer and the potential Broker Facility is 70,180,092 New Shares and 46,786,728 Options.

Shortfall Offer

Any Shares that are not the subject of a valid application received by or on behalf of the Company by the Closing Date will form the Shortfall and be regarded as Shortfall Shares. All Eligible Shareholders who have exercised all their respective Entitlements under the Offer, will be eligible and invited to apply for Shortfall Shares at the discretion of the Board, and attaching Options, at the same price as the Offer Price.

There will be no minimum investment size under the Offer or the Shortfall Offer.

Broker Facility

Any Shares that have not been subscribed for under either the Offer or the Shortfall Offer will be regarded as Shares that may be offered under a Broker Facility at the discretion of the Board.

The terms of the remuneration of any or each Broker that may be engaged by the Company to act under the Broker Facility, that is or will be payable in consideration for its establishment and operation of the Broker Facility, will be determined when and if any such engagement is made. All such remuneration, if any, will be paid by the Company.

Purpose of the Offer

The primary purpose of the Offer is to raise funds to enable the Company to fund the brownfield exploration programs at and near the Company's projects and working capital needs in Argentina and Chile.

Dilutive effect on current Shareholdings

It is the current intent that Mr. Eduardo Elsztain and his associated interests (collectively **EE Interests**), who currently control 85.26% of the shares of the Company, to participate in the Offer, but not to participate in the Shortfall Offer nor, if offered, the Broker Facility.

As disclosed in the table below, on a fully diluted basis, which assumes that:

- all Options will be exercised, after completion of the Offer and exercise of all their Options;
- the Eligible Shareholders exercise their respective Entitlements and participate in either the Shortfall Offer or, if offered, the Broker Facility, over four separate percentage levels; and
- EE Interests exercise all their respective Entitlements,

then the EE Interests would after close of the Offer, hold between 86.13% and 87.76% of the Shares.

Percentage of Entitlements exercised by Eligible Shareholders other than EE Interests	Percentage Shareholding of all Shareholders (other than EE Interests) immediately after Closing Date	Percentage Shareholding of all EE Interests immediately after Closing Date
0%	13.14%	86.76%
25%	13.32%	86.68%
50%	13.51%	86.49%
75%	13.69%	86.31%
100%	13.87%	86.13%

Shareholder approval

The Company will issue the Shares pursuant to ASX Listing Rule 7.2 (Exception 1). Accordingly, Shareholder approval is not required for the issue of the New Shares or Options under the Offer.

About Austral Gold

Austral Gold Limited 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/Amancaya project in Chile is a gold and silver producing mine with further exploration upside. The company also holds the Casposo Mine (San Juan, Argentina) and an attractive portfolio of exploration projects including the Pingüino project in Santa Cruz, Argentina (100% interest) and the San Guillermo and Reprado projects near Amancaya (100% interest). 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 Limited 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.

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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 ASX release include the anticipated timing of the Offer, the percentage of the Offer (or the Shortfall Offer or the Broker Facility) that will be taken up by Eligible Shareholders or others that might be entitled, the expectation that the funds raised will fund the proposed use of proceeds and the anticipated dilution effect of the shares and options issued. 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 Offer Document. 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.