

Austral Gold Limited
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Austral Gold Expands Asset Base in Chile by Securing Properties Surrounding Amancaya

- **Austral expands the Amancaya Project area by securing additional 12,500 hectares surrounding its main veins**
- **Consistent with AGD's strategy of consolidating precious metals exploration and development assets around the flagship producing Guanaco Mine**
- **First time these properties are consolidated into a single mining project**

Austral Gold Limited ("Austral", ASX: AGD), through its wholly-owned subsidiary, Guanaco Compañía Minera SpA has entered into an agreement with Revelo Resources ("Revelo", TSX:RVL) to secure 12,500 hectares of mining concessions, part of the San Guillermo Project owned by Revelo ("the Properties").

These properties are strategically located around the Amancaya property, which was purchased by Guanaco Compañía Minera SpA from Yamana Gold Inc. in 2014. This is the first time that these properties are integrated into one mining project. The company is hopeful that insight into the Amancaya mineralisation can be extended into these newly secured properties to allow for target generation and testing in a relatively short time frame.

The San Guillermo Project comprises more than 24,000 hectares of exploration and mining tenements located about 60 kilometres southwest of Austral's Guanaco mine within the Paleocene Belt of northern Chile. In Austral's view, the project is mainly prospective for low-sulphidation epithermal precious metals veins similar to those found at Amancaya and El Peñon. Previous exploration, including approximately 46,000 metres of drilling has focused on several targets on the San Guillermo property. Numerous drill intercepts are reported, but much of the property remains unexplored. The exploration program for the properties will be integrated with Austral's program in the area which should lead to significant synergies and the potential to rapidly develop economic discoveries.

The proposed transaction involves a staged investment over three years and is composed of three elements in order for full ownership of the properties to be transferred to Austral.

1. Work commitment of US\$3m over 3 years starting from the date of a binding agreement between the parties (Year 1: US\$0.5m; Year 2: US\$1.25m; Year 3: US\$1.25m);
2. Cash payment of US\$650k over 3 years (Year 1: US\$50k; Year 2: US\$50k; Year 3: US\$550k) with
3. Final optional cash payment of US\$2m subject to exploration results from the work commitment program to finally acquire 100% of the properties.

Concessions comprising the properties are subject to royalty agreements providing royalty payments of between 1.5% and 4.5% of net smelter returns, depending on the location of certain concessions within the properties, with 0.5% payable to Revelo and the remainder payable to previous owners of the properties, with options available to reduce or exit the royalty agreement. In addition, Austral will cover the cost of the mining rights annual payment for the properties for the Year 2015 and subsequent years during the term of the final binding agreement.

The acquisition marks another step in Austral Gold's strategy of consolidating precious metals exploration and development assets that add scale to its Chilean asset base. Austral Gold now holds more than 50k hectares of highly prospective mining concessions in Chile with projects in the exploration, development and production phases (see accompanying map).

Commenting on the San Guillermo properties acquisition and other developments, Dr. Robert Trzebski, non-executive director of Austral Gold, said: "This is another positive step in expanding our Chilean asset base and it is in line with our well-defined growth strategy. Our team in Chile has unrivalled knowledge of the asset base in and around Guanaco, and this knowledge is helping us to build a very compelling portfolio of assets that will ultimately enable Austral Gold to significantly ramp its existing production levels.

"To that end, we are pleased with the work taking place to develop Amancaya while we are also assessing acquisition opportunities in Argentina which also offer additional scope for growth."

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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Map: New Properties Acquisition Surrounding Amancaya

