



MEDIA RELEASE

Austral Gold Limited

21 December 2020

Austral Gold provides operations update

Austral Gold Limited (the “**Company**” or “**Austral**”) (ASX: AGD; TSX-V: AGLD) has decided to outsource its underground mine operation at its 100% owned Amancaya mine and certain maintenance activities at its Guanaco processing plant, effective January 2021. Austral is in final negotiations with contractors that will bring new technologies and skills that the Company expects will increase the efficiency and stability of its operations.

The outsourcing decision was based on the Company’s focus to increase its mineral reserve inventory in Argentina and Chile, and the challenges of operating at deeper underground levels. Amancaya is a high-grade satellite mine located about 60km from the Guanaco mining complex.

As a result of the restructuring, Austral plans to take an after-tax charge of US\$3 million. It is expected that the transition to the mining contractor at Amancaya will impact production in January 2021 with operations resuming in February. Austral will continue to provide mine planning and grade control at the operation.

2020/2021 Guidance

Production at the Guanaco/Amancaya mines was 52,487 gold-equivalent ounces for the 11-months period ended November 30, 2020 (49,718 gold ounces and 244,961 silver ounces); and the Company remains on track to achieve its guidance of about 55,000 gold equivalent ounces provided for calendar year 2020.

Production guidance for 2021 is estimated in the range of 50,000-55,000 gold equivalent ounces. Further details of the projected cash cost (C1) and all-in-sustaining cost (AISC) will be included in the December 2020 quarterly report and is expected to remain in the lower quartile of industry costs.

Chief Executive Officer, Stabro Kasaneva commented: “We expect the outsourcing of our mining operations at Amancaya will lead to production efficiencies as we increase our focus on exploration in Chile and Argentina with the goal of building a growing sustainable future.”

About Austral Gold

Austral Gold Limited is a growing gold and silver mining, development and exploration company building a portfolio of quality assets in Chile, the USA and Argentina. Austral owns 100% interest in the Guanaco/Amancaya mine in Chile and the Casposo Mine (care and maintenance) in Argentina, and a 26.46% interest in the Rawhide Mine in Nevada. In addition, Austral owns an attractive portfolio of exploration projects in the Paleocene Belt in Chile and a 100% interest in the Pingüino and Sierra Blanca projects in Santa Cruz, Argentina. Austral Gold Limited is listed on the TSX Venture Exchange (TSX-V: AGLD), and the Australian Securities Exchange. (ASX: AGD). For more information, please consult Austral's website at (www.australgold.com).

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 the Company's plans to outsource the underground mine operation at Amancaya, its expectation that this will result in an estimated after-tax cost of US\$3 million, the expectation that the transition to the mine contractor at Amancaya will impact production in January 2021 and that operations will resume in February, the production guidance estimate of 50,000-55,000 gold equivalent ounces for 2021, and, finally, that the outsourcing will of our mining operations at Amancaya will lead to production efficiencies.

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 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.