ASX CODE

AUC

DIRECTORS

Mr Robert Pett
Chairman / Non-Executive Director

Mr Stephen Thomas
Executive Technical Director

Mr Richard Lockwood
Non-Executive Director

Mr Denis Rakich
Executive Director/Company Secretary

REGISTERED OFFICE

Level 16, AMP Building
140 St Georges Terrace
Perth WA 6000

SHARE REGISTRY
Security Transfer Registrars
770 Canning Highway
Applecross WA 6153

ISSUED CAPITAL (03.03.15)

Ordinary shares: 259.5m
Listed options: 76.9m
Unlisted options: 16.6m

INVESTOR RELATIONS

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11 May 2015

KATANNING GOLD PROJECT - RESOURCE DEVELOPMENT UPDATE

HIGHLIGHTS

- At Jinkas intersections include:
    - **20m grading 7.64 g/t Au** (from 96m) including **7m grading 18.36 g/t Au** (96m) in BSRC0693;
    - **16m grading 4.22 g/t Au** (from 84m) including **6m grading 8.54 g/t** (93m) in BSRC0699;
    - **8m grading 9.51g/t Au** (from 60m) in BSRC0692;
    - **18m grading 2.46g/t Au** (from 89m) including **7m grading 5.37g/t Au** (89m) in BSRC0696;
    - **21m grading 2.21 g/t Au** (from 85m), including **3m @ 5.58 g/t Au** (99m) in BSRC0694;

- Drilling at Jinkas has confirmed a substantial footprint of mineralisation over a 700m strike length **(Figure 1)**. Mineralisation remains open down plunge to the north and down dip to the south; with scope to increase the grade and size of the current ~0.9Moz gold JORC resource at the Katanning gold project ("KGP").

- Further drilling is planned to test for potential structural repetitions of Jinkas mineralisation at the White Dam, Jacksons and Fraser deposits. These zones of mineralisation, especially White Dam (intersected in previous Ausgold drilling i.e. 10m grading 7.86g/t Au (81m) in BSRC0435 and 16m grading 3.38g/t Au (133m) in BSRC0436), have the potential to expand the footprint of higher grade mineralisation at the KGP.

- At Dingo drilling confirms substantial shallow mineralisation down dip of the historic Dingo open cut **(Figure 2)**. Intersections include:
    - 5m grading 1.85g/t Au (46m) in BSRC0654 and 7m grading 1.43g/t Au (25m) in BSRC0659.

Ausgold Limited (ASX: AUC) ("**Ausgold"** or "the **Company**") is pleased to announce the completion of a Resource Development (RC) drilling program at its 100% owned KGP, south-east of Perth, WA. Ausgold advises initial assay results have been received from drilling, with further results to be updated when assays become available. A full list of results is outlined in **Table 1** with drill hole locations highlighted in **Figures 1** and **2**.

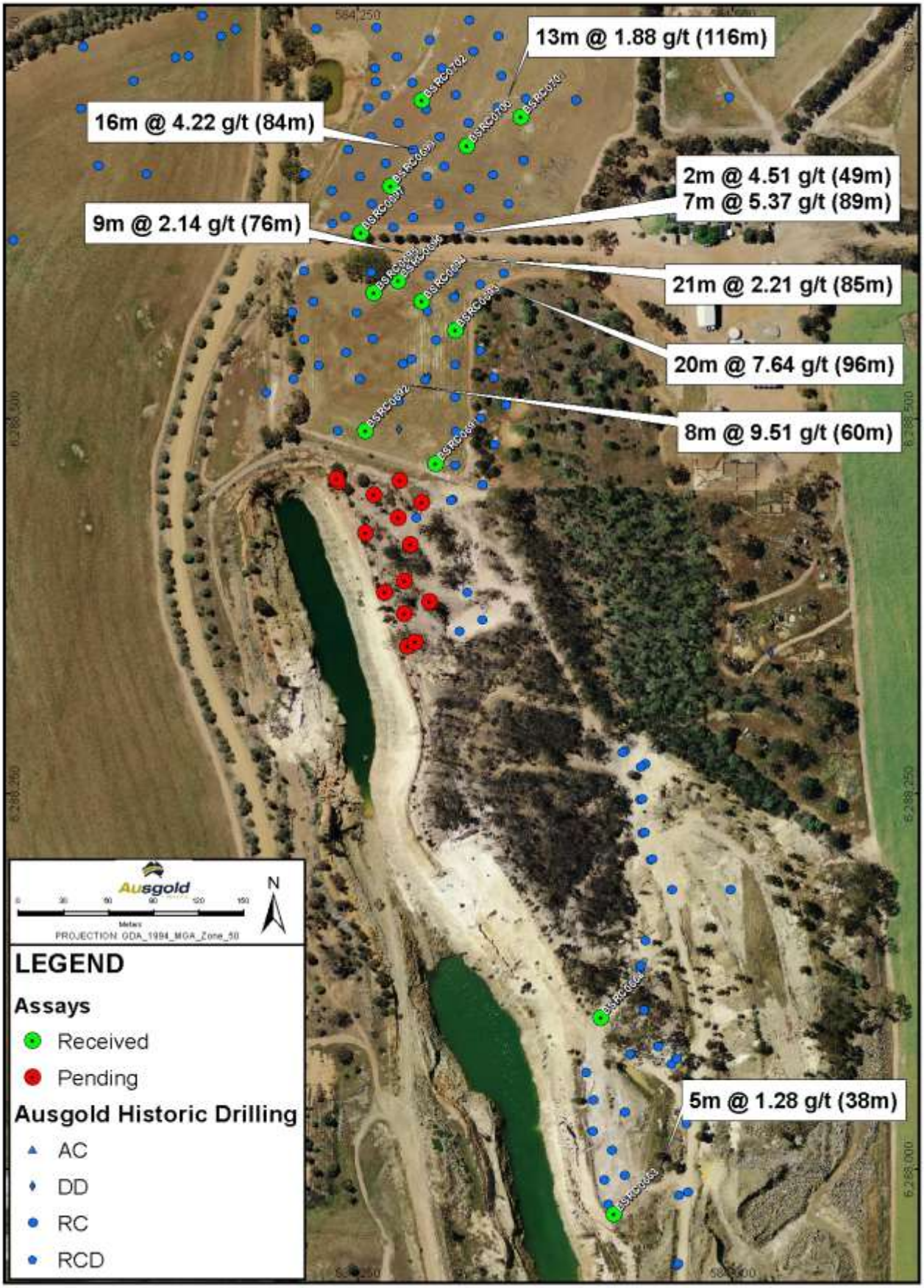

***FIGURE 1**. Aerial photograph at Jinkas showing location of completed RC drilling and results pending.*

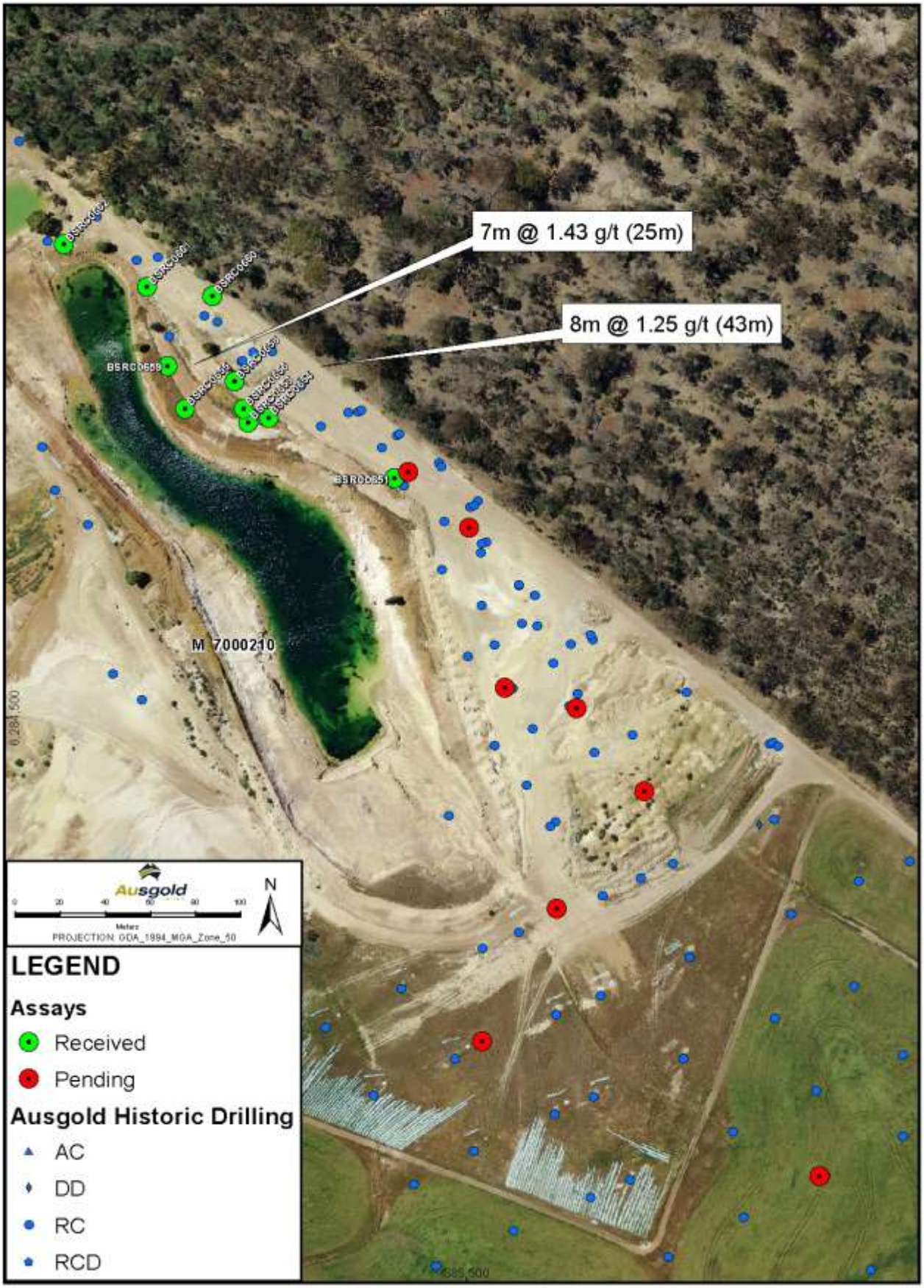

***FIGURE 2**. Aerial photograph at Dingo showing location of completed RC drilling and results pending.*

Resource Development Drilling of Jinkas and Dingo at the KGP

In April 2015, Ausgold completed a 4,000m program of RC drilling at the Jinkas and Dingo deposits, located within ML70/211 and ML70/210 respectively. The program is designed to fill gaps in drilling, extend mineralisation down dip and plunge and upgrade existing inferred resources to the higher confidence measured and indicated categories. A Schramm 685 drill rig was used for the program, with this sizing of rig provided high quality samples (good sample recovery and dry samples at both the Jinkas and Dingo deposits).

A total of 46 RC holes were completed at the KGP (2,500m at Jinkas 1,500m at Dingo). Results received to date are from a total of 23 RC drill holes (13 at Jinkas and 10 at Dingo). Drilling at Jinkas has confirmed a substantial footprint of mineralisation with a 700m strike length of mineralisation, comprising a 400m strike length of higher grade mineralisation down plunge of the Jinkas North open pit, and a 300m strike length of sub outcropping moderate grade mineralisation along the east wall of the Jinkas South open pit **(Figure 1)**.

Mineralisation is associated with zones of sulphides (pyrrhotite and pyrite) and quartz veining. Based on previous RC and diamond drilling carried out at the KGP the zones of mineralisation appear to have a broadly tabular geometry, and associated with the main adamelite – granulite fault contacts. The fault contacts and zones of mineralisation have a NNW strike and shallow dips of between 30-40 degrees to the east. On this basis drill hole intersections are believed to be at a high angle to the zones of mineralisation and close to true widths.

Proposed Work Programs Going Forward

Optimal sampling and assaying protocols have been established to deliver a reliable data set for an updated resource estimate in accordance with JORC 2012 guidelines (Appendix 1). The focus of any new resource estimate will be a subset comprising the higher grade zones sitting on the main adamelite – greenstone contacts.

Drill hole spacing is generally 40x40m and 20x20m in the mineralised zones at Jinkas and Dingo, providing for a predominantly measured resource status. Planned drilling in realised gaps in the existing resource model in addition to high quality twin-hole drilling should improve confidence in grade continuity and distribution of mineralisation.

In addition, and building on previous Ausgold exploration and structural studies by SRK (and others[1,2,3]), a further RC drilling program to test for structural repetitions of mineralization at the White Dam, Fraser and Jackson deposits is proposed. These zones of mineralisation have the potential to expand the footprint of higher grade mineralisation at the KGP. In particular the White Dam zone of mineralisation, which sits in the footwall of the Jinkas mineralisation and approximately 80m below it, needs to be drill tested on higher grade sections. Previous Ausgold drilling on this zone has intersected mineralisation over a 300m strike length; with intersections including 24m grading 1.96g/t Au (from 121m) including 12m grading 3.62g/t Au (121m) in BSRC0434, 10m grading 7.86g/t Au (81m) in BSRC0435 and 16m grading 3.38g/t Au (133m) in BSRC0436. This has emerged as a priority for further drilling and a formal Program of Works (PoW) for this drilling program will be finalised and submitted to the Department of Mines and Petroleum ("DMP") during the June Quarter 2015.

Further drilling will also include follow up of significant HW mineralisation encountered at the north end of the Jinkas mineralisation (BSRC0699 & BSRC0701) just up-dip from previous Ausgold drill hole BSRC0573 (2m grading 10.48g/t Au (106m)) and the substantial zone of moderate grade mineralisation confirmed along a 300m strike length adjacent to the historic Jinkas South open pit (BSRC0663 & BSRC0664). Historic drilling in this latter area includes 17m grading 2.08g/t Au (17m) in IMR017, 37m grading 1.33g/t Au (22m) in IMR021 and 22m grading 2.33g/t Au (32m)in IMR024 (drilling in this area will require further Heritage Site clearance to proceed).

Corporate

During April 2015 the Company finalised a placement of 28.6m shares at 3.5c per share to raise $1.01m. Proceeds have been applied to the initial RC drilling at the KGP and additional working capital for further drilling.

TABLE 1. Anomalous gold values from the April RC drilling at the KGP (*GDA 1994 MGA Zone 50)

Project	Hole ID	Northing*	Easting*	From (m)	To (m)	Interval (m)	Au (ppm)
Jinkas	BSRC0663	6287970	584421	26	29	3	0.64
	and			38	43	5	1.28
	BSRC0691	6288470	584302	5	13	8	1.99
	and			44	53	8	1.94
	and			90	103	13	1.63
	BSRC0692	**6288492**	**584255**	**60**	**68**	**8**	**9.51**
	BSRC0693	**6288559**	**584315**	**96**	**116**	**20**	**7.64**
	includes			**96**	**103**	**7**	**18.36**
	BSRC0694	6288578	584293	**85**	**106**	**21**	**2.21**
	includes			**99**	**102**	**3**	**5.58**
	BSRC0695	6288584	584261	49	51	2	4.51
	BSRC0696	**6288592**	**584277**	**89**	**107**	**18**	**2.46**
	and			**89**	**96**	**7**	**5.37**
	includes			43	44	5	4.76
	BSRC0697	6288624	584252	78	80	2	1.34
	and			89	93	2	1.97
	and			40	42	2	2.56
	BSRC0699	**6288655**	**584272**	52	54	2	3.14
	and			**84**	**100**	**16**	**4.22**
	and			**93**	**99**	**6**	**8.54**
	BSRC0700	6288682	584323	116	129	13	1.88
	BSRC0701	6288701	584359	95	98	3	1.22
	BSRC0702	6288712	584293	108	112	4	1.46
Dingo	**BSRC0654**	**6284633**	**585412**	**46**	**51**	**5**	**1.85**
	BSRC0655	6284637	585375	17	35	18	0.78
	includes			17	21	4	1.55
	and			24	29	5	0.82
	and			32	35	3	0.72
	BSRC0658	6284649	585397	38	42	4	0.79
	BSRC0659	**6284656**	**585367**	**25**	**32**	**7**	**1.43**
	BSRC0660	6284687	585387	41	43	2	1.45
	and			48	49	1	1.09
	BSRC0661	6284691	585358	25	34	9	0.70
	BSRC0662	6284710	585321	9	20	11	0.77

COMPETENT PERSONS STATEMENTS

The information in this report that relates to Exploration Results is based on information compiled by Mr Stephen Thomas, who is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience relevant to the style of mineralisation under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Thomas consents to the inclusion in this report of the matters based on his information in the form and context in which it appears. Exploration results are based on standard industry practices, including sampling, assay methods, and appropriate quality assurance quality control (QAQC) measures. Reverse circulation (RC) drilling samples are collected as 1m interval or composite samples of 4m (stated in results).

The information in this report that relates to Mineral Resources is based on information compiled by Mr Jonathon Abbott of MPR Geological Consultants Pty Ltd. Mr Abbott is a Member of the Australian Institute of Geoscientists ('AIG') and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (The JORC Code). Mr Abbott consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

1 *Blackburn, G.V., Fradd, J.F., Mazzucchelli, R.H., and Schupp, J.W., 1990. Badgebup [Katanning] Gold Deposits, in Geology of the Mineral Deposits of Australia and Papua New Guinea (Editor F.H. Hughes), pp. 177-180 (AusIMM. The Minerals Institute. Monograph 14 1990).*

2 *Greentree, M. Exploration Targeting and Review of the Katanning Gold Project, in Internal Report to Ausgold Ltd September 2013 (Reviewed B.D. Waele)(SRK Consulting (Australasia) Pty Ltd 2013).*

3 *Greentree, M., and Cairns, D. The Katanning Gold Project – New Insights into the Controls on High-Grade Gold Mineralisation in the Southwest Terrain, Western Australia, in Gold14@Kalgoorlie International Symposium, pp. 37-40 (Australian Institute of Geoscientists and Geoscientists Symposia. Proceedings 2014).*

CONTACT DETAILS

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ABOUT AUSGOLD

Background to the Company

Ausgold is an exploration and development Company based in Perth, Western Australia. Ausgold was listed in 2009 to target and discover new gold and copper deposits in underexplored terrains in Australia. Based on targeting by the Centre for Exploration Targeting, affiliated with the University of Western Australia and Curtin University of Western Australia. The Company holds tenements covering 3,500km^2 of ground prospective for gold and copper **(Figure 3**).

Ausgold's flagship project is the Katanning Gold Project ("KGP") located 275 kilometres south-east of Perth, Western Australia. Ausgold holds over 2,440 square kilometres and a dominant ground position in this relatively underexplored Archean greenstone belt.

FIGURE 3: *Location plan of Ausgold's projects*

Current Global JORC Gold Resource

Ausgold has released an initial JORC resource estimate of 10.4Mt grading 1.21g/t Au (containing 403koz Au using a 0.7g/t Au cut-off), within a global resource of 41.7Mt grading 0.66g/t Au (containing 878koz Au, using a 0.3g/t Au cut-off). This resource has been estimated down to approximately 150m below surface, with a view to delineating shallower resources which are potentially amenable to open cut mining **(Table 2)**.

Table 2 - Katanning Gold Project gold resource estimate

CUT OFF	MEASURED		INDICATED		INFERRED		TOTAL		
AU G/T	MT	AU G/T	MT	AU G/T	MT	AU G/T	MT	AU G/T	AU KOZ
0.3	2.56	0.89	13.1	0.72	26	0.6	41.7	0.66	878
0.4	2.03	1.03	9.54	0.86	16	0.7	27.6	0.78	691
0.5	1.64	1.17	7.22	0.99	10	0.8	18.9	0.90	549
0.6	1.33	1.32	5.54	1.13	7	1.0	13.9	1.08	483
0.7	1.08	1.47	4.28	1.27	5	1.1	10.4	1.21	403
0.8	0.90	1.61	3.37	1.41	4	1.2	8.3	1.33	354
0.9	0.75	1.76	2.71	1.55	3	1.3	6.5	1.46	303
1.0	0.64	1.91	2.22	1.68	2	1.5	4.9	1.64	256

The Katanning Gold Project gold resource estimate was completed by MPR Geological Consultants Pty Ltd which provided estimates at a variety of cut-off grades from 0.3g/t to 1.0g/t Au.

RC drilling at Jinkas and Dingo Deposits

In April 2015, Ausgold completed a 4,000m RC resource development drilling program to delineate the higher grade sections of the current global resource (878koz Au). Optimal sampling and assaying protocols have been established to deliver a reliable data set for an updated resource estimate in accordance with JORC 2012 guidelines.

Ausgold strategy at the KGP is to deliver an updated resource estimate and continue regional exploration in its dominant ground position. An updated resource should allow the commencement of preliminary Scoping Studies towards potential mine development.

APPENDIX 1 - JORC Code 2012 Edition

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1m samples from which 3kg was pulverised to produce a 30g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	This RC drilling program consisted of 27 reverse circulation (RC) holes for 2484m at Jinkas and 19 RC holes for 1346m at Dingo. Samples from RC drilling were collected in one metre intervals in mineralised zones with a 1/8 split for assay, split by a cyclone-mounted cone splitter, bagged in pre-numbered calico bags and the remainder retained in large plastic bags. In non-mineralised zones, a spear sample was taken from each bulk sample and composited to 4m. Spear samples were taken as consistently full and level for each sample. Where composite samples return assays at or above 0.5g/t Au the original samples (which are stored in plastic bags at the site) will be riffle spit to provide representative 1m samples for sample submission. QAQC samples consisting of field duplicates (additional split from RC), with standards and blanks inserted into the sequence of assay samples at a rate of 1 in 25. Each RC metre sampled weighed approximately 2 to 3 kilograms. All RC samples were sent to ALS Laboratories for crushing and pulverising to produce a 50 gram sample charge for analysis by fire assay and flame atomic absorption spectrometry (AAS).
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	All samples in this program were from RC drilling conducted by Topdrill Pty Ltd The RC drill holes utilised a down hole hammer and face sampling bit and were 5.5 inches in diameter.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of*	RC drilling sample weights (inclusive of moisture) are recorded for bulk reject samples. Recoveries are calculated qualitatively. In general, sample recovery observed was high (+95%). The cyclone-mounted cone splitter was cleaned on a regular basis to eliminate/minimise down hole and/or cross-hole contamination. Samples recovered where almost all dry, with only occasional moist samples. The relationship between sample recovery and grade and whether bias has been introduced has not been investigated at this stage.

Criteria	JORC Code explanation	Commentary
	fine/coarse material.	
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	All drill holes in the current program have been geologically logged to a level of detail to support the definition of geological domains appropriate to support Mineral Resource estimation and classification. The 4m composited sampling is not appropriate for mineral resource estimation. Representative rock chips were collected in chip trays, and logged the geologist at the drill site. Sample condition and degree of weathering were recorded qualitatively. No geotechnical logging is possible on reverse circulation samples. Lithology, weathering (oxidation state), structure, veining, mineralisation and alteration are recorded in detail using standard digital logging sheets and defined look up tables to ensure that all data is collected consistently. This data is logged using tablet computers. All data is validated by the logging geologist before being entered in an acQuire database. All drill holes are logged.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	RC chip samples were collected from each sampling interval from the rig mounted cyclone. This sample was riffle split to produce a sample that represents 12.5% of the initial sample collected. Another 25% sample is retained as a reference sample and when required (1 in 30) another 12.5% sample was collected as a field duplicate. Upon receipt by the laboratory the samples were sorted and dried at 160°C before being pulverised to nominally 80% passing 75 microns. Samples weighing more than three kilograms were halved by riffle splitting prior to pulverising with smaller samples completely pulverised. For QAQC samples, a sequence of matrix matched certified reference materials, commercial certified reference materials and blanks were inserted into the sample run at a frequency of approximately one in 25 samples. Sample sizes are considered to be appropriate for the style/texture of oxide and sulphide mineralisation at the Katanning Gold Project.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	The analytical techniques used are considered appropriate using four acid digestion or sample fusion. Gold was analysed by ALS at Perth (Australia) using the Au-AA26 fire assay with Atomic Absorption Spectroscopy (AAS) method with a 50g sample charge. This method has a lower detection limit of 0.01g/t and upper detection limit of 100g/t. When gold is greater than 100g/t the Au-DIL (gold by dilution) method is used (lower detection of 1g/t). Of the initial batch of samples (~1,570 samples) only 2 samples were greater than 30g/t Au. Certified field duplicates, blanks and standards were inserted approximately every 20m. Blank samples are inserted to check for contamination in field sampling, laboratory sample preparation and analysis. The blank material used should be below detection limits. The gold standards were sourced from Geostats Pty Ltd and Gannet Holdings with gold certified values ranging between 0.38g/t and 7.07g/t. Standard reference materials are used to check accuracy and bias of the analytical method. The results were similar to the standard concentration for the specific standard. QAQC samples were monitored on a batch-by-batch basis. An assay batch is accepted if the blank samples are within

Criteria	JORC Code explanation	Commentary
		the acceptable limits (5 times the lower detection limit) and the standards are within the + 3SD (standard deviations). One failed standard can cause rejection if the results around the failed standard are not in the normal grade range. A batch is also re-assayed when assay results from two or more standards are outside the acceptable limits. The inserted blank materials did not show any consistent issues with sample contamination. 100% of the gold standards assays were within acceptable limits with no low or high bias. The performance of field duplicates in RC samples is generally reasonable and the variations are related to the style of mineralisation. ALS also insert QAQC samples to internally test the quality of the analysis. These results are received with the assay results in each batch. The ALS QAQC included standards, blanks and duplicates for independent quality control. The results of the lab standards were also monitored on a batch to batch basis by the data geologist. The results did not show any issues with the laboratory.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	High standard QAQC procedures are in place (and will be audited), therefore repeatability issues from a QAQC point of view are not considered to be significant. Significant and/or unexpected intersections were reviewed by alternate company personnel through review of geological logging data, physical examination of remaining samples and review of digital geological interpretations. Portions of RC and DD holes were twinned. Comparison of the total ore zone in each twinned drill hole was undertaken as part of the current program validation and review using grade weighted averages of the composites through the mineralised intervals of the drill holes, and was broken by domain if a drill hole passed through multiple domains. The comparison of the assays between these holes showed the similar trends with no major down hole differences in grade variation. All assay data was accepted into the database as supplied by the laboratory. Data importation into the database is documented through standard operating procedures and is guided by acQuire import validations to prevent incorrect data capture/importation. Geological, structural and density determination data is directly captured in the database through a validation controlled interface using Toughbook computers and acquire database import validations. Primary data is stored in its source electronic form. Assay data is retained in both the original certificate (.pdf) form and the text files received from the laboratory. Data entry, validation and storage are discussed in the section on database integrity below.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	Drill hole collars (and drilling foresight/backsight pegs) were set out and picked up by an independent survey contractor using differential GPS; which provided +/- 100 millimetre accuracy. The grid system is MGA94 datum, UTM zone 50. Elevation values were in AHD. An end of hole gyroscopic drill hole survey was completed by the drilling contractors using a Reflex tool. The gyro measured the first shot at 0m followed by every 5m down-hole. The data was examined and validated onsite by the supervising geologist. Any surveys that were spurious were re-taken.

Criteria	JORC Code explanation	Commentary
		Validated surveys are entered into the acQuire data base by data entry personnel.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	Historic drilling at the Jinkas deposit (pre-mining) is mainly 5m down-dip spacing on 20m spaced cross-sections to a vertical depth of approximately 40-50m, over what is now the historical open pits at Jinkas and Dingo. Grade control blast holes and trenches were completed during the campaign of mining from December 1995 to July 1997. Historic drilling was also completed on both the footwall (White Dam mineralisation) and hanging wall (Olympia and Fraser mineralisation) of the historic Jinkas open pit as well as to the north and south of the main Jinkas deposit, mainly at 20m down-dip spacing on 20m cross-sections, with vertical depths to 30m in the hanging wall and to 150m on the footwall. Ausgold has extended this drill pattern both down-dip and to the north, with down-dip spacing of 20m on 20m spaced cross-sections, to a vertical depth of 250m. Ausgold has also completed drilling further to the north (approximately 500m north of the Jinkas open pit) with down-dip spacing of 40m on 40m cross-sections, to a vertical depth of 300m. Historic drilling at Dingo was mainly drilled at 20m down-dip spacing on 20m sections to a vertical depth of 70m within what is now the historic Dingo open pit. Grade control trench sampling was also completed during the brief period of mining from December 1995 to July 1997. Ausgold as expanded this drilling around the Dingo open pit, at 20m down-dip spacing on 20m sections to a vertical depth of 150m. Previous Ausgold drilling to the south of the Dingo open pit was mainly drilled at 80m down-dip spacing on 80m sections to a vertical depth of 60m. In some sections Ausgold has expanded this drilling at 40m down-dip spacing on 40m sections to a vertical depth of 200m. The nominal RC grids are deemed adequate to identify mineralisation envelopes which are infilled as appropriate.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	Relating to these results 19 RC drillholes were inclined perpendicular and drilled to the mine grid west (248°), commensurate with the interpreted dip and strike of the orebody. 3 drill holes were oriented vertically to the interpreted orebody in order to twin existing drill holes (1 RC at Dingo and 2 RC at Jinka). All holes were designed to best capture the interpreted dip and strike of the mineralisation and oriented perpendicular to the trend of interpreted lithology and structures to obtain as much as possible a true with representation. Observations of the current program do not suggest a bias in sampling from the drilling orientation.
Sample security	• *The measures taken to ensure sample security.*	Calico bags were placed into numbered polyweave bags which were tied securely and marked with flagging. Rejects portions were routinely weighed during relocation to a designated location for temporary storage. Assay samples were stored at a dispatch area and dispatched, depending on the frequency of pickups and length of the program. Samples were shipped via Katanning Logistics directly to ALS in Perth. The sample dispatches were accompanied by supporting documentation signed by the geologist and showing the sample submission number, analysis suite and number of samples. The chain of custody is maintained by ALS once the samples are received on site and a full audit trail for every sample is available through the ALS' Webtrieve application.

Criteria	JORC Code explanation	Commentary
		Assay results are emailed to the responsible geology administrators in Perth and will be loaded into the acQuire database through an automated process. QAQC on import is completed before the results are finalised.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	Before the commencement of the current RC program, the sampling process was fully reviewed and documented as a standard company process. A number of operational and technical adjustments were identified to improve validation of collected data, interpretation of data and management of QAQC practices. These improvements have been updated into standard operating procedures.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	Reported results are all from 100% owned Ausgold Exploration Pty Ltd Mining Tenements (wholly owned subsidiary of Ausgold Limited), including M70/210 and M70/211. Apart from reserved areas, rights to surface land use are held under freehold titles. Ausgold has entered into access and compensation agreements with freehold landowners that permit exploration activities. Bordering the eastern wall of the Jinkas open pit, there is a registered Aboriginal Heritage Site 5353 known as "Jinkas Hill". No access for exploration or mining activities is allowed within this site unless a section 18 application to move/destroy an Aboriginal Heritage Site is submitted to the Department of Indigenous Affairs. The land is used primarily for grazing and cropping. The tenement is in good standing, and all work is conducted under specific approvals from the Department of Mines and Petroleum (DMP).
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	Gold mineralisation was discovered by Otter Exploration NL in 1979 at Jinkas Hill, Dyliabing, Lone Tree and White Dam after following up stream sediment anomalies. Between 1984 and 1988 Otter and related companies evaluated the region with several other explorers including South West Gold Mines and Minasco Resources Pty Ltd. In 1987 Glengarry Mining NL purchased the project and in 1990 entered into a joint venture with Uranerz who agreed on minimum payments over three years to earn 50% interest. Uranerz withdrew from the project in 1991 after a decision by their parent company in Germany to cease Australian operations. International Mineral Resources NL (IMR) purchased the mining leases and the Grants Patch treatment plant from Glengarry Mining NL in 1995 and commenced mining at the Jinkas deposit in December 1995. Ausgold understands the mine was closed in 1997 after producing approximately 20,000 oz of gold from the Jinkas and Dingo Hill open cuts at a head grade of approximately 2.4g/t. In addition, the mine closure was brought about by a combination of the low gold price of the time (<US$400/oz) and the inability of the processing plant's comminution circuit to process hard ore from below the base of weathering. Reports from the period indicate that the ore bodies were reasonably predictable in terms of grade and continuity and appeared to produce consistent and reproducible results from grade control (Ravensgate, 1999).

Criteria	JORC Code explanation	Commentary
		Great Southern Resources Pty Ltd (GSR) purchased the mining and exploration leases from IMR in August 2000. Ausgold entered into a joint venture with GSR in August 2010, and the mineral titles were transferred to Ausgold in entirety in August 2011.
Geology	• *Deposit type, geological setting and style of mineralisation.*	The project includes two main deposit areas comprising Jinkas in the north, and Dingo in the south. The Jinkas area is further subdivided into a set of mineralised zones. The majority of the project area is overlain by residual clays with outcrop mostly limited to remnants of lateritic duricrust on topographic highs. Gold mineralisation is hosted by medium to coarse-grained mafic gneisses which dip at around 30° to 45° towards grid east (68°). These units represent Archaean greenstones metamorphosed to granulite facies. The mineralised gneissic units are interlayered with barren quartz-monzonite sills up to approximately 120 metres thick and are cross cut by several Proterozoic dolerite dykes that post-date mineralisation and granulite metamorphism. Gold predominantly occurs as free gold associated with disseminated pyrrhotite and magnetite, lesser pyrite and chalcopyrite and traces of molybdenite. Thin remnant quartz veins are associated with higher grade zones.

Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*
	  ○ *easting and northing of the drill hole collar*
	  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  ○ *dip and azimuth of the hole*
	  ○ *down hole length and interception depth*
	  ○ *hole length.*
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*
		Plans showing location of drill holes and also location of significant results and interpreted trends are provided in the figures of report.
		
		Any new significant RC results are provided in tables within the report.

Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such*	For RC assay results the intervals reported are thickness weighted averages (ie. XXm grading XX grams per tonne gold content). Reported intervals are calculated using ≥ 0.5g/t Au cut-off grade and using a ≤ 2m minimum Internal Dilution (unless otherwise stated). Higher grade intervals within larger intersections are reported as included intervals and noted in results table. No top-cut off grades have been applied until more assay results become available to allow statistical determination.

Criteria	JORC Code explanation	Commentary
	aggregation should be stated and some typical examples of such aggregations should be shown in detail. • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	Drill holes are designed to intersect the plane of mineralisation (where this is known) at 90° so that reported intersections approximate true thickness, unless otherwise noted. All intersections are subsequently presented as downhole lengths. If down hole length varies significantly from known true width then appropriate notes are provided.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	Refer to Figures in market release
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	Please see information provided in results tables in Report
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	At this stage there is no substantive exploration data from the recent drilling that is meaningful and material to report i.e. at this early stage of reporting of drill hole results there is insufficient data to composite cross sections.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological*	Further work is discussed in the document in relation to the exploration results.

Criteria	JORC Code explanation	Commentary
	interpretations and future drilling areas, provided this information is not commercially sensitive.	