



**ABN 67 140 164 496**

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**INTERIM FINANCIAL REPORT  
FOR THE  
SIX MONTHS ENDED 31 DECEMBER 2017**

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## **CORPORATE DIRECTORY**

### **DIRECTORS**

Mr Richard Lockwood  
Non-Executive Chairman

Mr Denis Rakich  
Executive Director

Mr Neil Fearis  
Non-Executive Director

Mr Geoffrey Jones  
Non-Executive Director

### **COMPANY SECRETARY**

Mr Denis Rakich

### **CHIEF EXECUTIVE OFFICER**

Dr Matthew Greentree

### **REGISTERED OFFICE**

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### **AUDITORS**

BDO Audit (WA) Pty Ltd  
38 Station Street  
SUBIACO WA 6008

Telephone: (08) 6382 4600  
Facsimile: (08) 6382 4601

### **SECURITIES EXCHANGE**

Australian Securities Exchange  
Level 40, Central Park  
152-158 St Georges Terrace  
PERTH WA 6000

ASX Code: AUC

### **SHARE REGISTRY**

Security Transfer Australia  
770 Canning Highway  
APPLECROSS WA 6153

Telephone: (08) 9315 2333  
Facsimile: (08) 9315 2233

### **SOLICITORS**

Squire Patton Boggs  
Level 21, 300 Murray Street  
PERTH WA 6000

HopgoodGanim Lawyers  
15 Colin Street  
WEST PERTH WA 6005

### **BANKERS**

Westpac Banking Corporation  
Level 6, 109 St Georges Terrace  
PERTH WA 6000

## DIRECTORS REPORT

The Directors present their report together with the financial statements for the consolidated entity (consisting of Ausgold Limited and its controlled entity) for the half-year ended 31 December 2017. Ausgold Limited ("Ausgold" or "parent entity" or "the Company") and its controlled entity (collectively known as "the Group" or "consolidated entity") are registered and domiciled in Australia.

### PRINCIPAL ACTIVITIES

The consolidated entity's principal activities during the course of the half-year were the exploration for gold and other precious metals.

### DIRECTORS

The Directors of the Company during and since the end of the half-year are:

Name	Period of Directorship
<b>Mr Richard Lockwood</b> Non-Executive Chairman	Director since 12 November 2010
<b>Mr Denis Rakich</b> Executive Director & Company Secretary	Director since 31 January 2013
<b>Mr Neil Fearis</b> Non-Executive Director	Director since 15 April 2016
<b>Mr Geoffrey Jones</b> Non-Executive Director	Director since 29 July 2016

### REVIEW OF OPERATIONS

#### Exploration

Activities during the half-year focused primarily on advancing the 100%-owned Katanning Gold Project ("KGP"), located 40km from the township of Katanning in south west Western Australia, while low-cost exploration work to progress other projects in the Ausgold portfolio, including the Katanning Regional Project, Doolgunna Station and Cracow, also took place. The Company raised \$3.9 million through a share placement and rights issue, ensuring it is well funded into 2018.

During the half-year, Ausgold, together with technical consultant SRK Consulting Pty Ltd ("SRK"), completed an upgraded JORC 2012 Mineral Resource estimate for the KGP. The new Resource of 20.98Mt at 1.17 g/t Au for 785,800 ounces of gold represented an increase of 23% on the previous estimate, providing early validation of the geological reinterpretation undertaken recently by the Company and SRK.

Lode	Measured			Indicated			Inferred			Total		
	Tonnes (Mt)	Grade (g/t)	Koz	Tonnes (Mt)	Grade (g/t)	Koz	Tonnes (Mt)	Grade (g/t)	Koz	Tonnes (Mt)	Grade (g/t)	Koz
<b>Jinkas</b>	2.61	2.06	173.1	1.80	1.10	64.0	2.33	1.05	78.8	6.75	1.45	315.7
<b>Dingo</b>	0.44	1.22	17.1	3.58	1.05	120.0	0.69	0.71	16.0	4.70	1.01	153.2
<b>Jackson</b>	-	-	-	7.81	1.22	30.5	0.39	1.06	13.7	1.18	1.16	44.2
<b>Lone Tree</b>	-	-	-	0.17	0.93	5.0	1.2	0.76	29.2	1.37	0.78	34.3
<b>White Dam</b>	-	-	-	0.39	0.99	12.5	3.27	1.34	141.0	3.67	1.30	153.7
<b>Fraser</b>	-	-	-	-	-	-	3.31	0.80	84.7	3.31	0.80	84.7
<b>Total</b>	<b>3.05</b>	<b>1.94</b>	<b>190.0</b>	<b>6.73</b>	<b>1.07</b>	<b>232.4</b>	<b>11.20</b>	<b>1.01</b>	<b>363.3</b>	<b>20.98</b>	<b>1.17</b>	<b>785.8</b>

*Note: The estimates are based on a 0.5 g/t Au cut-off applied to individual model cells located above 210 mRL and a minimum elevation of 275 mRL was used for Fraser.*

The Resource update incorporated reverse circulation ("RC") drilling targeting high grade mineralisation and strike extensions at the Jinkas, White Dam, Jackson and Fraser prospects, together with historical drilling that was validated by recent drilling at Fraser and Jinkas South.

Importantly, two new prospect areas included in the upgraded Resource, Jinkas South and Fraser, have near surface mineralisation and contributed significantly to the increase in contained ounces. Jinkas South, an extension of the Jinkas Resource, highlights potential along strike where it remains open and will likely add to the Resource with further drilling. Furthermore, the wide-spaced drilling at Fraser highlights the continuity of mineralisation along the central White Dam-Dingo trend, which has significant untested strike potential.

In late November 2017, Ausgold commenced drilling programs at the KGP targeting the promising Datatine prospect and other untested prospects within a 10-kilometre radius of existing Resources.

Ausgold began a four-hole, 500-metre diamond drilling program aimed at improving its understanding of the gold mineralisation at Datatine, located north of the defined Resource areas at KGP.

The Datatine program was partially funded by a Western Australian Government Exploration Incentive Scheme ("EIS") grant, which Ausgold qualified for in September 2017. The EIS is designed to encourage innovative greenfields exploration in Western Australia.

During December 2017, Ausgold commenced a major air core ("AC") drilling program along the Jackson-Lone Tree, White Dam-Fraser and Olympia-Jinkas mineralised trends. The 10,000m program targeted geochemical and structural targets identified at Datatine, Lukin, Jackson, Olympia, Fraser, Jinkas South and Devil's Elbow, as well as testing strike extents of known mineralisation at the Jinkas, White Dam, Jackson and Fraser deposits.

Ausgold completed 5,440m of AC drilling during the half year, with samples from all holes submitted for assay. Information from the AC program will aid in prioritising targets for follow-up RC drilling. Subsequent to the half year end, the Company announced initial results of the AC program with these results highlighting extensions to the mineralised strike extents of both the Jackson- Lone Tree and Olympia- Jinkas trends. Results from a further 181 AC holes for 3,406m show continuity of mineralisation along an additional strike length of 820m of the Jackson- Lone Tree trend. Based on this new drilling, mineralisation now remains open for more than 1,400m along this trend. At the Olympia prospect located 820m north along strike from the Jinkas mineralisation results of the AC drilling extended mineralisation a further 700m towards the northwest and intersected prospective mafic granulite. Subsequent to the end of the half year the Company commenced a major RC drilling program of more than 24,000m.

A regional ground gravity survey was also undertaken that will aid in improving Ausgold's understanding of the prospectivity within its 4,031km<sup>2</sup> landholding across the Katanning greenstone belt. This new gravity data supports a re-interpretation of the regional geology which when combined with Ausgold's regional geochemical database will provide a framework to better target regional exploration activities.

A more detailed (200m x 400m) ground gravity survey over the entire 17km strike length of KGP project area and a ground-based moving loop electro-magnetic survey targeting high grade gold-pyrrhotite association at the Jinkas, Jackson-Olympia and Lukin prospects commenced in early January 2018.

#### **Jinka Hill Aboriginal Heritage Site**

During the half-year, Ausgold submitted a notice to the Minister for Aboriginal Affairs, in accordance with Section 18 of the Aboriginal Heritage Act 1972, to seek consent to impact the registered Aboriginal Site Jinka Hill Site ID 5353 ("Site"). The Site is located on the eastern side of the Jinkas Pit at the KGP. Ausgold received Ministerial consent on the 24 January 2018 to impact the Site for purposes of exploration, infrastructure and mining.

#### **Completion of Dumbleyung Project acquisition**

Following approval by Ausgold shareholders at a general meeting held in Perth on 3 August 2017, the acquisition of the Dumbleyung Gold Project from Chalice Gold Mines Limited reached formal completion on 14 September 2017.

The acquisition delivered Ausgold four prospective exploration licences adjacent to the KGP, lifting the Company's landholding along the underexplored Katanning Greenstone Belt to 4,031km<sup>2</sup>.

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**Financial**

The Group recorded a consolidated loss of \$630,066 for the half-year ended 31 December 2017 (December 2016: \$923,012). At 31 December 2017, the Group had \$2,795,233 in cash and cash equivalents (June 2017: \$602,829).

**SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

There were no significant changes in the state of affairs of the consolidated entity during the half-year ended 31 December 2017.

**AUDITOR'S INDEPENDENCE DECLARATION**

The Auditor's Independence Declaration is included on page 5 of this financial report.

This report is signed in accordance with a resolution of the Directors.

For and on behalf of the Directors



**Denis Rakich**  
**Director**

Perth, Western Australia  
15 March 2018

**DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF AUSGOLD LIMITED**

As lead auditor for the review of Ausgold Limited for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Ausgold Limited and the entity it controlled during the period.



**Phillip Murdoch**

Director

**BDO Audit (WA) Pty Ltd**

Perth, 15 March 2018

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
 COMPREHENSIVE INCOME**  
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Dec 2017 \$	Dec 2016 \$
Revenue from continuing operations	2,264	1,770
Other income	-	97,837
Impairment exploration expenses	(27,822)	(140,061)
Corporate and administration expenses	(366,186)	(360,694)
Share based payments expenses	(44,892)	(354,393)
Occupancy expenses	(57,219)	(47,117)
Other expenses	(62,739)	(77,586)
Accounting expenses	(30,631)	(26,787)
Depreciation expenses	(18,352)	(9,095)
Finance costs	(4,462)	(4,586)
Legal fees	(20,027)	(2,300)
<b>Loss before income tax</b>	<b>(630,066)</b>	<b>(923,012)</b>
Income tax benefit / (expense)	-	-
<b>Loss for the year</b>	<b>(630,066)</b>	<b>(923,012)</b>
<b>Loss is attributable to:</b>		
Owners of the Company	<b>(630,066)</b>	<b>(923,012)</b>
<b>Other comprehensive income / (loss)</b>		
Other comprehensive income / (loss)	-	-
<b>Total comprehensive loss for the year (net of tax)</b>	<b>(630,066)</b>	<b>(923,012)</b>
<b>Loss per share</b>		
<b>From continuing operations:</b>		
Basic loss per share (cents per share)	(0.14)	(0.28)
Diluted loss per share (cents per share)	N/A	N/A

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
 AS AT 31 DECEMBER 2017

	Note	Dec 2017 \$	Jun 2017 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		2,795,233	602,829
Trade and other receivables		37,266	9,714
Security deposits		94,111	94,111
Prepayment for exploration assets	8	72,250	8,783
<b>Total Current Assets</b>		<b>2,998,860</b>	<b>715,437</b>
<b>Non-Current Assets</b>			
Property, plant and equipment		65,595	82,424
Exploration and evaluation expenditure	8	37,110,327	35,601,245
<b>Total Non-Current Assets</b>		<b>37,175,922</b>	<b>35,683,669</b>
<b>TOTAL ASSETS</b>		<b>40,174,782</b>	<b>36,399,106</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		388,931	422,063
Provisions		86,049	93,335
<b>Total Current Liabilities</b>		<b>474,980</b>	<b>515,398</b>
<b>Non-Current Liabilities</b>			
Provisions		1,064,240	1,061,826
<b>Total Non-Current Liabilities</b>		<b>1,064,240</b>	<b>1,061,826</b>
<b>TOTAL LIABILITIES</b>		<b>1,539,220</b>	<b>1,577,224</b>
<b>NET ASSETS</b>		<b>38,635,562</b>	<b>34,821,882</b>
<b>EQUITY</b>			
Contributed equity	9	60,807,462	56,533,836
Reserves		5,001,772	4,831,652
Accumulated losses		(27,173,672)	(26,543,606)
<b>TOTAL EQUITY</b>		<b>38,635,562</b>	<b>34,821,882</b>

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Contributed Equity \$	Accumulated Losses \$	Reserves \$	Total Equity \$
<b>Balance as at 1 July 2017</b>	<b>56,533,836</b>	<b>(26,543,606)</b>	<b>4,831,652</b>	<b>34,821,882</b>
<b>Total comprehensive loss</b>	-	(630,066)	-	(630,066)
<b>Transactions with owners, recorded directly in equity:</b>				
Shares issued	4,305,790	-	-	4,305,790
Share issue costs	(32,164)	-	-	(32,164)
Share based payments	-	-	170,120	170,120
<b>Balance as at 31 December 2017</b>	<b>60,807,462</b>	<b>(27,173,672)</b>	<b>5,001,772</b>	<b>38,635,562</b>

	Contributed Equity \$	Accumulated Losses \$	Reserves \$	Total Equity \$
<b>Balance as at 1 July 2016</b>	<b>53,386,021</b>	<b>(23,870,616)</b>	<b>4,197,018</b>	<b>33,712,423</b>
<b>Total comprehensive loss</b>	-	(923,012)	-	(923,012)
<b>Transactions with owners, recorded directly in equity:</b>				
Shares issued	1,850,000	-	-	1,850,000
Share issue costs	(75,706)	-	-	(75,706)
Share based payments	-	-	354,393	354,393
<b>Balance as at 31 December 2016</b>	<b>55,160,315</b>	<b>(24,793,628)</b>	<b>4,551,411</b>	<b>34,918,098</b>

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Dec 2017	Dec 2016
	\$	\$
<b>Cash flows from operating activities</b>		
Interest received	2,264	1,770
Payments to suppliers and employees	(783,458)	(552,159)
Receipts from insurance claims	-	97,837
<b>Net cash flows used in operating activities</b>	<b>(781,194)</b>	<b>(452,552)</b>
<b>Cash flows from investing activities</b>		
Payments for plant and equipment	(1,523)	(79,314)
Payments for exploration expenditure	(910,005)	(777,788)
Security deposit (paid) / received	-	(74,111)
<b>Net cash flows used in investing activities</b>	<b>(911,528)</b>	<b>(931,213)</b>
<b>Cash flows from financing activities</b>		
Proceeds from the issue of share capital	3,917,290	1,850,000
Transaction costs related to issues of shares and options	(32,164)	(75,706)
<b>Net cash flows generated by financing activities</b>	<b>3,885,126</b>	<b>1,774,294</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>2,192,404</b>	<b>390,529</b>
Cash and cash equivalents at the beginning of the year	602,829	120,616
<b>Cash and cash equivalents at the end of the year</b>	<b>2,795,233</b>	<b>511,145</b>

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

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## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

### **1. REPORTING ENTITY**

Ausgold Limited (“Ausgold” or “parent entity” or “Company”) and its controlled entity (collectively known as “the Group” or “consolidated entity”) are registered and domiciled in Australia.

The interim financial report of the Group for the half-year ended 31 December 2017 was authorised for issue in accordance with a resolution of the Directors on 15 March 2018.

The consolidated entity’s principal activities during the course of the half-year were the exploration for gold and other precious metals.

### **2. STATEMENT OF COMPLIANCE**

The general purpose financial statements for the interim half-year reporting period ended 31 December 2017 have been prepared in accordance with Australian Accounting Standard AASB 134 ‘Interim Financial Reporting’ and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 ‘Interim Financial Reporting’.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

### **3. BASIS OF PREPARATION**

The results of the Group are expressed in Australian dollars (\$), which is the functional and presentation currency for the consolidated financial report.

The financial report is presented on the historical cost basis except for share-based payments measured at fair value.

The preparation of a financial report in conformance with Australian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances. The results of which forms the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In the interim half-year ended 31 December 2017, all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2017 have been reviewed. It has been determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the operations of the Group and consolidated entity and, therefore, no change is necessary to the accounting policies.

The Group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2017.

#### **4. GOING CONCERN**

The accounts have been prepared on a going concern basis. The Group recorded a consolidated loss of \$630,066 (December 2016: \$923,012), had cash outflow from operating and investing activities of \$1,692,722 (December 2016: \$1,383,765) for the half-year ended 31 December 2017. At 31 December 2017, the Group had \$2,795,233 in cash and cash equivalents (June 2017: \$602,829).

During the year, Ausgold raised further working capital to continue the Group's exploration of its mining tenements. In addition to those capital raising amounts, the Directors have determined that the ability of the consolidated entity to continue as a going concern, and for the consolidated entity to be able to realise its assets and discharge its liabilities in the normal course of business, will be dependent upon the future successful raising of necessary funding through equity and/or successful exploration of the consolidated entity's tenements. These conditions indicate a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore whether it will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business.

The Directors have prepared a cash flow forecast for the next 12 month period reflecting the need for further funding as mentioned above. While the Directors are reasonably confident that they will be able to raise the funding, the timing, extent and cost of any additional funding is always uncertain.

In the event that funding of an amount necessary to meet the future budgeted operational and investing activities of the Group is unavailable, the Directors would undertake steps to contain the operating and investment activities. This may include a review of assets held to rationalise the number of tenements on hand which would substantially reduce commitments and thereby assist in ensuring that the Group can meet its obligations as and when they become due and payable.

Should the consolidated entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustment relating to the recoverability and classification of the asset carrying amounts or the classification of liabilities that might be necessary should the consolidated entity not be able to continue as a going concern.

#### **5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES, AND ASSUMPTIONS**

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events, which are believed to be reasonable under the circumstances. However, actual outcomes would differ from these estimates if different assumptions were used and different conditions existed.

The Group has identified the following areas where significant judgements, estimates and assumptions are required, and where actual results were to differ, may materially affect the financial position or financial results reported in future periods.

#### **6. SIGNIFICANT ACCOUNTING POLICIES**

##### **(A) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS**

In the half-year ended 31 December 2017, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2017.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to the Group's accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2017. As a result of this review the Directors have determined that

there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

## 7. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting to the Chief Operating Decision Maker (“CODM”), which has been identified by the Group as the Board of Directors.

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources. Reportable segments disclosed are based on aggregating operating segments, where the segments have similar characteristics. The Group’s sole activity is mineral exploration and resource development wholly within Australia; therefore it has aggregated all operating segments into the one reportable segment being mineral exploration.

The reportable segment is represented by the primary statements forming this financial report.

## 8. EXPLORATION AND EVALUATION EXPENDITURE & PREPAYMENT

	Dec 2017 \$	Jun 2017 \$
<b>Non-current assets</b>		
<b>Exploration, evaluation, prepayment and development costs carried forward in respect of areas of interest (net of amounts written off)</b>		
Exploration and evaluation expenditure	36,596,598	35,601,245
Prepayment for exploration assets	72,250	8,783
Acquisition of tenements - Dumbleyung Project	513,729	-
	<b>37,182,577</b>	<b>35,610,028</b>
<b>Reconciliation:</b>		
Carrying amount at start of year	35,610,028	34,806,636
Exploration expenditure	1,014,392	1,888,315
Acquisition of tenements - Dumbleyung Project	513,729	-
Prepayment for exploration assets	72,250	8,783
Expenditure written off	(27,822)	(1,093,706)
<b>Carrying amount at the end of the period</b>	<b>37,182,577</b>	<b>35,610,028</b>

The ultimate recoupment of exploration and evaluation expenditure is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas. The Group wrote off \$27,822 (June 2017: \$1,093,706) in expenditure during the half-year ended 31 December 2017.

On 14 September 2017, Ausgold completed the acquisition of the Dumbleyung Gold Project (“Dumbleyung Project”) in Katanning, Western Australia from Chalice Gold Mines Limited (“Chalice”). The Dumbleyung Project consists of four Exploration Licences covering an area of 461km<sup>2</sup> adjacent to Ausgold’s Katanning Gold Project. The Project comprises of Mineral Tenements E70/4863, E70/4864, E70/4865 and E70/4866.

Under the terms of a Purchase and Sale Agreement, the Company allotted to Chalice 15 million ordinary fully paid shares together with 10 million options exercisable at a price of 3.5 cents each, expiring two years after the date of the grant. The shares are subject to an escrow period of 12 months from the date of allotment. Chalice will retain a 2% net smelter royalty over the mineral tenements. The fair value of the shares and options are \$388,500 and \$125,229 respectively. The options issued were valued at the fair value of the equity instruments as the fair value of the tenements acquired cannot be reliably measured. Please refer to note 9.

## 9. CONTRIBUTED EQUITY

		Dec 2017	Jun 2017
	Note	\$	\$
<b>Equity</b>			
Balance at the start of the period		56,533,836	53,386,021
Shares issued for capital raising purposes <sup>1</sup>		3,917,290	3,303,000
Shares issued for acquisition of tenements - Dumbleyung Project	8	388,500	-
Less share issue costs		(32,164)	(155,185)
		<b>60,807,462</b>	<b>56,533,836</b>

*Note 1: The Company allotted the following shares to fund the Company's continued exploration and working capital:*

- On 16 October 2017, Ausgold completed a placement of 60,500,000 shares at an issue price of 2.5 cents each.
- On 21 November 2017, Ausgold allotted 96,191,590 shares at an issue price of 2.5 cents each pursuant to a pro-rata non renounceable rights issue.

### (A) MOVEMENTS IN SHARE CAPITAL DURING THE HALF-YEAR

		Dec 2017	Jun 2017
	Note	Number of shares	Number of shares
Balance at the start of the period		405,457,951	306,500,807
Shares issued for capital raising purposes		156,691,590	98,957,144
Shares issued for acquisition of tenements - Dumbleyung Project	8	15,000,000	-
		<b>577,149,541</b>	<b>405,457,951</b>

### (B) MOVEMENTS IN SHARE OPTIONS DURING THE HALF-YEAR

		Dec 2017	Jun 2017
	Note	Number of options	Number of options
Balance at the start of the period		43,919,235	26,479,235
Options issued		13,100,000	31,440,000
Options issued for acquisition of tenements - Dumbleyung Project	8	10,000,000	-
Options lapsed		-	(14,000,000)
Options cancelled		-	-
		<b>67,019,235</b>	<b>43,919,235</b>

10,000,000 options were also issued to Dr Matthew Greentree on 10 August 2017 following shareholder approval on 3 August 2017. Dr Greentree was appointed Chief Executive Officer of Ausgold on 10 April 2017. The options are part of Dr Greentree's remuneration package.

A share based payment expense of \$44,892 (December 2016: \$354,393) was recorded for the half-year ended 31 December 2017.

The following share based payments were made through the issue of equity during the half-year ended 31 December 2017:

Number of options issued	5,000,000	2,000,000	3,000,000	1,000,000	1,500,000	10,000,000
Grant date / Agreement date	10 Apr 2017	10 Apr 2017	10 Apr 2017	20 Jul 2017	20 Jul 2017	14 Sep 2017
Expiry date	31 Jul 2020	31 Jul 2020	31 Jul 2020	6 Feb 2020	6 Feb 2020	13 Sep 2019
Exercise price	\$0.06	\$0.08	\$0.08	\$0.0525	\$0.0525	\$0.0350
Expected vesting probability	100%	100%	100%	100%	100%	100%
Expected volatility	105.8%	105.8%	105.8%	106.0%	106.0%	105.6%
Option life	3 years	3 years	3 years	2.55 years	2.55 years	2 years
Fair value at grant date	\$0.014878	\$0.013243	\$0.013243	\$0.010826	\$0.010826	\$0.012523
Risk-free interest rate	1.89%	1.89%	1.89%	1.90%	1.90%	1.80%
Total fair value	\$74,389	\$26,486	\$39,729	\$10,826	\$16,239	\$125,229

## 10. COMMITMENTS

There were no material changes to the commitments of the Group during the half-year ended 31 December 2017.

## 11. RELATED PARTY DISCLOSURE

There were no material changes to the related party transactions of the Group during the half-year ended 31 December 2017.

## 12. EVENTS SUBSEQUENT TO THE REPORTING PERIOD

3,700,000 unlisted employee options exercisable at 6 cents each were issued on 9 January 2018. These options will expire on 31 December 2021. No other matters have arisen since the end of the reporting period which may affect the state of affairs of the Group.

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## **DIRECTORS' DECLARATION**

In the Directors' opinion,

1. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
2. The attached consolidated financial statements and notes are in accordance with the Corporations Act, 2001, including:
  - a. complying with Accounting Standard AASB 134 Interim Financial Reporting and the other mandatory professional reporting requirements; and
  - b. giving a true and fair view of the consolidated entity's position as at 31 December 2017 and its performance for the half-year ended that date; and
3. The Directors have been given the declarations as required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the Corporations Act 2001.

For and on behalf of the Directors



**Denis Rakich**  
**Director**

Perth, Western Australia  
15 March 2018

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Ausgold Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Ausgold Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

#### Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 4 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

#### Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### **Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

**BDO Audit (WA) Pty Ltd**

BDO

A handwritten signature in black ink, appearing to read 'P. Murdoch', written over a horizontal line.

**Phillip Murdoch**

**Director**

Perth, 15 March 2018