



ABN 67 140 164 496

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**INTERIM FINANCIAL REPORT  
FOR THE  
SIX MONTHS ENDED 31 DECEMBER 2016**

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## **CORPORATE DIRECTORY**

### **DIRECTORS**

Mr Richard Lockwood  
(Non-Executive Chairman)

Mr Neil Fearis  
(Non-Executive Director)

Mr Geoffrey Jones  
(Non-Executive Director)

Mr Denis Rakich  
(Executive Director)

### **COMPANY SECRETARY**

Mr Denis Rakich

### **REGISTERED OFFICE**

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

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Web: [www.ausgoldlimited.com](http://www.ausgoldlimited.com)  
Email: [info@ausgoldlimited.com](mailto:info@ausgoldlimited.com)

### **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 Registrars Pty Ltd  
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

Hunt & Humphry  
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 2016. Ausgold Limited ("Ausgold" or "parent entity" or "the Company") and its controlled entity (collectively known as "the Group" or "consolidated entity") are 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 Group during and since the end of the half-year are:

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

### REVIEW OF OPERATIONS

#### Exploration

The Company completed a high-resolution aeromagnetic survey across a 45km x 30km central zone at the Katanning Gold Project ("KGP"). The Company also commenced a research and development project in conjunction with SRK Consulting with the aim of further refining the geological framework and concepts across the KGP. The new dataset shows significantly more detail than the regional magnetics and as a result has provided Ausgold with additional structural information to aid in the identification of new prospects for future exploration programs.

Exploration efforts at the Doolgunna Station Project also advanced, with systematic on-ground exploration programs carried out, including geochemical surface sampling and geological mapping and reconnaissance.

An extensive drilling program was carried out across the Company's tenure at the KGP. Ausgold undertook a significant Reverse Circulation ("RC") drilling program at the White Dam and Fraser deposits during December 2016. At White Dam, the drilling was designed to further identify the high grade shoot up-plunge and at depth. A Mineral Resource estimate had been completed at White Dam in 2015 resulting in an estimate of 3.66Mt @ 1.22 g/t Au for 143Koz. High grades, existing in shoot-like geometry that appears to be structurally controlled, were observed to occur over an approximate 200m strike length (prior to the recent drilling). Assays were received with strong gold intercepts along plunging "shoots" within a broader low-grade mineralised zone. The results demonstrate the down-plunge continuity of the high-grade shoot, which has now been intersected along a strike length of in excess of 550m and remains open at depth.

The Company was also focused on discovery across the KGP and commenced follow-up RC drilling at Datatine. The Datatine prospect is a high priority exploration target that supports the new exploration model for the KGP. Datatine is characterised by a coherent gold-geochemical anomaly and a coincident magnetic geophysical signature that indicates potential gold-hosting structures. The drilling program was designed to reconfirm the high-grade AC intercepts, while other holes tested the mineralisation down dip and approximately 50m along strike to the east-north-east. Gold mineralisation down dip and along strike remains open and requires further drill testing.

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**Financial**

The Group recorded a consolidated loss of \$923,012 for the half-year ended 31 December 2016 (December 2015: \$814,815). At 31 December 2016, the Group had \$511,145 in cash and cash equivalents (June 2016: \$120,616).

**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 2016.

**AUDITOR'S INDEPENDENCE DECLARATION**

The Auditor's Independence Declaration is included on page 4 of the financial report.

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

For and on behalf of the Directors



**Denis Rakich**  
**Director**

Perth, Western Australia  
16 March 2017

## 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 2016, 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, 16 March 2017

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
 COMPREHENSIVE INCOME**  
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

|   | Note | Dec 2016<br>\$   | Dec 2015<br>\$   |
|---|------|------------------|------------------|
| Revenue from continuing operations                        |      | 1,770            | 1,623            |
| Other income  |      | 97,837           | -                |
| Impairment exploration expenses                           | 8    | (140,061)        | (790)            |
| Corporate and administration expenses                     |      | (360,694)        | (344,541)        |
| Share based payments expenses                             |      | (354,393)        | (336,408)        |
| Occupancy expenses  |      | (47,117)         | (50,990)         |
| Other expenses  |      | (77,586)         | (11,408)         |
| Accounting expenses                                       |      | (26,787)         | (49,514)         |
| Depreciation expenses                                     |      | (9,095)          | (18,369)         |
| Finance costs   |      | (4,586)          | (3,843)          |
| Legal fees  |      | (2,300)          | (575)            |
| <b>Loss before income tax</b>                             |      | <b>(923,012)</b> | <b>(814,815)</b> |
| Income tax benefit / (expense)                            |      | -                | -                |
| <b>Loss for the year</b>                                  |      | <b>(923,012)</b> | <b>(814,815)</b> |
| <b>Loss is attributable to:</b>                           |      |                  |                  |
| Owners of the Company                                     |      | <b>(923,012)</b> | <b>(814,815)</b> |
| <b>Other comprehensive income / (loss)</b>                |      |                  |                  |
| Other comprehensive income / (loss)                       |      | -                | -                |
| <b>Total comprehensive loss for the year (net of tax)</b> |      | <b>(923,012)</b> | <b>(814,815)</b> |
| <b>Loss per share</b>                                     |      |                  |                  |
| <b>From continuing operations:</b>                        |      |                  |                  |
| Basic loss per share (cents per share)                    |      | (0.28)           | (0.31)           |
| 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 2016

|  | Note | Dec 2016<br>\$    | Jun 2016<br>\$    |
|--|------|-------------------|-------------------|
| <b>ASSETS</b>                          |      |                   |                   |
| <b>Current Assets</b>                  |      |                   |                   |
| Cash and cash equivalents              |      | 511,145           | 120,616           |
| Trade and other receivables            |      | 20,788            | 3,610             |
| Security deposits                      |      | 94,111            | 20,000            |
| Prepayment for exploration assets      |      | 50,166            | -                 |
| <b>Total Current Assets</b>            |      | <b>676,210</b>    | <b>144,226</b>    |
| <b>Non-Current Assets</b>              |      |                   |                   |
| Property, plant and equipment          |      | 85,505            | 15,286            |
| Exploration and evaluation expenditure | 8    | 35,541,248        | 34,806,636        |
| <b>Total Non-Current Assets</b>        |      | <b>35,626,753</b> | <b>34,821,922</b> |
| <b>TOTAL ASSETS</b>                    |      | <b>36,302,963</b> | <b>34,966,148</b> |
| <b>LIABILITIES</b>                     |      |                   |                   |
| <b>Current Liabilities</b>             |      |                   |                   |
| Trade and other payables               |      | 249,272           | 106,396           |
| Provisions                             |      | 75,589            | 85,849            |
| <b>Total Current Liabilities</b>       |      | <b>324,861</b>    | <b>192,245</b>    |
| <b>Non-Current Liabilities</b>         |      |                   |                   |
| Provisions                             |      | 1,060,004         | 1,061,480         |
| <b>Total Non-Current Liabilities</b>   |      | <b>1,060,004</b>  | <b>1,061,480</b>  |
| <b>TOTAL LIABILITIES</b>               |      | <b>1,384,865</b>  | <b>1,253,725</b>  |
| <b>NET ASSETS</b>                      |      | <b>34,918,098</b> | <b>33,712,423</b> |
| <b>EQUITY</b>                          |      |                   |                   |
| Contributed equity                     | 9    | 55,160,315        | 53,386,021        |
| Reserves                               |      | 4,551,411         | 4,197,018         |
| Accumulated losses                     |      | (24,793,628)      | (23,870,616)      |
| <b>TOTAL EQUITY</b>                    |      | <b>34,918,098</b> | <b>33,712,423</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 2016

|   | Contributed<br>Equity<br>\$ | Accumulated<br>Losses<br>\$ | Reserves<br>\$   | Total Equity<br>\$ |
|---|-----------------------------|-----------------------------|------------------|--------------------|
| <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 for the year</b>                  | -                           | (923,012)                   | -                | (923,012)          |
| <b>Transactions with owners, recorded directly in equity:</b> |                             |                             |                  |                    |
| Shares issued during the year                                 | 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 2017</b>                         | <b>55,160,315</b>           | <b>(24,793,628)</b>         | <b>4,551,411</b> | <b>34,918,098</b>  |

|   | Contributed<br>Equity<br>\$ | Accumulated<br>Losses<br>\$ | Reserves<br>\$   | Total Equity<br>\$ |
|---|-----------------------------|-----------------------------|------------------|--------------------|
| <b>Balance as at 1 July 2015</b>                              | <b>51,984,442</b>           | <b>(19,524,750)</b>         | <b>3,854,868</b> | <b>36,314,560</b>  |
| <b>Total comprehensive loss for the year</b>                  | -                           | (814,815)                   | -                | (814,815)          |
| <b>Transactions with owners, recorded directly in equity:</b> |                             |                             |                  |                    |
| Shares issued during the year                                 | 328,675                     | -                           | -                | 328,675            |
| Share issue costs   | (10,026)                    | -                           | -                | (10,026)           |
| Share based payments  | -                           | -                           | 336,408          | 336,408            |
| <b>Balance as at 31 December 2015</b>                         | <b>52,303,091</b>           | <b>(20,339,565)</b>         | <b>4,191,276</b> | <b>36,154,802</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 2016

|   | Dec 2016<br>\$   | Dec 2015<br>\$   |
|---|------------------|------------------|
| <b>Cash flows from operating activities</b>                   |                  |                  |
| Interest received   | 1,770            | 1,623            |
| Payments to suppliers and employees                           | (552,159)        | (395,621)        |
| Receipts from insurance claims                                | 97,837           | -                |
| <b>Net cash flows used in operating activities</b>            | <b>(452,552)</b> | <b>(393,998)</b> |
| <b>Cash flows from investing activities</b>                   |                  |                  |
| Payments for plant and equipment                              | (79,314)         | -                |
| Payments for exploration expenditure                          | (777,788)        | (473,023)        |
| Security deposit (paid) / received                            | (74,111)         | -                |
| <b>Net cash flows used in investing activities</b>            | <b>(931,213)</b> | <b>(473,023)</b> |
| <b>Cash flows from financing activities</b>                   |                  |                  |
| Proceeds from the issue of share capital (net)                | 1,774,294        | 318,650          |
| <b>Net cash flows generated by financing activities</b>       | <b>1,774,294</b> | <b>318,650</b>   |
| <b>Net increase / (decrease) in cash and cash equivalents</b> | <b>390,529</b>   | <b>(548,371)</b> |
| Cash and cash equivalents at the beginning of the year        | 120,616          | 661,013          |
| <b>Cash and cash equivalents at the end of the year</b>       | <b>511,145</b>   | <b>112,642</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 2016

### 1. REPORTING ENTITY

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

The interim financial report of the Group for the half-year ended 31 December 2016 was authorised for issue in accordance with a resolution of the Directors on 16 March 2017.

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 2016 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 2016 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 2016, 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 2015 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 2016.

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

The accounts have been prepared on a going concern basis. The Group recorded a consolidated loss of \$923,012 (December 2015: \$814,815), had cash outflow from operating and investing activities of \$1,383,765 (December 2015: \$867,021) for the half-year ended 31 December 2016. At 31 December 2016, the Group had \$511,145 in cash and equivalents (June 2016: \$120,616).

During the half-year, Ausgold raised further working capital to continue the Group's exploration of its mining tenements through two placements: one for 21,000,000 ordinary shares at an issue price of 5 cents each, raising \$1,050,000 before costs; and another for 22,857,144 ordinary shares at an issue price of 3.5 cent each, raising \$800,000 before costs. Notwithstanding those capital raising amounts, the Directors have determined that the ability of the consolidated entity to continue as a going concern and to realise its assets and discharge its liabilities in the normal course of business, they will be dependent upon the future successful raising of necessary funding through equity. This condition indicates 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 months reflecting the need for further funding as mentioned above. While the Directors are reasonably confident this will occur, the timing and extent of any additional funding is always uncertain. However, on 2 March 2017 the Group announced plans to raise additional funding of up to \$1,200,000 via Share Purchase Plan.

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 those activities. This may include a review of assets held to rationalise the number of tenements on hand which would substantially reduce commitments to ensure that the Group can meet its obligations as and when they become due and payable.

Should the Group not be able to continue as a going concern, it would 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 or classification of assets or the recorded amounts of liabilities that might be necessary should the consolidated entity not 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 2016, 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 2015.

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 2016. 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 2016<br>\$    | Jun 2016<br>\$    |
|---|-------------------|-------------------|
| <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  | 35,541,248        | 34,806,636        |
| Prepayment for exploration assets   | 50,166            | -                 |
|   | <b>35,591,414</b> | <b>34,806,636</b> |
| <b>Reconciliation:</b>  |                   |                   |
| Carrying amount at start of year  | 34,806,636        | 35,724,987        |
| Exploration expenditure   | 874,673           | 1,123,555         |
| Provision for rehabilitation  | -                 | 1,045,428         |
| Prepayment for exploration assets   | 50,166            | -                 |
| Expenditure written off   | (140,061)         | (3,087,334)       |
| <b>Carrying amount at the end of the period</b>   | <b>35,591,414</b> | <b>34,806,636</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 \$140,061 (June 2016: \$3,087,334) in expenditure during the half-year ended 31 December 2016.

## 9. CONTRIBUTED EQUITY

|                                    | Dec 2016<br>\$    | Jun 2016<br>\$    |
|------------------------------------|-------------------|-------------------|
| <b>Equity</b>                      |                   |                   |
| Balance at the start of the period | 53,386,021        | 51,984,442        |
| Shares issued                      | 1,850,000         | 1,443,225         |
| Less share issue costs             | (75,706)          | (41,646)          |
|                                    | <b>55,160,315</b> | <b>53,386,021</b> |

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

|  | Dec 2016<br>Number of<br>shares | Jun 2016<br>Number of<br>shares |
|--|---------------------------------|---------------------------------|
| Balance at the start of the period         | 306,500,807                     | 265,265,819                     |
| Shares issued for capital raising purposes | 43,857,144                      | 41,234,988                      |
|  | <b>350,357,951</b>              | <b>306,500,807</b>              |

During the half-year ended 31 December 2016, Ausgold raised further working capital to continue the Group's exploration of its mining tenements through two placements: one for 21,000,000 ordinary shares at an issue price of 5 cents each, raising \$1,050,000 before costs; and another for 22,857,144 ordinary shares at an issue price of 3.5 cent each, raising \$800,000 before costs.

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

|                                    | Dec 2016<br>Number of options | Jun 2016<br>Number of options |
|------------------------------------|-------------------------------|-------------------------------|
| Balance at the start of the period | 26,479,325                    | 19,500,000                    |
| Options issued                     | 16,000,000                    | 12,000,000                    |
| Options cancelled                  | -                             | (2,420,765)                   |
| Options lapsed                     | -                             | (2,600,000)                   |
|                                    | <b>42,479,325</b>             | <b>26,479,235</b>             |

A share based payment expense of \$354,393 (December 2015: \$336,408) was recorded for the half-year ended 31 December 2016.

The Company issued 16,000,000 options to the directors following the annual general meeting of the Company held on 11 November 2016. Each option is exercisable at a price of \$0.08 per option and expires on 30 November 2020. The options were meant to align the directors' interest with those of the shareholders and to provide them with incentives to continue their efforts for the benefit of the Company. The inputs used in valuing the options are noted below.

The following share based payments were made through the issue of equity during the half-year ended 31 December 2016.

|                                   |   |                  |
|-----------------------------------|---|------------------|
| Number of unlisted options issued | : | 16,000,000       |
| Grant Date                        | : | 11 November 2016 |
| Expiry/Exercise date              | : | 30 November 2020 |
| Exercise price                    | : | \$0.08           |
| Expected vesting probability      | : | 100%             |
| Expected volatility               | : | 108%             |
| Option life                       | : | 4.05             |
| Risk-free interest rate           | : | 1.93%            |
| Fair value at grant date          | : | \$0.0221         |

## **10. COMMITMENTS**

There were no material changes to the commitments of the Group during the half-year ended 31 December 2016.

## **11. RELATED PARTY DISCLOSURE**

There were no material changes to the related party transactions of the Group during the half-year ended 31 December 2016 other than the options issued to key management personnel in Note 9.

## **12. EVENTS SUBSEQUENT TO THE REPORTING PERIOD**

On 2 March 2017, Ausgold announced a Share Purchase Plan ("SPP") allowing shareholders to purchase up to a maximum of \$15,000 of new shares in Ausgold at an issue price of \$0.03 per share. The total funds to be raised under the SPP will be to a maximum of \$1,200,000. The proceeds will be used to fund the Company's drilling programs at the Katanning Gold Project and to provide additional working capital. Bonus options will be issued to shareholders who subscribe to the SPP, on the basis of two options for every five shares subscribed. The SPP will close on 24 March 2017.

The Company also announced on 8 March 2017 that Dr Matthew Greentree will be appointed Chief Executive Officer (CEO) effective 10 April 2017. Dr Greentree joins Ausgold from SRK Consulting where he was Principal Consultant and Geology Group Manager.

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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 2016 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  
16 March 2017

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Ausgold Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Ausgold Limited, which comprises the consolidated statement of financial position as at 31 December 2016, 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 ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

#### 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 consolidated entity's financial position as at 31 December 2016 and its 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 Ausgold Limited, 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 Ausgold Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

### Conclusion

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 Ausgold Limited is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its 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 consolidated entity's ability to continue as a going concern and therefore the consolidated entity 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.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth, 16 March 2017