ABN 67 140 164 496

ANNUAL REPORT
FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2016

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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Facsimile: (08) 9220 9820

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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 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

BANKERS

Westpac Banking Corporation
109 St Georges Terrace
PERTH WA 6000

DIRECTORS' REPORT

The Directors present their report together with the financial statements, on the consolidated entity consisting of Ausgold Limited and the entity it controlled for the year ended 30 June 2016. Ausgold Limited ("Ausgold" 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 financial year were the exploration for gold and other precious metals.

DIRECTORS

The Directors of the Company during or since the end of the financial year are:

Name	Period of Directorship
Mr Richard Lockwood Non-Executive Chairman	Director since 12 November 2010
Mr Denis Rakich Executive Director & Company Secretary	Director since 31 January 2013
Mr Neil Fearis Non-Executive Director	Appointed 15 April 2016
Mr Geoffrey Jones Non-Executive Director	Appointed 29 July 2016
Mr Robert Pett Non-Executive Chairman	Appointed 23 October 2009; resigned 2 September 2015
Mr Stephen Thomas Executive Technical Director	Appointed 27 June 2014; resigned 15 April 2016

The qualifications, experience and special responsibilities of the Directors of the Company during or since the end of the financial year are:

Non - Executive Chairman
Richard Lockwood

Mr Lockwood has forged a successful career in funds management and mining investment and was the founder of New City Investment Management, one of its five quoted investment trusts he ran was the specialist Geiger Counter Limited Uranium Fund. Mr Lockwood was formerly a Director of AIM-listed Kalahari Minerals Limited which was acquired by CGNPC Uranium Resources Co. Ltd. Formerly a mining investment partner for Hoare Govett and McIntosh Securities he was involved in the development and financing of several gold and base metals projects in Europe, Australia and Africa. Mr Lockwood's intimate knowledge and experience in the mining and uranium industries is an asset to the Company during its current growth phase.

During the last 3 years, Mr Lockwood has served on the boards of the following public listed companies:

- Peninsula Energy Ltd
- A-Cap Resources Ltd (resigned June 2015)
- Praetorian Resources Ltd (resigned June 2015)

Executive Director & Company Secretary
Denis Rakich

Mr Rakich is an Accountant and Company Secretary with extensive knowledge and experience within the mineral production and exploration industries. He has served as a Director and Company Secretary for several other ASX-listed companies within the resources sector.

During the last 3 years, Mr Rakich has served on the board of the following public listed company:

- Samson Oil & Gas Limited

Non-Executive Director
Mr Neil Fearis

Mr Fearis is a corporate and commercial lawyer specialising in mergers and acquisitions, capital raisings and corporate reconstructions, with a particular focus on the mining and resources sector. He has been in practice for more than 38 years and worked as a commercial lawyer in London, Sydney and Perth. He provides corporate and commercial legal advice to public company clients and has advised on some of the largest corporate transactions ever undertaken in Australia. Prior to studying law, Neil spent several years engaged in mineral exploration in both Australia and southern Africa and as a result has a good understanding of the practical issues facing companies developing resource projects in remote locations, both in Australia and overseas.

During the last 3 years, Mr Fearis has served on the boards of the following public listed companies:
- Golden Cross Resources Limited
- Jacka Resources Limited
- Samson Oil & Gas Limited (resigned January 2016)
- Tiger Resources Limited (resigned December 2015)
- Carnarvon Petroleum Limited (resigned December 2013)
- Perseus Mining Limited (retired November 2013)

Non-Executive Director
Mr Geoffrey Jones

Mr Jones is a Civil Engineer with over 30 years' experience in construction, engineering, mineral processing and project development in Australia and overseas. Geoff previously worked for Baulderstone Hornibrook, John Holland, Minproc Engineers and Signet Engineering before serving over six years as Group Project Engineer for Resolute Mining Limited, where he was responsible for the development of its mining projects in Australia, Ghana and Tanzania. He also founded a project management and engineering consultancy concentrating on the management of projects for ASX listed companies in the resources sector. Mr Jones is currently the Managing Director for GR Engineering Services Limited.

During the last 3 years, Mr Jones has served on the boards of the following public listed companies:
- GR Engineering Services Limited
- Marindi Metals Limited
- Energy Metals Limited
- Azumah Resources Limited

DIRECTORS' MEETINGS

The following table sets out the number of Directors' meetings (including meetings of the committees of Directors) held during the financial year and the number of meetings attended by each Director (while he was a Director or committee member). During the financial year ended 30 June 2016, 6 board meetings were held.

	Board of Directors		Nomination and Remuneration Committee		Audit and Risk Committee	
Director	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Mr Denis Rakich	6	6	-	-	2	2
Mr Richard Lockwood	6	6	-	-	2	-
Mr Stephen Thomas[1]	6	5	-	-	2	-
Mr Neil Fearis[2]	6	-	-	-	2	-
Mr Robert Pett[3]	6	1	-	-	2	-
Mr Geoffrey Jones[4]	6	-	-	-	2	-

Note 1: Mr Thomas resigned on 15 April 2016.
Note 2: Mr Fearis was appointed on 15 April 2016.
Note 3: Mr Pett resigned on 2 September 2015.
Note 4: Mr Jones was appointed on 29 July 2016.

In addition to these formal meetings, during the year the Directors considered and passed 4 Circular Resolutions pursuant to clause 72 of the Company's Constitution.

DIVIDENDS

No dividends have been declared or paid since the end of the previous financial year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The following table sets out the restructure of the Board of Directors from the commencement of the financial year to the date of this report:

Name	Appointed / Resigned
Mr Robert Pett Non-Executive Chairman	Resigned 2 September 2015
Mr Richard Lockwood Non-Executive Chairman	Director since 12 November 2010; Appointed Non-Executive Chairman 2 September 2015
Mr Stephen Thomas Executive Director	Resigned 15 April 2016
Mr Neil Fearis Non-Executive Director	Appointed 15 April 2016
Mr Geoffrey Jones Non-Executive Director	Appointed 29 July 2016

There were no other changes in the state of affairs of the consolidated entity during the financial year other than the above mentioned.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

It is the objective of the Company to continue to explore for gold at the Katanning Gold Project in Western Australia, with a view to increasing the overall size of the geological resource, whilst at the same time, exploring for gold and other precious metals at its recognised tenure in other parts of Australia.

SHARE OPTIONS

Listed options exercised during the financial year

No listed options were exercised during the financial year to 30 June 2016.

The market weighted average closing price of Ausgold Limited shares during the 2016 financial year was $0.05 (2015: $0.04). No amount was unpaid on these shares.

Listed options lapsed during the financial year

No listed options lapsed during the financial year to 30 June 2016.

Unlisted options exercised during the financial year

No unlisted options were exercised during the financial year to 30 June 2016.

Unlisted options issued during the financial year

A total of 12,000,000 unlisted Directors' options were issued during the financial year ended 30 June 2016. The details of these options are as follows:

Number of ordinary shares under options[1]	Exercise price $	Expiry date
12,000,000[2]	0.08	30 November 2019

Note 1: Options were issued for nil consideration.
Note 2: The Directors' options were issued on 11 December 2015 following from shareholder approval obtained on 18 November 2015. 2,420,765 options were cancelled on 27 April 2016 as a result of the resignation of an Executive Director, Mr Stephen Thomas.

Unlisted options lapsed during the financial year

A total of 2,600,000 unlisted options lapsed during the financial year to 30 June 2016 and up to the date of this report. The details of these options are as follows:

Number of ordinary shares under options	Exercise price $	Expiry date
500,000	1.45	1 July 2015
100,000	0.45	2 October 2015
500,000	1.38	6 December 2015
1,500,000	1.57	27 February 2016

Unlisted options cancelled during the financial year

A total of 2,420,765 unlisted options were cancelled during the financial year to 30 June 2016 and up to the date of this report as a result of the resignation of an Executive Director, Mr Stephen Thomas. The details of these options are as follows:

Number of ordinary shares under options	Exercise price $	Expiry date
2,420,765	0.08	30 November 2019

Total options on issue at the date of this report

Number of ordinary shares under option[1]	Grant date	Exercise price $	Expiry date
14,000,000	13 August 2014	0.09	31 January 2017
2,900,000	23 April 2015	0.07	31 December 2017
9,579,235	11 December 2015	0.08	30 November 2019

Note 1: Options were issued for nil consideration and remained unexercised at the date of this report.

Options exercised subsequent to reporting date

No options have been exercised subsequent to reporting date.

ENVIRONMENTAL REGULATIONS

The consolidated entity's exploration activities are governed by a range of environmental legislation. To the best of the Directors' knowledge, the Group has adequate systems in place to ensure compliance with the requirements of the applicable environmental legislation and is not aware of any material breach of those requirements during the financial year and up to the date of this report.

EVENTS SUBSEQUENT TO REPORTING DATE

On 27 July 2016, Ausgold completed a placement of 21,000,000 ordinary fully paid shares at an issue price of 5 cents each, raising $1,050,000 before costs. The proceeds are to be used to fund the Company's drilling program at the Katanning Gold Project and provide additional working capital.

On 29 July 2016, Geoffrey Jones joined Ausgold's Board as Non-Executive Director.

Other than the above, no matter or circumstance has arisen as at the date of this report that has significantly affected, or may have significantly affected the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

REVIEW OF OPERATIONS

Exploration

In October 2015, Ausgold announced an updated Mineral Resource at the Katanning Gold Project ("KGP"), developed in accordance with the JORC 2012 Code. The Mineral Resource includes a significant proportion of Measured and Indicated categories (66%) reported at a 0.5g/t Au cut-off grade and restricted to approximately 150 metres below surface (and potentially amenable to low cost open cut mining). The Mineral Resource is estimated at 16.4 million tonnes at 1.21 g/t for a total of 637,330 contained ounces.

In November 2015, Ausgold completed a Scoping Study for the development of open pit mining and on-site conventional CIL processing at the KGP on two of the seven known resource positions as a starting point for ongoing pre-feasibility. The Scoping Study comprises a Mining Study based on Whittle pit optimisations and preliminary open pit designs (by SRK Consulting) and Metallurgy and Processing review (by CPC Project Design). The results of the Scoping Study are positive and indicate the potential for initial open pit gold production of 189,370 ounces of gold.

Ausgold commenced a drilling program at the KGP in March 2016. The assay results received confirmed, amongst other things, high grade gold intersection at White Dam, Jackson and Datatine prospects. Results of the drilling and exploration efforts demonstrated that the exploration model is valid and that Ausgold can actively progress exploration efforts at the KGP.

Financial

The Group recorded a consolidated loss of $4,345,866 (2015: $1,090,646) for the financial year ended 30 June 2016. At 30 June 2016, the Group had $120,616 (2015: $661,013) in cash and cash equivalents.

On 23 November 2015, Ausgold announced a Share Purchase Plan ("SPP") allowing eligible shareholders to purchase up to a maximum of $15,000 of new shares in the capital of Ausgold at an issue price of 3.5 cents per share. The total amount raised from the SPP was $533,225 before costs.

On 1 March 2016, Ausgold completed a placement of 26,000,000 ordinary fully paid shares at an issue price of 3.5 cents each, raising $910,000 before costs. The proceeds were used to fund the Company's drilling program at the KGP and provide additional working capital.

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 this will occur, the timing and extent of any additional funding is always uncertain.

INDEMNIFICATION OF DIRECTORS

Indemnification

The Company has agreed to indemnify the current Directors and Officers of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their designated position in the Company, except where the liability arises out of conduct involving a lack of good faith or breach of duty.

The agreement stipulates that the Company will meet to the maximum extent permitted by law, the amount of any such liabilities, including costs and expenses.

Insurance premiums

The Company paid a premium during the year in respect of a Director and Officer liability insurance policy, insuring the Directors of the Company, the Company Secretary, and all executives of the Company against a liability incurred in that capacity to the extent permitted by the Corporations Act 2001.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for the conduct of all or part of those proceedings

REMUNERATION REPORT (AUDITED)

The Directors of Ausgold present this Remuneration Report prepared in accordance with the requirements of the Corporations Act 2001 on the Company and its controlled entity ("collectively known as "the Group") for the financial year ended 30 June 2016.

For the purposes of this report, key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of the Company. This Remuneration Report forms part of the Directors' Report.

OVERVIEW

Remuneration levels are set with the objective of attracting and retaining the most qualified and experienced candidates. This Remuneration Report:

- explains the Board's policies relating to remuneration of key management personnel;
- discusses the relationship between these policies and the Company's performance; and
- sets out remuneration details for each key management personnel.

The Board is responsible for determining and reviewing remuneration arrangements for its Directors and executives. The performance of the consolidated entity depends on the quality of its Directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The remuneration strategy for the executives comprise of a fixed cash component and where applicable, superannuation contributions, a potential merit based performance bonus and the issue of share options or other share-based incentives in the Company which is intended to provide competitive rewards to attract high calibre executives. The issue of performance bonuses and share options, whilst not dependent on the performance of the Company, are aligned with the ongoing performance assessment of the incumbent management team, following review and assessment by the Board of Directors. Like the executives, Executive Directors may receive a fixed cash component and if warranted, performance bonuses and issuance of share options. The purpose of the issuance of share options to the Executive Directors (which would require the prior approval of shareholders) is to align their interests with those of the shareholders and to provide sufficient incentives to continue their efforts for the benefit of the Company.

The fees paid to Non-Executive Directors are set at levels which reflect both the responsibilities of, and the time commitments required from each Non-Executive Director to discharge their duties and are not linked to the performance of the Company. Non-Executive Directors' fees are set by the Board within the maximum aggregate amount of fees approved by shareholders at a general meeting. The Non-Executive Directors' maximum aggregate fee pool is currently $120,000.

Criteria used to determine potential merit based performance bonus for the executives, during the exploration phase may include establishing key objectives for each executive and measuring performance against these objectives. There are no specific performance based key financial indicators set at present and bonuses and / or options are at the discretion of the Board. The Board reviews the performance of the executives and makes a recommendation to the Directors based on this review.

Share options are also offered to employees at the discretion of the Board. Performance criteria are one of several elements utilised by the Board in assessing the issue of share options to employees. Length of service with the Company, past and potential contribution of the person to the Group is also considered when awarding shares options to employees. The issuance of options is not linked to the performance of the Company. As an exploration company, the Board does not consider the net loss attributable to shareholders as one of the performance indicators when determining whether to issue share options to employees. There is no Board policy in relation to limiting the recipient exposure to risk in relation to securities.

The table below sets out summary information about the movements in shareholder wealth for the following financial periods:

	30 June 2016 $'000	30 June 2015 $'000	30 June 2014 $'000	30 June 2013 $'000	30 June 2012 $'000
Revenue	4	15	17	63	593
Net profit / (loss) before tax	(4,346)	(1,091)	(3,456)	(8,291)	(4,819)
Net profit / (loss) after tax	(4,346)	(1,091)	(3,456)	(8,291)	(4,819)
Share price at start of year	$0.04	$0.05	$0.02	$0.41	$1.55
Share price at end of year	$0.05	$0.04	$0.05	$0.02	$0.41
Dividends	-	-	-	-	-
Basic loss per share (cents)	(1.55)	(0.46)	(1.90)	(5.55)	(4.02)
Diluted loss per share (cents)	n/a	n/a	n/a	n/a	n/a

KEY MANAGEMENT PERSONNEL

The following persons acted as key management personnel of the Company during or since the end of the financial year:

- Mr Richard Lockwood (Non-Executive Chairman)
- Mr Denis Rakich (Executive Director & Company Secretary)
- Mr Neil Fearis (Non-Executive Director); Appointed 15 April 2016
- Mr Geoffrey Jones (Non-Executive Director); Appointed 29 July 2016
- Mr Stephen Thomas (Executive Director); Resigned 15 April 2016
- Mr Robert Pett (Non-Executive Chairman); Resigned 2 September 2015

REMUNERATION OF KEY MANAGEMENT PERSONNEL

The table below shows the fixed and variable remuneration for key management personnel:

2016	Short-term benefits			Long-term benefits	Post-employment benefits	Share-based payment	Total $
	Cash salary & fees $	Annual leave $[7]	Other fees $[8]	Long service leave $[9]	Superannuation $	Options & rights $	
Directors							
R Pett[1]	-	-	2,243	-	-	-	2,243
R Lockwood[2]	-	-	2,244	-	-	105,140	107,384
D Rakich[3]	144,000	9,265	2,244	2,740	13,300	105,140	276,689
S Thomas[4]	57,750	-	2,244	-	-	105,140	165,134
N Fearis[5]	9,167	-	2,243	-	-	-	11,410
G Jones[6]	-	-	-	-	-	-	-
Total	**210,917**	**9,265**	**11,218**	**2,740**	**13,300**	**315,420**	**562,860**

Note 1: No Directors' fees were paid to Mr Pett between the periods 1 July 2015 to 30 June 2016. Mr Pett resigned on 2 September 2015.
Note 2: No Directors' fees were paid to Mr Lockwood between the periods 1 July 2015 to 30 June 2016.
Note 3: The salary relates to Executive Director's duties which include the provision of Company Secretarial services.
Note 4: Mr Thomas resigned on 15 April 2016.
Note 5: Mr Fearis was appointed on 15 April 2016.
Note 6: Mr Jones was appointed on 29 July 2016. No fees were due to Mr Jones at 30 June 2016.
Note 7: Annual leave relates to movements in annual leave provision during the year.
Note 8: Other fees include the attributable non-cash benefit applied by virtue of the Company's Directors and Officers Liability policy.
Note 9: Long service leave relates to movements in long service leave provision during the year.

2015	Short-term benefits			Long-term benefits	Post-employment benefits	Share-based payment	Total $
	Cash salary & fees $	Annual leave $[5]	Other fees $[6]	Long service leave $[7]	Superannuation $	Options & rights $	
Directors							
R Pett[1]	-	-	3,825	-	-	-	3,825
R Lockwood[2]	-	-	3,825	-	-	-	3,825
D Rakich[3]	102,000	8,423	3,825	1,518	9,500	-	125,266
S Thomas	96,250	-	3,825	-	-	-	100,075
N Fearis[4]	-	-	-	-	-	-	-
Total	**198,250**	**8,423**	**15,300**	**1,518**	**9,500**	**-**	**232,991**

Note 1: No Directors' fees were paid to Mr Pett between the periods 1 July 2014 to 30 June 2015.
Note 2: No Directors' fees were paid to Mr Lockwood between the periods 1 July 2014 to 30 June 2015.
Note 3: In addition to being a Company Secretary, Mr Rakich is also responsible in areas relating to accounting, finance, public relations, communications, investor relations and other commercial functions.
Note 4: Mr Fearis was appointed Alternate Director to Mr Robert Pett on 30 July 2014.
Note 5: Annual leave relates to movements in annual leave provision during the year.
Note 6: Other fees include the attributable non-cash benefit applied by virtue of the Company's Directors and Officers Liability policy.
Note 7: Long service leave relates to movements in long service leave provision during the year.
Note 8: Remuneration is non-performance based.

The Company and the individual Directors executed an agreement to issue 12,000,000 options to the Directors in lieu of remuneration. The options were issued on 11 December 2015 following shareholder approval obtained on 18 November 2015. The specific terms of the options are as below:

Grant date	:	18 November 2015
Expiry date	:	30 November 2019
Share price	:	$0.04
Exercise price	:	$0.08
Expected volatility	:	113%
Risk free rate	:	2.13%
Vesting conditions	:	Nil

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		Performance based remuneration	
	2016 %	2015 %	2016 %	2015 %
Directors				
R Pett[1]	-	-	-	-
R Lockwood[2]	-	-	-	-
D Rakich	100%	100%	-	-
S Thomas[3]	100%	100%	-	-
N Fearis[4]	100%	-	-	-
G Jones[5]	-	-	-	-

Note 1: No Directors' fees were paid to Mr Pett between the periods 1 July 2015 to 30 June 2016. Mr Pett resigned on 2 September 2015.
Note 2: No Directors' fees were paid to Mr Lockwood between the periods 1 July 2015 to 30 June 2016.
Note 3: Mr Thomas resigned on 15 April 2016.
Note 4: Mr Fearis was appointed on 15 April 2016.
Note 5: Mr Jones was appointed on 29 July 2016. No fees were due to Mr Jones as at 30 June 2016.

No key personnel management appointed during the period received a payment for agreeing to accept the position.

SERVICE AGREEMENTS

Non-Executive Directors

- The Non-Executive Directors' maximum aggregate fee pool is currently $120,000.
  - Mr Neil Fearis (appointed 15 April 2016) - $50,000 per annum plus GST
  - Mr Geoffrey Jones (appointed 29 July 2016) - $20,000 plus superannuation contribution
  - Mr Richard Lockwood (director since 12 November 2010) – nil
  - Mr Robert Pett (resigned 2 September 2015) - nil
- No agreement by the Company to pay the Non-Executive Directors any pre-determined amounts in the event of termination of office.

Mr Denis Rakich (Executive Director and Company Secretary)

- Fixed cash component including superannuation contribution - $157,300
- No agreement by the Company to pay Mr Rakich any pre-determined compensation in the event of termination of services.

Mr Stephen Thomas via Dinas (WA) Pty Ltd (Executive Director)
Resigned on 15 April 2016

- Rate of pay - $1,000 per full day plus GST with services provided on an as required basis with a minimum of 2.5 days per week.
- No agreement by the Company to pay Mr Thomas or Dinas (WA) Pty Ltd any pre-determined amounts in the event of termination of agreement.

USE OF REMUNERATION CONSULTANTS

Due to the size of the Company's operations, the Company has not engaged remuneration consultants to review and measure its remuneration policy and strategy. However, the Board reviews remuneration strategy periodically and may, if required, engage remuneration consultants in future to assist with this process.

VOTING AND COMMENTS MADE AT THE COMPANY'S 2015 ANNUAL GENERAL MEETING

The Company received more than 99% of votes in favour of its remuneration report for the 2015 financial year at the 2015 AGM. The Company did not receive any specific feedback at the annual general meeting or throughout the year regarding its remuneration practices.

SHARES ISSUED

There were no shares issued to key management personnel during the financial year ended 30 June 2016.

OPTIONS ISSUED

Options are offered to key management personnel having regard, among other things, to the length of service with the Group, and the past and potential contribution of the person to the Group. The issuance of the options is not linked to the performance of the Company.

The following options issued to key management personnel remained on issue as at the date of this report:

Name	Position	Grant date	No. of unlisted options	Fair value at grant date $	Exercise price $	Expiry date
Directors						
R Lockwood	Non-Executive Chairman	13 August 2014	3,500,000	0.0303	0.09	31 January 2017
D Rakich	Executive Director & Company Secretary	13 August 2014	3,500,000	0.0303	0.09	31 January 2017
S Thomas	Executive Director	13 August 2014	3,500,000	0.0303	0.09	31 January 2017
R Lockwood	Non-Executive Chairman	18 November 2015	4,000,000	0.0263	0.08	30 November 2019
D Rakich	Executive Director & Company Secretary	18 November 2015	4,000,000	0.0263	0.08	30 November 2019
S Thomas	Executive Director	18 November 2015	1,579,235	0.0263	0.08	30 November 2019

Recording of options granted during the financial year to key management personnel

Name	Number of options issued[1]	Year	Vested %	Forfeited %
Directors				
R Lockwood	4,000,000	2016	100%	0%
D Rakich	4,000,000	2016	100%	0%
S Thomas[2]	4,000,000	2016	100%	60%

Note 1: The Company and the individual Directors executed an agreement to issue 12,000,000 options to the Directors in lieu of remuneration. The options were issued on 11 December 2015 following shareholder approval obtained on 18 November 2015.
Note 2: Mr Thomas resigned on 15 April 2016. A total of 2,420,765 unlisted options previously issued to him were cancelled on 27 April 2016.

SHAREHOLDINGS

Number of shares held by the Directors of the Company and their related entities, as at 30 June 2016 is set out below:

Name	Balance at 1 July 2015	Allotment	Received on exercise of options	Other Changes	Balance at Resignation	Balance at 30 June 2016
Directors						
R Lockwood[1]	11,990,226	-	-	12,808,598	-	24,798,824
D Rakich[2]	11,486,000	-	-	738,571	-	12,224,571
N Fearis[3]	-	-	-	1,428,571	-	1,428,571
Total	**23,476,226**	**-**	**-**	**14,975,740**	**-**	**38,451,966**
Directors resigned						
S Thomas[4]	11,500,000	-	-	425,000	11,925,000	-
R Pett[5]	12,450,000	-	-	-	12,450,000	-
Total	**23,950,000**	**-**	**-**	**425,000**	**24,375,000**	**-**

Note 1: Relevant interest in shares held by Nefco Nominees Pty Ltd.
Note 2: Relevant interest as Director and as trustee of the Rakich Retirement Fund.
Note 3: Relevant interest as Director of Pendomer Investments Pty Ltd.
Note 4: Relevant interest as beneficial owner of Dinas Superannuation Fund. Mr Thomas resigned on 15 April 2016.
Note 5: Relevant interest as Director and controlling shareholder of Batterbury Holdings Pty Ltd. Mr Pett resigned on 2 September 2015.

OPTION HOLDINGS

Number of options held by Directors of the Company and their related entities, as at 30 June 2016 is set out below:

Name	Balance at 1 July 2015	Granted	Exercised	Other Changes	Balance at Resignation	Balance at 30 June 2016	Vested & Exercisable	Unvested
Directors								
R Lockwood[1]	3,500,000	4,000,000	-	-	-	7,500,000	7,500,000	-
D Rakich[2]	3,500,000	4,000,000	-	-	-	7,500,000	7,500,000	-
N Fearis[3]	-	-	-	-	-	-	-	-
Total	**7,000,000**	**8,000,000**	**-**	**-**	**-**	**15,000,000**	**15,000,000**	**-**
Directors resigned								
S Thomas[4]	3,500,000	4,000,000	-	(2,420,765)	5,079,235		5,079,235	-
R Pett[5]	3,500,000	-	-	-	3,500,000		3,500,000	-
Total	**7,000,000**	**4,000,000**		**(2,420,765)**	**8,579,235**		**8,579,235**	**-**

Note 1: Relevant interest in options held by Arlington Group Asset Management Limited.
Note 2: Relevant interest as Director and as trustee of the Rakich Retirement Fund.
Note 3: Relevant interest as Director of Pendomer Investments Pty Ltd.
Note 4: Relevant interest as beneficial owner of Dinas Superannuation Fund (Dinas Super Fund a/c). Mr Thomas resigned on 15 April 2016.
Note 5: Relevant interest in options held by Economic Consultants Pty Ltd (RJ & SL Pett Super Fund a/c). Mr Pett resigned on 2 September 2015.

KEY MANAGEMENT PERSONNEL TRANSACTIONS WITH THE COMPANY

FEES PAID TO ELSTREE NOMINEES PTY LTD

Elstree Nominees Pty Ltd ("Elstree") provides the Group with office premises and associated facilities. All services provided by Elstree to the Group are at cost. Mr Denis Rakich is a Director of Elstree and serves as Executive Director and Company Secretary of Ausgold. Total amount paid to Elstree during the financial year ended 30 June 2016 was $168,225.

FEES PAID TO ARLINGTON GROUP ASSET MANAGEMENT LIMITED

Arlington Group Asset Management Limited ("Arlington") provides the Group with outsourced investor relations and support services. Mr Richard Lockwood is a Director of Arlington and serves as Non-Executive Chairman of Ausgold. Total amount paid to Arlington during the financial year ended 30 June 2016 was $30,000.

FEES PAID TO DINAS (WA) PTY LTD

Payment was made to Dinas (WA) Pty Ltd ("Dinas") for geological and corporate advisory services provided by Mr Stephen Thomas. Mr Thomas is a Director of Dinas and served as an Executive Director of Ausgold until his resignation on 15 April 2016. Total amount paid to Dinas during the financial year ended 30 June 2016 was $57,750.

FEES PAID TO THE NC FEARIS FAMILY TRUST

Payment was made to The NC Fearis Family Trust ("NCFT") for services provided by Mr Neil Fearis. Mr Fearis is a Trustee of NCFT and was appointed as a Non-Executive Director of Ausgold on 15 April 2016. Total amount paid to NCFT during the financial year ended 30 June 2016 was $9,167.

LOAN TO KEY MANAGEMENT PERSONNEL

No loans have been granted to key management personnel during the financial year ended 30 June 2016.

AMOUNT OWING AT FINANCIAL YEAR END

$16,260 was owing to Elstree Nominees Pty Ltd and $9,167 was owing to NC Fearis Family Trust as at 30 June 2016.

END OF AUDITED REMUNERATION REPORT

NON-AUDIT SERVICES

There were no non-audit services provided during the financial year by the auditor, BDO Audit (WA) Pty Ltd.

Details of the amount paid to the auditor and its related practices for audit and other assurance services are set out below:

	Consolidated	
	Jun 2016 $	Jun 2015 $
Audit and other assurance services - BDO Audit (WA) Pty Ltd	34,315	30,777
Total	**34,315**	**30,777**

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration is included on page 21 of the 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
30 September 2016

CORPORATE GOVERNANCE

The Board of Directors of Ausgold is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Company's corporate governance practices and policies have been modelled on the recommendations contained in the ASX Corporate Governance Council's Principles and Recommendations (3rd Edition) ("ASX Guidelines"). Unless disclosed below, the best practice recommendations of the ASX Guidelines have been applied for the entire financial year ended 30 June 2016. Where there has been any variation from the recommendations, those practices continue to be the subject of the scrutiny of the full Board.

The Corporate Governance Statement has been approved by the Board and is current as at 30 September 2016.

Copies of the current Board and Committee Charters and Policies are available on the Company's website at www.ausgoldlimited.com.

Principles of Good Governance and Best Practice Recommendations

Principle 1: Lay solid foundation for management and oversight

Board responsibilities

The Board supervises the management of the business and affairs of the Company. The Board assumes responsibility for the stewardship of the Company, and the functions the Company has established that are reserved to the Board include:

- *Strategic Planning:* The Board of Directors regularly reviews and approves strategic plans and initiatives of the Company at Board of Directors meetings, and otherwise as required.
- *Risk Assessment:* The Board of Directors has primary responsibility to identify principal risks in the Company's business and ensure the implementation of appropriate systems to manage these risks.
- *Succession Planning:* The Board of Directors is responsible for succession planning, including the appointment, training and monitoring of executives.
- *Communications:* The Board of Directors oversees the Company's public communications with shareholders and others interested in the Company.
- *Internal Controls:* The Board of Directors and the Audit and Risk Committee of the Board of Directors oversee the Company's internal control and management information systems.

In addition to its general oversight responsibilities, significant transactions out of the ordinary course of the Company's business or which may be material to the Company are considered and approved by the Board. A full copy of the Company's Board Charter is available on the Company's website or upon request.

The Board has established 2 standing committees – the Audit and Risk Committee and the Nomination and Remuneration Committee. The Company Secretary reports directly to the Board through the Chairman and is accessible to all Directors.

Management is responsible for implementing Board strategy, day-to-day operational aspects, and ensuring that all risks and performance issues are brought to the Board's attention.

The terms of the appointment of a Non-Executive Director, Executive Directors and senior executives are agreed upon and are set out in writing. In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performances of all Directors and senior executives are reviewed by the Chairman in conjunction with fellow Directors. Due to the size of the organisation, the Company does not have a formal process for evaluation during the financial year.

The Company undertakes comprehensive reference checks prior to appointing a Director, or putting that person forward as a candidate to ensure that the person is competent, experienced, and would not be impaired in any way from undertaking the duties of Director. The Company provides relevant information to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election.

Diversity policy

The Company recognises that a diverse and talented workforce is a key competitive advantage. A workplace climate that promotes diversity is a key to business success, including diversity in gender, race and cultural background.

During the financial year, the female employees comprised 50% of the total permanent workforce across all levels of the Group. A focus in the forthcoming year will continue to be on identifying female talent to fill senior roles.

A copy of Ausgold's Diversity Policy is available on the Company's website or by request.

Principle 2: Structure the board to add value

Board composition

The Board is comprised of 4 Directors, 1 of which is an Executive Director of the Company. The best practice recommendations of the ASX Guidelines favour that the Chairman be an independent Director. However, due to the size of the Company's operations, the Board has taken a more active role in the conduct of the Company's business. The Board undertook these steps in an appropriate manner given the Company's circumstances during the course of the year.

The period of office held, skills, experience and expertise relevant to the position of each Director who is in office at the date of the annual report, their attendances at meetings and their term of office are detailed in the Directors' Report.

The names of the Directors of the Company in office at the date of this statement are:

Name	Position	Appointment date	Length of service at date of this statement	Independence status
Richard Lockwood	Non-Executive Chairman	12 November 2010	5 years	Not Independent
Denis Rakich	Executive Director & Company Secretary	31 January 2013	3 years	Not Independent
Neil Fearis	Non-Executive Director	15 April 2016	5 Months	Independent
Geoffrey Jones	Non-Executive Director	29 July 2016	2 Months	Independent

External Directorships of the Company's Directors are detailed in the Directors' Report. The Board have the right to seek independent professional advice in the furtherance of their duties as Directors, at the Company's expense.

The Directors are aware of the need for the composition of the Board to evolve with the development of the Company, and propose to revise the composition of the Board in due course, including the possibility of transitioning and / or appointing additional independent Non-Executive Directors.

New Directors undertake an induction program co-ordinated by the Company Secretary that briefs and informs the Director on all relevant aspects of the Company's operations and background. A Director Development program is also available to ensure that Directors can enhance their skills and remain abreast of important developments.

Nomination Committee

The best practice recommendation of the ASX Guidelines recommends that the Board establish a Nomination Committee. The Company does not have a separate Nomination Committee and instead have established a Nomination and Remuneration Committee. The Board is of the view that the Company is not of sufficient size to require a separate committee and that the skills and experience of the committee members is appropriate.

The selection and appointment process for Directors and executives are carried out by the full Board. The Board considers the importance of the working team dynamics which allows all members of the Board to be involved in the decision making process.

The Nomination and Remuneration Committee has the following composition:

Name	Position	Independent	Committee position
Richard Lockwood	Non-Executive Chairman	No	Chairman
Denis Rakich	Executive Director & Company Secretary	No	Member
Neil Fearis	Non-Executive Director	Yes	Member
Geoffrey Jones	Non-Executive Director	Yes	Member

The Nomination and Remuneration Committee establishes guidelines for the future nomination and selection of potential new Directors. The full Board (subject to members voting rights in general meeting) is ultimately responsible for the selection of new members and has regard to a candidate's experience and competence in areas such as mining, exploration, geology, finance, administration and other areas of relevance that can assist the Company in meeting its corporate objectives and plans.

Under the Company's current Constitution:
- the maximum number of Directors on the Board is seven;
- a Director may not retain office for more than three years without submitting for re-election;
- at the Annual General Meeting ("AGM") each year effectively one third of the Directors in office retire by rotation and must seek re-election by shareholders; and
- any Director appointed by the Board must have their election confirmed by shareholders at the next AGM.

The Nomination and Remuneration Committee Charter is available on the Company's website or upon request.

The Board has also established a Selection, Appointment and Re-Appointment of Directors Policy which details the procedures for the selection, appointment, re-appointment and evaluation of the Company's Directors. A copy of the policy is available on the Company's website or upon request.

Principle 3: Act ethically and responsibly

Code of conduct

The Board supports the highest standards of corporate governance and requires its members and the management and staff of the Company to act with integrity and objectivity in relation to:

- Compliance with laws and regulations affecting the Company's operations;
- Australian Securities Exchange Listing Rules;
- Employment practices;
- Responsibilities to the community and the environment;
- Conflict of interests;
- Confidentiality;
- Corporate opportunities arising from personal gain or to compete with the Company;
- Protection of and proper use of the Company's assets; and
- Active promotion of ethical behaviour.

The Company has a formal Code of Conduct, which all Directors, employees and contractors are required to observe.

A copy of the Code of Conduct is available on the Company's website or upon request.

Principle 4: Safeguard integrity in corporate reporting

Audit Committee

The best practice recommendation of the ASX Guidelines recommends that the Board establish an Audit Committee with at least 3 members, all of whom are Non-Executive Directors and is chaired by an independent Director who is not the Chairman of the Board. Due to the size of the Company's operations, the Company has constituted a joint Audit and Risk Committee which comprises of the full Board whose names, qualifications and attendances are included in the Directors' Report.

The Audit and Risk Committee has the following composition:

Name	Position	Independent	Committee position
Richard Lockwood	Non-Executive Chairman	No	Chairman
Denis Rakich	Executive Director & Company Secretary	No	Member
Neil Fearis	Non-Executive Director	Yes	Member
Geoffrey Jones	Non-Executive Director	Yes	Member

The Board has undertaken steps to ensure responsibilities laid out in the Audit and Risk Committee Charter are met notwithstanding the make-up of the Audit and Risk Committee members.

The responsibilities of the Audit and Risk Committee are laid out in its charter, and amongst other things, includes the responsibility to ensure that an effective internal control framework exists within the entity, and to review half-yearly and annual financial statements for submission to the Board for approval. The Committee receives regular reports from management and external auditors on accounting and internal control matters. This includes the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information as well as non-financial considerations.

The management provides a declaration to the Board with regards to financial records of the Company being properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Audit and Risk Committee will also recommend the appointment, and will review the fees, of external auditors. A copy of the Audit and Risk Committee is available on the Company's website or upon request.

External auditors

The auditors of the Company, BDO Audit (WA) Pty Ltd ("BDO"), have open access to the Board at all times. BDO have audited the Company and its subsidiary for a number of years and have a policy of rotating audit partners every five years. External audit recommendations, internal control matters and any other matters arising from the audit are discussed directly between the Board and the audit engagement partner.

BDO attends the Company's Annual General Meeting and it is consistent with their current business practice, and is in accordance with the Corporations Act 2001.

Principle 5: Make timely and balanced disclosure

Continuous disclosure

The Board recognises the importance of keeping the market fully informed of the Company's activities and of communicating openly and clearly with all stakeholders. The Company established a formal Continuous Disclosure Policy designed to ensure compliance with the listing rules of the Australian Securities Exchange ("ASX").

Continuous disclosure is discussed by the Board and management on an on-going basis. The Board ensures that all activities are reviewed and assessed for disclosure requirements to stakeholders.

In accordance with the Continuous Disclosure Policy, Company information considered to be material is announced immediately to the ASX. All key communications are placed immediately on the Company website, and when necessary, provided directly to shareholders. A copy of this Policy is available on the Company's website or upon request.

Principle 6: Respect the rights of security holders

Shareholder communication

The Board of Directors aims to ensure that shareholders are provided with important information in a timely manner through written and electronic communications. It is for this reason that the Company has established a Shareholder Communications Policy.

The Board of Directors aims to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Company. Information is communicated to the shareholders through:

- the Annual Report;
- the availability of the Company's quarterly report, half-yearly report and other announcements distributed to shareholders;
- adherence to continuous disclosure requirements;
- the annual general meeting and other meetings called to obtain shareholder approval for Board action as appropriate; and
- the provision of the Company's website containing all of the above mentioned reports and its constant update and maintenance.

Shareholders are encouraged to attend and participate in the meetings and are also encouraged to submit questions to the Board either in writing prior to the meeting or at the time when the shareholders are given the opportunity to ask questions of the Board for answer during the meeting.

A copy of the Shareholder Communications Policy is available on the Company's website or by request.

Securities trading policy

The Company has adopted a formal Securities Trading Policy restricting Directors, senior executives and employees from acting on material information until it has been released to the market in accordance with the requirements of continuous disclosure.

Directors and executives are restricted in a number of ways to deal in the Company's securities. The policy stipulates that Directors and certain employees and persons connected with them do not abuse and do not place themselves under suspicion of abusing price-sensitive information that they have or are thought to have, especially in periods leading up to announcement of results.

In order to avoid any inference of unfair or inappropriate behaviour by the Company or any of its Directors, executives, managers or employees, all restricted persons are prohibited from dealing in the Company's securities in any blackout period. A blackout period is any point in time within the following dates:

- from the first day of January until the second day following the public release of the Company's half-year results;
- from the first day of July until the second day following the public release of the sooner to occur of the Company's preliminary or final full year results; and
- from the first day following the close of each quarter for which the Company is required to provide a periodic quarterly report to the ASX until the second day following the release of that report to the ASX.

The Board or the Chief Executive Officer ("CEO") as its delegate may determine that any of the blackout periods referred to above may be extended (but not shortened) or a new blackout period introduced from time-to-time. Outside of any of the blackout periods, a restricted person can only deal in Ausgold securities if he or she is not in possession of inside information. Restricted persons may not deal in the Company's securities on a short-term trading basis.

A restricted person must, by virtue of his or her position, request clearance in writing for any proposed dealing in the Company's securities as follows:

- a Director of Ausgold (including the CEO) must inform and receive approval from the Chairman prior to undertaking any transaction;
- the Chairman must obtain approval from the Chairman of the Audit and Risk Committee and the CEO prior to undertaking any transaction;
- executives, senior management and other employees must inform and receive approval from the CEO or the Company Secretary prior to undertaking any transaction; and
- the Company Secretary must inform and receive approval from the CEO.

The Company's Securities Trading Policy is available on the Company's website or upon request.

Principle 7: Recognise and manage risk

Risk Committee

The best practice recommendation of the ASX Guidelines recommends that the Board establish a Risk Committee with at least 3 members, a majority of whom are independent Directors and is chaired by an independent Director. Due to the size of the Company's operations, the Company has constituted a joint Audit and Risk Committee which comprises of the full Board whose names, qualifications and attendances are included in the Directors' Report.

Risk management

The Board meets regularly to evaluate, control, review and implement the Company's operations and objectives. The Board understands the importance of risk management and it continues to be an ongoing focus for the Board.

Regular controls established by the Board include:

- timely monthly financial and operational reporting;
- implementation of exploration work programs and budgets by management; and
- procedures to allow Directors to monitor progress of key activities undertaken by management.

Due to the size of the Company's operations, the Board is responsible for reviewing and approving the Company's risk management strategy, including determining the Group's appetite for significant investment decisions. Management reports to the Board on the Company's key risks periodically.

The Board is also responsible for satisfying itself that management has developed and implemented a sound system of risk management and internal control. The Company's internal control framework and risk management process is governed by the Audit and Risk Committee.

The Board regularly discusses risks associated with the Company's business and exploration activities along with the Company's risk tolerance. The Board is responsible for determining whether the Company has a material exposure to economic, environmental and social sustainability risk and, if it does, how it manages or intends to manage those risks.

As the Company evolves and grows, a series of operational risks and mitigation strategies will be considered and adopted on a fit for purpose basis. As risk management is an on-going process, the Board recognises that the extent of the strategy and planning will continue to grow with the Company's activities.

The Risk Management Policy is available on the Company's website or upon request.

Principle 8: Remunerate fairly and responsibly

Remuneration Committee

The best practice recommendation of the ASX Guidelines recommends that the Board establish a Remuneration Committee and have at least 3 members, majority of who are independent Directors. The Company has established a joint Nomination and Remuneration Committee which is being managed by the full Board. The Board is of the view that the Company is not of sufficient size to require a separate committee and that the skills and experience of the committee members is appropriate.

The Committee's primary functions are to oversee and manage:

- the Company's remuneration, retention, termination and incentive policies and procedures for Directors and senior executives;
- the development of Board and Director evaluation processes;
- the review of desirable competencies, skills, knowledge and experience of Directors;
- recommend the appointment, re-election and removal of Directors to/from the Board.

The Company has established a Remuneration Policy which sets out the structure of the remuneration of senior executives, Executive Directors, Non-Executive Directors, termination, disclosure of remuneration etc. The Remuneration Policy is available on the Company's website or upon request.

All compensation arrangements for Directors and senior executives are determined by the Committee and approved by the Board, after taking into account the current competitive arrangements prevailing in the market.

The amount of remuneration for all Directors including the full remuneration packages, comprising all monetary and non-monetary components of the Executive Directors and executives, are detailed in the Directors' Report. Non-Executive Directors may receive annual fees within an aggregate Directors' fee pool limited to an amount which is approved by shareholders. The Non-Executive Directors maximum aggregate fee pool is currently $120,000. The Nomination and Remuneration Committee reviews and recommends the remuneration levels and policies for Directors within this overall Directors' fee pool. The fees which are paid are also periodically reviewed.

Although no formal written policy has been established, the executive is responsible for:

- managing the day to day business of the Company;
- developing corporate strategy, performance objectives and budgets for review and approval by the Board;
- appointing staff, evaluating their performance and training requirements as well as development of Company policies; and

- ensuring all available information in connection with items to be discussed at a meeting of the Board is provided to each Director prior to the meeting.

The performance of senior executives is evaluated by the Nomination and Remuneration Committee, often taking into account recommendations from the Chief Executive Officer and / or Chairman. The Board can exercise its discretion in relation to approving incentives, bonuses and options and can recommend changes to the Committee's recommendations. All executives receive base salary and superannuation (if applicable) and in some cases, performance incentives and fringe benefits. These packages are reviewed on an annual basis. All remuneration paid to executives is valued at the cost to the Company and is measured in accordance with the applicable accounting standards.

Directors, executives and employees, are from time to time invited to participate in the shareholder approved shares options. Separate shareholder approval is sought before any Director can be issued options. Shares issued are valued as the difference between the market price of those shares and the amount paid by the Executive. Options are valued using the appropriate valuation methodology. Non-Executive Directors have long been encouraged by the Board to hold shares in the Company to align their interests more closely to those of the Company's shareholders.

The Board expects that the remuneration structure that is implemented will result in the Company being able to attract and retain the best executives to manage the consolidated entity. It will also provide the executives with the necessary incentives to work to grow long-term shareholder value. Please refer to the Remuneration Report which forms part of the Directors' Report for information on remuneration paid to the key personnel management during the financial year.

The Company does not hold schemes for retirement benefits other than statutory superannuation for Non-Executive Directors.

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

As lead auditor of Ausgold Limited for the year ended 30 June 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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, 30 September 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Note	Jun 2016 $	Jun 2015 $
Revenue from continuing operations		3,480	14,996
Impairment exploration expenses	14	(3,087,334)	(295,331)
Corporate and administration expenses		(674,417)	(496,258)
Share based payments expenses		(342,150)	(44,988)
Occupancy expenses		(104,080)	(99,046)
Other expenses		(70,043)	(58,243)
Accounting expenses		(46,665)	(41,022)
Depreciation expenses		(18,750)	(58,323)
Finance costs		(5,332)	(4,397)
Legal fees		(575)	(8,034)
Loss before income tax		**(4,345,866)**	**(1,090,646)**
Income tax benefit / (expense)	9	-	-
Loss for the year		**(4,345,866)**	**(1,090,646)**
Loss is attributable to:			
Owners of the Company		**(4,345,866)**	**(1,090,646)**
Other comprehensive income / (loss)			
Other comprehensive income / (loss)		-	-
Total comprehensive loss for the year (net of tax)		**(4,345,866)**	**(1,090,646)**
Loss per share			
From continuing operations:			
Basic loss per share (cents per share)	20	(1.55)	(0.46)
Diluted loss per share (cents per share)	20	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 30 JUNE 2016

	Note	Jun 2016 $	Jun 2015 $
ASSETS			
Current Assets			
Cash and cash equivalents	10	120,616	661,013
Trade and other receivables	11	3,610	19,890
Security deposits	12	20,000	50,969
Prepayment for exploration assets	14	-	37,931
Total Current Assets		**144,226**	**769,803**
Non-Current Assets			
Property, plant and equipment	13	15,286	33,786
Exploration and evaluation expenditure	14	34,806,636	35,687,056
Total Non-Current Assets		**34,821,922**	**35,720,842**
TOTAL ASSETS		**34,966,148**	**36,490,645**
LIABILITIES			
Current Liabilities			
Trade and other payables	15	106,396	112,646
Provisions	16	85,849	56,616
Total Current Liabilities		**192,245**	**169,262**
Non-Current Liabilities			
Provisions	16	1,061,480	6,823
Total Non-Current Liabilities		**1,061,480**	**6,823**
TOTAL LIABILITIES		**1,253,725**	**176,085**
NET ASSETS		**33,712,423**	**36,314,560**
EQUITY			
Contributed equity	17	53,386,021	51,984,442
Reserves	18	4,197,018	3,854,868
Accumulated losses	19	(23,870,616)	(19,524,750)
TOTAL EQUITY		**33,712,423**	**36,314,560**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Contributed Equity $	Accumulated Losses $	Reserves $	Total Equity $
Balance as at 1 July 2015	**51,984,442**	**(19,524,750)**	**3,854,868**	**36,314,560**
Total comprehensive loss for the year	-	(4,345,866)	-	**(4,345,866)**
Transactions with owners, recorded directly in equity:				
Shares issued during the year	1,443,225	-	-	**1,443,225**
Share issue costs	(41,646)	-	-	**(41,646)**
Share based payments	-	-	342,150	**342,150**
Balance as at 30 June 2016	**53,386,021**	**(23,870,616)**	**4,197,018**	**33,712,423**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Contributed Equity $	Accumulated Losses $	Reserves $	Total Equity $
Balance as at 1 July 2014	50,719,869	(18,434,104)	3,809,880	**36,095,645**
Total comprehensive loss for the year	-	(1,090,646)	-	**(1,090,646)**
Transactions with owners, recorded directly in equity:				
Shares issued during the year	1,001,000	-	-	**1,001,000**
Share issue costs	(26,678)	-	-	**(26,678)**
Shares issued during the year on exercise of options	290,251	-	-	**290,251**
Share based payments	-	-	44,988	**44,988**
Balance as at 30 June 2015	**51,984,442**	**(19,524,750)**	**3,854,868**	**36,314,560**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Note	Jun 2016 $	Jun 2015 $
Cash flows from operating activities			
Interest received		3,480	14,996
Payments to suppliers and employees		(810,055)	(669,477)
Net cash flows used in operating activities	21	**(806,575)**	**(654,481)**
Cash flows from investing activities			
Payments for exploration expenditure		(1,166,370)	(941,893)
Security deposit (paid) / received		30,969	22,741
Net cash flows used in investing activities		**(1,135,401)**	**(919,152)**
Cash flows from financing activities			
Proceeds from the issue of share capital (net)		1,401,579	1,264,573
Net cash flows generated by financing activities		**1,401,579**	**1,264,573**
Net increase / (decrease) in cash and cash equivalents		**(540,397)**	**(309,060)**
Cash and cash equivalents at the beginning of the year		661,013	970,073
Cash and cash equivalents at the end of the year	10	**120,616**	**661,013**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 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 annual financial report of the Group for the financial year ended 30 June 2016 was authorised for issue in accordance with a resolution of the Directors on 30 September 2016.

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

2. STATEMENT OF COMPLIANCE

The consolidated annual financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

3. BASIS OF PREPARATION

The results of the Group are expressed in Australian dollars ($), which are 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 financial year ended 30 June 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 2015.

4. GOING CONCERN

The accounts have been prepared on a going concern basis. The Group recorded a consolidated loss of $4,345,866 and had net cash outflows from operating and investing activities of $1,941,976 for the financial year ended 30 June 2016. At 30 June 2016, the Group had $120,616 (2015: $661,013) in cash and cash equivalents, and current liabilities of $192,245.

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, they will be dependent upon the future successful raising of necessary funding through equity 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 this will occur, the timing and extent of any additional funding is always uncertain. Subsequent to financial year ended 30 June 2016, the Company completed a placement of 21,000,000 ordinary fully paid shares at an issue price of 5 cents each, raising $1,050,000 before costs.

In the event that sufficient 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 to ensure 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 or recorded asset 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.

SHARE-BASED PAYMENT TRANSACTIONS

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using an appropriate option pricing model and these observable inputs are the best estimates available at the time of performing the calculation but are subject to variability and may be materially different if hindsight was to be used.

EXPLORATION EXPENDITURE

The write-off and carrying forward of exploration acquisition costs is based on an assessment of an area of interest's viability and / or the existence of economically recoverable reserves. Information may come to light in a later period which results in the asset being written off as it is not considered viable.

ESTIMATION OF USEFUL LIVES OF ASSETS

The estimation of the useful lives of assets has been based on historical experience. The condition of the assets is assessed at least once per year and considered against the remaining useful life.

IMPAIRMENT OF ASSETS

At each reporting date, the Group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in the statement of profit or loss and other comprehensive income where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate recoverable amount for an individual asset, recoverable amount is determined for the cash-generating unit to which the asset belongs.

REHABILITATION PROVISION

The Group assesses its rehabilitation provision at each reporting date. Significant judgement is required in determining the provision for rehabilitation as there are many factors that will affect the ultimate liability payable to rehabilitate the existing mine sites, including future disturbances caused by further development, changes in technology and changes in regulations. When these factors change or become known in the future, such differences will impact the mine rehabilitation provision in the period in which the change becomes known.

6. SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF ACCOUNTING

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Ausgold as at 30 June 2016 and the results of all subsidiaries for the year then ended. All inter-company balances and transactions between the Group in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the consolidated entity.

(i) Subsidiaries

Subsidiaries are entities controlled by the consolidated entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the consolidated entity.

In the consolidated entity's financial statements, investments in subsidiaries are carried at cost. The financial statements of the subsidiary are prepared for the same reporting period as the Company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from inter-entity transactions have been eliminated in full.

The investment in subsidiary held by Ausgold is accounted for at cost in the separate financial statements of the Company less any impairment charges. The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The CODM is responsible for allocating resources and assessing performance of the operating segments, has been identified as the strategic steering committee.

REVENUE RECOGNITION

(i) Interest Income

Revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash at bank and in hand, deposits held at call with financial institutions, other short-term highly liquid deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

OTHER FINANCIAL ASSETS

(i) Security Deposits

Security deposits are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. They are included in current assets, except for those with maturities greater than 12 months after reporting period which are classified as non-current assets.

(ii) Trade and Other Receivables

Trade and other debtors are recognised as the amount receivable and are due for settlement within 30 days from the end of the month in which services were provided. They are included in current assets, except for those with maturities greater than 12 months after reporting period which are classified as non-current assets. Collectability of the receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off against the receivable directly unless a provision for impairment has previously been recognised.

A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Loans granted are recognised at the amount of consideration given or the cost of services provided to be reimbursed.

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

EXPLORATION AND EVALUATION EXPENDITURE

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Exploration and evaluation expenditure encompasses expenditures incurred by the Group in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

Exploration and evaluation expenditure incurred by the Group is accumulated for each area of interest and recorded as an asset if:

- the rights to tenure of the area of interest are current; and
- at least one of the following conditions is also met:
  - the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
  - exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing.

For each area of interest, expenditure incurred on the exploration of tenements throughout Australia is capitalised, classified as tangible or intangible, and recognised as an exploration and evaluation asset. Exploration and evaluation assets are measured at cost at recognition. The recoverable amount of each area of interest is determined on a bi-annual basis and the provision recorded in respect of that area adjusted so that the net carrying amount does not exceed the recoverable amount. For areas of interest that are not considered to have any commercial value, or where exploration rights are no longer current, the capitalised amounts are written off against the provision and any remaining amounts are charged against profit. Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are initially recorded at cost, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition, and depreciated. Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

Depreciation is provided on plant and equipment. Items of property, plant and equipment are depreciated using the diminishing value method over their estimated useful lives to the consolidated entity. The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each of the statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The useful economic life for each class of depreciable asset is:

Vehicles	3 - 5 years
Furniture, Fittings and Equipment	3 - 5 years

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income. When the re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

TAXATION

The income tax expense or benefit (revenue) for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit. Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities, associates and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Current and deferred tax balances relating to amounts recognised directly in equity are also recognised directly in equity.

Ausgold Limited and its subsidiary have unused tax losses. However, no deferred tax balances have been recognised, as it is considered that asset recognition criteria have not been met at this time.

TRADE AND OTHER PAYABLES

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the consolidated entity. Trade accounts payable are normally settled within 60 days.

PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

PROVISION FOR REHABILITATION

Rehabilitation costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with the requirements of the mining permits. Such costs are determined using estimates of future costs, current legal requirements and technology.

Rehabilitation costs are recognised in full at present value as a non-current liability. An equivalent amount is capitalised as part of the cost of the asset when an obligation arises to decommission or restore a site to a certain condition after abandonment as a result of bringing the assets to its present location. The capitalised cost is amortised over the life of the project and the provision is accreted periodically as the discounting of the liability unwinds. The unwinding of the discount is recorded as a finance cost.

Any changes in the estimates for the costs or other assumptions against the cost of relevant assets are accounted for on a prospective basis. In determining the costs of site restoration there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation.

EMPLOYEE BENEFITS

(i) Short-Term Obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Other Long-Term Employee Benefit Obligations

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national Government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Share-Based Payments

Share-based compensation benefits are provided to employees of Ausgold Limited.

The fair value of options granted by Ausgold Limited is recognised as an employee benefit expense with a corresponding increase in equity (share-based payments reserve). The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. The fair value at grant date is determined using an appropriate option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each statement of financial position date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

The market value of shares issued to employees for no cash consideration is recognised as an employee benefits expense with a corresponding increase in equity when the employees become entitled to the shares.

(iv) Termination Benefits

Termination benefits are payable when employment is terminated before normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

CONTRIBUTED EQUITY

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

EARNINGS / (LOSS) PER SHARE

Basic earnings or loss per share are calculated by dividing the net profit or loss attributable to members of the parent entity for the reporting period by the weighted average number of ordinary shares of the Company.

Diluted earnings or loss per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

GOODS AND SERVICES TAX

Revenues, expenses and assets are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flow on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authorities are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

COMPARATIVES

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

AASB reference	Title	Summary	Application date of standard	Impact on consolidated financial report	Application date
AASB 9	Financial Instruments and its Consequential Amendments	This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. Accounting for financial liabilities continues to be classified and measured in accordance with AASB 139 with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch.	Periods beginning on or after 1 January 2018	The group does not expect the standard to have a significant impact on its composition	1 July 2018
AASB 15	Revenue from Contracts with Customers	This standard provides a single standard for revenue recognition. An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment.	Periods beginning on or after 1 January 2018	The group does not expect the standard to have a significant impact on its composition	1 July 2018
AASB 16	Leases	This standard eliminates the operating and finance lease classification for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its statement of financial position in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in the statement of financial position for most leases.	Periods beginning on or after 1 January 2019	The group does not expect the standard to have a significant impact on its composition	1 January 2019

7. FINANCIAL RISK MANAGEMENT

OVERVIEW

The overall financial risk management strategy focuses on the unpredictability of the finance markets and seeks to minimise the potential adverse effects on financial performance and protect future financial security.

The Group have exposure to the following risks from their use of financial instruments:
- Credit risk
- Liquidity risk
- Market risk (including interest rate risk)

This note presents information about the consolidated entity's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk and the management of capital.

Ausgold's risk management framework is supported by the Board, management and the Audit and Risk Committee. The Board is responsible for approving and reviewing consolidated entity risk management strategy and policy. Management is responsible for monitoring that appropriate processes and controls are in place to effectively and efficiently manage risk. The Audit and Risk Committee is responsible for identifying, monitoring and managing significant business risks faced by consolidated entity and considering the effectiveness of its internal control system. Due to the size of the Company's operations, the Audit and Risk Committee comprises of the full Board.

The consolidated entity holds the following financial instruments:

	Consolidated	
	Jun 2016	**Jun 2015**
	$	**$**
Financial assets		
Cash and cash equivalents	120,616	661,013
Trade and other receivables	3,610	19,890
Security deposits	20,000	50,969
	144,226	**731,872**
Financial liabilities		
Trade and other payables	106,396	112,646
	106,396	**112,646**

CREDIT RISK

Credit risk is the risk of financial loss to the consolidated entity if counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's cash and cash equivalents, deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

The consolidated entity does not hold any credit derivatives to offset its credit exposure.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates.

	Consolidated	
	Jun 2016	Jun 2015
	$	$
Trade receivables		
Counterparties without external credit rating[1]		
Group 1	23,610	70,859
Group 2	-	-
	23,610	**70,859**
Deposits		
AA	120,616	661,013
	120,616	**661,013**

Note 1: Group 1 – Existing customers (less than 6 months); Group 2 – Existing customers (more than 6 months) with no defaults in the past.

(i) Exposure to Credit Risk

The carrying amount of the consolidated entity's financial assets represents the maximum credit exposure. The consolidated entity's maximum exposure to credit risk at reporting date was:

	Consolidated	
	Jun 2016	Jun 2015
	$	$
Financial assets		
Cash and cash equivalents	120,616	661,013
Trade and other receivables	3,610	19,890
Security deposits	20,000	50,969
	144,226	**731,872**

LIQUIDITY RISK

Liquidity risk arises from the financial liabilities of the consolidated entity and the consolidated entity's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

The following are the contractual maturities of financial liabilities on an undiscounted basis, including estimated interest payments. Cash flows for liabilities without fixed amount or timing are based on conditions existing at year end.

	Consolidated	
	Jun 2016	Jun 2015
	$	$
Financial liabilities		
Trade and other payables	106,396	112,646
	106,396	**112,646**

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Board has determined an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves and regularly monitoring budgeted and actual cash flows and matching the maturity profiles of financial assets, expenditure commitments and liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

Contractual maturities of financial liabilities	Less than 6 months $	6 - 12 months $	Total $	Carrying amount $
Consolidated - at 30 June 2016				
Trade and other payables	106,396	-	106,396	106,396
	106,396	**-**	**106,396**	**106,396**

Contractual maturities of financial liabilities	Less than 6 months $	6 - 12 months $	Total $	Carrying amount $
Consolidated - at 30 June 2015				
Trade and other payables	112,646	-	112,646	112,646
	112,646	**-**	**112,646**	**112,646**

MARKET RISK

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates that will affect the consolidated entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return.

(i) Interest Rate Risk

The consolidated entity's exposure to interest rates primarily relates to the consolidated entity's cash and cash equivalents. The consolidated entity manages market risk by monitoring levels of exposure to interest rate risk and assessing market forecasts for interest rates.

At reporting date, the interest rate profile of the Group's interest bearing financial instruments was:

	Consolidated	
	Jun 2016 $	Jun 2015 $
Variable rate financial instruments		
Financial assets	120,616	661,013
Financial liabilities	-	-
	120,616	**661,013**

The Group manages its interest rate risk by monitoring available interest rates while maintaining an overriding position of security whereby the majority of cash and cash equivalents are held in AA-rated bank accounts. The Group's exposure to interest rate risk and weighted average effective interest rate by maturing periods is set out in tables below:

	Weighted average effective interest rate %	Fixed & floating interest rate $	Maturing within 1 Year $	Non-interest bearing $	Total $
Consolidated - at 30 June 2016					
Financial assets					
Cash and cash equivalents	1.47%	120,616	-	-	120,616
Security deposits	-	20,000	-	-	20,000
Trade and other receivables	-	-	-	3,610	3,610
	-	**140,616**	**-**	**3,610**	**144,226**
Financial liabilities					
Trade and other payables	-	-	-	106,396	106,396
	-	**-**	**-**	**106,396**	**106,396**

	Weighted average effective interest rate %	Fixed & floating interest rate $	Maturing within 1 year $	Non-interest bearing $	Total $
Consolidated - at 30 June 2015					
Financial assets					
Cash and cash equivalents	2.82%	661,013	-	-	661,013
Security deposits	-	50,969	-	-	50,969
Trade and other receivables	-	-	-	19,890	19,890
	-	**711,982**	**-**	**19,890**	**731,872**
Financial liabilities					
Trade and other payables	-	-	-	112,646	112,646
	-	**-**	**-**	**112,646**	**112,646**

Cash Flow Sensitivity Analysis

A change of a 100 basis points in interest rates at reporting date would have increased / (decreased) equity and profit or (loss) by the amounts shown below. The Board assessed a 100 points basis point movement as being reasonably possible based on forward treasury rate projections. This analysis assumed that all other variables remain constant.

	Consolidated			
	+1% (100 basis pts) Jun 2016 $	-1% (100 basis pts) Jun 2016 $	+1% (100 basis pts) Jun 2015 $	-1% (100 basis pts) Jun 2015 $
Financial				
Cash and cash equivalents	1,206	(1,206)	6,610	(6,610)
	1,206	**(1,206)**	**6,610**	**(6,610)**

CAPITAL RISK MANAGEMENT

When managing capital, the Board's objective is to ensure the consolidated entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The Board also aims to maintain a capital structure that ensures the lowest cost of capital available to the consolidated entity.

The Board is constantly adjusting the capital structure to take advantage of favorable costs of capital or high return on assets. As the market is constantly changing, management may issue new shares, sell assets to reduce the Company's liability or consider entering joint venture arrangements to further exploration of the tenements.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position although there is no formal policy regarding gearing levels.

There were no changes in the consolidated entity's approach to capital management during the year. The consolidated entity is not subject to any externally imposed capital requirements.

FAIR VALUE MEASUREMENTS

The fair values of financial assets and liabilities are determined in accordance with generally accepted pricing models based on estimated future cash flow. There are currently no assets and liabilities which require fair valuing under the measurement hierarchy.

8. SEGMENT REPORTING

Operating segments are now reported in a manner that is 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 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.

9. INCOME TAX EXPENSE

	Consolidated	
	Jun 2016 $	Jun 2015 $
Numerical reconciliation between tax expenses and pre-tax net loss		
Loss before income tax expense	**(4,345,866)**	**(1,090,646)**
Income tax benefit calculated at 30%	(1,303,760)	(327,194)
Tax effects on amounts which are not tax deductible	103,062	13,837
Deferred tax asset not brought to account	1,200,698	313,357
Income tax benefit	-	-

	Consolidated	
	Jun 2016 $	Jun 2015 $
Deferred tax assets not brought to account		
Unused tax losses	50,710,716	48,569,737
Timing differences	(34,780,808)	(35,420,514)
Capital raising cost in equity	88,471	188,441
Tax at 30%	**4,805,514**	**4,001,299**

The benefit for tax losses will only be obtained if:

- the Company derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- the Company continues to comply with the conditions for deductibility imposed by Law; and
- no changes in tax legislation adversely affect the ability of the Company to realise these benefits.

10. CASH AND CASH EQUIVALENTS

	Consolidated	
	Jun 2016	**Jun 2015**
	$	**$**
Current assets		
Cash at bank and in hand	120,616	661,013
	120,616	**661,013**

RECONCILIATION TO CASH AT THE END OF THE YEAR

The above figures are reconciled to cash at the end of the financial year as shown in the consolidated statement of cash flows as follows:

	Consolidated	
	Jun 2016	**Jun 2015**
	$	**$**
Current assets		
Cash at bank and in hand	120,616	661,013
Balance as per Consolidated Statement of Cash Flows	**120,616**	**661,013**

RISK EXPOSURE

The Group's exposure to interest rate risk is discussed in Note 7. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above. The consolidated entity's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are discussed in Note 7.

11. TRADE AND OTHER RECEIVABLES

	Consolidated	
	Jun 2016	**Jun 2015**
	$	**$**
Current assets		
Sundry and other debtors	52	13,825
Taxation receivables	3,558	6,065
	3,610	**19,890**

IMPAIRED TRADE RECEIVABLES

There were no impaired trade receivables for the Group for the financial years ended 30 June 2016 and 30 June 2015.

PAST DUE BUT NOT IMPAIRED

There were no trade receivables past due but not impaired for the Group for the financial years ended 30 June 2016 and 30 June 2015.

INTEREST RATE RISK

Information about the Group's exposure to interest rate risk in relation to trade and other receivables is provided in Note 7.

FAIR VALUE AND CREDIT RISK

Due to the short-term nature of the trade receivables, the carrying amount is assumed to approximate their fair value. The exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above. Refer to Note 7 for more information on the risk management policy of the Group and the credit quality of the entity's trade receivables.

12. SECURITY DEPOSITS

	Consolidated	
	Jun 2016	Jun 2015
	$	$
Current assets		
Balance at the start of period	50,969	73,710
Additions / (Reversals)	(30,969)	(22,741)
	20,000	**50,969**

13. PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	Jun 2016	Jun 2015
	$	$
Non-current assets		
Balance at the start of the period, net of accumulated depreciation	33,786	77,097
Additions / (Written Off)	250	15,012
Depreciation charge	(18,750)	(58,323)
Balance net of accumulated depreciation	**15,286**	**33,786**

	Consolidated	
	Jun 2016	Jun 2015
	$	$
Non-current assets		
Cost	750,311	750,061
Accumulated deprecation	(735,024)	(716,274)
Net carrying amount	**15,286**	**33,786**

14. EXPLORATION AND EVALUATION EXPENDITURE & PREPAYMENT

	Consolidated	
	Jun 2016	Jun 2015
	$	$
Non-current assets		
Exploration, evaluation, prepayment and development costs carried forward in respect of areas of interest (net of amounts written off)		
Exploration and evaluation expenditure	34,806,636	35,687,056
Prepayment for exploration assets	-	37,931
	34,806,636	**35,724,987**
Reconcilation:		
Carrying amount at start of year	35,724,987	35,061,123
Exploration expenditure	1,123,555	921,264
Provision for rehabilitation	1,045,428	-
Prepayment for exploration assets	-	37,931
Expenditure written off	(3,087,334)	(295,331)
Carrying amount at the end of the period	**34,806,636**	**35,724,987**

The ultimate recoupment of exploration and evaluation expenditure is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas. The Directors have reviewed the impairment indicators as per AASB 6: Exploration for and Evaluation of Mineral Resources and have concluded that there is an impairment indicator of $3,087,334 (2015: $295,331) which resulted in the expenditures being written off at 30 June 2016.

15. TRADE AND OTHER PAYABLES

	Consolidated	
	Jun 2016	Jun 2015
	$	$
Current liabilities		
Trade creditors	92,334	99,260
Other creditors	14,062	13,386
	106,396	**112,646**

Information about the Group's exposure to risks in relation to trade and other payables is provided in Note 7.

16. PROVISIONS

	Consolidated	
	Jun 2016	Jun 2015
	$	$
Current liabilities		
Provision for employee benefits	85,849	56,616
	85,849	**56,616**

	Consolidated	
	Jun 2016	Jun 2015
	$	$
Non-current liabilities		
Provision for employee benefits	16,052	6,823
Provision for rehabilitation	1,045,428	-
	1,061,480	**6,823**

17. CONTRIBUTED EQUITY

	Consolidated	
	Jun 2016	Jun 2015
	$	$
Equity		
Balance at the start of the period	51,984,442	50,719,869
Shares issued	1,443,225	1,001,000
Less share issue costs	(41,646)	(26,678)
Shares issued on exercise of options	-	290,251
	53,386,021	**51,984,442**

MOVEMENTS IN SHARE CAPITAL DURING THE YEAR

	Consolidated	
	Jun 2016 Number of shares	Jun 2015 Number of shares
Balance at the start of the period	265,265,819	230,860,792
Shares issued for capital raising purposes[1]	41,234,988	28,600,000
Shares issued on exercise of options	-	5,805,027
	306,500,807	**265,265,819**

Note 1: During the financial year ended 30 June 2016, the Company allotted the following ordinary fully paid shares to fund the Company's continued exploration and working capital:

- *On 22 December 2015, Ausgold completed a placement of 9,390,707 ordinary fully paid shares at an issue price of 3.5 cents each.*
- *On 9 February 2016, Ausgold completed a placement of 1,744,284 ordinary fully paid shares at an issue price of 3.5 cents each.*
- *On 18 February 2016, Ausgold completed a placement of 4,099,997 ordinary fully paid shares at an issue price of 3.5 cents each.*
- *On 1 March 2016, Ausgold completed a placement of 26,000,000 ordinary fully paid shares at an issue price of 3.5 cents each.*

Ordinary fully paid shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up to the shares held. Ordinary fully paid shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

MOVEMENTS IN SHARE OPTIONS DURING THE YEAR

	Consolidated	
	Jun 2016 Number of options	Jun 2015 Number of options
Balance at the start of the period	19,500,000	81,161,374
Options issued	12,000,000	16,900,000
Options cancelled	(2,420,765)	-
Options lapsed	(2,600,000)	(72,756,347)
Options exercised	-	(5,805,027)
	26,479,235	**19,500,000**

18. RESERVES

	Consolidated	
	Jun 2016 $	Jun 2015 $
Equity		
Balance at the start of period	3,854,868	3,809,880
Share-based payments reserve	342,150	44,988
	4,197,018	**3,854,868**

SHARE-BASED PAYMENTS RESERVE

This reserve is used to record the value of equity settled share-based payments provided to employees and directors as part of their remuneration. Set out below are summaries of the options granted to the employees of Ausgold for nil consideration during the current and preceding financial years:

Grant date	Expiry date	Exercise price	Balance at 1 Jul 2015 (Number)	Granted (Number)[1]	Exercised (Number)	Forfeited (Number)	Balance at 30 Jun 2016 (Number)	Vested at 30 Jun 2016 (Number)
6-Dec-11	6-Dec-15	$1.38	500,000	-	-	(500,000)	-	-
27-Feb-12	26-Feb-16	$1.57	1,500,000	-	-	(1,500,000)	-	-
2-Oct-12	2-Oct-15	$0.45	100,000	-	-	(100,000)	-	-
13-Aug-14[1]	31-Jan-17	$0.09	3,500,000	-	-	-	3,500,000	3,500,000
13-Aug-14[1]	31-Jan-17	$0.09	3,500,000	-	-	-	3,500,000	3,500,000
13-Aug-14[1]	31-Jan-17	$0.09	3,500,000	-	-	-	3,500,000	3,500,000
13-Aug-14[1]	31-Jan-17	$0.09	3,500,000	-	-	-	3,500,000	3,500,000
23-Apr-15	31-Dec-17	$0.07	1,500,000	-	-	-	1,500,000	750,000
23-Apr-15	31-Dec-17	$0.07	300,000	-	-	-	300,000	300,000
23-Apr-15	31-Dec-17	$0.07	300,000	-	-	-	300,000	300,000
23-Apr-15	31-Dec-17	$0.07	300,000	-	-	-	300,000	300,000
23-Apr-15	31-Dec-17	$0.07	500,000	-	-	-	500,000	500,000
18-Nov-15	30-Nov-19	$0.08	-	4,000,000	-	-	4,000,000	4,000,000
18-Nov-15	30-Nov-19	$0.08	-	4,000,000	-	(2,420,765)	1,579,235	1,579,235
18-Nov-15	30-Nov-19	$0.08	-	4,000,000	-	-	4,000,000	4,000,000
Total			**19,000,000**	**12,000,000**	**-**	**(4,520,765)**	**26,479,235**	**25,729,235**
Weighted Average Exercise Price			**$0.24**	**$0.08**	**-**	**$0.04**	**$0.08**	**$0.08**

Note 1: The Company and the individual Directors executed an agreement to issue 12,000,000 options to the Directors in lieu of remuneration. The options were issued on 11 December 2015 following shareholder approval obtained on 18 November 2015. 2,420,765 options were cancelled on 27 April 2016 as a result of the resignation of an Executive Director, Mr Stephen Thomas.

Grant date	Expiry date	Exercise price	Balance at 1 Jul 2014 (Number)	Granted (Number)[1]	Exercised (Number)	Forfeited (Number)	Balance at 30 Jun 2015 (Number)	Vested at 30 Jun 2015 (Number)
16-Dec-09	31-Dec-14	$0.20	200,000	-	-	(200,000)	-	-
16-Dec-09	31-Dec-14	$0.25	250,000	-	-	(250,000)	-	-
6-Dec-11	6-Dec-15	$1.38	500,000	-	-	-	500,000	500,000
6-Dec-11	6-Dec-14	$1.72	666,666	-	-	(666,666)	-	-
19-Dec-11	19-Dec-14	$1.38	500,000	-	-	(500,000)	-	-
27-Feb-12	26-Feb-16	$1.57	1,500,000	-	-	-	1,500,000	1,500,000
2-Oct-12	2-Oct-15	$0.45	100,000	-	-	-	100,000	100,000
13-Aug-141	31-Jan-17	$0.09	3,500,000	-	-	-	3,500,000	3,500,000
13-Aug-141	31-Jan-17	$0.09	3,500,000	-	-	-	3,500,000	3,500,000
13-Aug-141	31-Jan-17	$0.09	3,500,000	-	-	-	3,500,000	3,500,000
13-Aug-141	31-Jan-17	$0.09	3,500,000	-	-	-	3,500,000	3,500,000
23-Apr-15	31-Dec-17	$0.07	-	1,500,000	-	-	1,500,000	-
23-Apr-15	31-Dec-17	$0.07	-	300,000	-	-	300,000	300,000
23-Apr-15	31-Dec-17	$0.07	-	300,000	-	-	300,000	300,000
23-Apr-15	31-Dec-17	$0.07	-	300,000	-	-	300,000	300,000
23-Apr-15	31-Dec-17	$0.07	-	500,000	-	-	500,000	300,000
Total			**17,716,666**	**2,900,000**	**-**	**(1,616,666)**	**19,000,000**	**17,300,000**
Weighted Average Exercise Price			**$0.36**	**$0.07**	**-**	**$1.20**	**$0.24**	**$0.26**

Note 1: On 27 June 2014, the Company and the individual Directors executed an agreement, subject to shareholder approval obtained 12 August 2014, to obtain 14,000,000 options in lieu of Directors' fees for the Non-Executive Directors and to align the Executive Directors' interests with those of the shareholders for the benefit of the Company. The share options were issued on 13 August 2014.

The market weighted average price of Ausgold Limited shares during the 2016 financial year was $0.05 (2015: $0.04).

The weighted average remaining contractual life of share options outstanding at the end of the period was 1.71 years (2015: 1.62 years).

The following share-based payments were made through the issue of equity during the financial year ended 30 June 2016:

Number of unlisted options issued	:	12,000,000
Grant date	:	18 November 2016
Expiry / Exercise date	:	30 November 2019
Exercise price	:	$0.08 each
Expected vesting probability	:	100%
Expected volatility	:	113%
Option life	:	4.04 years
Risk free rate	:	2.13%
Fair value at grant date	:	$0.03 each

The following share-based payments were made through the issue of equity during the financial year ended 30 June 2015:

Number of unlisted options issued	:	2,900,000
Grant date	:	23 April 2015
Expiry / Exercise date	:	31 December 2017
Exercise price	:	$0.07 each
Expected vesting probability	:	100%
Expected volatility	:	115%
Option life	:	2.69 years
Risk free rate	:	1.88%
Fair value at grant date	:	$0.02 each

The fair value of options at grant date is independently determined using an appropriate option valuation methodology that takes into account the exercise price. The options were issued for nil consideration. The volatility is calculated based upon the share price performance of the company since listing on the ASX.

Management has ascribed various probabilities based upon stretch criteria and operational factors toward the achievement of nominated performance targets. Accordingly, the said probability was taken into account when calculating the share-based payment expense of the options and in the formulation of the resultant expense to Statement of Profit or Loss.

19. ACCUMULATED LOSSES

	Consolidated	
	Jun 2016	**Jun 2015**
	$	**$**
Equity		
Accumulated losses at the start of period	(19,524,750)	(18,434,104)
Loss after income tax attributable to owners	(4,345,866)	(1,090,646)
	(23,870,616)	**(19,524,750)**

20. LOSS PER SHARE

	Consolidated	
	Jun 2016	**Jun 2015**
	Cents per share	**Cents per share**
From continuing operations:		
Basic loss per share	(1.55)	(0.46)
Diluted loss per share	N/A	N/A

The calculation of basic loss per share at 30 June 2016 was based on the loss attributable to ordinary shareholders of $4,345,866 (2015: $1,090,646) and a weighted average number of ordinary shares outstanding during the year of 280,117,863 (2015:237,601,255).

EARNINGS USED IN CALCULATING LOSS PER SHARE

	Consolidated	
	Jun 2016	Jun 2015
	$	$
For basic and diluted loss per share		
Loss after income tax for the year	(4,345,866)	(1,090,646)

WEIGHTED AVERAGE NUMBER OF SHARES USED AS THE DENOMINATOR

	Consolidated	
	Jun 2016	Jun 2015
	Number	Number
Weighted Average Number of Ordinary Shares (WANOS)		
Weighted average number of ordinary shares	280,117,863	237,601,255

Diluted loss per share must be calculated where potential ordinary shares on issues are dilutive. As the potential ordinary shares on issue would decrease the loss per share in the current period, they are not considered dilutive and not shown.

21. CASH FLOWS FROM OPERATING ACTIVITIES RECONCILIATION

Reconciliation of cash flow from operating activities with the loss from continuing operations after income tax:

	Consolidated	
	Jun 2016	Jun 2015
	$	$
Loss after income tax for the year	(4,345,866)	(1,090,646)
Adjustments for:		
Depreciation and amortisation expenses	18,750	58,323
Non-current assets written off / disposed of	(250)	(15,012)
Share based payment expenses	342,150	44,988
Provision for rehabilitation	(1,045,428)	-
Impairment exploration expenses	3,087,334	295,331
(Increase) / Decrease in trade and other receivables	16,280	28,912
Increase / (Decrease) in trade and other payables	36,565	(4,828)
Increase / (Decrease) in provisions	1,083,890	28,451
Net cash flows (used in) operating activities	**(806,575)**	**(654,481)**

22. AUDITOR'S REMUNERATION

The following fees were paid or payable for services provided by the auditor of the consolidated entity:

	Consolidated	
	Jun 2016	Jun 2015
	$	$
Audit and Other Assurance Services		
BDO Audit (WA) Pty Ltd		
- Audit and review of financial report	34,315	30,777
	34,315	**30,777**

23. COMMITMENTS

REMUNERATION COMMITMENTS

Names and positions held of key management personnel remuneration have been included in the Remuneration Report, Which forms part of the Directors' Report during the financial year.

CORPORATE COMMITMENTS

	Consolidated	
	Jun 2016 $	Jun 2015 $
Not later than one year	56,292	6,298
Later than one year but not later than five years	65,674	-
Later than five years	-	-
	121,966	**6,298**

24. RELATED PARTY DISCLOSURE

SUBSIDIARY

The consolidated financial statements include the financial statements of Ausgold and its subsidiary as below:

		Equity interest %	
Name	**Country of incorporation**	**Jun 2016**	**Jun 2015**
Parent entity			
Ausgold Limited	Australia	-	-
Directly controlled by Ausgold Limited			
Ausgold Exploration Pty Ltd	Australia	100%	100%

Loans made by Ausgold Limited to its wholly-owned subsidiary Ausgold Exploration Pty Ltd are made to meet required expenditure. The loans are payable on demand and are not interest bearing.

KEY MANAGEMENT PERSONNEL

Disclosures relating to key management personnel are included in Note 25.

FEES PAID TO ELSTREE NOMINEES PTY LTD

Elstree Nominees Pty Ltd ("Elstree") provides the Group with office premises and associated facilities. All services provided by Elstree to the Group are at cost. Mr Denis Rakich is a Director of Elstree and serves as Executive Director and Company Secretary of Ausgold. Total amount paid to Elstree during the financial year ended 30 June 2016 was $168,225.

FEES PAID TO ARLINGTON GROUP ASSET MANAGEMENT LIMITED

Arlington Group Asset Management Limited ("Arlington") provides the Group with outsourced investor relations and support services. Mr Richard Lockwood is a Director of Arlington and serves as Non-Executive Chairman of Ausgold. Total amount paid to Arlington during the financial year ended 30 June 2016 was $30,000.

FEES PAID TO DINAS (WA) PTY LTD

Payment was made to Dinas (WA) Pty Ltd ("Dinas") for geological and corporate advisory services provided by Mr Stephen Thomas. Mr Thomas is a Director of Dinas and served as an Executive Director of Ausgold until his resignation on 15 April 2016. Total amount paid to Dinas during the financial year ended 30 June 2016 was $57,750.

FEES PAID TO THE NC FEARIS FAMILY TRUST

Payment was made to The NC Fearis Family Trust ("NCFT") for services provided by Mr Neil Fearis. Mr Fearis is a Trustee of NCFT and was appointed as a Non-Executive Director of Ausgold on 15 April 2016. Total amount paid to NCFT during the financial year ended 30 June 2016 was $9,167.

TRANSACTIONS WITH OTHER RELATED PARTIES

Transactions with related parties are on normal commercial terms and conditions which are no more favorable to those parties than those available to other parties unless otherwise stated.

25. KEY MANAGEMENT PERSONNEL

KEY MANAGEMENT PERSONNEL REMUNERATION

	Consolidated	
	Jun 2016	**Jun 2015**
	$	**$**
Short-term employment benefits	231,400	221,973
Post employment benefits	13,300	9,500
Long-term employment benefits	2,740	1,518
Share based payments	315,420	-
	562,860	**232,991**

Detailed remuneration disclosures are set out in the Remuneration Report, which forms part of the Directors' Report.

Key management personnel received compensation in the form of short term employee benefits, post-employment benefits and share-based payment awards.

No executive is entitled to any termination payments apart from remuneration payable up to and including the date of termination and all payments due by way of accrued leave.

LOANS TO KEY MANAGEMENT PERSONNEL

No loans have been granted to key management personnel during the current financial year.

OTHER KEY MANAGEMENT PERSONNEL TRANSACTIONS WITH THE COMPANY

There were no other key management personnel transactions with the Company other than the fees paid to Elstree Nominees Pty Ltd, Arlington Group Asset Management Limited, Dinas (WA) Pty Ltd and The NC Fearis Family Trust. Details of these fees can be found in Note 24.

AMOUNT OWING AT FINANCIAL YEAR END

$16,260 was owing to Elstree Nominees Pty Ltd and $9,167 was owing to NC Fearis Family Trust as at 30 June 2016.

26. PARENT ENTITY INFORMATION

The individual financial statements for the parent entity show the following aggregate amount:

	Parent Entity	
	Jun 2016	Jun 2015
	$	$
Current assets	134,454	712,045
Non-current assets	33,736,051	35,692,480
Total Assets	**33,870,505**	**36,404,525**
Current liabilities	146,189	85,448
Non-current liabilities	11,892	4,517
Total Liabilities	**158,081**	**89,965**
NET ASSETS	**33,712,424**	**36,314,560**
Contributed equity	60,270,463	58,868,885
Reserves	4,197,018	3,854,868
Accumulated losses	(30,755,058)	(26,409,192)
TOTAL EQUITY	**33,712,423**	**36,314,561**

	Parent Entity	
	Jun 2016	Jun 2015
	$	$
Loss for the year	(4,345,866)	(1,090,645)
Other comprehensive income / (loss)	-	-
Total comprehensive loss for the year	**(4,345,866)**	**(1,090,645)**

27. CONTINGENT LIABILITIES

There are no contingent liabilities as at reporting date.

28. EVENTS SUBSEQUENT TO REPORTING DATE

On 27 July 2016, Ausgold completed a placement of 21,000,000 ordinary fully paid shares at an issue price of 5 cents each, raising $1,050,000 before costs. The proceeds are to be used to fund the Company's drilling program at the Katanning Gold Project and provide additional working capital.

On 29 July 2016, Geoffrey Jones joined Ausgold's Board as Non-Executive Director.

Other than the above, no matter or circumstance has arisen as at the date of this report that has significantly affected, or may have significantly affected the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

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 Standards, the Corporations Regulations 2001, International Reporting Standards as issued by the International Accounting Standards Board and other mandatory professional reporting requirements; and
   b. giving a true and fair view of the consolidated entity's position as at 30 June 2016 and its performance for the financial year ended that date; and

3. the Directors have been given the declarations as required by s295A 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
30 September 2016

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INDEPENDENT AUDITOR'S REPORT

To the members of Ausgold Limited

Report on the Financial Report

We have audited the accompanying financial report of Ausgold Limited, which comprises the consolidated statement of financial position as at 30 June 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 year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, 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 report.

Opinion

In our opinion:

(a) the financial report of Ausgold Limited is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 4 in the financial report which describes the 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.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 12 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Ausgold Limited for the year ended 30 June 2016 complies with section 300A of the Corporations Act 2001.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth, 30 September 2016

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 28 September 2016.

DISRIBUTION OF EQUITY SECURITIES

Analysis of numbers of ordinary shareholders by size of holding:

Category of holding	Number of holders	Number of shares
1 - 1,000	84	34,561
1,001 - 5,000	119	351,922
5,001 - 10,000	98	850,918
10,001 - 100,000	392	17,197,310
100,001 and over	225	309,066,096
	918	**327,500,807**

302 shareholders held less than a marketable parcel (<$500) of ordinary fully paid shares.

TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders of quoted shares are:

Shareholders	Number of shares	Percentage of total shares %
Lockwood Richard Arthur	25,775,392	7.87%
Transcontinental Inv Pl	23,350,000	7.13%
Batterbury Hldgs Pl	12,900,000	3.94%
Rakich Denis Ivan	12,224,571	3.73%
Dinas Super Fund Pl	11,925,000	3.64%
Narrow Lane Pl	11,001,222	3.36%
Hsbc Custody Nom Aust Ltd	10,725,000	3.27%
Hsbc Custody Nom Aust Ltd	9,873,431	3.01%
Magaurite Pl	8,000,000	2.44%
Yenbamroong Chatchai	6,520,000	1.99%
Citicorp Nom Pl	5,846,299	1.79%
Transcontinental Inv Pl	5,728,571	1.75%
Maclachlan Neil Thacker	5,412,317	1.65%
Lippo Sec Ltd	5,300,000	1.62%
Hennessy Pacific Inv Ltd	5,282,500	1.61%
Classic Cap Pl	5,000,000	1.53%
National Nom Ltd	4,835,832	1.48%
Bedford Inv Pl	4,748,181	1.45%
Shertim Inv Pl	4,725,294	1.44%
Grekar Pl	4,228,571	1.29%
	183,402,181	**55.99%**

VOTING RIGHTS

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

SUBSTANTIAL HOLDERS

Substantial holders in the Company are set out below:

Shareholders	Number of shares	Percentage of total shares %
Transcontinental Investments Pty Ltd	31,507,142	11.23%
Richard Lockwood	24,798,824	8.09%

OPTIONS

Option details	Expiry dates	Number of unlisted options
Unlisted options exercisable at $0.09 per share	31 Jan 2017	14,000,000
Unlisted options exercisable at $0.07 per share	31 Dec 2017	2,900,000
Unlisted options exercisable at $0.08 per share	30 Nov 2019	9,579,235
		26,479,235

SCHEDULE OF MINERAL LICENCE INTERESTS

Summary of mining tenements as at 30 September 2016:

State	Lease	Lease status	Grant date	Project	Interest %
Western Australia Tenements					
WA	E38/2129	Granted	13 Oct 2008	Yamarna	100%
WA	E38/2863	Granted	11 Feb 2014	Yamarna	100%
WA	E52/3031	Granted	4 Feb 2014	Doolgunna Station	100%
WA	E70/3952	Granted	18 Jan 2011	Katanning Regional	100%
WA	E70/3955	Granted	7 Oct 2011	Katanning Regional	100%
WA	E70/3957	Granted	16 Aug 2011	Katanning Regional	100%
WA	E70/3958	Granted	4 Oct 2011	Katanning Regional	100%
WA	E70/4047	Granted	20 Dec 2011	Katanning Regional	100%
WA	E70/4392	Granted	25 Mar 2013	Katanning Regional	100%
WA	E70/4393	Granted	5 Sep 2012	Katanning Regional	100%
WA	E70/4566	Granted	12 Aug 2014	Katanning Regional	100%
WA	E70/4604	Granted	13 Jan 2015	Katanning Regional	100%
WA	E70/4605	Granted	13 Jan 2015	Katanning Regional	100%
WA	E70/4682	Granted	28 Jul 2015	Katanning Regional	100%
WA	E70/4728	Granted	8 Jan 2016	Katanning Regional	100%
WA	E70/4896	Application	-	Katanning Regional	100%
WA	E70/4907	Application	-	Katanning Regional	100%
WA	E70/4908	Application	-	Katanning Regional	100%
WA	E70/2928	Granted	26 Nov 2008	Katanning Gold Project	100%
WA	G70/84	Granted	13 Jun 1989	Katanning Gold Project	100%
WA	G70/85	Granted	13 Jun 1989	Katanning Gold Project	100%
WA	L70/13	Granted	24 May 1989	Katanning Gold Project	100%
WA	L70/32	Granted	11 Dec 1995	Katanning Gold Project	100%
WA	L70/33	Granted	11 Dec 1995	Katanning Gold Project	100%
WA	M70/210	Granted	28 Mar 1985	Katanning Gold Project	100%
WA	M70/211	Granted	28 Mar 1985	Katanning Gold Project	100%
WA	M70/488	Granted	19 Apr 1994	Katanning Gold Project	100%
Queensland Tenement					
QLD	EPM17054	Granted	26 Nov 2010	Cracow	100%