



27 January 2010

## **AUSGOLD LIMITED (ASX:AUC)**

### **QUARTERLY ACTIVITIES REPORT**

**For the period ended 31 December 2009**

#### **HIGHLIGHTS**

- **Successfully listed on ASX in December 2009 having raised \$10 million through an IPO**
- **Engaged airborne surveys over Ausgold's priority Doolgunna Station, Koonenberry and Pinjin Goldfields projects for drill target generation**
- **Applied for further exploration licences to increase landholding over prospective ground at the Boddington South and Koonenberry Projects**

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Ausgold Limited ("Ausgold" or the "Company") (ASX:AUC) is pleased to release its inaugural Quarterly Activities Report for the period ended 31 December 2009.

Ausgold's activities during the December quarter were principally associated with raising capital through an initial public offering (IPO). The IPO was successfully completed and having raised \$10 million Ausgold was admitted to the official list of the Australian Securities Exchange (ASX) on 14 December 2009. The Company's prospectus anticipated a bonus issue of options which was announced subsequent to the end of the quarter with a record date of 27 January 2010.

The funds the Company raised by its IPO are to be used to explore its highly prospective gold and copper projects. The Company plans to spend approximately three quarters of the funds raised on exploration over the next 2 years. Despite the necessary disruption to operations caused by the IPO, the Company continued to progress its exploration programs during this period with the focus on preparing its priority projects for drill testing as soon as possible.

The Company already has a land access and heritage agreement in place in relation to its Doolgunna Station project and during the quarter Ausgold contracted for two geophysical surveys over this highly prospective project: an airborne electromagnetic (VTEM) survey over the Narracoota volcanics in the southeast of the tenement and a high-resolution aeromagnetic survey covering the entire tenement area.

A contract for a VTEM survey targeting volcanogenic massive sulphide (VMS) copper-gold ore deposits in the Grasmere Knee Zone of the Koonenberry project was signed in early November in addition to a second high-resolution aeromagnetic survey by UTS Geophysics over the entire Pinjin Goldfields tenement of E31/816.

The Company's tenement portfolio was compiled following a comprehensive gold prospectivity study carried out for the Company by the world renowned mineral exploration research centre, *The*

Centre for Exploration Targeting (CET) at the University of Western Australia. During the December quarter the results from the CET study were reanalysed and Ausgold submitted nine additional licence applications across the Boddington South project area and four additional licence applications within the Koonenberry project. These applications ensure that Ausgold maintains dominant landholdings over the ground identified as highly prospective within these two emerging gold and copper provinces.

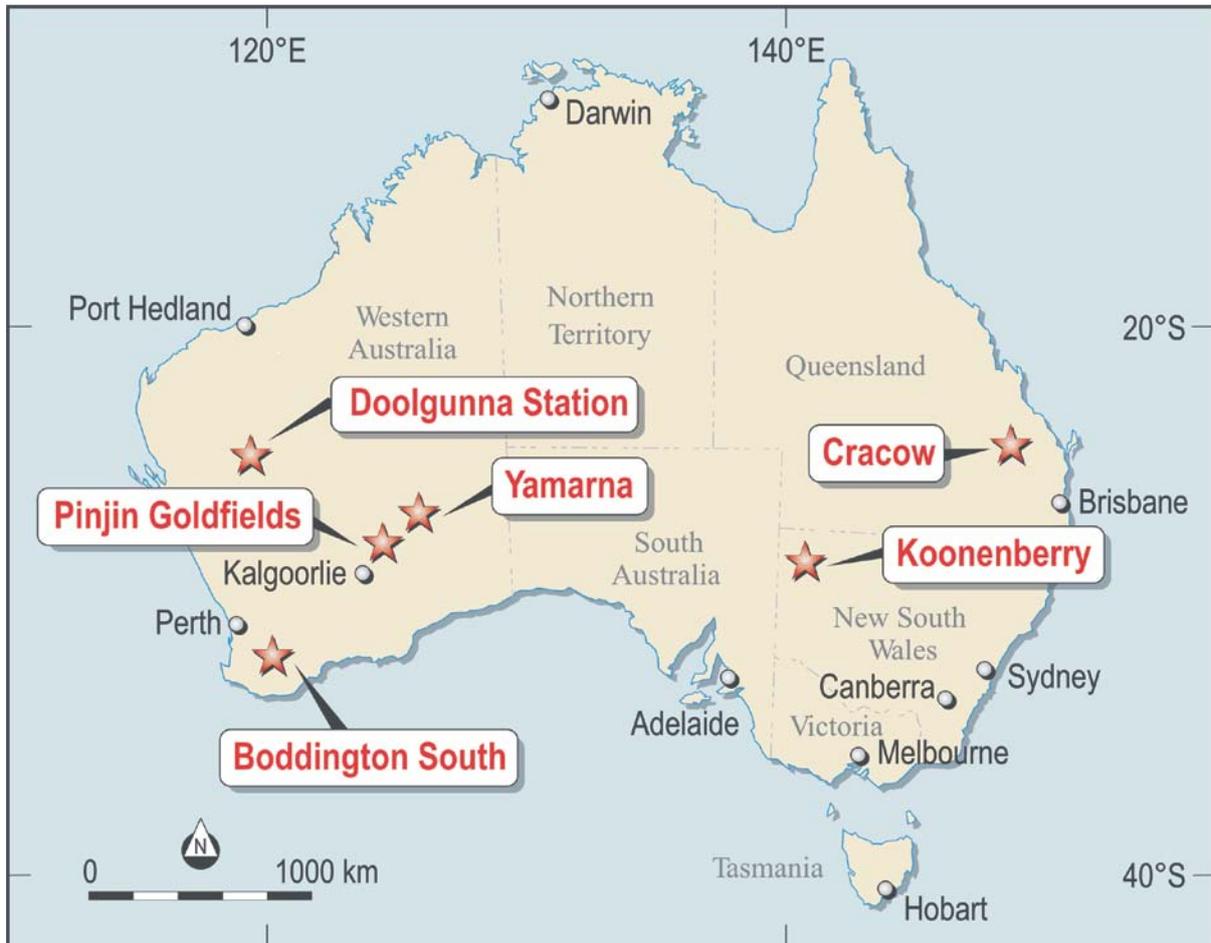


Figure 1. Location of Ausgold's six priority project areas.

### **DOOLGUNNA STATION PROJECT, WA (Ausgold 100%)**

The Company's Doolgunna Station project is located 125km north of Meekatharra and adjacent to Sandfire Resources' DeGrussa and Conductor 1 copper-gold deposits. Ausgold has a land access agreement in place with the Jidi Jidi Corporation which represents the Native Title Claimants in the area covered by the Company's tenement.

The Doolgunna Station tenement covers an area of over 200km<sup>2</sup> and includes both Narracoota volcanics and the faulted-contact between the Marymia Inlier and Capricorn Orogen making it prospective for two types of mineralisation: DeGrussa-style volcanogenic massive sulphide (VMS) copper-gold and Plutonic-style lode gold.

The CET study identified the Company's Doolgunna Station tenement as a highly prospective target area some two years before the discovery of the DeGrussa and Conductor 1 copper-gold ore bodies. Only limited exploration had previously been undertaken over the prospective Narracoota volcanics (being the host of the neighbouring DeGrussa deposit), which are largely under transported cover.

The prospective geological structures associated with Alchemy Resources' neighbouring Hermes gold mineralisation extend into Ausgold's Doolgunna Station project. Much of these structures are similarly obscured by transported material.

During the December quarter, Ausgold signed a contract with Geotech to fly a close-spaced (100m line spaced) airborne electromagnetic (VTEM) survey over the southeast section of the Company's Doolgunna Station project (as indicated by the yellow shaded polygon in figure 2). The close spacing between the flight lines of this VTEM survey will ensure that anomalies highlighted by the survey will be of a sufficiently high resolution to enable Ausgold to commence immediate drilling.

The VTEM survey is scheduled to commence in early February 2010 with final data expected by late March.

UTS Geophysics has been contracted to fly a high-resolution (100m line spaced) aeromagnetic survey over the entire Doolgunna Station tenement. This survey is due to commence next week. It will map the continuation of the northeast-trending shear zone associated with the Hermes gold deposit immediately south of Ausgold's tenement. SRK Consulting has been contracted to perform the interpretation and modelling once the processed data has been delivered by UTS Geophysics.

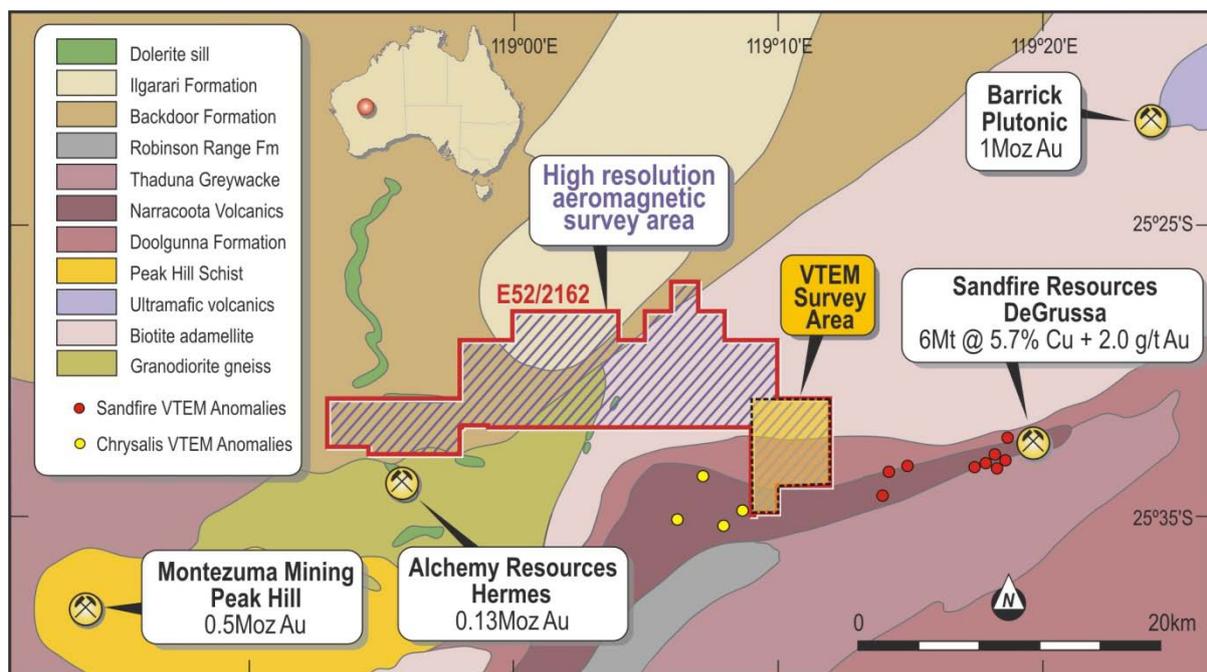


Figure 2. Outlines of upcoming airborne electromagnetic (VTEM) and aeromagnetic geophysical surveys overlaying the summary geology of Ausgold's Doolgunna Station project. A sub-set of the known neighbouring VTEM anomalies and gold/copper deposits also shown.



### **BODDINGTON SOUTH, WA (Ausgold 100%)**

Ausgold's Boddington South project is approximately 230km southwest of Perth and covers almost 4,000km<sup>2</sup>. This region currently hosts a number of Archaean lode gold deposits and has the potential to also host a Boddington-style gold deposit.

The Company applied for the Boddington South project after the CET study highlighted the southwest Yilgarn area as a prospective host for significant gold mineralisation. The region's potential was subsequently demonstrated when Dominion Mining recently drilled a regional structure immediately south of Ausgold's tenement applications. Dominion's drilling returned a number of encouraging drill intersections including 21m @ 3.5g/t Au.

The 13 tenements that comprise the Company's Boddington South project are yet to be granted. Heritage Agreements between Ausgold and the relevant Native Title Claimants were signed for four of these tenements during the December quarter.

### **KOONENBERRY, NSW (Ausgold 100%)**

The Koonenberry project is located less than 100km from Broken Hill in northwest New South Wales and is an emerging mineral province.

The tenements that comprise Ausgold Koonenberry project are covered by transported sands which discouraged previous explorers. The area returned high rankings from *The Centre for Exploration Targeting's* 2007 Australia-wide gold prospectivity study.

The Company has planned a substantial field work program that commenced early in this quarter. In early November 2009 Ausgold contracted Geotech to fly a major airborne electromagnetic (VTEM) survey over an area of the Grasmere Knee Zone in the southern part of the Koonenberry Belt. This area is highly-prospective for volcanogenic massive sulphide (VMS) copper-gold ore bodies similar in type to Sandfire Resources' recent DeGrussa and Conductor 1 discoveries. The VTEM survey will cover 1,100 line kilometres and has now commenced with results expected in late February 2010.

During the quarter Southern Geoscience Consultants (SGC) modelled the depth to basement over selected parts of the project area. The purpose of the geophysical modelling was to ascertain an approximate depth for the transported cover and thus allow Ausgold to design the most appropriate exploration strategy for 'seeing through' the overburden. The results from the SGC modelling are expected to be delivered to Ausgold in January 2010 and are expected to enable Ausgold to consolidate its landholding to focus expenditure on the areas most likely to host deposits that could be economically proven and developed.

### **PINJIN GOLDFIELDS, WA (Ausgold 100%)**

The Pinjin Goldfields project is approximately 150km northeast of Kalgoorlie and positioned within the Laverton Tectonic Zone, which hosts a number of significant gold deposits including the 8 million ounce Wallaby and 7 million ounce Sunrise Dam ore bodies. To date almost 50 gold deposits and occurrences have been recorded within a 10km radius of Ausgold's project area. Transported cover across the Company's Pinjin Goldfields tenements has resulted in limited historic exploration of these tenements.

To enable Ausgold to better identify buried potential targets, the Company contracted UTS Geophysics to fly a high-resolution (100m flight line spacing) aeromagnetic survey over one of the



two Pinjin Goldfields tenements (as indicated by the hashed polygon in figure 3). This survey is scheduled to commence next week. SRK Consulting has been contracted to perform the necessary data interpretation and modelling.

A heritage survey has been scheduled to be carried out this quarter over the project area with a representative of the Wongatha Community.

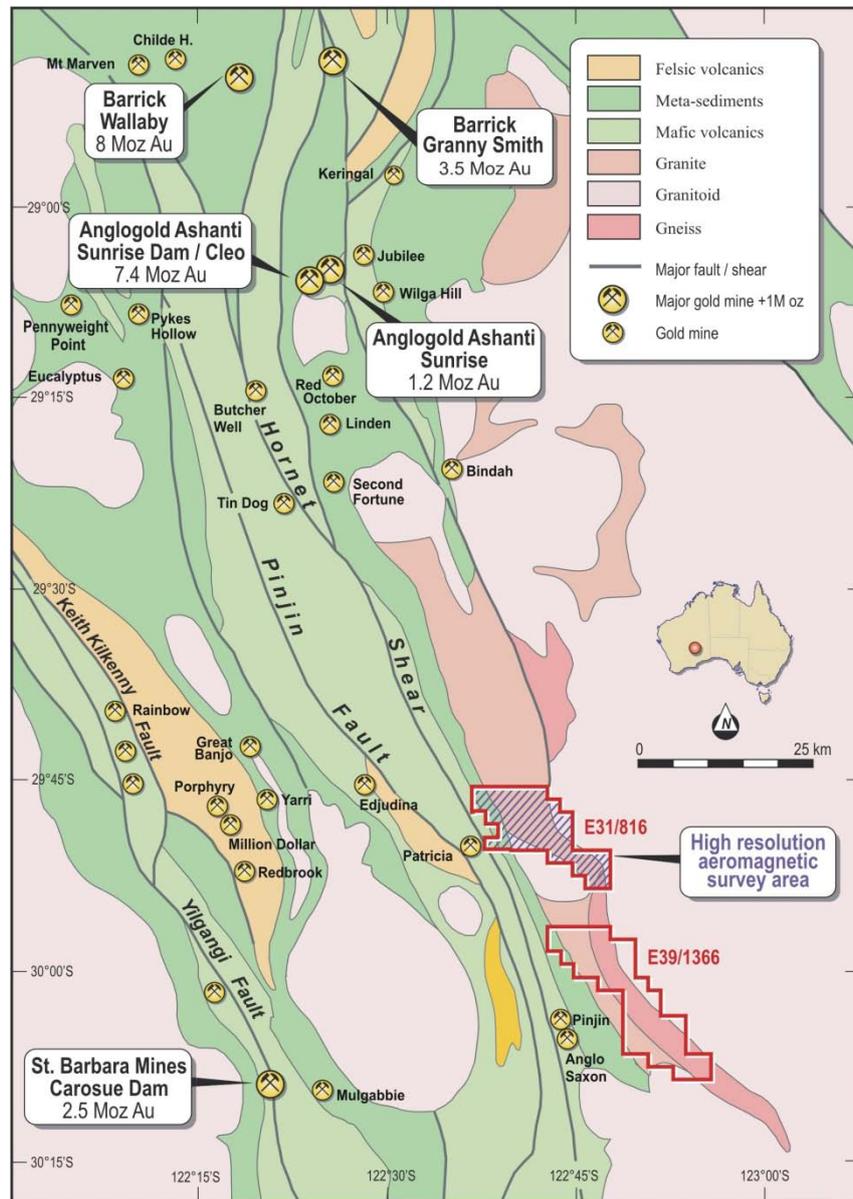


Figure 3. Outlines of upcoming aeromagnetic geophysical survey overlaying the summary geology of Ausgold's Pinjin Goldfields project. A sub-set of the neighbouring gold deposits also shown.



### **YAMARNA, WA (Ausgold 100%)**

The Company's Yamarna project area is situated in the Yilgarn region of Western Australia, approximately 125km northeast of Laverton and within 10km of the Jutson Rocks and Chapman's Reward gold deposits. Ausgold's tenement covers part of a prospective greenstone belt sequence which is poorly exposed and thus has experienced little previous exploration.

SRK Consulting has been engaged to prepare a geological interpretation of the buried lithologies and structures based on available open-file aeromagnetic datasets.

A heritage survey has been scheduled to be carried out this quarter over the project area with a representative of the Wongatha Community.

### **CRACOW, QLD (Ausgold 100%)**

Ausgold's Cracow project area is approximately 16km north of the +1 million ounce Cracow gold mine and approximately 375km northwest of Brisbane.

Ausgold has commenced a project assessment and target generation study which is anticipated to be completed by February 2010.

### **PATERSON, WA (Ausgold earning 100% interest in the gold and base metal rights)**

This tenement, located approximately 10km south of the Nifty copper mine and 350km southeast of Port Hedland, is yet to be granted.

### **CHARTERS TOWERS, QLD (Ausgold 100%)**

The Charters Towers project is situated in northeast Queensland approximately 23km southwest of the township of Charters Towers. The project area is a greenfields area that was identified through *The Centre of Exploration Targeting* gold prospectivity study and is an area that has received little attention from previous explorers as it is largely covered by transported sediments.

No exploration activities were conducted over this project during the quarter due to the expected weather conditions being unfavourable for field work.

### **CROYDON, QLD (Ausgold 100%)**

Ausgold's Croydon project is located within the Georgetown region of northwest Queensland and is approximately 5km east of the historic Croydon gold mine.

No exploration activities were conducted over this project during the quarter due to the expected weather conditions being unfavourable for field work.



### **HODGKINSON, QLD (Ausgold 100%)**

The Hodgkinson project is situated in northwest Queensland approximately 50km southwest of Port Douglas. The project area sits along strike of known gold occurrences and includes at least one fault bend being the interpreted host of the currently known mineralisation within this gold province.

No exploration activities were conducted over this project during the quarter due to the expected unfavourable weather conditions.

### **BALLARAT, VIC (Ausgold 100%)**

Ausgold's Ballarat project comprises four granted tenements totalling around 1,600km<sup>2</sup> within the significant gold mining centre of Ballarat, around 100km northwest of Melbourne. These tenements neighbour a number of +1 million ounce gold mines and more than 500 gold occurrences are known to exist within Ausgold's tenements.

No exploration activities were conducted over this project during this quarter.

### **MARYMIA, WA (Ausgold 100%)**

This tenement, located 100km northeast of the +1 million ounce Plutonic gold mine and 260km northeast of Meekatharra, is yet to be granted.

### **MARBLE BAR, WA (Ausgold, 100%)**

Ausgold's Marble Bar project consists of a single granted tenement located 24km south of the Marble Bar township. No exploration activities were conducted on this project during the quarter.

### **MOUNT MANNING, WA (Ausgold 100%)**

This tenement which is located 15km northeast of the Mount Dimer gold mine and 155km west of Kalgoorlie is yet to be granted.

### **SHOTOVER, New Zealand (Ausgold 100%)**

The Shotover project is a single tenement covering over 2,500km<sup>2</sup> of prospective geology located 130km northwest of the 5 million ounce Macraes gold mine and 280km southwest of Christchurch In New Zealand.

Ausgold commenced an assessment of this project area this quarter. The target generation process for this project is anticipated to be completed in February 2010.



## **DIGGERS CREEK, New Zealand (Ausgold 100%)**

The Diggers Creek project is a single tenement located 130km northwest of Christchurch, New Zealand. This project area contains rock packages that form part of four major basement terranes, all of which are known to host gold deposits.

Ausgold commenced an assessment of this project area this quarter. The target generation process for Diggers Creek is anticipated to be completed in February 2010.

## **CORPORATE**

Ausgold successfully raised \$10 million through its IPO during this quarter and quotation of its securities on the ASX commenced on 16 December 2009 under ASX code **AUC**. Subsequent to the end of the quarter the Company announced a bonus issue of 20 cent options on a one for one basis. The record date for the options is 27 January 2010. The Company will apply to list the options attaching to free trading shares.

As at 31 December 2009, Ausgold had approximately \$9.95 million in cash.



Benjamin Bell  
Chief Executive Officer

## **Competent Persons Statement**

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Benjamin Bell, who is a Member of the Australian Institute of Geoscientists. Mr Bell is the Chief Executive Officer and full-time employee of Ausgold Limited, and has sufficient experience relevant to the style of mineralisation under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Bell consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.