

ASX CODE

AUC

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Non-Executive Chairman

Mr Denis Rakich
*Executive Director &
Company Secretary*

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Non-Executive Director*

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Non-Executive Director

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Geology Manager

Ms Elsie Lee
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REGISTERED OFFICE

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SHARE REGISTRY

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ISSUED CAPITAL (29.07.16)

Ordinary shares: 327.5m
Unlisted options: 26.5m

INVESTOR RELATIONS

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13th October 2016

GOLD EXPLORATION PROGRAM COMMENCING AT DOOLGUNNA STATION PROJECT

Highlights

- **Exploration to commence at AUC's 100%-owned Doolgunna Station Project**
- **Mapping and geochemical sampling planned across previously unexplored ground**
- **Work will focus on gold prospectivity**
- **Project area highly prospective for Archean gold and VMS copper-gold mineralisation**
- **Follow-up work anticipated in Q1 2017**

Ausgold Limited ("Ausgold" or "the Company") (ASX: AUC) is pleased to announce the commencement of a reconnaissance field mapping and geochemical sampling program at its 100%-owned Doolgunna Station Project (E52/3031) in Western Australia's Bryah Basin (Figure 1) ("Doolgunna Project"). The Doolgunna Project is highly prospective for Archean gold and VMS copper-gold mineralisation.

The planned surface geochemical sampling covers previously unexplored parts of the landholding and is intended to assess the gold prospectivity of priority areas and further refine targets for Ausgold's future exploration planning.

Historical geochemical sampling across the eastern parts of E52/3031 identified discrete low-order gold anomalies across a broad Plutonic-type gold target area (Figure 2). Ausgold will conduct 'ground-truthing' of these existing gold anomalies to determine their source and validity. If the historical sampling methodologies appear valid, then follow-up surface sampling or AC drilling will be undertaken.

Further regolith geochemical sampling programs have the potential to define cohesive gold anomalies, for follow-up exploration programs.

The Doolgunna Mineral Field (150km north-east of Meekatharra) is one of the most significant copper-gold provinces in Australia, producing in excess of 8 million ounces of gold to date. E52/3031 is located adjacent to Sandfire Resources NL's DeGrussa copper-gold project, immediately north of the Hermes gold deposit and south-east of the Plutonic gold mine.

Ausgold's Doolgunna Project is considered prospective for both Archean lode gold and VMS copper-gold mineralisation. Targeting exercises identified four exploration target styles within the tenement area: Hermes gold-type, Peak Hill gold-type, Plutonic gold-type, and DeGrussa copper-gold VMS-type mineralisation (Figure 2).

Previous exploration on the Doolgunna Project has been limited to broad regional-type studies, including aeromagnetic interpretation, stream sediment sampling and reconnaissance soil sampling. Limited exploration has been undertaken over the prospective Narracoota volcanics and Peak Hill schist (being the host of the neighbouring DeGrussa deposit and Hermes deposits respectively), which are largely under transported cover. The prospective geological structures associated with the neighbouring Plutonic and Hermes gold deposits extend into Ausgold's Doolgunna Project.

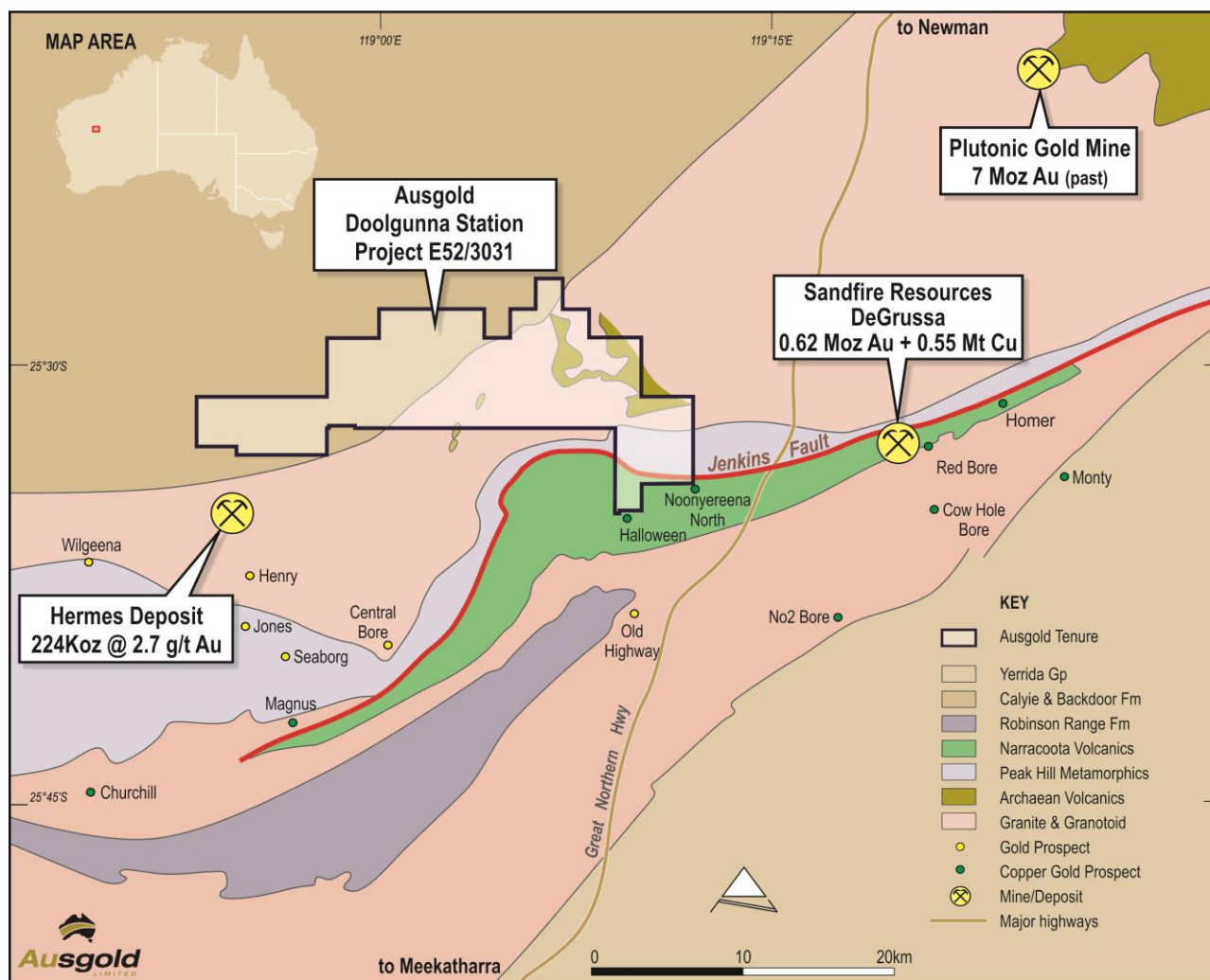


Figure 1: Ausgold's Doolgunna Station Project (E52/3031) and surrounding areas

DOOLGUNNA STATION PROJECT BACKGROUND

Regional advances in geological and structural understanding of the Byrah Basin have highlighted the region's potential to host significant gold deposits. Multiple episodes and styles of gold mineralisation are present, with characteristic Archaean shear zone-hosted features such as strong structural controls and dominant high-grade mineralisation plunge controls. Typically, deposits featuring strong plunge controls have the potential to have small surface geochemical 'footprints' and are known as 'blind' deposits; this further highlights the potential for new discoveries in the region.

Historical regolith mapping across E52/3031 indicates that a significant portion of the tenement has an erosional soil regime and is therefore suitable for surface geochemical sampling. However, geological logging of historical AC drilling in the area indicates the presence of transported cover in areas mapped as erosional, with the depth of transported cover logged up to 32 metres.

This questions the reliability of historic surface sampling techniques within the tenement as an appropriate medium for effective exploration. If the thickness of transported cover is greater than 5 metres then surface geochemical techniques are generally ineffective and any potential gold mineralisation will require shallow AC drilling to effectively test the prospectivity of the area.

These observations suggest that the Ausgold's Doolgunna Station Project area remains untested for potential gold mineralisation and for this reason the Company is embarking on an aggressive and systematic exploration approach.

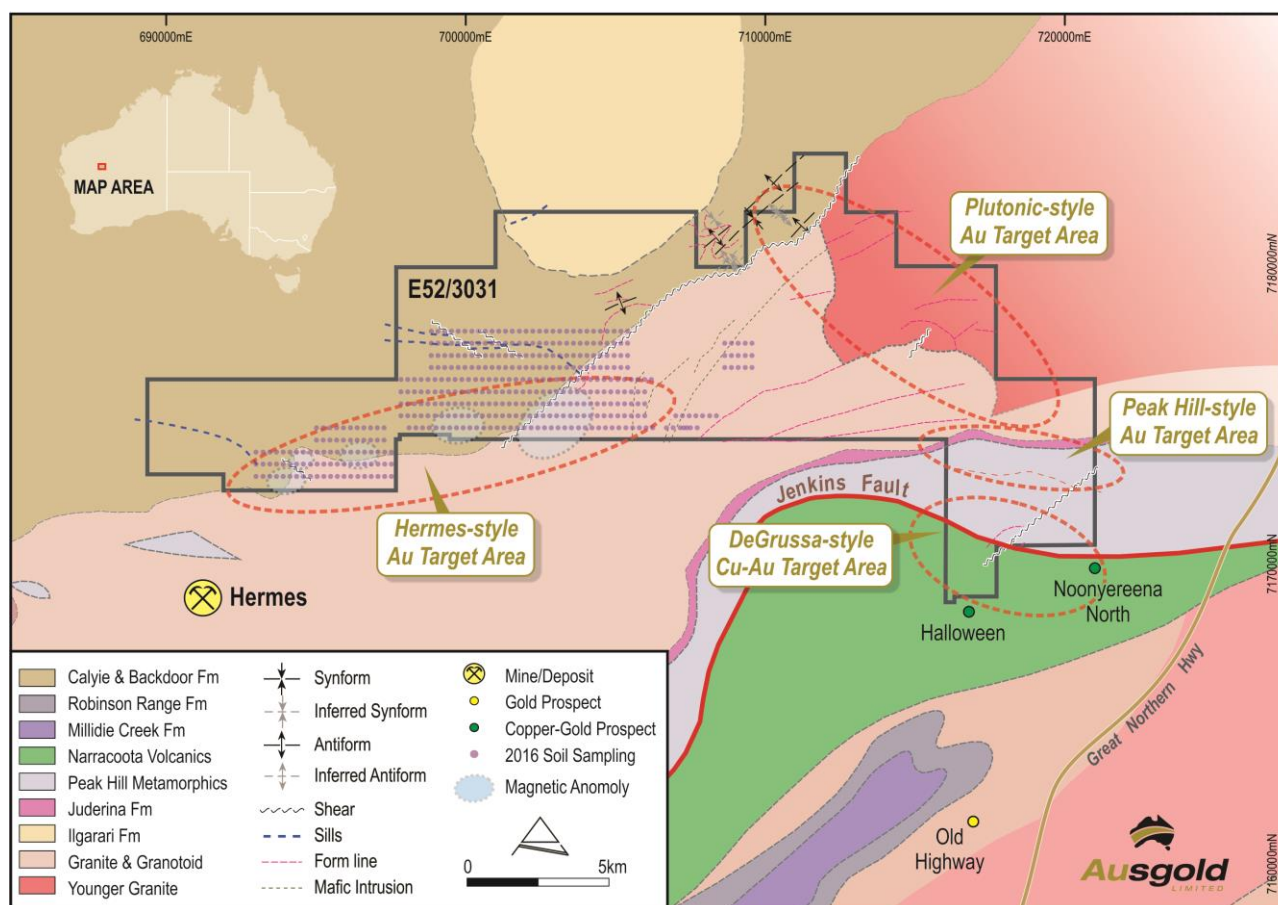


Figure 2. Ausgold's Doolgunna Station Project (E52/3031), general target areas and location of planned surface samples

COMPETENT PERSON'S STATEMENT

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Miss Melanie Sutterby, who is a Member of the Australian Institute of Geoscientists and a Member of the Australasian Institute of Mining and Metallurgy. Miss Sutterby is a full-time employee of Ausgold Limited and has sufficient experience relevant to the style of mineralisation under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Miss Sutterby consents to the inclusion in this report of matters based on the information compiled by her in the form and context in which it is included.