Ausgold LIMITED

ABN 67 140 164 496

ANNUAL REPORT
FOR THE
FINANCIAL YEAR ENDED 30 JUNE 2013

CORPORATE DIRECTORY

DIRECTORS

Mr Robert Pett
(Non-Executive Chairman)

Mr Richard Lockwood
(Non-Executive Director)

Mr Denis Rakich
(Executive Director and Company Secretary)
(Appointed 31 January 2013)

COMPANY SECRETARY

Mr Denis Rakich
(Appointed 31 January 2013)

REGISTERED OFFICE

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

Telephone: (08) 9220 9890
Facsimile: (08) 9220 9820

Web: www.ausgoldlimited.com
Email: info@augoldlimited.com

AUDITORS

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

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

SECURITIES EXCHANGE

Australian Securities Exchange Ltd
Exchange Plaza
2 The Esplanade
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 Sanders
Level 21, 300 Murray Street
PERTH WA 6000

BANKERS

St George Bank Limited
Level 1, Westralia Plaza
167 St Georges Tce
PERTH WA 6000

Westpac Banking Corporation
Level 6, 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 2013. Ausgold Limited ("Ausgold" or "Parent entity" or "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 Group during or since the end of the financial year are:

Name	Period of Directorship
Mr Robert James Pett Non-Executive Chairman	Director since 23 October 2009
Mr Richard Lockwood Non-Executive Director	Director since 12 November 2010
Mr Denis Rakich Executive Director	Director since 31 January 2013
Mr Christopher David Kelsall Non-Executive Director	Appointed 5 November 2009; Resigned 14 January 2013
Mr Simon Trevisan Non-Executive Director	Appointed 23 October 2009; Resigned 4 February 2013

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

Non - Executive Chairman
Robert James Pett BA(Hons), MA(Econ), FAICD, Minerals Economist

Mr Pett is a minerals economist with over 30 years of experience in exploration and mining of gold and other metals. During that period he has overseen the successful exploration, development, operation and financing of more than ten mining projects worldwide. This includes gold and nickel mines in Australia and gold mines in East and West Africa, a number evolving from grass roots discovery, as well as numerous exploration projects. He holds a Master's Degree from Queens University Canada. Mr Pett is a member of the Board's Audit Committee and Remuneration Committee.

During the last 3 years, Mr Pett has served on the boards of the following public listed companies:
- A-Cap Resources Ltd
- Regalpoint Resources Ltd (resigned April 2013)
- Brazilian Metals Group Ltd (resigned April 2013)
- Senex Energy Ltd (resigned September 2011)

Non - Executive Director
Richard Lockwood

Mr Lockwood has over 37 years of experience in mining, mining investment and stockbroking. 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 is currently a director of Praetorian Resources Ltd, a public listed investment company focussed on natural resources. Prior to joining Praetorian, Mr Lockwood held fund management positions with City Natural Resources High Yield Trust, New City High Yield Trust, Geiger Counter Limited and Golden Prospect Precious Metals.

During the last 3 years, Mr Lockwood has served on the boards of the following public listed companies:
- A-Cap Resources Ltd
- Praetorian Resources Ltd
- Regalpoint Resources Ltd (resigned October 2012)
- Kalahari Minerals Ltd (resigned February 2012)

Executive Director & Company Secretary
Denis Rakich FCPA

Mr Rakich is an Accountant and Company Secretary with extensive knowledge and experience within the mineral production and exploration industries. He is a fellow of the CPA Australia and has served as Company Secretary for several other ASX-listed companies within the resources sector. Mr Rakich is responsible for the legal, financial and corporate management of Ausgold. Mr Rakich is a member of the Board's Audit Committee and Remuneration Committee. Mr Rakich was not a director of any other public listed company during the last 3 years.

Non - Executive Director
Christopher David Kelsall B Econ, LLB, MSc
(Resigned 14 January 2013)

Mr Kelsall is the Finance Director of Mediterranean Oil & Gas plc, an AIM listed oil and gas production and exploration Company, based in London. He has spent most of his career in investment banking, advising clients in relation to capital markets, privatisation and corporate advisory projects in a wide range of developed and emerging markets. In his most recent role as a Director, Equity Capital Markets, at Deutsche Bank AG, Hong Kong, Mr Kelsall advised Chinese and other Asian issuers within the industrial and natural resources sectors. Mr Kelsall holds a Master of Science in Finance (Distinction) from the London Business School, a Bachelor of Economics and a Bachelor of Law from the University of Western Australia, in addition to a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia.

Non - Executive Director
Simon Trevisan B Econ, LLB (Hons) MBT
(Resigned 4 February 2013)

Mr Trevisan is the managing director of the Transcontinental Group of Companies and for the past 17 years has been responsible for managing the Group's mining, oil and gas and property development projects. Mr Trevisan has been involved in the promotion and management of a number of public companies, including the establishment and listing of Mediterranean Oil & Gas plc, an AIM listed oil and gas company with production and a substantial oil discovery in Italy. He was Executive Chairman of ASX-listed gold explorer Aurex Consolidated Ltd. In that role Mr Trevisan oversaw the recapitalisation of the company, the acquisition of gold tenements at Yamarna, and a farm-out to AngloGold to fund a drilling campaign which ultimately led to a merger with TerraGold Mining Ltd. He has a Bachelor of Economics and a Bachelor of Law (UWA) and a Master's Degree in Business and Technology from the University of New South Wales. Mr Trevisan initially practiced as a solicitor with Allens Arthur Robinson Legal Group firm, Parker and Parker, in the corporate and natural resources divisions and later acted as General Counsel to a group of public companies involved in the mining and exploration sectors. Mr Trevisan is currently an executive director of uranium explorer Regalpoint Resources Ltd and was a founding director of Ausgold Exploration Pty Ltd.

MANAGEMENT

Chief Executive Officer
Dr Andrew Tunks B.Sc. (Hons.), Ph.D
(Resigned 31 May 2013)

Dr Tunks holds a Bachelor of Science (Hons) from Monash University and a PhD obtained at the University of Tasmania. Dr Tunks has global experience within the mining industry having worked in Australia and in Southern and Central Africa, including Ghana, Tanzania and Botswana. Dr Tunks has lectured in Geology at the University of Tasmania and is an accredited member of The Australian Institute of Geoscientists. Dr Tunks was a Non-Executive Director of A-Cap Resources Limited.

Company Secretary & Chief Financial Officer
Mr Mark Di Silvio B.Bus, MBA, CPA
(Resigned 31 January 2013)

Mr Di Silvio holds a Bachelor of Business from Curtin University in Western Australia and a Master of Business and Administration from the University of Western Australia. A Certified Practicing Accountant with over 20 years post graduate experience in the resources sector, Mr Di Silvio commenced his career with a variety of finance based roles within the gold mining sector whilst based in Kalgoorlie, Western Australia. Mr Di Silvio joined oil and gas independent Woodside Energy Limited in 1998, gaining oilfield experience through the financial management of joint ventures and the development of accounting and compliance management systems. Prior to leaving Woodside in 2007, Mr Di Silvio was responsible for the financial management of Woodside's Mauritanian oilfield assets. Mr Di Silvio was Chief Financial Officer for Central Petroleum Limited, a junior oil and gas exploration company based in Perth, Western Australia prior to joining LSE and TSX listed gold miner Centamin Egypt Limited as Chief Financial Officer in 2008.

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 they were a Director or committee member). During the financial year ended 30 June 2013, 8 board meetings were held.

	Board of Directors		Nomination and Remuneration Committee		Audit Committee	
Director	Held	Attended	Held	Attended	Held	Attended
Mr R Pett	8	8	-	-	2	2
Mr R Lockwood	8	8	-	-	-	-
Mr D Rakich[1]	2	2	-	-	1	1
Mr C Kelsall[2]	8	6	-	-	1	1
Mr S Trevisan[3]	8	6	-	-	-	-

Note 1: Mr Rakich was appointed on 31 January 2013
Note 2: Mr Kelsall resigned from the Board on 14 January 2013
Note 3: Mr Trevisan resigned from the Board on 4 February 2013

In addition to these formal meetings, during the year the Directors considered and passed 3 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 board of directors and management during the financial year:

Name	Appointed / Resigned
Mr Christopher David Kelsall Non-Executive Director	Resigned 14 January 2013
Mr Mark Di Silvio Chief Financial Officer and Company Secretary	Resigned 31 January 2013
Mr Denis Rakich Executive Director and Company Secretary	Appointed 31 January 2013
Mr Simon Trevisan Non-Executive Director	Resigned 4 February 2013
Mr Andrew Tunks Chief Executive Officer	Resigned 31 May 2013

There were no other changes in the state of affairs of the consolidated entity 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, with a view to increasing the overall size of the geological resource whilst at the same time, exploring for gold and base metals at its recognised tenure in other parts of Australia.

SHARE OPTIONS

Listed Options converted during the financial year

A total of 1,455,794 listed options were exercised during the financial year to 30 June 2013. The details of these options are as follows:

Number of ordinary shares under option	Exercise price $	Expiry date
1,455,794	0.20	31 March 2013

The issuing entity was Ausgold Limited. The market weighted average closing price of Ausgold Limited shares during the 2013 financial year was $0.09 (2012: $1.22). No amount was unpaid on these shares.

The Company's listed options expired on 31 March 2013. The total number of options which remained unexercised and have lapsed was 71,530,575 options.

Unlisted Options converted during the financial year

No unlisted options were exercised during the financial year to 30 June 2013.

Employee options issued during the financial year

The following options were issued under the Employee Option Plan and are in existence at the date of this report:

Number of ordinary shares under option	Exercise price $	Expiry date
100,000	0.45	2 October 2015

The holders of these options do not have the right, by virtue of the option, to participate in any share issue or interest issue of the Company, body corporate or registered scheme. The issuing entity for all options was Ausgold Limited.

Options lapsed during the financial year

A total of 4,683,334 unlisted options lapsed and have been cancelled during the financial year to 30 June 2013 and up to the date of this report, following cessation of employment. The details of these options are as follows:

Number of ordinary shares under option	Exercise price $	Expiry date
500,000	1.48	6 December 2015
333,334	1.716	6 December 2014
1,000,000	1.573	27 February 2014
1,000,000	1.573	27 February 2015
1,850,000	0.45	2 October 2015

Options on issue at the date of this report

Number of ordinary shares under option[1]	Grant date	Exercise price $	Expiry date
200,000	16 December 2009	0.20	31 December 2014
250,000	16 December 2009	0.25	31 December 2014
500,000	1 July 2011	1.45	1 July 2015
500,000	6 December 2011	1.38	6 December 2015
666,666	6 December 2011	1.716	6 December 2014
500,000	19 December 2011	1.38	19 December 2014
1,500,000	27 February 2012	1.573	27 February 2016
100,000	2 October 2012	0.45	2 October 2015

Note 1: All options issued for nil consideration.

Options exercised subsequent to reporting date

No options have been exercised subsequent to reporting date.

Options lapsed subsequent to reporting date

The Company cancelled 150,000 unlisted employee options on 16 September 2013 following cessation of employment.

ENVIRONMENTAL REGULATIONS

The consolidated entity's exploration activities are governed by a range of environmental legislation. As the Group is in the early development phase of its exploration projects, Ausgold is not yet subject to the public reporting requirements 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 the Directors' Report.

EVENTS SUBSEQUENT TO REPORTING DATE

Effective 9 September 2013, Ausgold's new registered business address is Level 16, AMP Building, 140 St Georges Terrace, Perth WA 6000.

The Company cancelled 150,000 unlisted employee options on 16 September 2013 following cessation of employment.

REVIEW OF OPERATIONS

Exploration

In December 2012, Ausgold released a maiden JORC resource estimate at KGP of 10.4mt @ 1.21g/t au, 403,000 oz au using a 0.7g/t cut-off grade.

Ausgold completed a shallow aircore drilling program in January 2013 at the Katanning Gold Project, with targets identified for follow up drilling at Dingo South, Lukin and Datatine. The program totalled 7,794 metres in 236 angled holes averaging 33 metres depth. All holes were sampled in one metre intervals with three metre composite spear samples submitted for assay by ALS Perth using aqua regia digest and ICP-MS determination.

The Company also completed a 77 hole aircore program during March 2013 at the Yamarna Project near Laverton in central Western Australia. The program totalled 2,282m of drilling to gain a better understanding of the bedrock geology and any geochemical dispersion from the known sulphide mineralisation. In view of the further encouraging results at Yamarna, the Company made an application for a new exploration licence (ELA38/2863) covering 276 square kilometres of open ground adjacent and to the north of the Winchester Prospect.

Ausgold has commissioned SRK Consulting (Australasia) Pty Ltd ("SRK") independent geological consultants to provide a review of exploration of the Katanning Gold Project in order to assess the current exploration and to identify exploration targets. The review is based on the large geochemical and drill-hole database as well as a newly developed structural model. The work is currently nearing completion.

Financial

The Group recorded a consolidated loss of $8,290,683 for the financial year ended 30 June 2013 (2012: $4,818,818). At 30 June 2013, the Group has $666,842 in cash and cash equivalents (2012: $1,221,297).

On 20 September 2012, Ausgold concluded the placement of 20,650,152 new ordinary fully paid shares at $0.33 per share to raise $6,814,550 (before costs) for continued exploration and working capital purposes.

The Placement was completed in two tranches:
- Tranche 1: 5,498,637 ordinary fully paid shares to raise $1,814,550 in cash. Settlement of Tranche 1 was completed on 13 August 2012; and
- Tranche 2: 15,151,515 ordinary fully paid shares to raise $2,000,000 in cash and $3,000,000 in securities was approved by a meeting of shareholders on 18 September 2012.

As a component of Tranche 2, Ausgold entered into a Share Placement and Share Exchange Agreement with Praetorian Resources Ltd ("Praetorian"), a company listed on the Alternative Investment Market of the London Stock Exchange.

Under the terms of the agreements:
- Ausgold issued 4,545,455 ordinary fully paid shares to Praetorian at an issue price of $0.33 per share, to raise $1,500,000; and
- Ausgold issued 9,090,909 ordinary fully paid shares to Praetorian at an issue price of $0.33 per share. In exchange, Ausgold received 3,683,015 ordinary fully paid shares from Praetorian at an issue price of £0.55 per share. The listed Praetorian shares are freely tradeable.

In addition to the above transaction with Praetorian, the Company also concluded the allotment of 1,515,151 ordinary fully paid shares to a Director at an issue price of $0.33 per share, to raise $500,000, following approval of resolutions at the General Meeting of 18 September 2012.

Ausgold also concluded a Share Purchase Plan on 21 September 2012 whereby eligible shareholders could purchase Ausgold shares at $0.33 per share. Ausgold raised a total of $381,490 (before costs) through this process.

On 23 January 2013, Ausgold received a research and development tax refund of $1,443,546 (before costs) for the financial year ended June 2012.

The Company's listed options totalling 71,530,575 remained unexercised and lapsed on expiry on 31 March 2013.

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 of the Company, except where the liability arises out of conduct involving a lack of good faith.

The agreement stipulates that the Company will meet to the maximum extent permitted by law, the full 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 as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001.

REMUNERATION REPORT (AUDITED)

The Directors of Ausgold Limited present the Remuneration Report prepared in accordance with section 300A of the Corporations Act 2001 for the Company and the consolidated entity for the financial year ended 30 June 2013. For the purposes of this report, Directors and executives of the Company and consolidated entity are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and consolidated entity ("the Group"), directly or indirectly, including any director (whether executive or otherwise) of the parent company. This Remuneration Report forms part of the Directors' Report.

OVERVIEW

Remuneration levels for directors and executives are competitively set to attract the most qualified and experienced candidates. Details of the Company's remuneration strategy for the 2013 financial year are set out in this Remuneration Report.

This Remuneration Report:
- explains the Board's policies relating to remuneration of directors and executives;
- discusses the relationship between these policies and the Company's performance; and
- sets out remuneration details for each Director and senior executive.

The remuneration strategy for the executives comprise of a fixed cash component and where applicable, statutory 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 base salary and if warranted, performance bonuses.

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.

Criteria used to determine potential merit based performance bonus for the executives, during the exploration phase, is the setting of key objectives for each executive and measuring performance against these objectives. Key objectives will normally include criteria where performance will be measured against progress indicators. These key objectives will largely be determinable by the objective assessment of performance by the Board. There are no specific performance based key financial indicators set and bonuses and/or options are at the discretion of the Board. The Nomination and Remuneration Committee review the performance of the executives and make a recommendation to the Directors, based on this review.

Share options are offered to executives at the discretion of the Board. Performance criteria is one of several elements utilised by the Board is assessing the issue of share options to employees. Length of service with the Group, past and potential contribution of the person to the Group is also considered when awarding shares 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 financial periods arising since incorporation and through to 30 June 2013:

	30 June 2013 $'000	30 June 2012 $'000	30 June 2011 $'000
Revenue	63	593	302
Net profit/(loss) before tax	(8,291)	(4,819)	(1,024)
Net profit/(loss) after tax	(8,291)	(4,819)	(1,024)
Share price at start of year	$0.41	$1.55	$0.12
Share price at end of year	$0.17	$0.41	$1.55
Dividends	-	-	-
Basic loss per share (cents)	(5.55)	(4.02)	(1.11)
Diluted loss per share (cents)	n/a	n/a	n/a

KEY MANAGEMENT PERSONNEL

The following persons acted as Directors of the Company during or since the end of the financial year:

- Mr Robert Pett (Non-Executive Chairman)
- Mr Richard Lockwood (Non-Executive Director)
- Mr Denis Rakich (Executive Director), appointed 31 January 2013
- Mr Chris Kelsall (Non-Executive Director), resigned 14 January 2013
- Mr Simon Trevisan (Non-Executive Director), resigned 4 February 2013

The following persons are the executives of the Company during or since the end of the financial year:-

- Dr Andrew Tunks (Chief Executive Officer), resigned 31 May 2013
- Mr Mark Di Silvio (Company Secretary & Chief Financial Officer), resigned 31 January 2013
- Mr Denis Rakich (Company Secretary), appointed 31 January 2013

REMUNERATION OF DIRECTORS AND EXECUTIVES

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

2013	Short-term benefits			Post-employment benefits	Share-based payment	
	Salary & fees $	Bonus $	Other fees $[6]	Superannuation $	Options & rights $[1]	Total $
Directors						
R Pett[2]	60,000	-	2,204	5,400	-	67,604
S Trevisan[3]	-	-	2,204	-	-	2,204
R Lockwood[4]	30,000	-	2,204	-	-	32,204
C Kelsall[5]	16,250	-	2,204	-	-	18,454
D Rakich[7]	36,361	-	2,204	3,636	-	42,201
Executives						
A Tunks[8]	312,167	-	2,204	27,165	531,580	873,116
M Di Silvio[9]	147,278	-	2,204	12,638	12,302	174,422
Total	**602,056**	**-**	**15,428**	**48,839**	**543,882**	**1,210,205**

Note 1: The fair value of the options is calculated at the date of grant using a Black-Scholes valuation model and allocated to each reporting period evenly over the period from grant date to vesting date.
Note 2: Mr Pett received director fees from July 2012 to October 2012. Mr Pett has agreed to defer payment of his remaining fees until further notice. Of the $67,604, $43,600 has been accrued in the accounts at 30 June 2013 as amount owing to Mr Pett.
Note 3: Mr Trevisan did not receive director's fees from the Company for the financial year ended 30 June 2013. Mr Trevisan resigned on 4 February 2013.
Note 4: Mr Lockwood received director's fees from July 2012 to October 2012. Mr Lockwood has agreed to defer payment of his remaining fees until further notice.Of the $32,204, $20,000 has been accrued in the accounts at 30 June 2013 as amount owing to Mr Lockwood.
Note 5: Mr Kelsall received director fees from July 2012 to 14 January 2013. Mr Kelsall resigned on 14 January 2013.
Note 6: Other fees include the attributable non-cash benefit applied by virtue of the Company's Directors and Officers Liability policy.
Note 7: Mr Rakich was appointed on 31 January 2013 as Executive Director and Company Secretary of Ausgold.
Note 8: Mr Tunks resigned as Chief Financial Officer on 31 May 2013.
Note 9: Mr Di Silvio resigned as Chief Financial Officer and Company Secretary on 31 January 2013.
Note 10: Remuneration is non-performance based and the remuneration payable up to and including the date of resignation were duly paid to the respective directors and executives who resigned during the financial year.

2012	Short-term benefits			Post-employment benefits	Share-based payment	
	Salary & fees $	Bonus $	Other fees $[4]	Superannuation $	Options & rights $[1]	Total $
Directors						
R Pett	60,000	-	1,928	2,700	-	64,628
S Trevisan[2]	-	-	171,928	-	-	171,928
R Lockwood	30,000	-	1,928	-	311,219	343,147
C Kelsall[3]	30,000	-	18,803	-	-	48,803
B Bell	110,880	-	1,928	7,982	267,261	388,051
I Murchison	-	-	1,928	-	-	1,928
Executives						
A Tunks	137,949	-	1,928	12,415	595,755	748,047
M Di Silvio	180,488	-	1,928	16,244	436,659	635,319
Total	**549,317**	**-**	**202,299**	**39,341**	**1,610,894**	**2,401,851**

Note 1: The fair value of the options is calculated at the date of grant using a Black-Scholes valuation model and allocated to each reporting period evenly over the period from grant date to vesting date. For the corresponding 2011 period, market conditions were not taken into account within the valuation model for options issued as the Company was not listed on the ASX at the date of grant.
Note 2: Mr Trevisan did not received director's fees from the Company for the year ended 30 June 2012. Ausgold Ltd held an agreement with Transcontinental Investments Pty Ltd whereby Transcontinental Investments Pty Ltd charged an administration fee to Ausgold Ltd for office space and services and accounting, company secretarial and administration services. Mr Trevisan is a director and controlling shareholder of Transcontinental Investments Pty Ltd. The agreement was terminated on 15 December 2011.
Note 3: Mr Kelsall received a service fee, in accordance with the terms of his service agreement, for activities performed over and above his normal duties during 2012.
Note 4: Other fees include the attributable non-cash benefit applied by virtue of the Company's Directors and Officers Liability policy.

No Director or executive appointed during the period received a payment as part of his or her consideration for agreeing to hold the position. 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.

SERVICE AGREEMENTS

As at the date of this report, the Company has no service agreements with any Director.

USE OF REMUNERATION CONSULTANTS

Due to the size and nature of the organisation, the Company has not engaged remuneration consultants to review and measure its remuneration policy and strategy. The Board reviews remuneration strategy periodically and may engage remuneration consultants in future to assist with this process.

VOTING AND COMMENTS MADE AT THE COMPANY'S 2012 ANNUAL GENERAL MEETING

Ausgold Limited received more than 87% of yes votes on its remuneration report for the 2012 financial year. The Company did not receive any specific feedback at the annual general meeting or throughout the year regarding it remuneration practices.

Options issued to Directors and executives

Options are offered to Directors and executives at the discretion of the Board, having regard, among other things, to the length of service with the Group, the past and potential contribution of the person to the Group. Specific performance criteria which may be applicable is described in the notes below. The following options remained on issue as at the date of the report:

Name	Office	Grant date	No. of unquoted options	Fair value at grant date $	Exercise price $	Expiry date
Directors						
C Kelsall[1]	Non-Executive Director	16 December 2009	250,000	0.1414	0.20	31 December 2014
C Kelsall[1]	Non-Executive Director	16 December 2009	250,000	0.1342	0.25	31 December 2014
R Lockwood[2]	Non-Executive Director	19 December 2011	500,000	0.6224	1.38	19 December 2014
Executives						
A Tunks[3]	Chief Executive Officer	27 February 2012	1,500,000	0.7516	1.573	26 February 2016
M Di Silvio[4]	Chief Financial Officer & Company Secretary	6 December 2011	666,666	0.6735	1.716	6 December 2014

Note 1: As at 30 June 2013, 100% of these non-performance based options had vested. 50,000 options were exercised by Mr Kelsall during the 2010 financial period. Mr Kelsall resigned on 14 January 2013.
Note 2: As at 30 June 2013, 100% of these non-performance based options had vested and remain unexercised. Mr Kelsall resigned on 14 January 2013.
Note 3: As at 30 June 2013, 1,500,000 of these non-performance based options had vested and remain unexercised. The remaining 2,000,000 options lapsed during the year following Mr Tunk's resignation on 31 May 2013.
Note 4: As at the 30 June 2013, 666,666 of these non-performance based options had vested and remain unexercised. The remaining 333,334 options lapsed during the year following Mr Di Silvio's resignation on 31 January 2013.

Value of Directors and executives options granted, exercised and lapsed during the year

The following table shows the value of Directors and executives options granted, exercised and lapsed during the year:

	Options granted	Options exercised	Options lapsed		
Name	Value at Grant date[1] $	Value at exercise date[2] $	Value at time of lapse $	Value of options included in remuneration for the year $	Percentage of total remuneration for the year that consists of options %
Executives					
A Tunks	-	-	528,492	531,580	61%
M Di Silvio	-	-	160,339	12,302	7%

Note 1: The value of options granted during the period is recognised in compensation over the vesting period of the grant, in accordance with Australian Accounting Standards
Note 2: The value of the options exercised, or disposed of, during the year is calculated as the market price of the shares of the Group as at the close of trading on the date the options were exercised after deducting the price paid to exercise the option.

Vesting of options issued during the year to Directors and executives
There were no options issued to Directors and executives during the financial year ended June 2013.

END OF AUDITED REMUNERATION REPORT

DIRECTORS' SHAREHOLDINGS

The relevant interest of each Director in the share capital of the Company shown in the Register of Directors' Shareholdings as at the date of this report are:

Director	No. of fully paid ordinary shares	No. of share options
R Pett[1]	8,300,000	-
R Lockwood[2]	6,660,151	500,000
D Rakich[3]	7,538,000	-

Note 1: Relevant interest as director and controlling shareholder of Batterbury Holdings Pty Ltd.
Note 2: Relevant interest in ordinary shares held by Nefco Nominees Pty Ltd.
Note 3: Relevant interest as director and controlling shareholder of Denis Ivan Rakich ATF <Rakich Retirement Fund>.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors shown in the consolidated accounts) because of a contract made by the Company, its controlled entities or a related body corporate with the Director or with a firm of which the Director is a member, or with an entity in which the Director has a substantial interest.

NON-AUDIT SERVICES

The Board and the Audit Committee have considered the non-audit services provided during the financial year by the auditor and confirmed that the auditors did not provide any non-audit services during the financial year and therefore, the auditors independence requirements of the Corporations are satisfied that the provision of those non-audit services during the financial year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the followings reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company; and
- the non-audit services provided do not undermine the general principals relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amount paid to the auditor of the Company, BDO Audit and its related practices for audit and non-audit services provided are set out below:

	Consolidated	
	Jun 2013 $	Jun 2012 $
Audit and other assurance services - BDO Audit (WA) Pty Ltd	34,287	36,084
Total	**34,287**	**36,084**

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration is included on page 22 of the financial report.

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

For and on behalf of the Directors

Robert Pett
Chairman

Perth, Western Australia
30 September 2013

CORPORATE GOVERNANCE

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

Unless disclosed below, the best practice recommendations of the ASX Corporate Governance Council ("ASXCGC") have been applied for the entire financial year ended 30 June 2013. Where there has been any variation from the recommendations, those practices continue to be the subject of the scrutiny of the full Board.

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

Board Composition

The Board comprises three Directors, one of whom is an Executive Director of the Company. The best practice recommendations of the ASXCGC favour that the Chairman be an independent Director. However, due to the size and nature 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	Committees
Robert Pett	Non-Executive Chairman	Audit Committee Nomination and Remuneration Committee
Richard Lockwood	Non-Executive Director	-
Denis Rakich	Executive Director	Audit Committee Nomination and Remuneration Committee

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 Board to evolve with the development of 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.

Position Descriptions

The roles of Chairman and Chief Executive Officer (position currently vacant) are separated as defined in the Company's Board Charter, and with the Company's continued growth and development, written position descriptions for the Chair of each Board committee will also be developed.

Charter of the Board of Directors

The Board of Directors supervises the management of the business and affairs of the Company. The Board of Directors 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 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 of Directors. The Board of Directors generally has a minimum of 6 scheduled meetings in each financial year. Additional meetings may be held depending upon issues to be dealt with by the Company from time to time. During the financial year ended 30 June 2013, the Board of Directors held 8 meetings and passed 3 circular resolutions pursuant to the Company' Constitution.

A full copy of the Company's Board Charter is available on the Company's website or upon request.

Board Performance Monitoring

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all Directors is 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 of the Board, the Board members, or Board committees during the financial year.

Risk Management

The Board meets regularly to evaluate, control, review and implement the Company's operations and objectives.

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.

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 Committee.

The Board regularly discusses risks associated with the Company's business and exploration activities along with the Company's risk tolerance. 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.

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

Remuneration Strategy

The Committee's primary functions are to oversee and recommend to the Board:

- Company 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 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 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 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 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. The Committee considers both policies before making recommendations to the Board on nomination and remuneration matters. Both Policies, along with the Nomination and Remuneration Committee Charter are 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. This approach is consistent with the practices of other Australian companies.

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 Board Nomination and Remuneration Committee reviews and recommends, for Board approval, 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 Black-Scholes 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 economic 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 Directors and executives during the financial year.

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

Audit Committee

The Company has a duly constituted Audit Committee which comprises two Directors whose names, qualifications and attendances are included in the Directors' Report. The responsibilities of the Audit 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 Audit Committee will also recommend the appointment, and will review the fees, of external auditors.

A copy of the Audit Committee Charter 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 of Directors 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.

BDO do attend the Company's Annual General Meeting and it is consistent with their current business practice, and is in accordance with s250RA of the Corporations Act 2001.

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 (close periods).

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

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 for 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.

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 so requesting;
- 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.

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

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.

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 by request.

Employment and Gender Diversity

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

During the financial period, the percentage of female attrition remained steady and female employees comprised 30% of the total permanent workforce across various levels of the organisation. A focus in the forthcoming year will continue to be on identifying female talent to fill senior roles.

Principles of Good Governance and Best Practice Recommendations:

Principle	Action taken
Establish and disclose the respective roles and responsibilities of board and management. Principle 1: Lay solid foundation for management and oversight 1.1. Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions. 1.2. Companies should disclose the process for evaluating the performance of senior executives. 1.3. Companies should provide the information indicated in the Guide to reporting on Principle 1.	Adopted by the Board.
Have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties. Principle 2: Structure the Board to add value 2.1. A majority of the board should be independent directors. 2.2. The chair should be an independent director. 2.3. The roles of chair and chief executive officer should not be exercised by the same individual. 2.4. The board should establish a nomination committee. 2.5. Companies should disclose the process for evaluating the performance of the board, its committees and individual directors. 2.6. Companies should provide the information indicated in the Guide to reporting on Principle 2.	Adopted by the Board except as follows: • The Board considers that the current structure of the Board is appropriate given the size of the entity at this point in time.

<table>
<tr><th>Principle</th><th>Action taken</th></tr>
<tr><td>

Actively promote ethical and responsible decision-making.

Principle 3: Promote ethical and responsible decision-making

3.1. Companies should establish a code of conduct and disclose the code or a summary of the code as to:
- the practices necessary to maintain confidence in the company's integrity;
- the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders;
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

3.2. Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.

3.3. Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.

3.4. Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.

3.5. Companies should provide the information indicated in the Guide to reporting on Principle 3.

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Adopted by the Board except as follows:

- The Board considers that the current structure and gender diversity is appropriate given the size of the entity at this point in time.

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Have a structure in place to independently verify and safeguard the integrity of the Company's financial reporting.

Principle 4: Safeguard integrity in financial reporting

4.1 The board should establish an audit committee.

4.2 The audit committee should be structured so that it:
- consists only of non-executive directors
- consists of a majority of independent directors
- is chaired by an independent chair, who is not chair of the board
- has at least three members.

4.3 The audit committee should have a formal charter.

4.4 Companies should provide the information indicated in the Guide to reporting on Principle 4.

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Adopted by the Board except as follows:

- The Board considers that the current structure is appropriate given the size of the entity and the skills and experience that the current audit committee members bring to these meetings.

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Principle	Action taken
Promote timely and balanced disclosure of all material matters concerning the Company. Principle 5: Make timely and balanced disclosure 5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies. 5.2 Companies should provide the information indicated in the Guide to reporting on Principle 5.	Adopted by the Board
Respect the rights of shareholders and facilitate the effective exercise of those rights. Principle 6: Respect the rights of shareholders 6.1 Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy. 6.2 Companies should provide the information indicated in the Guide to reporting on Principle 6.	Adopted by the Board
Establish a sound system of risk oversight and management and internal control. Principle 7: Recognise and manage risk 7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies. 7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks. 7.3 The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. 7.4 Companies should provide the information indicated in the Guide to reporting on Principle 7.	Adopted by the Board.

<table>
<tr><th>Principle</th><th>Action taken</th></tr>
<tr><td>
Establish a sound system of risk oversight and management and internal control.

Principle 7: Recognise and manage risk

7.5 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.
7.6 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.
7.7 The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.
7.8 Companies should provide the information indicated in the Guide to reporting on Principle 7.
</td><td>Adopted by the Board.</td></tr>
<tr><td>
Ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

Principle 8: Remunerate fairly and responsibly

8.1 The board should establish a remuneration committee.
8.2 The remuneration committee should be structured so that it:
• consists of a majority of independent directors
• is chaired by an independent chair
• has at least three members.
8.3 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.
8.4 Companies should provide the information indicated in the Guide to reporting on Principle 8.
</td><td>Adopted by the Board except as follows:

• The board considers that the current structure is appropriate given the size of the company and the skills and experience that the remuneration and nomination committee members possess.
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Australia

DECLARATION OF INDEPENDENCE BY CHRIS BURTON TO THE DIRECTORS OF AUSGOLD LIMITED

As lead auditor of Ausgold Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- 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.

BDO

C Burton

CHRIS BURTON

Director

BDO Audit (WA) Pty Ltd

Perth, 30 September 2013

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	Note	Jun 2013 $	Jun 2012 $
Revenue from continuing operations		62,979	592,814
Impairment exploration expenses		(4,662,861)	(754,582)
Share based payments expenses		(341,965)	(2,246,581)
Corporate and administration expenses		(1,033,967)	(1,210,623)
Net loss on financial assets		(1,513,246)	-
Gain on extinguishment of debt		68,182	-
Management fees		-	(170,000)
Occupancy expenses		(257,856)	(256,165)
Depreciation and amortisation expenses		(269,072)	(216,490)
Other expenses		(105,385)	(175,847)
Directors' fees		(111,650)	(139,575)
Consulting fees		(47,176)	(46,696)
Finance costs		(22,428)	(18,589)
Legal fees		(21,951)	(125,473)
Accounting expenses		(34,287)	(51,011)
Loss before income tax		**(8,290,683)**	**(4,818,818)**
Income tax benefit / (expense)	9	-	-
Loss after tax for the year		**(8,290,683)**	**(4,818,818)**
Loss after tax is attributable to:			
Owners of the Company		**(8,290,683)**	**(4,818,818)**
Other Comprehensive Income / (Loss)			
Other comprehensive income / (loss)		-	-
Total comprehensive loss for the year (net of tax)		**(8,290,683)**	**(4,818,818)**
Loss per share			
From continuing operations:			
Basic loss per share (cents per share)	22	(5.55)	(4.02)
Diluted loss per share (cents per share)	22	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 2013

	Note	Jun 2013 $	Jun 2012 $
ASSETS			
Current Assets			
Cash and cash equivalents	10	666,842	1,221,297
Trade and other receivables	11	66,995	86,173
Financial assets	12	1,316,741	-
Total Current Assets		**2,050,578**	**1,307,470**
Non-Current Assets			
Security deposits	13	309,240	451,740
Property, plant and equipment	14	306,246	527,378
Exploration and evaluation expenditure	15	35,540,010	39,100,252
Prepayment for exploration assets	15	-	71,447
Total Non-Current Assets		**36,155,496**	**40,150,817**
TOTAL ASSETS		**38,206,074**	**41,458,287**
LIABILITIES			
Current Liabilities			
Trade and other payables	16	182,270	2,058,343
Borrowings	17	-	504,000
Provisions	18	23,067	39,130
Total Current Liabilities		**205,337**	**2,601,473**
TOTAL LIABILITIES		**205,337**	**2,601,473**
NET ASSETS		**38,000,737**	**38,856,814**
EQUITY			
Contributed equity	19	49,581,149	42,488,508
Reserves	20	3,398,072	3,056,107
Accumulated losses	21	(14,978,484)	(6,687,801)
TOTAL EQUITY		**38,000,737**	**38,856,814**

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 2013

	Contributed Equity $	Accumulated Losses $	Reserves $	Total Equity $
Balance as at 1 July 2012	**42,488,508**	**(6,687,801)**	**3,056,107**	**38,856,814**
Total comprehensive loss for the year	-	(8,290,683)	-	**(8,290,683)**
Transactions with owners, recorded directly in equity:				
Shares issued during the year	6,957,855	-	-	**6,957,855**
Shares to be issued	-	-	-	**-**
Options to be issued	-		-	**-**
Share issue costs	(156,373)	-	-	**(156,373)**
Shares issued during the year on exercise of options	291,159	-	-	**291,159**
Share based payments	-	-	341,965	**341,965**
Balance as at 30 June 2013	**49,581,149**	**(14,978,484)**	**3,398,072**	**38,000,737**

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 2012

	Contributed Equity $	Accumulated Losses $	Reserves $	Total Equity $
Balance as at 1 July 2011	26,809,422	(1,868,983)	5,223,322	**30,163,761**
Total comprehensive loss for the year	-	(4,818,818)	-	**(4,818,818)**
Transactions with owners, recorded directly in equity:				
Shares issued during the year	13,183,797	-	(4,413,796)	**8,770,001**
Shares to be issued	-	-	-	**-**
Options to be issued	-		-	**-**
Share issue costs	(475,100)	-	-	**(475,100)**
Shares issued during the year on exercise of options	2,970,389	-	-	**2,970,389**
Share based payments	-	-	2,246,581	**2,246,581**
Balance as at 30 June 2012	**42,488,508**	**(6,687,801)**	**3,056,107**	**38,856,814**

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 2013

	Note	Jun 2013 $	Jun 2012 $
Cash flows from operating activities			
Interest received		62,979	592,814
Payments to suppliers and employees		(1,666,521)	(1,634,186)
Net cash flows used in operating activities	23	**(1,603,542)**	**(1,041,372)**
Cash flows from investing activities			
Payments for plant and equipment		(47,942)	(369,196)
Payments for exploration expenditure		(4,108,169)	(21,891,932)
R&D tax credits received (net)		1,246,823	-
Prepayment for exploration expenditure		-	(16,724)
Security deposit (paid) / received		142,500	(56,740)
Funds from term deposit		-	12,000,000
Net cash flows used in investing activities		**(2,766,788)**	**(10,334,593)**
Cash flows from financing activities			
Repayment of / Proceeds from borrowings		(83,143)	500,000
Proceeds from the issue of share capital (net)		3,899,018	11,265,290
Net cash flows generated by financing activities		**3,815,875**	**11,765,290**
Net increase / (decrease) in cash and cash equivalents		**(554,455)**	**389,326**
Cash and cash equivalents at the beginning of the year		1,221,297	831,971
Cash and cash equivalents at the end of the year	10	**666,842**	**1,221,297**

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 2013

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 2013 was authorised for issue in accordance with a resolution of the directors on 30 September 2013.

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.

The consolidated financial statements of the consolidated entity have also been prepared using policies based on International Financial Reporting Standards (IFRS and IFRIC interpretations) issued by the International Accounting Standards Board (IASB).

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 2013, 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 2012 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 2012.

4. GOING CONCERN

The Group recorded a consolidated loss of $8,290,683 for the financial year ended 30 June 2013 (2012: $4,818,818). At 30 June 2013, the Group has $666,842 in cash and cash equivalents (2012: $1,221,297).

The accounts have been prepared on a going concern basis. During the year, Ausgold raised further working capital to continue the Group's exploration and development 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.

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.

In the event that sufficient funding at an amount and timing necessary to meet the future budgeted operational and investing activities of the Group is unfavourable, 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.

In the event that the above results in a negative outcome, then the going concern basis of accounting may not be appropriate with the result that the Group may have to realise its assets and extinguish its liabilities other than in the normal course of business and at an amount different from that stated in the financial statements.

The financial statements do not include any adjustment relating to the recoverability or classification of the recorded amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

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

(A) 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 Black-Scholes option pricing model.

Employees were granted non-performance based options during the financial year ended 30 June 2013.

(B) 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.

(C) 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.

(D) 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.

6. SIGNIFICANT ACCOUNTING POLICIES

(A) PRINCIPLES OF ACCOUNTING

The consolidated financial statements incorporate the assets and liabilities of all the subsidiaries that Ausgold has the power to control the financial and operating policies as at 30 June 2013 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.

(B) 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.

(C) FOREIGN CURRENCY

(i) Functional and Presentation Currency

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

(ii) Foreign Currency Transactions

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the statement of financial position date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(D) 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.

(E) 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.

(F) FINANCIAL ASSETS

The Group chose to apply the early adoption of AASB 9: Financial Instruments from 1 July 2012. This version of AASB 9 replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities and the de-recognition of financial instruments. This policy requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

On adoption of this policy, the Group's management has assessed which business models apply to the financial assets held by the Group at the date of initial application of AASB 9. The main effects resulting from this assessment were:

- The Group did not have any financial assets in the balance sheet that were previously designated as fair value through profit or loss but are no longer so designated. Neither did it designate any financial asset at fair value through profit of loss on initial application of AASB 9.
- The Group acquired 3,683,015 shares in Praetorian Resources, a UK listed company during the financial year ended 30 June 2013. The management has decided to value these shares at fair value through profit or loss, as they were acquired principally for the purpose of selling in the short term.

The adoption of the revised AASB 9 did not affect the Group's accounting for its financial liabilities, as the new requirements only affects the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities.

(G) 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.

(H) FAIR VALUE ESTIMATION FOR FINANCIAL INSTRUMENTS

Fair values may be used for financial asset and liability measurement as well as for sundry disclosures. Fair values for financial instruments traded in active markets are based on quoted market prices at statement of financial position date. The quoted market price for financial assets is the current bid price and the quoted market price for financial liabilities is the current ask price.

The fair values of financial instruments that are not traded in an active market are determined using valuation techniques. Assumptions used are based on observable market prices and rates at statement of financial position date. The fair value of long-term debt instruments is determined using quoted market prices for similar instruments. Estimated discounted cash flows are used to determine fair value of the remaining financial instruments. The fair value of forward exchange contracts is determined using forward exchange market rates at the statement of financial position date. The fair value of interest rate swaps is calculated as the present value of estimated future cash flows.

The fair value of receivables and payables is their nominal value less estimated credit adjustments. A financial instrument is recognised if the consolidated entity becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised if the consolidated entity's contractual rights to the cash flows from the financial assets expire or if the consolidated entity transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular purchases and sales of financial assets are accounted for at trade date, i.e., the date that the consolidated entity commits itself to purchase or sell the asset. Financial liabilities are de-recognised if the consolidated entity's obligations specified in the contract expire or are discharged or cancelled. Cash and cash equivalents comprise cash balances and call deposits greater than 3 months are classified as held to maturity investments and valued at amortised costs.

(I) 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 right 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.

(J) 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.

(K) IMPAIRMENT

(i) Financial Assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

(ii) Non-Financial Assets

The carrying amounts of the non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the statement of profit or loss and other comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(L) 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.

(M) 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.

(N) BORROWINGS

Borrowings are initially recognised at fair value, net of transactions costs incurred. Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities, assumed, is recognised in profit or loss as other income or finance cost.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(O) BORROWING COSTS

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(P) 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.

(Q) EMPLOYEE BENEFITS

(i) Short term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the statement of financial position date are recognised in respect of employees' services rendered up to statement of financial position date and measured at amounts expected to be paid when the liabilities are settled. The liability for annual leave and non-accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long term employee benefit obligations

Liabilities for long service leave are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the statement of financial position date using the projected unit credit method. Consideration is given to expect future salaries and wages levels**,** experience of employee departures and periods of service. Expected future payments are discounted using national government bond rates at the statement of financial position date 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 under 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 a Black-Scholes 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.

(R) 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.

(S) 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.

(T) 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.

(U) COMPARATIVES

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

(V) ROUNDING OF AMOUNTS

The company is of a kind referred to in Class Order 98/100, issued by ASIC, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest dollar.

(W) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

AASB reference	Title	Summary	Application date of standard	Impact on consolidated financial report	Application date
AASB 10	Consolidated Financial Statements	Replaces all of the guidance on control and consolidation in AASB 127 and interpretation 12 The standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Control exists when the investor can use its power to affect the amount of its returns.	Periods beginning on or after 1 January 2013	The group does not expect the standard to have a significant impact on it's composition	1 July 2013
AASB 11	Joint Arrangments	Focus is now on how rights and obligations are shared by the parties to the joint arrangement. A joint arrangement will be either classified as a joint operation or a joint venture. Joint Ventures are acounted for using the equity method, and the choice to consolidate will no longer be permitted.	Periods beginning on or after 1 January 2013	The group does not expect the standard to have a significant impact on it's composition	1 July 2014

AASB reference	Title	Summary	Application date of standard	Impact on consolidated financial report	Application date
AASB 12	Disclosure of Interest in other Entities	AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128. Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa.	Periods beginning on or after 1 January 2013	The group does not expect the standard to have a significant impact on it's composition	1 July 2013
AASB 13	Fair Value Measurement	It explains how to measure fair value and aims to enhance fair value disclosures.	Periods beginning on or after 1 January 2013	The group does not expect the standard to have a significant impact on it's composition	1 July 2013
Revised AASB 119	Employee Benefits, Amendments to Australian Accounting Standards Arising from AASB 19 and Amendments to AASB 119	Requires the recognition of all remeasurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset. This replaces the expected return on plan assets that is currently included in profit or loss.	Periods beginning on or after 1 January 2013	The group does not expect the standard to have a significant impact on it's composition	1 July 2013

AASB reference	Title	Summary	Application date of standard	Impact on consolidated financial report	Application date
AASB 2012-9	Amendments to AASB 1048 Arising from the Withdraw l of Australian Interpretation 1039	The amendment removes rederence in AASB 1048 follow ing the w ithdraw w l of interpreation 1039.	Annual periods commencing on or after 1 January 2014	The group does not expect the standard to have a significant impact on it's composition	1 July 2013
AASB 2012-10	Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments	AASB 10 and related standrds w as amended for the transition guidance relevant to the initial application of those standards. The amendments clarify the circumstances in w hich adjustments to an entitiys previous accounting for it's involvement w ith other entities are required and the timing of such adjustments	Annual periods commencing on or after 1 January 2014	The group does not expect the standard to have a significant impact on it's composition	1 July 2014

7. FINANCIAL RISK MANAGEMENT

(A) 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 foreign currency risk and 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. Management and the Audit and Risk Committee report to the Board.

The consolidated entity holds the following financial instruments:

	Consolidated	
	Jun 2013 $	Jun 2012 $
Financial assets		
Cash and cash equivalents	666,842	1,221,297
Trade and other receivables	66,995	86,173
Security deposits	309,240	451,740
Financial assets[1]	1,316,741	-
	2,359,818	**1,759,210**
Financial liabilities		
Trade and other payables	182,270	2,058,343
Borrowings	-	504,000
	182,270	**2,562,343**

Note 1: The financial assets consist of investment in UK listed ordinary shares. The value of this financial asset has been determined directly by reference to published price quotations in an active market. During the financial year ended 30 June 2013, the financial assets decreased in value due to a drop in the share price and the decrease in value of the Australian Dollar against the British Pound.

(B) 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 2013	**Jun 2012**
	$	**$**
Trade receivables		
Counterparties without external credit rating[1]		
Group 1	66,995	86,173
Group 2	-	-
	66,995	**86,173**
Deposits		
AAA	666,842	1,221,297
AA	309,240	451,740
	976,082	**1,673,037**

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 2013	**Jun 2012**
	$	**$**
Financial assets		
Cash and cash equivalents	666,842	1,221,297
Trade and other receivables	66,995	86,173
Security deposits	309,240	451,740
	1,043,077	**1,759,210**

(C) 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 2013	**Jun 2012**
	$	**$**
Financial liabilities		
Trade and other payables	205,337	2,601,473
Borrowings	-	504,000
	205,337	**3,105,473**

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 2013				
Trade and other payables	205,337	-	205,337	205,337
	205,337	**-**	**205,337**	**205,337**

Contractual maturities of financial liabilities	Less than 6 $	6 - 12 months $	Total $	Carrying amount $
Consolidated - at 30 June 2012				
Trade and other payables	2,601,473	-	2,601,473	2,601,473
Borrowings	-	504,000	504,000	504,000
	2,601,473	**504,000**	**3,105,473**	**3,105,473**

(D) MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates and commodity prices 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 and held to maturity investments. 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 2013 $	Jun 2012 $
Variable rate financial instruments		
Financial assets	666,842	1,221,297
Financial liabilities	-	-
	666,842	**1,221,297**

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 effective weight average 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 2013					
Financial assets					
Cash and cash equivalents	5.21%	666,842	-	-	666,842
Trade and other receivables	-	-	-	66,995	66,995
		666,842	**-**	**66,995**	**733,837**
Financial liabilities					
Trade and other payables	-	-	-	205,337	205,337
		-	**-**	**205,337**	**205,337**

	Weighted average effective interest rate %	Fixed & floating interest rate $	Maturing within 1 year $	Non-interest bearing $	Total $
Consolidated - at 30 June 2012					
Financial assets					
Cash and cash equivalents	6.42%	1,221,297	-	-	1,221,297
Term deposits	-	-	-	-	-
Trade and other receivables	-	-	-	86,173	86,173
		1,221,297	**-**	**86,173**	**1,307,470**
Financial liabilities					
Trade and other payables	-	-	-	2,601,473	2,601,473
Borrowings	9.60%	504,000	-	-	504,000
		504,000	**-**	**2,601,473**	**3,105,473**

Cash Flow Sensitivity Analysis for Variable Rate Instruments

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% Jun 2013 $	-1% Jun 2012 $
Financial assets		
Cash and cash equivalents	6,668	(12,213)
	6,668	**12,213**

(ii) Other Market Price Risk

The Group is involved in the mineral exploration of gold and base metals. Should the Group successfully progress to a producer, revenues associated with mineral sales and the ability to raise funds through equity and debt will have some dependence upon commodity prices.

(E) CAPITAL 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 debt or consider payment of dividends to shareholders.

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.

On 1 June 2012, Mr Richard Lockwood provided an unsecured loan to the Company for $500,000 at an interest rate of 0.8% per month. The Group issued 1,515,151 ordinary fully paid shares to Mr Lockwood on the 20 September 2012 as repayment for this unsecured loan. The interest on the loan of $14,961 was also paid on 27 September 2012.

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.

(F) FAIR VALUE MEASUREMENTS

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 – the fair value is calculated using quoted market prices in active markets.
- Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

		Jun 2013				Jun 2012			
	Note	Level 1 $	Level 2 $	Level 3 $	Total $	Level 1 $	Level 2 $	Level 3 $	Total $
Consolidated									
Financial assets [1]	12	1,316,741	-	-	1,316,741	-	-	-	-
		1,316,741	-	-	**1,316,741**	-	-	-	-

Note 1: UK listed shares carried at fair value

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 of directors in assessing performance and determining the allocation of resources. Reportable segments disclosed are based on aggregating operating segments, where the segments have similar characteristics. For the current reporting period, the Directors of the Group have amended its policy of segment reporting. 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 2013	**Jun 2012**
	$	**$**
Income tax benefit	-	-

	Consolidated	
	Jun 2013	**Jun 2012**
	$	**$**
Numerical reconciliation between tax expenses and		
Loss before income tax expense	**(8,290,683)**	**(4,818,818)**
Income tax benefit calculated at rates noted above	(2,487,205)	(1,445,645)
Tax effects on amounts which are not tax deductible	106,433	677,439
R & D expenditure offset received	-	-
Deferred tax asset not brought to account	2,380,772	768,206
Income tax benefit	-	-

	Consolidated	
	Jun 2013	**Jun 2012**
	$	**$**
Deferred tax assets not brought to account		
Unused tax losses	44,667,185	36,593,435
Timing differences	(34,145,213)	(39,209,589)
Capital raising cost in equity	880,813	380,080
Tax at 30%	**3,420,836**	**(670,822)**

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 2013 $	Consolidated Jun 2012 $
Current assets		
Cash at bank and in hand	666,842	1,221,297
	666,842	**1,221,297**

(A) 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 2013 $	Consolidated Jun 2012 $
Current assets		
Cash at bank and in hand	666,842	1,221,297
Balance per Consolidated Statement of Cash Flow	**666,842**	**1,221,297**

(B) 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 2013 $	Consolidated Jun 2012 $
Current assets		
Sundry and other debtors	58,184	25,899
Taxation receivables	8,811	60,274
	66,995	**86,173**

(A) IMPAIRED TRADE RECEIVABLES

There were no impaired trade receivables for the Group for the financial years ended 30 June 2013 and 30 June 2012.

	Consolidated Jun 2013 $	Consolidated Jun 2012 $
The ageing of these receivables is as follows:		
1 to 3 months	66,995	86,173
3 to 6 months	-	-
Over 6 months	-	-
	66,995	**86,173**

(B) PAST DUE BUT NOT IMPAIRED

There were no trade receivables past due but not impaired for the financial year ended June 2013.

(C) FOREIGN EXCHANGE AND INTEREST RATE RISK

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

(D) 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. FINANCIAL ASSETS

	Consolidated	
	Jun 2013	Jun 2012
	$	$
Current assets		
UK listed shares carried at fair value	1,316,741	-
	1,316,741	**-**

The financial assets consist of investment in ordinary shares, and therefore have no fixed maturity date or coupon rate. The value of this financial asset has been determined directly by reference to published price quotations in an active market. Changes in the value of financial assets are recorded in net loss on financial assets in profit or loss. During the financial year ended 30 June 2013, the financial assets decreased in value due to a drop in the share price and the decrease in value of the Australian Dollar against the British Pound.

13. SECURITY DEPOSITS

	Consolidated	
	Jun 2013	Jun 2012
	$	$
Non-current assets		
At 1 July 2012, security deposits	451,740	395,000
Additions / (Refund)	(142,500)	56,740
At 30 June 2013, security deposits	**309,240**	**451,740**

14. PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	Jun 2013	Jun 2012
	$	$
Non-current assets		
Balance at the start of the period, net of accumulated depreciation	527,378	374,672
Additions	47,940	369,196
Depreciation charge for the year	(269,072)	(216,490)
Balance net of accumulated depreciation	**306,246**	**527,378**

	Consolidated	
	Jun 2013	Jun 2012
	$	$
Non-current assets		
Cost	846,829	798,889
Accumulated deprecation	(540,583)	(271,512)
Net carrying amount	**306,246**	**527,378**

15. EXPLORATION AND EVALUATION EXPENDITURE & PREPAYMENT

	Consolidated	
	Jun 2013	Jun 2012
	$	$
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	35,540,010	39,100,252
Prepayment for exploration assets	-	71,447
	35,540,010	**39,171,699**
Reconcilation:		
Carrying amount at start of year	39,171,699	17,936,547
Expenditure during the year - exploration	2,277,995	21,918,287
R&D tax credit received (net)	(1,246,823)	-
Prepayment expenditure - exploration	-	71,447
Expenditure written off	(4,662,861)	(754,582)
Carrying amount at the end of the period	**35,540,010**	**39,171,699**

The ultimate recoupment of exploration and evaluation expenditure is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas. During the year, the Group wrote off the expenditure totaling $4,662,861 (2012: $754,582).

16. TRADE AND OTHER PAYABLES

	Consolidated	
	Jun 2013	Jun 2012
	$	$
Current liabilities		
Trade creditors	100,336	2,011,915
Other creditors	81,934	46,428
	182,270	**2,058,343**

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

17. BORROWINGS

	Consolidated	
	Jun 2013	Jun 2012
	$	$
Current liabilities		
Borrowings	-	504,000
	-	**504,000**

On 1 June 2012, Mr Richard Lockwood provided an unsecured loan to the Company for $500,000 at an interest rate of 0.8% per month. Ausgold issued 1,515,151 ordinary fully paid shares to Mr Lockwood on the 20 September 2012 as repayment for this unsecured loan. The interest on the loan of $14,961 was also paid on 27 September 2012.

18. PROVISIONS

	Consolidated	
	Jun 2013 $	Jun 2012 $
Current liabilities		
Provision for employee benefits	23,067	39,130
	23,067	**39,130**

19. CONTRIBUTED EQUITY

	Parent Entity	
	Jun 2013 $	Jun 2012 $
Balance at the start of the period	42,488,508	26,809,422
Shares issued	6,957,855	13,183,797
Less: share issue costs	(156,373)	(475,100)
Shares issued on exercise of options	291,159	2,970,389
	49,581,149	**42,488,508**

Effective 1 July 1998, the Corporations legislation abolished the concepts of authorised capital and par value shares. Accordingly, the Company does not have authorised capital or par value in respect of its issued shares.

(A) MOVEMENTS IN SHARE CAPITAL DURING THE YEAR

	Parent Entity	
	Jun 2013 Number of shares	Jun 2012 Number of shares
Balance at the start of the period	130,640,771	106,911,686
Shares issued for acquisition of Katanning Gold Project[1]	-	2,758,621
Shares issued for capital raising purposes[2]	21,806,185	6,518,519
Shares issued on exercise of options	1,455,794	14,451,945
	153,902,750	**130,640,771**

Note 1: Ausgold entered into a Boddington South Joint Venture Acquisition Agreement ("BSJVA") with Great Southern Resources Pty Ltd ("GSR") on 20 April 2011. The Company paid GSR $900,000 of the cash amount payable under the BSJVA during the financial year ended 30 June 2011. On 1 July 2011, the Company issued to GSR 1,379,311 ordinary fully paid shares and 500,000 unlisted options with an exercise price of $1.45, expiring on 1 July 2015, as part consideration (first instalment) for the acquisition of a 20% interest in the "Boddington South" Joint Venture pursuant to the BSJVA.

On 27 July 2011 Ausgold settled the acquisition of the remaining 20% interest in the Katanning Gold Project from GSR. Ausgold paid GSR a final instalment of $1,000,000 in cash and issued 1,379,311 ordinary fully paid shares as the second tranche of the consideration pursuant to the BSJVA.

Note 2: During the financial year ended 30 June 2013, the Company allotted the following ordinary fully paid shares to fund the Company's continued exploration and working capital:

- *On 13 August 2012, the Company completed a placement of 5,498,637 ordinary fully paid ordinary shares at an issue price of $0.33 per share.*
- *On 20 September 2012, the Company allotted 4,545,455 ordinary fully paid shares to Praetorian Resources Ltd at an issue price of $0.33 per share.*
- *On 20 September 2012, the Company also allotted 9,090,909 ordinary fully paid shares to Praetorian Resources Ltd at an issue price of $0.33 per share. In exchange, the Company received 3,683,015 ordinary fully paid shares Praetorian at an issue price of £0.55 per share.*
- *On 20 September 2012, the Company also issued 1,515,151 ordinary fully paid shares to a Director at an issue price of $0.33 per share.*
- *On 24 September 2012, the Company issued 1,156,033 ordinary fully paid shares at an issue price of $0.33 per share under Share Purchase Plan.*

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.

(B) MOVEMENTS IN SHARE OPTIONS DURINGTHE YEAR

	Parent Entity	
	Jun 2013	Jun 2012
	Number of options	Number of options
Balance at the start of the period	79,936,369	87,588,314
Options issued for acquisition of Katanning Gold Project[1]	-	500,000
Options issued	1,950,000	7,800,000
Options cancelled	(4,533,334)	(1,500,000)
Options lapsed	(71,530,575)	-
Options exercised	(1,455,794)	(14,451,945)
	4,366,666	**79,936,369**

Note 1: Ausgold entered into a Boddington South Joint Venture Acquisition Agreement ("BSJVA") with Great Southern Resources Pty Ltd ("GSR") on 20 April 2011. The Company paid GSR $900,000 of the cash amount payable under the BSJVA during the financial year ended 30 June 2011. On 1 July 2011, the Company issued to GSR 1,379,311 ordinary fully paid shares and 500,000 unlisted options with an exercise price of $1.45, expiring on 1 July 2015, as part consideration (first instalment) for the acquisition of a 20% interest in the "Boddington South" Joint Venture pursuant to the BSJVA.

On 27 July 2011 Ausgold settled the acquisition of the remaining 20% interest in the Katanning Gold Project from GSR. Ausgold paid GSR a final instalment of $1,000,000 in cash and issued 1,379,311 ordinary fully paid shares as the second tranche of the consideration pursuant to the BSJVA.

20. RESERVES

	Parent Entity	
	Jun 2013	Jun 2012
	$	$
Balance at the start of period	3,056,107	5,223,322
Share based payments reserve	341,965	2,246,581
Shares to be issued / (then issued)	-	(4,413,796)
	3,398,072	**3,056,107**

(A) 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 2012 (Number)	Granted (Number)	Exercised (Number)	Forfeited (Number)	Balance at 30 Jun 2013 (Number)	Vested at 30 Jun 2013 (Number)
16-Dec-09	31-Dec-14	$0.20	200,000	-	-	-	200,000	200,000
16-Dec-09	31-Dec-14	$0.25	250,000	-	-	-	250,000	250,000
6-Dec-11	6-Dec-15	$1.48	500,000	-	-	(500,000)	-	-
6-Dec-11	6-Dec-15	$1.38	500,000	-	-	-	500,000	500,000
6-Dec-11	6-Dec-14	$1.72	1,000,000	-	-	(333,334)	666,666	666,666
19-Dec-11	19-Dec-14	$1.38	500,000	-	-	-	500,000	500,000
27-Feb-12	26-Feb-16	$1.57	3,500,000	-	-	(2,000,000)	1,500,000	1,500,000
2-Oct-12	2-Oct-15	$0.45	-	250,000	-	(250,000)	-	-
2-Oct-12	2-Oct-15	$0.45	-	250,000	-	(250,000)	-	-
2-Oct-12	2-Oct-15	$0.45	-	150,000	-	-	150,000	-
2-Oct-12	2-Oct-15	$0.45	-	1,200,000	-	(1,200,000)	-	-
2-Oct-12	2-Oct-15	$0.45	-	100,000	-	-	100,000	-
Total			**6,450,000**	**1,950,000**	**-**	**(4,533,334)**	**3,866,666**	**3,616,666**
Weighted Average Exercise Price			**$1.46**	**$0.02**	**$0.00**	**$0.98**	**$1.30**	**$1.38**

Grant date	Expiry date	Exercise price	Balance at 1 Jul 2011 (Number)	Granted (Number)	Exercised (Number)	Forfeited (Number)	Balance at 30 Jun 2012 (Number)	Vested at 30 Jun 2012 (Number)
16-Dec-09	31-Dec-14	$0.20	200,000	-	-	-	200,000	200,000
16-Dec-09	31-Dec-14	$0.25	250,000	-	-	-	250,000	250,000
16-Dec-09	31-Dec-14	$0.20	700,000	-	(700,000)	-	-	-
16-Dec-09	31-Dec-14	$0.25	500,000	-	(500,000)	-	-	-
16-Dec-09	31-Dec-14	$0.25	500,000	-	(500,000)	-	-	-
6-Dec-11	6-Dec-15	$1.48	-	500,000	-	-	500,000	-
6-Dec-11	6-Dec-15	$1.38	-	1,500,000	-	(1,000,000)	500,000	-
6-Dec-11	6-Dec-15	$1.38	-	500,000	-	(500,000)	-	-
6-Dec-11	6-Dec-14	$1.72	-	1,000,000	-	-	1,000,000	333,333
19-Dec-11	19-Dec-14	$1.38	-	500,000	-	-	500,000	500,000
19-Dec-11	31-Dec-14	$0.30	-	300,000	(300,000)	-	-	-
27-Feb-12	26-Feb-16	$1.57	-	3,500,000	-	-	3,500,000	-
Total			**2,150,000**	**7,800,000**	**(2,000,000)**	**(1,500,000)**	**6,450,000**	**1,283,333**
Weighted Average Exercise Price			**$0.23**	**$1.47**	**$0.24**	**$1.38**	**$1.46**	**$1.06**

The market weighted average price of Ausgold Limited shares during the 2013 financial year was $0.09 (2012: $1.22).

The weighted average remaining contractual life of share options outstanding at the end of the period was 2.1 years (2012: 3.26 years).

Set out below are options that were issued for the financial year ended 30 June 2013:

Options series	Number originally issued	Number at 30 June 2013	Grant date	Expiry / Exercise date	Exercise price $	Fair value at grant date $
Series 8	250,000	250,000	2-Oct-12	2-Oct-15	$0.45	$1.3820
Series 9	250,000	250,000	2-Oct-12	2-Oct-15	$0.45	$1.3820
Series 10	150,000	150,000	2-Oct-12	2-Oct-15	$0.45	$1.3820
Series 11	1,200,000	1,200,000	2-Oct-12	2-Oct-15	$0.45	$1.3820
Series 12	100,000	100,000	2-Oct-12	2-Oct-15	$0.45	$1.3820
	1,950,000	**1,950,000**				

Key terms and conditions for the above options included:

	Series 8	Series 9	Series 10	Series 11	Series 12
Grant date share price	$0.28	$0.28	$0.28	$0.28	$0.28
Exercise price	$0.45	$0.45	$0.45	$0.45	$0.45
Expected vesting probability	100%	100%	100%	100%	100%
Expected volatility	93.0%	93.0%	93.0%	93.0%	93.0%
Option life	4 years	4 years	4 years	4 years	4 years
Dividend yield	-	-	-	-	-
Risk-free interest rate	2.48%	2.48%	2.48%	2.48%	2.48%

The following share based payments were made through the issue of equity during the year:

Options series	Number of options	Value of options $	Options expensed $	Grant date	Expiry / Exercise date	Exercise price $
Series 1	500,000	401,256	227,562	6-Dec-11	6-Dec-15	$1.48
Series 4	1,000,000	673,477	(12,302)	6-Dec-11	6-Dec-14	$1.72
Series 5	500,000	311,219	-	19-Dec-11	19-Dec-14	$1.38
Series 7	3,500,000	2,630,450	(531,581)	27-Feb-12	26-Feb-16	$1.57
Series 8	250,000	34,539	-	2-Oct-12	2-Oct-15	$0.45
Series 9	250,000	34,539	-	2-Oct-12	2-Oct-15	$0.45
Series 10	150,000	20,723	(15,386)	2-Oct-12	2-Oct-15	$0.45
Series 11	1,200,000	165,788	-	2-Oct-12	2-Oct-15	$0.45
Series 12	100,000	13,816	(10,258)	2-Oct-12	2-Oct-15	$0.45
	7,450,000	**4,285,807**	**(341,965)**			

In addition to the share options issued to employees and directors as part of their remuneration, 500,000 unlisted options exercisable at $1.45 and expiring on 1 July 2015 were also issued to Great Southern Resources Pty Ltd on 1 July 2011. Ausgold entered into a Boddington South Joint Venture Acquisition Agreement with Great Southern Resources Pty Ltd on 20 April 2011.

The following events transpired during the year:

- On 25 October 2012, the number of unlisted employee options contained in Series 1 was reduced by 500,000 with an exercise price of $1.48 and expiry date of 6 December 2015 following the cessation of employment.
- On 6 June 2013, the number of unlisted employee options contained in series 4 was reduced by 333,334 with an exercise price of $1.716 and an expiry date of 6 December 2014 following the cessation of employment.
- On the 6 June 2013, the number of unlisted employee options contained in series 7 was reduced by 2,000,000 with an exercise price of $1.573 and an expiry date of 27 February 2016.
- On 6 June 2013 the number of unlisted options contained in series 8, 9 & 11 was reduced by 1,850,000 with an exercise price of $0.45 and an expiry date of 2 October 2015.

The fair value of options at grant date is independently determined using a Black and Scholes option valuation methodology that takes into account the exercise price. Options are granted for nil consideration. The volatility is calculated based upon the share price performance of the company over the last three years 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 the profit and loss statement.

21. ACCUMULATED LOSSES

	Consolidated	
	Jun 2013 $	Jun 2012 $
Accumulated losses at the start of period	(6,687,801)	(1,868,983)
Loss after income tax attributable to owners	(8,290,683)	(4,818,818)
	(14,978,484)	**(6,687,801)**

22. LOSS PER SHARE

	Consolidated	
	Jun 2013 Cents per share	Jun 2012 Cents per share
From continuing operations:		
Basic loss per share	(5.55)	(4.02)
Diluted loss per share	N/A	N/A

The calculation of basic loss per share at 30 June 2013 was based on the loss attributable to ordinary shareholders of $8,290,683 (2012: $4,818,818) and a weighted average number of ordinary shares outstanding during the year of 149,311,513 (2012:119,901,738).

(A) EARNINGS USED IN CALCULATING LOSS PER SHARE

	Consolidated	
	Jun 2013 $	Jun 2012 $
For basic and diluted loss per share		
Loss after income tax for the year	(8,290,683)	(4,818,818)

(B) WEIGHTED AVERAGE NUMBER OF SHARES USED AS THE DENOMINATOR

	Consolidated	
	Jun 2013 Number	Jun 2012 Number
Weighted Average Number of Ordinary Shares (WANOS)		
Weighted average number of ordinary shares	149,311,513	119,901,738

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.

23. CASH FLOWS FROM OPERATING ACTIVITIES RECONCILIATION

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

	Consolidated	
	Jun 2013 $	Jun 2012 $
Loss after income tax for the year	(8,290,683)	(4,818,818)
Adjustments for:		
Depreciation and amortisation expenses	269,072	216,490
Share based payment expenses	341,965	2,246,581
Impairment exploration expenses	4,662,861	754,582
Fair value adjustments to financial assets at fair value	1,513,246	-
Gain on extinguishment of debt	(68,182)	-
(Increase) / Decrease in trade and other receivables	19,178	375,357
Increase / (Decrease) in trade and other payables	(34,936)	175,142
Increase / (Decrease) in provisions	(16,063)	9,294
Net cash flows (used in) operating activities	**(1,603,542)**	**(1,041,372)**

(A) NON CASH INVESTING AND FINANCING ACTIVITIES

	Consolidated Jun 2013 $	Consolidated Jun 2012 $
Issuance to Great Southern Resources Pty Ltd[1]	-	4,921,242
Issuance to Praetorian Resources Ltd[2]	2,829,986	-
Issuance to Richard Lockwood[3]	500,000	-
	3,329,986	**4,921,242**

Note 1: Ausgold entered into a Joint Venture Acquisition Agreement with Great Southern Resources Pty Ltd ("GSR") on 20 April 2011. As a part of the agreement, on 1 July 2011, the Company issued to GSR 2,758,621 ordinary fully paid shares and 500,000 unlisted options with an exercise price of $1.45, expiring on 1 July 2015, as part consideration for the acquisition of a 20% interest in the "Boddington South" Joint Venture.
Note 2: Ausgold issued 9,090,909 ordinary fully paid shares to Praetorian Resources Ltd ("Praetorian") at an issue price of $0.33 per share. In exchange, the Ausgold received 3,683,015 ordinary fully paid shares at an issue price of £0.55 per share. The listed Praetorian shares are freely tradeable.
Note 3: On 1 June 2012, Mr Lockwood provided an unsecured loan to the Company for $500,000 at an interest rate of 0.8% per month. Ausgold issued 1,515,151 ordinary fully paid shares to Mr Lockwood on the 20 September 2012 as repayment for this unsecured loan. The interest on the loan of $14,961 was also paid on 27 September 2012.

24. AUDITOR'S REMUNERATION

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

	Consolidated Jun 2013 $	Consolidated Jun 2012 $
Audit and Other Assurance Services		
BDO Audit (WA) Pty Ltd		
Audit and review of financial report	34,287	36,084
	34,287	**36,084**

25. COMMITMENTS

(A) REMUNERATION COMMITMENTS

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

(B) OTHER TENEMENT COMMITMENTS

The expenditure required to maintain exploration tenements in which the group has an interest in:

	Consolidated Jun 2013 $	Consolidated Jun 2012 $
Not later than one year	1,601,762	4,664,419
Later than one year but not later than five years	6,407,047	18,657,676
Later than five years	-	-
	8,008,809	**23,322,095**

(C) CORPORATE COMMITMENTS

	Consolidated Jun 2013 $	Consolidated Jun 2012 $
Not later than one year	139,356	160,000
Later than one year but not later than five years	34,839	156,333
Later than five years	-	-
	174,195	**316,333**

26. RELATED PARTY DISCLOSURE

(A) SUBSIDIARY

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

Name	Country of incorporation	Equity interest % Jun 2013	Equity interest % Jun 2012
Parent entity			
Ausgold Limited	Australia	-	-
Directly controlled by Ausgold Limited			
Ausgold Exploration Pty Ltd	Australia	100%	100%

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

(B) KEY MANAGEMENT PERSONNEL

Disclosures relating to key management personnel are included in Note 27.

(C) FEES PAID TO ELSTREE NOMINEES PTY LTD

Elstree Nominees Pty Ltd ("Elstree") provides the Group with office premises and associated facilities, and accounting, taxation, payroll, legal, investor relations and secretarial services. All services provided by Elstree 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 was $257,308.

(D) LOAN FROM DIRECTOR

On 1 June 2012, Mr Richard Lockwood provided an unsecured loan to the Company for $500,000 at an interest rate of 0.8% per month. Ausgold issued 1,515,151 ordinary fully paid shares to Mr Lockwood on the 20 September 2012 as repayment for this unsecured loan. The interest on the loan of $14,961 was also paid on 27 September 2012.

(E) TRANSACTIONS WITH OTHER RELATED PARTIES

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

27. KEY MANAGEMENT PERSONNEL

(A) DETAILS OF KEY MANAGEMENT PERSONNEL

The following persons acted as Directors of the Company during the financial year:
- Mr Robert Pett (Non-Executive Chairman)
- Mr Richard Lockwood (Non-Executive Director)
- Mr Denis Rakich (Executive Director & Company Secretary), appointed 31 January 2013
- Mr Chris Kelsall (Non-Executive Director), resigned 14 January 2013

- Mr Simon Trevisan (Non-Executive Director), resigned 4 February 2013

The following persons were the executives of the Company during the financial year and have since resigned:

- Dr Andrew Tunks (Chief Executive Officer), resigned 31 May 2013
- Mr Mark Di Silvio (Company Secretary & Chief Financial Officer), resigned 31 January 2013

(B) KEY MANAGEMENT PERSONNEL COMPENSATION

	Consolidated Jun 2013 $	Consolidated Jun 2012 $
Short term employee benefits	617,484	736,192
Post employment benefits	45,239	39,341
Share based payments	543,882	1,610,894
	1,206,605	**2,386,427**

Detailed remuneration disclosures are provided in the Remuneration Report on pages 8 to 11.

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.

(C) EQUITY INSTRUMENTS DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in the Remuneration Report on pages 8 to 11.

(i) Shareholdings

Number of shares held by Directors and Executives of the Group, including their personally related parties, are set out below:

Number of Shares	Balance at 1 July 2012	Allotment	Received on the exercise of options	Other changes	Balance at 30 June 2013
Directors					
Robert Pett[1]	8,300,000	-	-	-	**8,300,000**
Simon Trevisan[2]	19,100,000	-	1,250,000		**20,350,000**
Richard Lockwood[3]	500,000	1,515,151		-	**2,015,151**
Christopher Kelsall	385,000	-	-	-	**385,000**
Denis Rakich[4]	-	-	-	7,538,000	**7,538,000**
Executives					**-**
Andrew Tunks[5]	-	-	-	-	**-**
Mark Di Silvio[6]	-	-	-	-	**-**
	28,285,000	**1,515,151**	**1,250,000**	**7,538,000**	**38,588,151**

Note 1: Relevant interest as director and controlling shareholder of Batterbury Holdings Pty Ltd.
Note 2: Relevant interest as director and controlling shareholder of Transcontinental Investments Pty Ltd. Mr Trevisan resigned on 4 February 2013
Note 3: Relevant interest in ordinary shares held by Nefco Nominees Pty Ltd.
Note 4: Relevant interest as director and controlling shareholder of Denis Ivan Rakich ATF <Rakich Retirement Fund>. Mr Rakich was appointed Executive Director and Company Secretary on 31 January 2013. Mr Rakich held 7,538,000 ordinary fully paid shares at the time of appointment.
Note 5: Dr Tunks was appointed Chief Executive Officer on 27 February 2012, resigned 31 May 2013
Note 6: Mr Di Silvio was appointed Chief Financial Officer & Company Secretary on 25 November 2011, resigned 31 January 2013

Number of Shares	Balance at 1 July 2011	Allotment	Received on the exercise of options	Other changes	Balance at 30 June 2012
Directors					
Robert Pett[1]	5,800,000	-	2,500,000	-	**8,300,000**
Benjamin Bell[2]	85,000	-	2,000,000	(2,085,000)	**-**
Simon Trevisan[3]	16,600,000	-	2,500,000	-	**19,100,000**
Richard Lockwood[4]	500,000	-	-	-	**500,000**
Christopher Kelsall	385,000	-	-	-	**385,000**
Ian Murchison[7]	7,288,686	-	-	(4,461,888)	**2,826,798**
Executives					-
Andrew Tunks[5]	-	-	-	-	-
Mark Di Silvio[6]	-	-	-	-	-
	30,658,686	**-**	**7,000,000**	**(6,546,888)**	**31,111,798**

Note 1: Relevant interest as director and controlling shareholder of Batterbury Holdings Pty Ltd.
Note 2: Relevant interest as the trustee for Kestrel Investment Fund. Mr Bell also has an interest as a beneficiary of Kestrel Investment Fund. Mr Bell resigned as Chief Executive Officer on 11 November 2011.
Note 3: Relevant interest as director and controlling shareholder of Transcontinental Investments Pty Ltd.
Note 4: Shares held prior to Mr Lockwood's appointment as a director on 12 November 2010.
Note 5: Dr Tunks was appointed Chief Executive Officer on 27 February 2012.
Note 6: Mr Di Silvio was appointed Chief Financial Officer & Company Secretary on 25 November 2011.
Note 7: Relevant interest as director of Tenalga Pty Ltd the trustee of Murchison Superannuation Fund. Mr Murchison also has an interest as a beneficiary of the Murchison Superannuation Fund. Mr Murchison resigned as Alternate Director to Simon Trevisan on 28 February 2012.

(ii) Option Holdings

The number of options over ordinary shares in the Company held during the financial year by each director of Ausgold Limited and other key management personnel of the Group, including their personally related parties, are set out below:

Number of Options	Balance at 1 July 2012	Granted as compensation	Exercised	Other changes	Balance at 30 June 2013	Vested	Unvested
Directors							
Robert Pett[1]	3,300,000	-	-	(3,300,000)	-	-	-
Simon Trevisan[2]	13,100,000	-	(1,250,000)	(11,850,000)	-	-	-
Richard Lockwood[3]	500,000	-	-	-	500,000	500,000	-
Christopher Kelsall[4]	835,000	-	-	(385,000)	450,000	450,000	-
Denis Rakich[5]	-	-	-	-	-	-	
Executives					-		
Andrew Tunks[6]	3,523,000	-	-	(2,000,000)	1,523,000	1,523,000	-
Mark Di Silvio[7]	1,000,000	-	-	(333,334)	666,666	666,666	-
	22,258,000	**-**	**(1,250,000)**	**(17,868,334)**	**3,139,666**	**3,139,666**	**-**

Note 1: Relevant interest as director and controlling shareholder of Batterbury Holdings Pty Ltd. 3,300,000 of the Company's listed options expired on 31 March 2013.
Note 2: Relevant interest as director and controlling shareholder of Transcontinental Investments Pty Ltd. 11,850,000 of the Company's listed options expired on 31 March 2013. Mr Trevisan resigned on 4 February 2013.
Note 3: Relevant interest in ordinary shares held by Nefco Nominees Pty Ltd.
Note 4: As at 30 June 2013, 450,000 of these non-performance based options had vested and remain unexercised. 385,000 of the Company's listed options expired on 31 March 2013. Mr Kelsall resigned on 14 January 2013.
Note 5: Mr Rakich was appointed Executive Director and Company Secretary on 31 January 2013.
Note 6: As at 30 June 2013, 1,500,000 of these non-performance based options had vested and remain unexercised. The remaining 2,000,000 options lapsed during the year following Mr Tunk's resignation on 31 May 2013
Note 7: As at the 30 June 2013, 666,666 of these non-performance based options had vested and remain unexercised. The remaining 333,334 options lapsed during the year following Mr Di Silvio's resignation on 31 January 2013.

Number of Options	Balance at 1 July 2011	Granted as compensation	Exercised	Other changes	Balance at 30 June 2012	Vested	Unvested
Directors							
Robert Pett[1]	5,800,000	-	(2,500,000)	-	3,300,000	3,300,000	-
Benjamin Bell[2]	1,750,000	300,000	(2,000,000)	(50,000)	-	-	-
Simon Trevisan[3]	15,600,000	-	(2,500,000)	-	13,100,000	13,100,000	-
Richard Lockwood	-	500,000	-	-	500,000	500,000	-
Christopher Kelsall	835,000	-	-	-	835,000	835,000	-
Ian Murchison[4]	7,581,888	-	-	(4,461,888)	3,120,000	3,120,000	-
Executives							
Andrew Tunks[5]	23,000	3,500,000	-	-	3,523,000	-	3,523,000
Mark Di Silvio[6]	-	1,000,000	-	-	1,000,000	333,333	666,667
	31,589,888	**5,300,000**	**(7,000,000)**	**(4,511,888)**	**25,378,000**	**21,188,333**	**4,189,667**

Note 1: Relevant interest as director and controlling shareholder of Batterbury Holdings Pty Ltd.
Note 2: Relevant *interest as the trustee for Kestrel Investment Fund. Mr Bell also has an interest as a beneficiary of Kestrel Investment Fund. Mr Bell resigned as Chief Executive Officer on 11 November 2011.*
Note 3: Relevant interest as director and controlling shareholder of Transcontinental Investments Pty Ltd.
Note 4: Relevant interest as director of Tenalga Pty Ltd the trustee of Murchison Superannuation Fund. Mr Murchison also has an interest as a beneficiary of the Murchison Superannuation Fund. Mr Murchison resigned as Alternate Director to Simon Trevisan on 28 February 2012.
Note 5: Dr Tunks was appointed Chief Executive Officer on 28 February 2012. Dr Tunks held 23,000 options prior to his appointment on 27 February 2012.
Note 6: Mr Di Silvio was appointed Chief Financial Officer & Company Secretary on 25 November 2011.

(D) LOAN FROM DIRECTOR

On 1 June 2012, Mr Richard Lockwood provided an unsecured loan to the Company for $500,000 at an interest rate of 0.8% per month. Ausgold issued 1,515,151 ordinary fully paid shares to Mr Lockwood on the 20 September 2012 as repayment for this unsecured loan. The interest on the loan of $14,961 was also paid on 27 September 2012.

(E) LOAN TO KEY MANAGEMENT PERSONNEL

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

(F) OTHER KEY MANAGEMENT PERSONNEL TRANSACTIONS WITH THE COMPANY

A number of key management personnel or their related parties hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of those entities transacted with the Group during the year. The terms and conditions of those transactions were no more favourable than those available or, which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm’s length basis.

28. PARENT ENTITY INFORMATION

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

	Parent Entity	
	Jun 2013 $	Jun 2012 $
Current assets	2,010,898	1,203,144
Non-current assets	36,126,971	38,346,174
Total Assets	**38,137,869**	**39,549,318**
Current liabilities	137,133	692,504
Non-current liabilities	-	-
Total Liabilities	**137,133**	**692,504**
NET ASSETS	**38,000,736**	**38,856,814**
Contributed equity	56,465,591	49,372,950
Reserves	3,398,072	3,056,107
Accumulated losses	(21,862,926)	(13,572,243)
TOTAL EQUITY	**38,000,737**	**38,856,814**

	Parent Entity	
	Jun 2013 $	Jun 2012 $
Loss for the year	(8,290,683)	(12,914,723)
Other comprehensive income / (loss)	-	-
Total comprehensive loss for the year	**(8,290,683)**	**(12,914,723)**

The parent entity has guaranteed the loan of Ausgold Exploration Pty Ltd.

29. CONTINGENT LIABILITIES

There are no contingent items at reporting date.

30. EVENTS SUBSEQUENT TO REPORTING DATE

Effective 9 September 2013, Ausgold's new registered business address is Level 16, AMP Building, 140 St Georges Terrace, Perth WA 6000.

The Company cancelled 150,000 unlisted employee options on 16 September 2013 following cessation of employment.

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 2013 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

Robert Pett
Chairman

Perth, Western Australia
30 September 2013

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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 2013, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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 entity 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 2013 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 opinion, we draw attention to Note 4 in the financial report, which indicates that the consolidated entity incurred a net loss of $8,290,683 during the year ended 30 June 2013 and the consolidated entity's forecast cashflow reflects the need for future funding to continue as a going concern. These conditions, along with other matters as set out in Note 4, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business at amounts stated in the financial statements.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2013. 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 2013 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

C Burton

Chris Burton

Director

Perth, 30 September 2013

SHAREHOLDERS INFORMATION

The shareholder information set out below was applicable as at 27 September 2013.

(A) DISRIBUTION OF SHAREHOLDERS

Analysis of the number of shareholders by size of holding is as below:

Category of holding	Number of holders	Number of shares
1 - 1,000	92	43,380
1,001 - 5,000	179	538,751
5,001 - 10,000	141	1,184,072
10,001 - 100,000	347	13,445,147
100,001 - shares and over	107	138,691,400
	866	**153,902,750**

(B) TWENTY LARGEST SHAREHOLDERS

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

Shareholders	Number of shares	Percentage of total shares %
Transcontinental Investments Py Ltd	20,350,000	13.22%
HSBC Custody Nominees Australia Ltd	15,879,843	10.32%
JP Morgan Nominees Australia Ltd	14,239,653	9.25%
Nefco Nominees Pty Ltd	9,880,726	6.42%
Batterbury Holdings Pty Ltd	8,300,000	5.39%
Mr Denis Ivan Rakich	7,385,000	4.80%
HSBC Custody Nominees Australia Ltd	7,150,000	4.65%
National Nominees Ltd	3,433,809	2.23%
Katana Equity Pty Ltd	3,295,000	2.14%
Bedford Investments Pty Ltd	3,165,454	2.06%
Shertim Investments Pty Ltd	3,150,196	2.05%
Classic Cap Pty Ltd	2,500,000	1.62%
Tenalga Pty Ltd	2,480,000	1.61%
Transcontinental Investments Pty Ltd	2,250,000	1.46%
Intersuisse Nominees Pty Ltd	2,200,000	1.43%
JP Morgan Nominees Australia Ltd	2,010,000	1.31%
Blue Crystal Pty Ltd	2,000,000	1.30%
RBC Investor Services Australia Nominees	1,801,270	1.17%
FGL Cap Ltd	1,655,000	1.08%
Hoperidge Enterprise Pty Ltd	1,500,000	0.97%
	114,625,951	**74.48%**

(C) VOTING RIGHTS

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

(D) SUBSTANTIAL SHAREHOLDERS

The names of the substantial shareholders who have notified the company in accordance with section 671B of the Corporations Act 2001 are:

Shareholders	Number of shares	Percentage of total shares %
Transcontinental Investments Py Ltd	20,350,000	13.22%
HSBC Custody Nominees Australia Ltd	15,879,843	10.32%
JP Morgan Nominees Australia Ltd	14,239,653	9.25%
Nefco Nominees Pty Ltd	9,880,726	6.42%
Batterbury Holdings Pty Ltd	8,300,000	5.39%
Mr Denis Ivan Rakich	7,385,000	4.80%
	76,035,222	**49.40%**

(E) UNLISTED OPTIONS

Option details	Expiry dates	Number of unlisted options
Unlisted options exercisable at $0.20 per share	31 Dec 2014	200,000
Unlisted options exercisable at $0.25 per share	31 Dec 2014	250,000
Unlisted options exercisable at $1.45 per share	1 Jul 2015	500,000
Unlisted options exercisable at $1.38 per share	6 Dec 2015	500,000
Unlisted options exercisable at $1.716 per share	6 Dec 2014	666,666
Unlisted options exercisable at $1.38 per share	19 Dec 2014	500,000
Unlisted options exercisable at $1.573 per share	27 Feb 2016	1,500,000
Unlisted options exercisable at $0.45 per share	2 Oct 2015	100,000
		4,216,666

SCHEDULE OF MINERAL LICENCE INTEREST

State	Lease	Lease status	Grant date	Project	Interest %
Western Australia Tenements					
WA	E38/2129	Granted	13 Oct 2008	Yamarna	100%
WA	E38/2863	Application	-	Yamarna	100%
WA	E52/2162	Granted	7 Jan 2009	Doolgunna Station	100%
WA	E70/2590	Granted	3 Jul 2008	Katanning Regional	100%
WA	E70/3344	Granted	4 Jun 2010	Katanning Regional	100%
WA	E70/3952	Granted	18 Jan 2011	Katanning Regional	100%
WA	E70/3955	Granted	4 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	E70/4061	Granted	1 Jun 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	E70/2928	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 Tenements					
QLD	EPM17054	Granted	26 Nov 2010	Cracow	100%
QLD	EMP17059	Granted	28 Mar 2008	Cracow	100%
QLD	EPM19576	Application	-	Cracow	100%
QLD	EPM19577	Application	-	Cracow	100%
QLD	EPM19578	Granted	14 Jan 2013	Cracow	100%
QLD	EPM19579	Application	-	Cracow	100%