



ABN 67 140 164 496

INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2020

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CORPORATE DIRECTORY

DIRECTORS

Mr Richard Lockwood
Non-Executive Chairman

Dr Matthew Greentree
Chief Executive Officer and Managing Director

Mr Denis Rakich
Executive Director

Mr Geoffrey Jones
Non-Executive Director

Mr Neil Fearis
Non-Executive Director

COMPANY SECRETARY

Mr Denis Rakich

REGISTERED OFFICE

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AUSTRALIAN BUSINESS NUMBER

ABN 67 140 164 496

SECURITIES EXCHANGE

Australian Securities Exchange (ASX)
Level 40 Central Park
152-158 St Georges Terrace
PERTH WA 6000

ASX Code: AUC

SHARE REGISTRY

Automic Group
Level 2, 267 St Georges Terrace
PERTH WA 6000

Telephone: 1300 288 664

AUDITORS

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

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

BANKERS

Westpac Banking Corporation
Level 8, 109 St Georges Terrace
PERTH WA 6000

SOLICITORS

Squire Patton Boggs (AU)
Level 21, 300 Murray Street
PERTH WA 6000

HopgoodGanim Lawyers
15 Colin Street
WEST 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 half year ended 31 December 2020. Ausgold Limited ("Ausgold" or "the Company") and its controlled entity (collectively known as "the Group" or "consolidated entity") are domiciled in Australia.

PRINCIPAL ACTIVITIES

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

DIRECTORS

The names and details of the Company's Directors in office during the half-year and until the date of this report are as follows:

Name	Period of Directorship
Mr Richard Lockwood Non-Executive Chairman	Non-Executive Chairman since 2 September 2015
Dr Matthew Greentree Chief Executive Officer and Managing Director	Chief Executive Officer since 10 April 2017 Managing Director since 19 April 2018
Mr Denis Rakich Executive Director and Company Secretary	Director since 31 January 2013
Mr Geoffrey Jones Non-Executive Director	Director since 29 July 2016
Mr Neil Fearis Non-Executive Director	Director since 15 April 2016

REVIEW OF OPERATIONS

EXPLORATION

Katanning Gold Project, WA (100% interest)

The 1.2 million-ounce Katanning Gold Project (KGP) is central to Ausgold's large 4,000km² regional tenement position which is one of the largest within the South West Yilgarn Craton. The KGP is located 275km south of Perth and is well supported by infrastructure and nearby regional towns, the largest being Katanning, which is only 35km away.

The KGP is centred on a large gold resource of 1.2 million ounces with exploration focused along a 7km strike within the gold mineralised structure corridor which hosts KGP deposits. There are also over 46 highly prospective targets ready for drill testing, many of which are within 10km of the resource area.

At 31 December 2020, the JORC 2012 Mineral Resource estimate for the KGP is 33.9 Mt at 1.1 g/t for 1.2 million ounces of gold (Table 1). The resource estimation was completed by SRK Consulting (Australasia) Pty Ltd (SRK) in accordance with the 2012 JORC Code.

Table 1 – Summary Gold Resources for the KGP¹

Resource category	Tonnes Mt	Grade (g/t Au)	Contained gold (oz)
Measured	2.26	2.05	149,000
Indicated	11.99	1.14	440,690
Inferred	19.68	0.97	611,340
Total Resource	33.93	1.10	1,201,030

¹The 2019 Mineral Resources for the Central Zone deposit are reported using a 0.6 g/t Au cut-off applied to individual model cells located above 200mRL (approximately 160m depth) at Dingo, Datatine, Jackson, Olympia and White Dam and above 130mRL (approximately 230m depth) at Jinkas whereas the 2018 Mineral Resources were reported above a 0.7 g/t Au cut-off applied to individual model cells located above 200mRL.

Tonnes have been rounded to the nearest 100t, Au ounces have been rounded to the nearest 10 ounces.

The information in this table is based on information announced to the ASX on 1 November 2019. Ausgold confirms that it is not aware of any new information or data that materially affects the information included on the relevant market announcement and that all material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed.

REVIEW OF OPERATIONS (CONT'D)

Katanning Gold Project, WA (100% interest) (cont'd)

During the half-year, Ausgold continued a large drilling program at KGP focusing on the Central Zone and in particular the Jinkas South lode, a new discovery which is proving to be a significant addition to the project extending over a strike length of more than 1.3km. The Jinkas South discovery also provides validation of our geological model and targeting techniques for high-grade mineralisation within the KGP. New drilling further extends the high-grade gold mineralisation within the Jinkas South lode, we anticipate these new results will add to the resource upgrade planned for March 2021 and benefit the project's economics overall.

Central Zone Exploration

New RC drilling during the half-year has extended exploration in the Jinkas South, White Dam and Jinkas West resource areas with 85 holes for 12,407m. New drill holes have been used as a platform for further down hole electromagnetic (DHEM) surveys which have identified further DHEM targets within the Jinkas South and White Dam lodes, and RC drilling is continuing to test them. At Jinkas North, one diamond drill hole for 243m and 3 RC holes were drilled for 662m with results pending.

Jinkas South Lode

35 holes for 6,370m have targeted the Jinkas South lode intersecting gold mineralisation north along strike a further 600m from previous high-grade gold mineralisation. This new drilling has shown that the Jinkas South lode has a total strike length of 1.3km and remains open to the north and south.

Significant results from new drilling during the half year within Jinkas South lode include:

- 19m @ 2.92 g/t Au from 121m including 1m @ 35.40 g/t Au in BSRC1002
- 29m @ 1.84 g/t Au from 104m including 18m @ 2.72 g/t Au in BSRC0993
- 38m @ 1.12 g/t Au from 113m including 1m @ 8.30 g/t Au and 5m @ 2.10 g/t Au in BSRC1003
- 7m @ 4.09 g/t Au from 111m including 1m @ 24.90 g/t Au in BSRC1007
- 30m @ 0.95 g/t Au from 132m including 9m @ 1.56 g/t Au in BSRC0996
- 19m @ 1.02 g/t Au from 114m including 5m @ 2.65 g/t Au in BSRC0994
- 16m @ 1.04 g/t Au from 129m in BSRC0998
- 23m @ 0.7 g/t Au from 117m in BSRC0997
- 9m @ 3.52 g/t Au from 213m including 3m @ 9.43 g/t Au in BSRC1045
- 28m @ 1.35 g/t Au from 131m in BSRC1034
- 14m @ 1.45 g/t Au from 100m including 2m @ 8.28 g/t Au in BSRC1046
- 4m @ 2.66 g/t Au from 124m in BSRC1046
- 19m @ 0.67 g/t Au from 131m in BSRC1046
- 37m @ 0.86 g/t Au from 150m including 6m @ 2.86 g/t Au in BSRC1024
- 42m @ 0.73 g/t Au from 119m including 3m @ 2.53 g/t Au in BSRC1033
- 24m @ 0.83 g/t Au from 114m in BSRC1025
- 15m @ 1.01g/t Au from 117m including 2m @ 3.09g/t Au in BSRC1008
- 14m @ 0.85 g/t Au from 180m including 5m @ 1.28 g/t Au in BSRC1010
- 7m @ 1.62 g/t Au from 83m including 2m @ 3.6 g/t Au in BSRC1009
- 11m @ 0.8g/t Au from 225m including 1m @ 3.41 g/t Au in BSRC1044

REVIEW OF OPERATIONS (CONT'D)

Woodanilling Project, WA (100% interest)

The Woodanilling Project ("Woodanilling") lies 20km north of Katanning, located 240km southeast of Perth, Western Australia. The project comprises four granted exploration licences and six new exploration licence applications for a total area of 1,532 km².

Woodanilling is a layered mafic intrusion complex with extensive past exploration including soil sampling and drilling to test vanadium and PGEs within the project area. The Project includes the Mine Hill (E70/4863), Red Hill (E70/5142), Kalang (E70/5142) and Martling (E70/5142) prospects. Past exploration includes 108 RC and 6 diamond drill holes which have intersected significant widths of vanadium (V₂O₅) mineralisation from surface, with thickness of up to 60m and multiple zones of mineralisation identified.

In light of the recent Julimar discovery by Chalice Mining Limited, a review of previous work has identified four priority areas of anomalous copper – chrome – gold – PGE (up to 0.04 – 0.07 ppm Pd and 0.03 – 0.05 ppm Pt in 08KTR077).

Funding for \$150,000 under the Western Australian Government's Exploration Incentive Scheme (EIS) round 20 was awarded to Ausgold to test five areas within the Woodanilling Intrusive complex, which includes the Red Hill and Mine Hill prospects, and three coincident geochemical and geophysical targets. During December 2020, Ausgold completed 17 RC drill holes for 2,540m and 2 diamond drill holes for 220m, drilled within the Woodanilling Intrusive complex. A follow-up program of moving loop and DHEM surveys is underway to test disseminated pyrrhotite, magnetite and chalcopyrite identified within drilling at Red Hill and Mine Hill.

FINANCIAL

The Group recorded a consolidated loss of \$1,411,693 for the half-year ended 31 December 2020 (December 2019: \$1,232,069). At 31 December 2020, the Group had \$2,824,673 in cash and cash equivalents (June 2020: \$1,025,803).

On 6 August 2020, Ausgold finalised a placement to institutional and sophisticated investors raising \$6,348,705 before costs. The funds were used to underpin an extensive exploration and resource expansion drill program at its 100% owned Katanning Gold Project. Pursuant to this placement, the Company issued a total of 194,150,000 shares on 12 August 2020.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

No other matters have arisen since the end of the reporting period which may affect the state of affairs of the Group.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration is included on page 7 of this financial report.

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

For and on behalf of the Directors



Denis Rakich
Director

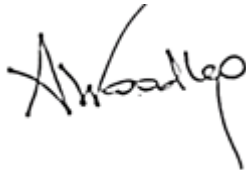
Perth, Western Australia
11 March 2021

DECLARATION OF INDEPENDENCE BY ASHLEIGH WOODLEY TO THE DIRECTORS OF AUSGOLD LIMITED

As lead auditor for the review of Ausgold Limited or the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Ausgold Limited and the entity it controlled during the period.



Ashleigh Woodley

Director

BDO Audit (WA) Pty Ltd

Perth, 11 March 2021

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

	Note	Dec 2020 \$	Dec 2019 \$
Revenue from continuing operations		903	162
Other Income		129,225	33
Net movement in financial assets		27,750	(28,500)
Impairment exploration expenses	5	(231,495)	(491,074)
Corporate and administration expenses		(644,110)	(399,970)
Share-based payments expenses	8	(491,838)	(138,144)
Occupancy expenses		(22,905)	(25,708)
Other expenses		(53,741)	(42,821)
Accounting expenses		(26,997)	(21,307)
Depreciation expenses		(68,688)	(58,268)
Finance costs		(6,321)	(10,215)
Legal fees		(23,476)	(16,257)
Loss before income tax		(1,411,693)	(1,232,069)
Income tax benefit/ (expense)		-	-
Net loss attributable to members		(1,411,693)	(1,232,069)
Other comprehensive income/ (loss)			
Other comprehensive income/ (loss)		-	-
Total comprehensive income/ (loss) for the period (net of tax)		(1,411,693)	(1,232,069)
Loss per share for the period attributable to the members of Ausgold Limited			
Basic loss per share (cents per share)		(0.11)	(0.15)
Diluted loss per share (cents per share)		N/A	N/A

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	Dec 2020 \$	Jun 2020 \$
ASSETS			
Current assets			
Cash and cash equivalents		2,824,673	1,025,802
Trade and other receivables		50,312	21,016
Security deposits		94,611	94,611
Prepayment for exploration assets	5	79,849	1,362
Financial assets at fair value		80,500	42,000
Total current assets		3,129,945	1,184,791
Non-current assets			
Property, plant and equipment		224,483	58,423
Exploration and evaluation expenditure	5	46,679,172	43,657,287
Right-of-use assets	6	252,538	166,088
Total non-current assets		47,156,193	43,881,798
Total assets		50,286,138	45,066,589
LIABILITIES			
Current liabilities			
Trade and other payables		273,799	261,101
Lease liabilities	6	105,893	95,918
Provisions		180,722	105,320
Total current liabilities		560,414	462,339
Non-current liabilities			
Lease liabilities	6	153,492	76,011
Provisions		1,167,329	1,157,439
Total non-current liabilities		1,320,821	1,233,450
Total liabilities		1,881,235	1,695,789
NET ASSETS		48,404,903	43,370,800
EQUITY			
Contributed equity	7	74,997,599	69,043,641
Reserves	8	6,104,495	5,612,657
Accumulated losses		(32,697,191)	(31,285,498)
TOTAL EQUITY		48,404,903	43,370,800

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Note	Contributed Equity \$	Accumulated Losses \$	Reserves \$	Total Equity \$
Balance as at 1 July 2020		69,043,641	(31,285,498)	5,612,657	43,370,800
Total comprehensive income		-	(1,411,693)	-	(1,411,693)
Transactions with owners, recorded directly in equity:					
Shares issued	7	6,348,705	-	-	6,348,705
Share issue costs	7	(394,747)	-	-	(394,747)
Share-based payments	8	-	-	491,838	491,838
Balance as at 31 December 2020		74,997,599	(32,697,191)	6,104,495	48,404,903

	Note	Contributed Equity \$	Accumulated Losses \$	Reserves \$	Total Equity \$
Balance as at 1 July 2019		64,828,889	(29,462,163)	5,379,967	40,746,693
Total comprehensive income		-	(1,232,069)	-	(1,232,069)
Transactions with owners, recorded directly in equity:					
Shares issued		3,051,000	-	-	3,051,000
Share issue costs		(220,161)	-	-	(220,161)
Share-based payments		-	-	138,144	138,144
Balance as at 31 December 2019		67,659,728	(30,694,232)	5,518,111	42,483,607

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Dec 2020	Dec 2019
	\$	\$
Cash flows from operating activities		
Interest received	903	162
Payments to suppliers and employees	(736,572)	(501,613)
Receipts from rebates and claims	129,171	33
Net cash flows used in operating activities	(606,498)	(501,418)
Cash flows from investing activities		
Payment for property plant and equipment	(183,676)	(1,494)
Payment for investments	(10,750)	-
Payment for exploration expenditure	(3,331,867)	(849,463)
Net cash flows used in investing activities	(3,526,293)	(850,957)
Cash flows from financing activities		
Repayment of lease obligations	(22,296)	(48,648)
Proceeds from issue of share capital	6,348,705	3,051,000
Transaction costs related to issue of shares	(394,747)	(220,162)
Net cash flows generated from financing activities	5,931,662	2,782,190
Net increase/(decrease) in cash and cash equivalents	1,798,871	1,429,815
Cash and cash equivalents at the beginning of the period	1,025,802	298,479
Cash and cash equivalents at the end of the period	2,824,673	1,728,294

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

1. REPORTING ENTITY

The interim condensed consolidated financial statements of Ausgold Limited and its controlled entity (collectively known as “the Group” or “consolidated entity”) for the half-year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 11 March 2021.

Ausgold Limited (“Ausgold” or “parent entity” or Company”) is a company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded. The Group’s principal activities are the exploration for gold and other precious metals.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements for the half-year ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

These financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual report for the year ended 30 June 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2020, except as disclosed below.

Changes in accounting policies

The Group has adopted all of the new or amended accounting standards and interpretations issued by the Australian Accounting Standards Board (“AASB”) that are mandatory for the current reporting period.

Any new or amended accounting standards or interpretations that are not yet mandatory have not been early adopted.

3. GOING CONCERN

For the six months ended 31 December 2020 Ausgold Limited incurred a loss of \$1,411,693 (December 2019: \$1,232,069), had cash outflow from operating and investing activities of \$4,132,791 (December 2019: \$1,352,375) for the half-year ended 31 December 2020. At 31 December 2020, the Group had \$2,824,673 in cash and cash equivalents (June 2020: \$1,798,871). The ability of the entity to continue as a going concern is dependent on securing additional funding through new or existing investors to fund its planned exploration program. While the Directors are reasonably confident that they will be able to raise additional funding, the timing and extent of any additional funding is uncertain.

These conditions indicate a material uncertainty that may cast a significant doubt about the Company’s ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- The Directors have assessed the likely cash flow for the 12 month period from the date of signing this report and its impact on the Group and believe there will be sufficient funds to meet the Group’s working capital requirements as at the date of this report.
- The directors believe that in the event needed, the level of expenditure can be managed.

Should the Company not be able to continue as a going concern, it may be required to realise assets and discharge liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

4. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting to the Chief Operating Decision Maker (“CODM”), which has been identified by the Group as the Board of Directors.

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources. Reportable segments disclosed are based on aggregating operating segments, where the segments have similar characteristics. The Group’s sole activity is mineral exploration and resource development wholly within Australia; therefore it has aggregated all operating segments into the one reportable segment being mineral exploration.

The reportable segment is represented by the primary statements forming this financial report.

5. EXPLORATION AND EVALUATION EXPENDITURE AND PREPAYMENT

	Dec 2020	Jun 2020
	\$	\$
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	46,679,172	43,608,220
Prepayment for exploration assets	79,849	1,362
Acquisition of tenements - Dumbleyung Project	-	49,068
	46,759,021	43,658,649
Reconciliation		
Carrying amount at start of year	43,658,649	41,958,611
Exploration expenditure	3,253,380	2,345,133
Provision for rehabilitation	-	-
Prepayment for exploration assets	78,487	1,362
Expenditure written off	(231,495)	(646,457)
Carrying amount at the end of the period	46,759,021	43,658,649

6. RIGHT-OF-USE ASSET AND LEASE LIABILITY

	Dec 2020	Jun 2020
	\$	\$
Right-of-use assets		
<i>Property - office lease</i>		
Opening balance	70,826	131,536
Amortisation	(30,354)	(60,709)
Closing balance	40,472	70,826
<i>Motor vehicle</i>		
Opening balance	22,308	-
Addition	137,521	25,097
Amortisation	(7,268)	(2,789)
Closing balance	152,561	22,308
<i>Hire purchase assets</i>		
Opening balance	72,953	123,863
Disposal	-	(21,612)
Amortisation	(13,448)	(29,298)
Closing balance	59,505	72,953
Total Right-of-use assets	252,538	166,088
Lease liability		
<i>Property - office lease</i>		
Opening balance	73,416	131,537
Lease payments	(30,809)	(58,121)
Closing balance	42,606	73,416
<i>Motor vehicle</i>		
Opening balance	22,534	-
Addition	137,521	25,097
Lease payments	(6,744)	(2,563)
Closing balance	153,311	22,534
Hire purchase	63,467	75,979
Total lease liability	259,385	171,929
Lease liability		
Current	105,893	95,918
Non-current	153,492	76,011
	259,385	171,929

7. CONTRIBUTED EQUITY

	Dec 2020	Jun 2020
	\$	\$
Equity		
Balance at the start of the period	69,043,641	64,828,889
Shares issued for capital raising purposes	6,348,705	4,443,600
Less share issue costs	(394,747)	(228,848)
	<u>74,997,599</u>	<u>69,043,641</u>

	Dec 2020	Jun 2020
	Number of shares	Number of shares
Movement in share capital		
Balance at the start of the period	1,106,199,541	747,149,541
Shares issued for capital raising purposes	194,150,000	359,050,000
	<u>1,300,349,541</u>	<u>1,106,199,541</u>

	Dec 2020	Jun 2020
	Number of options	Number of options
Movement in options		
Balance at the start of the period	29,700,000	61,779,235
Options lapsed	(26,000,000)	(32,079,235)
	<u>3,700,000</u>	<u>29,700,000</u>

8. RESERVES

Performance Rights Plan for Directors

The Performance Rights Plan is used to reward the Directors for their performance and to align their remuneration with the creation of shareholder wealth. The Performance Rights are issued for nil cash consideration and no consideration will be payable upon the vesting or exercise of the Performance Rights. Subject to satisfaction of the vesting conditions, each Performance Right entitles the holder on exercise to be issued one Ausgold share.

The aggregate numbers of Performance Rights holdings of the Company held directly, indirectly or beneficially by Directors are as follows:

	Granted 8 Nov 2019	Granted 20 Nov 2020	Lapsed	Closing balance
Directors	Number	Number	Number	Number
R Lockwood	7,000,000	8,000,000	-	15,000,000
N Fearis	3,000,000	6,000,000	-	9,000,000
G Jones	3,000,000	6,000,000	-	9,000,000
M Greentree	12,000,000	20,000,000	-	32,000,000
D Rakich	10,000,000	12,000,000	-	22,000,000
Total	<u>35,000,000</u>	<u>52,000,000</u>	-	<u>87,000,000</u>

8. RESERVES (CONT'D)

Performance rights granted 8 November 2019

The grant date of the Performance Rights was 8 November 2019 and, subject to satisfaction of the vesting conditions, the Performance Rights will vest on 30 April 2021. The fair value per right is \$0.008.

The vesting conditions for the Performance Rights are as follows:

- Employment at the end of measurement period (Employment Condition)
- Performance of the Company relative to the performance of the S&P/ASX 300 Metals and Mining Index for the period based on Total Shareholder Return ("TSR") (Performance Condition)

In order to meet the Employment Condition, the relevant Related Party must be employed by or be a Director of the Company at the end of the measurement period.

At the end of the measurement period, the Company's performance will be determined by reference to the Company's TSR for the period, which will be compared against the S&P/ASX Metals and Mining Index.

The TSR calculation will be based on the percentage change in the share price of the Company over the measurement period. The percentage change will be calculated by comparing the volume weighted average price in the 20 business day period immediately before the start and end of the measurement period.

The Company's TSR compared against the S&P/ASX Metals and Mining Index will determine the proportion of Performance Rights that will vest, as set out below:

Relative TSR over the Measurement Period	Portion of Performance Rights Vested
Below the 50 th percentile	0%
At the 50 th percentile	50%
Between the 50 th and 75 th percentile	Pro-rata between 50% and 100%
Above the 75 th percentile	100%

The model used for the calculations is Monte Carlo simulation using a hybrid option pricing model. The following share based payments and key inputs used to value these rights were made through the issue of equity during the half-year ended 31 December 2020:

Number issued	35,000,000
Grant date	8 November 2019
Vesting date	30 April 2021
Commencement of performance period	1 October 2019
Risk-free interest rate	0.89%
Volatility	86%
Fair value at grant date	\$0.008
Total fair value	\$280,000

8. RESERVES (CONT'D)

Performance rights granted 20 November 2020

The Performance Rights are subject to satisfaction of the vesting conditions and will expire on 30 June 2022. The fair value per right is \$0.056. The Performance Rights plan was approved by the shareholders on 20 November 2020.

The vesting conditions for the Performance Rights are as follows:

- Holder's continued service with the Company until the time of vesting
- 50% of the rights vested based on an announcement to the Australian Securities Exchange ("ASX") of a minimum of 1.6 million ounces of Inferred, Indicated and/or Measured Resources, at a minimum lower cut off grade of 0.5 grams per tonne ("g/t") of gold reported in accordance with the JORC Code on the Katanning Gold Project Tenements
- 50% of the rights vest based on the release on the ASX of a mining Pre-feasibility Study ("PFS") on the Katanning Gold Project which shows the potential to generate an Internal rate of Return ("IRR") of greater than 20% using consensus commodity prices and Board approved assumptions

As the rights have non-market based vesting conditions, they can be exercised at any time up to expiry date. The fair value per right of \$0.056 reflects the market value of the underlying ordinary shares at grant date.

The following inputs and assumptions were made impacting the share-based payment expense for the half-year ended 31 December 2020:

Number issued	52,000,000
Grant date	20 November 2020
Expiry date	30 June 2022
Commencement of performance period	6 October 2020
Fair value at grant date	\$0.056
Total fair value	\$2,912,000

As at initial recognition and reporting date, management have assessed the achievement of the performance right non-market milestones is probable. Therefore the fair value has been recognised over the vesting period commencing on 6 October 2020 to the expiry date.

Share-based payment recognised

A share based payment expense of \$491,838 (December 2019: \$138,144) was recorded for the half-year ended 31 December 2020 as follows:

- \$95,585 was expensed with regards to the 35,000,000 Performance Rights granted on 8 November 2019; and
- \$396,253 relates to 52,000,000 Performance Rights granted 20 November 2020

9. COMMITMENTS AND CONTINGENCIES

There were no material changes to the commitments of the Group during the half-year ended 31 December 2020.

The Group had contingent liabilities at 31 December 2020 in respect of bank guarantee for the amount of \$74,111 (2019: \$74,111). No other contingent liabilities existing at reporting date.

10. RELATED PARTY DISCLOSURE

Elstree Nominees Pty Ltd ("Elstree") provides the Group with office premises and associated facilities. All services provided by Elstree to the Group are at cost. Mr Denis Rakich is a Director of Elstree and serves as Executive Director and Company Secretary of Ausgold. The total amount charged by Elstree during the half year was \$59,457 (December 2019: \$69,906). Amounts were due and payable under normal commercial terms.

During the period, 52,000,000 performance rights, each valued at \$0.056 were issued to Directors (refer to note 8). Shareholder approval for the issue was received on 20 November 2020.

There were no other material changes to the related party transactions of the Group during the half-year ended 31 December 2020.

11. EVENTS SUBSEQUENT TO REPORTING DATE

Ausgold Limited issued 6,250,000 performance rights to employees on 1 February 2021, as part of their remuneration arrangements.

Each performance right is an entitlement to receive one fully paid share in Ausgold Limited provided the relevant performance conditions and vesting conditions are satisfied. The performance rights have the same terms and conditions as those performance rights issued to directors (refer to Note 8).

No other matters have arisen since the end of the reporting period which may affect the state of affairs of the Group.

DIRECTORS' DECLARATION

In the Directors' opinion,

- (a) the financial statements and notes of Ausgold Limited for the half-year ended 31 December 2020 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company and Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the Corporations Act 2001.

For and on behalf of the Directors



Denis Rakich
Director

Perth, Western Australia
11 March 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Ausgold Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Ausgold Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 3 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.



Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink. The signature starts with the letters 'BDO' in a stylized, cursive font, followed by a long, sweeping horizontal line that curves upwards and then downwards, ending in a vertical stroke.

Ashleigh Woodley

Director

Perth, 11 March 2021