Ausgold
LIMITED

ABN 67 140 164 496

INTERIM FINANCIAL REPORT
FOR THE
SIX MONTHS ENDED 31 DECEMBER 2014

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CORPORATE DIRECTORY

DIRECTORS

Mr Robert Pett
(Non-Executive Chairman)

Mr Richard Lockwood
(Non-Executive Director)

Mr Denis Rakich
(Executive Director and Company Secretary)

Mr Stephen Thomas
(Executive Technical Director)

Mr Neil Fearis
(Alternate Director to Mr Robert Pett)

COMPANY SECRETARY

Mr Denis Rakich

REGISTERED OFFICE

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SHARE REGISTRY

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SOLICITORS

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WEST PERTH WA 6005

BANKERS

Westpac Banking Corporation
Level 6, 109 St Georges Terrace
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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 2014. Ausgold Limited ("Ausgold" or "Parent entity" 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 mineral exploration for gold and other precious metals.

DIRECTORS

The Directors of the Group during or since the end of the half-year are:

Name	Period of Directorship
Mr Robert 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 and Company Secretary	Director since 31 January 2013
Mr Stephen Thomas Executive Technical Director	Director since 27 June 2014
Mr Neil Fearis Alternate Director to Mr Robert Pett	Appointed 30 July 2014

REVIEW OF OPERATIONS

Exploration

The Katanning Gold Project ("KGP") is located 275 kilometres southeast of Perth. Ausgold holds over 2,440 square kilometres and a dominant ground position in this relatively under-explored greenstone belt.

Ausgold has delineated a JORC resource of approximately 0.9Moz of gold mostly within ML70/211 at the KGP. The project includes two main deposit areas, Jinkas and Dingo; with the Jinkas area divided into sub-sets of mineralised zones known as White Dam, Lone Tree, Fraser and Jackson. Ausgold intends to focus on the development of the KGP through targeted resource development RC drilling.

During the half year, Ausgold successfully completed a Heritage Survey with the Wagyl Kaip traditional owners at Jinkas Hill. The traditional owners agreed to redefine the boundary for the Jinkas Hill site, which lies adjacent to the historical Jinkas North Pit and provides Ausgold with heritage clearance for planned drilling programmes adjacent to the historical Jinkas North open cut.

A further review of the recent site visit to Ausgold's Doolgunna Station tenements (E52/3031) was carried out. This is a priority in light of exploration by Sandfire Resources at its adjacent Noonyereena Hill VMS prospect. Noonyereena Hill is approximately 13 kilometres west of Sandfire's DeGrussa copper-gold operations, and just adjacent to the south west corner of Ausgold's tenements at Doolgunna Station. Field work is a starting point in assessing the stratigraphy that hosts the DeGrussa mineralisation, and determining if favourable stratigraphy continues into Ausgold's Doolgunna Station tenements. The south-west part of Ausgold's tenement covers the important Peak Hill schist – Narracoota Formation contact. This contact is a major structural break between the Peak Hill schist (of Archean provenance) and the Narracoota, Johnsons Cairn, and Karalundi formations (all of Proterozoic provenance), and is marked by the prominent Jenkin Fault line.

Financial

The Group recorded a consolidated loss of $426,740 for the half-year ended 31 December 2014 (2013: $2,640,988). At 31 December 2014, the Group has $328,694 in cash and cash equivalents (June 2014: $970,073).

EVENTS SUBSEQUENT TO REPORTING DATE

Following the execution of a compensation/land access agreement with the landowner of land the subject of ML70/211 (Jinkas Resource), Ausgold proposes the commencement of a drilling program in late March. The program comprises approximately 4,000m of infill RC drilling at Jinkas on traverses through higher grade mineralisation to the north-east of the historic Jinkas North open cut and 2,000m of drilling around the Dingo open pit.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the consolidated entity during the half-year ended 31 December 2014.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration is included on page 4 of the financial report.

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

For and on behalf of the Directors

Denis Rakich
Director

Perth, Western Australia
13 March 2015

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DECLARATION OF INDEPENDENCE BY IAN SKELTON TO THE DIRECTORS OF AUSGOLD LIMITED

As lead auditor for the review of Ausgold Limited for the half-year ended 31 December 2014, 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.

Ian Skelton

Director

BDO Audit (WA) Pty Ltd

Perth, 13 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Note	Dec 2014 $	Dec 2013 $
Revenue from continuing operations		12,179	8,066
Impairment exploration expenses		-	(1,372,636)
Net loss on financial assets		-	(700,897)
Corporate and administration expenses		(262,250)	(190,320)
Share based payments expenses		-	11,828
Occupancy expenses		(60,017)	(126,313)
Depreciation expenses		(43,212)	(124,708)
Other expenses		(44,158)	(59,604)
Accounting expenses		(18,510)	(13,852)
Finance costs		(2,738)	(7,777)
Legal fees		(8,034)	(7,447)
Consulting fees		-	(9,628)
Directors' fees		-	(47,700)
Loss before income tax		**(426,740)**	**(2,640,988)**
Income tax benefit / (expense)		-	-
Loss for the half-year		**(426,740)**	**(2,640,988)**
Loss is attributable to:			
Owners of the Company		**(426,740)**	**(2,640,988)**
Other Comprehensive Income / (Loss)			
Other comprehensive income / (loss)		-	-
Total comprehensive loss for the half-year (net of tax)		**(426,740)**	**(2,640,988)**
Loss per share			
From continuing operations:			
Basic loss per share (cents per share)	11	(0.18)	(1.72)
Diluted loss per share (cents per share)	11	(0.18)	(1.72)

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 2014

	Note	Dec 2014 $	Jun 2014 $
ASSETS			
Current Assets			
Cash and cash equivalents		328,694	970,073
Trade and other receivables		5,143	48,802
Security deposits		50,969	73,710
Prepayment for exploration assets	9	55,801	78,376
Total Current Assets		**440,607**	**1,170,961**
Non-Current Assets			
Property, plant and equipment	8	33,885	77,097
Exploration and evaluation expenditure	9	35,298,843	34,982,747
Total Non-Current Assets		**35,332,728**	**35,059,844**
TOTAL ASSETS		**35,773,335**	**36,230,805**
LIABILITIES			
Current Liabilities			
Trade and other payables		61,371	100,172
Provisions		23,255	20,621
Total Current Liabilities		**84,626**	**120,793**
Non-Current Liabilities			
Provisions		19,805	14,367
Total Non-Current Liabilities		**19,805**	**14,367**
TOTAL LIABILITIES		**104,431**	**135,160**
NET ASSETS		**35,668,904**	**36,095,645**
EQUITY			
Contributed equity	10	50,719,869	50,719,869
Reserves		3,809,880	3,809,880
Accumulated losses		(18,860,845)	(18,434,104)
TOTAL EQUITY		**35,668,904**	**36,095,645**

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 2014

	Contributed Equity $	Accumulated Losses $	Reserves $	Total Equity $
Balance as at 1 July 2014	**50,719,869**	**(18,434,104)**	**3,809,880**	**36,095,645**
Total comprehensive income for the half-year	-	(426,740)	-	**(426,740)**
Transactions with owners, recorded directly in equity:				
Shares to be issued	-	-	-	**-**
Share based payments	-	-	-	**-**
Balance as at 31 December 2014	**50,719,869**	**(18,860,844)**	**3,809,880**	**35,668,905**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Contributed Equity $	Accumulated Losses $	Reserves $	Total Equity $
Balance as at 1 July 2013	49,581,149	(14,978,484)	3,398,072	**38,000,737**
Total comprehensive income for the half-year	-	(2,640,988)	-	**(2,640,988)**
Transactions with owners, recorded directly in equity:				
Shares to be issued	12,496	-	-	**12,496**
Share based payments	-	-	(11,828)	**(11,828)**
Balance as at 31 December 2013	**49,593,645**	**(17,619,472)**	**3,386,244**	**35,360,417**

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 2014

	Dec 2014 $	Dec 2013 $
Cash flows from operating activities		
Interest received	12,179	8,065
Payments to suppliers and employees	(364,764)	(337,630)
Net cash flows used in operating activities	**(352,585)**	**(329,565)**
Cash flows from investing activities		
Payments for exploration expenditure	(311,535)	(446,489)
Prepayment for exploration expenditure	-	(62,607)
Security deposit (paid) / received	22,741	264,000
Net cash flows used in investing activities	**(288,794)**	**(245,096)**
Cash flows from financing activities		
Proceeds from the issue of share capital (net)	-	12,496
Net cash flows generated by financing activities	**-**	**12,496**
Net increase / (decrease) in cash and cash equivalents	**(641,379)**	**(562,165)**
Cash and cash equivalents at the beginning of the half-year	970,073	666,842
Cash and cash equivalents at the end of the half-year	**328,694**	**104,677**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

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 interim financial report of the Group for the half-year ended 31 December 2014 was authorised for issue in accordance with a resolution of the Directors on 13 March 2015.

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

2. STATEMENT OF COMPLIANCE

These general purpose financial statements for the interim half-year reporting period ended 31 December 2014 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2014 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.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

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 interim half-year ended 31 December 2014, 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 2014 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 half-yearly reporting period beginning 1 July 2014.

4. GOING CONCERN

The Group recorded a consolidated loss of $426,740 for the half-year ended 31 December 2014 (December 2013: $2,640,988). At 31 December 2014, the Group has $328,694 in cash and cash equivalents (June 2014: $970,073).

The accounts have been prepared on a going concern basis. 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 and these observable inputs are the best estimates available at the time of performing the calculation but are subject to variability and may be materially different if hindsight was to be used.

(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) 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) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

In the half-year ended 31 December 2014, the Group has reviewed 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 2014.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2014. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies

7. 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.

8. PROPERTY, PLANT AND EQUIPMENT

	Dec 2014 $	Jun 2014 $
Non-current assets		
Balance at the start of the period, net of accumulated depreciation	77,097	306,246
Additions / (Written Off)	-	(6,001)
Depreciation charge	(43,212)	(223,148)
Balance net of accumulated depreciation	**33,885**	**77,097**

	Consolidated	
	Dec 2014 $	Jun 2014 $
Non-current assets		
Cost	735,048	735,048
Accumulated deprecation	(701,163)	(657,951)
Net carrying amount	**33,885**	**77,097**

9. EXPLORATION AND EVALUATION EXPENDITURE & PREPAYMENT

	Consolidated	
	Dec 2014	**Jun 2014**
	$	**$**
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	35,298,843	34,982,747
Prepayment for exploration assets	55,801	78,376
	35,354,644	**35,061,123**
Reconcilation:		
Carrying amount at start of half-year	35,061,123	35,552,166
Exploration expenditure	237,720	800,290
Prepayment for exploration assets	55,801	78,376
Expenditure written off	-	(1,369,709)
Carrying amount at the end of the period	**35,354,644**	**35,061,123**

The ultimate recoupment of exploration and evaluation expenditure is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas. There was no expenditure written off during the half-year ended 31 December 2014 (June 2014: $1,369,709).

10. CONTRIBUTED EQUITY

	Consolidated	
	Dec 2014	**Jun 2014**
	$	**$**
Balance at the start of the period	50,719,869	49,581,149
Shares issued	-	1,154,603
Less: share issue costs	-	(15,883)
	50,719,869	**50,719,869**

(A) MOVEMENTS IN SHARE CAPITAL DURING THE HALF-YEAR

	Dec 2014 Number of shares	**Jun 2014 Number of shares**
Balance at the start of the period	230,860,792	153,902,750
Shares issued for capital raising purposes[1]	-	76,951,375
Shares issued on exercise of options	-	6,667
	230,860,792	**230,860,792**

Note 1: On 20 February 2014, the Company completed a non-renounceable rights issue to shareholders. The Company allotted 76,951,375 ordinary fully paid shares together with 76,951,375 listed options to raise $1,154,270 before cost.

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 DURING THE HALF-YEAR

	Consolidated	
	Dec 2014	Jun 2014
	Number of options	Number of options
Balance at the start of the period	81,161,374	4,366,666
Options issued[1]	14,000,000	76,951,375
Options cancelled	-	(150,000)
Options lapsed	(1,616,666)	-
Options exercised	-	(6,667)
	93,544,708	**81,161,374**

Note 1: Pursuant to a General Meeting on 12 August 2014, the shareholders approved the issuance of options to the directors of the Company totalling 14,000,000 options exercisable at $0.09 and expire on 31 January 2017. These were accounted for and disclosed in the 30 June 2014 financial statements.

11. LOSS PER SHARE

	Consolidated	
	Dec 2014 Cents per share	Dec 2013 Cents per share
From continuing operations:		
Basic loss per share	(0.18)	(1.72)
Diluted loss per share	(0.18)	(1.72)

The calculation of basic loss per share at 31 December 2014 was based on the loss attributable to ordinary shareholders of $426,740 (December 2013: $2,640,988) and a weighted average number of ordinary shares outstanding during the year of 230,860,792 (December 2013:153,902,750).

(A) EARNINGS USED IN CALCULATING LOSS PER SHARE

	Consolidated	
	Dec 2014 $	Dec 2013 $
For basic and diluted loss per share		
Loss after income tax for the half-year	(426,740)	(2,640,988)

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

	Consolidated	
	Dec 2014 Number	Dec 2013 Number
Weighted Average Number of Ordinary Shares (WANOS)		
Weighted average number of ordinary shares	230,860,792	153,902,750

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.

12. COMMITMENTS

There were no material changes to the commitment transactions of the Group during the half-year ended 31 December 2014.

13. RELATED PARTY DISCLOSURE

There were no material changes to the related party transactions of the Group during the half-year ended 31 December 2014.

14. EVENTS SUBSEQUENT TO THE REPORTING PERIOD

Following the execution of a compensation/land access agreement with the landowner of land the subject of ML70/211 (Jinkas Resource), Ausgold proposes the commencement of a drilling program in late March. The program comprises approximately 4,000m of infill RC drilling at Jinkas on traverses through higher grade mineralisation to the north-east of the historic Jinkas North open cut and 2,000m of drilling around the Dingo open pit.

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 31 December 2014 and its performance for the half-year ended that date; and

3. the Directors have been given the declarations as required by s295A of the Corporations Act 2001.

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

For and on behalf of the Directors

Denis Rakich
Director

Perth, Western Australia
13 March 2015

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Ausgold Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Ausgold Limited, which comprises the consolidated statement of financial position as at 31 December 2014, consolidated the statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement 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 half-year end or from time to time during the half year.

Directors' Responsibility for the Half-Year 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 is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, 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 consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Ausgold Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Independence

In conducting our review, 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 review report.

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 4 in the half-year financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity, successful exploration and subsequent exploitation of the consolidated entity's tenements. 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.

BDO Audit (WA) Pty Ltd

BDO

Ian Skelton
Director

Perth,13 March 2015