Ausgold LIMITED

ABN 67 140 164 496

INTERIM FINANCIAL REPORT
FOR THE
SIX MONTHS ENDED 31 DECEMBER 2013

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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)

Company Secretary

Mr Denis Rakich

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Solicitors

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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 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 half-year were the 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 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

REVIEW OF OPERATIONS

Exploration

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

Ausgold subsequently 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. SRK Consulting (Australasia) Pty Ltd ("SRK") recently completed the re-appraisal of the Katanning Gold Project ("KGP"). The study provides a new and different interpretation of the geology and gold mineralisation at Katanning and has profound implications for the future exploration and development of the project.

The study is based on a comprehensive review of all data previously generated at Katanning including aircore drill data, RC and Diamond drilling, geochemical and geophysical surveys and provides a new geological model and a fresh understanding of the source and location of high grade gold mineralisation within the project area. As a result multiple new targets for high grade gold at Katanning have been identified which will be the primary focus of ongoing exploration.

Financial

The Group recorded a consolidated loss of $2,640,988 for the half-year ended 31 December 2013 (December 2012: $5,467,088). At 31 December 2013, the Group held cash and marketable securities totalling $720,521 (June 2013: $1,983,583).

On 27 November 2013, Ausgold announced a non-renounceable entitlement issue to eligible shareholders on the basis of one (1) new share for every two (2) shares held. Shares under the offer are offered at 1.5 cents per share. Each new share will be issued together with one (1) free attaching new option.

The maximum number of new shares which may be issued under the entitlement issue was 76,951,375 to raise $1,154,270. The maximum number of new options which may be issued under the entitlement issue was 76,951,375. Ausgold has made application to ASX for the quotation of the new shares and new options. The closing date for acceptances was extended to 14 February 2014.

EVENTS SUBSEQUENT TO REPORTING DATE

On 20 February 2014, Ausgold allotted a total of 76,951,375 new ordinary fully paid shares together with 76,951,375 new options. The proceeds from the rights issue totalled $1,154,270 before costs of the issue.

The funds raised from the rights issue will be used to drill new high grade gold targets at Katanning and advance exploration on other projects including Cracow and Yamarna.

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
14 March 2014

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

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

C Burton

Chris Burton

Director

BDO Audit (WA) Pty Ltd

Perth, 14 March 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Note	Dec 2013 $	Dec 2012 $
Revenue from continuing operations		8,066	35,472
Impairment exploration expenses		(1,372,636)	(3,185,654)
Share based payments expenses		11,828	(885,312)
Corporate and administration expenses		(190,320)	(676,700)
Net loss on financial assets		(700,897)	(249,250)
Occupancy expenses		(126,313)	(142,358)
Depreciation and amortisation expenses		(124,708)	(131,130)
Other expenses		(59,604)	(76,674)
Directors' fees		(47,700)	(62,700)
Consulting fees		(9,628)	(44,116)
Finance costs		(7,777)	(21,005)
Legal fees		(7,447)	(16,376)
Accounting expenses		(13,852)	(11,285)
Loss before income tax		**(2,640,988)**	**(5,467,088)**
Income tax benefit / (expense)		-	-
Loss after tax for the half-year		**(2,640,988)**	**(5,467,088)**
Loss is attributable to:			
Owners of the Company		**(2,640,988)**	**(5,467,088)**
Other Comprehensive Income / (Loss)			
Other comprehensive income / (loss)		-	-
Total comprehensive loss for the half-year (net of tax)		**(2,640,988)**	**(5,467,088)**
Loss per share			
From continuing operations attributable to the members of the Company:			
Basic loss per share (cents per share)	12	(1.72)	(3.78)

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 2013

	Note	Dec 2013 $	Jun 2013 $
ASSETS			
Current Assets			
Cash and cash equivalents		104,677	666,842
Trade and other receivables		9,226	54,838
Prepayment for exploration assets	10	74,764	12,157
Financial assets	8	615,844	1,316,741
Total Current Assets		**804,511**	**2,050,578**
Non-Current Assets			
Security deposits		45,240	309,240
Property, plant and equipment	9	180,953	306,246
Exploration and evaluation expenditure	10	34,620,432	35,540,010
Total Non-Current Assets		**34,846,625**	**36,155,496**
TOTAL ASSETS		**35,651,136**	**38,206,074**
LIABILITIES			
Current Liabilities			
Trade and other payables		279,174	182,270
Provisions		11,545	23,067
Total Current Liabilities		**290,719**	**205,337**
TOTAL LIABILITIES		**290,719**	**205,337**
NET ASSETS		**35,360,417**	**38,000,737**
EQUITY			
Contributed equity	11	49,593,645	49,581,149
Reserves		3,386,244	3,398,072
Accumulated losses		(17,619,472)	(14,978,484)
TOTAL EQUITY		**35,360,417**	**38,000,737**

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 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 loss for the half-year	-	(2,640,988)	-	**(2,640,988)**
Transactions with owners, recorded directly in equity:				
Shares issued during the half-year	-	-	-	**-**
Shares to be issued	12,496	-	-	**12,496**
Options to be issued	-		-	**-**
Share issue costs	-	-	-	**-**
Shares issued on exercise of options	-	-	-	**-**
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 CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	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 half-year	-	(5,467,088)	-	**(5,467,088)**
Transactions with owners, recorded directly in equity:				
Shares issued during the half-year	7,026,036	-	-	**7,026,036**
Shares to be issued	-	-	-	**-**
Options to be issued	-		-	**-**
Share issue costs	(156,372)	-	-	**(156,372)**
Shares issued on exercise of options	291,159	-	-	**291,159**
Share based payments	-	-	885,312	**885,312**
Balance as at 31 December 2012	**49,649,331**	**(12,154,889)**	**3,941,419**	**41,435,861**

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 2013

	Dec 2013 $	Dec 2012 $
Cash flows from operating activities		
Interest received	8,065	35,472
Payments to suppliers and employees	(337,630)	(1,061,997)
Net cash flows used in operating activities	**(329,565)**	**(1,026,525)**
Cash flows from investing activities		
Payments for plant and equipment	-	(47,939)
Payments for exploration expenditure	(446,489)	(3,028,177)
Prepaid exploration expenditure	(62,607)	-
Security deposit (paid) / received	264,000	80,000
Net cash flows used in investing activities	**(245,096)**	**(2,996,116)**
Cash flows from financing activities		
Repayment of / Proceeds from borrowings	-	(14,961)
Proceeds from the issue / pending issue of share capital (net)	12,496	3,830,837
Net cash flows generated by financing activities	**12,496**	**3,815,876**
Net increase / (decrease) in cash and cash equivalents	**(562,165)**	**(206,765)**
Cash and cash equivalents at the beginning of the half-year	666,842	1,221,297
Cash and cash equivalents at the end of the half-year	**104,677**	**1,014,532**

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 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 interim financial report of the Group for the half-year ended 31 December 2013 was authorised for issue in accordance with a resolution of the directors on 14 March 2014.

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

2. STATEMENT OF COMPLIANCE

The consolidated half-year 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 interim half-year ended 31 December 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 2013 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 2013.

4. GOING CONCERN

The Group recorded a consolidated loss of $2,640,988 for the half-year ended 31 December 2013 (December 2012: $5,467,088). At 31 December 2013, the Group held cash and marketable securities totalling $720,521 (June 2013: $1,983,583).

The accounts have been prepared on a going concern basis. During the half-year, Ausgold announced a non-renounceable entitlement issue to eligible shareholders on the basis of one (1) new share for every two (2) shares held. Shares under the offer are offered at 1.5 cents per share. Each new share will be issued together with one (1) free attaching new option. The maximum number of new shares which may be issued under the entitlement issue was 76,951,375 to raise $1,154,270. At 31 December 2013, the Group raised $12,496 with the balance of the proceeds received after the half-year.

On 20 February 2014, Ausgold allotted a total of 76,951,375 new ordinary fully paid shares together with 76,951,375 new options. The proceeds from the rights issue totalled $1,154,270 before costs of the issue.

The funds will be used 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.

(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 recoverable.

(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) 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 statement of financial position 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 or 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.

(B) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

In the half-year ended 31 December 2013, the Group had to change some of its accounting policies as a result of new or revised accounting standards which became effective for the annual reporting period commencing on 1 July 2013.

The affected policies and standards are:

- Principles of consolidation – new standards AASB 10 Consolidated Financial Statements and AASB 11 Joint arrangements
- Accounting for employee benefits – revised AASB 119 Employee Benefits

Other new standards that are applicable for the first time for the December 2013 half-year report are AASB 13 Fair Value Measurement, AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities and AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle. These standards have introduced new disclosures for the interim report but did not affect the entity’s accounting policies or any of the amounts recognised in the financial statements.

(i) Principles of consolidation – subsidiaries and joint arrangements

AASB 10 was issued in August 2011 and replaces the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements and in Interpretation 112 Consolidation – Special Purpose Entities. Under the new principles, the group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The group has reviewed its investments in other entities to assess whether the consolidation conclusion in relation to these entities is different under AASB 10 than under AASB 127. No differences were found and therefore no adjustments to any of the carrying amounts in the financial statements are required as a result of the adoption of AASB 10.

Under AASB 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement. The Group does not have any joint arrangements.

(ii) Employee benefits

The Group has reviewed its employee benefits provisions in all entities AASB 119 Employee Benefits. No differences were found and therefore no adjustments to any of the carrying amounts in the financial statements are required as a result of the adoption of revised AASB 119.

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 2013. 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, except for AASB 9 mentioned above.

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. FINANCIAL ASSETS

	Consolidated	
	Dec 2013	**Jun 2013**
	$	**$**
Current assets		
UK listed shares carried at fair value	615,844	1,316,741
	615,844	**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 half-year ended 31 December 2013, the financial assets decreased in value due to a drop in the share price and the increase in value of the Australian Dollar against the British Pound.

9. PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	Dec 2013	**Jun 2013**
	$	**$**
Non-current assets		
Balance at the start of the period, net of accumulated depreciation	306,246	527,378
Additions / (Written off)	(585)	47,940
Depreciation charge	(124,708)	(269,072)
Balance net of accumulated depreciation	**180,953**	**306,246**

	Consolidated	
	Dec 2013	**Jun 2013**
	$	**$**
Non-current assets		
Cost	800,498	846,829
Accumulated deprecation	(619,545)	(540,583)
Net carrying amount	**180,953**	**306,246**

10. EXPLORATION AND EVALUATION EXPENDITURE & PREPAYMENT

	Consolidated	
	Dec 2013	**Jun 2013**
	$	**$**
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	34,620,432	35,540,010
Prepayment for exploration assets	-	-
	34,620,432	**35,540,010**
Reconcilation:		
Carrying amount at the start of the period	35,540,010	39,171,699
Exploration expenditure	378,294	2,277,995
R&D tax credit received (net)	-	(1,246,823)
Prepayment for exploration assets	74,764	-
Expenditure written off	(1,372,636)	(4,662,861)
Carrying amount at the end of the period	**34,620,432**	**35,540,010**

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 half-year, the Group wrote off expenditure totaling $1,372,636 (June 2013: $4,662,861).

11. CONTRIBUTED EQUITY

	Parent Entity Dec 2013 $	Parent Entity Jun 2013 $
Balance at the start of the period	49,581,149	42,488,508
Shares issued	-	6,957,855
Shares to be Issued	12,496	-
Less: share issue costs	-	(156,373)
Shares issued on exercise of options	-	291,159
	49,593,645	**49,581,149**

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 HALF-YEAR

	Parent Entity Dec 2013 Number of shares	Parent Entity Jun 2013 Number of shares
Balance at the start of the period	153,902,750	130,640,771
Shares issued for capital raising purposes[1]	-	21,806,185
Shares issued on exercise of options	-	1,455,794
	153,902,750	**153,902,750**

Note 1: 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 DURING THE HALF-YEAR

	Parent Entity Dec 2013 Number of options	Parent Entity Jun 2013 Number of options
Balance at the start of the period	4,366,666	79,936,369
Options issued	-	1,950,000
Options cancelled[1]	(150,000)	(4,533,334)
Options lapsed	-	(71,530,575)
Options exercised	-	(1,455,794)
	4,216,666	**4,366,666**

Note 1: On 16 September 2013 Ausgold cancelled 150,000 unlisted employee options due to the cessation of employment.

12. LOSS PER SHARE

	Consolidated	
	Dec 2013 Cents per share	**Dec 2012 Cents per share**
From continuing operations:		
Basic loss per share	(1.72)	(3.78)

The calculation of basic loss per share at 31 December 2013 was based on the loss attributable to ordinary shareholders of $2,640,988 (December 2012: $5,467,088) and a weighted average number of ordinary shares outstanding during the half-year of 153,902,750 (December 2012: 144,795,132).

(A) EARNINGS USED IN CALCULATING LOSS PER SHARE

	Dec 2013 $	**Dec 2012 $**
For basic loss per share		
Loss after income tax for the half-year	(2,640,988)	(5,467,088)

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

	Dec 2013 Number	**Dec 2012 Number**
Weighted Average Number of Ordinary Shares (WANOS)		
Weighted average number of ordinary shares	153,902,750	144,795,132

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.

13. COMMITMENTS

There were no material changes to the commitment transactions of the Group during the half-year ended 31 December 2013.

14. RELATED PARTY DISCLOSURE

There were no material changes to the related party transactions of the Group during the half-year ended 31 December 2013.

15. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(A) FAIR VALUE HIERARCHY

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.

		Dec 2013				Jun 2013			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	Note	$	$	$	$	$	$	$	$
Consolidated									
Financial assets [1]	8	615,844	-	-	615,844	1,316,741	-	-	1,316,741
		615,844	-	-	615,844	1,316,741	-	-	1,316,741

Note 1: UK listed shares carried at fair value

Disclosed Fair Values

Due to their short-term nature, the carrying amount of current receivables and current payables are assumed to approximate their fair value.

16. EVENTS SUBSEQUENT TO REPORTING DATE

On 27 November 2013, Ausgold announced a non-renounceable entitlement issue to eligible shareholders on the basis of one (1) new share for every two (2) shares held. Shares under the offer are offered at 1.5 cents per share. Each new share will be issued together with one (1) free attaching new option.

The maximum number of new shares which may be issued under the entitlement issue was 76,951,375 to raise $1,154,270. The maximum number of new options which may be issued under the entitlement issue was 76,951,375. Ausgold has made application to ASX for the quotation of the new shares and new options. The closing date for acceptances was extended to 14 February 2014.

On 20 February 2014, Ausgold allotted a total of 76,951,375 new ordinary fully paid shares together with 76,951,375 new options. The proceeds from the rights issue totalled $1,154,270 before costs of the issue.

The funds raised from the rights issue will be used to drill new high grade gold targets at Katanning and advance exploration on other projects including Cracow and Yamarna.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Ausgold Limited, I state that:

In the opinion of the directors:

1. the financial statements and notes of the consolidated entity are in accordance with the Corporations Act, 2001, including:

   a. giving a true and fair view of the financial position as at the 31 December 2013 and the performance for the half-year ended on that date of the consolidated entity; and

   b. complying with the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

For and on behalf of the Directors

Denis Rakich
Director

Perth, Western Australia
14 March 2014

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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 2013, 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, notes comprising a statement of 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's 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 2013 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 2013 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 at amount stated in the financial statements.

BDO Audit (WA) Pty Ltd

BDO

C Burton

Chris Burton

Director

Perth, 14 March 2014