



**ABN 67 140 164 496**

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**INTERIM FINANCIAL REPORT  
FOR THE  
SIX MONTHS ENDED 31 DECEMBER 2018**

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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 Neil Fearis**  
Non-Executive Director

**Mr Geoffrey Jones**  
Non-Executive Director

### COMPANY SECRETARY

Mr Denis Rakich

### REGISTERED OFFICE

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### AUDITORS

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### SECURITIES EXCHANGE

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Level 40, Central Park  
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ASX Code: AUC

### SHARE REGISTRY

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### SOLICITORS

Squire Patton Boggs  
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PERTH WA 6000

HopgoodGanim Lawyers  
15 Colin Street  
WEST PERTH WA 6005

### BANKERS

Westpac Banking Corporation  
Level 6, 109 St Georges Terrace  
PERTH WA 6000

### AUSTRALIAN BUSINESS NUMBER

ABN 67 140 164 496

## 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 2018. 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 Directors of the Company during and since the end of the half-year are:

Name	Period of Directorship
<b>Mr Richard Lockwood</b> Non-Executive Chairman	Non-Executive Director since 12 November 2010 Non-Executive Chairman since 2 September 2015
<b>Dr Matthew Greentree</b> Chief Executive Office and Managing Director	Chief Executive Officer Since 10 April 2017 Managing Director Since 19 April 2018
<b>Mr Denis Rakich</b> Executive Director and Company Secretary	Director since 31 January 2013
<b>Mr Neil Fearis</b> Non-Executive Director	Director since 15 April 2016
<b>Mr Geoffrey Jones</b> Non-Executive Director	Director since 29 July 2016

### REVIEW OF OPERATIONS

#### Exploration

##### Katanning Gold Project, WA (100% interest)

Ausgold continues to focus its activities on advancing the 100%-owned Katanning Gold Project ("KGP"), located 40km from the township of Katanning in south west Western Australia ("WA").

During the half-year, Ausgold, together with technical consultant SRK Consulting Pty Ltd ("SRK"), completed an upgraded JORC 2012 Mineral Resource estimate for the KGP. The new Resource of 25.1Mt at 1.29 g/t Au for 1,038,960 ounces of gold represents an increase of 32% on the previous estimate and highlights the near-term development potential of the KGP.

Summary Gold Resources for the KGP:

Resource Category	Tonnes Mt	Grade (g/t au)	Contained Gold (oz)
<b>Measured</b>	<b>2.07</b>	<b>2.15</b>	<b>142,890</b>
<b>Indicated</b>	<b>8.29</b>	<b>1.28</b>	<b>340,320</b>
<b>Inferred</b>	<b>14.74</b>	<b>1.17</b>	<b>555,750</b>
<b>Total Resource</b>	<b>25.10</b>	<b>1.29</b>	<b>1,038,960</b>

*Note:*

*Resource is reported at a lower cut-off grade of 0.7 g/t Au and above 200m RL (approximately 170m depth).*

The Resource upgrade was completed following assessment of the three stacked Jinkas, White Dam and Jackson trends, each of which has a 4.5 km strike length. Coupled with the addition of the Dingo and Datatine deposits, the new Resource incorporates recent reverse circulation ("RC") drilling (112 holes for 15,344m) and diamond drilling (7 holes for 861m) completed in 2018, which targeted high grade mineralisation and strike extensions of known mineralisation, as well as historical data validated by recent drilling.

The new 3D geological model developed for the Resource estimation indicates potential for significant additional Resources within the current Resource areas of the central KGP, namely Jinkas, White Dam and Jackson.

Modelling of the existing drilling in this area highlights the strong lateral continuity of identified mineralised lodes over a considerable strike length.

A seventy hole 10,000m RC and diamond exploration drill program which has been designed to test the target areas along strike from the Jinkas-Olympia and White Dam trends is planned for the March 2019 quarter.

#### Newly identified western trends

Two high priority target areas have been identified approximately 2.5km to the west of the main KGP Resource area using high-resolution geophysics. These western trends represent easterly dipping thrust structures that extend for more than 10km and show geological similarities to the main KGP Resource area in field mapping and interpretation of geophysics.

Previous auger sampling at 1km spacing identified broad gold anomalism >20ppb over a strike length of more than 10km. Infill auger sampling was completed in February 2019 and follow-up drilling on the structures is planned to commence mid March 2019.

#### Katanning regional

Ausgold holds exploration rights over a landholding of more than 4,000km<sup>2</sup> along a significant geological boundary separating the Boddington and Lake Grace Terranes. Faults along this boundary are the same as those that host the gold mineralisation within the KGP.

A new geological interpretation of the region based on field mapping has provided a framework under which to conduct exploration. Combined with the significant geochemical database collected by Ausgold and historical data, this has enabled the identification of 42 new regional target areas. During the half year Ausgold continued target work programs, including surface sampling to prioritise new targets for follow-up assessment.

#### **Red Hill Vanadium Project, WA (100% interest)**

The Red Hill Vanadium Project ("Red Hill") lies 20km north of the southern wheat belt town of Katanning, located 240km southeast of Perth, Western Australia. The project comprises of two granted and two pending exploration licenses for a total area of 450km<sup>2</sup>.

Red Hill is an advanced vanadium exploration project which 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 (V<sub>2</sub>O<sub>5</sub>) mineralisation from surface, with thicknesses of up to 60m and multiple zones of mineralisation identified.

#### Key prospects

Drilling has tested vanadium-magnetite mineralisation intersected in shallow drilling over 2km strike length.

Past exploration including 114 drill holes (108 RC holes for 8,291m and 6 diamond holes for 788m) identified mineralisation with relatively shallow dips from surface to a lower limit of approximately 80m. Based on Ausgold's review of the project, a further sixteen high priority targets which cover a total strike length of over 17km have been identified.

Within the Red Hill prospect vanadiferous titanomagnetite mineralisation is defined by drilling over a strike length of 2km. The layered mafic intrusion presents as an open fold striking north-south and dipping shallowly towards the west to steepening to the east.

Significant intercepts at Red Hill include:

56m at 0.44% V<sub>2</sub>O<sub>5</sub> and 22.94 % Fe from 0m, including 3m at 1.14% V<sub>2</sub>O<sub>5</sub> and 27.09% Fe in 12KTR096  
20m at 0.65% V<sub>2</sub>O<sub>5</sub> and 24.3 % Fe from 6m, including 2m at 1.03% V<sub>2</sub>O<sub>5</sub> and 27.09% Fe in 08KTR075  
3m @ 1.12 % V<sub>2</sub>O<sub>5</sub> from 12m in 08KTR009  
4m @ 1.07 % V<sub>2</sub>O<sub>5</sub> from 61m 08KTR013  
8m @ 0.71% V<sub>2</sub>O<sub>5</sub> from 79m, including 1m @1.32% V<sub>2</sub>O<sub>5</sub> from 83m in 10KTD

Exploration potential is considered high within the magnetite rich zones which are mapped along a 17km strike length. Historical drilling has intersected significant V2O5 mineralisation greater than 1% in multiple zones. The interpretation of geophysics including ground magnetic surveys provides an effective exploration tool, however, given there is strong vanadium mineralisation in areas of low to moderate magnetic intensity other geophysical methods including ground gravity, will likely delineate further targets.

During the half-year Ausgold's assessment of Red Hill continued and to date has included the collection of additional data from previous owners, reprocessing airborne geophysics, modelling ground magnetics, developing a new geological interpretation and conducting geological mapping to assess the extent of the intrusive complex that hosts the mineralisation. Currently, Ausgold has interpreted magnetite mineralisation extending over 30km within this intrusive complex.

#### **Doolgunna Station, WA (100% interest)**

In June 2018 Ausgold entered into a Farm-in Agreement with Intrepid Mines Limited ("Intrepid") (ASX:IAU) over the Doolgunna Station Project, located 150km north east of Meekatharra in WA's Bryah Basin. The project comprises E 52/3031 covering 176km<sup>2</sup> and is located approximately 13km to the west and along trend from the DeGrussa copper-gold operations of Sandfire Resources Limited. Under the terms of the agreement Intrepid has the right to earn a 70% interest in the Project by spending a minimum of \$2,150,000 over two years.

After the spending commitment is met, Ausgold can either retain a 30% contributing interest or reduce to a 20% interest free-carried to a decision to mine.

During December 2018 Intrepid completed an eight-hole 2,400m diamond drill program at the project, targeting Degrussa-style volcanic hosted massive sulphide (VHMS) copper-gold mineralisation on the south eastern portion of the property.

The drill program consisted of eight angled diamond drill holes to test coincident geophysical and geochemical targets considered prospective for VHMS copper-gold mineralisation. These targets were identified from airborne VTEM and, fixed loop electro-magnetic (FLEM) survey and where aircore drilling has identified copper anomalies (> 500 ppm copper) in Proterozoic rocks. Assay results are awaited.

The drill program was partly funded by Western Australian Government's Exploration Incentive Scheme (EIS) which will provide up to 50% of the cost of innovative exploration drilling projects and is capped at \$150,000.

#### **Yamarna Project, WA (100% interest)**

The Yamarna Project is located approximately 125km north-east of Laverton in central Western Australia on exploration licences E38/2129 and E38/2863. The Project area covers 300km<sup>2</sup> of prospective ground over the Yamarna Belt, the eastern-most Archean greenstone belt of the Yilgarn Craton.

During the half year, Ausgold entered into an option agreement with ASX-listed exploration company Great Boulder Resources Limited ("Great Boulder") (ASX:GBR) in relation to the Yamarna Project, which lies 40km north along strike from Great Boulder's Mt Venn project.

Under the agreement Ausgold granted Great Boulder an option to form a joint venture through the expenditure of \$50,000 on E38/2129 in the then current reporting year. Great Boulder has met this commitment by drilling two EM targets at the Winchester prospect, and has exercised its option.

Upon exercise of the option, Great Boulder acquired the right to earn a 75% interest in the Yamarna Project by issuing Ausgold 1,500,000 fully paid ordinary shares and spending a minimum \$500,000 on exploration over a term of four years. Should Great Boulder meet the minimum expenditure milestone, Ausgold will retain a 25% free-carried interest up until a decision to mine.

Previous work by Ausgold at the Yamarna Project identified nickel – copper mineralisation at the Winchester prospect where Great Boulder completed a drill program which consisted of two RC drill holes for 388m. RC drill holes were drilled down dip of the previous drilling at Winchester, with the drilling being targeted from modelled down-hole EM conductor plates.

Significant new results include:

7m @ 1.1% Cu, 0.2% Ni, 0.01% Co, 0.19g/t Au, 0.13g/t PGE from 120m in 18WNRC001  
- including 2m @ 1.8% Cu, 0.2% Ni, 0.02% Co, 0.25g/t Au, 0.22g/t PGE  
13m @ 0.9% Cu, 0.3% Ni, 0.02% Co from 138m in 18WNRC002  
- including 2m @ 1.5% Cu, 0.1% Ni, 0.01% Co, 0.12g/t Au  
- including 5m @ 1.1% Cu, 0.7% Ni, 0.04% Co, 0.10g/t PGE

These results confirm down dip continuity of mineralisation intersected by Ausgold in previous drilling where significant RC drilling results include (ASX announcement 5 April 2017):

31m @ 0.58% Cu, 0.3% Ni from 29m in YMRC003  
21m @ 0.6% Cu, 0.2% Ni, and 0.02% Co from 88m in YMRC009  
- including 3m @ 0.9% Cu, 0.5% Ni, 0.03% Co  
- including 3m @ 1.2% Cu, 0.2% Ni, 0.01% Co  
28m @ 0.5% Cu, 0.2% Ni, and 0.02% Co from 99m in YMRC010  
- including 10m @ 0.8% Cu, 0.4% Ni, 0.03% Co

Future drill programs will target the strike and dip extensions of the Winchester mineralisation which should provide an understanding of the Resource potential, while also assessing basal accumulations of more massive high tenor nickel sulphide which is consistent with this style of mineralisation.

In addition to the mineralisation target by drilling at Winchester, several more airborne EM targets have been identified providing further near-term exploration drill targets. Great Boulder is currently in the process of assessing these new targets and designing follow-up drill programs to be implemented once the formal joint venture agreement with Ausgold is executed.

#### **Financial**

The Group recorded a consolidated loss of \$901,247 for the half-year ended 31 December 2018 (December 2017: \$630,066). At 31 December 2018, the Group had \$495,298 in cash and cash equivalents (June 2018: \$2,216,907).

#### **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

On 13 March 2019, Ausgold completed a share placement ('Placement') to raise \$1,800,000 before costs. The proceeds from the Placement will be used to advance exploration at the Company's Katanning Gold Project, with drilling targeting extensions to current Resources, newly identified near Resource targets and regional targets within the broader Katanning landholding and to provide additional working capital. Under the Placement, the Company issued a total of 90,000,000 shares at an issue price of 2 cents each.

On the same day, Ausgold also finalised a Farm-in and Joint Venture agreement with Great Boulder Resources Limited ("Great Boulder") (ASX:GBR) in regards to its 100% owned Yamarna Project. Boulder has exercised their option to form a Farm-in/ Joint Venture on granted tenement E38/2129 and application E38/3311. Under the terms of the agreement, Great Boulder will issue Ausgold 1,500,000 GBR shares which are under staged voluntary escrow periods of 3 to 9 months.

Great Boulder can earn a 51% interest in the Winchester project by spending \$250,000 on exploration over two years, and an additional 24% (75% in total) by spending an additional \$250,000 (\$500,000 in total) over four years. Great Boulder has currently spent approximately \$100,000 at Winchester. Upon Great Boulder meeting the minimum expenditure milestone, Ausgold will retain a 25% free-carried interest in the Winchester project to a decision to mine.

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

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**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

A handwritten signature in black ink, appearing to read "Denis Rakich".

**Denis Rakich**  
**Director**

Perth, Western Australia  
15 March 2019



DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF AUSGOLD LIMITED

As lead auditor for the review of Ausgold Limited for the half-year ended 31 December 2018, 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.



Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 15 March 2019

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
 COMPREHENSIVE INCOME**  
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Dec 2018 \$	Dec 2017 \$
Revenue from continuing operations	2,812	2,264
Other income	2,144	-
Impairment exploration expenses	(375,060)	(27,822)
Corporate and administration expenses	(319,359)	(366,186)
Share based payments expenses	(41,145)	(44,892)
Occupancy expenses	(48,988)	(57,219)
Other expenses	(73,379)	(62,739)
Accounting expenses	(35,254)	(30,631)
Depreciation expenses	(6,579)	(18,352)
Finance costs	(3,035)	(4,462)
Legal fees	(3,404)	(20,027)
<b>Loss before income tax</b>	<b>(901,247)</b>	<b>(630,066)</b>
Income tax benefit / (expense)	-	-
<b>Loss for the period</b>	<b>(901,247)</b>	<b>(630,066)</b>
<b>Loss is attributable to:</b>		
Owners of the Company	<b>(901,247)</b>	<b>(630,066)</b>
<b>Other comprehensive income / (loss)</b>		
Other comprehensive income / (loss)	-	-
<b>Total comprehensive loss for the period (net of tax)</b>	<b>(901,247)</b>	<b>(630,066)</b>
<b>Loss per share for the period attributable to the members of Ausgold Limited:</b>		
Basic loss per share (cents per share)	(0.14)	(0.14)
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 2018

	Note	Dec 2018 \$	Jun 2018 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		495,298	2,216,907
Trade and other receivables		29,631	89,415
Security deposits		94,611	94,111
Prepayment for exploration assets	8	16,408	10,898
<b>Total Current Assets</b>		<b>635,948</b>	<b>2,411,331</b>
<b>Non-Current Assets</b>			
Property, plant and equipment		56,088	54,264
Exploration and evaluation expenditure	8	40,598,299	39,875,523
<b>Total Non-Current Assets</b>		<b>40,654,387</b>	<b>39,929,787</b>
<b>TOTAL ASSETS</b>		<b>41,290,335</b>	<b>42,341,118</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		385,134	589,450
Provisions		113,149	109,397
<b>Total Current Liabilities</b>		<b>498,283</b>	<b>698,847</b>
<b>Non-Current Liabilities</b>			
Provisions		1,080,030	1,070,148
<b>Total Non-Current Liabilities</b>		<b>1,080,030</b>	<b>1,070,148</b>
<b>TOTAL LIABILITIES</b>		<b>1,578,313</b>	<b>1,768,995</b>
<b>NET ASSETS</b>		<b>39,712,022</b>	<b>40,572,123</b>
<b>EQUITY</b>			
Contributed equity	9	63,131,789	63,131,789
Reserves		5,162,227	5,121,081
Accumulated losses		(28,581,994)	(27,680,747)
<b>TOTAL EQUITY</b>		<b>39,712,022</b>	<b>40,572,123</b>

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 2018

	Contributed Equity \$	Accumulated Losses \$	Reserves \$	Total Equity \$
<b>Balance as at 1 July 2018</b>	63,131,789	(27,680,747)	5,121,081	40,572,123
<b>Total comprehensive loss</b>	-	(901,247)	-	(901,247)
<b>Transactions with owners, recorded directly in equity:</b>				
Share based payments	-	-	41,146	41,146
<b>Balance as at 31 December 2018</b>	<b>63,131,789</b>	<b>(28,581,994)</b>	<b>5,162,227</b>	<b>39,712,022</b>

	Contributed Equity \$	Accumulated Losses \$	Reserves \$	Total Equity \$
<b>Balance as at 1 July 2017</b>	56,533,836	(26,543,606)	4,831,652	34,821,882
<b>Total comprehensive loss</b>	-	(630,066)	-	(630,066)
<b>Transactions with owners, recorded directly in equity:</b>				
Shares issued	4,305,790	-	-	4,305,790
Share issue costs	(32,164)	-	-	(32,164)
Share based payments	-	-	170,120	170,120
<b>Balance as at 31 December 2017</b>	<b>60,807,462</b>	<b>(27,173,672)</b>	<b>5,001,772</b>	<b>38,635,562</b>

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 2018

	Dec 2018	Dec 2017
	\$	\$
<b>Cash flows from operating activities</b>		
Interest received	2,812	2,264
Payments to suppliers and employees	(522,185)	(783,458)
Receipts from rebates and claims	76,294	-
<b>Net cash flows used in operating activities</b>	<b>(443,079)</b>	<b>(781,194)</b>
<b>Cash flows from investing activities</b>		
Payments for plant and equipment	(8,404)	(1,523)
Payments for exploration expenditure	(1,186,385)	(910,005)
Security deposit (paid) / received	(500)	-
<b>Net cash flows used in investing activities</b>	<b>(1,195,289)</b>	<b>(911,528)</b>
<b>Cash flows from financing activities</b>		
Proceeds from the issue of share capital	-	3,917,290
Transaction costs related to issues of shares and options	(83,241)	(32,164)
<b>Net cash flows generated by financing activities</b>	<b>(83,241)</b>	<b>3,885,126</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(1,721,609)</b>	<b>2,192,404</b>
Cash and cash equivalents at the beginning of the period	2,216,907	602,829
<b>Cash and cash equivalents at the end of the period</b>	<b>495,298</b>	<b>2,795,233</b>

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 2018

### 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 2018 was authorised for issue in accordance with a resolution of the Directors on 15 March 2019.

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 general purpose financial statements for the interim half-year reporting period ended 31 December 2018 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 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 2018 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 is 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 2018, 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 2018 have been reviewed. It has been determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the operations of the Group and consolidated entity and, therefore, no change is necessary to the accounting policies.

The Group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2018.

#### **4. GOING CONCERN**

The accounts have been prepared on a going concern basis. The Group recorded a consolidated loss of \$901,247 (December 2017: \$630,066), had cash outflow from operating and investing activities of \$1,638,368 (December 2017: \$1,692,722) for the half-year ended 31 December 2018. At 31 December 2018, the Group had \$495,298 in cash and cash equivalents (June 2018: \$2,216,907).

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, will be dependent upon the future successful raising of necessary funding through equity and/or successful exploration of the consolidated entity's tenements. These conditions indicate a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore whether it will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business.

Subsequent to the half-year, on 13 March 2019, Ausgold completed a share placement ('Placement') to raise \$1,800,000 before costs. The proceeds from the Placement will be used to advance exploration at the Company's Katanning Gold Project, with drilling targeting extensions to current Resources, newly identified near Resource targets and regional targets within the broader Katanning landholding and to provide additional working capital.

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 that they will be able to raise the funding, the timing, extent and cost of any additional funding is always uncertain.

In the event that funding of an amount necessary to meet the future budgeted operational and investing activities of the Group is unavailable, 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 and thereby assist in ensuring that the Group can meet its obligations as and when they become due and payable.

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

#### **6. SIGNIFICANT ACCOUNTING POLICIES**

##### **(A) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS**

In the half-year ended 31 December 2018, 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 2018.

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 the Group's 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 2018. 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.

## **(B) ADOPTION OF NEW AND AMENDED ACCOUNTING STANDARDS**

A number of new or amended standards became applicable for the current reporting period and the Group has changed its accounting policies as a result of the adoption of the following standards:

- AASB 9 Financial Instruments

AASB 9 replaces the provisions of AASB 139 Financial Instruments that relate to the recognitions, classification and measurement of financial assets and financial liabilities, de-recognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of AASB 9 from 1 July 2018 resulted in no material changes in accounting policies and adjustments to the amounts recognised in the financial statements. There was no impact on the amounts recognised in the financial statements as a result of adoption.

- AASB 15 Revenue from Contracts with Customers

The Group has adopted AASB 15 from 1 July 2018 which has no material impact to the amounts recognised in the financial statements.

## **7. 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.

## **8. EXPLORATION AND EVALUATION EXPENDITURE & PREPAYMENT**

	Dec 2018 \$	Jun 2018 \$
<b>Non-current assets</b>		
<b>Exploration, evaluation, prepayment and development costs carried forward in respect of areas of interest (net of amounts written off)</b>		
Exploration and evaluation expenditure	40,058,415	39,335,639
Prepayment for exploration assets	16,408	10,898
Acquisition of tenements - Dumbleyung Project	539,884	539,884
	<b>40,614,707</b>	<b>39,886,421</b>
<b>Reconciliation:</b>		
Carrying amount at start of year	39,886,421	35,610,028
Exploration expenditure	1,086,938	3,754,327
Acquisition of tenements - Dumbleyung Project	-	539,884
Prepayment for exploration assets	16,408	10,898
Expenditure written off	(375,060)	(28,716)
<b>Carrying amount at the end of the period</b>	<b>40,614,707</b>	<b>39,886,421</b>

The ultimate recoupment of exploration and evaluation expenditure is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas. The Group wrote off \$375,060 (June 2018: \$28,716) in expenditure during the half-year ended 31 December 2018.



## 9. CONTRIBUTED EQUITY

	Dec 2018	Jun 2018
	\$	\$
<b>Equity</b>		
Balance at the start of the period	63,131,789	56,533,836
Shares issued for capital raising purposes	-	6,317,290
Shares issued for acquisition of tenements - Dumbleyung Project	-	388,500
Less share issue costs	-	(107,837)
	<b>63,131,789</b>	<b>63,131,789</b>

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

	Dec 2018	Jun 2018
	Number of shares	Number of shares
Balance at the start of the period	657,149,541	405,457,951
Shares issued for capital raising purposes	-	236,691,590
Shares issued for acquisition of tenements - Dumbleyung Project	-	15,000,000
	<b>657,149,541</b>	<b>657,149,541</b>

### (B) MOVEMENTS IN SHARE OPTIONS DURING THE HALF-YEAR

	Dec 2018	Jun 2018
	Number of options	Number of options
Balance at the start of the period	67,819,235	43,919,235
Options issued	-	16,800,000
Options issued for acquisition of tenements - Dumbleyung Project	-	10,000,000
Options lapsed	-	(2,900,000)
	<b>67,819,235</b>	<b>67,819,235</b>

#### 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 of the Performance Rights. Each Performance Right entitles the holder to be issued one Ausgold share. The Plan was approved by the shareholders on 29 November 2018.

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

	<b>Opening Balance (Number)</b>	<b>Received (Number)</b>	<b>Vested (Number)</b>	<b>Closing Balance (Number)</b>
<b>Directors</b>				
R Lockwood	-	4,000,000	-	4,000,000
N Fearis	-	2,000,000	-	2,000,000
G Jones	-	2,000,000	-	2,000,000
M Greentree	-	6,000,000	-	6,000,000
D Rakich	-	5,000,000	-	5,000,000
<b>Total</b>	<b>-</b>	<b>19,000,000</b>	<b>-</b>	<b>19,000,000</b>

The grant date of the Performance Rights was 29 November 2018 and the Performance Right will vest on 1 October 2019. The fair value per right is \$0.0193.

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 Director must be a director of the Company at the end of the measurement period. At the end of the measurement period, the Company’s performance shall 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.

### Share Based Payments

A share based payment expense of \$41,145 (December 2017: \$44,892) was recorded for the half-year ended 31 December 2018. Of the \$41,145, \$2,798 relates to options issued to Dr Matthew Greentree in the prior period. The options are part of Dr Greentree’s remuneration package.

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 were made through the issue of equity during the half-year ended 31 December 2018:

<b>Performance Rights</b>	
Number issued	19,000,000
Grant date / Agreement date	29 Nov 2018
Expiry date	30 Sep 2019
Exercise price	\$0.00
Option life	0.84 year
Fair value at grant date	\$0.0193
Risk-free interest rate	2.01%
<b>Total fair value</b>	<b>\$366,700</b>

## 10. COMMITMENTS

There were no material changes to the commitments of the Group during the half-year ended 31 December 2018.

## 11. RELATED PARTY DISCLOSURE

During the half-year, Ausgold granted 19,000,000 Performance Rights to the Directors. The Performance Rights Plan was approved by the shareholders on 29 November 2018. The Rights are issued for nil cash consideration and no consideration will be payable upon the vesting of the Performance Rights. Each Performance Right entitles the holder to be issued one Ausgold share. Please see note 9 for further information.

There were no other material changes to the related party transactions of the Group during the half-year ended 31 December 2018.

## **12. EVENTS SUBSEQUENT TO THE REPORTING PERIOD**

On 13 March 2019, Ausgold completed a share placement ('Placement') to raise \$1,800,000 before costs. The proceeds from the Placement will be used to advance exploration at the Company's Katanning Gold Project, with drilling targeting extensions to current Resources, newly identified near Resource targets and regional targets within the broader Katanning landholding and to provide additional working capital. Under the Placement, the Company issued a total of 90,000,000 shares at an issue price of 2 cents each.

On the same day, Ausgold also finalised a Farm-in and Joint Venture agreement with Great Boulder Resources Limited ("Great Boulder") (ASX:GBR) in regards to its 100% owned Yamarna Project. Boulder has exercised their option to form a Farm-in/ Joint Venture on granted tenement E38/2129 and application E38/3311. Under the terms of the agreement, Great Boulder will issue Ausgold 1,500,000 GBR shares which are under staged voluntary escrow periods of 3 to 9 months.

Great Boulder can earn a 51% interest in the Winchester project by spending \$250,000 on exploration over two years, and an additional 24% (75% in total) by spending an additional \$250,000 (\$500,000 in total) over four years. Great Boulder has currently spent approximately \$100,000 at Winchester. Upon Great Boulder meeting the minimum expenditure milestone, Ausgold will retain a 25% free-carried interest in the Winchester project to a decision to mine.

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

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## 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 Standard AASB 134 Interim Financial Reporting and the other mandatory professional reporting requirements; and
  - b. giving a true and fair view of the consolidated entity's position as at 31 December 2018 and its performance for the half-year ended on that date; and
3. The Directors have been given the declarations as required by section 295A 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  
15 March 2019

## 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 2018, 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 then ended, notes comprising a 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 half-year financial report of the Group is not 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 2018 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 Corporations Regulations 2001.

#### Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 4 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.

#### 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 Group's financial position as at 31 December 2018 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. As the auditor of the Group, 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 the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd



Phillip Murdoch

Director

Perth, 15 March 2019