



Ausgold
LIMITED

(ABN 67 140 164 496)

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2010**

AUSGOLD LIMITED
(ABN 67 140 164 496)

INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

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CORPORATE DIRECTORY

| Directors | Auditors |
|---|---|
| <p>Robert James Pett (Non-Executive Chairman)</p> <p>Benjamin John Bell (Chief Executive Officer)</p> <p>Simon Trevisan (Executive Director)</p> <p>Christopher David Kelsall (Non-Executive Director)</p> <p>Richard Lockwood (Non-Executive Director)</p> <p>Ian Mckenzie Murchison (Alternative Director to Mr Trevisan from 31 August 2010)</p> | <p>BDO Audit (WA) Pty Ltd 38 Station Street Subiaco, WA 6008</p> <p>Telephone: (08) 6382 4600 Facsimile: (08) 6382 4601</p> |
| Company Secretary | Home Exchange |
| <p>Fleur Louise Hudson</p> | <p>Australian Securities Exchange Ltd Exchange Plaza 2 The Esplanade PERTH WA 6000</p> <p>ASX Code: AUC</p> |
| Registered Office | Share Registry |
| <p>Level 14 191 St George's Terrace Perth WA 6000</p> <p>Telephone: (08) 9424 9300 Facsimile: (08) 9321 5932</p> <p>Web: www.ausgoldlimited.com Email: info@ausgoldlimited.com</p> | <p>Security Transfer Registrars Pty Ltd 770 Canning Highway Applecross WA 6153</p> <p>Telephone: (08) 9315 2333 Facsimile: (08) 9315 2233</p> |

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DIRECTORS' REPORT

The Directors of Ausgold Limited present their report with the financial statements for the consolidated entity of Ausgold Ltd, and the entities it controlled during, or at the end of the six months ended 31 December 2010.

1. Directors

The Directors of the Company during or since the end of the Interim Period are:

| Name | Period of Directorship |
|---|---------------------------------|
| Mr. Robert James Pett Non Executive Chairman | Director since 23 October 2009 |
| Mr. Benjamin John Bell Chief Executive Officer | Director since 2 November 2009 |
| Mr. Simon Trevisan Executive Director | Director since 23 October 2009 |
| Mr. Christopher David Kelsall Non-Executive Director | Director since 5 November 2009 |
| Mr. Richard Lockwood Non-Executive Director | Director since 12 November 2010 |
| Mr. Ian Murchison Alternative Director | Director since 31 August 2010 |

2. Consolidated Results

The net amount of the consolidated loss of the consolidated entity for the half year ended 31 December 2010 after providing for income tax was \$858,811 (31 December 2009: \$173,442). At 31 December 2010, the Group has approximately \$4,826,170 in cash and cash equivalent including a held to maturity financial asset in the form of a \$4 million dollars/3 month term deposit with a AA rated Australian trading bank.

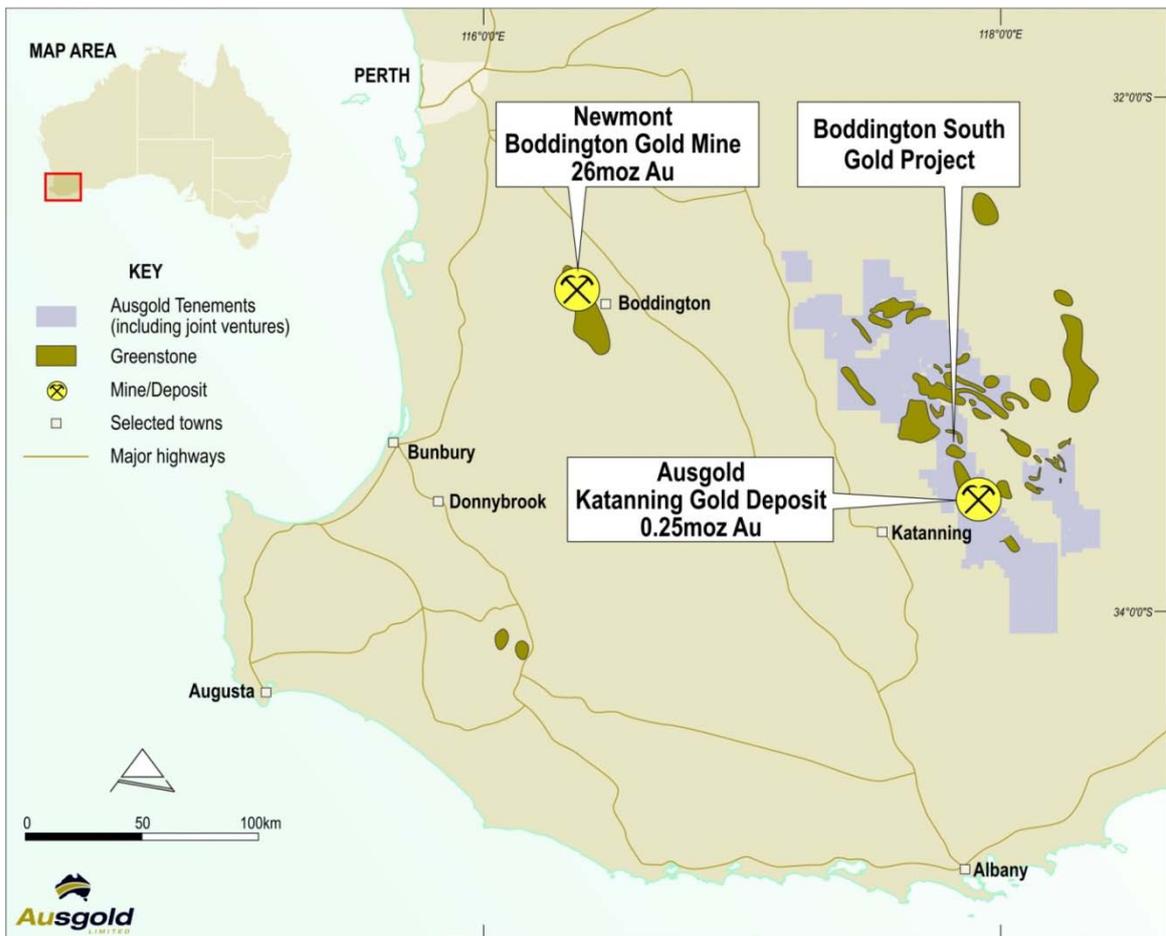
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3. OPERATIONS REPORT

The Company has a portfolio of highly prospective gold and copper projects located within emerging mineral provinces in Australia. During the period, Ausgold has advanced and matured these projects in line with our goal of creating shareholder value by discovering economic gold and base metal deposits. In addition the Company has continued to try to identify new gold and copper exploration projects within Australia to add to its existing portfolio.

Katanning Gold Deposit, Western Australia (AUC 80%)

Situated approximately 40 kilometres east of the wheat belt town of Katanning, the Katanning Gold Deposit is located within the Company's greater Boddington South Gold Project.



Location of Ausgold's Katanning Gold Deposit and Boddington South Gold Project

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3. Review of Operations (cont'd)

In August 2010, Ausgold finalised a farm-in agreement whereby Ausgold could earn an 80% interest in this deposit from Great Southern Resources Pty Ltd. Within two months of signing the joint venture agreement Ausgold had commenced a 20,000 metre reverse circulation ('RC') drill program designed to test the primary gold mineralisation hosted within the fresh bedrock. The initial focus of the Company's drilling campaign was the northern strike extension of the Jinkas ore body.

The Katanning Gold Deposit was originally identified in the 1970's as a coherent 10 parts per billion ('ppb') gold-in-soil anomaly. A previous series of shallow drilling programs subsequently resulted in a resource of 241,800 ounces of gold being established to a depth of 30 metres below the surface. During the 1990's, several shallow pits were dug predominantly mining this free-milling oxide ore.

The majority of the historic drilling within the Katanning Gold Deposit terminated within the oxide (weathered) profile. A limited number of historic drill holes did penetrate the fresh bedrock beneath the oxide mineralisation and returned higher grade gold intersections over significant widths (little systematic exploration had been undertaken to follow-up on these encouraging results).

From its initial drill program at the Katanning Gold Deposit, Ausgold has received assay results from the first 38 holes drilled and significant intersections included:

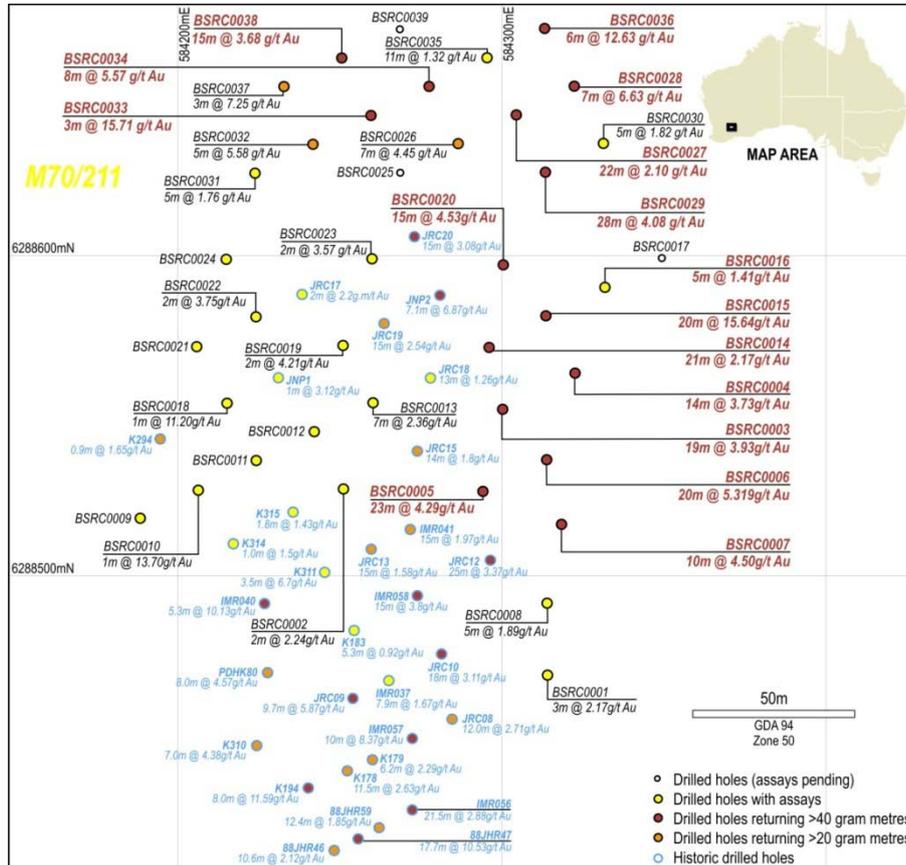
| | |
|-----------------------------|-----------------------------|
| 20m @ 15.64 g/t Au from 97m | 12m @ 10.05 g/t Au from 93m |
| 28m @ 4.08 g/t Au from 97m | 20m @ 5.19 g/t Au from 93m |
| 23m @ 4.29 g/t Au from 81m | 6m @ 12.63 g/t Au from 102m |
| 15m @ 4.53 g/t Au from 98m | 19m @ 3.93 g/t Au from 89m |
| 15m @ 3.68 g/t Au from 75m | 8m @ 5.57 g/t Au from 94m |
| 3m @ 15.71 g/t Au from 90m | 6m @ 7.65 g/t Au from 107m |
| 22m @ 2.10 g/t Au from 96m | 16m @ 2.54 g/t Au from 89m |
| 14m @ 3.73 g/t Au from 92m | 10m @ 4.50 g/t Au from 88m |

This drilling focussed north of the historic Jinkas pit has extended the gold mineralisation by at least 250 metres beyond the historic oxide open pit. The strike length of the gold mineralisation at Jinkas now exceeds 850 metres and remains open. A second RC drill rig has since commenced at the Jinkas ore body and is currently drill testing the depth continuation of the mineralisation.

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3. Review of Operations (cont'd)



Collar locations and significant gold intercepts of the historic drilling at the Jinkas ore body (in blue text) combined with Ausgold's recent resource development drilling (in black or red text).

Boddington South Gold Project, Western Australia (AUC 100% and Joint Ventures)

Ausgold's Boddington South Gold Project is located southwest of Perth and covers an area of in excess of 6,000 square kilometres within the Western Gneiss Terrane of the Yilgarn Craton. This geological domain is also the host of Newmont's 26 million ounce intrusion-related Boddington Gold Mine.

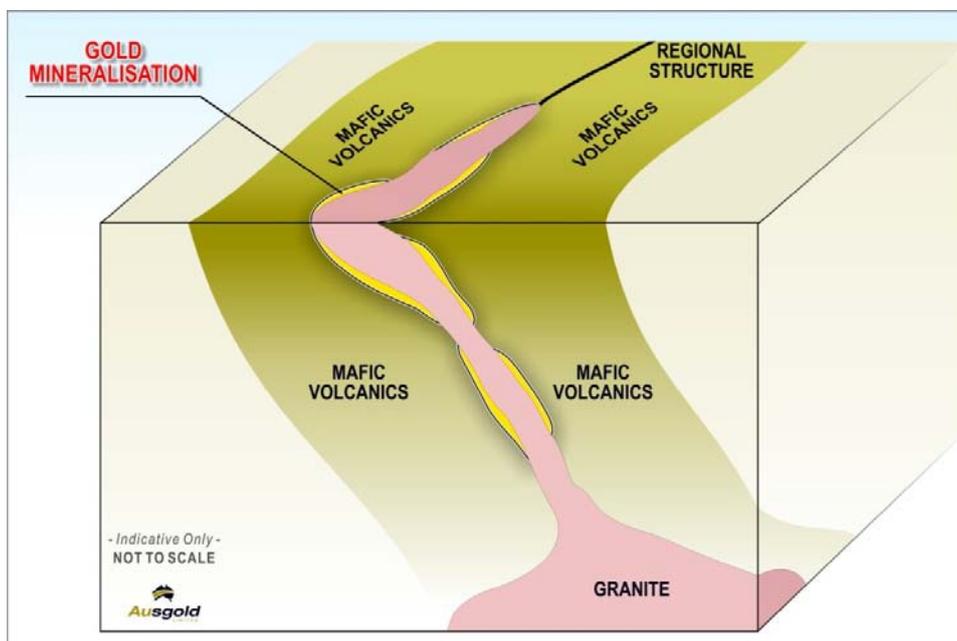
Gold mineralisation across the Boddington South Gold Project occurs along the contact of a regionally-metamorphosed mafic unit and an intruded granitic body. The deposition of gold along this geological contact is the result of a simple chemical reaction, whereby gold is carried in suspension from deep within the Earth's crust by acidic fluids associated with the intruding granite. When these gold-bearing fluids contact the more alkaline mafic geology, the pH of the auriferous fluid decreases to a level where it is no longer acidic enough to keep the gold in solution. Thus, the gold precipitates out of the fluid and is deposited within the mafic geology. These granites preferentially intrude along planes of relative weakness, such as geological faults.

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3. Review of Operations (cont'd)

It is the Company's belief that the entire 180 kilometre long strike length of the two regional fault structures that bisect Ausgold's Boddington South Gold Project are prospective for gold mineralisation. As such, locations where mafic volcanics are adjacent to these regional structures have been classed as high priority targets by Ausgold.

The Company is currently finalising its exploration strategy for systematic and effective testing of the 100 kilometres previously unmapped Archaean greenstones covered by this project.



Stylised model for gold deposition across Ausgold's Boddington South Gold Project

Subsequent to half year end, the Company has entered into an agreement with Dominion Mining Limited (ASX: DOM) (as announced on 27 January 2011) to earn a 60% interest in the Bullock Pool and Nanicup Bridge prospects. Through this agreement, Ausgold has secured a controlling interest in two highly-prospective gold systems located adjacent to the Company's existing Boddington South tenement package.

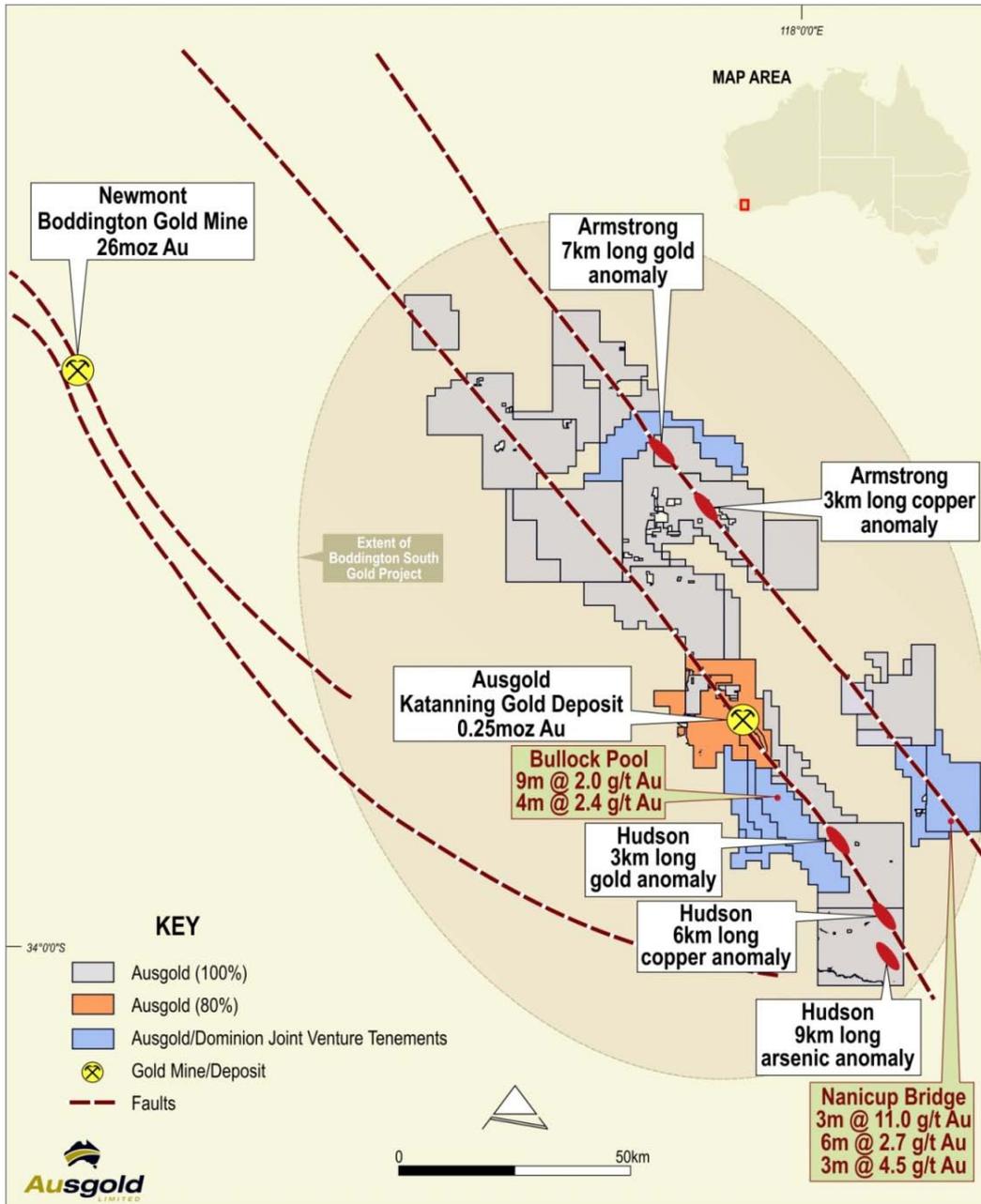
The Bullock Pool prospect is characterised by a 33 kilometre gold anomaly centred on a similar Archaean greenstone unit that is known to host gold mineralisation within Ausgold's neighbouring Katanning Gold Deposit. Dominion's initial RC drill program targeting gold within the fresh bedrock confirmed the presence of primary mineralisation within Bullock Pool with intersections including 9m @ 2.0 g/t Au from 30m and 4m @ 2.4 g/t Au from 36m. Ausgold is using the knowledge on intrusion-related gold mineralising systems that it is acquiring from its on-going drilling at its neighbouring Katanning Gold Deposit, to design a program to comprehensively test a number of targets within the Bullock Pool prospects. This program is currently being finalised and Ausgold anticipates seeking the necessary drilling approvals in the coming weeks.

At the Nanicup Bridge prospect, Ausgold is also finalising its upcoming drilling program where previously a significant 5 kilometre long and 350 metre wide gold anomaly at >100ppb Au near the weathered rock - fresh bedrock interface had been defined.

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3. Review of Operations (cont'd)

Significantly, the gold grade of the Nanicup Bridge anomaly is an order of magnitude higher than the assay results that lead to the discovery of Ausgold's Katanning Gold Deposit.



Location of Bullock Pool and Nanicup Bridge prospects in relation to Ausgold's Boddington South Gold Project

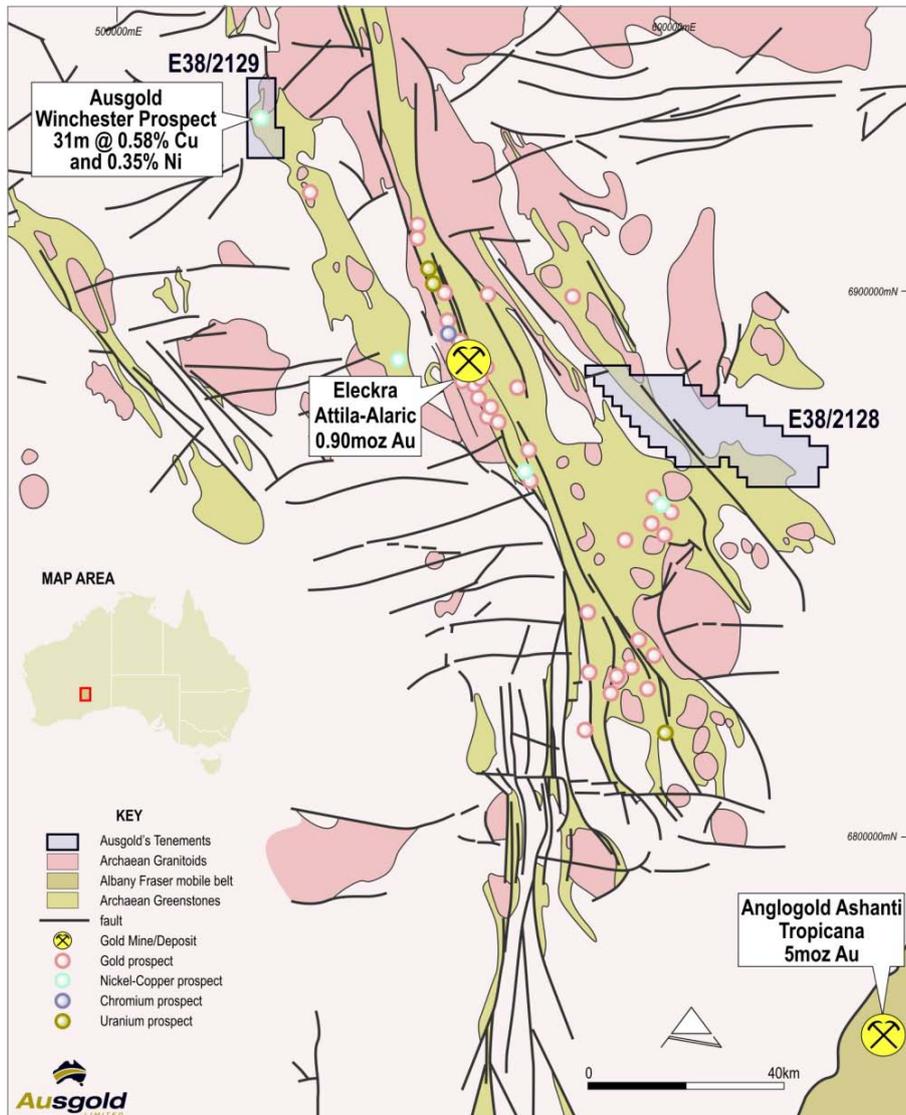
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3. Review of Operations (cont'd)

Yamarna Project, Western Australia (AUC 100%)

Situated approximately 125 kilometres northeast of Laverton, Western Australia, Ausgold's Yamarna Project covers 576 square kilometres of prospective ground over the eastern-most Archaean greenstone belt of the Yilgarn Craton.

In August 2010, Ausgold completed a first-pass RC drill program of six bedrock conductors identified during a detailed airborne electromagnetic ('AEM') survey over the Company's Yamarna tenement E38/2129. The drilling program consisted of a single, angled RC hole into each target and was designed to ascertain the nature of the buried conductor which could not readily be explained by geology alone.



Simplified bedrock geology of Ausgold's Yamarna Project

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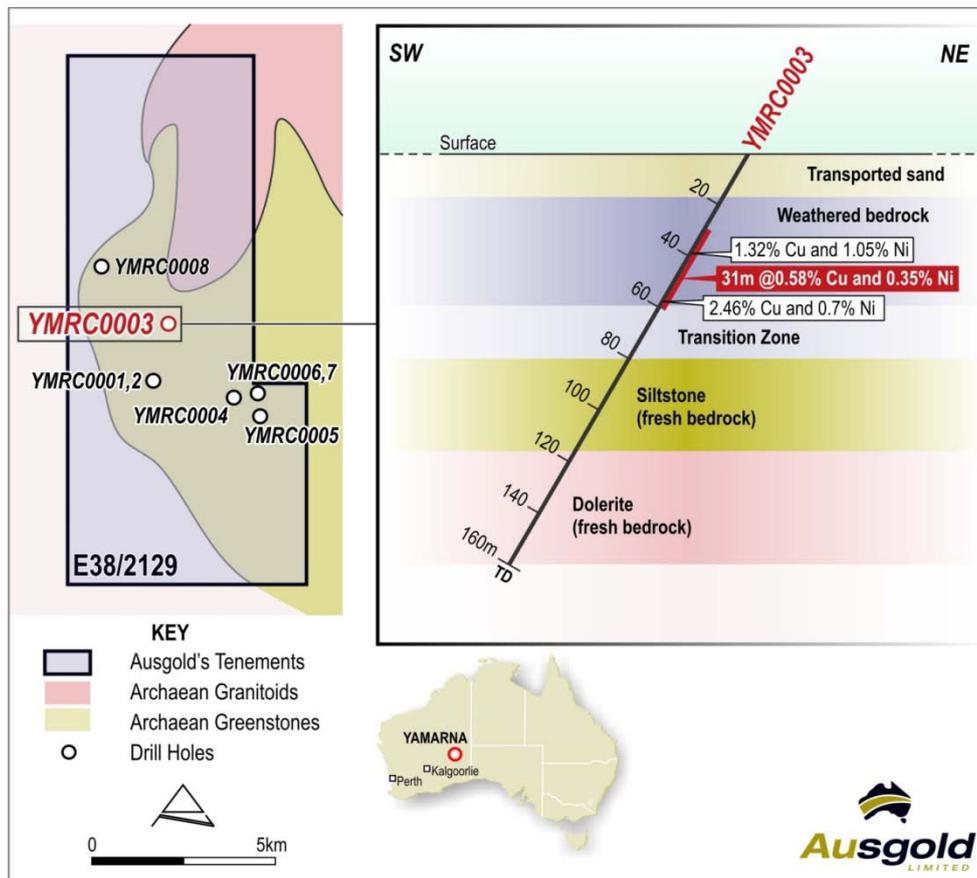
3. Review of Operations (cont'd)

Ausgold's drilling intersected significant copper and nickel mineralisation at the Company's *Winchester* prospect returning 31 metres @ 0.58% Cu & 0.35% Ni from 29 metres. This drill intersection included 1m @ 1.32 % Cu & 1.05% Ni from 39m, and 1m @ 2.46% Cu & 0.70% Ni from 57m.

In addition to successfully intersecting copper and nickel mineralisation at *Winchester*, the down hole transient electromagnetic ('DHTEM') surveys undertaken in conjunction with Ausgold's drilling identified an off-end in-hole anomaly at a second target (YMRC0004) that coincided with a single anomalous nickel assay of 1700ppm over the final interval of the drill hole.

A strong off-hole anomaly was also recorded in the DHTEM at a third location (YMRC0002), which Southern Geoscience Consultants stated may be a significant base metal target.

Encouraged by these results, Ausgold completed a ground electromagnetic (fixed loop transient electromagnetic or FLTEM) surveys over the remaining twelve AEM bedrock conductors currently untested by drilling. These ground geophysical surveys were designed to accurately map these conductive bodies at depth and thus permit the Company to target its drill holes accordingly. Modelling of this data has now been completed and Ausgold has planned a follow-up drill program of these targets that is scheduled to commence in March 2011.



Collar locations of Ausgold's reverse circulation drilling program at the Yamarna Project and schematic cross section of Ausgold's Winchester Prospect (YMRC0003).

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3. Review of Operations (cont'd)

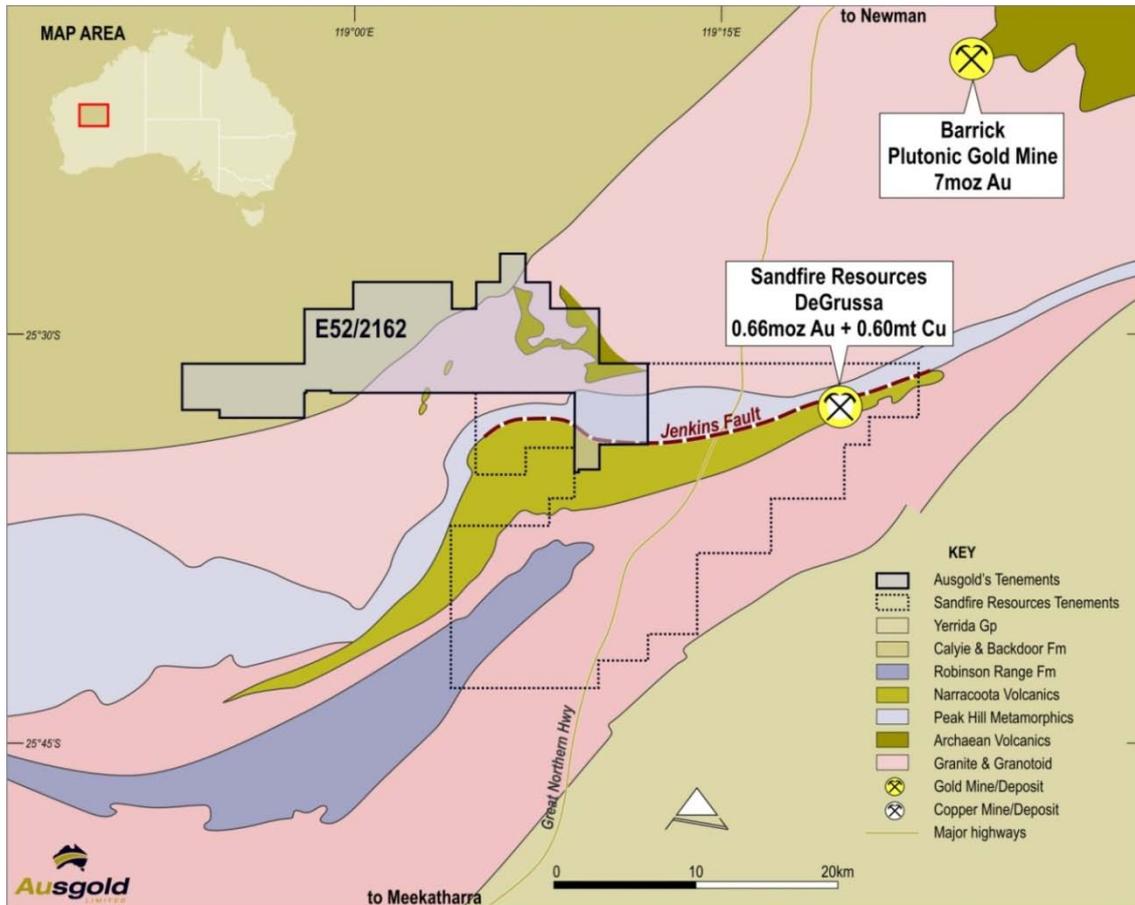
Doolgunna Station Project, Western Australia (AUC 100%)

Ausgold's Doolgunna Station Project is located adjacent to Sandfire Resources' (ASX:SFR) DeGrussa copper-gold ore bodies and only 35 kilometres from Barrick's seven million ounce Plutonic gold mine.

The Company has completed an airborne electromagnetic survey over this project targeting DeGrussa-style copper-gold mineralisation adjacent to the Jenkins Fault. Detailed gravity and aeromagnetic surveys were also completed over the prospective Narracoota Volcanics and Jenkins Fault, designed to highlight the bedrock response potentially attributable to a buried copper ore body.

A number of anomalies, both potential VMS-style copper-gold and Plutonic-style gold targets, have been delineated from these geophysical surveys within the Company's Doolgunna Station tenement that presently remain untested by drilling.

Ausgold is currently in the process of obtaining the necessary drill approvals and anticipates undertaking an RC drilling program of the priority targets during the second quarter of 2011.



Location of Ausgold's Doolgunna Station Project over simplified bedrock geology

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3. Review of Operations (cont'd)

Cracow Project, Queensland (AUC 100%)

The Company's Cracow Project is location 375 kilometres northwest of Brisbane and only 16 kilometres north of Newcrest's one million ounce Cracow gold mine.

In addition to potential repetitions of the neighbouring Cracow ore body, an independent assessment by SRK Consulting also concluded that the Company's project area is prospective for intrusion-related copper-gold mineralisation.

Surface sampling undertaken by Ausgold during 2010 identified eight separate geochemical anomalies within this project area warranting follow-up exploration during the upcoming field season. A first-pass reconnaissance survey has also been planned for the Company's recently granted tenement EPM17054.

Paterson Project, Western Australia (AUC acquiring 100% gold and base metal rights)

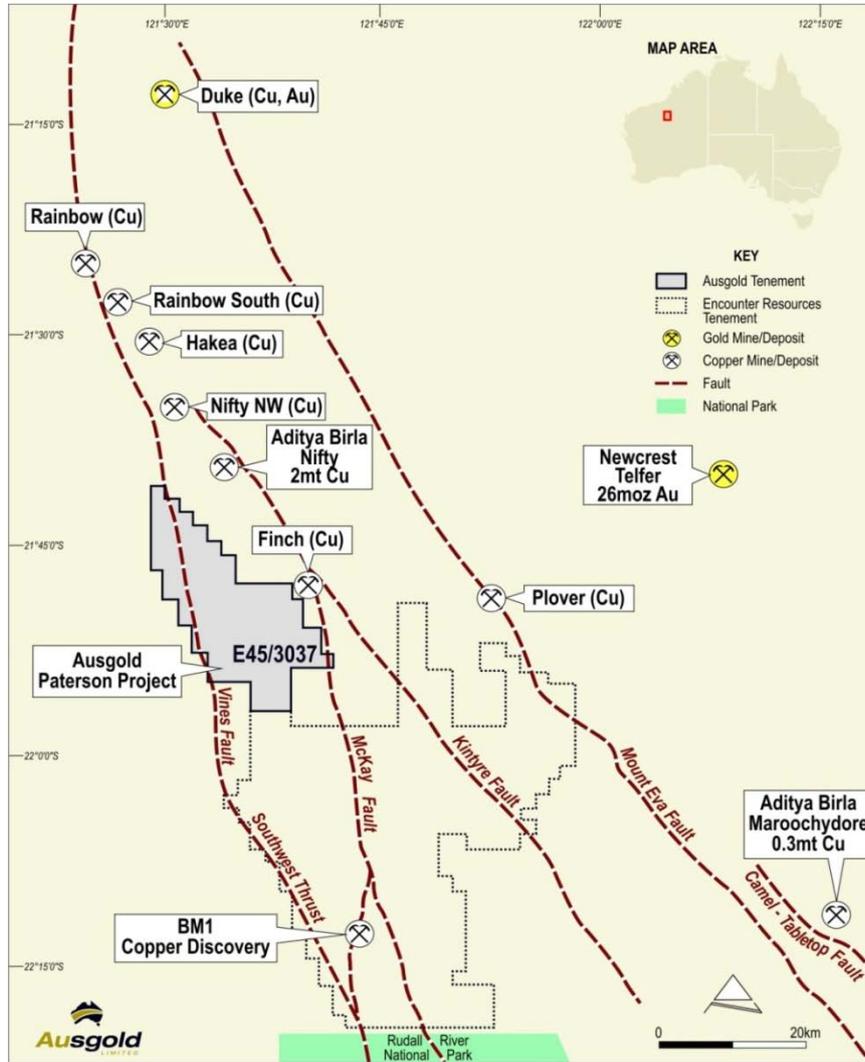
The Paterson Project is situated between Aditya Birla's (ASX:ABY) Nifty copper mine and Encounter Resources' (ASX:ENR) recent BM1 copper discovery, 350 kilometres southeast of Port Hedland.

The Australian Government recently acquired airborne electromagnetic data over this region including Ausgold's Paterson project area, with the aim of mapping new zones of copper mineralisation. Ausgold is currently interpreting and modelling this newly-acquired geophysical data and the Company anticipates completing follow-up geophysical surveys once this tenement is granted and the agreement for Ausgold to acquire the gold and base metal rights becomes unconditional.

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3. Review of Operations (cont'd)



Location of Paterson project (tenement under application)

Benjamin Bell

Chief Executive Officer

The information in this annual report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Benjamin Bell, who is a Member of the Australian Institute of Geoscientists. Mr Bell is the Chief Executive Officer and a full-time employee of Ausgold Limited, and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Bell consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

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4. Significant Changes in the State of Affairs

There were no other significant changes in the state of affairs of the consolidated entity.

5. Events subsequent to balance date

There is no subsequent event after the half year ended 31 December 2010.

6. Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporation Act 2001 is set out on page 14.

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

For and on behalf of the Board.

A handwritten signature in black ink, appearing to read 'Simon Trevisan', with a long horizontal flourish extending to the right.

Simon Trevisan
Executive Director
Signed at Perth this 16 day of March 2011

16 March 2011

Ausgold Limited
The Board of Directors
Level 14, 191 St Georges Terrace
PERTH WA 6000

Dear Sirs,

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

As lead auditor of Ausgold Limited for the period ended 31 December 2010, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect to Ausgold Limited and all the entities it controls.



Chris Burton
Director



BDO Audit (WA) Pty Ltd
Perth, Western Australia

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

| | Note | 31 December 2010 \$ | 31 December 2009 \$ |
|--|------|-------------------------|-------------------------|
| Revenue from continuing operations | | 199,768 | 11,976 |
| Employee option expenses | | (55,698) | (179,680) |
| Directors' fee | | (34,257) | (5,000) |
| Corporate and administration expenses | | (227,694) | - |
| Depreciation and amortisation expenses | | (11,098) | (237) |
| Accounting expenses | | (35,190) | (11,815) |
| Administration fee | | (90,000) | (8,710) |
| Legal fee | | (29,820) | - |
| Impairment Exploration expenses | | (530,572) | - |
| Consulting fee | | - | (11,829) |
| Other expenses | | (44,250) | (33,739) |
| Loss before income tax from continuing operation | | <u>(858,811)</u> | <u>(239,034)</u> |
| Income tax benefit | | - | 65,592 |
| Loss for the half-year | | <u><u>(858,811)</u></u> | <u><u>(173,442)</u></u> |
| Total comprehensive income for the half-year | | <u>(858,811)</u> | <u>(173,442)</u> |
| Total comprehensive income for the half-year is attributable to ordinary equity holders of the entity | | | |
| Owner of Ausgold Limited | | <u>(858,811)</u> | <u>(173,442)</u> |
| Earnings per share for loss from continuing operations attributable to ordinary equity holders of the entity: | | | |
| Basic loss per share (cents) | | (1.89) | (0.39) |

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

| | Note | 31 December 2010 \$ | 30 June 2010 \$ |
|--|------|------------------------|--------------------|
| Current Assets | | | |
| Cash and cash equivalents | | 4,826,170 | 2,797,165 |
| Trade and other receivables | | 208,603 | 226,862 |
| Held to maturity financial asset | | - | 5,000,000 |
| Total Current Assets | | <u>5,034,773</u> | <u>8,024,027</u> |
| Non-Current Assets | | | |
| Security deposit | | 268,500 | 140,000 |
| Property, plant & equipment | | 78,079 | 40,511 |
| Exploration and evaluation expenditure | 3 | 4,229,617 | 1,868,968 |
| Total Non-Current Assets | | <u>4,576,196</u> | <u>2,049,479</u> |
| Total Assets | | <u>9,610,969</u> | <u>10,073,506</u> |
| Current Liabilities | | | |
| Trade and other payables | | 589,965 | 292,389 |
| Provisions | | 3,368 | 3,368 |
| Total Current Liabilities | | <u>593,333</u> | <u>295,757</u> |
| Total Liabilities | | <u>593,333</u> | <u>295,757</u> |
| NET ASSETS | | <u>9,017,636</u> | <u>9,777,749</u> |
| Equity | | | |
| Contributed Equity | 4 | 10,435,085 | 10,392,085 |
| Reserves | | 285,939 | 230,241 |
| Accumulated Losses | 6 | (1,703,388) | (844,577) |
| TOTAL EQUITY | | <u>9,017,636</u> | <u>9,777,749</u> |

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2010

| Consolidated | Contributed Equity \$ | Retained Earnings \$ | Option Reserves \$ | Total Equity \$ |
|--|-----------------------------|----------------------------|--------------------------|--------------------|
| Balance as at 1 July 2009 | 200,000 | (96,689) | - | 103,311 |
| Total comprehensive income for the period | - | (173,442) | - | (173,442) |
| <i>Transactions with equity holders in their capacity as equity holders:</i> | | | | |
| Shares issued during the year | 915,358 | - | - | 915,358 |
| 50 million shares at 20 cents issued | 10,000,000 | - | - | 10,000,000 |
| Share issue costs | (708,187) | - | - | (708,187) |
| Employee share options | - | - | 179,680 | 179,680 |
| | 10,207,171 | (173,442) | 179,680 | 10,213,409 |
| Balance as at 31 December 2009 | 10,407,171 | (270,131) | 179,680 | 10,316,720 |
| Consolidated | | | | |
| Balance as at 1 July 2010 | 10,392,085 | (844,577) | 230,241 | 9,777,749 |
| Total comprehensive income for the period | - | (858,811) | - | (858,811) |
| <i>Transactions with equity holders in their capacity as equity holders:</i> | | | | |
| Shares issued during the year | 43,000 | - | - | 43,000 |
| Employee share options | - | - | 55,698 | 55,698 |
| | 43,000 | (858,811) | 55,698 | (760,113) |
| Balance as at 31 December 2010 | 10,435,085 | (1,703,388) | 285,939 | 9,017,636 |

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

| | Consolidated | |
|--|---------------------|---------------------|
| | 31 December 2010 | 31 December 2009 |
| | \$ | \$ |
| Cash Flows from Operating Activities | | |
| Payments to suppliers and employees | (145,376) | (27,308) |
| Receipts from customers | - | (32,969) |
| Interest received | 199,768 | 11,976 |
| Net Cash inflow/(outflow) from Operating Activities | 54,392 | (48,301) |
| Cash Flows from Investing Activities | | |
| Payments for property, plant & equipment | (48,667) | (11,034) |
| Payments for exploration expenditure | (2,891,220) | (373,579) |
| Security Deposit | (128,500) | - |
| Held to maturity investment | - | (5,000,000) |
| Net Cash outflow from Investing Activities | (3,068,387) | (5,384,613) |
| Cash Flows from Financing Activities | | |
| Proceeds from the issue of share capital (net) | 43,000 | 10,757,171 |
| Repayment of borrowings | - | (520,440) |
| Net Cash inflow from Financing Activities | 43,000 | 10,236,731 |
| Net Increase/(Decrease) in Cash Held | (2,970,995) | 4,803,817 |
| Cash and Cash Equivalents at the Beginning of the Year | 7,797,165 | 10,376 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | 4,826,170 | 4,814,193 |

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of Half-Year Financial Statements

The half-year financial statements are general purpose financial statements which have been prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

The half-year financial statements do not include full disclosures of the type normally included within the annual financial statements. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as the full financial statements.

It is recommended that the half-year financial statements report be read in conjunction with the annual financial statements for the year ended 30 June 2010 and considered together with any public announcements made by Ausgold Ltd during the half-year ended 31 December 2010 in accordance with the continuous disclosure requirements arising under Corporations Act 2001 and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. All amounts are presented in Australian dollars, unless otherwise noted.

These half-year financial statements were approved by the Board of Directors on 15 March 2011.

For the purpose of preparing the interim financial report, the half-year has been treated as a discrete reporting period.

(b) Significant accounting judgements and key estimates

The preparation of the half-year financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended 30 June 2010.

(c) Adoption of new and revised accounting standards

In the half-year ended 31 December 2010, the Company 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 2010.

The Company has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2010. 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 necessary to company accounting policies.

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FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

2. SEGMENT INFORMATION

The Group has applied AASB 8 Operating Segments from 1 July 2009. AASB 8 requires a management approach under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segment information based on the mining and exploration for Gold and Copper in Australia. 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 company as the Chief Executive Officer and other members of the Board of Directors.

Management has determined that the group has two reportable segments, being mineral exploration in Australia and New Zealand. As the group is focused on mineral exploration, the Board monitors the group based on actual versus budgeted exploration expenditure incurred by area of interest. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the group and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

Segment information provided to the executive management committee for the half-year ended 31 December 2010 is as follows:

| | Segments | |
|------------------------------------|-----------|-----------|
| 31 December 2010 | Australia | Total |
| Reportable segment profit / (loss) | (530,572) | (530,572) |
| Reportable segment assets | 4,229,618 | 4,229,618 |
| 30 June 2010 | | |
| Reportable segment assets | 1,868,968 | 1,868,968 |
| 31 December 2009 | | |
| Reportable segment profit / (loss) | - | - |

| | 31 December 2010 | 31 December 2009 |
|---|---------------------|---------------------|
| Reconciliation of reportable segment loss to the statement of comprehensive income | | |
| Reportable segment profit / (loss) | (530,572) | - |
| Other profit / (loss) | | |
| • Interest revenue | 199,768 | 11,976 |
| • Depreciation and amortisation | (11,098) | (237) |
| • Corporate and administration | (227,695) | - |
| • Other expenses | (233,516) | (71,093) |
| • Share-based payments | (55,698) | (179,680) |
| Profit / (Loss) before income tax | (858,811) | (239,034) |

There are no reportable segments' liabilities to be allocated based on the operations of the segment. The reconciliation of segments' assets to total assets and segments' liabilities to total liabilities are referred to Statement of Financial Position as at 31 December 2010.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

| | Consolidated 31 December 2010 | 30 June 2010 |
|---|----------------------------------|--------------|
| | \$ | \$ |
| 3. EXPLORATION & EVALUATION EXPENDITURE | | |
| Exploration, evaluation and development. | 4,229,618 | 1,868,968 |
| Reconciliation | | |
| Carrying amount at the beginning of the year | 1,868,968 | 522,970 |
| Expenditure during the year - exploration | 2,844,815 | 1,540,726 |
| Prepayment Expenditure during the half year - exploration | 46,407 | 182,824 |
| Expenditure written off | (530,572) | (377,552) |
| Carrying amount at the end of the half year | 4,229,618 | 1,868,968 |
| 4. CONTRIBUTED EQUITY | | |
| Balance at start of period | 10,392,085 | 200,000 |
| Share issued during the half year | - | 10,182,085 |
| Share issued on exercise of options | 43,000 | 10,000 |
| Balance at the end of the period | 10,435,085 | 10,392,085 |

5. SHARE BASED PAYMENT RESERVES

Options Expensed

Options expense relate to options issued to Directors in prior periods, with the expense being recognised over the vesting period.

Options Granted

During the half-year the Chief Executive Officer became entitled under the terms of his employment agreement to the issue of 300,000 options as approved by board at the board meeting held on 14 September 2010. The options will be exercisable at 30 cents per share. Entitlement is subject to shareholder approval.

Performance Options

The Board of Ausgold Limited has approved the issue of up to 2,000,000 Management options to the Company's Chief Executive Officer, Mr Benjamin Bell upon certain milestone achieved. Entitlement is subject to shareholder approval.

The terms of the proposed issue of options are:

1. Subject to the Company increasing its JORC Resource by at least a further 200,000 ounces of gold (or equivalent other metal), Mr Bell be issued 500,000 options to subscribe for ordinary shares with an exercise price of a 10% premium to market based on the closing price on 17 November 2010 (being 54.5 cents per share) and 500,000 options to subscribe for the ordinary shares with an exercise price of a 25% premium to market (being 62 cents per share); and
2. Subject to the Company increasing its JORC Resource by at least a further 350,000 ounces of gold (or equivalent other metal) in total from the current resource, Mr Bell be issued 500,000 options to subscribe for ordinary shares with an exercise price of a 10% premium to market based on the closing price on 17 November 2010 (being 54.5 cents per share) and 500,000 options to subscribe for the ordinary shares with an exercise price of a 25% premium to market (being 62 cents per share).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

| | Consolidated | |
|---|------------------|--------------|
| | 31 December 2010 | 30 June 2010 |
| | \$ | \$ |
| 6. ACCUMULATED LOSSES | | |
| Accumulated loss at the beginning of the year | (844,577) | (96,689) |
| Net profit /(loss) attributable to shareholders | (858,811) | (747,888) |
| Accumulated loss at end of the year | (1,703,388) | (844,577) |

7. COMMITMENTS

The commitment expenditure at reporting date is as follow:

Tenements Commitments

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

| | 31 December 2010 |
|---|-------------------|
| Not later than one year | 3,403,714 |
| Later than one year but not later than five years | 10,180,000 |
| Later than five years | - |
| TOTAL | 13,583,714 |

8. CONTINGENT LIABILITIES

During the reporting period an individual commenced an action against Great Southern Resources Pty Ltd in the Warden's Court for alleged under-expenditure during the previous year in relation to ML 70/210, 211 and 488. Great Southern Resources denies the allegation and is defending the action. Based on advice received the Company believes the action is unlikely to be successful and even if that was ultimately not the case the most likely penalty is a fine of between \$10,000 and \$30,000.

There are no other contingent items at reporting date.

9. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There is no subsequent event after the half year ended 31 December 2010.

10. LOSS PER SHARE

| | Consolidated Entity 2010 |
|--|-----------------------------|
| Basic loss per share (cents per share) | (1.89) |
| The loss used in calculating basic loss per share is the loss attributed to members of Ausgold Limited | (858,811) |
| Weighted average number of shares in the calculation of the EPS | 45,428,026 |

Where diluted earnings per share are not diluted, they are not disclosed.

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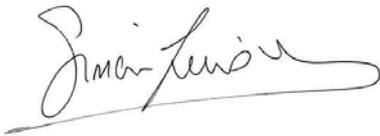
INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

DIRECTORS DECLARATION

In the opinion of the directors of Ausgold Ltd:

1. the financial statements and notes, set out on pages 15 to 22, are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the Company's financial position as at 31 December 2010 and its performance for the six months ended on that date; and
 - (b) complying with Accounting Standard, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
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.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to section 303(5) of the Corporations Act 2001

A handwritten signature in black ink, appearing to read 'Simon Trevisan', with a long horizontal flourish extending to the right.

Simon Trevisan
Executive Director
Signed at Perth this 16 day of March 2011

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 statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities 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 disclosing entity 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 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 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 2010 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 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 2010 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*.

BDO Audit (WA) Pty Ltd

Bdo Audit


Chris Burton
Director

Perth, Western Australia
Dated this 16th day of March 2011