ASX ANNOUNCEMENT **6 June 2011**

SECURES $25 MILLION PLACING FOR KATANNING AND REGIONAL EXPLORATION

- **$25 million capital raising successfully placed at $1.35 per share to major international institutions**
- **100,000 metre RC drilling program ongoing at Katanning Gold Discovery**
- **$5 million for regional exploration of the greater Boddington South Project**

Ausgold Limited ("Ausgold" or "the Company") (ASX: AUC) is pleased to announce that it has successfully placed a $25 million issue of new shares at $1.35 per share to major offshore institutions. The raising will be used in funding the Company's 100,000 metre drilling program at our Katanning Gold Discovery and for regional exploration at the greater Boddington South Project.

Capital Raising

The capital raising is in two tranches with 12,000,000 ordinary shares to raise $16.2 million being placed immediately and the balance of 6,518,519 ordinary shares, also at $1.35 per share, placed subject to receiving shareholder approval in accordance with Listing Rule 7.1. Patersons Securities Ltd was lead manager for the placement which will raise $25 million before raising costs.

The funds raised will primarily be used for the continued exploration and resource delineation of the Katanning Gold Discovery, where the Company is currently conducting a 100,000 metre reverse circulation ("RC") drilling program. To date the program has confirmed that mineralisation appears consistent with Newmont's world-class Boddington Gold Mine, located to the northwest (Figure1). Twenty million dollars of the total funds raised are budgeted to be applied to the Katanning Gold Discovery and the greater Boddington South Exploration Project and the balance to be applied to the Company's other projects and working capital.

Commenting on the fundraising, CEO Benjamin Bell said, "It is a very noteworthy achievement to successfully complete a fundraising of this size in the difficult market conditions we have been witnessing of late. The success of the raising speaks volumes of the potential of the Southwest Yilgarn, in particular Katanning where we plan to spend $15 million in the next 12 months to continue with our drill out of the various prospects located along our two 18 kilometre corridors of mineralisation. The fundraising was strongly supported by major offshore institutions. We welcome the new shareholders onto our register and look forward to reporting additional positive results in the not too distant future."

Katanning Gold Discovery Update

At the Katanning Gold Discovery, Ausgold is focussing its major drilling program on two key 18 kilometre mineralised structures - **The Western Corridor** and **The Eastern Corridor**.

Ausgold will dedicate the majority of the funds raised to continue with its exploration program at Katanning. The program includes drill testing primary mineralisation of every prospect identified across both the Eastern and Western Corridors. To date, the Company has identified Jinkas, Dingo, Jackson, Olympia, White Dam, Neighbours, Frasers, Lone Tree, Datatine and Shoestring as key targets for the current drill program (Figure 2).

At least three other significant gold-in-soil anomalies have also been identified within these corridors, and Ausgold expects to drill test each of them in the coming months.

Western Corridor

At the Western Corridor, Ausgold has identified over 18 kilometres of mineralisation between the Datatine prospect in the north and Shoestring in the south. To date five zones of gold mineralisation have been identified that warrant follow-up exploration.

Datatine

Results from historic oxide drilling, adjacent to 25 g/t Au rock chips, included the high grade intersect of 4m @ 15.6 g/t Au. The primary mineralisation located in the fresh bedrock beneath the Datatine soil anomaly (which peaked at 370 ppb Au) remains untested.

About 1km south of Datatine, Ausgold has identified a 2,000 x 600 metre soil anomaly demonstrating results >50 ppb Au which the Company is yet to commence drilling.

Jackson

Ausgold has recently completed an 80-hole first pass drilling program at Jackson and the Company is awaiting the assay results.

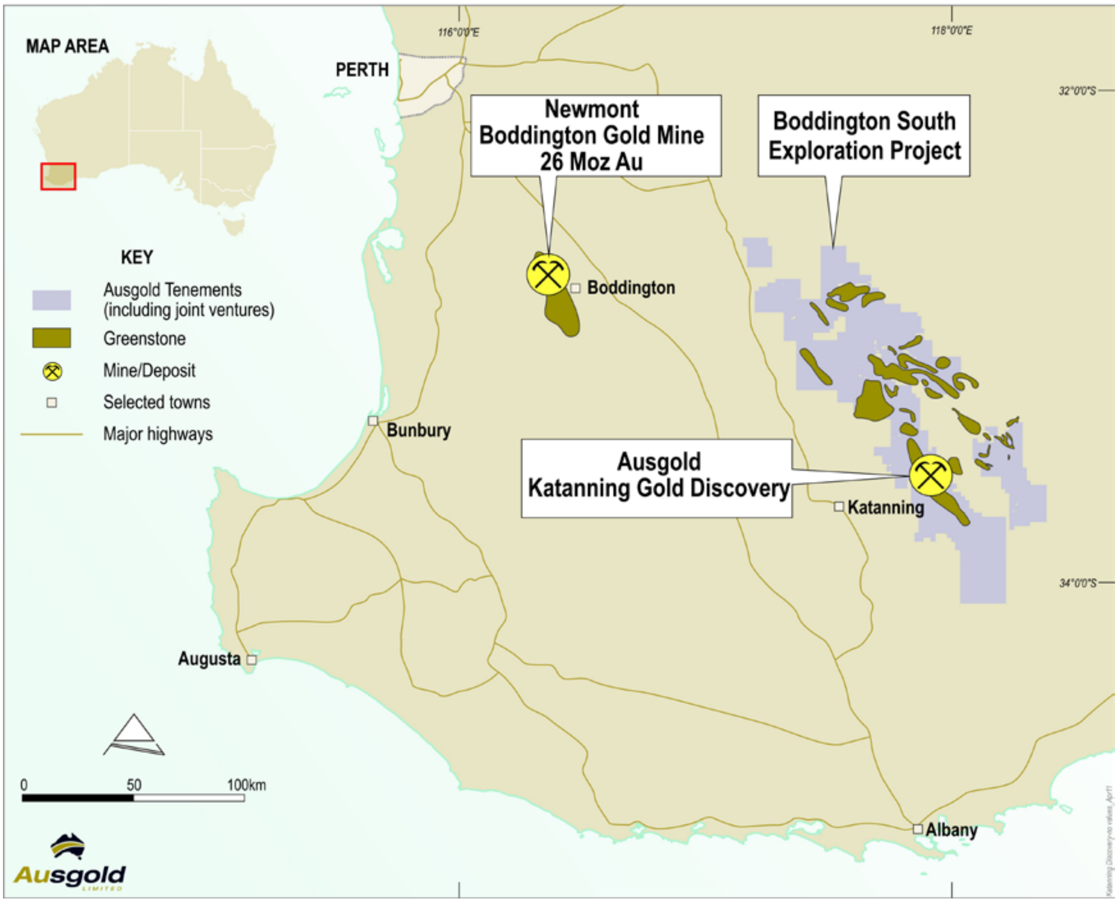

Figure 1: Location of Ausgold's Katanning Gold Discovery

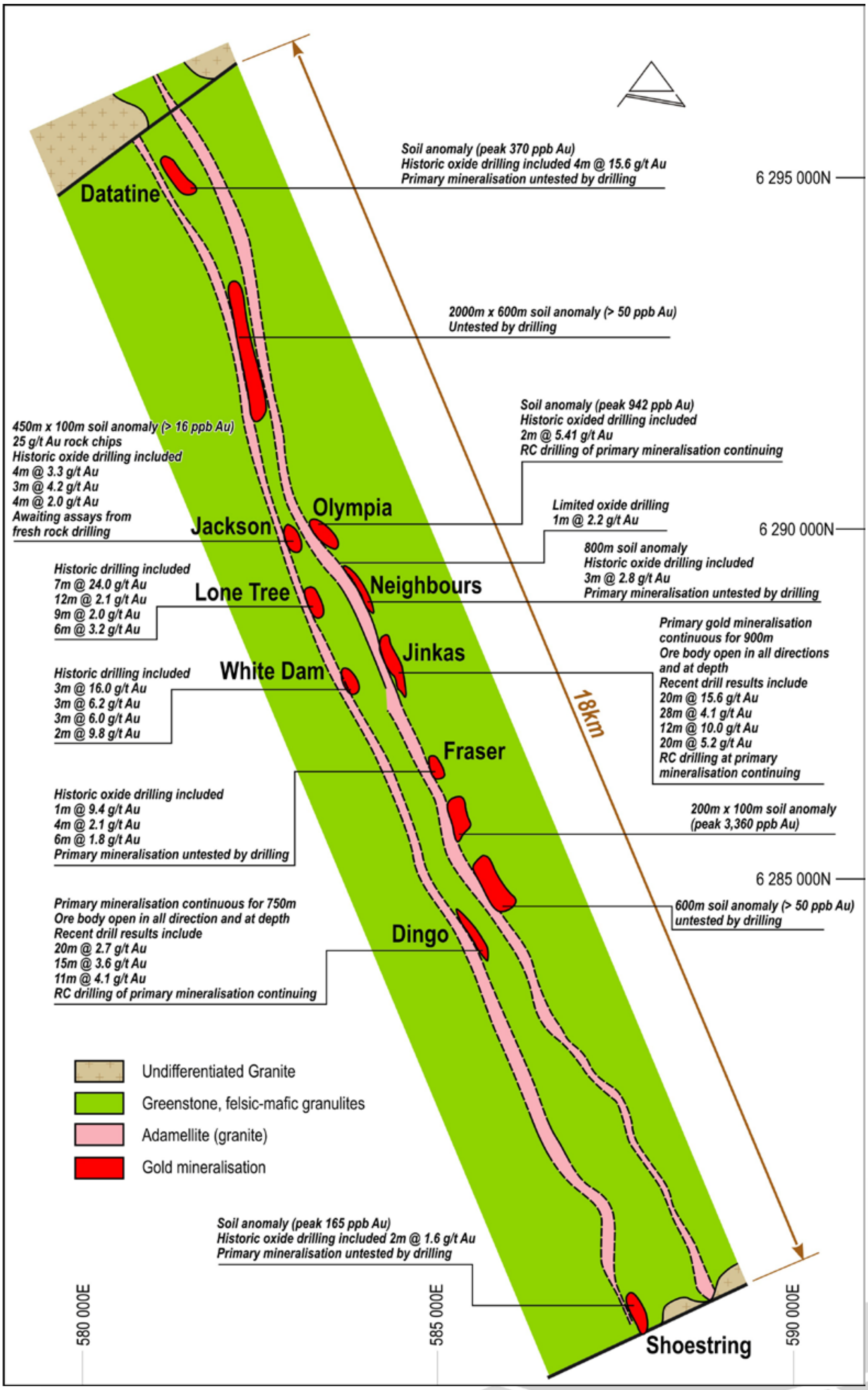

Figure 2: Priority targets across the Western and Eastern Corridors at the Company's Katanning Gold Discovery

Lone Tree

This prospect is located 1.5 kilometres along strike to the south of Jackson. Historic drilling of the Lone Tree prospect has intersected 7m @ 24.0 g/t Au; 12m @ 2.1 g/t Au, 9m @ 2.0 g/t Au and 6m @ 3.2 g/t Au. Ausgold has recently designed a drill program to test the strike and depth extent of the primary gold mineralisation at the Lone Tree prospect.

White Dam

Located directly to the west of one of Ausgold's key targets, Jinkas (located in the Eastern Corridor), significant results from historic drilling in the 1990's include 3m @ 6.2 g/t Au, 3m @ 6.0 g/t Au and 2m @ 9.8 g/t Au.

Significantly, limited drill testing of the primary mineralisation at the White Dam ore body intersected 3m @ 16.0 g/t Au from 154m. This result suggests gold mineralisation at other prospects within Ausgold's Katanning Gold Discovery may continue deeper than the 100 metres indicated by the Company's drilling to date.

Dingo

At Dingo, Ausgold has recently identified primary gold mineralisation which appears continuous over 750 metres of strike and which remains open in all directions and at depth.

On 30 May 2011, the Company announced the latest drilling results which confirmed the continuation of mineralisation and included results of:

11m @ 4.15 g/t Au from 107m	20m @ 2.69 g/t Au from 79m
15m @ 3.55 g/t Au from 90m	20m @ 2.42 g/t Au from 86m
20m @ 2.30 g/t Au from 121m	21m @ 2.13 g/t Au from 49m

Initial interpretation suggests that gold grades increase as drilling continues to the south of Dingo. Consequently, Ausgold has two RC drill rigs testing the southern extension of the Dingo ore body.

Shoestring

Historic air core drilling of oxide material conducted in the 1990's provided results of 2m @ 1.63 g/t Au and 1m @ 1.36g/t Au. At the southern end of the ore body, a 165 ppb Au soil anomaly was identified from further soil sampling. Primary gold mineralisation associated with this gold-in-soil anomaly is yet to be drill tested.

Eastern Corridor

The Company has to date identified four ore bodies located within the Eastern Corridor of which Jinkas, Neighbours and Olympia are the priority targets.

Olympia

RC drilling of the primary mineralisation is in progress at Olympia and Ausgold is currently awaiting results from this drilling. Historic results show a soil anomaly peaking at 942 ppb Au with oxide drill intercept of 2m @ 5.41 g/t Au.

Neighbours

Located between Olympia and Jinkas, historic oxide drilling of the 800 metre soil anomaly identified 3m @ 2.8 g/t Au. To date, the primary mineralisation remains untested by drilling.

Jinkas

At Jinkas, primary gold mineralisation appears continuous for over 900 metres with the ore body remaining open in all directions and at depth.

A resource delineation drilling program of over 100,000 metres of RC drilling is ongoing to test the continuation of Jinkas to depths of 500 metres below surface. In addition, drilling to test the strike extension of up to 1.5 kilometres will commence upon the arrival of an additional RC and diamond core drill rigs later this month.

Assay results returned from Ausgold's recent drill program at Jinkas are summarised in the Company's Quarterly Activities Report dated 29 April 2011. True-width intercepts from this drilling include:

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
10m @ 10.73 g/t Au from 116m	9m @ 6.40 g/t Au from 118m

Fraser

Whilst primary gold mineralisation remains untested, historic results from oxide drilling include 1m @ 9.4g/t Au; 4m @ 2.1g/t Au and 6m @ 1.8g/t Au.

Boddington South Regional Targets

In addition to hosting the Katanning Gold Discovery, the greater Boddington South Exploration Project covers an area of 6,000km² and is host to multiple targets which Ausgold believe merit further exploration (Figure 3). Five million dollars is budgeted for ongoing exploration in this area.

Through the analysis of historic data over 20 target areas have been identified. The Bullock Pool and Nanicup Bridge prospects and four target areas have been assessed as high priority with another seven areas warranting further exploration.

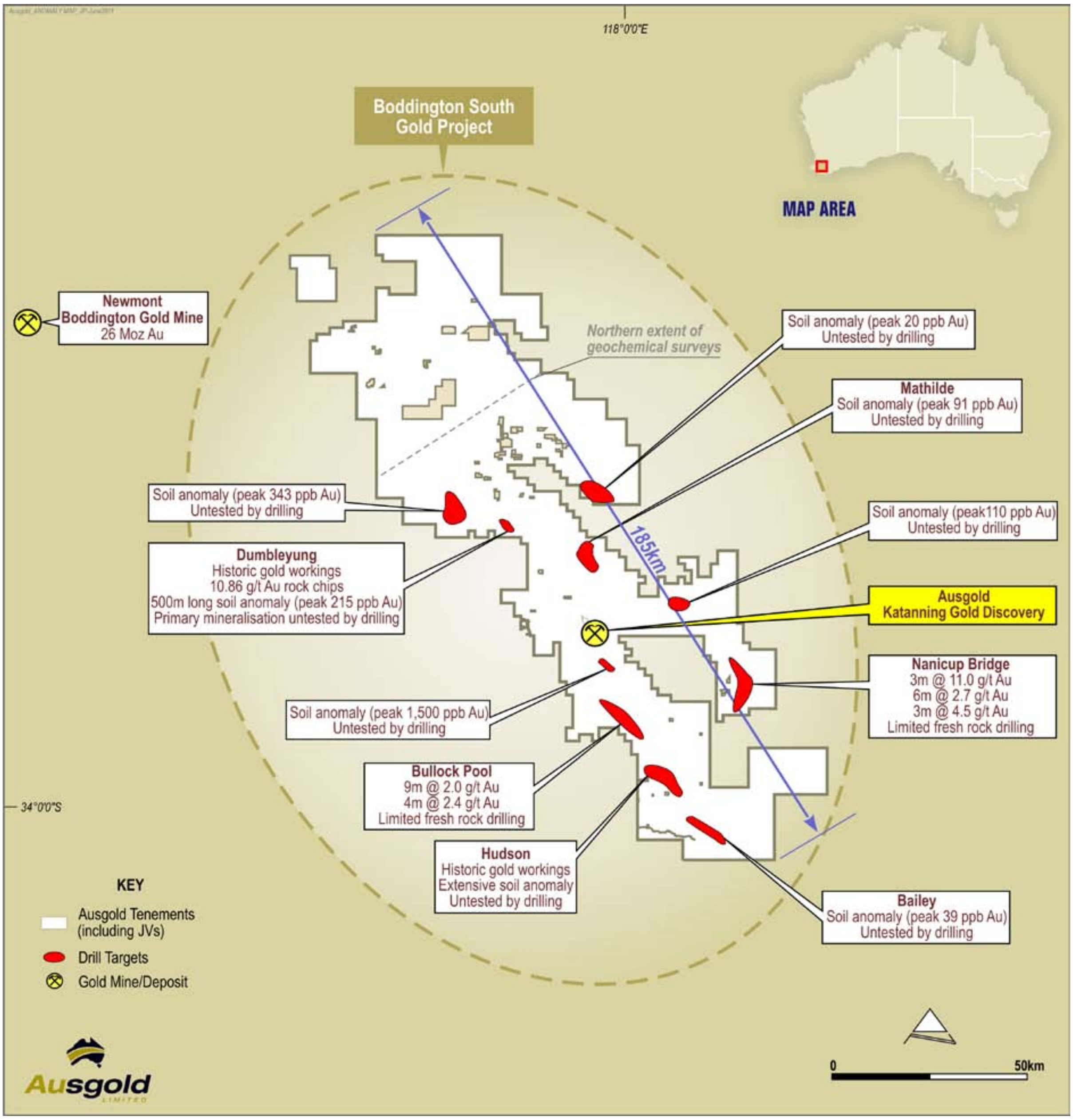

Figure 3: Schematic representation of priority regional targets across Ausgold's Boddington South Exploration Project

Hudson

Historic gold workings have been reported at Hudson and Ausgold believes this prospect demonstrates the potential to host mineralisation in line with the greenstone found at the Katanning Gold Discovery.

Geochemical sampling carried out during the last decade has confirmed gold anomalism is present and that it may be wider spread, in particular extending to the southwest.

Ausgold proposes to complete additional reconnaissance exploration over the Hudson prospect in the coming months. In addition to testing the potential for this prospect to host a sizeable gold deposit, this exploration program will also test the continuity of gold mineralisation between the Hudson anomaly and the Bailey prospect located approximately 10 kilometres along strike to the south.

Bailey

Surface geochemical sampling carried out during the last decade indicated a 900 metres north-south trending gold anomaly including high-grade gold-in-soil values with a nearby laterite sample recording the highest arsenic assay for the whole historic dataset covering the Boddington South area.

This gold-arsenic anomalism suggests strong potential for mineralisation associated with this apparent continuation of the Katanning greenstone geology which hosts the Company's Katanning Gold Discovery. Elevated copper levels at this location also suggest that the Bailey anomaly extends to the northwest to the Hudson prospect.

Mathilde

Historic workings have demonstrated a discrete, very strong, gold-arsenic anomaly in calcrete and laterite up to 91 ppb Au (laterite), 60 ppb Au (calcrete) and 120 ppm As (laterite) – demonstrating some of the peak arsenic and gold assays received in all of the historic dataset, making this area a robust drill target. Immediately south of this lies a copper anomaly which also warrants further investigation.

Dumbleyung

Gold was first reported at the Dumbleyung prospect in 1906 and a sampling program completed in 1990 by a previous explorer recovered rock chip samples up to 10.86 g/t Au. An auger sampling program completed around the same time indicated a coherent gold anomaly over 500 metres long (peak assay 215 ppb Au) trending slightly west of north and open to the northwest.

Despite the historic gold working at Dumbleyung, the primary gold mineralisation within this prospect remains untested by drilling. Significantly, all historic data points to the Dumbleyung prospect lying north-northwest along strike from the Katanning Gold Discovery and Ausgold believes that this area could be highly prospective and therefore is a high priority target for further investigation and drill testing.

*****ENDS*****

For further information, shareholders and media please contact:

Benjamin Bell
Chief Executive Officer
Ph: (08) 9424 9300
Email: bbell@ausgoldlimited.com

Victoria Thomas
Six Degrees Investor Relations
Ph: (03) 9674 0347
Email: victoria@sixdegreesmedia.com.au

The information in this 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.

About Ausgold Limited

Ausgold Limited (ASX: AUC) listed in 2009 with the aim of utilising the best expertise and innovation in geoscience to target and discover new gold and copper ore bodies in underexplored mineral provinces in Australia.

Ausgold's Boddington South Gold Project is located southeast of Perth and covers an area in excess of 6,000 square kilometres over the Southwest Terrain of the Yilgarn Craton. Within this project lies Ausgold's Katanning Gold Discovery.

A major drilling campaign is currently underway to drill out the depth and strike extensions of Katanning Gold Discovery, test a 18 kilometre strike of gold mineralisation within the project area and begin exploration of the 100 kilometres of greenstones that have been identified in the Company's tenement package.