

## New Drilling Targets at Katanning

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Ausgold Limited (“Ausgold” or “the Company”) (ASX: AUC) is pleased to announce initial results from the newly acquired aeromagnetic data.

### Highlights

- New aeromagnetic and radiometric data received
- A 2007 Electromagnetic (EM) survey reprocessed with latest software
- Several new coincident magnetic & EM anomalies for high priority drill testing
- Drilling scheduled to commence in January 2013

Ausgold CEO Dr. Andrew Tunks said: *“We are delighted with the results of the aeromagnetic survey and excited by new targets that have been generated from the combination of the magnetics and the reprocessed EM data. Initial interpretation has shown two high priority targets that have coincident magnetic and conductive geophysical signatures. The coincidence of anomalies in both data sets is highly encouraging and these targets will be drill tested in the next drilling program scheduled to commence in January 2013”.*

### Background

Ausgold recently commissioned GPX Surveys to complete a detailed (40m line spacing) aeromagnetic and radiometric survey over its core gold exploration are the Katanning Gold Project (KGP). At the same time old data from a 2007 Helicopter Time Domain Electromagnetic Survey (EM) was reprocessed with the latest software and technology.

Geological logging of the mineralised zones at Katanning has led to a recognition that the gold zones are associated with intense pyrrhotite and magnetite alteration which leads to an increase in the magnetic character of the rock. Furthermore the presence of sulphides in the alteration can change the electrical properties of the rock increasing its conductivity, it is the change in conductivity that is mapped using EM geophysical methods.

Initial interpretation by Ausgold of these data sets has led to the recognition of several new targets for drill testing and two primary targets are outlined in this release. Data interpretation is continuing over the next few weeks.

### New Targets

The combination of the aeromagnetic and EM data has led to the recognition of several coincident magnetic and EM anomalies. In both cases the EM anomalies are resistive at early times (possibly related to alteration) and become conductive at later times possibly related to sulphide mineralisation. In both the highlighted cases the anomalies are close to known mineralisation but have not been tested by previous drilling.

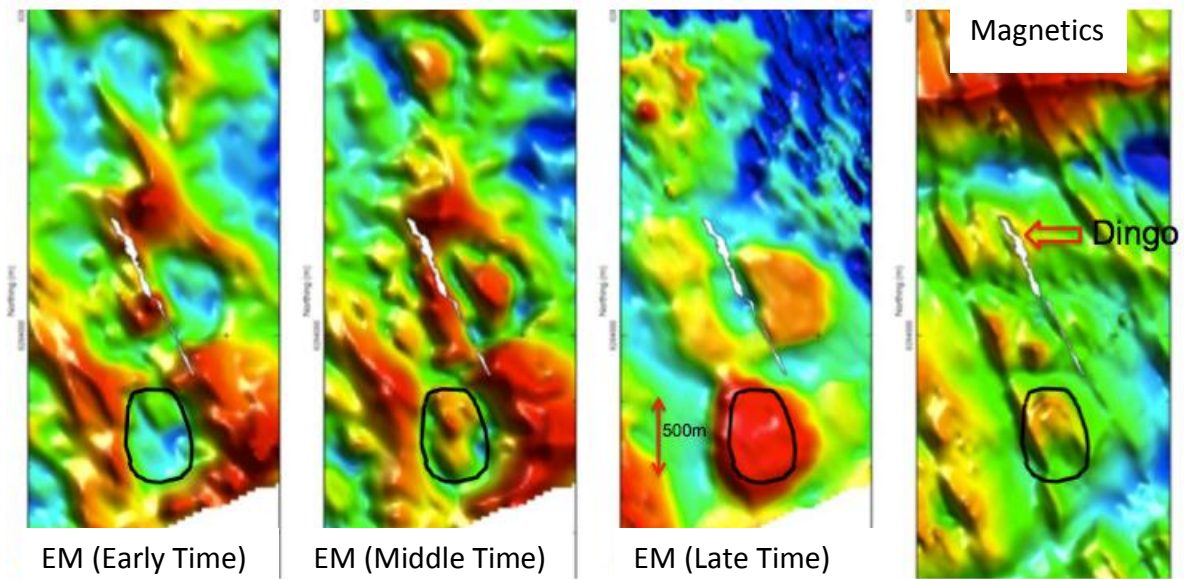


Figure 1 (above): Composite Image of EM and magnetic data for one of the new targets in the vicinity of the Dingo mineralisation. The image on the right is the Total Magnetic Intensity (TMI) image and the black circle highlights a subtle magnetic anomaly south of Dingo (shown in white). The same black circle is shown on the three EM images labelled Early-Middle-Late (EM time channels). The Early image shows a conductivity low (resistivity high) which may be related to alteration or a change in the weathering profile, the Middle and Late images show a circular conductivity high which may be related to sulphide mineralisation. The three images of the EM represent slices of data at later times, which broadly approximates to increasing depth.

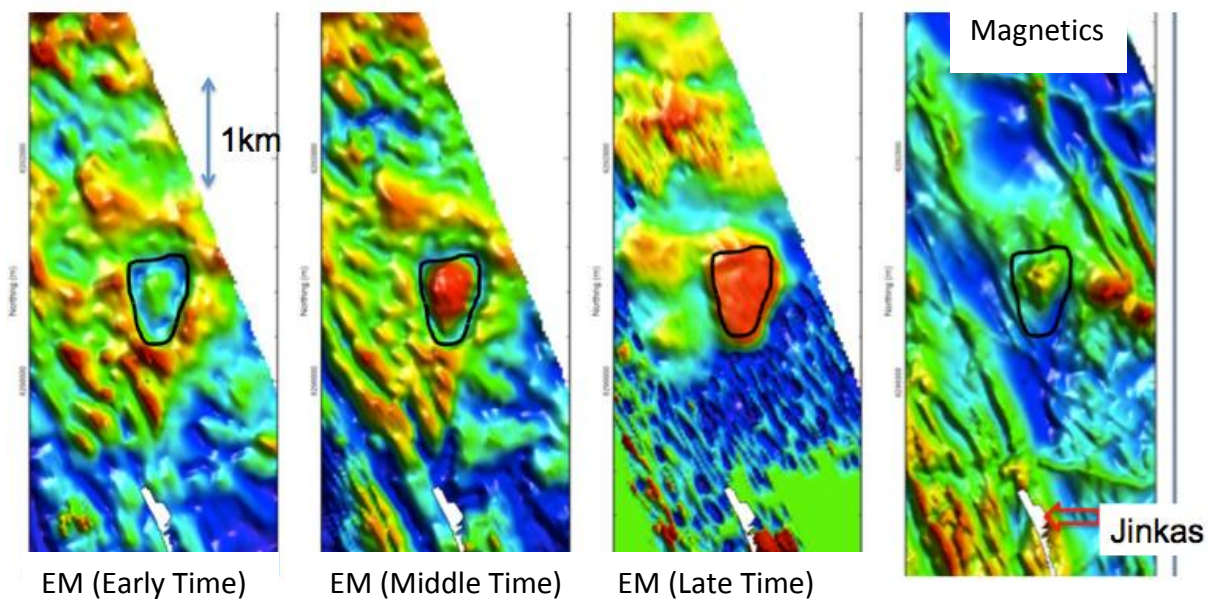


Figure 2 (above): Composite Image of EM and magnetic data for one of the new targets in the vicinity of the Jinkas mineralisation. The image on the right is the Total Magnetic Intensity (TMI) image and the black outline highlights a subtle magnetic anomaly north of Jinkas (shown in white). The same black circle is shown on the three EM images labelled Early-Middle-Late (EM time channels). The Early image shows a conductivity low (resistivity high) which may be related to alteration or a change in the weathering profile, the Middle and Late images show a circular conductivity high which may be related to sulphide mineralisation. The three images of the EM represent slices of data at later times, which broadly approximates to increasing depth.

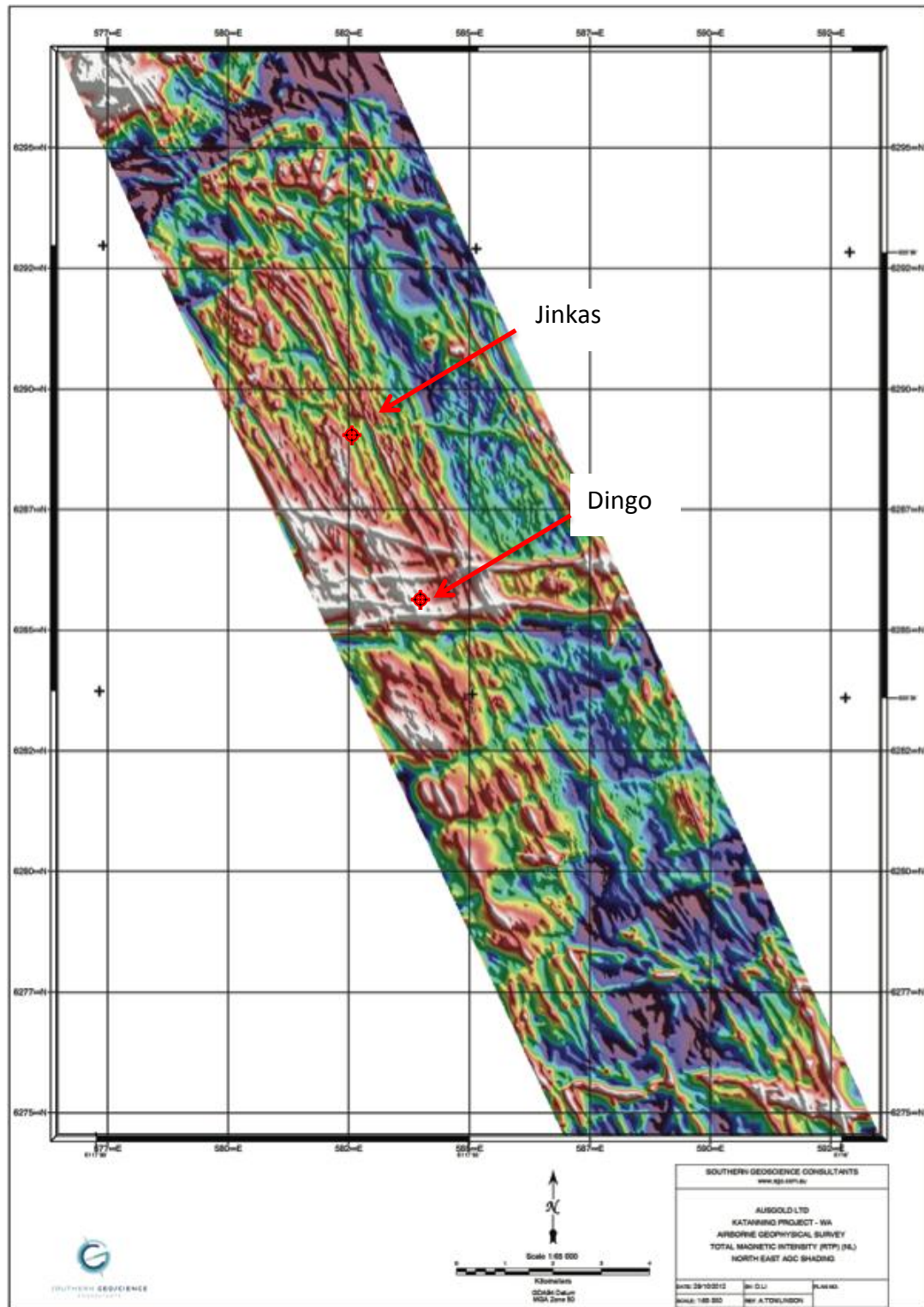


Figure 3: Image of Total Magnetic Intensity from detailed Aeromagnetic survey.

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