Ausgold LIMITED

2015 ANNUAL REPORT

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CORPORATE DIRECTORY

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(Executive Director)

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REVIEW OF OPERATIONS

Over the past 12 months Ausgold has focussed its activities on the Katanning Gold Project ("KGP") where the company has continued working to upgrade existing gold resources.

The highlight of the year was the successful completion of a resource Development and Exploration drilling program at KGP which produced exceptional drill results and which supports our ambition of establishing a high grade / low tonnage open pit mining operation at Katanning.

Ausgold commissioned SRK Consultants, a leading independent geological and mining group to complete an updated JORC 2012 compliant resource estimate at the KGP. In October 2015 Ausgold released the updated JORC resource estimate for the Katanning project of **16.4Mt @ 1.21 g/t Au for 637,000 Oz Au** which provides a realistic initial platform to advance the project towards development and mining. Following the updated resource, Ausgold have commenced a Scoping Study to be completed late 2015.

Ausgold remains confident of increasing the global resource base at the prospective KGP and during 2016 the Company proposes to complete further drilling to extend the resources. At the same time, review of all other Ausgold projects is ongoing.

The recent Monty massive sulphides discovery on the Sandfire Resources / Talisman Mining JV close to Ausgold's Doolgunna Station project highlights the prospectivity of the entire Bryah Basin stratigraphy to host VMS type mineralisation. In light of this we are proposing a high energy fixed loop EM (FLEM) geophysical survey at Doolgunna Station project. This modern type of survey has been credited with a number of the recent discoveries of massive sulphide mineralisation in the Bryah Basin.

At Yamarna, where Ausgold has identified encouraging nickel copper mineralisation, limited work included an independent re-interpretation of all the geophysical data to better target the drilling of extensions to mineralisation and to identify targets for exploration.

Work is being conducted at Cracow to refine existing targets and identify new prospective areas with potential for epithermal and porphyry gold copper mineralisation.

Figure 1 – Ausgold's Projects

REVIEW OF OPERATIONS

KATANNING GOLD PROJECT, WESTERN AUSTRALIA (AUC 100%)

The Katanning Gold Project is located 275 kilometres southeast of Perth, where Ausgold holds a substantial and dominant ground position (2,131 square kilometres) over a relatively underexplored greenstone belt (**Refer Figure 1**). Exploration has outlined a 20 kilometre belt hosting multi-lode gold mineralisation, including the advanced Jinkas, Dingo and Jackson gold deposits as well as several other highly prospective targets ready for initial and advanced follow-up drill testing.

During the year Ausgold focussed on its Katanning Gold Project where a number of important achievements have been made to support our ambition of creating a higher grade/low tonnage open pit mining operation. These include:

– Execution of a Compensation/Access Agreement covering Mining Lease M70/211
– Heritage surveys completed to provide drilling access.
– Successful completion of a resource development and exploration RC drilling programme
– Updated JORC 2012 Resources totalling 637,330 ounces/gold^ completed by geological specialists SRK Consultants Ltd; and
– Commencement of a Scoping Study with SRK (Mining Studies/whittle optimisation) and CPC Engineering (Metallurgy / Process Plant and Infrastructure) engaged.

During the second half of the year, Ausgold successfully completed a total of 3,828m of reverse circulation (RC) drilling at the Jinkas and Dingo deposits which delivered exceptional results. (**Refer Figures 2 – 8**)**.** The results confirm a substantial footprint of shallow gold mineralisation at Jinkas over a 700m strike length which remains open in a number of directions.

Drilling at the KGP focused on the higher grade core of mineralisation within the current resource at Jinkas and Dingo and has delivered exceptional results. The results from the drilling include:

- **20m grading 7.64 g/t Au** (from 96m) including **7m grading 18.25g/t Au** (96m) in BSRC0693;
- **26m grading 5.18g/t Au** (from 49m) including **10m grading 10.48g/t Au** (60m) in BSRC0690;
- **16m grading 4.22 g/t Au** (from 84m)in BSRC0699 ; and
- **13m grading 5.51 g/t Au** (from 65m) in BSRC0683.

In addition, and building on previous exploration and structural studies by SRK Consultants, exploration drilling to test for structural repetitions of mineralisation at White Dam, Jackson and Datatine is proposed.

In summary, the highlights of the KGP are:

i. Advanced mining development project, implying more rapid transition towards mining
ii. Established site infrastructure such as office facilities, power, water, roads
iii. **Gold resources totaling 16.4Mt @ 1.21 g/t Au for 637KOz^**
iv. Potential to extending existing mineralization both along strike and down dip/plunge
v. Simple deposit metallurgy
vi. Highly prospective portfolio of tenements, host to a variety of mineralization styles
vii. A substantial, high quality exploration database, with an excellent pipeline of exploration projects
viii. Numerous gold targets identified by a recent targeting study that require follow up

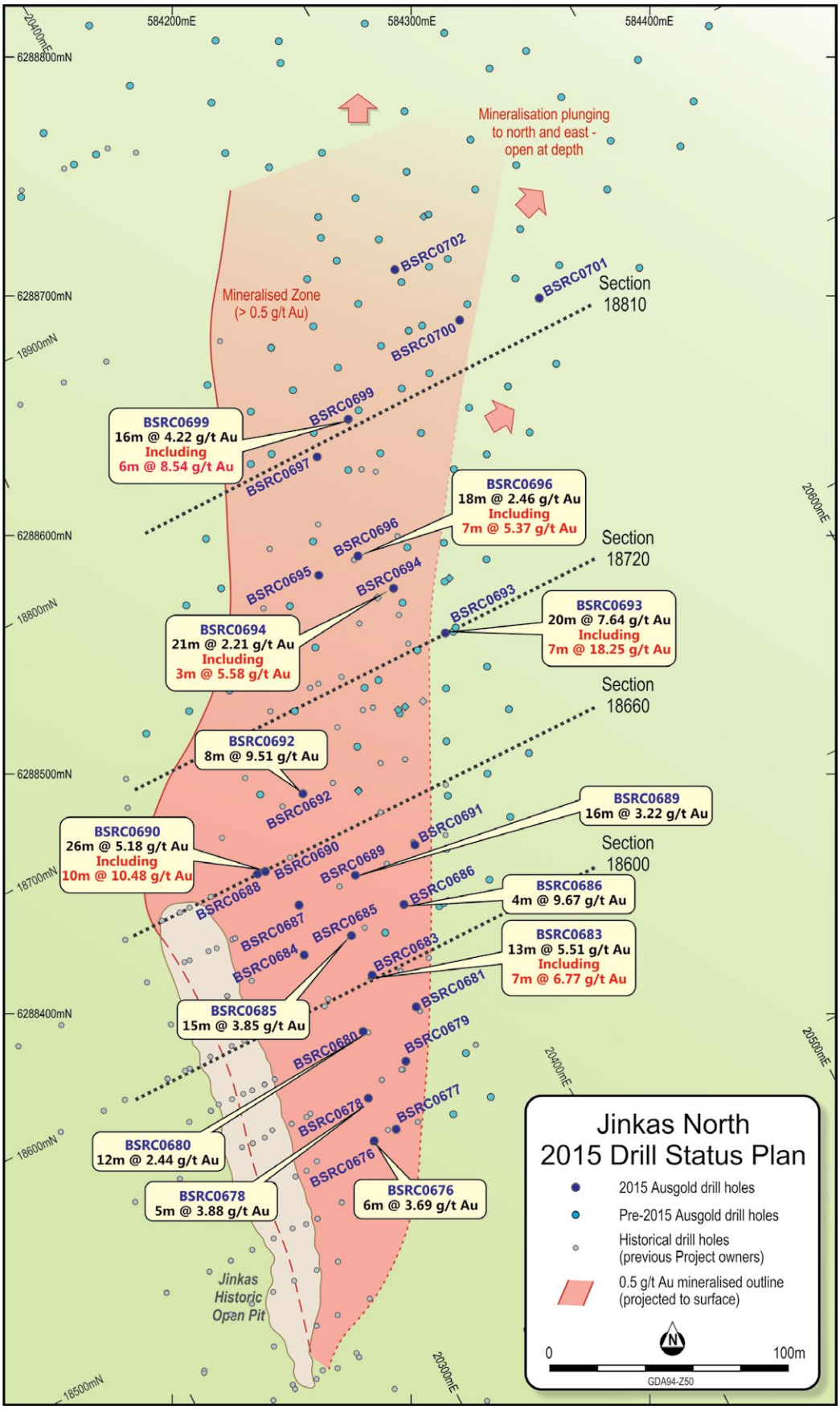

Figure 2 – Drill Status Plan of drilling to north east of historic Jinkas North open pit

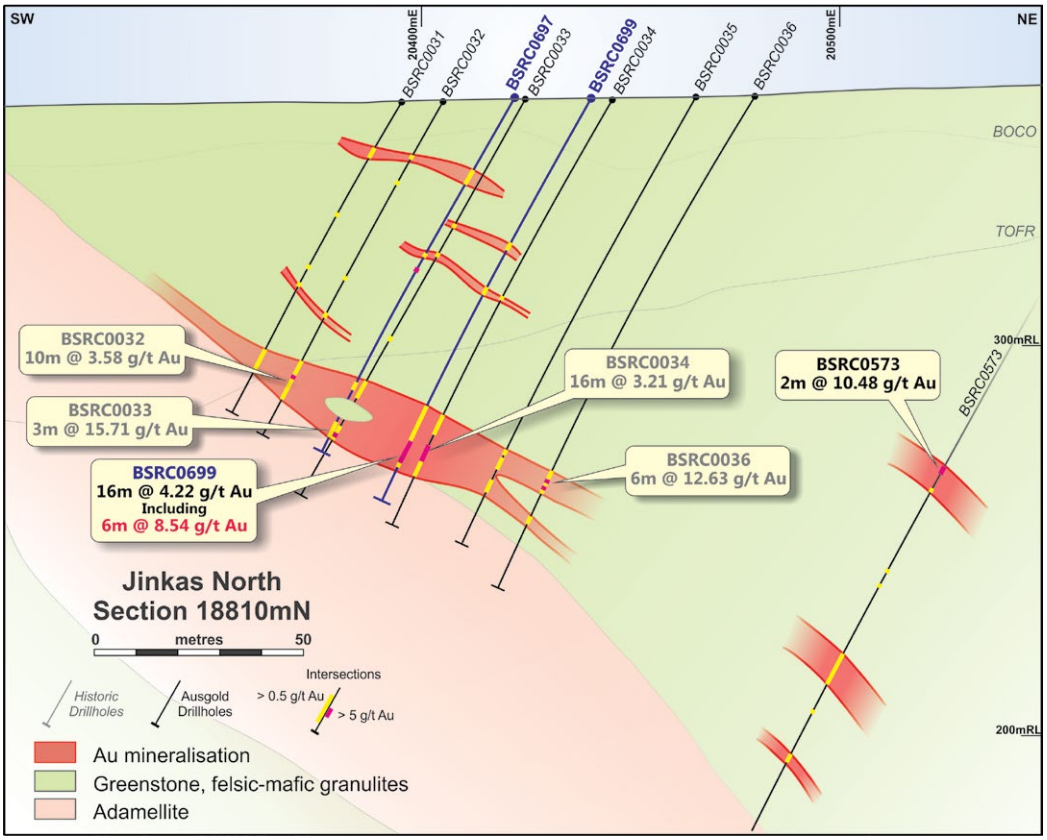

Figure 3 – Jinkas Cross Section 18810

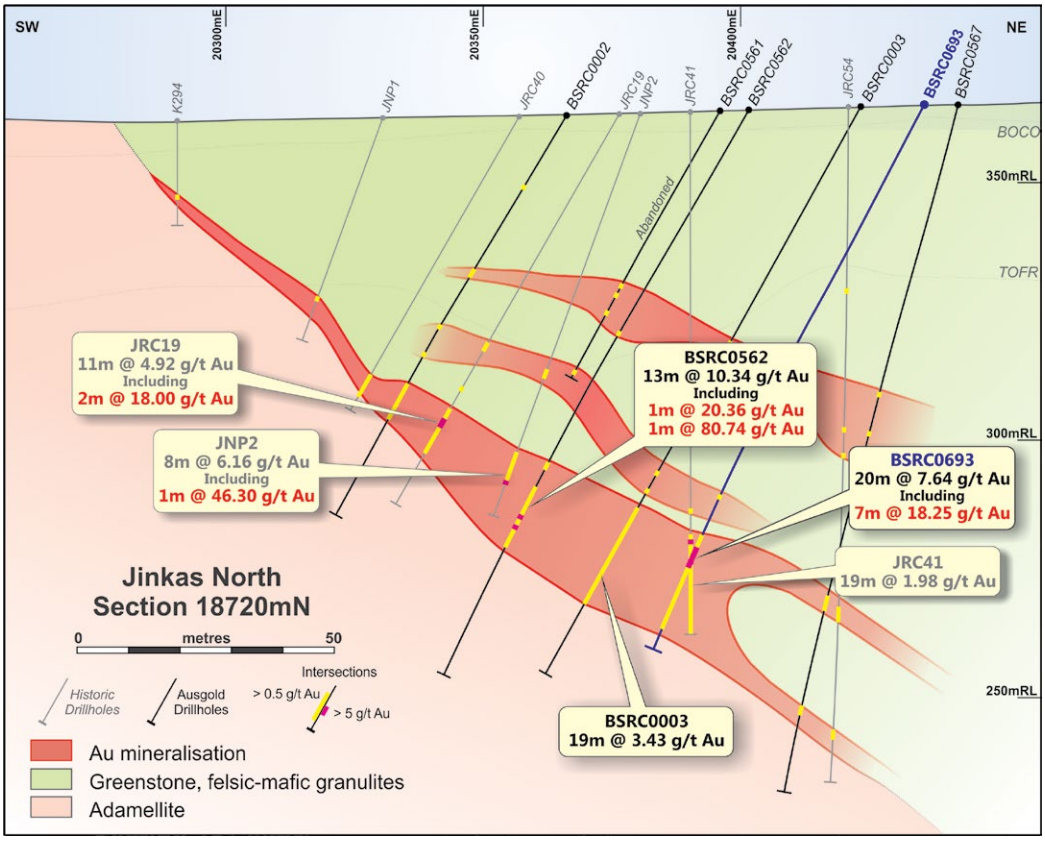

Figure 4 – Jinkas Cross Section 18720

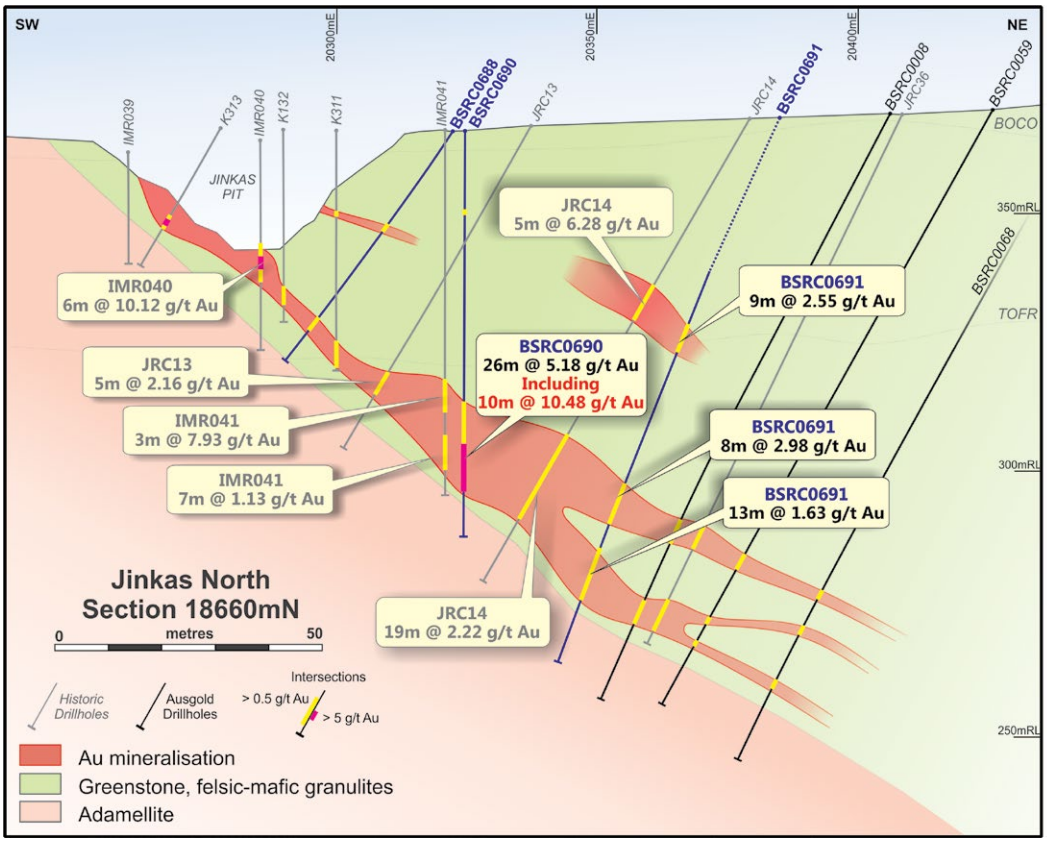

Figure 5 – Jinkas Cross Section 18660

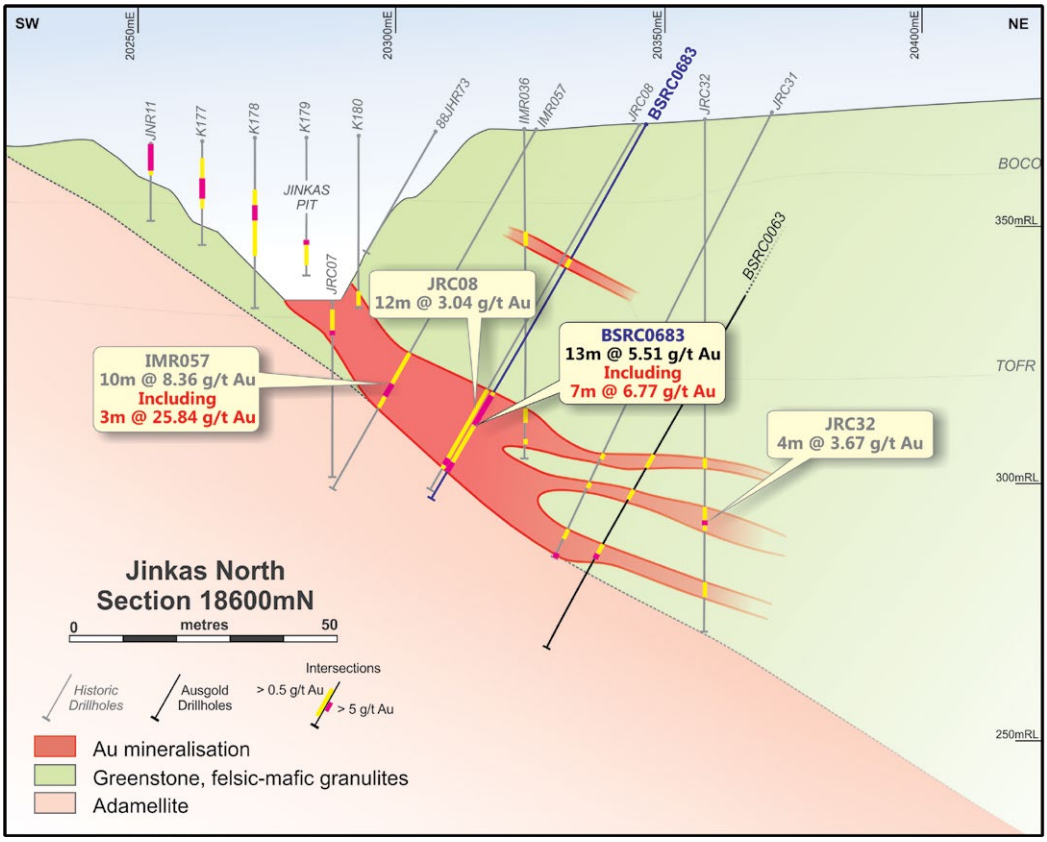

Figure 6 – Jinkas Cross Section 18600

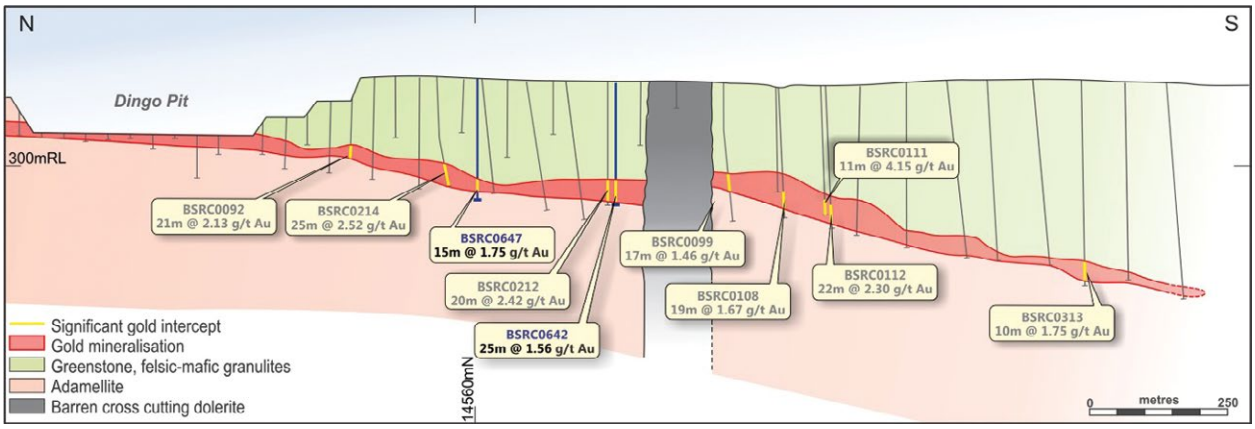

Figure 7 – Dingo Long Section

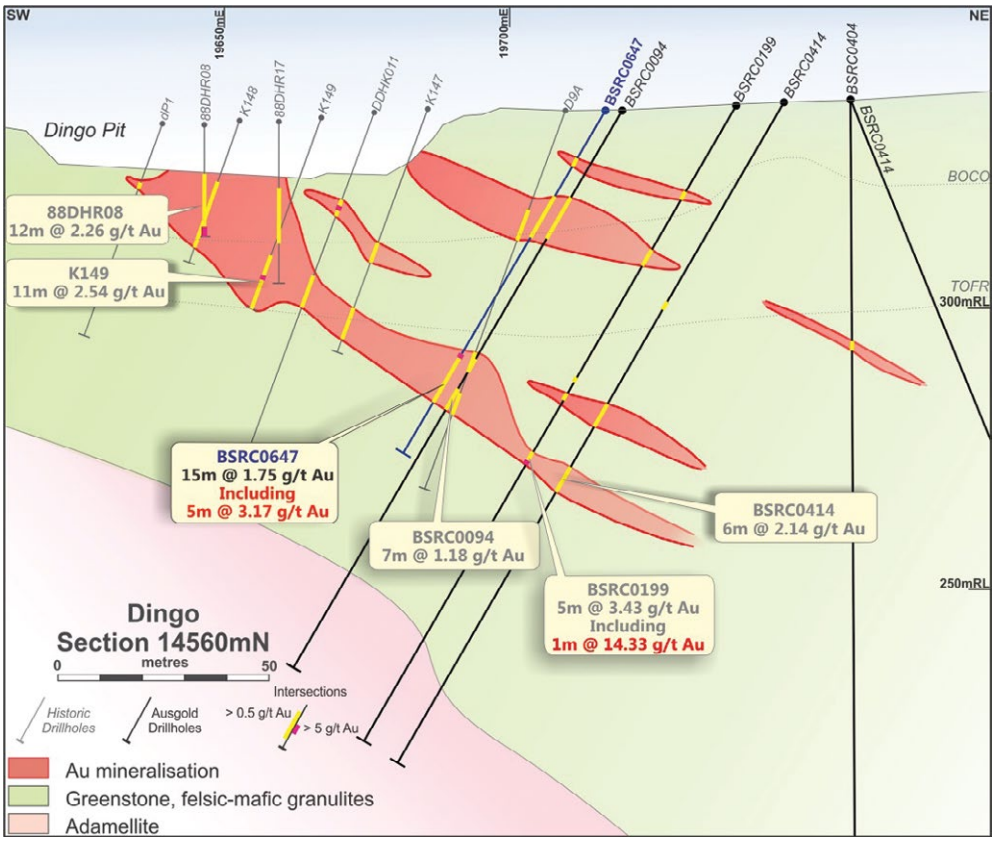

Figure 8 – Dingo Cross Section 14560

COMPLETION OF UPDATED MINERAL RESOURCE ESTIMATE

In light of the exceptional drilling results and advances in the understanding of the geology at the KGP, Ausgold engaged industry specialists SRK Consultants Ltd ("SRK") to complete an updated mineral resource estimate (**Refer Table 1**). SRK provides specialised consulting services to the mining, exploration and financial industries.

The updated resources comprise the principal Jinkas, White Dam, Lone Tree, Jackson and Dingo mineralisation, which extends over a 5.0 kilometres strike length of favourable stratigraphy at the KGP (**Refer Figure 9 Map of Mineral Resource Locations**).

REVIEW OF OPERATIONS

Lode	Measured			Indicated			Inferred			Totals		
	Mt	Au g/t	Koz	Mt	Au g/t	Koz	Mt	Au g/t	Koz	Mt	Au g/t	Koz
Jinkas Main Lodes	2.37	2.15	164	1.00	1.13	36	0.75	0.89	21	4.13	1.67	221
Jinkas HW Lodes	0.22	1.10	8	0.76	1.02	25	0.49	0.91	14	1.47	1.00	47
Jinkas Total	**2.59**	**2.06**	**171**	**1.77**	**1.08**	**62**	**1.24**	**0.90**	**36**	**5.59**	**1.49**	**268**
Dingo Main Lodes	0.44	1.22	17	2.95	1.11	106	0.38	0.77	9	3.77	1.09	132
Dingo HW Lodes	–	–	–	0.63	0.72	15	0.31	0.64	6	0.94	0.69	21
Dingo Total	**0.44**	**1.22**	**17**	**3.58**	**1.05**	**120**	**0.69**	**0.71**	**16**	**4.70**	**1.01**	**153**
Jackson Main	–	–	–	0.32	1.50	16	0.04	0.94	1	0.37	1.43	17
Jackson HW & FW	–	–	–	0.47	1.02	15	0.19	0.95	6	0.66	1.00	21
Jacks on Total	**–**	**–**	**–**	**0.79**	**1.22**	**31**	**0.24**	**0.95**	**7**	**1.02**	**1.15**	**38**
Lone Tree Total	**–**	**–**	**–**	**0.17**	**0.93**	**5**	**1.19**	**0.76**	**29**	**1.37**	**0.78**	**34**
White Dam Total	**–**	**–**	**–**	**0.38**	**1.00**	**12**	**3.28**	**1.24**	**131**	**3.66**	**1.22**	**143**
GRAND TOTAL	**3.0**	**1.94**	**188**	**6.7**	**1.07**	**230**	**5.4**	**1.25**	**219**	**16.4**	**1.21**	**637**

TABLE 1 – Updated Resource Estimate – SRK Consultants (September 2015)

Notes: The mineral resource is reported at a lower cut-off grade of 0.50g/t gold.

For the Jinkas Main Lodes a top cut of 50g/t has been applied (with top-cuts of 15g/t and 20g/t applied for the Jinkas HW Lodes). At the Dingo Main Lode a top cut of 20g/t has been applied.

The topographic surface at the KGP is at approximately 360mRL with the updated Mineral resource estimate stated to a depth of 210mRL (approximately 150 metres below land surface).

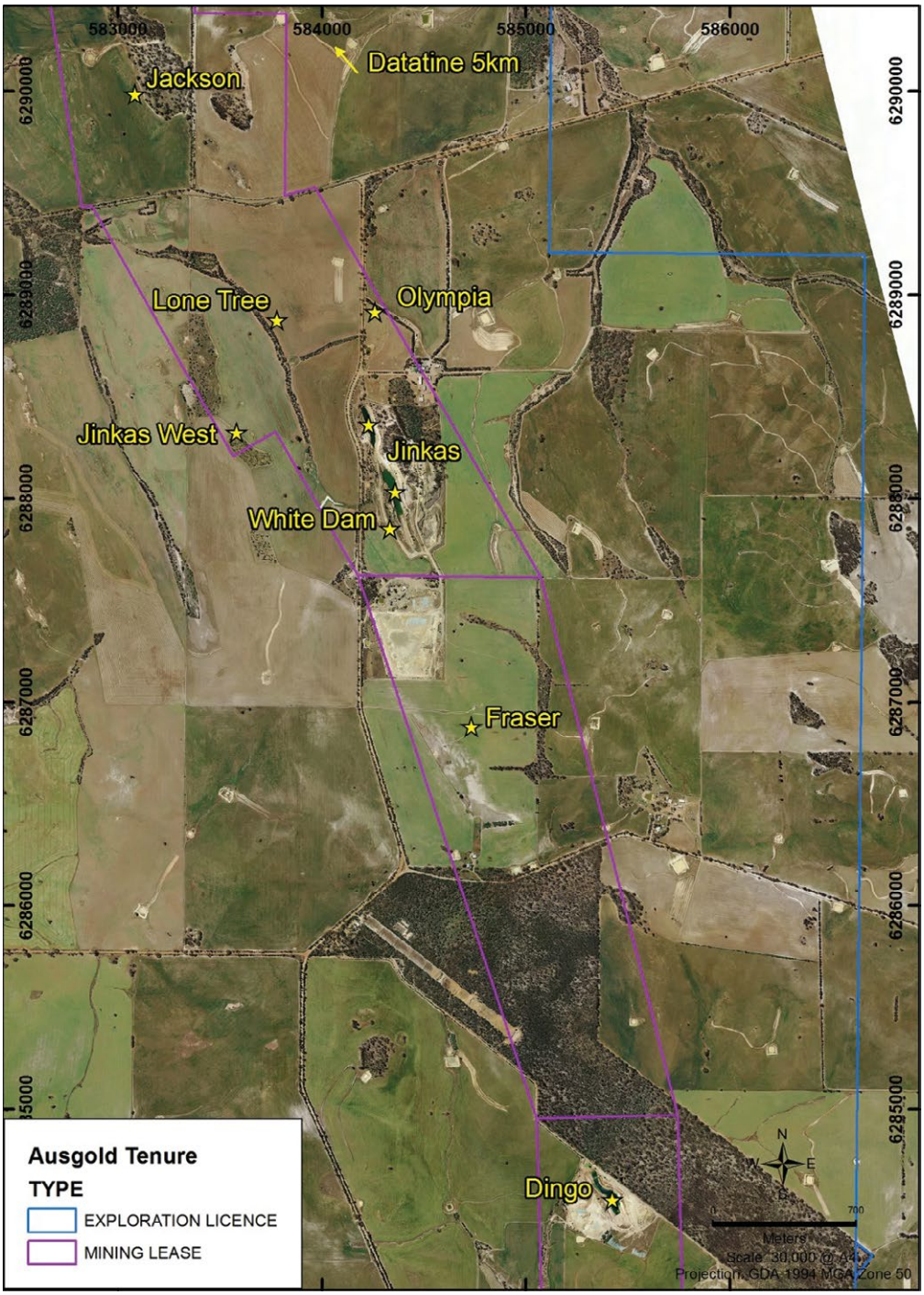

Figure 9 – Mineral Resource Locations at the KGP

Rational behind updated mineral resource estimate

The updated mineral resource estimate has less tonnes and a higher grade than the previous resource estimate (which comprised 18.9Mt grading 0.90g/t Au for 0.55Moz Au using a 0.50g/t Au cut-off grade prepared in accordance with JORC 2004 Mineral Resource guidelines). The updated resource has a greater component of wireframing of higher grade domains, due to advances in the understanding of geology from the recent resource Development and Exploration program. The updated JORC 2012 mineral resource estimate is not directly comparable to the previous estimate, which included all zones of mineralisation at the KGP and used a different estimation methodology.

REVIEW OF OPERATIONS

SCOPING STUDY AT THE KGP

Following the completion of the resource update by SRK, a Scoping Study level mining study has been commenced on the KGP.

The Scoping Study will address the following key areas:

1. SRK to determine mine scheduling and mine operating costs using the updated resource estimates (SRK 2015)
2. CPC to conduct a review of earlier metallurgical studies and propose a new test work program to be commenced as part of Pre-Feasibility
3. CPC to investigate Process Plant and Infrastructure requirements, sizing, capital and operating costs. This study will also include an assessment of the current grid power to site
4. Financial Analysis & Modelling (Ausgold)
5. Mining Lease Tenure (Ausgold) – documentation of granted ML status on freehold land (with surface rights available to Ausgold), access agreements with landowners/farmers and Heritage site

The scoping study is scheduled for completion in Q4 2015 and Ausgold is optimistic that the Katanning Gold Project represents an economic mining and development project and aims to continue on with detailed pre-feasibility studies during 2016.

GEOLOGY AND MINERALISATION

The KGP is hosted by one of a number of remnant Archaean greenstone belts located in the Southwestern Gneiss Terrain of Western Australia. Gold mineralisation at Jinkas and Dingo deposits, and in the Lone Tree, Jackson and Olympia areas immediately north of Jinkas, is hosted by medium-to-coarse-grained mafic gneisses that represent Archaean greenstones metamorphosed to granulite facies.

In open pit exposures and drill core the host sequence displays a strong gneissic layering that dips at approximately 30-45 degrees toward the ENE (local grid east). Previous exploration models had focused on this pervasive layering and gold mineralisation was interpreted as comfortable with the gneissic banding. However, a study and 3D modelling in 2014 by SRK (Greentree, 2014; supported by detailed airborne magnetics) revealed a new structural and mineralisation model, which is summarised as follows:

- early D1 structures were later transposed by D2 and are associated with peak metamorphism and granite intrusives
- D2 structures include a strong S2 foliation and isoclinal folding
- Gold was remobilised during D2 into the hinge zones of isoclinal folds
- D2 isoclinal folding was modified during D3 with folding and dextral shearing on ENE axis
- D4 under NNW – SSE compression resulted in the development of open E-W folding and doubly plunging north (Jinkas) – south (Dingo) mineralisation.

At least two corridors of mineralisation have been defined by Ausgold. These corridors are defined by two NNW (local grid north) trending quartz-monzogranite sills that each forms the footwall to mineralisation. Gold mineralisation does not extend into the monzogranite except where the contacts feature interleaved lenses of mafic gneiss. At Jinkas and Olympia, the upper (eastern) quartz-monzonite sill is approximately 90m thick and thins to the south and east, eventually pinching out. This sill consistently forms the footwall to the main mineralised lens at Jinkas. Gold mineralisation also occurs in the footwall, below the upper quartz-monzogranite sill, and above a second lower quartz-monzogranite sill (approximately 120m thick). Mineralization occurs within the gneissic package, between the two quartz-monzogranite sills and is referred to as the White Dam, Lone Tree, and Jackson projects (**Refer Figure 9**)

At Dingo, a single quartz-monzogranite sill approximately 120m thick and gold mineralisation is hosted within the mafic gneiss in the hanging wall. Mineralisation in the KGP area is also cut by a number of east and northeast striking Proterozoic dolerite dykes that post-date mineralisation and granulite metamorphism.

Gold occurs predominantly as free gold associated with disseminated pyrrhotite and magnetite, lesser pyrite and chalcopyrite and traces of molybdenite. Two styles of mineralisation have been recognised:

1. Siliceous low grade mineralisation, metamorphosed reorientated (original) quartz veins with grades <2g/t Au located on limbs of folds; and
2. High grade >10 g/t Au mineralisation remobilized during granulite metamorphism. Gold located in hinge zones of folds associated with high concentrations of sulphides (pyrite & pyrrhotite) and magnetite.

REVIEW OF OPERATIONS

EXPLORATION POTENTIAL

In light of recent advances in understanding of the geological and structural evolution of the KGP, the area is considered highly prospective for discovery of structurally controlled gold deposits; significant potential remains for additional major mineral discoveries at the KGP.

Extensions of Known Resources

Building on previous Ausgold exploration programs and structural studies ([1,2,3,4]), further drilling programs to test for structural repetitions of mineralisation at Jinkas, White Dam and Jackson, are proposed. Further drilling is required to test the mineralisation at depth and along strike, as shown in **Figures 12 – 13**. The resource model grade distribution shows where there is significant potential to expand the footprint of higher grade mineralisation at the KGP and rapidly grow the resource base.

The White Dam mineralisation is located approximately 80m below (and within in the "footwall") of the main Jinkas zone. Previous Ausgold drilling on this zone has intersected mineralisation over a 300m strike length; with intersections including 12m grading 3.62g/t Au (121m) in BSRC0434, 10m grading 7.86g/t Au (81m) in BSRC0435 and 16m grading 3.38g/t Au (133m) in BSRC0436.

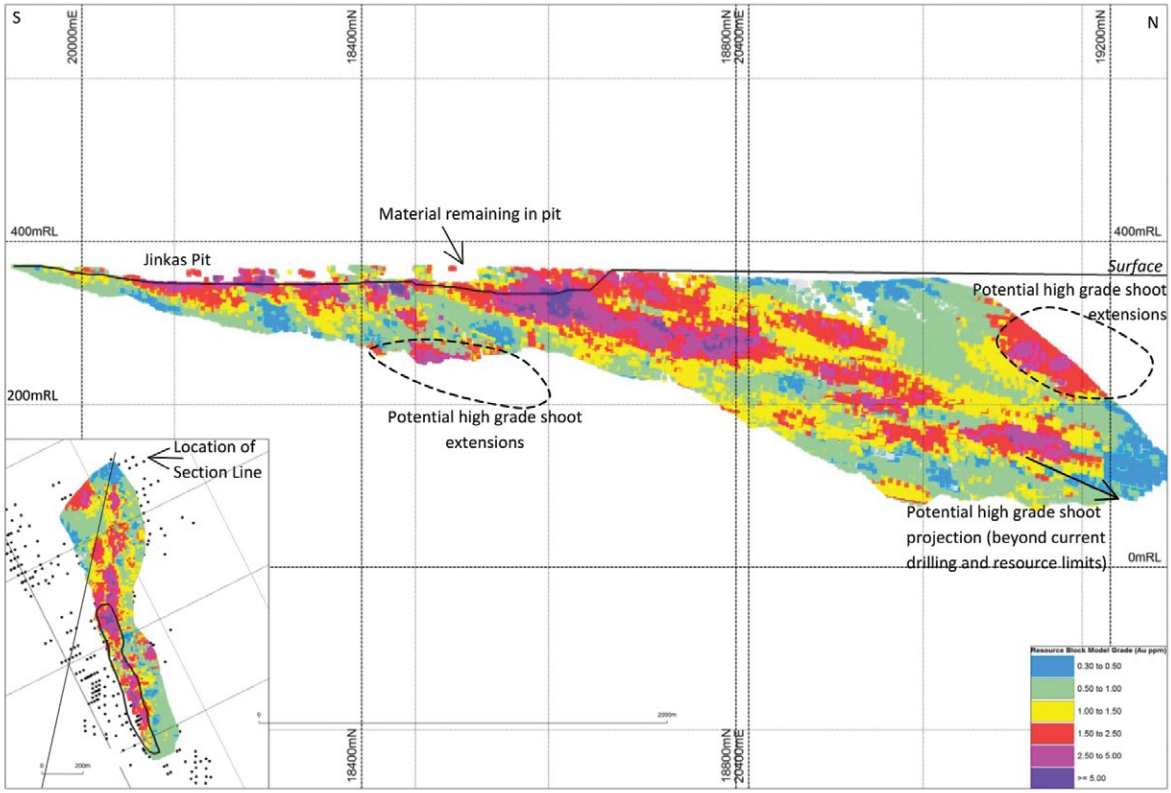

Figure 10 – Long Section (inset: Plan View) showing Jinkas Main Footwall Resource Block Model and potential continuation of high grade shoots relative to resource.

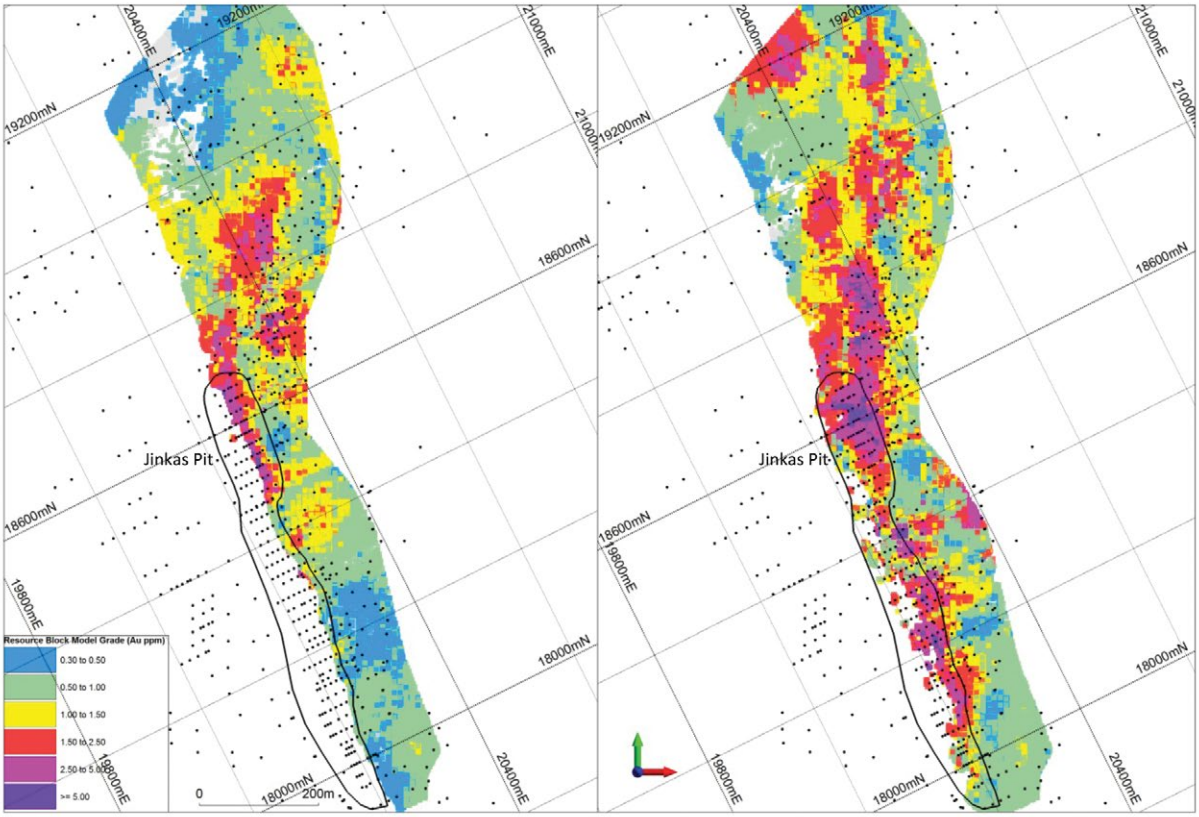

Figure 11 – Left – Jinkas Hanging Wall Resource Block Model (plan view).
Right – Jinkas Foot Wall Resource Block Model (plan view).

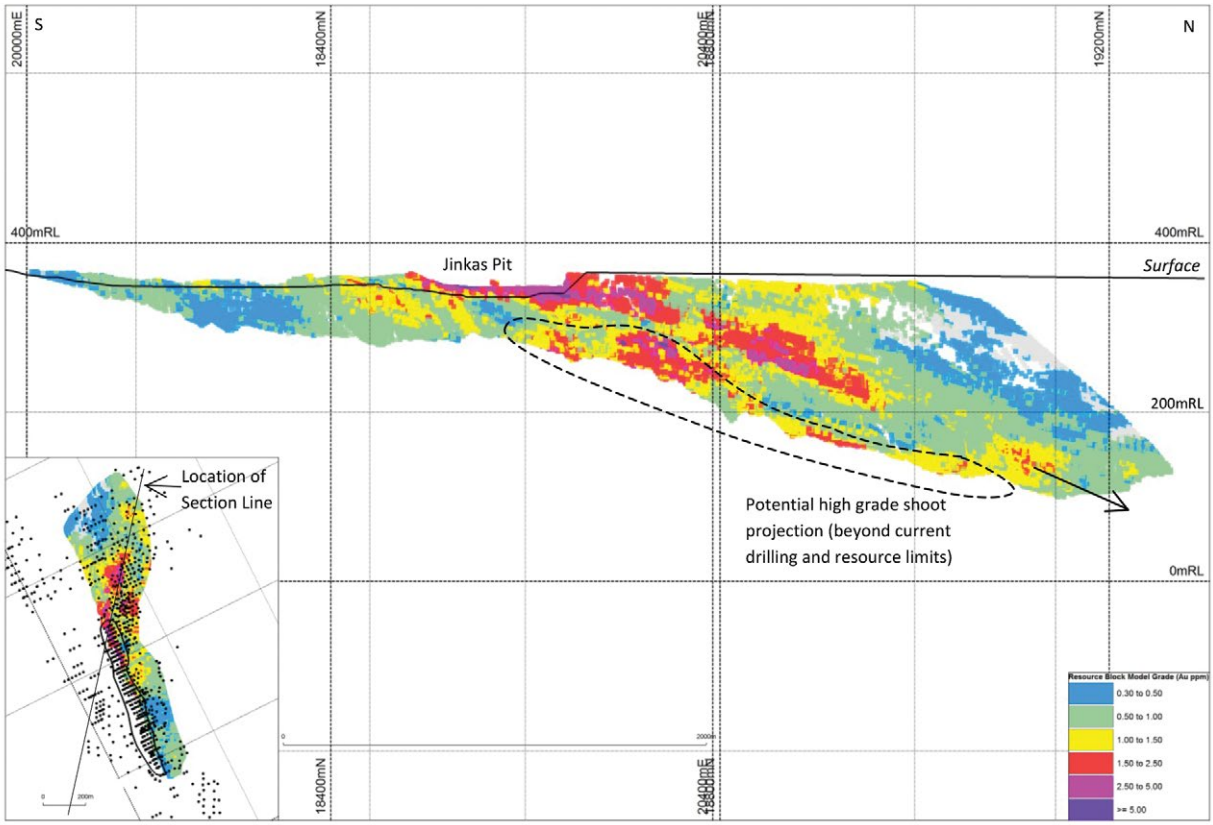

Figure 12 – Long Section (inset: Plan View) Jinkas Hanging Wall Resource Block Model and potential continuation of high grade shoots relative to resource.

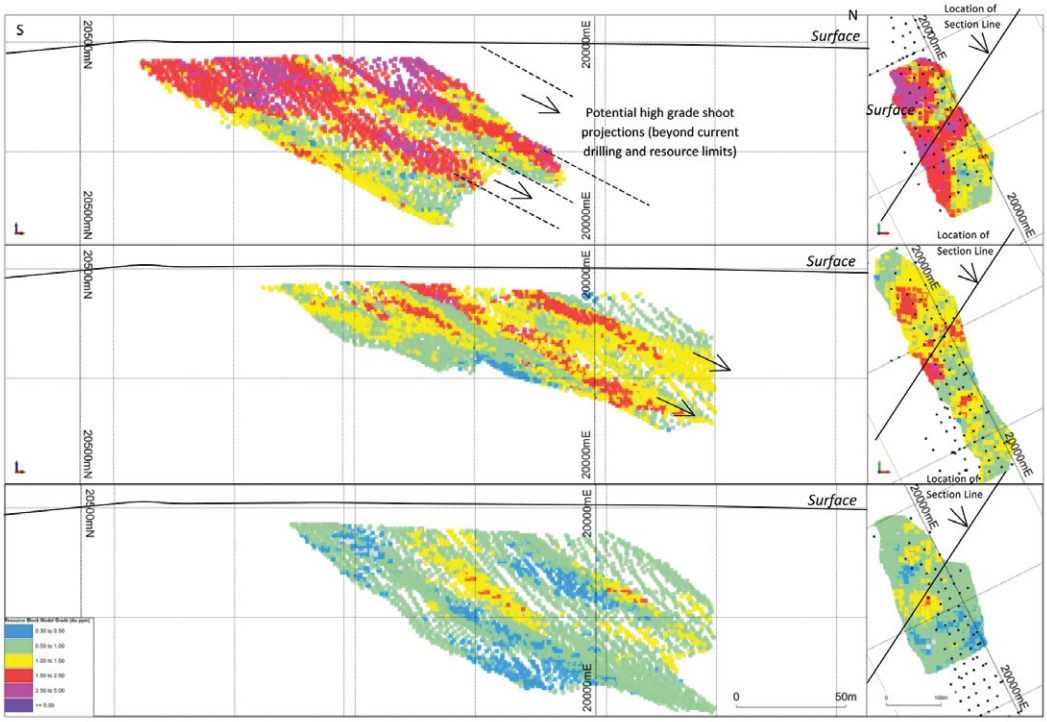

Figure 13 – Top – Long Section (inset: Plan View) Jackson Main Resource Block Model
Middle – Long Section (inset: Plan View) Jackson Hanging Wall Resource Block Model
Bottom – Long Section (inset: Plan View) Jackson Foot Wall Resource Block Model

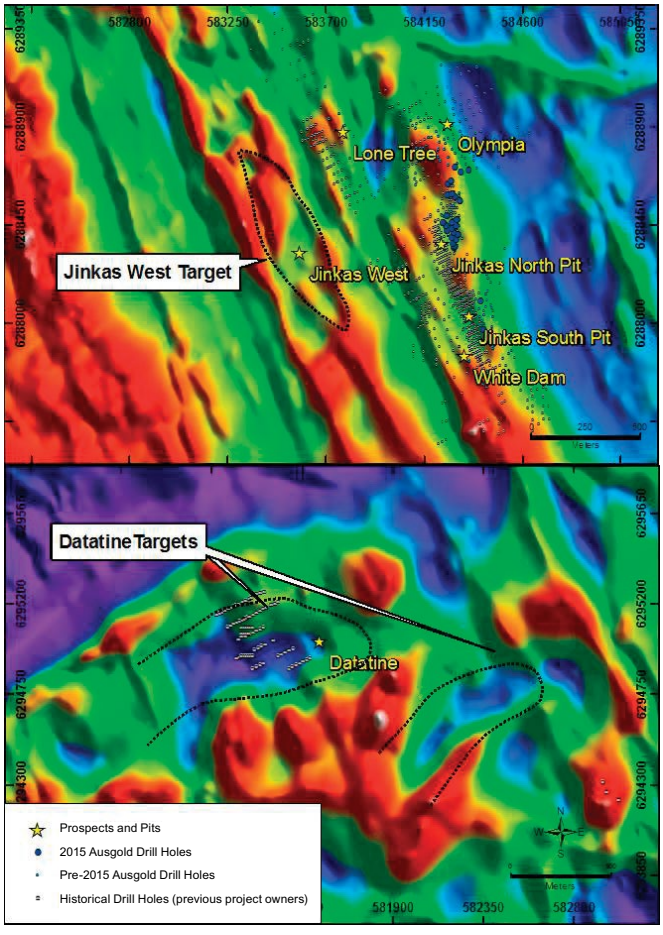

Figure 14 – Aeromagnetic image showing Jinkas West (top) and Datatine (bottom) targets

Near Mine and Regional Exploration Targets

Ausgold holds an extensive database for development and future exploration targeting. Analysis of the data indicates approximately 80% of AC drilling was drilled to a depth of less than 50m; this indicates significant potential for discovery at depth and under transported cover. Analysis also indicates that approximately 95% of the RC drilling data has been targeted to resource/reserve drill outs; this also indicates that a substantial number of regional targets have not been fully explored.

The SRK studies of the geology, structure and mineralisation at the KGP provides an improved understanding of the geometry and controls of gold mineralisation and a basis for the identification of new exploration targets.

The study suggests mineralisation may be situated in the hinges of isoclinal folds identified from detailed airborne magnetic data flown for Ausgold and SRK structural analysis of drill hole core; e.g. White Dam, Lone Tree, Jinkas, and Dingo mineralisation. The study identifies the northernmost prospect (Datatine) and the Jinkas West target as containing the same gneiss units as the Jinkas – Dingo trend. The SRK study is strongly supported by recent Ausgold geological and grade modelling as a result of the recent drilling appraisal and preparation for an updated resource estimate.

Jinkas West represents a strong exploration target, previously untested; **Figure 14** shows an aeromagnetic image with an interpreted large-scale isoclinal fold. This fold is analogous to the fold structure to the east at Jinkas. The Datatine prospect is located approximately 8km NNW of the central Katanning gold project. Historic drilling records (circa 1990) contain a single intercept of 4m grading 15.6g/t Au from 24m depth in a RAB hole. Follow-up drilling at the time failed to locate any further significant mineralisation but recent soil geochemistry and SRK interpretation of aeromagnetic data indicated the possibility that mineralisation is hosted by a northeast striking structure, and represents a strong target for further drilling (**Figure 14**).

Formal Program of Works (PoW) for further drilling programs have been approved (which were subject to Heritage clearance) by the Department of Mines and Petroleum ("DMP").

DOOLGUNNA STATION, WESTERN AUSTRALIA (AUC 100%)

Project Location and Major Copper-Gold Discoveries in the Region

Ausgold's Exploration Licence ("EL") 52/3031 covering 189 square kilometres is approximately 13km to the west, and along trend of Sandfire Resources' major DeGrussa copper-gold operations (current resource of 634kt Cu grading 4.7% Cu, and 795koz Au grading 1.9g/t Au). The high grade DeGrussa deposits are regarded as volcanogenic hosted massive sulphide (VHMS) mineralisation. Ausgold's Doolgunna Station project is considered prospective for the discovery of similar VHMS type mineralisation.

The location of Ausgold's Doolgunna Station project relative to Sandfire Resources DeGrussa operations and Monty discovery, and other companies' tenement holdings /JVs in the Bryah Basin, is illustrated in **Figure 15**.

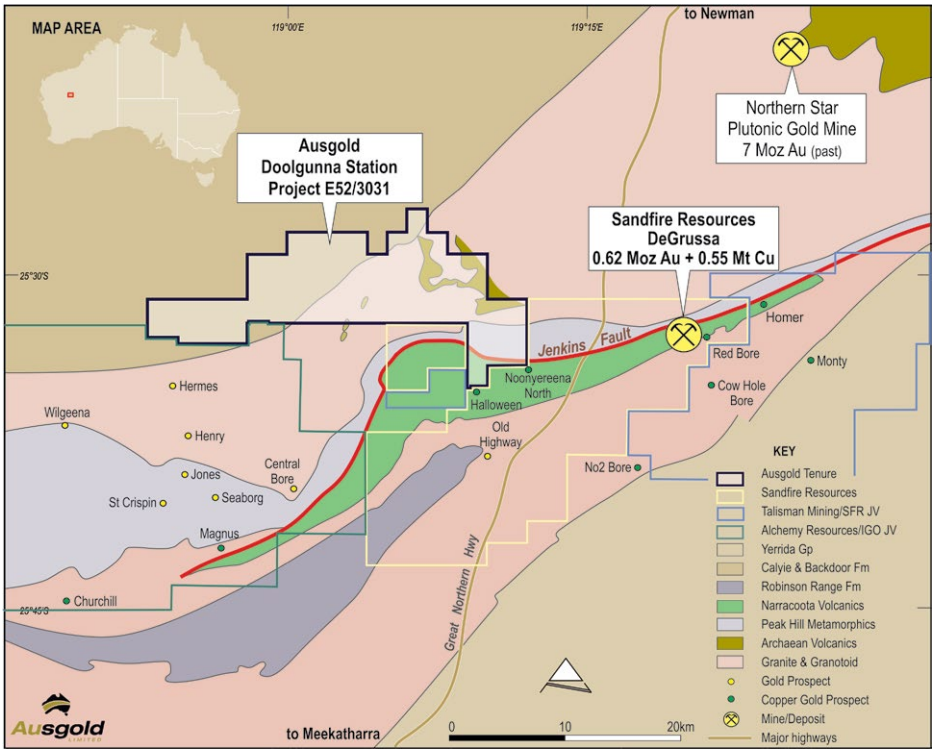

Figure 15 – Location plan of Ausgold's Doolgunna Station tenements in Bryah Basin

REVIEW OF OPERATIONS

Bryah Basin and Region Continues to be a "Hot Spot" for Exploration

During the prior year a number of companies formed high expenditure value joint ventures ("JVs") to fund exploration in the Bryah Basin, including the Sandfire / Talisman Mining JV (value of $15m), and the Independence Group / Alchemy Resources JV (value of $6.5m). (**Refer Figure 15**).

Proposed Geophysical Surveys at Doolgunna Station

In 2015, Ausgold commissioned Precision Geophysics Pty Ltd to undertake an independent review of geophysical surveys carried out at its Doolgunna Station project in the Bryah Basin, WA. This was prompted by the recent exploration success at the Monty discovery within the Sandfire Resources (ASX.SFR) / Talisman Mining (ASX.TLM) Springfield JV project, WA. The findings of this review are set out in a previous market release (ASX Announcement – 20 July 2015).

The Monty massive sulphide discovery is 10km from Sandfire's DeGrussa copper mine and approximately 23km from Ausgold's Doolgunna Station tenement EL 52/3031. (**Refer Figure 15**). The DeGrussa project itself lies 13km east of Ausgold's tenement.

The discovery holes at the Monty discovery include diamond drill holes TLDD0004 (16.5m grading 18.9% Cu and 2.1g/t Au, from 409.5m) and TLDD0005 (9.2m grading 11.8% Cu and 2.9g/t Au from 417m) and highlight the potential for discovery of high grade copper-gold sulphide mineralisation in favourable VMS stratigraphy throughout the entire Bryah Basin, and outside the immediate DeGrussa mine environment.

Based on recommendations from the review, Ausgold is proposing follow-up work, including a high energy fixed loop (FLEM) geophysical survey of the south east corner of the Doolgunna Station tenement adjacent to Sandfire's Noonyereena VMS Prospect. (**Refer Figure 16**). Modern FLEM geophysical technology has been successful in leading Sandfire into favourable stratigraphy which hosts the Monty discovery and Homer prospect and in identifying drill targets.

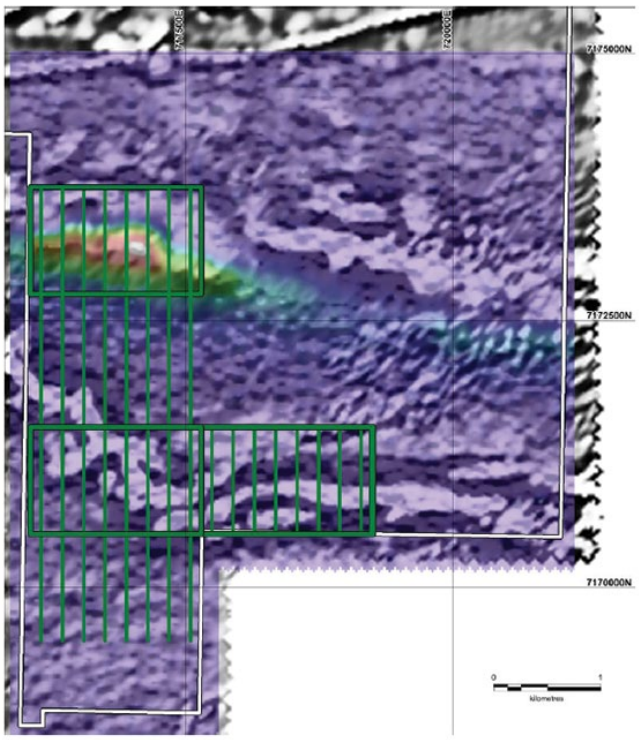

Figure 16 – Recommended FLEM survey layout and coverage over main VTEM anomaly (colour image) and prospective VMS corridor (magnetic greyscale image) in south-east corner tenement EL 52/3031

REVIEW OF OPERATIONS

YAMARNA PROJECT, WESTERN AUSTRALIA (AUC 100%)

The Yamarna project is located approximately 125 kilometres north-east of Laverton in central Western Australia on Exploration Licences ("EL") 38/2129 and 38/2863. The EL's comprise approximately 300 square kilometres of prospective ground over the eastern-most Yamarna Archaean greenstone belt of the Yilgarn Craton.

The historic Jutson Rocks and Chapman's Reward gold mines are situated southeast of the Project (EL 38/2129) and Copper and nickel sulphide mineralisation was discovered by Ausgold at Winchester prospect in 2010 when a number of electrical geophysical anomalies were tested by RC drilling. These include:

- 31m @ 0.58% Cu, & 0.35% Ni (From 29m)
- 21m @ 0.63% Cu, 0.20% Ni and 0.02% Co (from 88m); and
- 28m @ 0.50% Cu, 0.21% Ni and 0.02% Co (from 99m);

A review of the VTEM targets established that further drilling at the Winchester prospect is warranted

CRACOW, QUEENSLAND (AUC 100%)

Ausgold holds tenements over approximately 500 square kilometres in the Cracow region, approximately 375km north-west of Brisbane.

The tenements cover extensive areas of prospective Camboon Volcanics, which host to the high-grade epithermal +1 million ounce Au-Ag Cracow gold system. Exploration to date at Cracow has included geological mapping, stream sediment sampling and follow-up by soil geochemical sampling of target areas.

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2 *Blackburn, G.V., Fradd, J.F., Mazzucchelli, R.H., and Schupp, J.W., 1990. Badgebup [Katanning] Gold Deposits, in Geology of the Mineral Deposits of Australia and Papua New Guinea (Editor F.H. Hughes), pp. 177-180 (AusIMM. The Minerals Institute. Monograph 14 1990).*

3 *Greentree, M. Exploration Targeting and Review of the Katanning Gold Project, in Internal Report to Ausgold Ltd September 2013 (Reviewed B.D. Waele)(SRK Consulting (Australasia) Pty Ltd 2013).*

4 *Greentree, M., and Cairns, D. The Katanning Gold Project – New Insights into the Controls on High-Grade Gold Mineralisation in the Southwest Terrain, Western Australia, in Gold14@Kalgoorlie International Symposium, pp. 37-40 (Australian Institute of Geoscientists and Geoscientists Symposia. Proceedings 2014).*

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 year ended 30 June 2015. Ausgold Limited ("Ausgold" or "parent entity" 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 financial year were the mineral exploration for gold and other precious metals.

DIRECTORS

The Directors of the Group during or since the end of the financial year are:

Name	Period of Directorship
Mr Richard Lockwood Non-Executive Chairman	Director since 12 November 2010
Mr Denis Rakich Executive Director & Company Secretary	Director since 31 January 2013
Mr Stephen Thomas Executive Technical Director	Director since 27 June 2014
Mr Robert Pett Non-Executive Chairman	Appointed 23 October 2009; Resigned 2 September 2015
Mr Neil Fearis Alternate Director to Mr Robert Pett	Appointed 30 July 2014; Ceased 2 September 2015

The qualification, experience and special responsibilities of the Directors of the Group during or since the end of the financial year are:

Non – Executive Chairman
Richard Lockwood

Mr Lockwood has forged a successful career in fund management and mining investment and was the founder of New City Investment Management, of which one of the five quote investment trusts he ran the specialist Geiger Counter Limited Uranium Fund. Mr Lockwood was formerly a Director of AIM-listed Kalahari Minerals which was acquired by CGNPC Uranium Resources Co. Ltd. Formerly a mining investment partner for Hoare Govett and McIntosh Securities he was involved in the development and financing of several gold and base metals projects in Europe, Australia and Africa. Mr Lockwood's intimate knowledge and experience in the mining and uranium industries is an asset to the Company during its current growth phase.

During the last 3 years, Mr Lockwood has served on the boards of the following public listed companies:

- Peninsula Energy Ltd (Appointed 1 July 2015)
- A-Cap Resources Ltd (Resigned June 2015)
- Praetorian Resources Ltd (Resigned June 2015)
- Regalpoint Resources Ltd (Resigned October 2012)

Executive Director & Company Secretary
Denis Rakich FCPA

Mr Rakich is an Accountant and Company Secretary with extensive knowledge and experience within the mineral production and exploration industries. He is a fellow of CPA Australia and has served as Company Secretary for several other ASX-listed companies within the resources sector. Mr Rakich is also responsible for the financial, legal, and corporate management of Ausgold.

Mr Rakich was not a Director of any other public listed company during the last 3 years.

Executive Technical Director
Stephen Thomas

Mr Thomas is a geologist and a member of the Australian Institute of Mining and Metallurgy (AusIMM). He spent 12 years as a mine geologist at various projects including the nickel and gold operations of a leading Australina mining company.

Mr Thomas has worked for over 20 years in the mineral finance sector as a resource analyst with a variety of companies including Hartleys, Rothschild Golden Arrow Fund and Bell Potter Securities Ltd.

Mr Thomas has completed a Bachelor of Science degree at the Royal School of Mines, Imperial College, London (and he is an Associate of the Royal School of Mines), and completed an MBA at the Cardiff Business School, University of Wales, UK.

Mr Thomas was not a Director of any other public listed company during the last 3 years.

DIRECTORS' MEETINGS

The following table sets out the number of Directors' meetings (including meetings of the committees of Directors) held during the financial year and the number of meetings attended by each Director (while they were a Director or committee member). During the financial year ended 30 June 2015, 3 board meetings were held.

	Board of Directors		Nomination and Remuneration Committee		Audit and Risk Committee	
Director	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
R Pett	3	3	–	–	2	1
R Lockwood	3	3	–	–	–	–
D Rakich	3	3	–	–	2	2
S Thomas	3	3	–	–	–	–
N Fearis[1]	3	–	–	–	–	–

Note 1: Mr Fearis was appointed Alternate Director to Mr Robert Pett on 30 July 2014.

In addition to these formal meetings, during the year the Directors considered and passed 3 Circular Resolutions pursuant to clause 72 of the Company's Constitution.

DIVIDENDS

No dividends have been declared or paid since the end of the previous financial year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The following table sets out the restructure of the Board of Directors during or since the end of the financial year:

Name	Appointed / Resigned
Mr Robert Pett Non-Executive Chairman	Resigned 2 September 2015
Mr Neil Fearis Alternate Director to Mr Robert Pett	Appointed 30 July 2014; Ceased 2 September 2015
Mr Richard Lockwood Non-Executive Chairman	Director since 12 November 2010; Appointed Non-Executive Chairman 2 September 2015

There were no other changes in the state of affairs of the consolidated entity during the financial year other than the above mentioned.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

It is the objective of the Company to continue to explore for gold at the Katanning Gold Project, with a view to increasing the overall size of the geological resource whilst at the same time, exploring for gold and base metals at its recognised tenure in other parts of Australia.

SHARE OPTIONS

Listed Options converted during the financial year

A total of 5,805,027 listed options were exercised during the financial year to 30 June 2015. The details of these options are as follows:

Number of ordinary shares under options	Exercise price $	Expiry date
5,805,027	0.05	15 May 2015

The issuing entity was Ausgold Limited. The market weighted average closing price of Ausgold Limited shares during the 2015 financial year was $0.04 (2014: $0.04). No amount was unpaid on these shares.

Listed Options lapsed during the financial year

The Company's listed options with an exercise price of $0.05 each expired on 15 May 2015. The total number of options which remained unexercised and have lapsed was 71,139,681 options.

Unlisted Options converted during the financial year

No unlisted options were exercised during the financial year to 30 June 2015.

Unlisted Options issued during the financial year

A total of 16,900,000 unlisted Director and employee options were issued during the financial year 30 June 2015. The details of these options are as follows:

Number of ordinary shares under options[1]	Exercise price $	Expiry date
14,000,000[2]	0.09	31 January 2017
2,900,000	0.07	31 December 2017

Note 1: Options were issued for nil consideration.

Note 2: The Company and the individual Directors executed an agreement on 27 June 2014 to obtain 14,000,000 options in lieu of Directors' fees for the Non-Executive Directors and to align the Executive Directors' interests with those of the shareholders for the benefit of the Company. The share options were issued on 13 August 2014 following from shareholder approval obtained on 12 August 2014. No fees were paid to the Non-Executive Directors between the periods 1 July 2014 to 30 June 2015.

Unlisted Options lapsed during the financial year

A total of 2,116,666 unlisted options lapsed during the financial year to 30 June 2015 and up to the date of this report. The details of these options are as follows:

Number of ordinary shares under options	Exercise price $	Expiry date
666,666	1.716	6 December 2014
500,000	1.38	19 December 2014
200,000	0.20	31 December 2014
250,000	0.25	31 December 2014
500,000	1.45	1 July 2015

Total options on issue at the date of this report

Number of ordinary shares under option[1]	Grant date	Exercise price $	Expiry date
500,000	6 December 2011	1.38	6 December 2015
1,500,000	27 February 2012	1.573	27 February 2016
100,000	2 October 2012	0.45	2 October 2015
14,000,000	13 August 2014	0.09	31 January 2017
2,900,000	23 April 2015	0.07	31 December 2017

Note 1: Options were issued for nil consideration and remained unexercised at the date of this report

Options exercised subsequent to reporting date

No options have been exercised subsequent to reporting date.

ENVIRONMENTAL REGULATIONS

The consolidated entity's exploration activities are governed by a range of environmental legislation. To the best of the Directors' knowledge, the Group has adequate systems in place to ensure compliance with the requirements of the applicable environmental legislation and is not aware of any material breach of those requirements during the financial year and up to the date of this report.

EVENTS SUBSEQUENT TO REPORTING DATE

Mr Robert Pett resigned from his position as a Director and Chairman of the Company on 2 September 2015. Following Mr Pett's resignation, Mr Richard Lockwood was appointed Chairman of the Company. Mr Neil Fearis' role as Alternate Director to Mr Pett ceased following Mr Pett's resignation on 2 September 2015.

Other than the above, no matter or circumstance has arisen as at the date of this report that has significantly affected, or may have significantly affected the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

REVIEW OF OPERATIONS

Exploration

Ausgold successfully completed a Resource Development and Exploration drilling program at the flagship Katanning Gold Project ("KGP") in April 2015. The drill results from the drilling program at the KGP supported the Group's strategy in establishing a high grade / low tonnage open pit mining operation at Katanning.

SRK Consultants, a leading independent geological and mining group, has been commissioned to complete an updated JORC resource estimate at the KGP. At the same time, review of all other Ausgold projects is ongoing.

The recent Monty massive sulphides discovery on the Sandfire Resources / Talisman Mining JV close to Ausgold's Doolgunna Station project highlights the prospectivity of the entire Bryah Basin stratigraphy to host VMS type mineralisation. In light of this, the Company is proposing a high energy fixed loop EM (FLEM) geophysical survey at Doolgunna Station project. This modern type of survey has been credited with the recent discoveries of massive sulphide mineralisation in the Bryah Basin.

Financial

The Group recorded a consolidated loss of $1,090,646 for the financial year ended 30 June 2015 (2014: $3,455,620). At 30 June 2015, the Group has $661,013 in cash and cash equivalents (2014: $970,073).

In April 2015, Ausgold completed a placement of 28,600,000 ordinary fully paid shares at an issue price of 3.5 cents each, raising $1,001,000 before costs. The proceeds are to be used to fund the Company's drilling program at the Katanning Gold Project and provide additional working capital.

INDEMNIFICATION OF DIRECTORS

Indemnification

The Company has agreed to indemnify the current Directors and officers of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their designated position of the Company, except where the liability arises out of conduct involving a lack of good faith.

The agreement stipulates that the Company will meet to the maximum extent permitted by law, the full amount of any such liabilities, including costs and expenses.

Insurance premiums

The Company paid a premium during the year in respect of a Director and Officer liability insurance policy, insuring the Directors of the Company, the Company Secretary, and all executives of the Company against a liability incurred as such a Director, Company Secretary or executive officer to the extent permitted by the Corporations Act 2001.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor. During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

The Directors of Ausgold Limited present the Remuneration Report prepared in accordance with the requirements of the Corporations Act 2001 on the Company and its controlled entity ("collectively known as "the Group" or "consolidated entity for the financial year ended 30 June 2015.

For the purposes of this report, key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of the parent entity. This Remuneration Report forms part of the Directors' Report.

OVERVIEW

Remuneration levels are set with the objective of attracting and retaining the most qualified and experienced candidates. This Remuneration Report:

- explains the Board's policies relating to remuneration of key management personnel;
- discusses the relationship between these policies and the Company's performance; and
- sets out remuneration details for each key management personnel.

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its Directors and executives. The performance of the consolidated entity depends on the quality of its Directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The remuneration strategy for the executives comprise of a fixed cash component and where applicable, superannuation contributions, a potential merit based performance bonus and the issue of share options or other share-based incentives in the Company which is intended to provide competitive rewards to attract high calibre executives. The issue of performance bonuses and share options, whilst not dependent on the performance of the Company, are aligned with the ongoing performance assessment of the incumbent management team, following review and assessment by the Board of Directors. Like the executives, Executive Directors may receive a fixed cash component and if warranted, performance bonuses and issuance of share options. The purpose of the issuance of share options to the Executive Directors is to align their interests with those of the shareholders and to provide sufficient incentives to continue their efforts for the benefit of the Company.

The fees paid to Non-Executive Directors are set at levels which reflect both the responsibilities of, and the time commitments required from each Non-Executive Director to discharge their duties and are not linked to the performance of the Company. Non-Executive Directors' fees are set by the Board within the maximum aggregate amount of fees approved by shareholders at a general meeting. The Non-Executive Directors' maximum aggregate fee pool is $120,000. The Non-Executive Directors received no fees between the periods 1 July 2014 to 30 June 2015.

Criteria used to determine potential merit based performance bonus for the executives, during the exploration phase may include establishing key objectives for each executive and measuring performance against these objectives. Key objectives will normally include criteria where performance will be measured against progress indicators. These key objectives will largely be determinable by the objective assessment of performance by the Board. There are no specific performance based key financial indicators set at present and bonuses and/or options are at the discretion of the Board. The Nomination and Remuneration Committee review the performance of the executives and make a recommendation to the Directors, based on this review.

Share options are also offered to employees at the discretion of the Board. Performance criteria is one of several elements utilised by the Board in assessing the issue of share options to employees. Length of service with the Group, past and potential contribution of the person to the Group is also considered when awarding shares options to employees. The issuance of options is not linked to the performance of the Company. As an exploration company, the Board does not consider the net loss attributable to shareholders as one of the performance indicators when issuing share options to employees. There is no Board policy in relation to limiting the recipient exposure to risk in relation to securities.

DIRECTORS' REPORT

The table below sets out summary information about the movements in shareholder wealth for the following financial periods:

	30 June 2015 $'000	30 June 2014 $'000	30 June 2013 $'000	30 June 2012 $'000	30 June 2011 $'000
Revenue	15	17	63	593	302
Net profit / (loss) before tax	(1,091)	(3,456)	(8,291)	(4,819)	(1,024)
Net profit / (loss) after tax	(1,091)	(3,456)	(8,291)	(4,819)	(1,024)
Share price at start of year	$0.05	$0.02	$0.41	$1.55	$0.12
Share price at end of year	$0.04	$0.05	$0.02	$0.41	$1.55
Dividends	–	–	–	–	–
Basic loss per share (cents)	(0.46)	(1.90)	(5.55)	(4.02)	(1.11)
Diluted loss per share (cents)	n/a	n/a	n/a	n/a	n/a

KEY MANAGEMENT PERSONNEL

The following persons acted as key management personnel of the Company during or since the end of the financial year:

- Mr Richard Lockwood (Non-Executive Chairman)
- Mr Denis Rakich (Executive Director & Company Secretary)
- Mr Stephen Thomas (Executive Technical Director)
- Mr Robert Pett (Non-Executive Chairman); Resigned 2 September 2015
- Mr Neil Fearis (Alternate Director to Mr Robert Pett); Ceased 2 September 2015

REMUNERATION OF KEY MANAGEMENT PERSONNEL

The table below shows the fixed and variable remuneration for key management personnel:

2015	Short-term benefits			Long-term benefits	Post-employ-ment benefits	Share-based payment	Total $
	Cash salary & fees $	Annual leave $[5]	Other fees $[6]	Long service leave $[7]	Super-annuation $	Options & rights $	
Directors							
R Pett[1]	–	–	3,825	–	–	–	3,825
R Lockwood[2]	–	–	3,825	–	–	–	3,825
D Rakich[3]	102,000	8,423	3,825	1,518	9,500	–	125,266
S Thomas	96,250	–	3,825	–	–	–	100,075
N Fearis[4]	–	–	–	–	–	–	–
Total	**198,250**	**8,423**	**15,300**	**1,518**	**9,500**	**–**	**232,991**

Note 1: No Directors' fees were paid to Mr Pett between the periods 1 July 2014 to 30 June 2015.
Note 2: No Directors' fees were paid to Mr Lockwood between the periods 1 July 2014 to 30 June 2015.
Note 3: In addition to being a Company Secretary, Mr Rakich is also responsible in areas relating to accounting, finance, public relations, communications, investor relations and other commercial functions.
Note 4: Mr Fearis was appointed Alternate Director to Mr Robert Pett on 30 July 2014.
Note 5: Annual leave relates to movements in annual leave provision during the year.
Note 6: Other fees include the attributable non-cash benefit applied by virtue of the Company's Directors and Officers Liability policy.
Note 7: Long service leave relates to movements in long service leave provision during the year
Note 8: Remuneration is non-performance based.

2014	Short-term benefits			Long-term benefits	Post-employ-ment benefits	Share-based payment	Total $
	Cash salary & fees $	Annual leave $[5]	Other fees $[6]	Long service leave $[7]	Super-annuation $	Options & rights $	
Directors							
R Pett[1]	–	–	3,069	–	–	105,909	108,978
R Lockwood[2]	–	–	3,068	–	–	105,909	108,977
D Rakich	87,273	–	3,068	–	8,727	105,909	204,977
S Thomas[3]	–	–	–	–	–	105,909	105,909
N Fearis[4]	–	–	–	–	–	–	–
Total	**87,273**	**–**	**9,205**	**–**	**8,727**	**423,636**	**528,841**

Note 1: Mr Pett requested for the cancellation of all accrued fees up to 30 June 2014 in lieu of the issuance of 3,500,000 share options exercisable at $0.09 per option. No further Directors' fees are required to be paid to Mr Pett between the periods 1 July 2014 to 30 June 2015.

Note 2: Mr Lockwood requested for the cancellation of all accrued fees up to 30 June 2014 in lieu of the issuance of 3,500,000 share options exercisable at $0.09 per option. No further Directors' fees are required to be paid to Mr Lockwood between the periods 1 July 2014 to 30 June 2015.

Note 3: Mr Thomas was appointed Executive Technical Director on 27 June 2014. No fees were owed to Mr Thomas as at 30 June 2014.

Note 4: Mr Fearis was appointed Alternate Director to Mr Robert Pett subsequent to the end of the financial year on 30 July 2014.

Note 5: Annual leave relates to movements in annual leave provision during the year.

Note 6: Other fees include the attributable non-cash benefit applied by virtue of the Company's Directors and Officers Liability policy.

Note 7: Long service leave relates to movements in long service leave provision during the year

Note 8: Remuneration is non-performance based.

The Company and the individual Directors executed an agreement on 27 June 2014 to obtain 14,000,000 options in lieu of Directors' fees for the Non-Executive Directors and to align the Executive Directors' interests with those of the Shareholders for the benefit of the Company. The share options were issued on 13 August 2014 following from shareholder approval obtained on 12 August 2014. The value of the options was calculated and reflected in the 30 June 2014 annual report. No fees were paid to the Non-Executive Directors between the periods 1 July 2014 to 30 June 2015. The specific terms of the options are as below:

Agreement date	:	27 June 2014
Grant date	:	13 August 2014
Share price	:	$0.05
Exercise price	:	$0.09
Expected volatility	:	117.2%
Risk free rate	:	2.59%
Vesting conditions	:	Nil

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		Performance based remuneration	
	2015 %	2014 %	2015 %	2014 %
Directors				
R Pett[1]	–	–	–	–
R Lockwood[2]	–	–	–	–
D Rakich	100%	100%	–	–
S Thomas	100%	–	–	–
N Fearis[3]	–	–	–	–

Note 1: No Directors' fees were paid to Mr Pett between the periods 1 July 2014 to 30 June 2015.
Note 2: No Directors' fees were paid to Mr Lockwood between the periods 1 July 2014 to 30 June 2015.
Note 3: Mr Fearis was appointed Alternate Director to Mr Robert Pett on 30 July 2014.

No key personnel management appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

SERVICE AGREEMENTS

Non-Executive Directors

- Term of agreement – no term defined
- The Non-Executive Directors' maximum aggregate fee pool is $120,000.
- No fees were paid to the Non-Executives Directors between the periods 1 July 2014 to 30 June 2015.
- No agreement by the Company to pay the Non-Executive Directors any pre-determined amounts in the event of termination of services.

Mr Stephen Thomas via Dinas (WA) Pty Ltd (Executive Technical Director)

- Term of agreement – no term defined on an as is required with a minimum of 2.5 days per week
- Rate of pay – $1,000 per full day plus GST
- No agreement by the Company to pay Mr Thomas any pre-determined amounts in the event of termination of consultancy agreement.

Mr Denis Rakich (Company Secretary)

- Term of agreement – no term defined
- Fixed cash component including superannuation contribution – $111,500
- No agreement by the Company to pay Mr Rakich any pre-determined compensation in the event of termination of services.

USE OF REMUNERATION CONSULTANTS

Due to the size of the Company's operations, the Company has not engaged remuneration consultants to review and measure its remuneration policy and strategy. The Board reviews remuneration strategy periodically and may engage remuneration consultants in future to assist with this process.

VOTING AND COMMENTS MADE AT THE COMPANY'S 2014 ANNUAL GENERAL MEETING

Ausgold Limited received more than 68% of yes votes on its remuneration report for the 2014 financial year. The Company did not receive any specific feedback at the annual general meeting or throughout the year regarding its remuneration practices.

SHARES ISSUED

There were no shares issued to key management personnel during the financial year ended 30 June 2015.

OPTIONS ISSUED

Options are offered to key management personnel having regard, among other things, to the length of service with the Group, the past and potential contribution of the person to the Group. The issuance of the options is not linked to the performance of the Company.

The following options remained on issue as at the date of this report:

Name	Position	Grant date[1]	No. of unquoted options	Fair value at grant date $	Exercise price $	Expiry date
Directors						
R Lockwood	Non-Executive Chairman	13 August 2014	3,500,000	0.0303	0.09	31 January 2017
D Rakich	Executive Director & Company Secretary	13 August 2014	3,500,000	0.0303	0.09	31 January 2017
S Thomas	Executive Director	13 August 2014	3,500,000	0.0303	0.09	31 January 2017

Note 1: The Company and the individual Directors executed an agreement on 27 June 2014 to obtain 14,000,000 options in lieu of Directors' fees for the Non-Executive directors and to align the Executive Directors' interests with those of the shareholders for the benefit of the Company. The share options were issued on 13 August 2014 following from shareholder approval obtained on 12 August 2014.

Recording of options granted during the financial year to key management personnel

Name	Number of options issued[1]	Year	Vested %	Forfeited %
Directors				
R Pett	3,500,000	2014	100%	0%
R Lockwood	3,500,000	2014	100%	0%
D Rakich	3,500,000	2014	100%	0%
S Thomas	3,500,000	2014	100%	0%

Note 1: The Company and the individual Directors executed an agreement on 27 June 2014 to obtain 14,000,000 options in lieu of Directors' fees for the Non-Executive directors and to align the Executive Directors' interests with those of the shareholders for the benefit of the Company. The share options were issued on 13 August 2014 following from shareholder approval obtained on 12 August 2014. No fees were paid to the Non-Executive Directors between the periods 1 July 2014 to 30 June 2015.

SHAREHOLDINGS

Number of shares held by the Directors of the Group, including their personally related parties, as at 30 June 2015 is set out below:

Name	Balance at 1 July 2014	Allotment	Received on exercise of options	Other Changes	Balance at 30 June 2015
Directors					
R Pett[1]	12,450,000	–	–	–	12,450,000
R Lockwood[2]	9,990,226	–	2,000,000	–	11,990,226
D Rakich[3]	11,286,000	–	200,000	–	11,486,000
S Thomas[4]	10,000,000	–	1,500,000	–	11,500,000
N Fearis[5]	–	–	–	–	–
Total	**43,726,226**	**–**	**3,700,000**	**–**	**47,426,226**

Note 1: Relevant interest as Director and controlling shareholder of Batterbury Holdings Pty Ltd.
Note 2: Relevant interest in ordinary shares held by Nefco Nominees Pty Ltd.
Note 3: Relevant interest as Director and controlling shareholder of Denis Ivan Rakich ATF <Rakich Retirement Fund>.
Note 4: Relevant interest as Director and controlling shareholder of Dinas Super Fund Pty Ltd.
Note 5: Mr Fearis was appointed Alternate Director to Mr Robert Pett on 30 July 2014.

OPTION HOLDINGS

Number of options held by Directors of the Group, including their personally related parties, as at 30 June 2015 is set out below:

Name	Balance as 1 July 2014	Granted	Exercised	Other Changes[6]	Balance at 30 June 2015	Vested & Exercisable	Unvested
Directors							
R Pett[1]	7,650,000	–	–	(4,150,000)	3,500,000	3,500,000	–
R Lockwood[2]	7,330,075	–	(2,000,000)	(1,830,075)	3,500,000	3,500,000	–
D Rakich[3]	7,248,000	–	(200,000)	(3,548,000)	3,500,000	3,500,000	–
S Thomas[4]	13,500,000	–	(1,500,000)	(8,500,000)	3,500,000	3,500,000	–
N Fearis[5]	–	–	–	–	–	–	–
Total	**35,728,075**	**–**	**(3,700,000)**	**(18,028,075)**	**14,000,000**	**14,000,000**	**–**

Note1: Relevant interest as Director and controlling shareholder of Batterbury Holdings Pty Ltd.
Note 2: Relevant interest in ordinary shares held by Nefco Nominees Pty Ltd.
Note 3: Relevant interest as Director and controlling shareholder of Denis Ivan Rakich ATF <Rakich Retirement Fund>.
Note 4 Relevant interest as Director and controlling shareholder of Dinas Super Fund Pty Ltd.
Note 5: Mr Fearis was appointed Alternate Director to Mr Robert Pett on 30 July 2014.
Note 5: The Company's listed options remained unexercised and expired on 15 May 2015.

KEY MANAGEMENT PERSONNEL TRANSACTIONS WITH THE COMPANY

Fees paid to Elstree Nominees Pty Ltd

Elstree Nominees Pty Ltd ("Elstree") provides the Group with office premises and associated facilities, and accounting, taxation, and secretarial services. All services provided by Elstree are at cost. Mr Denis Rakich is a Director of Elstree and serves as Executive Director and Company Secretary of Ausgold. Total amount paid to Elstree during the financial year ended 30 June 2015 was $163,277.

Fees paid to Arlington Group Asset Management Limited

Arlington Group Asset Management Limited ("Arlington") provides the Group with outsourced investor relations and support services. Mr Richard Lockwood is a Director of Arlington and serves as a Non-Executive Director of Ausgold. Total amount paid to Arlington during the financial year ended 30 June 2015 was $24,520.

Fees paid to Dinas (WA) Pty Ltd

Payment was made to Dinas (WA) Pty Ltd ("Dinas") for geological and corporate advisory services provided by Mr Stephen Thomas. Mr Thomas is a Director of Dinas and serves as Executive Technical Director of Ausgold. Total amount paid to Dinas during the financial year ended 30 June 2015 was $96,250.

Loan to Key Management Personnel

No loans have been granted to key management personnel during the financial year ended 30 June 2015.

END OF AUDITED REMUNERATION REPORT

DIRECTORS' REPORT

NON-AUDIT SERVICES

There were no non-audit services provided during the financial year by the auditor, BDO Audit (WA) Pty Ltd.

Details of the amount paid to the auditor and its related practices for audit and other assurance services are set out below:

	Consolidated	
	Jun 2015 $	Jun 2014 $
Audit and other assurance services – BDO Audit (WA) Pty Ltd	30,777	33,548
Total	**30,777**	**33,548**

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration is included on page 37 of the financial report.

The report is signed in accordance with a resolution of the Directors.

For and on behalf of the Directors

Denis Rakich
Director

Perth, Western Australia
30 September 2015

CORPORATE GOVERNANCE

The Board of Directors of Ausgold Limited ("the Company") is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of Ausgold Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Company's corporate governance practices and policies have been modelled on the recommendations contained in the ASX Corporate Governance Council's Principles and Recommendations (3rd Edition) ("ASX Guidelines"). Unless disclosed below, the best practice recommendations of the ASX Guidelines have been applied for the entire financial year ended 30 June 2015. Where there has been any variation from the recommendations, those practices continue to be the subject of the scrutiny of the full Board.

The Corporate Governance Statement has been approved by the Board and is current as at 30 September 2015.

Copies of the current Board and Committee Charters and Policies are available on the Company's website at www.ausgoldlimited.com.

Principles of Good Governance and Best Practice Recommendations

Principle 1: Lay solid foundation for management and oversight

Board responsibilities

The Board supervises the management of the business and affairs of the Company. The Board assumes responsibility for the stewardship of the Company, and the functions the Company has established that are reserved to the Board include:

- *Strategic Planning:* The Board of Directors regularly reviews and approves strategic plans and initiatives of the Company at Board of Directors meetings, and otherwise as required.
- *Risk Assessment:* The Board of Directors has primary responsibility to identify principal risks in the Company's business and ensure the implementation of appropriate systems to manage these risks.
- *Succession Planning:* The Board of Directors is responsible for succession planning, including the appointment, training and monitoring of executives.
- *Communications:* The Board of Directors oversees the Company's public communications with shareholders and others interested in the Company.
- *Internal Controls:* The Board of Directors and the Audit and Risk Committee of the Board of Directors oversee the Company's internal control and management information systems.

In addition to its general oversight responsibilities, significant transactions out of the ordinary course of the Company's business or which may be material to the Company are considered and approved by the Board. During the financial year ended 30 June 2015, the Board held 3 meetings and passed 3 circular resolutions pursuant to the Company' Constitution. A full copy of the Company's Board Charter is available on the Company's website or upon request.

The Board has established 2 standing committees – the Audit and Risk Committee and the Nomination and Remuneration Committee. The Company Secretary reports directly to the Board through the Chairman and is accessible to all Directors.

Management is responsible for implementing Board strategy, day-to-day operational aspects, and ensuring that all risks and performance issues are brought to the Board's attention.

The terms of the appointment of a Non-Executive Director, Executive Directors and senior executives are agreed upon and are set out in writing. In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performances of all Directors and senior executives are reviewed by the Chairman in conjunction with fellow Directors. Due to the size of the organisation, the Company does not have a formal process for evaluation during the financial year.

The Company undertakes comprehensive reference checks prior to appointing a Director, or putting that person forward as a candidate to ensure that the person is competent, experienced, and would not be impaired in any way from undertaking the duties of Director. The Company provides relevant information to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election.

Diversity policy

The Company recognises that a diverse and talented workforce is a key competitive advantage. A workplace climate that promotes diversity is a key to business success, including diversity in gender, race and cultural background.

During the financial period, the percentage of female attrition remained steady and female employees comprised 50% of the total permanent workforce across various levels of the organisation. A focus in the forthcoming year will continue to be on identifying female talent to fill senior roles.

A copy of Ausgold's Diversity Policy is available on the Company's website or by request.

Principle 2: Structure the board to add value

Board composition

The Board comprises of 3 Directors, 2 of whom are Executive Directors of the Company. The best practice recommendations of the ASX Guidelines favour that the Chairman be an independent Director. However, due to the size of the Company's operations, the Board has taken a more active role in the conduct of the Company's business. The Board undertook these steps in an appropriate manner given the Company's circumstances during the course of the year.

The period of office held, skills, experience and expertise relevant to the position of each Director who is in office at the date of the annual report, their attendances at meetings and their term of office are detailed in the Directors' Report.

The names of the Directors of the Company in office at the date of this statement are:

Name	Position	Appointment date	Length of service at date of this statement	Independence status
Richard Lockwood	Non-Executive Chairman	12 November 2010	4 years	Independent
Denis Rakich	Executive Director & Company Secretary	31 January 2013	2 years	Not Independent
Stephen Thomas	Executive Director	27 June 2014	1 year	Not Independent

External Directorships of the Company's Directors are detailed in the Directors' Report. The Board have the right to seek independent professional advice in the furtherance of their duties as Directors, at the Company's expense.

The Directors are aware of the need for the composition of the Board to evolve with the development of the Company, and propose to revise the composition of the Board in due course, including the possibility of transitioning and / or appointing additional independent Non-Executive Directors.

New Directors undertake an induction program co-ordinated by the Company Secretary that briefs and informs the Director on all relevant aspects of the Company's operations and background. A Director Development program is also available to ensure that Directors can enhance their skills and remain abreast of important developments.

Nomination Committee

The best practice recommendation of the ASX Guidelines recommends that the Board establish a Nomination Committee. The Company does not have a separate Nomination Committee and instead have established a Nomination and Remuneration Committee. The Board is of the view that the Company is not of sufficient size to require a separate committee and that the skills and experience of the committee members is appropriate.

The selection and appointment process for Directors and executives are carried out by the full Board. The Board considers the importance of the working team dynamics which allows all members of the Board to be involved in the decision making process.

The Nomination and Remuneration Committee has the following composition:

Name	Position	Independent	Committee position
Richard Lockwood	Non-Executive Chairman	Yes	Chairman
Denis Rakich	Executive Director & Company Secretary	No	Member
Stephen Thomas	Executive Director	No	Member

CORPORATE GOVERNANCE

The Nomination and Remuneration Committee establishes guidelines for the future nomination and selection of potential new Directors. The full Board (subject to members voting rights in general meeting) is ultimately responsible for selection of new members and has regard to a candidate's experience and competence in areas such as mining, exploration, geology, finance, administration and other areas of relevance that can assist the Company in meeting its corporate objectives and plans.

Under the Company's current Constitution:

- the maximum number of Directors on the Board is seven;
- a Director may not retain office for more than three years without submitting for re-election;
- at the Annual General Meeting ("AGM") each year effectively one third of the Directors in office retire by rotation and must seek re-election by shareholders; and
- any Director appointed by the Board must have their election confirmed by shareholders at the next AGM.

The Nomination and Remuneration Committee Charter is available on the Company's website or upon request.

The Board has also established a Selection, Appointment and Re-Appointment of Directors Policy which details the procedures for the selection, appointment, re-appointment and evaluation of the Company's Directors. A copy of the policy is available on the Company's website or upon request.

Principle 3: Promote ethical and responsible decision making

Code of conduct

The Board supports the highest standards of corporate governance and requires its members and the management and staff of the Company to act with integrity and objectivity in relation to:

- Compliance with laws and regulations affecting the Company's operations;
- Australian Securities Exchange Listing Rules;
- Employment practices;
- Responsibilities to the community and the environment;
- Conflict of interests;
- Confidentiality;
- Corporate opportunities arising from personal gain or to compete with the Company;
- Protection of and proper use of the Company's assets; and
- Active promotion of ethical behaviour.

The Company has a formal Code of Conduct, which all Directors, employees and contractors are required to observe.

A copy of the Code of Conduct is available on the Company's website or upon request.

Principle 4: Safeguard integrity in financial reporting

Audit Committee

The best practice recommendation of the ASX Guidelines recommends that the Board establish an Audit Committee with at least 3 members, all of whom are Non-Executive Directors and is chaired by an independent Director who is not the Chairman of the Board. Due to the size of the Company's operations, the Company has constituted a joint Audit and Risk Committee which comprises of the full Board whose names, qualifications and attendances are included in the Directors' Report.

The Audit and Risk Committee has the following composition:

Name	Position	Independent	Committee position
Richard Lockwood	Non-Executive Chairman	Yes	Chairman
Denis Rakich	Executive Director & Company Secretary	No	Member
Stephen Thomas	Executive Director	No	Member

The Board has undertaken steps to ensure responsibilities laid out the in Audit and Risk Committee Charter are met notwithstanding the make-up of the Audit and Risk Committee members.

The responsibilities of the Audit and Risk Committee are laid out in its charter, and amongst other things, includes the responsibility to ensure that an effective internal control framework exists within the entity, and to review half-yearly and annual financial statements for submission to the Board for approval. The Committee receives regular reports from management and external auditors on accounting and internal control matters. This includes the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information as well as non-financial considerations.

The management provides a declaration to the Board with regards to financial records of the Company being properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Audit and Risk Committee will also recommend the appointment, and will review the fees, of external auditors. A copy of the Audit and Risk Committee is available on the Company's website or upon request.

External auditors

The auditors of the Company, BDO Audit (WA) Pty Ltd ("BDO"), have open access to the Board at all times. BDO have audited the Company and its subsidiary for a number of years and have a policy of rotating audit partners every five years. External audit recommendations, internal control matters and any other matters arising from the audit are discussed directly between the Board and the audit engagement partner.

BDO do attend the Company's Annual General Meeting and it is consistent with their current business practice, and is in accordance with the Corporations Act 2001.

Principle 5: Make timely and balanced disclosure

Continuous disclosure

The Board recognises the importance of keeping the market fully informed of the Company's activities and of communicating openly and clearly with all stakeholders. The Company established a formal Continuous Disclosure Policy designed to ensure compliance with the listing rules of the Australian Securities Exchange ("ASX").

Continuous disclosure is discussed by the Board and management on an on-going basis. The Board ensures that all activities are reviewed and assessed for disclosure requirements to stakeholders.

In accordance with the Continuous Disclosure Policy, Company information considered to be material is announced immediately to the ASX. All key communications are placed immediately on the Company website, and when necessary, provided directly to shareholders. A copy of this Policy is available on the Company's website or by request.

Principle 6: Respect the rights of shareholders

Shareholder communication

The Board of Directors aims to ensure that shareholders are provided with important information in a timely manner through written and electronic communications. It is for this reason that the Company has established a Shareholder Communications Policy.

The Board of Directors aims to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Company. Information is communicated to the shareholders through:

- the Annual Report;
- the availability of the Company's quarterly report, half-yearly report and other announcements distributed to shareholders;
- adherence to continuous disclosure requirements;
- the annual general meeting and other meetings called to obtain shareholder approval for Board action as appropriate; and
- the provision of the Company's website containing all of the above mentioned reports and its constant update and maintenance.

Shareholders are encouraged to attend and participate in the meetings and are also encouraged to submit questions to the Board either in writing prior to the meeting or at the time when the shareholders are given the opportunity to ask questions of the Board for answer during the meeting.

A copy of the Shareholder Communications Policy is available on the Company's website or by request.

Securities trading policy

The Company has adopted a formal Securities Trading Policy restricting Directors, senior executives and employees from acting on material information until it has been released to the market in accordance with the requirements of continuous disclosure.

Directors and executives are restricted in a number of ways to deal in the Company's securities. The policy stipulates that Directors and certain employees and persons connected with them do not abuse and do not place themselves under suspicion of abusing price-sensitive information that they have or are thought to have, especially in periods leading up to announcement of results.

In order to avoid any inference of unfair or inappropriate behaviour by the Company or any of its Directors, executives, managers or employees, all restricted persons are prohibited from dealing in the Company's securities in any blackout period. A blackout period is any point in time within the following dates:

- from the first day of January until the second day following the public release of the Company's half-year results;
- from the first day of July until the second day following the public release of the sooner to occur of the Company's preliminary or final full year results; and
- from the first day following the close of each quarter for which the Company is required to provide a periodic quarterly report to the ASX until the second day following the release of that report to the ASX.

The Board or the Chief Executive Officer ("CEO") as its delegate may determine that any of the blackout periods referred to above may be extended (but not shortened) or a new blackout period introduced from time-to-time. Outside of any of the blackout periods, a restricted person can only deal in Ausgold securities if he or she is not in possession of inside information. Restricted persons may not deal in the Company's securities on a short-term trading basis.

A restricted person must, by virtue of his or her position, request clearance in writing for any proposed dealing in the Company's securities as follows:

- a Director of Ausgold (including the CEO) must inform and receive approval from the Chairman prior to undertaking any transaction;
- the Chairman must obtain approval from the Chairman of the Audit and Risk Committee and the CEO prior to undertaking any transaction;
- executives, senior management and other employees must inform and receive approval from the CEO or the Company Secretary prior to undertaking any transaction; and
- the Company Secretary must inform and receive approval from the CEO.

The Company's Securities Trading Policy is available on the Company's website or upon request.

Principle 7: Recognise and manage risk

Risk Committee

The best practice recommendation of the ASX Guidelines recommends that the Board establish a Risk Committee with at least 3 members, a majority of whom are independent Directors and is chaired by an independent Director. Due to the size of the Company's operations, the Company has constituted a joint Audit and Risk Committee which comprises of the full Board whose names, qualifications and attendances are included in the Directors' Report.

Risk management

The Board meets regularly to evaluate, control, review and implement the Company's operations and objectives. The Board understands the importance of risk management and it continues to be an ongoing focus for the Board.

Regular controls established by the Board include:

- timely monthly financial and operational reporting;
- implementation of exploration work programs and budgets by management; and
- procedures to allow Directors to monitor progress of key activities undertaken by management.

Due to the size of the Company's operations, the Board is responsible for reviewing and approving the Company's risk management strategy, including determining the Group's appetite for significant investment decisions. Management reports to the Board on the Company's key risks periodically.

The Board is also responsible for satisfying itself that management has developed and implemented a sound system of risk management and internal control. The Company's internal control framework and risk management process is governed by the Audit and Risk Committee.

The Board regularly discusses risks associated with the Company's business and exploration activities along with the Company's risk tolerance. The Board is responsible for determining whether the Company has a material exposure to economic, environmental and social sustainability risk and, if it does, how it manages or intends to manage those risks.

CORPORATE GOVERNANCE

As the Company evolves and grows, a series of operational risks and mitigation strategies will be considered and adopted on a fit for purpose basis. As risk management is an on-going process, the Board recognises that the extent of the strategy and planning will continue to grow with the Company's activities.

The Risk Management Policy is available on the Company's website or upon request.

Principle 8: Remunerate fairly and responsibly

Remuneration Committee

The best practice recommendation of the ASX Guidelines recommends that the Board establish a Remuneration Committee and have at least 3 members, majority of who are independent Directors. The Company has established a joint Nomination and Remuneration Committee which is being managed by the full Board. The Board is of the view that the Company is not of sufficient size to require a separate committee and that the skills and experience of the committee members is appropriate.

The Committee's primary functions are to oversee and manage:

- the Company's remuneration, retention, termination and incentive policies and procedures for Directors and senior executives;
- the development of Board and Director evaluation processes;
- the review of desirable competencies, skills, knowledge and experience of Directors;
- recommend the appointment, re-election and removal of Directors to/from the Board.

The Company has established a Remuneration Policy which sets out the structure of the remuneration of senior executives, Executive Directors, Non-Executive Directors, termination, disclosure of remuneration etc. The Remuneration Policy is available on the Company's website or upon request.

All compensation arrangements for Directors and senior executives are determined by the Committee and approved by the Board, after taking into account the current competitive arrangements prevailing in the market.

The amount of remuneration for all Directors including the full remuneration packages, comprising all monetary and non-monetary components of the Executive Directors and executives, are detailed in the Directors' Report. Non-Executive Directors may receive annual fees within an aggregate Directors' fee pool limited to an amount which is approved by shareholders. The Non-Executive Directors maximum aggregate fee pool is $120,000. The Nomination and Remuneration Committee reviews and recommends the remuneration levels and policies for Directors within this overall Directors' fee pool. The fees which are paid are also periodically reviewed.

Although no formal written policy has been established, the executive is responsible for:

- managing the day to day business of the Company;
- developing corporate strategy, performance objectives and budgets for review and approval by the Board;
- appointing staff, evaluating their performance and training requirements as well as development of Company policies; and
- ensuring all available information in connection with items to be discussed at a meeting of the Board is provided to each Director prior to the meeting.

The performance of senior executives is evaluated by the Nomination and Remuneration Committee, often taking into account recommendations from the Chief Executive Officer and / or Chairman. The Board can exercise its discretion in relation to approving incentives, bonuses and options and can recommend changes to the Committee's recommendations. All executives receive base salary and superannuation (if applicable) and in some cases, performance incentives and fringe benefits. These packages are reviewed on an annual basis. All remuneration paid to executives is valued at the cost to the Company and is measured in accordance with the applicable accounting standards.

Directors, executives and employees, are from time to time invited to participate in the shareholder approved shares options. Separate shareholder approval is sought before any Director can be issued options. Shares issued are valued as the difference between the market price of those shares and the amount paid by the Executive. Options are valued using the appropriate valuation methodology. Non-Executive Directors have long been encouraged by the Board to hold shares in the Company to align their interests more closely to those of the Company's shareholders.

The Board expects that the remuneration structure that is implemented will result in the Company being able to attract and retain the best executives to manage the economic entity. It will also provide the executives with the necessary incentives to work to grow long-term shareholder value. Please refer to the Remuneration Report which forms part of the Directors' Report for information on remuneration paid to Directors and executives during the financial year.

The Company does not hold schemes for retirement benefits other than statutory superannuation for Non-Executive Directors.

AUDITOR'S INDEPENDENCE DECLARATION

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Australia

DECLARATION OF INDEPENDENCE BY IAN SKELTON TO THE DIRECTORS OF AUSGOLD LIMITED

As lead auditor of Ausgold Limited for the year ended 30 June 2015, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Ausgold Limited and the entities it controlled during the period.

Ian Skelton

Director

BDO Audit (WA) Pty Ltd

Perth, 30 September 2015

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation *other than for the acts or omissions of financial services licensees*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	Jun 2015 $	Jun 2014 $
Revenue from continuing operations		14,996	17,150
Impairment exploration expenses	14	(295,331)	(1,369,709)
Net loss on financial assets		–	(784,412)
Corporate and administration expenses		(496,258)	(372,852)
Share based payments expenses		(44,988)	(411,808)
Occupancy expenses		(99,046)	(244,989)
Depreciation expenses		(58,323)	(223,148)
Other expenses		(58,243)	(61,932)
Accounting expenses		(41,022)	(45,538)
Finance costs		(4,397)	(9,411)
Legal fees		(8,034)	(8,581)
Consulting fees		–	(3,990)
Directors' fees		–	63,600
Loss before income tax		**(1,090,646)**	**(3,455,620)**
Income tax benefit / (expense)	9	–	–
Loss for the year		**(1,090,646)**	**(3,455,620)**
Loss is attributable to:			
Owners of the Company		**(1,090,646)**	**(3,455,620)**
Other comprehensive income / (loss)			
Other comprehensive income / (loss)		–	–
Total comprehensive loss for the year (net of tax)		**(1,090,646)**	**(3,455,620)**
Loss per share			
From continuing operations:			
Basic loss per share (cents per share)	20	(0.46)	(1.90)
Diluted loss per share (cents per share)	20	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 30 JUNE 2015

	Note	Jun 2015 $	Jun 2014 $
ASSETS			
Current Assets			
Cash and cash equivalents	10	661,013	970,073
Trade and other receivables	11	19,890	48,802
Security deposits	12	50,969	73,710
Prepayment for exploration assets	14	37,931	78,376
Total Current Assets		**769,803**	**1,170,961**
Non-Current Assets			
Property, plant and equipment	13	33,786	77,097
Exploration and evaluation expenditure	14	35,687,056	34,982,747
Total Non-Current Assets		**35,720,842**	**35,059,844**
TOTAL ASSETS		**36,490,645**	**36,230,805**
LIABILITIES			
Current Liabilities			
Trade and other payables	15	112,646	100,172
Provisions	16	56,616	20,621
Total Current Liabilities		**169,262**	**120,793**
Non-Current Liabilities			
Provisions	16	6,823	14,367
Total Non-Current Liabilities		**6,823**	**14,367**
TOTAL LIABILITIES		**176,085**	**135,160**
NET ASSETS		**36,314,560**	**36,095,645**
EQUITY			
Contributed equity	17	51,984,442	50,719,869
Reserves	18	3,854,868	3,809,880
Accumulated losses	19	(19,524,750)	(18,434,104)
TOTAL EQUITY		**36,314,560**	**36,095,645**

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Contributed Equity $	Accumulated Losses $	Reserves $	Total Equity $
Balance as at 1 July 2014	**50,719,869**	**(18,434,104)**	**3,809,880**	**36,095,645**
Total comprehensive loss for the year	–	(1,090,646)	–	(1,090,646)
Transactions with owners, recorded directly in equity:				
Shares issued during the year	1,001,000	–	–	1,001,000
Share issue costs	(26,678)	–	–	(26,678)
Shares issued during the year on exercise of options	290,251	–	–	290,251
Share based payments	–	–	44,988	44,988
Balance as at 30 June 2015	**51,984,442**	**(19,524,750)**	**3,854,868**	**36,314,560**

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	Contributed Equity $	Accumulated Losses $	Reserves $	Total Equity $
Balance as at 1 July 2013	49,581,149	(14,978,484)	3,398,072	38,000,737
Total comprehensive loss for the year	–	(3,455,620)	–	(3,455,620)
Transactions with owners, recorded directly in equity:				
Shares issued during the year	1,154,603	–	–	1,154,603
Share issue costs	(15,883)	–	–	(15,883)
Share based payments	–	–	411,808	411,808
Balance as at 30 June 2014	**50,719,869**	**(18,434,104)**	**3,809,880**	**36,095,645**

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	Jun 2015 $	Jun 2014 $
Cash flows from operating activities			
Interest received		14,996	17,150
Payments to suppliers and employees		(669,477)	(737,294)
Net cash flows used in operating activities	21	**(654,481)**	**(720,144)**
Cash flows from investing activities			
Payments for exploration expenditure		(941,893)	(816,983)
Proceeds from the sale of held-for-trading financial assets		–	532,328
Prepayment for exploration expenditure		–	(66,220)
Security deposit (paid) / received		22,741	235,530
Net cash flows used in investing activities		**(919,152)**	**(115,345)**
Cash flows from financing activities			
Proceeds from the issue of share capital (net)		1,264,573	1,138,720
Net cash flows generated by financing activities		**1,264,573**	**1,138,720**
Net increase / (decrease) in cash and cash equivalents		(309,060)	303,231
Cash and cash equivalents at the beginning of the year		970,073	666,842
Cash and cash equivalents at the end of the year	10	**661,013**	**970,073**

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

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 annual financial report of the Group for the financial year ended 30 June 2015 was authorised for issue in accordance with a resolution of the Directors on 30 September 2015.

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

2. STATEMENT OF COMPLIANCE

The consolidated annual financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

3. BASIS OF PREPARATION

The results of the Group are expressed in Australian dollars ($), which are the functional and presentation currency for the consolidated financial report.

The financial report is presented on the historical cost basis except for share-based payments measured at fair value.

The preparation of a financial report in conformance with Australian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances. The results of which forms the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In the financial year ended 30 June 2015, 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 2014 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 also determined that there is no effect on the financial position or performance of the Group following the implementation of the other standards that came into effect on 1 July 2014 which included AASB 2012-3 Offsetting Financial Assets and Financial Liabilities and AASB 2013-3 Recoverable Amount Disclosures for Non-Financial Assets.

The Group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2014.

4. GOING CONCERN

The Group recorded a consolidated loss of $1,090,646 for the financial year ended 30 June 2015 (2014: $3,455,620). At 30 June 2015, the Group has $661,013 in cash and cash equivalents (2014: $970,073).

The accounts have been prepared on a going concern basis. During the year, Ausgold raised further working capital to continue the Group's exploration and development of its mining tenements. In addition to those capital raising amounts, the Directors have determined that the ability of the consolidated entity to continue as a going concern and for the consolidated entity to be able to realise its assets and discharge its liabilities in the normal course of business, they will be dependent upon the future successful raising of necessary funding through equity or successful exploration of the consolidated entity's tenements.

The Directors have prepared a cash flow forecast for the next 12 month period reflecting the need for further funding as mentioned above. While the Directors are reasonably confident this will occur, the timing and extent of any additional funding is always uncertain.

In the event that sufficient funding at an amount and timing necessary to meet the future budgeted operational and investing activities of the Group is unfavourable, the Directors would undertake steps to contain the operating and investment activities. This may include a review of assets held to rationalise the number of tenements on hand which would substantially reduce commitments to ensure that the Group can meet its obligations as and when they become due and payable.

The Directors have reviewed the business outlook and the assets and liabilities of the Group and are of the opinion that the use of the going concern basis of accounting is appropriate. However, if the Group is unable to achieve the above, there is 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 at the amounts stated in the financial report.

The financial statements do not include any adjustment relating to the recoverability or classification of the recorded amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events, which are believed to be reasonable under the circumstances. However, actual outcomes would differ from these estimates if different assumptions were used and different conditions existed.

The Group has identified the following areas where significant judgements, estimates and assumptions are required, and where actual results were to differ, may materially affect the financial position or financial results reported in future periods.

(A) Share-Based Payment Transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using an appropriate option pricing model and these observable inputs are the best estimates available at the time of performing the calculation but are subject to variability and may be materially different if hindsight was to be used.

(B) Exploration Expenditure

The write-off and carrying forward of exploration acquisition costs is based on an assessment of an area of interest's viability and / or the existence of economically recoverable reserves. Information may come to light in a later period which results in the asset being written off as it is not considered viable.

(C) Estimation of Useful Lives of Assets

The estimation of the useful lives of assets has been based on historical experience. The condition of the assets is assessed at least once per year and considered against the remaining useful life.

(D) Impairment of Assets

At each reporting date, the Group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in the statement of profit or loss and other comprehensive income where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate recoverable amount for an individual asset, recoverable amount is determined for the cash-generating unit to which the asset belongs.

6. SIGNIFICANT ACCOUNTING POLICIES

(A) Principles of Accounting

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Ausgold as at 30 June 2015 and the results of all subsidiaries for the year then ended. All inter-company balances and transactions between the Group in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the consolidated entity.

(i) Subsidiaries

Subsidiaries are entities controlled by the consolidated entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the consolidated entity.

In the consolidated entity's financial statements, investments in subsidiaries are carried at cost. The financial statements of the subsidiary are prepared for the same reporting period as the Company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from inter-entity transactions have been eliminated in full.

The investment in subsidiary held by Ausgold is accounted for at cost in the separate financial statements of the Company less any impairment charges. The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

(B) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The CODM is responsible for allocating resources and assessing performance of the operating segments, has been identified as the strategic steering committee.

(C) Foreign Currency

(i) Functional and Presentation Currency

The results of the Group are expressed in Australian dollars ($), which are the functional and presentation currency for the consolidated financial report.

(ii) Foreign Currency Transactions

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the statement of financial position date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(D) Revenue Recognition

(i) Interest Income

Revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

(E) Cash and Cash Equivalents

Cash and cash equivalents include cash at bank and in hand, deposits held at call with financial institutions, other short-term highly liquid deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(F) Other Financial Assets

(i) Security Deposits

Security deposits are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. They are included in current assets, except for those with maturities greater than 12 months after reporting period which are classified as non-current assets.

(ii) Trade and Other Receivables

Trade and other debtors are recognised as the amount receivable and are due for settlement within 30 days from the end of the month in which services were provided. They are included in current assets, except for those with maturities greater than 12 months after reporting period which are classified as non-current assets. Collectability of the receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off against the receivable directly unless a provision for impairment has previously been recognised.

A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Loans granted are recognised at the amount of consideration given or the cost of services provided to be reimbursed.

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(G) Fair Value Estimation For Financial Instruments

Fair values may be used for financial asset and liability measurement as well as for sundry disclosures. Fair values for financial instruments traded in active markets are based on quoted market prices at statement of financial position date. The quoted market price for financial assets is the current bid price and the quoted market price for financial liabilities is the current ask price.

The fair values of financial instruments that are not traded in an active market are determined using valuation techniques. Assumptions used are based on observable market prices and rates at statement of financial position date. The fair value of long-term debt instruments is determined using quoted market prices for similar instruments. Estimated discounted cash flows are used to determine fair value of the remaining financial instruments. The fair value of forward exchange contracts is determined using forward exchange market rates at the statement of financial position date. The fair value of interest rate swaps is calculated as the present value of estimated future cash flows.

The fair value of receivables and payables is their nominal value less estimated credit adjustments. A financial instrument is recognised if the consolidated entity becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised if the consolidated entity's contractual rights to the cash flows from the financial assets expire or if the consolidated entity transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular purchases and sales of financial assets are accounted for at trade date, i.e., the date that the consolidated entity commits itself to purchase or sell the asset. Financial liabilities are de-recognised if the consolidated entity's obligations specified in the contract expire or are discharged or cancelled. Cash and cash equivalents comprise cash balances and call deposits greater than 3 months and are classified as held to maturity investments and valued at amortised costs.

(H) Exploration and evaluation expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Exploration and evaluation expenditure encompasses expenditures incurred by the Group in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

Exploration and evaluation expenditure incurred by the Group is accumulated for each area of interest and recorded as an asset if:

- the rights to tenure of the area of interest are current; and
- at least one of the following conditions is also met:
  - the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
  - exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing.

For each area of interest, expenditure incurred on the exploration of tenements throughout Australia is capitalised, classified as tangible or intangible, and recognised as an exploration and evaluation asset. Exploration and evaluation assets are measured at cost at recognition. The recoverable amount of each area of interest is determined on a bi-annual basis and the provision recorded in respect of that area adjusted so that the net carrying amount does not exceed the recoverable amount. For areas of interest that are not considered to have any commercial value, or where exploration rights are no longer current, the capitalised amounts are written off against the provision and any remaining amounts are charged against profit. Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(I) Property, Plant and Equipment

Items of property, plant and equipment are initially recorded at cost, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition, and depreciated. Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

Depreciation is provided on plant and equipment. Items of property, plant and equipment are depreciated using the diminishing value method over their estimated useful lives to the consolidated entity. The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each of the statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The useful economic life for each class of depreciable asset is:

Vehicles	3 – 5 years
Furniture, Fittings and Equipment	3 – 5 years

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income. When the re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(J) Impairment

(i) Financial Assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

(ii) Non-Financial Assets

The carrying amounts of the non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the statement of profit or loss and other comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(K) Taxation

The income tax expense or benefit (revenue) for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit. Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities, associates and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Current and deferred tax balances relating to amounts recognised directly in equity are also recognised directly in equity.

Ausgold Limited and its subsidiary have unused tax losses. However, no deferred tax balances have been recognised, as it is considered that asset recognition criteria have not been met at this time.

(L) Trade and Other Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the consolidated entity. Trade accounts payable are normally settled within 60 days.

(M) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(N) Employee Benefits

(i) Short-Term Obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Other Long-Term Employee Benefit Obligations

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national Government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Share-Based Payments

Share-based compensation benefits are provided to employees of Ausgold Limited.

The fair value of options granted under Ausgold Limited is recognised as an employee benefit expense with a corresponding increase in equity (share-based payments reserve). The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. The fair value at grant date is determined using an appropriate option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each statement of financial position date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

The market value of shares issued to employees for no cash consideration is recognised as an employee benefits expense with a corresponding increase in equity when the employees become entitled to the shares.

(iv) Termination Benefits

Termination benefits are payable when employment is terminated before normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(O) Contributed Equity

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

(P) Earnings / (Loss) Per Share

Basic earnings or loss per share are calculated by dividing the net profit or loss attributable to members of the parent entity for the reporting period by the weighted average number of ordinary shares of the Company.

Diluted earnings or loss per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(Q) Goods and Services Tax

Revenues, expenses and assets are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flow on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authorities are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(R) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(S) Rounding Of Amounts

The company is of a kind referred to in Class Order 98/100, issued by ASIC, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest dollar.

(T) New Accounting Standards snd Interpretations

AASB reference	Title	Summary	Application date of standard	Impact on consolidated financial report	Application date
AASB 2013-9	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	This amendment provides for 3 additional accounting requirements: • Adding the new hedge accounting requirements into AASB 9 • Deferring the effective date of AASB 9 from 1 January 2015 to 1 January 2017, and • Making available for early adoption the presentation of changes in 'own credit' in other comprehensive income (OCI) for financial liabilities under the fair value option. Under the new hedge accounting requirements: • The 80-125% highly effective threshold has been removed • Risk components of non-financial items can qualify for hedge accounting provided that the risk component is separately identifiable and reliably measurable • An aggregated position (i.e. combination of a derivative and a non-derivative) can qualify for hedge accounting provided that it is managed as one risk exposure • When entities designate the intrinsic value of options, the initial time value is deferred in OCI and subsequent changes in time value are recognised in OCI • When entities designate only the spot element of a forward contract, the forward points can be deferred in OCI and subsequent changes in forward points are recognised in OCI. Initial foreign currency basis spread can also be deferred in OCI with subsequent changes be recognised in OCI • Net foreign exchange cash flow positions can qualify for hedge accounting	Periods beginning on or after 1 January 2015	The group does not expect the standard to have a significant impact on its composition	1 July 2015

AASB reference	Title	Summary	Application date of standard	Impact on consolidated financial report	Application date
AASB 9	Financial Instruments and its Consequential Amendments	This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. Accounting for financial liabilities continues to be classified and measured in accordance with AASB 139 with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch.	Periods beginning on or after 1 January 2017	The group does not expect the standard to have a significant impact on its composition	1 July 2017
AASB 15	Revenue from Contracts with Customers	This standard provides a single standard for revenue recognition. An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment.	Periods beginning on or after 1 January 2018	The group does not expect the standard to have a significant impact on its composition	1 July 2018

7. FINANCIAL RISK MANAGEMENT

(A) Overview

The overall financial risk management strategy focuses on the unpredictability of the finance markets and seeks to minimise the potential adverse effects on financial performance and protect future financial security.

The Group have exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk (including foreign currency risk and interest rate risk)

This note presents information about the consolidated entity's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk and the management of capital.

Ausgold's risk management framework is supported by the Board, management and the Audit and Risk Committee. The Board is responsible for approving and reviewing consolidated entity risk management strategy and policy. Management is responsible for monitoring that appropriate processes and controls are in place to effectively and efficiently manage risk. The Audit and Risk Committee is responsible for identifying, monitoring and managing significant business risks faced by consolidated entity and considering the effectiveness of its internal control system. Due to the size of the Company's operations, the Audit and Risk Committee comprises of the full Board.

The consolidated entity holds the following financial instruments:

	Consolidated	
	Jun 2015 $	Jun 2014 $
Financial assets		
Cash and cash equivalents	661,013	970,073
Trade and other receivables	19,890	48,802
Security deposits	50,969	73,710
	731,872	**1,092,585**
Financial liabilities		
Trade and other payables	112,646	100,172
	112,646	**100,172**

(B) Credit Risk

Credit risk is the risk of financial loss to the consolidated entity if counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's cash and cash equivalents, deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

The consolidated entity does not hold any credit derivatives to offset its credit exposure.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates.

	Consolidated	
	Jun 2015 $	Jun 2014 $
Trade receivables		
Counterparties without external credit rating[1]		
Group 1	70,859	48,802
Group 2	–	73,710
	70,859	**122,512**
Deposits		
AAA	–	–
AA	661,013	970,073
	661,013	**970,073**

Note 1: Group 1 – Existing customers (less than 6 months); Group 2 – Existing customers (more than 6 months) with no defaults in the past.

(i) Exposure to Credit Risk

The carrying amount of the consolidated entity's financial assets represents the maximum credit exposure. The consolidated entity's maximum exposure to credit risk at reporting date was:

	Consolidated	
	Jun 2015 $	Jun 2014 $
Financial assets		
Cash and cash equivalents	661,013	970,073
Trade and other receivables	19,890	48,802
Security deposits	50,969	73,710
	731,872	**1,092,585**

(C) Liquidity Risk

Liquidity risk arises from the financial liabilities of the consolidated entity and the consolidated entity's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

The following are the contractual maturities of financial liabilities on an undiscounted basis, including estimated interest payments. Cash flows for liabilities without fixed amount or timing are based on conditions existing at year end.

	Consolidated	
	Jun 2015 $	Jun 2014 $
Financial liabilities	112,646	100,172
Trade and other payables	**112,646**	**100,172**

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Board has determined an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves and regularly monitoring budgeted and actual cash flows and matching the maturity profiles of financial assets, expenditure commitments and liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

Contractual maturities of financial liabilities	Less than 6 months $	6 – 12 months $	Total $	Carrying amount $
Consolidated – at 30 June 2015				
Trade and other payables	112,646	–	112,646	112,646
	112,646	**–**	**112,646**	**112,646**

Contractual maturities of financial liabilities	Less than 6 months $	6 – 12 months $	Total $	Carrying amount $
Consolidated – at 30 June 2014				
Trade and other payables	100,172	–	100,172	100,172
	100,172	**–**	**100,172**	**100,172**

(D) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and commodity prices will affect the consolidated entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return.

(i) Interest Rate Risk

The consolidated entity's exposure to interest rates primarily relates to the consolidated entity's cash and cash equivalents and held to maturity investments. The consolidated entity manages market risk by monitoring levels of exposure to interest rate risk and assessing market forecasts for interest rates.

At reporting date, the interest rate profile of the Group's interest bearing financial instruments was:

	Consolidated	
	Jun 2015 $	Jun 2014 $
Variable rate financial instruments		
Financial assets	661,013	970,073
Financial liabilities	–	–
	661,013	**970,073**

The Group manages its interest rate risk by monitoring available interest rates while maintaining an overriding position of security whereby the majority of cash and cash equivalents are held in AA-rated bank accounts. The Group's exposure to interest rate risk and weighted average effective interest rate by maturing periods is set out in tables below:

	Weighted average effective interest rate %	Fixed & floating interest rate $	Maturing within 1 Year $	Non-interest bearing $	Total $
Consolidated – at 30 June 2015					
Financial assets					
Cash and cash equivalents	2.82%	661,013	–	–	661,013
Security deposits	–	50,969	–	–	50,969
Trade and other receivables	–	–	–	19,890	19,890
	–	**711,982**	**–**	**19,890**	**731,872**
Financial liabilities					
Trade and other payables	–	–	–	112,646	112,646
	–	**–**	**–**	**112,646**	**112,646**

	Weighted average effective interest rate %	Fixed & floating interest rate $	Maturing within 1 year $	Non-interest bearing $	Total $
Consolidated – at 30 June 2014					
Financial assets					
Cash and cash equivalents	3.47%	970,073	–	–	970,073
Trade and other receivables	–	73,710	–	–	73,710
Prepayment for exploration expenditure	–	–	–	48,802	48,802
		1,043,783	**–**	**48,802**	**1,092,585**
Financial liabilities					
Trade and other payables	–	–	–	100,172	100,172
		–	**–**	**100,172**	**100,172**

Cash Flow Sensitivity Analysis

A change of a 100 basis points in interest rates at reporting date would have increased / (decreased) equity and profit or (loss) by the amounts shown below. The Board assessed a 100 points basis point movement as being reasonably possible based on forward treasury rate projections. This analysis assumed that all other variables remain constant.

	Consolidated			
	+1% Jun 2015 $	-1% Jun 2015 $	+1% Jun 2014 $	-1% Jun 2014 $
Financial assets				
Cash and cash equivalents	6,610	(6,610)	9,701	(9,701)
	6,610	**(6,610)**	**9,701**	**(9,701)**

(ii) Other Market Price Risk

The Group is involved in the mineral exploration for gold and other precious metals. Should the Group successfully progress to a producer, revenues associated with mineral sales and the ability to raise funds through equity and debt will have some dependence upon commodity prices.

(E) Capital Risk Management

When managing capital, the Board's objective is to ensure the consolidated entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The Board also aims to maintain a capital structure that ensures the lowest cost of capital available to the consolidated entity.

The Board is constantly adjusting the capital structure to take advantage of favorable costs of capital or high return on assets. As the market is constantly changing, management may issue new shares, sell assets to reduce the Company's liability or consider entering joint venture arrangements to further exploration of the tenements.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position although there is no formal policy regarding gearing levels.

On 15 April 2015, the Company completed a placement of 28,600,000 ordinary fully paid shares to raise $1,001,000 before costs.

There were no changes in the consolidated entity's approach to capital management during the year. The consolidated entity is not subject to any externally imposed capital requirements.

(F) Fair Value Measurements

The fair values of financial assets and liabilities are determined in accordance with generally accepted pricing models based on estimated future cash flow. There are currently no assets and liabilities which require fair valuing under the measurement hierarchy.

8. SEGMENT REPORTING

Operating segments are now reported in a manner that is consistent with the internal reporting to the Chief Operating Decision Maker ("CODM"), which has been identified by the Group as the Board of Directors.

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and determining the allocation of resources. Reportable segments disclosed are based on aggregating operating segments, where the segments have similar characteristics. For the current reporting period, the Directors of the Group have amended its policy of segment reporting. The Group's sole activity is mineral exploration and resource development wholly within Australia; therefore it has aggregated all operating segments into the one reportable segment being mineral exploration.

The reportable segment is represented by the primary statements forming this financial report.

9. INCOME TAX EXPENSE

	Consolidated	
	Jun 2015 $	Jun 2014 $
Numerical reconciliation between tax expenses and pre-tax net loss		
Loss before income tax expense	**(1,090,646)**	**(3,455,620)**
Income tax benefit calculated at 30%	(327,194)	(1,036,686)
Tax effects on amounts which are not tax deductible	13,837	360,516
R & D expenditure offset received	–	–
Deferred tax asset not brought to account	313,357	676,170
Income tax benefit	**–**	**–**

	Consolidated	
	Jun 2015 $	Jun 2014 $
Deferred tax assets not brought to account		
Unused tax losses	48,569,737	46,641,753
Timing differences	(35,420,514)	(34,818,847)
Capital raising cost in equity	188,441	458,570
Tax at 30%	**4,001,299**	**3,684,433**

The benefit for tax losses will only be obtained if:

- the Company derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- the Company continues to comply with the conditions for deductibility imposed by Law; and
- no changes in tax legislation adversely affect the ability of the Company to realise these benefits.

10. CASH AND CASH EQUIVALENTS

	Consolidated	
	Jun 2015 $	Jun 2014 $
Current assets		
Cash at bank and in hand	661,013	970,073
	661,013	**970,073**

(A) Reconciliation to Cash at the End of the Year

The above figures are reconciled to cash at the end of the financial year as shown in the consolidated statement of cash flows as follows:

	Consolidated	
	Jun 2015 $	Jun 2014 $
Current assets		
Cash at bank and in hand	661,013	970,073
Balance as per Consolidated Statement of Cash Flows	**661,013**	**970,073**

(B) Risk Exposure

The Group's exposure to interest rate risk is discussed in Note 7. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above. The consolidated entity's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are discussed in Note 7.

11. TRADE AND OTHER RECEIVABLES

	Consolidated	
	Jun 2015 $	Jun 2014 $
Current assets		
Sundry and other debtors	13,825	40,216
Taxation receivables	6,065	8,586
	19,890	**48,802**

(A) Impaired Trade Receivables

There were no impaired trade receivables for the Group for the financial years ended 30 June 2015 and 30 June 2014.

	Consolidated	
	Jun 2015 $	Jun 2014 $
The ageing of these receivables is as follows:		
1 to 3 months	19,890	48,802
3 to 6 months	–	–
Over 6 months	–	–
	19,890	**48,802**

(B) Past Due but not Impaired

There were no trade receivables past due but not impaired for the Group for the financial years ended 30 June 2015 and 30 June 2014.

(C) Foreign Exchange and Interest Rate risk

Information about the Group's exposure to foreign currency and interest rate risk in relation to trade and other receivables is provided in Note 7.

(D) Fair Value and Credit Risk

Due to the short-term nature of the trade receivables, the carrying amount is assumed to approximate their fair value. The exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above. Refer to Note 7 for more information on the risk management policy of the group and the credit quality of the entity's trade receivables.

12. SECURITY DEPOSITS

	Consolidated	
	Jun 2015 $	Jun 2014 $
Current assets		
At 1 July 2014, security deposits	73,710	42,740
Additions / (Reversals)	(22,741)	30,969
At 30 June 2015, security deposits	**50,969**	**73,710**

	Consolidated	
	Jun 2015 $	Jun 2014 $
Non-current assets		
At 1 July 2014, security deposits	–	309,240
Additions / (Reversals)	–	(309,240)
At 30 June 2015, security deposits	**–**	**–**

13. PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	Jun 2015 $	Jun 2014 $
Non-current assets		
Balance at the start of the period, net of accumulated depreciation	77,097	306,246
Additions / (Written Off)	15,012	(6,001)
Depreciation charge	(58,323)	(223,148)
Balance net of accumulated depreciation	**33,786**	**77,097**

	Consolidated	
	Jun 2015 $	Jun 2014 $
Non-current assets		
Cost	750,061	735,048
Accumulated deprecation	(716,274)	(657,951)
Net carrying amount	**33,786**	**77,097**

14. EXPLORATION AND EVALUATION EXPENDITURE & PREPAYMENT

	Consolidated	
	Jun 2015 $	Jun 2014 $
Non-current assets		
Exploration, evaluation, prepayment and development costs carried forward in respect of areas of interest (net of amounts written off)		
Exploration and evaluation expenditure	35,687,056	34,982,747
Prepayment for exploration assets	37,931	78,376
	35,724,987	**35,061,123**
Reconcilation:		
Carrying amount at start of year	35,061,123	35,552,166
Exploration expenditure	921,264	800,290
Prepayment for exploration assets	37,931	78,376
Expenditure written off	(295,331)	(1,369,709)
Carrying amount at the end of the period	**35,724,987**	**35,061,123**

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 $295,331 (2014: $1,369,709) in expenditure during the year. The Directors have reviewed the impairment indicators as per AASB 6: Exploration for and Evaluation of Mineral Resources and have concluded that no indicators of impairment are present for the exploration asset carried forward as at 30 June 2015.

15. TRADE AND OTHER PAYABLES

	Consolidated	
	Jun 2015 $	Jun 2014 $
Current liabilities		
Trade creditors	99,260	98,404
Other creditors	13,386	1,768
	112,646	**100,172**

Information about the Group's exposure to foreign currency risk in relation to trade and other payables is provided in Note 7.

16. PROVISIONS

	Consolidated	
	Jun 2015 $	Jun 2014 $
Current liabilities		
Provision for employee benefits	56,616	20,621
	56,616	**20,621**

	Consolidated	
	Jun 2015 $	Jun 2014 $
Non-current liabilities		
Provision for employee benefits	6,823	14,367
	6,823	**14,367**

17. CONTRIBUTED EQUITY

	Consolidated	
	Jun 2015 $	Jun 2014 $
Balance at the start of the period	50,719,869	49,581,149
Shares issued	1,001,000	1,154,603
Shares to be Issued	–	–
Less: share issue costs	(26,678)	(15,883)
Shares issued on exercise of options	290,251	–
	51,984,442	**50,719,869**

(A) Movements in Share Capital During the Year

	Consolidated	
	Jun 2015 Number of shares	Jun 2014 Number of shares
Balance at the start of the period	230,860,792	153,902,750
Shares issued for capital raising purposes	28,600,000	76,951,375
Shares issued on exercise of options	5,805,027	6,667
	265,265,819	**230,860,792**

On 15 April 2015, the Company completed a placement of 28,600,000 ordinary fully paid shares to raise $1,001,000 before costs.

Ordinary fully paid shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up to the shares held. Ordinary fully paid shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

(B) Movements in Share Options during the Year

	Consolidated	
	Jun 2015 Number of options	Jun 2014 Number of options
Balance at the start of the period	81,161,374	4,366,666
Options issued	16,900,000	76,951,375
Options cancelled	–	(150,000)
Options lapsed	(72,756,347)	–
Options exercised	(5,805,027)	(6,667)
	19,500,000	**81,161,374**

18. RESERVES

	Consolidated	
	Jun 2015 $	Jun 2014 $
Balance at the start of period	3,809,880	3,398,072
Share-based payments reserve	44,988	411,808
	3,854,868	**3,809,880**

(A) Share-based payments reserve

This reserve is used to record the value of equity settled share-based payments provided to employees and directors as part of their remuneration. Set out below are summaries of the options granted to the employees of Ausgold for nil consideration during the current and preceding financial years:

Grant date	Expiry date	Exercise price	Balance at 1 Jul 2014 (Number)	Granted (Number)	Exercised (Number)	Forfeited (Number)	Balance at 30 Jun 2015 (Number)	Vested at 30 Jun 2015 (Number)
16-Dec-09	31-Dec-14	$0.20	200,000	–	–	(200,000)	–	–
16-Dec-09	31-Dec-14	$0.25	250,000	–	–	(250,000)	–	–
6-Dec-11	6-Dec-15	$1.38	500,000	–	–	–	500,000	500,000
6-Dec-11	6-Dec-14	$1.72	666,666	–	–	(666,666)	–	–
19-Dec-11	19-Dec-14	$1.38	500,000	–	–	(500,000)	–	–
27-Feb-12	26-Feb-16	$1.57	1,500,000	–	–	–	1,500,000	1,500,000
2-Oct-12	2-Oct-15	$0.45	100,000	–	–	–	100,000	100,000
13-Aug-14[1]	31-Jan-17	$0.09	3,500,000	–	–	–	3,500,000	3,500,000
13-Aug-14[1]	31-Jan-17	$0.09	3,500,000	–	–	–	3,500,000	3,500,000
13-Aug-14[1]	31-Jan-17	$0.09	3,500,000	–	–	–	3,500,000	3,500,000
13-Aug-14[1]	31-Jan-17	$0.09	3,500,000	–	–	–	3,500,000	3,500,000
23-Apr-15	31-Dec-17	$0.07	–	1,500,000	–	–	1,500,000	–
23-Apr-15	31-Dec-17	$0.07	–	300,000	–	–	300,000	300,000
23-Apr-15	31-Dec-17	$0.07	–	300,000	–	–	300,000	300,000
23-Apr-15	31-Dec-17	$0.07	–	300,000	–	–	300,000	300,000
23-Apr-15	31-Dec-17	$0.07	–	500,000	–	–	500,000	300,000
Total			**17,716,666**	**2,900,000**	**–**	**(1,616,666)**	**19,000,000**	**17,300,000**
Weighted Average Exercise Price			**$0.36**	**$0.07**	**–**	**$1.20**	**$0.24**	**$0.26**

Note 1: The Company and the individual Directors executed an agreement on 27 June 2014 to obtain 3,500,000 options for each director in lieu of Directors' fees for the Non-Executive directors and to align the Executive Directors' interests with those of the shareholders for the benefit of the Company The grant date of 13 August 2014 is the day the share options were issued following shareholder approval obtained on 12 August 2014.

Grant date	Expiry date	Exercise price	Balance at 1 Jul 2013 (Number)	Granted (Number)[1]	Exercised (Number)	Forfeited (Number)	Balance at 30 Jun 2014 (Number)	Vested at 30 Jun 2014 (Number)
16-Dec-09	31-Dec-14	$0.20	200,000	–	–	–	200,000	200,000
16-Dec-09	31-Dec-14	$0.25	250,000	–	–	–	250,000	250,000
6-Dec-11	6-Dec-15	$1.38	500,000	–	–	–	500,000	500,000
6-Dec-11	6-Dec-14	$1.72	666,666	–	–	–	666,666	666,666
19-Dec-11	19-Dec-14	$1.38	500,000	–	–	–	500,000	500,000
27-Feb-12	26-Feb-16	$1.57	1,500,000	–	–	–	1,500,000	1,500,000
2-Oct-12	2-Oct-15	$0.45	150,000		–	(150,000)	–	–
2-Oct-12	2-Oct-15	$0.45	100,000		–	–	100,000	100,000
27-Jun-14	31-Jan-17	$0.09	–	3,500,000	–	–	3,500,000	–
27-Jun-14	31-Jan-17	$0.09	–	3,500,000	–	–	3,500,000	–
27-Jun-14	31-Jan-17	$0.09	–	3,500,000	–	–	3,500,000	–
27-Jun-14	31-Jan-17	$0.09	–	3,500,000	–	–	3,500,000	–
Total			**3,866,666**	**14,000,000**	**–**	**(150,000)**	**17,716,666**	**3,716,666**
Weighted Average Exercise Price			**$1.32**	**$0.09**	**–**	**$0.45**	**$0.36**	**$1.35**

Note 1: On 27 June 2014, the Company and the individual Directors executed an agreement, subject to shareholder approval obtained 12 August 2014, to obtain 14,000,000 options in lieu of Directors' fees for the Non-Executive Directors and to align the Executive Directors' interests with those of the shareholders for the benefit of the Company. The share options were issued on 13 August 2014.

The market weighted average price of Ausgold Limited shares during the 2015 financial year was $0.04 (2014: $0.04).

The weighted average remaining contractual life of share options outstanding at the end of the period was 1.62 years (2014: 2.3 years).

The following share-based payments were made through the issue of equity during the financial year ended 30 June 2015:

Number of unlisted options issued	:	2,900,000
Grant date	:	23 April 2015
Expiry / Exercise date	:	31 December 2017
Exercise price	:	$0.07 each
Expected vesting probability	:	100%
Expected volatility	:	115%
Option life	:	2.69 years
Risk free rate	:	1.88%
Fair value at grant date	:	$0.02 each

The following share-based payments were made through the issue of equity during the financial year ended 30 June 2014:

Number of unlisted options issued	:	14,000,000
Agreement date	:	27 June 2014
Grant date	:	13 August 2014
Expiry / Exercise date	:	31 January 2017
Exercise price	:	$0.09 each
Expected vesting probability	:	100%
Expected volatility	:	117.2%
Option life	:	2.47 years
Risk free rate	:	2.59%
Fair value at grant date	:	$0.02 each

The following events transpired during the year:

- 1,616,666 unlisted options expired during December 2014.

The fair value of options at grant date is independently determined using an appropriate option valuation methodology that takes into account the exercise price. The options were issued for nil consideration. The volatility is calculated based upon the share price performance of the company since listing on the ASX.

Management has ascribed various probabilities based upon stretch criteria and operational factors toward the achievement of nominated performance targets. Accordingly, the said probability was taken into account when calculating the share-based payment expense of the options and in the formulation of the resultant expense to Statement of Profit or Loss.

19. ACCUMULATED LOSSES

	Consolidated	
	Jun 2015 $	Jun 2014 $
Accumulated losses at the start of period	(18,434,104)	(14,978,484)
Loss after income tax attributable to owners	(1,090,646)	(3,455,620)
	(19,524,750)	**(18,434,104)**

20. LOSS PER SHARE

	Consolidated	
	Jun 2015 Cents per share	Jun 2014 Cents per share
From continuing operations:		
Basic loss per share	(0.46)	(1.90)
Diluted loss per share	N/A	N/A

The calculation of basic loss per share at 30 June 2015 was based on the loss attributable to ordinary shareholders of $1,090,646 (2014: $3,455,620) and a weighted average number of ordinary shares outstanding during the year of 237,601,255 (2014:181,521,773).

(A) Earnings used in Calculating Loss Per Share

	Consolidated	
	Jun 2015 $	Jun 2014 $
For basic and diluted loss per share		
Loss after income tax for the year	(1,090,646)	(3,455,620)

(B) Weighted Average Number of Shares used as the Denominator

	Consolidated	
	Jun 2015 Number	Jun 2014 Number
Weighted Average Number of Ordinary Shares (WANOS)		
Weighted average number of ordinary shares	237,601,255	181,521,773

Diluted loss per share must be calculated where potential ordinary shares on issues are dilutive. As the potential ordinary shares on issue would decrease the loss per share in the current period, they are not considered dilutive and not shown.

21. CASH FLOWS FROM OPERATING ACTIVITIES RECONCILIATION

Reconciliation of cash flow from operating activities with the loss from continuing operations after income tax:

	Consolidated	
	Jun 2015 $	Jun 2014 $
Loss after income tax for the year	(1,090,646)	(3,455,620)
Adjustments for:		
Depreciation and amortisation expenses	58,323	223,148
Non-current assets written off / disposed of	(15,012)	6,001
Share based payment expenses	44,988	411,808
Impairment exploration expenses	295,331	1,369,709
Fair value adjustments to financial assets at fair value	–	784,412
(Increase) / Decrease in trade and other receivables	28,912	6,037
Increase / (Decrease) in trade and other payables	(4,828)	(77,560)
Increase / (Decrease) in provisions	28,451	11,921
Net cash flows (used in) operating activities	**(654,481)**	**(720,144)**

22. AUDITOR'S REMUNERATION

The following fees were paid or payable for services provided by the auditor of the consolidated entity:

	Consolidated	
	Jun 2015 $	Jun 2014 $
Audit and Other Assurance Services		
BDO Audit (WA) Pty Ltd		
Audit and review of financial report	30,777	33,548
	30,777	**33,548**

23. COMMITMENTS

(A) Remuneration Commitments

Names and positions held of key management personnel remuneration have been included in the Remuneration Report section of the Directors' Report during the financial year.

(B) Other Tenement Commitments

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

	Consolidated	
	Jun 2015 $	Jun 2014 $
Not later than one year	1,690,723	1,223,100
Later than one year but not later than five years	6,762,893	4,892,400
Later than five years	–	–
	8,453,616	**6,115,500**

(C) Corporate Commitments

	Consolidated	
	Jun 2015 $	Jun 2014 $
Not later than one year	6,298	66,821
Later than one year but not later than five years	–	6,298
Later than five years	–	–
	6,298	**73,119**

24. RELATED PARTY DISCLOSURE

(A) Subsidiary

The consolidated financial statements include the financial statements of Ausgold and its subsidiary as below:

Name	Country of incorporation	Equity interest %	
		Jun 2015	Jun 2014
Parent entity			
Ausgold Limited	Australia	–	–
Directly controlled by Ausgold Limited			
Ausgold Exploration Pty Ltd	Australia	100%	100%

Loans made by Ausgold Limited to wholly-owned subsidiary Ausgold Exploration Pty Ltd are contributed to meet required expenditure payable on demand and are not interest bearing.

(B) Key Management Personnel

Disclosures relating to key management personnel are included in Note 25.

(C) Fees Paid to Elstree Nominees Pty Ltd

Elstree Nominees Pty Ltd ("Elstree") provides the Group with office premises and associated facilities, and accounting, taxation, and secretarial services. All services provided by Elstree are at cost. Mr Denis Rakich is a Director of Elstree and serves as Executive Director and Company Secretary of Ausgold. Total amount paid to Elstree during the financial year was $163,277.

(D) Fees Paid to Arlington Group Asset Management Limited

Arlington Group Asset Management Limited ("Arlington") provides the Group with outsourced investor relations and support services. Mr Richard Lockwood is a Director of Arlington and serves as a Non-Executive Director of Ausgold. Total amount paid to Arlington during the financial year ended 30 June 2015 was $24,520.

(E) Fees Paid to Dinas (WA) Pty Ltd

Payment was made to Dinas (WA) Pty Ltd ("Dinas") for geological and corporate advisory services provided by Mr Stephen Thomas. Mr Thomas is a Director of Dinas and serves as Executive Technical Director of Ausgold. Total amount paid to Dinas during the financial year ended 30 June 2015 was $96,250.

(F) Transactions with Other Related Parties

Transactions between related parties are on normal commercial terms and conditions no more favorable than those available to other parties unless otherwise stated.

25. KEY MANAGEMENT PERSONNEL

(A) Key Management Personnel Compensation

	Consolidated	
	Jun 2015 $	Jun 2014 $
Short term employee benefits	221,973	96,478
Post employment benefits	9,500	8,727
Long-term employment benefits	1,518	–
Share based payments	–	423,636
	232,991	**528,841**

Detailed remuneration disclosures are provided in the Remuneration Report on pages 24 to 29.

Key management personnel received compensation in the form of short term employee benefits, post-employment benefits and share-based payment awards.

No executive is entitled to any termination payments apart from remuneration payable up to and including the date of termination and all payments due by way of accrued leave.

(B) Loan to Key Management Personnel

No loans have been granted to key management personnel during the current financial year.

(C) Other Key Management Personnel Transactions with the Company

There were no other key management personnel transactions with the Company other than the fees paid to Elstree Nominees Pty Ltd, Arlington Group Asset Management Limited and Dinas (WA) Pty Ltd. Details of these fees can be found in Note 24.

26. PARENT ENTITY INFORMATION

The individual financial statements for the parent entity show the following aggregate amount:

	Parent Entity	
	Jun 2015 $	Jun 2014 $
Current assets	712,045	2,010,898
Non-current assets	35,692,480	36,126,971
Total Assets	**36,404,525**	**38,137,869**
Current liabilities	85,448	137,133
Non-current liabilities	4,517	–
Total Liabilities	**89,965**	**137,133**
NET ASSETS	**36,314,560**	**38,000,736**
Contributed equity	58,868,885	56,465,591
Reserves	3,854,868	3,398,072
Accumulated losses	(26,409,192)	(21,862,926)
TOTAL EQUITY	**36,314,561**	**38,000,737**

	Parent Entity	
	Jun 2015 $	Jun 2014 $
Loss for the year	(1,090,645)	(3,455,619)
Other comprehensive income / (loss)	–	–
Total comprehensive loss for the year	**(1,090,645)**	**(3,455,619)**

The parent entity has guaranteed the loan of Ausgold Exploration Pty Ltd.

27. CONTINGENT LIABILITIES

There are no contingent items at reporting date.

28. EVENTS SUBSEQUENT TO REPORTING DATE

Mr Robert Pett resigned from his position as a Director and Chairman of the Company on 2 September 2015. Following Mr Pett's resignation, Mr Richard Lockwood was appointed Chairman of the Company. Mr Neil Fearis' role as Alternate Director to Mr Pett ceased following Mr Pett's resignation on 2 September 2015.

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 Standards, the Corporations Regulations 2001, International Reporting Standards as issued by the International Accounting Standards Board and other mandatory professional reporting requirements; and
   b. giving a true and fair view of the consolidated entity's position as at 30 June 2015 and its performance for the financial year ended that date; and
3. the Directors have been given the declarations as required by s295A 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
30 September 2015

INDEPENDENT AUDIT REPORT

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INDEPENDENT AUDITOR'S REPORT

To the members of Ausgold Limited

Report on the Financial Report

We have audited the accompanying financial report of Ausgold Limited, which comprises the consolidated statement of financial position as at 30 June 2015, 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 year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Independence

In conducting our audit, 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.

Opinion

In our opinion:

(a) the financial report of Ausgold Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 4 in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity. This condition, along with other matters as set out in Note 4, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Ausgold Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

Ian Skelton
Director

Perth, 30 September 2015

SHAREHOLDERS INFORMATION

The shareholder information set out below was applicable as at 29 September 2015.

(A) Disribution of Equity Securities

Analysis of numbers of ordinary shareholders by size of holding:

Category of holding	Number of holders	Number of shares
1 – 1,000	81	35,267
1,001 – 5,000	133	390,747
5,001 – 10,000	91	770,422
10,001 – 100,000	351	14,481,157
100,001 and over	166	249,588,226
	822	**265,265,819**

(B) Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares are:

Shareholders	Number of shares	Percentage of total shares %
Transcontinental Investments Pty Ltd	23,350,000	8.80%
BNP Paribas Nominees Pty Ltd	20,460,096	7.71%
Nefco Nominees Pty Ltd	17,749,070	6.69%
Batterbury Holdings Pty Ltd	12,450,000	4.69%
Dinas Super Fund Pty Ltd	11,500,000	4.34%
Mr Denis Ivan Rakich	11,277,500	4.25%
HSBC Custody Nominees Australia Ltd	10,725,000	4.04%
Narrow Lane Pty Ltd	7,549,545	2.85%
HSBC Custody Nominees Australia Ltd	7,352,431	2.77%
Magaurite Pty Ltd	6,000,000	2.26%
Classic Capital Pty Ltd	5,700,000	2.15%
Transcontinental Investments Pty Ltd	5,300,000	2.00%
Katana Equity Pty Ltd	4,774,000	1.80%
Bedford Investments Pty Ltd	4,748,181	1.79%
Shertim Investments Pty Ltd	4,725,294	1.78%
National Nominees Limited	4,533,594	1.71%
Berne No 132 Nominees Pty Ltd	3,715,000	1.40%
Intersuisse Nominees Pty Ltd	3,300,000	1.24%
Berenes Nominees Pty Ltd	3,263,333	1.23%
WYND Robert Scott	3,000,000	1.13%
	171,473,044	**64.63%**

(C) Voting Rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

SHAREHOLDERS INFORMATION

(D) Substantial Holders

Substantial holders in the company are set out below:

Shareholders	Number of shares	Percentage of total shares %
Transcontinental Investments Pty Ltd	28,650,000	10.80%
Duke Royalty Ltd	20,454,546	7.71%
CQS Asset Management Limited	15,604,323	5.88%

(E) Options

Option details	Expiry dates	Number of unlisted options
Unlisted options exercisable at $0.45 per share	2 Oct 2015	100,000
Unlisted options exercisable at $1.38 per share	6 Dec 2015	500,000
Unlisted options exercisable at $1.573 per share	27 Feb 2016	1,500,000
Unlisted options exercisable at $0.09 per share	31 Jan 2017	14,000,000
Unlisted options exercisable at $0.07 per share	31 Dec 2017	2,900,000
		19,000,000

SCHEDULE OF MINERAL LICENCE INTEREST

Summary of mining tenements as at 29 September 2015.

State	Lease	Lease status	Grant date	Project	Interest %
Western Australia Tenements					
WA	E38/2129	Granted	13 Oct 2008	Yamarna	100%
WA	E38/2863	Granted	11 Feb 2014	Yamarna	100%
WA	E52/3031	Granted	4 Feb 2014	Doolgunna Station	100%
WA	E70/3952	Granted	18 Jan 2011	Katanning Regional	100%
WA	E70/3955	Granted	7 Oct 2011	Katanning Regional	100%
WA	E70/3957	Granted	16 Aug 2011	Katanning Regional	100%
WA	E70/3958	Granted	4 Oct 2011	Katanning Regional	100%
WA	E70/4047	Granted	20 Dec 2011	Katanning Regional	100%
WA	E70/4061	Granted	1 Jun 2011	Katanning Regional	100%
WA	E70/4392	Granted	25 Mar 2013	Katanning Regional	100%
WA	E70/4393	Granted	5 Sep 2012	Katanning Regional	100%
WA	E70/4566	Granted	12 Aug 2014	Katanning Regional	100%
WA	E70/4604	Granted	13 Jan 2015	Katanning Regional	100%
WA	E70/4605	Granted	13 Jan 2015	Katanning Regional	100%
WA	E70/4682	Granted	28 Jul 2015	Katanning Regional	100%
WA	E70/2928	Granted	26 Nov 2008	Katanning Gold Project	100%
WA	G70/84	Granted	13 Jun 1989	Katanning Gold Project	100%
WA	G70/85	Granted	13 Jun 1989	Katanning Gold Project	100%
WA	L70/13	Granted	24 May 1989	Katanning Gold Project	100%
WA	L70/32	Granted	11 Dec 1995	Katanning Gold Project	100%
WA	L70/33	Granted	11 Dec 1995	Katanning Gold Project	100%
WA	M70/210	Granted	28 Mar 1985	Katanning Gold Project	100%
WA	M70/211	Granted	28 Mar 1985	Katanning Gold Project	100%
WA	M70/488	Granted	19 Apr 1994	Katanning Gold Project	100%

State	Lease	Lease status	Grant date	Project	Interest %
Queensland Tenements					
QLD	EPM17054	Granted	26 Nov 2010	Cracow	100%
QLD	EPM17059	Granted	28 Mar 2008	Cracow	100%

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