ASX CODE

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Unlisted options: 19m

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25 November 2015

POSITIVE SCOPING STUDY RESULTS FOR KATANNING GOLD PROJECT, WA

Positive metrics of Scoping Study indicate a technically low risk project with potential to generate significant cash flow from modest gold production.

Scoping Study Highlights:

Open Pit Mineral Resource*	207,455oz Au
Average Production	47,340oz Au per annum over 4 years (LOM)
LOM C1 Cash Cost	A$928/oz (A$850/oz for Jinkas)
LOM AISC Cost	A$1,198/oz
Gross Revenue	A$316M
Operating Cash Flow	A$140M
Average Strip Ratio	5.5
Key assumptions	US$1,250/oz and AUD:USD 0.75

**SRK Consulting provided Whittle pit optimisations and preliminary open pit designs on the Jinkas and Dingo Mineral Resource. All other estimates are from Ausgold's Scoping Study.*

Scoping Study incorporates Mining Study (based on SRK Consulting Whittle pit optimisation and preliminary open pit design) and Metallurgy and Processing review (CPC Project Design).

Positive outcomes reflecting favourable geology, geometry and location of KGP. Process plant and related infrastructure capital costs at $57m for a 1Mtpa treatment rate, and mining related capital costs estimated at $13m.

Significant upside at White Dam, other resources (Jackson, Lone Tree, Olympia & Fraser), and priority regional targets (Datatine and Jinkas West).

The Company comments: "A positive Scoping Study is an important milestone in benchmarking Ausgold as an emerging gold producer with a potential high value low risk open pit development."

Cautionary Statement: The Company advises the Scoping Study referred to in this announcement is based on lower-level technical and preliminary economic assessments, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised. The Production Target referred to in this announcement is partly based on Inferred Mineral Resources (which is less than 5% of the Mineral Resource). There is a low level of geological confidence associated with the Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target or preliminary economic assessment will be realised.

Summary

Ausgold Ltd (Ausgold) has completed a Scoping Study for the development of open pit mining and on-site conventional CIL processing at the Katanning Gold Project (KGP), south west of WA.

The KGP is located in the NNW trending Katanning greenstone belt in the western part of the Archaean Yilgarn Block (South West Terrain). The Boddington gold mine is located in the NNW trending Saddleback greenstone belt and 190km from the KGP (**Figure 1**).

The Scoping Study comprises a Mining Study based on Whittle pit optimisation and preliminary open pit designs (by SRK Consulting) and Metallurgy and Processing review (CPC Project Design).

The results of the Scoping Study are positive and indicate the potential for initial open pit gold production of 189,370 ounces of gold (recovered) at operating cash costs (C1) of $928 per ounce. Preliminary economic studies carried out by Ausgold indicate attractive metrics with potential gross revenue of $316m and potential operating cash flow of $140m.

The Scoping Study was co-ordinated by Ausgold with input from independent industry consultants SRK Consulting and CPC Project Design. Study completed at an overall accuracy of capital and operating estimates at +/- 35%.

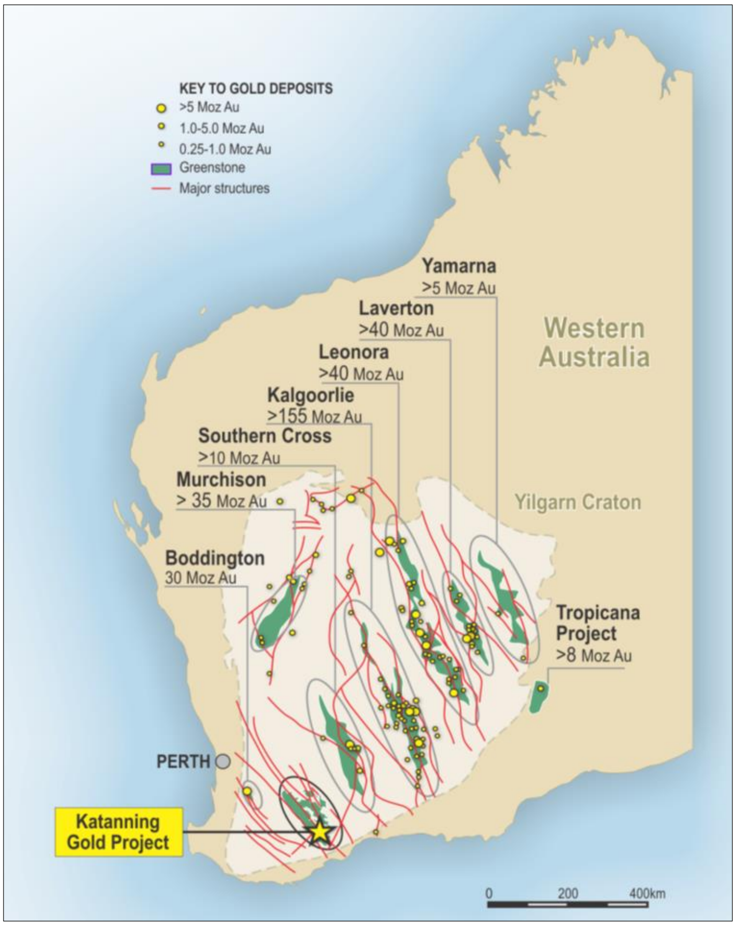

Figure 1 *- Location KGP in west of Archaean Yilgarn Block*

Mineral Resource and Mining Study at KGP

The starting point is the updated Mineral Resource for Jinkas and Dingo which comprises 10.3Mt grading 1.27g/t Au containing 422,000oz Au. (*ASX market release 21 October 2015*)(**Table 1**).

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 Total	2.59	2.06	171	1.77	1.08	62	1.24	0.90	36	5.59	1.49	268
Dingo Total	0.44	1.22	17	3.58	1.05	120	0.69	0.71	16	4.70	1.01	153
TOTAL	**3.0**	**1.94**	**188**	**5.3**	**1.06**	**182**	**1.9**	**0.83**	**51**	**10.3**	**1.27**	**422**

Table 1 *- Mineral Resource Estimates for Jinkas and Dingo 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 & Dingo Lodes).*

Preliminary open pit design based on selected Whittle pit shells has been carried out on the Jinkas and Dingo Mineral Resource by SRK Consulting (**Figures 2** and **3**) These pit designs enclose 211,152 ounces of gold at Jinkas (165,652oz Au) and Dingo (45,500oz Au). This Mineral Resource comprises 99% of higher confidence Measured (77%) and Indicated (22%) categories (with less than 5% in the Inferred Mineral Resource category) as illustrated below (**Table 2**).

	Measured Resource	Indicated Resource	Inferred Resource	TOTAL
Jinkas	146,931	18,720	0	**165,652**
Dingo	15,955	28,513	1,034	**45,501**
TOTAL	**162,886**	**47,233**	**1,034**	**211,152**

Table 2 – *Breakdown of Mineral Resource Categories within preliminary pit designs at Jinkas and Dingo*

The Scoping Study assumes development of the Jinkas and Dingo deposits through conventional open pit mining method comprising drill, blast, load (excavator) and haul (truck fleet). The Study assumes a contract mining fleet utilising a 120-200 tonne hydraulic excavator and 60t capacity dump trucks. The assumptions used in the Scoping Study are outlined below (**Table 3**).

Mining cost	$3.50/t mined
Processing rate	0.92Mtpa
Processing cost (includes G&A)	$25.3/t processed (approximately 1Mtpa)
Process recovery	92%
Mining recovery	95%
Mining dilution	5% (at 0.0g/t Au)
Pit wall angles	45 degrees (reflects 20m benches and 5m berms)

Table 3 *- KGP Scoping Study Assumptions (Modifying Factors)*

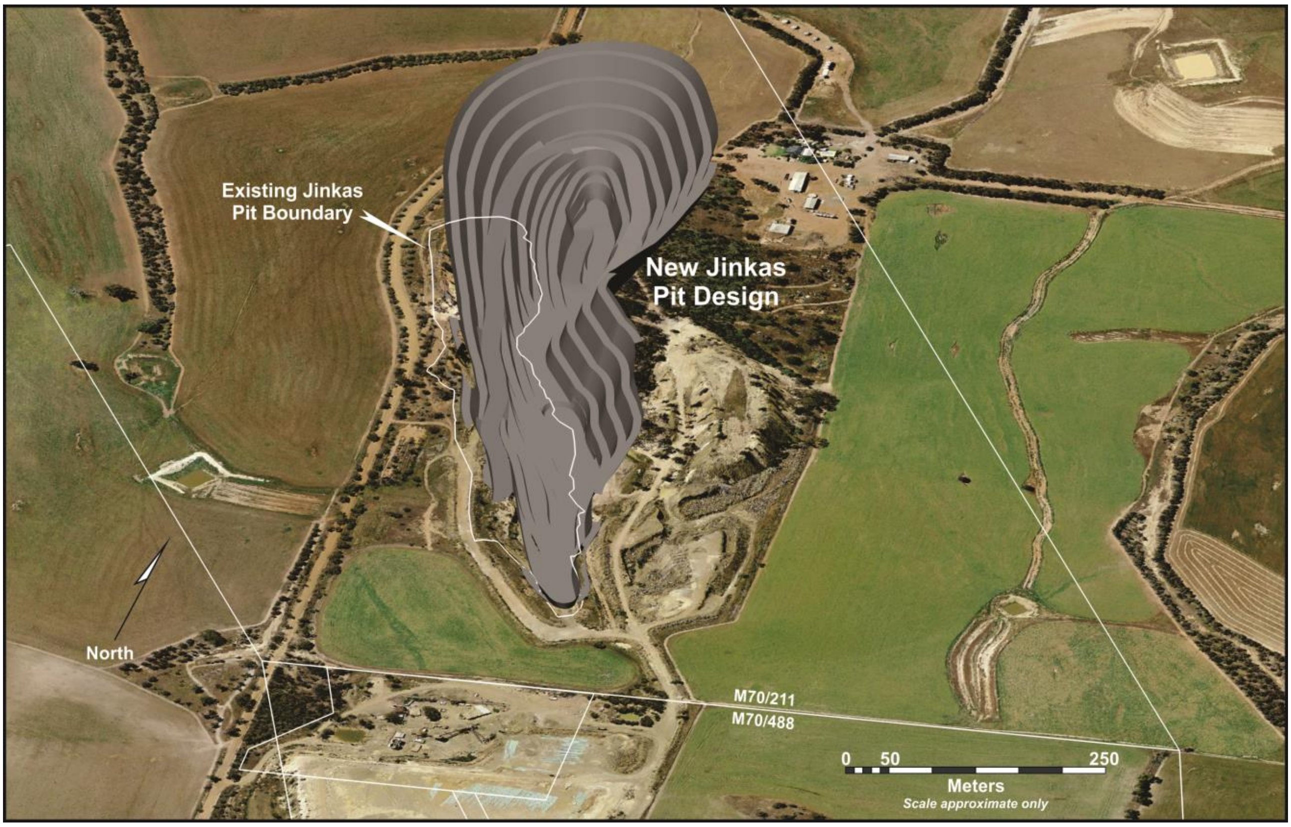

Figure 2 *- Pit Design based on selected Whittle Pit Optimisation at Jinkas*

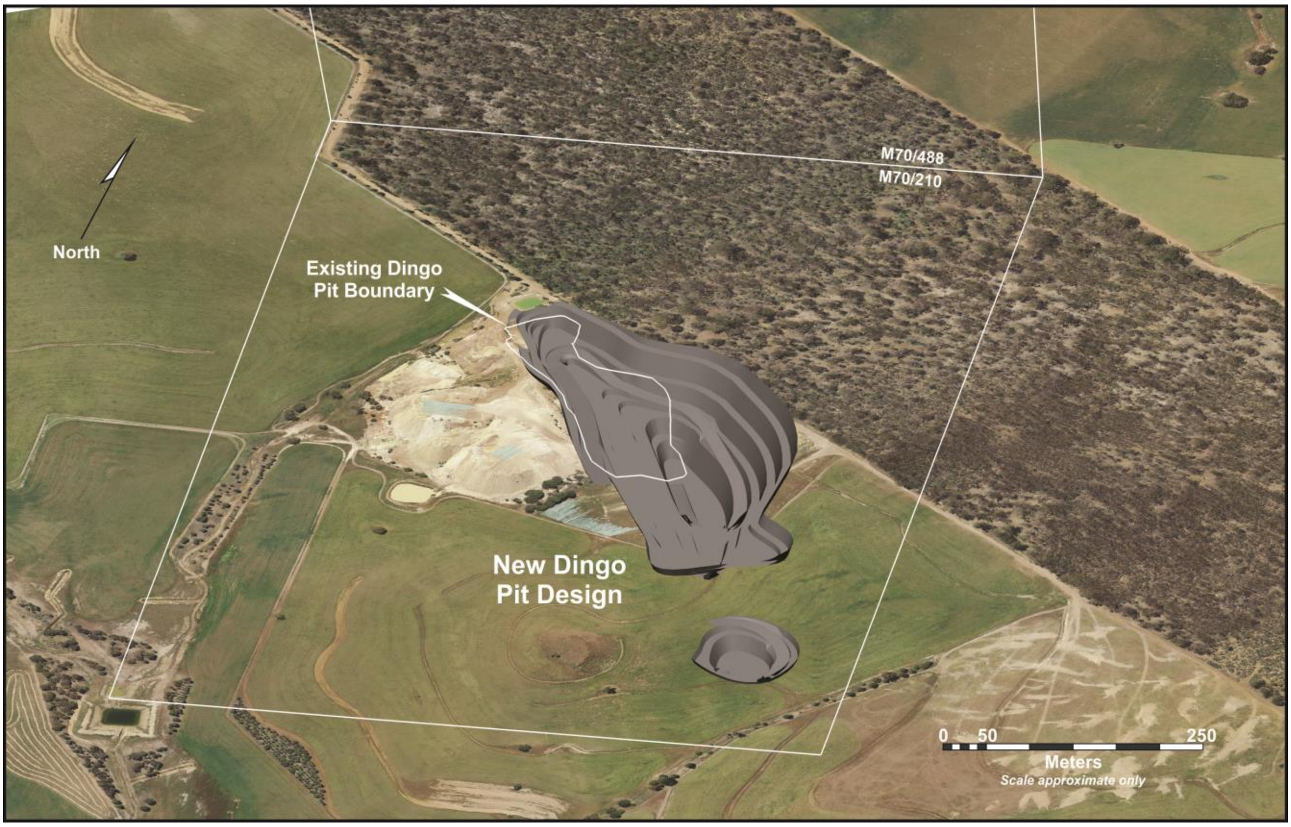

Figure 3 *- Pit Design based on selected Whittle Pit Optimisation at Dingo*

The preliminary open pit designs also provide estimates of total material movement and strip ratios for the selected pit shells. The total KGP material movement over LOM is 23.6Mt for a LOM strip ratio (SR) of 5.5. On this basis Ausgold has made estimates of C1 cash costs (**Table 4**).

Jinkas	C1 cash cost at $850/oz (strip ratio of 6.9)
Dingo	C1 cash cost of $1,212/oz (SR 2.7)

***Table 4** - KGP preliminary pit design C1 cash costs (and Strip Ratio (SR)).*

With average KGP C1 cash cost of $928/oz (average SR at 5.5).

Mining costs over LOM are expected to be low relative to comparable-scale open pit developments in WA reflecting favourable geometry and geology: which should provide lower-cost materials movement (shallow flat dipping mineralisation and short haulage distances).

Advances in the understanding of geology during the recent Resource Development and Exploration drilling indicates higher grade mineralisation is associated with the upper and lower contacts of felsic units and banded quartzites (believed to represent metamorphosed cherts and banded iron formations (BIF)[1]). Gold mineralisation has an association with the sulphide assemblage pyrrhotite, chalcopyrite, pyrite and molybdenum (this assemblage is also observed at the Boddington gold mine[2]). These geological attributes should permit a reasonable level of selective mining during mining at the KGP.

Metallurgy and Processing review at KGP

The Scoping Study assumes mineralisation at KGP will be treated by conventional carbon-in-leach (CIL) process route comprising crushing, grinding, leaching, elution/electrowinning and smelting to produce gold bullion at the KGP location (**Figure 4**).

CPC Project Design has provided estimates for the capital and operating costs for a 1Mtpa process plant at the KGP, while Ausgold estimated the non-process plant infrastructure costs. These estimates are tabulated below (**Table 5 and 6**).

Item	Cost $M
Process Plant Direct Costs	45
Non Process Plant Direct Costs	13
Indirect Costs (EPCM, first fills, commissioning)	12
TOTAL	70

***Table 5** – Capital Cost Summary for KGP*

Item	Cost ($M)	Cost ($/t)	%
Labour	1.8	1.8	8
Power	9.4	9.4	41
Reagents & Consumables	8.2	8.2	36
Maintenance	2.7	2.7	12
Other	0.7	0.7	3
TOTAL	22.8	22.8	100

***Table 6** – CPC Project Design Operating Cost Summary for KGP (1Mtpa)*

The location of the proposed treatment plant will be at the existing plant site adjacent to and south of the proposed Jinkas open pit. This should allow the existing TSF, ROM pad, haulage roads and process plant bulk earthwork levels to be utilised as much as possible.

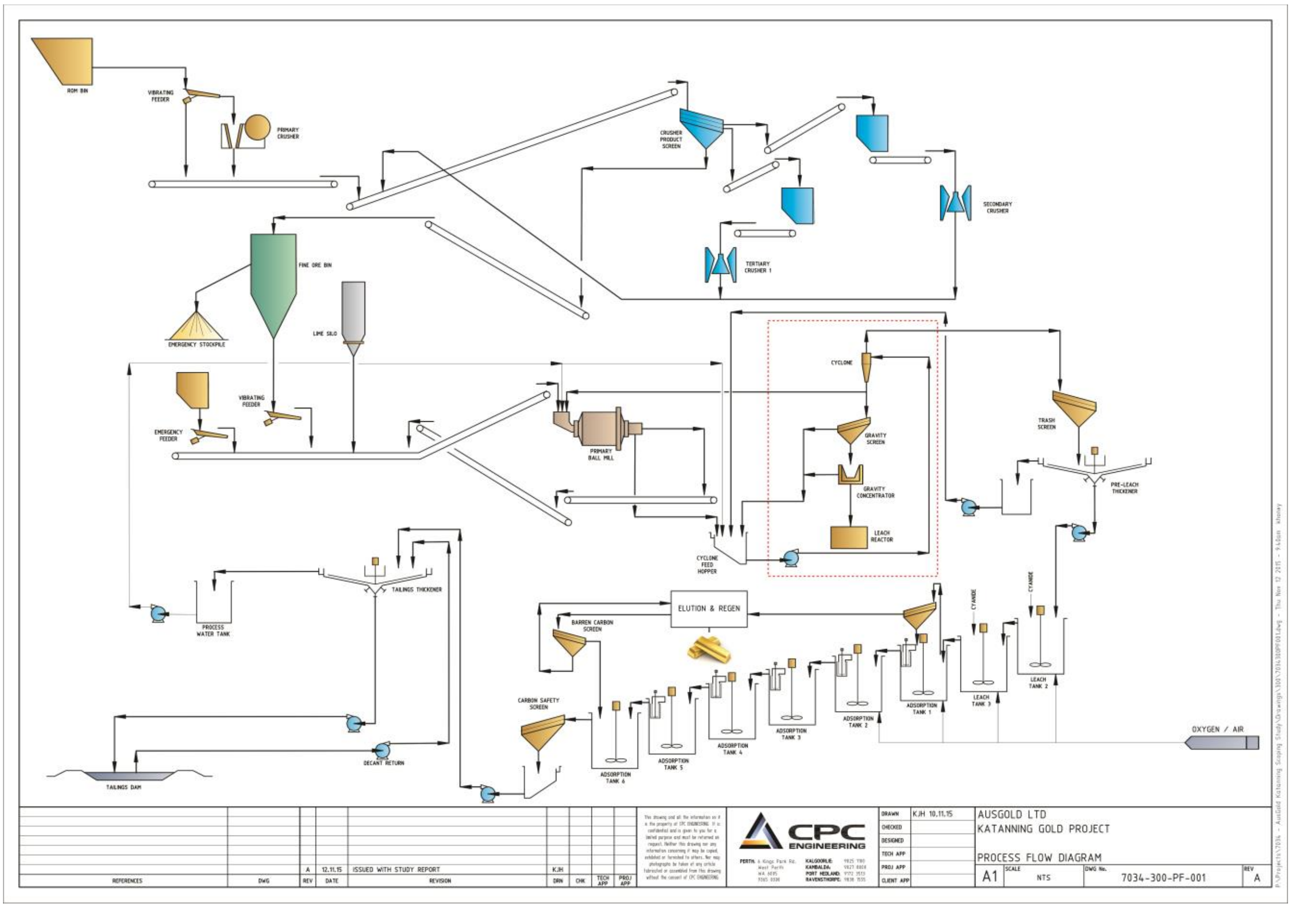

Figure 4 – *Process Flow Diagram for KGP*

The KGP development will require further investment in a range of infrastructure items including upgrade of the existing tailings storage facility (TSF), ROM loading area and haulage roads. Ausgold has allocated $13m of capital to these items (inclusive of the pre-strip of waste).

The KGP is approximately 35km from the regional town of Katanning so an accommodation camp is not currently proposed at the project site. There is existing water and power to the site.

Ausgold Preliminary Economic Study

Ausgold has carried out preliminary economic studies based on the inputs from SRK Consultants (Whittle pit optimisations and preliminary pit designs), and CPC Project Design (estimates of process plant capital and operating costs), and Ausgold's estimates of mining capital costs.

Ausgold estimates average gold production of 47,340oz per annum at operating cash costs (C1) of $928/oz over an estimated 4 year mine life (where C1 includes estimates of mining, processing and site G&A).

Ausgold has also estimated AISC (which includes mining, processing, site G&A, corporate overheads, royalties and sustaining capital), gross revenue and operating cash flows for the KGP (using Ausgold assumptions for the USD gold price and AUD:USD exchange rate).

Ausgold estimates a life of mine (LOM) gross revenue of $316m and an operating surplus of $140m (gross revenue minus operating cash (C1) costs). Ausgold has assumed a gold price of USD$1,250 per ounce and an AUD:USD exchange rate of 0.75 (in-line with the current AUD gold price of around A$1,600/oz). Ausgold currently has approximately $48m of unused tax losses which can be utilised to off-set corporate tax (*ASX market release 28 October 2015 Annual Report*).

The economic studies include WA State gold royalties levied at 2.5% of gross revenue. No other royalties are payable on the granted Mining Leases (MLs) which cover 100% of Mineral Resources at the KGP.

The Scoping Study estimates total pre-production capital costs at the KGP of $70m (comprising process plant and indirect capital cost of $57m), and non-process plant related capital of $13m (for waste material pre-strip, upgrade of TSF, ROM pad and haulage roads).

Ausgold believes the modest sizing, potential for significant cash flow and technically low risk of the KGP should increase the possibility of attracting project funding (with a pre-production capital requirement at a modest $70m). In the interim Ausgold will continue to define and de-risk the project by further drilling and technical studies.

Significant Potential for Growth in Mineral Resource at KGP

Ausgold believes there is significant potential for growth of the Mineral Resource available to open pit mining through extensional drilling around the Jinkas and Dingo resource and other known targets.

A Whittle pit optimisation of the Jackson resource is planned (1.0Mt grading 1.15g/t containing 38,000oz), with mineralisation outcropping and down to a maximum of 80m below surface.

AUC has previously highlighted the priority for drilling of the White Dam mineralisation in the footwall of the Jinkas resource (*ASX market release 29 September 2015*). With the proximity of the White Dam mineralisation to the Jinkas inventory (sitting just 80m (in the "footwall") below Jinkas) drilling success here should have a positive impact on overall pit metrics.

Ausgold also proposes further exploration drilling to test targets at Datatine and Jinkas West which have been identified by recent structural studies by SRK Consulting ([3]and [4]).

COMPETENT PERSONS STATEMENTS

The information in this report that relates to Exploration Results is based on information compiled by Miss Melanie Sutterby and Mr Stephen Thomas, who are Members of the Australasian Institute of Mining and Metallurgy and have sufficient experience relevant to the style of mineralisation under consideration and to the activity which they undertake to qualify as Competent Persons as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Miss Sutterby and Mr Thomas are employees of Ausgold Limited and consent to the inclusion in this report of the matters based on the information in the form and context in which it appears.

The information in this report that relates to the Mineral Resource Estimates is based on work done by Mr Rod Brown of SRK Consulting (Australasia) Ltd and Miss Melanie Sutterby of Ausgold Limited. Miss Sutterby takes responsibility for the integrity of the Exploration Results including sampling, assaying, and QA/QC, and the preparation of the geological interpretations. Mr Brown takes responsibility for the Mineral Resource Estimate.

Mr Rod Brown and Miss Melanie Sutterby are Members of The Australasian Institute of Mining and Metallurgy and have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the activity that they are undertaking, to qualify as Competent Persons in terms of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code, 2012 edition). The Competent Persons consent to the inclusion of such information in this report in the form and context in which it appears.

REFERENCES

1 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).

2 Esplin, T., Cutts, T., Labuschagne, J., et al, in Newmont Boddington Gold, Newmont, in Australasian Mining and Metallurgical Operating Practices (The Maurice Mawby Memorial Volume. Editor J.R.Rankin, Project Leader R.Burns), pp. 1191-1206 (AusIMM. The Minerals Institute. Monograph 28 2013).

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).

Appendix 1 - Forward Looking and Cautionary Statements

A Scoping Study is an order of magnitude technical and economic study of the potential viability of Mineral Resources. It includes appropriate assessments of realistically assumed Modifying Factors together with any other relevant operational factors that are necessary to demonstrate at the time of reporting that progress to a Pre-Feasibility Study can be reasonably justified. Further assessment and more advanced studies are required to establish that targets and conclusions will be realised. Ausgold Ltd has concluded it has reasonable basis for the forward looking statements in this report.

This announcement has been prepared in compliance with JORC Code 2012 Edition and the ASX Listing Rules. All material assumptions on which on which the forecast financial information is based have been included in this announcement. The Scoping Study referred to in this report is based on low-level technical and preliminary studies, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised. There is a low level of geological confidence associated with Inferred Mineral Resources (which comprise less than 5% of the Jinkas and Dingo Mineral Resource within selected Whittle pit shells) or that the production targets will be achieved and there is no certainty that further exploration work will result in conversion to Indicated Mineral Resource.

This document may include forward-looking statements. Forward-looking statements are only predictions and are subject to risk, uncertainties and assumptions that are outside the control of Ausgold Limited. Actual values, results or events may be materially different to those expressed or implied in this report. Given these uncertainties, recipients are cautioned not to place reliance on forward-looking statements.

Subject to any continuing obligations under the applicable law and ASX Listing Rules, Ausgold Limited does not undertake any obligation to update or revise any information or any of the forward-looking statements in this document of any changes in events, conditions or circumstances on which any such forward-looking statement is based.

Appendix 2 – Material Assumptions (and Modifying Factors) used in KGP Scoping Study

Modifying Factor/Assumption	Commentary

Mineral Resource Estimate	• No Ore Reserves are estimated as part of the Ausgold Scoping Study.
	• For the purposes of the Scoping Study, the following Mineral Resource Estimates have been used:
	  ◦ Jinkas: Mineral Resource as published in ASX announcement dated 21 October 2015
	  ◦ Dingo: Mineral Resource as published in ASX announcement dated 21 October 2015

Study status	• The report is based on Whittle pit optimisation and preliminary pit designs (SRK Consulting) • The Scoping Study has not been used to convert Mineral Resources to Ore Reserves. • Modifying Factors have been applied to the preliminary open pit designs carried out by SRK Consulting (refer Table 3)

Cut-off parameters	• Cut-off grades were determined by the Whittle pit optimisation (SRK)
	• The following inputs were used to estimate the revenue per gram of gold produced:
	  ◦ Gold price US$1,250 per Troy Ounce (AUD:USD exchange rate 0.75)
	  ◦ Metallurgical recovery: 92% by CIL treatment
	  ◦ WA state royalty: 2.5% of revenue
	• The following inputs were used to estimate the operating cost per tonne of ore treated for potential open pit mining:
	  ◦ Mining cost at A$3.50/tonne
	  ◦ Processing cost at $22.80/tonne
	  ◦ General and administration costs at A$2.50/tonne
	• **Jinkas cut-off grades:**
	  ◦ Economic pit cut-off grades: 0.55 g/t
	• **Dingo cut-off grades:**
	  ◦ Economic pit cut-off grades: 0.50 g/t

Modifying Factor/Assumption	Commentary
Mining factors or assumptions	• **Jinkas:** • No conversion of Mineral Resource to Ore Reserves has been made. • A range of pit shells were generated by SRK Consulting using Whittle pit optimisation software to the Mineral Resource block model provided by SRK Consulting. Pit shells used as a basis for pit design were selected by Ausgold considering NPV, contained gold and estimated cost per ounce. • *Mining method:* open pit mining using conventional drill and blast methods with 120/200 tonne hydraulic excavators and dump truck fleet. Selection of excavator and fleet for the Scoping Study is generally used in the Western Australian mining industry. • *Geotechnical considerations:* No detailed geotechnical investigation has been conducted as part of the Scoping Study. Assessment by Ausgold CP determined ground conditions based on examination of the existing Jinkas Pit and structural and geological data obtained from diamond core. Ausgold determined that ground conditions in weathered and transitional zones as good and in fresh rock as very good. Pit wall design parameters (face height, face angle, and berm width) for the Jinkas cutback were determined for 2 domains, based on the depth of weathering. Inter-ramp angles average 50 degrees in weathered rock and 60 in fresh rock. Further geotechnical investigation will be conducted as part of Pre-Feasibility studies. • All *Mineral Resource Categories* have been included in the Scoping Study. Measured and Indicated Resources are priorities in the proposed production schedule ahead of scheduling Inferred Resources (where Inferred Resource is <5% of the Total Mineral Resource). • *Mining dilution:* 5% dilution is assumed for open pit mining. • *Minimum mining widths:* A minimum mining width of 2m has been assumed for the Scoping Study level open pit design. • *Infrastructure:* Surface offices and workshops, power supply, raw and fresh water supply is all in existence at the Katanning Gold Project. Further mining related infrastructure is detailed above. • **Dingo:** • No conversion of Mineral Resource to Ore Reserves • A range of pit shells were generated by SRK Consulting using Whittle Pit Optimization software to the Mineral Resource block model provided by SRK Consulting. Pit shells used as a basis for pit design were selected by Ausgold considering NPV, contained gold and estimated cost per ounce. *Mining method*: open pit mining using conventional drill and blast methods with 120 tonne class hydraulic excavators and dump truck fleet. Selection of excavator and fleet for the Scoping Study is generally used in the Western Australian mining industry • *Geotechnical considerations*: No detailed geotechnical investigation has been conducted as part of the Preliminary Study.

Modifying Factor/Assumption	Commentary
	Assessment by Ausgold CP determined ground conditions based on examination of the existing Dingo Pit and structural and geological data obtained from diamond core. Ausgold determined that ground conditions in weathered and transitional zones as poor to good and in fresh rock as good. Pit wall design parameters (face height, face angle, berm width) for the Dingo cutback were determined for 2 domains, based on the depth of weathering. Inter-ramp angles average 50 degrees in weathered rock and 60 in fresh rock. Further geotechnical investigation will be conducted as part of Pre-Feasibility studies. • All *Mineral Resource Categories* have been included in the Scoping Study. Measured and Indicated Resources are priorities in the proposed production schedule ahead of scheduling Inferred Resources. • *Mining dilution:* 5% dilution is assumed for open pit mining. • *Minimum mining widths:* A minimum mining width of 2m has been assumed for the Scoping Study level open pit design. • *Infrastructure:* Surface offices and workshops, power supply, raw and fresh water supply is all in existence at the Katanning Gold Project. Further mining related infrastructure is detailed above.

Metallurgical factors or assumptions	• The metallurgical process proposed is conventional carbon-in-leach (CIL) processing, inclusive of three stage crushing (jaw crusher, secondary and tertiary cone crushers), feeding a ball mill and gravity circuit (designed by CPC Project Design).
	• Jinkas and Dingo have been mined and processed using an operational CIL plant from 1995-1997.
	• Metallurgical recovery has been estimated by a CPC Project Design review of previous metallurgical studies by AMMTEC and Gekko Systems, and historical operational reports from the mill from 1995-1997.
	• Further metallurgical test work is proposed as part of a Pre-Feasibility.
	• **Jinkas:** a 92% metallurgical recovery has been applied.
	    • Application of the historical metallurgical data is considered reasonable for the Scoping Study
	• **Dingo:** a 92% metallurgical recovery has been applied.
	    • Application of the historical metallurgical data is considered reasonable for the Scoping Study
	• *Deleterious elements:* There have been no assumptions or allowances made for deleterious elements. Based on historic operational data, deleterious elements are considered to be not of concern.
	• *Bulk Sampling:* Historic operational and metallurgical test work data is considered to be largely representative of processing performance for the Scoping Study.

Environmental	• All proposed mining activities are located on granted mining leases and general purpose leases for infrastructure. • It is anticipated that material included in the resource will be mined under the relevant environmental permitting, which will be defined as part of Pre-Feasibility studies. • The characterisation of acid generating potential will be completed during Pre-Feasibility studies and factored into waste rock storage design.

Modifying Factor/Assumption	Commentary
	• The future mine-cutback is located in pastoral areas, with proximal homesteads, and Ausgold will continue to engage and inform landowners on matters such as noise, dust, vibration, discharge of surplus water, rainfall runoff, management of traffic movement and community consultation. • Community consultation including site visits by local Aboriginal elders is also ongoing as part of the evolving exploration, mine planning and mine closure planning efforts.

Infrastructure	• The Katanning Gold Project is well serviced by the wheat-belt township of Katanning, which is approximately 35km from the proposed operation and approximately 280km from Perth, Western Australia.
	• A sealed airstrip in Katanning is located approximately 20km from the proposed operation.
	• A sealed public road services Katanning and the proposed operation (with approximately 4km of dirt road).
	• All proposed mining areas lie within granted mining leases and offer ample area for pit cut-backs, waste dump expansion and infrastructure development, all easily accessed by existing roads and tracks.
	• Gas and diesel supply to the site exists in the form of an onsite storage tank.
	• Borefields used to service the historic mining and processing operations are still in existence and and in good order.
	• Haulage routes between the Jinkas cutback and processing plant location exists but will likely require re-routing. Haulage between the proposed Dingo cut-back and processing plant location is along public dirt road.
	• Telstra communications exist.
	• Rental accommodation in township of Katanning is expected to be used for the project.
	• A tailings storage facility (TSF) is in existence; approval for expansion of the existing facility will be sought as part of ongoing project development.
	• The remnant CIL plant remains onsite, along with the associated hardstands, water and electrical distribution networks.
	• A run-of-mine (ROM) facility for ore stockpiling is located adjacent to the remnant processing plant and TSF.
	• New infrastructure required for the proposed operation includes:
	  ◦ Processing plant
	  ◦ Upgrade to power station and distribution network

Modifying Factor/Assumption	Commentary
Costs	• *Capital costs:* estimates are provided by CPC Project Design review for process plant and related infrsatructure and Ausgold for mining related infrastructure. Cost estimates are based on conceptual mine, process plant and site non-process infrastructure requirements. In addition, factored estimates and cost data from similar size projects/operations is considered. The derivations of capital cost estimates are considered reasonable for the purpose of the Scoping Study. • *Operating costs:* estimates are derived from CPC Project Design for processing costs and Ausgold for mining related costs and general & administration costs. Cost estimates include cost data held by SRK Consulting and CPC Project Design from similar projects. The derivations of operating cost estimates are considered reasonable for the purpose of the Scoping Study. • *Deleterious elements:* Not applicable. • *Exchange rate:* an exchange rate of 0.75 is used. • *Transportation charges:* Ore transport charges between Jinkas and Dingo are nominal at less than 4km travel distance. No estimate has been made at this stage. Transportation allowances have been made for bullion to the Perth Mint for purposes of this Scoping Study, which are included in the $2.50 processed G&A levy. • *Refining charges:* Gold refining charges have been not estimated at this level of study. • *Allowances:* The following allowances have been made for the purposed of the Scoping Study: ◦ 2.5% royalty applicable to gold mining payable to the WA state government. No other Royalties are payable.
Revenue factors	• For the purpose of this Scoping Study, it is assumed that gold will be sold at spot price to the Perth Mint. • A gold price of US$1,250 per Troy Ounce has been used for the economic modelling in this Scoping Study.
Market assessment	• There is a transparent, quotable market for the sale of gold.
Economic	• NPV has not been calculated for the Scoping Study
Social	• The reported resources are all from 100% owned Ausgold Exploration Pty Ltd Mining Tenements (wholly owned subsidiary of Ausgold Limited), which includes M70/210 and M70/211. • Apart from reserved areas, the rights to surface land use are held under freehold titles. Ausgold has entered into access and compensation agreements with freehold landowners that permit exploration activities. • There is a registered Aboriginal Heritage Site 5353 known as “Jinkas Hill” bordering the eastern wall of the Jinkas open pit. Access for exploration or mining activities would be allowed when a *section 18* application is approved. In the interim Ausgold negotiate access agreements with landowners for exploration programs (as was successfully completed for the recent Exploration and Resource Development program).

Modifying Factor/Assumption	Commentary
Other	• Government approvals required to advance the proposed mining activities include DMP Mining Proposal, DER Works Approval, DMP Project Management Plan, amendments to existing groundwater licenses is applicable. As the Katanning Gold Project lies within an existing brownfields mining site dating back the mid 1990's, there is reasonable grounds to assume Government approvals will be received upon completion of Definitive Feasibility Studies. • Ausgold recognizes private landholders and community stakeholders in Katanning; at this stage no compensation arrangements in lieu of a potential mining operation have been considered as part of this Scoping Study
Discussion of relative accuracy/ confidence	• No Ore Reserves are reported at the Preliminary Study level. • Metallurgical recoveries are based on review of previous testwork and historical operational data. • Costs are estimated as much as practical by independent consultants (generally sourced from budgeted quotations, factored estimates and/or cost data from similar operations / projects). • Cost estimate accuracy for the Scoping Study is considered as +\- 35%.