

ASX CODE

AUC

DIRECTORS & MANAGEMENT

Mr Richard Lockwood
Non-Executive Chairman

Mr Denis Rakich
*Executive Director &
Company Secretary*

Mr Neil Fearis
Non-Executive Director

Mr Geoff Jones
Non-Executive Director

Miss Melanie Sutterby
Geology Manager

Ms Elsie Lee
Financial Controller

REGISTERED OFFICE

Level 16, AMP Building
140 St Georges Terrace
Perth WA 6000

SHARE REGISTRY

Security Transfer Registrars
770 Canning Highway
Applecross WA 6153

ISSUED CAPITAL (30.09.16)

Ordinary shares: 327.5m
Unlisted options: 26.5m

INVESTOR RELATIONS

Mr Denis Rakich
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28 October 2016

QUARTERLY REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2016

OVERVIEW

Adverse weather conditions, with one of the wettest winters on record in the Katanning region, have impeded the planned reverse circulation ("RC") drilling at the Katanning Gold Project ("KGP") which is 100% owned by Ausgold Limited ("Ausgold" or the "Company") (ASX:AUC).

The Company completed a high-resolution aeromagnetic survey across a 45km x 30km central zone at the KGP. The Company has also commenced a research and development project in conjunction with SRK Consulting with the aim of further refining the geological framework and concepts across the KGP.

Exploration efforts at the Doolgunna Station Project have advanced during the quarter, with systematic on-ground exploration programs underway at the time of writing.

HIGHLIGHTS

- Regional aeromagnetic survey across the KGP completed.
- Adverse weather has delayed RC drill testing of high grade intercepts at Datatine.
- Extensive RC drilling programs at the KGP to commence in mid November once weather and ground conditions improve.
- Systematic exploration program at the Doolgunna Station Project underway, including geological mapping and reconnaissance surface sampling.
- Research and development project commenced with SRK Consulting with a focus on further enhancing geological concepts at the KGP to drive future exploration success.

CORPORATE

During the quarter, Mr Geoff M. Jones was appointed to the Board as a non-executive director. Mr Jones, a civil engineer, is the current Managing Director of GR Engineering Services Limited.

KATANNING GOLD PROJECT, WESTERN AUSTRALIA (AUC 100%)

The Katanning Gold Project (“KGP”) is located 275 kilometres southeast of Perth and approximately 40km northeast of the wheatbelt town of Katanning. Ausgold holds a dominant ground position of approximately 2400km² in this relatively under-explored greenstone belt (Figure 1), an area believed to be highly prospective for Archaean gold deposits.

During 2015 Ausgold announced an updated global resource following extensive geological and mineralisation modelling, developed in accordance with the JORC 2012 Code (Table 1). The Mineral Resource, which is reported at a 0.5 g/t Au cut-off grade and restricted to approximately 150 metres below surface, is estimated at 16.4 million tonnes at 1.21 g/t for a total of 637,330 contained ounces. Ausgold believes that there is significant scope to increase the grade and size of this Mineral Resource.

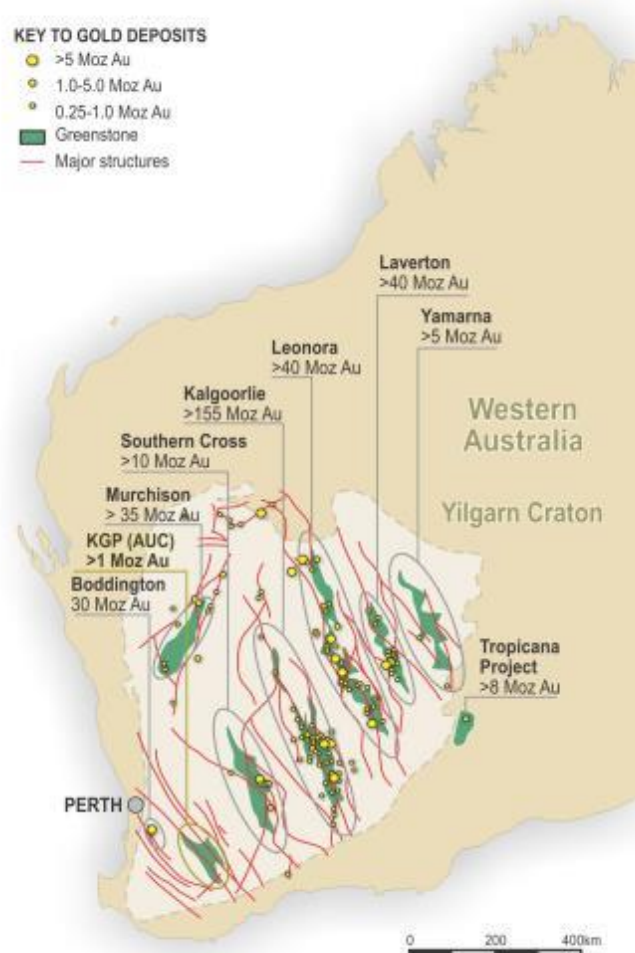


Figure 1. Regional location map showing KGP, mineralised greenstone belts and major structures.

Table 1. Updated Resource Estimate – SRK Consulting (September-October 2015)

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
Jackson 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	6.6	1.02	219	16.4	1.21	637

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). For 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).

Geophysics

During the quarter the Company completed a high-resolution aeromagnetic survey across a 45km x 30km central zone at the KGP (Figure 2).

The survey totalled 23,413 line kilometres and included a main block flown at 50m line spacing, with a more detailed area at 20m line spacing (i.e. flown at 50m offset by 20m to produce a 20m dataset – Figure 2).

It is expected the new dataset will show significantly more detail than the regional magnetics and as a result provide Ausgold with additional structural information to aid in the identification of new prospects for future exploration programs.

The integration of the recent (2012) detailed aeromagnetic survey over the KGP with existing geochemical, drilling, geological and structural data has led to an improved understanding of structural controls on the location of mineralisation. Ausgold has used this new exploration model to identify multiple new targets at the KGP and is confident these targets represent exploration upside.

Recent air core (AC) drilling at Datatine was designed to test the Company's exploration model by directly applying the theories discussed above. The drilling was successful, with high-grade mineralisation intersected. The results validated the exploration model and increased Ausgold's confidence in the direct application of detailed magnetics as potentially representing an ore-finding technique. Ausgold intends to use the new aeromagnetic data as a tool to aid in the identification and prioritisation of exploration targets.

Research and Development

With the success of recent AC drilling at Datatine providing tangible results from the direct application of the new exploration model, the Company has embarked on a research and development project in conjunction with SRK Consulting. This project aims to further develop geological and exploration concepts that can be used to guide future exploration programs. It is anticipated that the continuing development of these new geological concepts will give Ausgold a competitive edge in identifying further opportunities at the KGP.

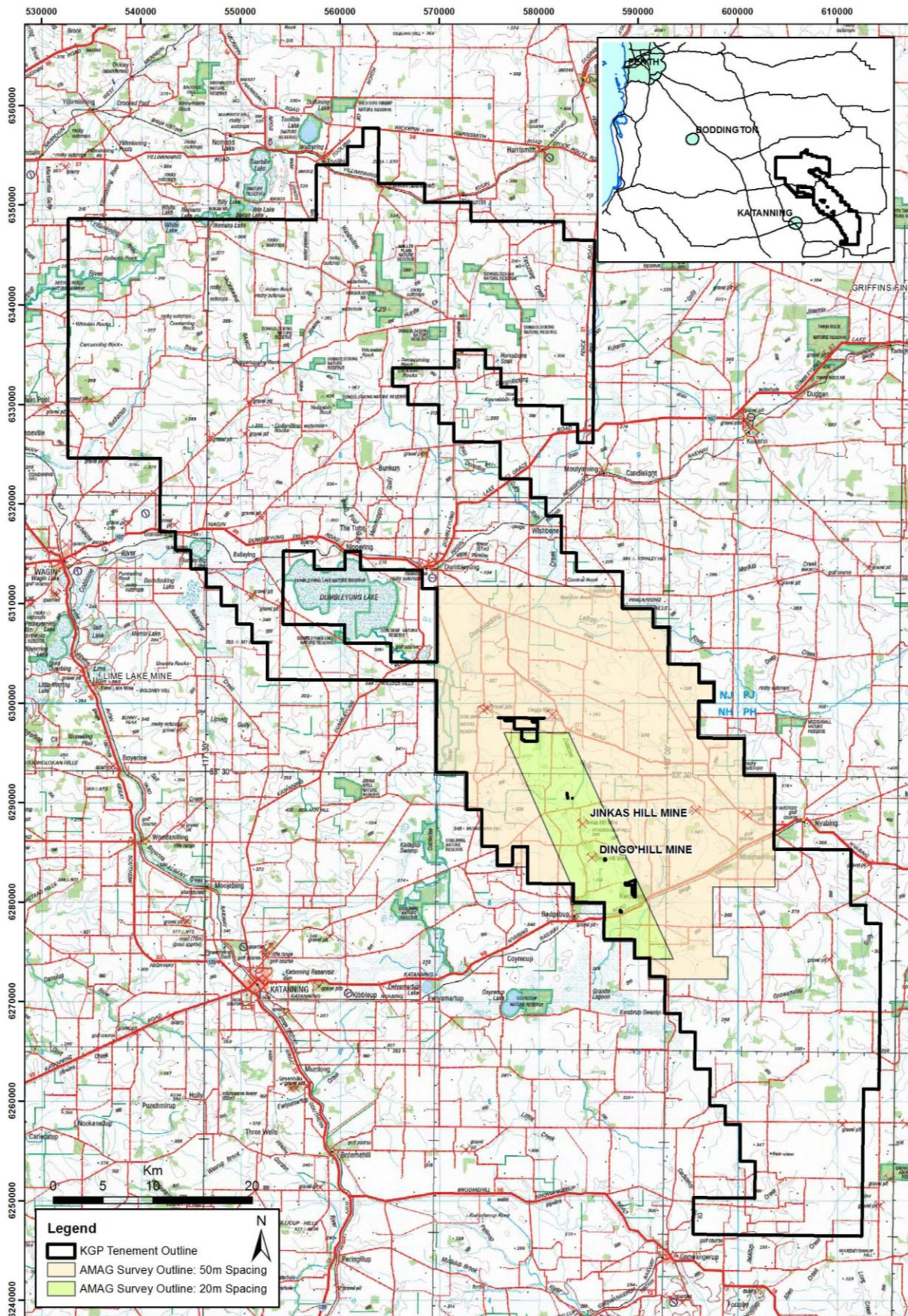


Figure 2: Aeromagnetic Survey Area, Katanning Gold Project

Forward Program at the KGP

An active drilling program has been planned for the next 12 months across the Company's tenure at the KGP. The focus of the drilling will be at the KGP where Ausgold will undertake a significant RC drilling program at the White Dam, Fraser and Olympia deposits (Figure 4). At White Dam, the drilling is designed to further identify the high grade shoot up-plunge and at depth.

The Company is also focused on discovery across the KGP and intends to commence follow-up RC drilling at Datatine, with the initial phase comprising 5 RC holes for a total of approximately 500m. A number of RC holes are designed to reconfirm the high-grade AC intercepts, while other holes will test down dip and approximately 50m along strike to the east-north-east (refer "*New Gold Discovery at Katanning Project*" released to ASX on 5 May 2016). In line with the Company's active exploration strategy and emphasis on the importance of a detailed understanding of geology and structure at an early stage of discovery, up to 300m of diamond drilling ("DD") is also planned at Datatine. DD will provide detailed geological and structural information, which should assist in understanding the nature and control on mineralisation and ensure more accurate future drill targeting.

Further reconnaissance AC drilling across priority targets in the Datatine area (Figure 3) is also planned to commence in the December quarter, in addition to further follow-up RC drilling (subject to availability of funding). Furthermore, up to 10,000m of systematic AC drilling is planned across the KGP to test priority targets and new gold targets arising from the geophysical survey.

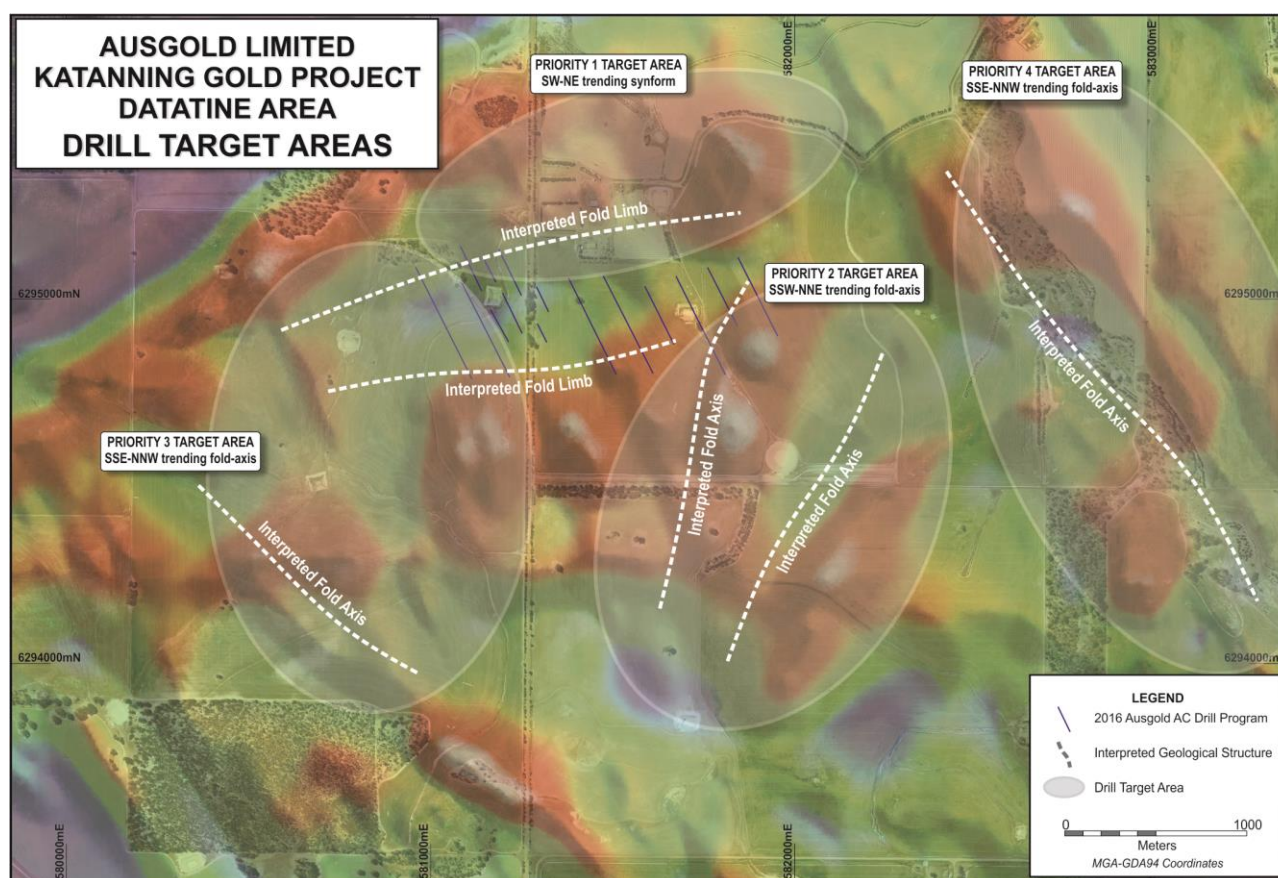


Figure 3. Datatine prospect location, IVD Aeromagnetic image, priority target areas and recent AC drill hole lines.

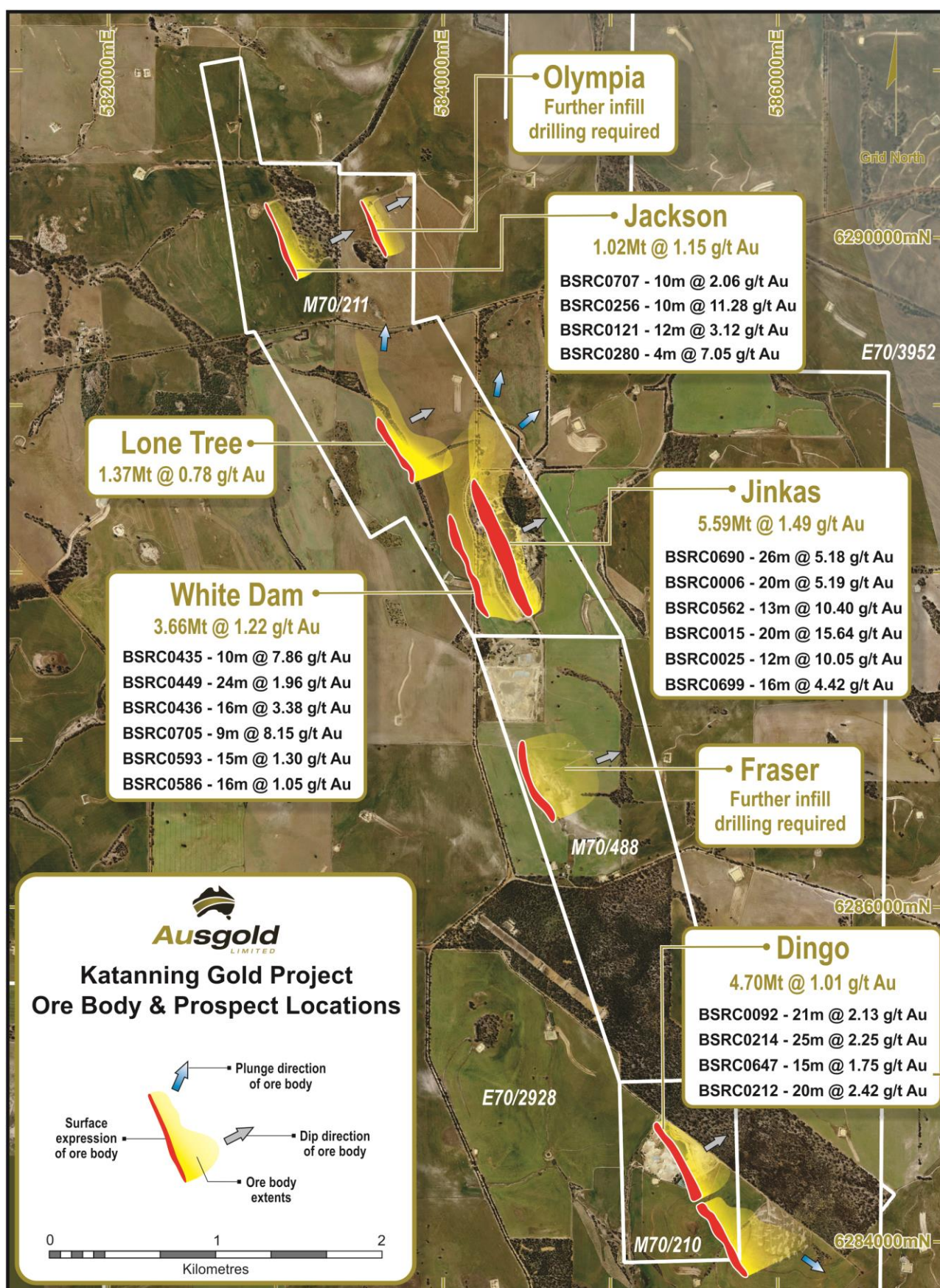


Figure 4. KGP Resource Development Projects and Deposits.

DOOLGUNNA STATION, WESTERN AUSTRALIA (AUC 100%)

Ausgold's 100%-owned Doolgunna Project E52/3031 covers an area of 203 square kilometers and is located 125km NNE of Meekatharra in Western Australia (Figure 5), 20km ENE of the historic Peak Hill mining center and 13km WNW of the DeGrussa copper-gold deposit. The tenement is contiguous with Sandfire Resources NL (SFR)'s Doolgunna project tenements to the east and contains both the Narracoota volcanics and the faulted contact between the Marymia Inlier and Capricorn orogeny, making the region prospective for mesothermal lode gold deposits, volcanic-hosted massive sulphide ("VMS"), shear zone-hosted copper, sedimentary hosted lead, supergene enriched manganese, banded-iron-formation iron ore and talc mineralisation.

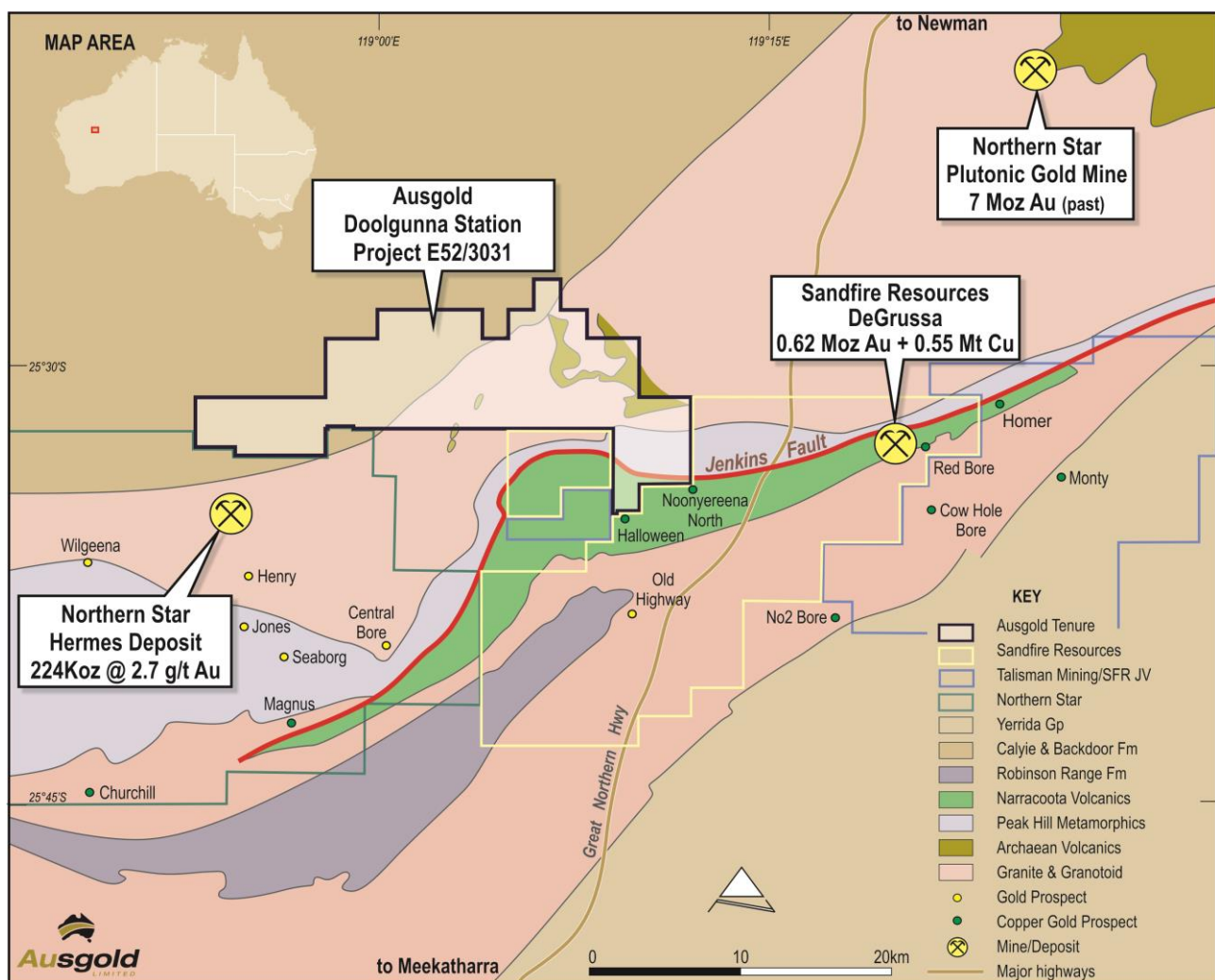


Figure 5. Location plan of Ausgold's Doolgunna Station tenement in the Bryah Basin

An Active, multi-faceted strategy aims to systematically identify and progress new exploration targets in order to realise the value of the Doolgunna Station Project. Ausgold is underway with reconnaissance field mapping and a first pass geochemical sampling program across parts of the Doolgunna Station Project (Figure 6).

Previous exploration on the tenement has been limited to broad regional-type studies, including aeromagnetic interpretation, stream sediment sampling and reconnaissance soil sampling. Limited exploration has been undertaken over the prospective Narracoota volcanics and Peak Hill schist (being the host of the neighbouring DeGrussa deposit and Hermes deposits respectively), which are largely under transported cover. The prospective geological structures associated with Northern Star Resources Limited's neighbouring Plutonic and Hermes gold deposits extend into Ausgold's Doolgunna tenement.

Regional advances in geological and structural understanding of the Byrah Basin have highlighted the region's potential to host significant gold deposits. Targeting exercises have identified four exploration target styles within the tenement area: Hermes gold-type, Peak Hill gold-type, Plutonic gold-type, and DeGrussa copper-gold VMS-type mineralisation (Figure 6).

Multiple episodes and styles of gold mineralisation are present, with typical Archaean shear zone-hosted features such as strong structural controls and dominant high-grade mineralisation plunge controls. Typically, deposits featuring strong plunge controls have the potential to have small surface geochemical 'footprints' and are known as 'blind' deposits, which further highlights the potential for new discoveries in the region.

Historical regolith mapping across E52/3031 indicates that a significant portion of the tenement has an erosional soil regime and is therefore suitable for surface geochemical sampling. However, geological logging of historical AC drilling in the area indicates the presence of transported cover in areas mapped as erosional with the depth of transported cover logged up to 32 metres. This questions the reliability and effectiveness of historical surface sampling techniques within the tenement. If the thickness of transported cover is greater than 5 metres then surface geochemical techniques are generally ineffective and any potential gold mineralisation will require shallow AC drilling to effectively test the prospectivity of the area.

These observations suggest that Ausgold's Doolgunna Station Project area remains effectively untested for gold mineralisation and for this reason the Company is embarking on a systematic exploration approach.

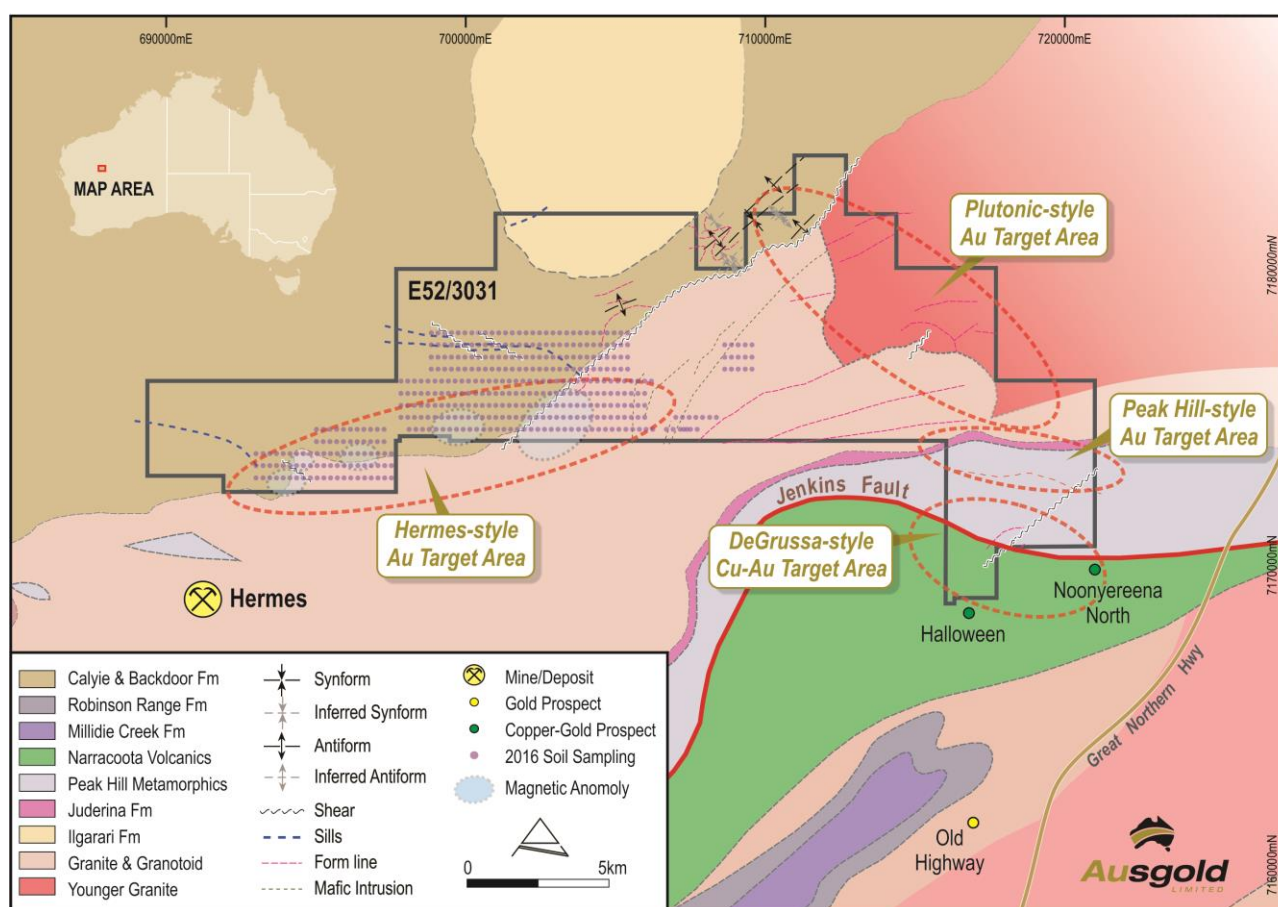


Figure 6. Ausgold's Doolgunna Station Project (E52/3031), general target areas and location of planned surface samples

Competent Person's Statements

The information in this report that relates to Exploration Targets and Exploration Results is based on information compiled by Miss Melanie Sutterby who is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience relevant to the style of mineralisation under consideration and to the activity which she undertakes to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Miss Sutterby is an employee of Ausgold Limited and consents to the inclusion in this report of the matters based on that 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 Brown and Miss Sutterby consent to the inclusion of that information in this report in the form and context in which it appears.

Mr Brown is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the activity that he is undertaking, to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

CONTACT DETAILS

For further information, please contact
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W: www.ausgoldlimited.com

INTEREST IN MINING TENEMENTS

State	Lease	Lease status	Project	Interest %
Western Australia Tenements				
WA	E38/2129	Granted	Yamarna	100%
WA	E38/2863	Granted	Yamarna	100%
WA	E52/3031	Granted	Doolgunna Station	100%
WA	E70/3952	Granted	Katanning Regional	100%
WA	E70/3955	Granted	Katanning Regional	100%
WA	E70/3957	Granted	Katanning Regional	100%
WA	E70/3958	Granted	Katanning Regional	100%
WA	E70/4047	Granted	Katanning Regional	100%
WA	E70/4392	Granted	Katanning Regional	100%
WA	E70/4393	Granted	Katanning Regional	100%
WA	E70/4566	Granted	Katanning Regional	100%
WA	E70/4604	Granted	Katanning Regional	100%
WA	E70/4605	Granted	Katanning Regional	100%
WA	E70/4682	Granted	Katanning Regional	100%
WA	E70/4728	Granted	Katanning Regional	100%
WA	E70/4896	Application	Katanning Regional	100%
WA	E70/4907	Application	Katanning Regional	100%
WA	E70/4908	Application	Katanning Regional	100%
WA	E70/2928	Granted	Katanning Gold Project	100%
WA	M70/210	Granted	Katanning Gold Project	100%
WA	M70/211	Granted	Katanning Gold Project	100%
WA	M70/488	Granted	Katanning Gold Project	100%
WA	G70/84	Granted	Katanning Gold Project	100%
WA	G70/85	Granted	Katanning Gold Project	100%
WA	L70/13	Granted	Katanning Gold Project	100%
WA	L70/32	Granted	Katanning Gold Project	100%
WA	L70/33	Granted	Katanning Gold Project	100%
Queensland Tenements				
QLD	EPM17054	Granted	Cracow	100%

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

AUSGOLD LIMITED

ABN

67 140 164 496

Quarter ended ("current quarter")

30 September 2016

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (....3...months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation	(306)	(306)
	(b) development		
	(c) production		
	(d) staff costs	(126)	(126)
	(e) administration and corporate costs	(202)	(202)
1.3	Dividends received (see note 3)		
1.4	Interest received		
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Research and development refunds		
1.8	Other - insurance claim refund	89	89
1.9	Net cash from / (used in) operating activities	(545)	(545)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (....3...months) \$A'000
	(d) other non-current assets		
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other - Security Deposit	(74)	(74)
2.6	Net cash from / (used in) investing activities	(74)	(74)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	1,050	1,050
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options	(37)	(37)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	1,013	1,013

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	121	121
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(545)	(545)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(74)	(74)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,013	1,013

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (....3...months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	515	515

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	515	121
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	515	121

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	53
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
Director salary , directors fees and superannuation		

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	503
9.2 Development	
9.3 Production	
9.4 Staff costs	128
9.5 Administration and corporate costs	94
9.6 Other (provide details if material)	
9.7 Total estimated cash outflows	725

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased	ELA70/4896 ELA70/4907 ELA70/4908	Application Application Application	0% 0% 0%	100% 100% 100%

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: _____
(Director/Company secretary)

Date: 28 October 2016

Print name: Denis Ivan Rakich

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.