



12 May 2017

Mr Ben Secrett
ASX Limited
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

Via email - tradinghaltsperth@asx.com.au

Dear Mr Secrett

AUSGOLD LIMITED – APPENDIX 5B QUERY

I refer to your letter dated 9 May 2017 in which you require a response to your questions regarding the Company's Appendix 5B for the quarter ended 31 March 2017, we advise as follows:

1. Does the Company expect that it will continue to have negative operating cash flows for the time being and, if not, why not?

Yes, the Company is an exploration company without revenue-generating assets.

2. Has the Company taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Since the end of the March quarter the Company has finalised the Share Purchase Plan announced to ASX on 2 March 2017, which raised \$450,000 in total. The Company is proposing to raise further capital via a placement pursuant to ASX Listing Rules 7.1A and 7.1, sufficient to fund its immediate operations. The Company believes that this raising will be successful having regard to the current market for junior gold stocks and the present stage of the Company's operations.

3. Does the Company expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Yes, subject to the success of the capital raising referred to in 2 above, the Company expects to continue its operations and thereby meet its business objectives.

4. Please provide any other information that the Company considers may be relevant to ASX forming an opinion on whether the Company is in compliance with Listing Rule 12.2.

See response to 2 and 3 above.

5. Please confirm that the Company is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that Rule that has not already been released to the market.

We confirm that the Company is in compliance with ASX Listing Rule 3.1

6. Please confirm that the Company's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of the Company with delegated authority from the board to respond to ASX on disclosure matters.

We confirm that the Company's response to the questions has been authorised by an officer of the Company with delegated authority from the Board to respond to the ASX's letter. We further confirm that each of the Company's directors has individually reviewed and approved a draft of this response.

Yours faithfully

AUSGOLD LIMITED



DENIS RAKICH

Director / Company Secretary



9 May 2017

Mr Denis Rakich
Ausgold Limited
Level 16, AMP Building
140 St Georges Terrace
PERTH WA 6000

By email

Dear Mr Rakich

AUSGOLD LIMITED ("COMPANY"): APPENDIX 5B QUERY

I refer to the Company's Appendix 5B quarterly report for the period ended 31 March 2017 released on the ASX Market Announcements Platform on 28 April 2017 (the "Appendix 5B").

ASX notes that the Company has reported:

- negative net operating cash flows for the quarter of \$698,000;
- cash at the end of the quarter of \$33,000; and
- estimated cash outflows for the next quarter of \$665,000.

It is possible to conclude, based on the information in the Appendix 5B that if the Company were to continue to expend cash at the rate indicated by the Appendix 5B, the Company may not have sufficient cash to continue funding its operations. In view of that, ASX asks the Company to respond separately to each of the following questions and requests for information.

1. Does the Company expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has the Company taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does the Company expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please provide any other information that the Company considers may be relevant to ASX forming an opinion on whether the Company is in compliance with Listing Rule 12.2 (a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing).

5. Please confirm that the Company is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that Rule that has not already been released to the market.
6. Please confirm that the Company's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of the Company with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, **by not later than 7.00 am AWST on Friday, 12 May 2017**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Company's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Company's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be **sent to me by e-mail at tradinghaltspert@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to the Company's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that the Company's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in the Company's securities under Listing Rule 17.1.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;

- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[sent electronically without signature]

Ben Secrett
Senior Adviser, ASX Listings Compliance (Perth)