

Ausgold targets copper and gold potential at Doolgunna Station project

Highlights:

- Re-interpretation of Doolgunna Station geology highlights significant potential for Plutonic-style orogenic gold mineralisation and DeGrussa-style VHMS copper-gold mineralisation
- New soil sampling program completed, with results anticipated in August
- Results from soil sampling to assist in identifying promising targets for drill testing
- Funding applied for through Exploration Incentive Scheme to subsidise drilling costs

Ausgold Limited (ASX: AUC) ("Ausgold" or "the Company") is pleased to announce it has completed a technical review and a field assessment of its Doolgunna Station project, 150km north-east of Meekatharra (Figure 1) that has highlighted strong potential for orogenic Plutonic-style gold targets and Degrussa-style Volcanic Hosted Massive Sulphides (VHMS) targets within the project area.

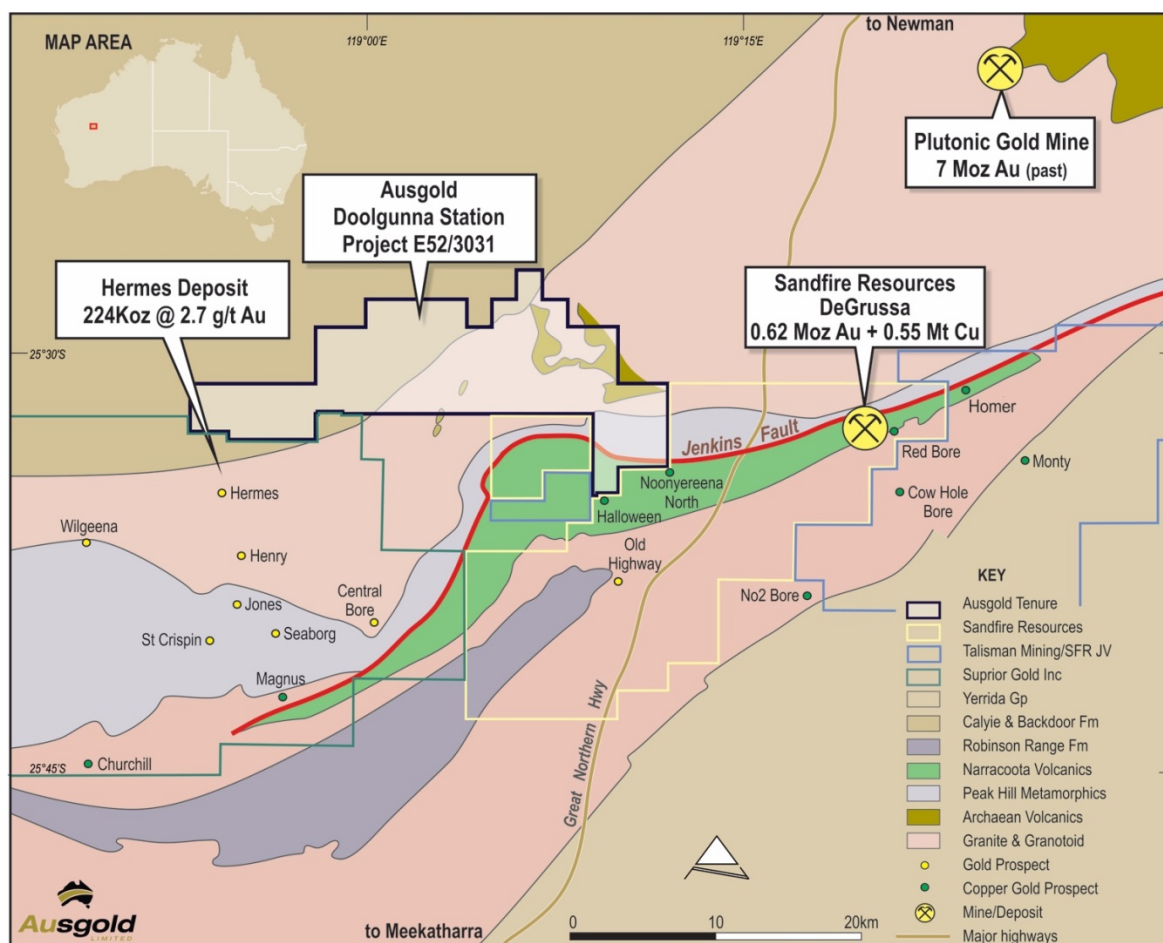


Figure 1: Location of the Doolgunna Station Project

Follow-up work investigating the potential for orogenic Plutonic-style gold mineralisation has included a soil sampling programme focusing on interpreted northeast trending shear zones within Archaean gneiss, granite and greenstone. In addition, the review has outlined east-west trending untested VTEM conductors which have potential for Degruusa-style VHMS mineralisation. Re-interpretation of previous aircore (AC) drilling results has delineated elevated copper values considered to be leakage haloes proximal to potential VHMS mineralisation.

Management Comment:

Ausgold's Chief Executive Officer, Matthew Greentree commented:

"The Doolgunna Station project is quite large, covering 176Km², and is uniquely positioned with strong prospectivity for both Archean Plutonic-style gold mineralisation and VHMS mineralisation. We have engaged Brett Keillor who is a highly experienced geologist and has worked in this region for many years, to assist in undertaking early testing on the project. Utilising his in-depth knowledge of the region, we will be applying low-cost exploration methods such as this soils sampling programme to rapidly test exploration targets."

Soil Sampling Programme

The extensive soil sampling programme was designed to identify gold and base metal targets, with the primary focus on shear-hosted orogenic gold mineralisation (Plutonic-style).

During July, regional soil sampling was completed over Archaean gneiss, granite and greenstones of the Marymia Dome. This was conducted on a staggered 400m by 400m sample grid over the northeast striking faults and shears. A total of 309 soil samples were collected and sent to the ALS laboratory in Perth. Results of this programme are anticipated to be available in early August.

Orogenic Gold Potential (Plutonic-Style)

Re-interpretation and enhancement of aeromagnetic data collected by Ausgold in 2010 highlights northeast striking shear bounded structural corridors that are similar to those that host Plutonic-style mineralisation and were the focus of the current soil sampling programme.

The onsite assessment (July 2017) observed a strong correlation with the interpreted north east trending structures and wide pervasive shearing, where the remnant greenstones were observed to be highly deformed and altered to chlorite-amphibolite schists, with folded and attenuated banded magnetite-silica-amphibolite (BIF) acting as more competent rock units outcrops and were common throughout the Archaean gneissic terrane. Panning of sediments from creek beds in this area return particulate gold and highlight the need for further exploration work in this area.

VHMS Copper-Gold Potential (Degruusa-Style)

Elevated copper values in AC drilling are associated with a late northeast striking fault that has cross cut prospective horizons for VHMS mineralisation (*ASX Announcements 16 June & 20 September 2010*). Two horizons are considered prospective:

- The Jenkins Fault, being the tectonic contact between the Narracoota Formation and the Peak Hill Schists.
- A large magnetic and strongly conductive layer parallel body (under cover) within the Peak Hill Schists close to the tectonic boundary (mylonite thrust zone) between the Peak Hill Schists and the Archaean gneiss, granite and greenstone of the Marymia Dome.

The copper anomalism is considered to be secondary leakage haloes that have migrated along the northeast fault. Re-interpretation of VTEM and aeromagnetics flown by Ausgold (ASX announcement 9 April 2010) has highlighted untested VTEM conductors (figure 2) associated with the large magnetic and conductive body that lies within the Peak Hill Schists.

Ausgold is planning an AC drill program to delineate mineralisation along the contact between the Peak Hill Schists and the prospective Narracoota Volcanics. The focus of this drilling will be the currently identified copper anomalism and VTEM targets. Ausgold has applied for a Western Australian government co-funded drilling grant through the Exploration Incentive Scheme. If awarded, the grant will be used to partially fund this drilling.

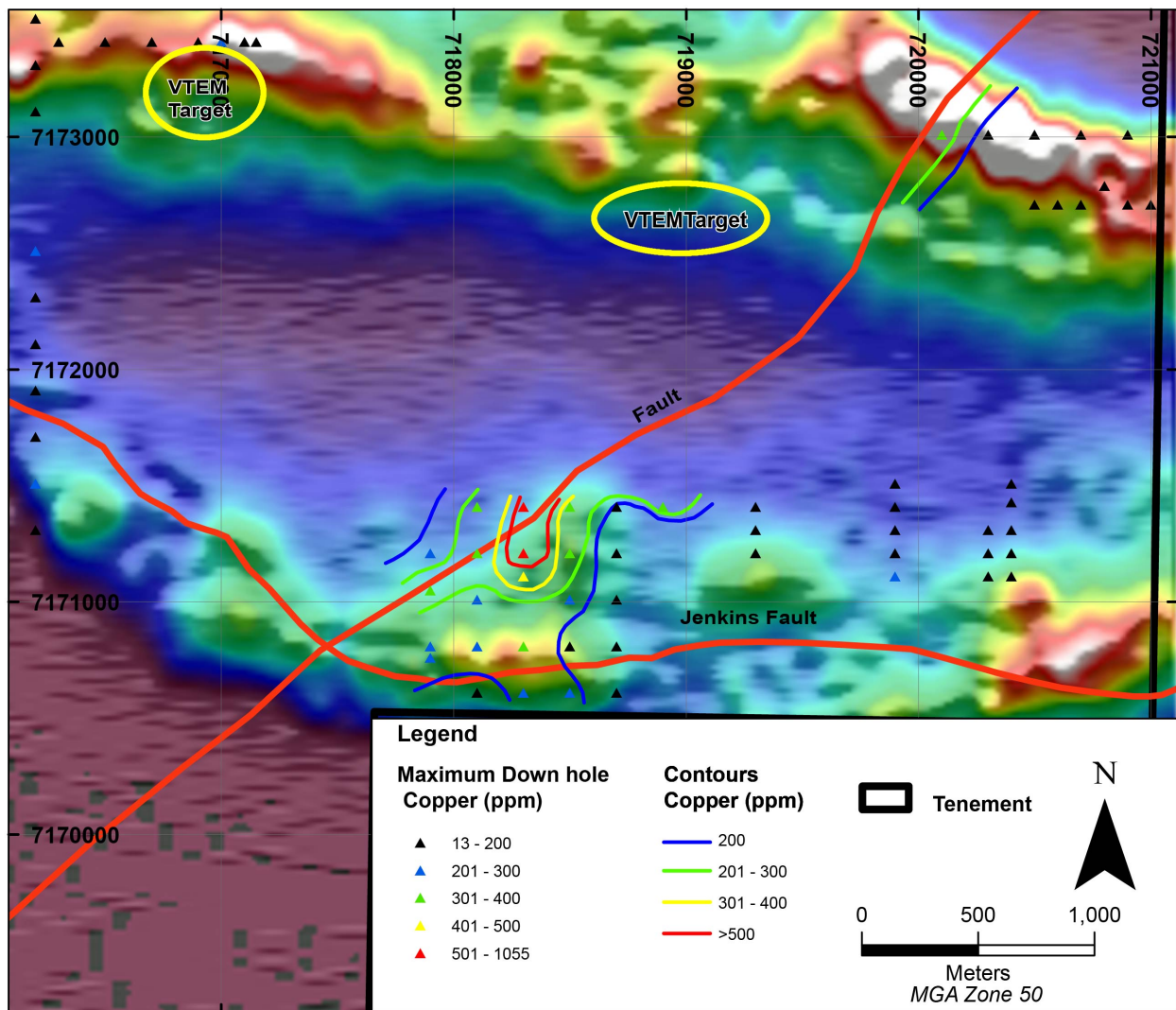


Figure 2: Interpreted VTEM image showing location of aircore drilling with maximum copper values

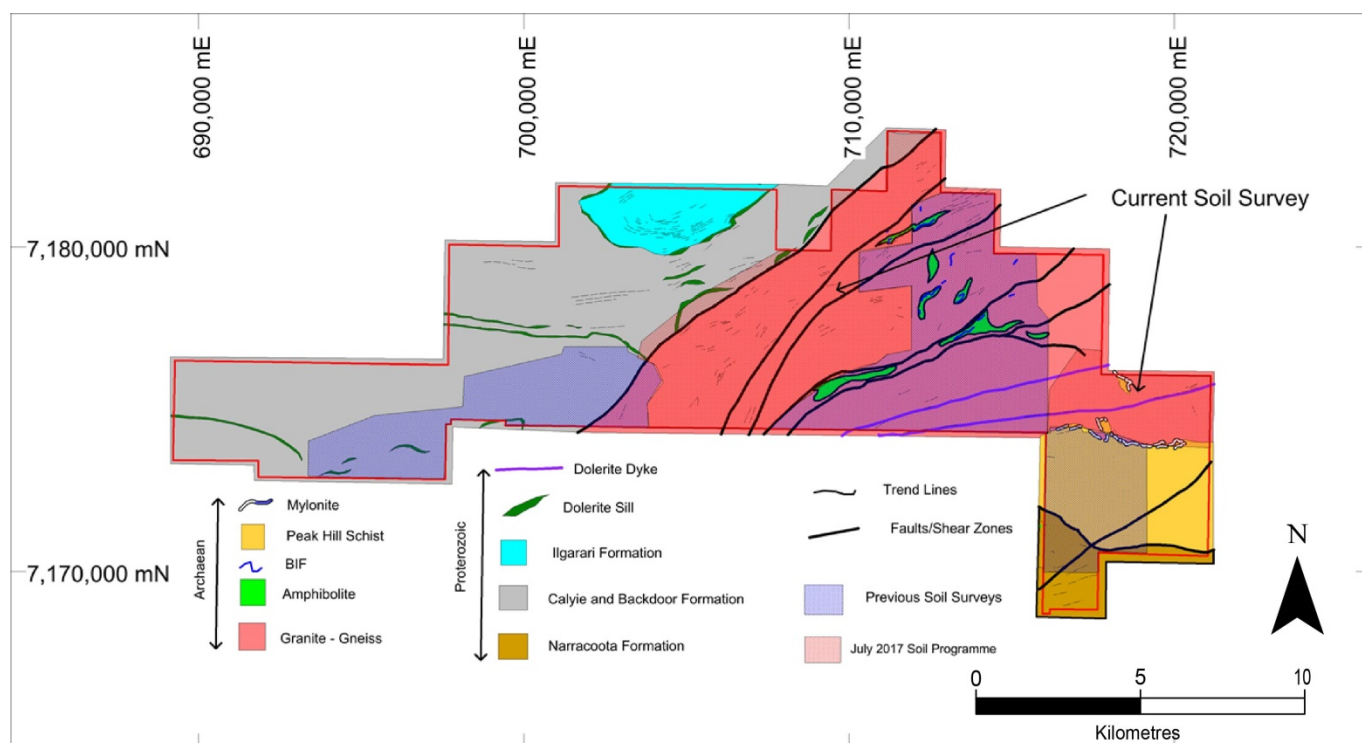


Figure 3: Re-interpreted geological map of the Doolgunna Station project highlighting soil survey areas

On behalf of the Board,

Matthew Greentree
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Competent Person's Statements

The information in this report that relates to Exploration Targets and Exploration Results is based on information compiled by Dr Matthew Greentree who is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) and the Australian Institute of Geoscientists (AIG) and has sufficient experience relevant to the style of mineralisation under consideration and to the activity which he 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". Dr Greentree is an employee of Ausgold Limited and consents 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 Dr Matthew Greentree of Ausgold Limited. Dr Greentree takes responsibility for the integrity of the Exploration Results including sampling, assaying, and QA/QC, and the preparation of the geological interpretations. Dr Greentree takes responsibility for the Mineral Resource Estimate.

Dr Matthew Greentree is a member of The Australasian Institute of Mining and Metallurgy and has 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.

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