Review Uncovers 2,500m of Diamond Core Drilling Over Key Resource Areas at Katanning Gold Project

Highlights:

- **Review by new Ausgold management identifies previously unreported core from 17 historical diamond drill holes (for 1,300m) as well as geological data for a further 16 diamond drill holes (for 1,185m)**
- **Newly discovered core and geological data related to diamond drilling undertaken during several phases of exploration by Otter Exploration (1980), Glengarry (1982), Gold Fields Exploration (1983) and Great Southern Resources (2009)**
- **Data includes a number of significant high grade intercepts, including:**
  - **10m @ 9.42 g/t gold from 12m in D7, including 1m @ 87.5 g/t from 16m**
  - **21.5m @ 2.73 g/t gold from 89.5m in JDDH02 including 1.5m @ 10.35 g/t gold from 96m and 5m @ 3.82 g/t Au from 102.5m**
  - **24.5m @ 2.71 g/t gold from 78m in JDDH01**
- **Cost to repeat this drilling is estimated at approximately $500,000 at today's rates**
- **Drilling data covers key resource areas at the Katanning Gold Project, and immediately provides greater structural understanding and geotechnical confidence**
- **Historical drill core is being re-logged to collect additional geological and structural information to provide valuable information at minimal cost**

Ausgold Limited (ASX: AUC) ("Ausgold" or "the Company") is pleased to announce that an audit of drill core stored at its 100%-owned Katanning Gold Project ("KGP") by the Company's new management team has identified an additional 1,300m of historical diamond drill core as well as high quality geological records for a further 1,185m of historical diamond drilling.

None of this geological information has previously been reported or included in the Company's data set. This data is in addition to the 2,142m of diamond drill core collected by Ausgold since 2011 at Jinkas and Dingo (Figure 1, shown in green).

Valuable Understanding of Key Resources Areas

The historical drilling data covers the key resource areas including Jinkas, White Dam, Jackson, Lone Tree, Jackson, Fraser, Dingo and Olympia (Figure 1 and Table 1) and provides a significant amount of geological information that has not previously been captured and will therefore be vital as the project advances towards mining studies.

Ausgold has begun re-logging the 1,300m of newly discovered drill core (DDHK001-013 and JDDH01-03) with the aim of collecting critical geological, structural and geotechnical information. As part of this process, the Company will sample and assay core which has not been previously sampled.

In respect of the 1,185m of newly discovered data where drill core is no longer available (D7-15, WR7-11, SA1 and SA2), the Company is compiling the existing drill logs into a digital database.

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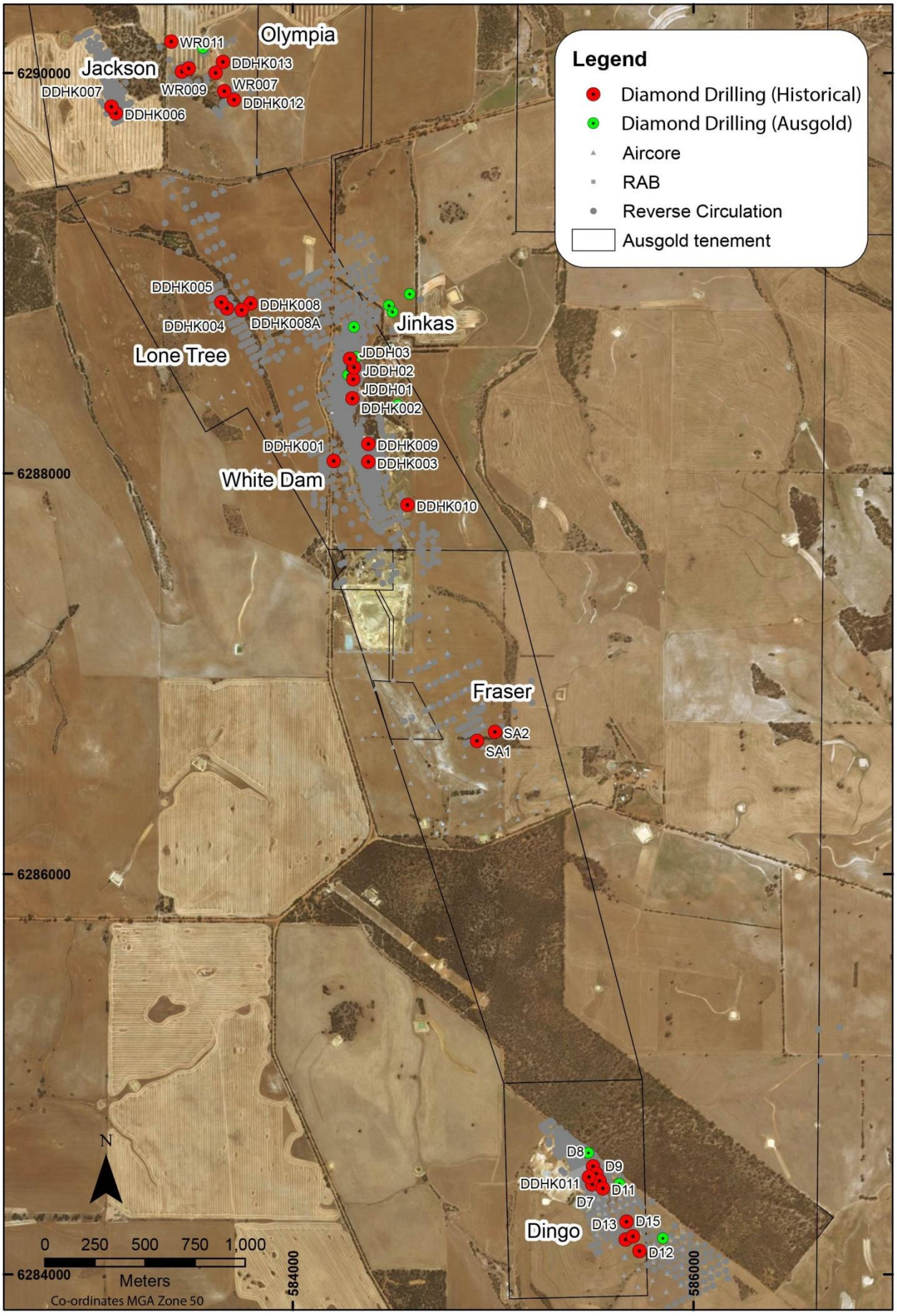

Figure 1: *Drill hole location map highlighting diamond drill collars*

Significant Intercepts Identified

The Company's preliminary review of the newly discovered core and data has identified significant intercepts from historic diamond drilling, including the following:

- *10m @ 9.42 g/t gold from 12m in D7, including 1m @ 87.5 g/t from 16m;*
- *24.5m @ 2.71 g/t gold from 78m in JDDH01;*
- *21.5m @ 2.73 g/t gold from 89.5m in JDDH02 including 1.5m @ 10.35 g/t gold from 96m and 5m @ 3.82 g/t Au from 102.5m;*
- *7m @ 2.44 g/t gold from 95m in JDDH03;*
- *7.8m @1.92 g/t gold from 6m in DDHK004;*
- *7m @ 2.14 g/t gold from 42m in D10;*
- *4.65m @ 3.08 g/t gold from 5.35m in DDHK006;*
- *4m @ 2.65 g/t gold from 18m in DDHK011 including 1m @ 8.15 g/t gold from 19m;*
- *6m @ 1.68 g/t gold from 7.5m in DDHK007; and*
- *6m @ 1.31 g/t gold from 147m in DDHK009.*

Management Comment:

Ausgold's Chief Executive Officer, Matthew Greentree, said:

"The new Ausgold management team is taking a systematic, ground-up approach to developing the KGP. Whilst we're surprised by the discovery of additional core and data, we're not surprised that there are a number of 'low-hanging fruit' opportunities at the KGP. The discovery of this previously unreported drill core and data over key resources areas within the KGP represents a validation of our approach to the new Ausgold. It will unlock significant value by providing greater control over the project at little cost to Ausgold and will be critical as the KGP progresses towards mining studies."

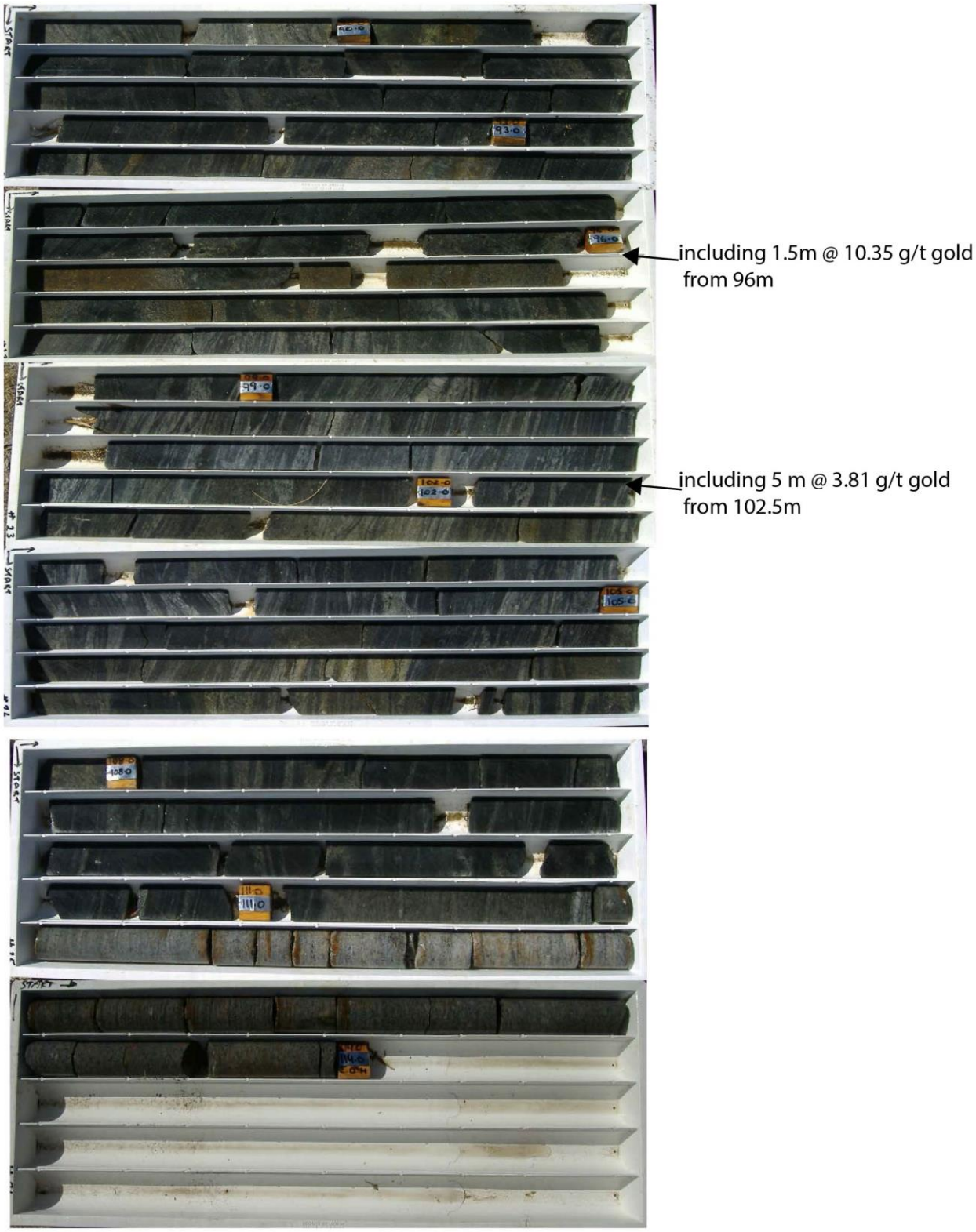

Figure 2: *Example of diamond drill core from Jinkas JDDH02, from 89.5m to 111 m showing significant intercept 21.5m @ 2.73 g/t gold from 89.5m. High grade gold intercepts associated with mafic granulite and pyrrhotite rich zones noted from 96m - 98m and 100 – 103.5m.*

Table 1: Significant intercepts within historic diamond drilling

HOLEID	Northing MGA 50	Easting MGA 50	AHD RL	Azimuth	Dip	Total Depth (m)	Pre-collar (m)	Date Drilled	From (m)	To (m)	Thickness (m)	Gold grade ppm
DDHK001	584203	6288063	363	244	60	49	35	1980	35	36	1	0.78
DDHK001									39	45	6	1.12
DDHK002	584296	6288377	375	244	60	81	32.9	1980	59	62	3	0.88
DDHK002									69	71	2	1.32
DDHK002									75	77.24	2.24	0.69
DDHK003	584375	6288059	367	244	-60	34	30	1980	32.5	33.5	1	1.54
DDHK004	583670	6288826	341	244	-60	21	0	1981	6	13.8	7.8	1.92
DDHK005	583643	6288857	341	244	-60	15	0	1981	4.5	14.1	9.6	1.36
DDHK006	583115	6289801	340	244	-60	15	0	1981	5.35	10	4.65	3.08
		Including							6.7	7.5	0.8	11.5
DDHK007	583093	6289834	340	244	-60	15	0	1981	7.5	13.5	6	1.81
DDHK008A	583789	6288851	343	244	-70	63	0	1982	33	41.95	8.95	0.49
DDHK009	583744	6288818	340	244	-70	66	0	1982	54.2	57	2.8	0.54
DDHK009									60	63.4	3.4	1.14
DDHK009									147	153	6	1.11
DDHK009									157	158.2	1.2	2.33
DDHK010	584377	6288149	373	246	-70	159	0	1982	53	55	2	0.65
DDHK010									72	81	9	0.65
DDHK010									84	94	10	0.70
DDHK011	584301	6288472	369	279	-60	189	0	1982	18	22	4	2.65
		Including							19	20	1	8.15
DDHK011									31	41	10	1.01
DDHK012	583705	6289869	352	244	-70	76	0	1982	*No significant intercepts*			
DDHK013	583650	6290058	353	232	-60	111	0	1982	105	109	4	0.60
JDDH01	584301	6288472	369	279	-60	189	0	2006	10	11	1	0.67
JDDH01									73	74	1	0.51
JDDH01									78	102.5	24.5	2.64
JDDH01									180.5	183	2.5	1.24
JDDH02	584305	6288531	366	270	-60	114	0	2006	80.2	87	6.8	0.34
JDDH02									89.5	111	21.5	2.73
JDDH02		*Including*							97	98.5	1.5	10.35
JDDH02		*Including*							102.5	107.5	5.5	3.82
JDDH03	584286	6288574	362	270	-60	201	0	2006	68.4	70.6	2.2	0.66
JDDH03									86	89	3	1.58
JDDH03									95	102	7	2.44
JDDH03		Including							98	99.5	1.5	3.66
JDDH03									185	186	1	0.50
D7	585495	6284450	340	246	-70	66	25.5	1983	12	22	10	9.42
D7		*Including*							16	17	1	87.5
D7									32	37	5	1.41
D7									51	52	1	1.54

HOLEID	Northing MGA 50	Easting MGA 50	AHD RL	Azimuth	Dip	Total Depth (m)	Pre-collar (m)	Date Drilled	From (m)	To (m)	Thickness (m)	Gold grade ppm
D8	585499	6284539	345	246	-70	105	27.4	1983	0	2	2	0.76
D8									11	14	3	0.45
D8									19	20	1	3.80
D8									24	27.43	3.43	0.68
D8									49	67	18	0.79
D9	585515	6284503	344	246	-70	62	30.8	1983	10	11	1	0.48
D9									14	15	1	1.15
D9									19	28	9	0.86
D9									31	32	1	0.32
D9									48	51	3	1.28
D9a	585517	6284504	344	246	-70	75	48	1983	49	68	19	1.04
							Including		62	68	5	2.36
D10	585532	6284466	343	246	-70	74	50	1983	13	14	1	0.68
D10									17	19	2	0.83
D10									22	23	1	0.57
D10									42	49	7	2.14
							Including		46	47	1	8.22
D10									53	54	1	0.41
D10									59	64	5	0.79
D11	585548	6284429	342	246	-70	93	59.5	1983	16	18	2	2.55
D11									38	39	1	0.45
D11									53	55	2	0.71
D11									58	59	1	0.31
D11									84	85	1	0.44
D12	585731	6284117	340	246	-70	83	53.7	1983	36	37	1	0.39
D12									47	48	1	0.32
D12									58	59	1	0.30
D12									70	71	1	0.65
D13	585662	6284174	341	246	-70	61	24	1983	21	24	3	0.48
D13									31	37	6	1.11
D13									53	54	1	4.68
D13									58	59	1	0.68
D14	585698	6284190	342	246	-70	69	52	1983	32	34	2	0.43
D14									51	61	10	0.47
D14									68	69	1	0.52
D15	585666	6284263	344	246	-70	54	0	1983	0	1	1	0.67
D15									19	20	1	0.56
SA1	584919	6286667	380	244	-70	78	55	1983	*No significant intercepts*			
SA2	585009	6286711	380	244	-70	81	44.6	1983	28	29	1	0.56
SA2									64	65	1	1.30
WR007	583657	6289912	355	244	-70	72	31.7	1983	19	20	1	0.76
WR007									47	48	1	0.60

HOLEID	Northing MGA 50	Easting MGA 50	AHD RL	Azimuth	Dip	Total Depth (m)	Pre-collar (m)	Date Drilled	From (m)	To (m)	Thickness (m)	Gold grade ppm
WR008	583615	6290003	355	244	-70	93	74.8	1983	69	70	1	0.53
WR008									83	85	2	0.54
WR009	583445	6290008	355	244	-70	42	21	1983	*No significant intercepts*			
WR010	583481	6290026	355	244	-70	63	25	1983	1	2	1	0.45
WR010									10	11	1	1.45
WR010									42	47	5	0.81
WR011	583392	6290160	355	244	-70	68	32	1983	22	23	1	1.97
WR011									27	32	5	0.57

Assay results the intervals reported are thickness weighted averages (ie. XXm grading XX grams per tonne gold content). Reported intervals are calculated using ≥ 0.3g/t Au cut-off grade and using a ≤ 2m minimum internal dilution (unless otherwise stated).

Overview of the Katanning Gold Project

The Katanning Gold Project ("KGP") is located 275km southeast of Perth, Western Australia and approximately 40km northeast from the wheat belt town of Katanning.

Ausgold holds a dominant ground position in this relatively under-explored greenstone belt (*Figure 3*), an area prospective for Archean gold deposits.

Ausgold and its technical consultant, SRK Consulting, have recently developed a new geological understanding of the controls of the high-grade gold mineralisation within the KGP. This knowledge is now being applied systematically across Ausgold's tenements and is expected to aid in moving the Project towards development.

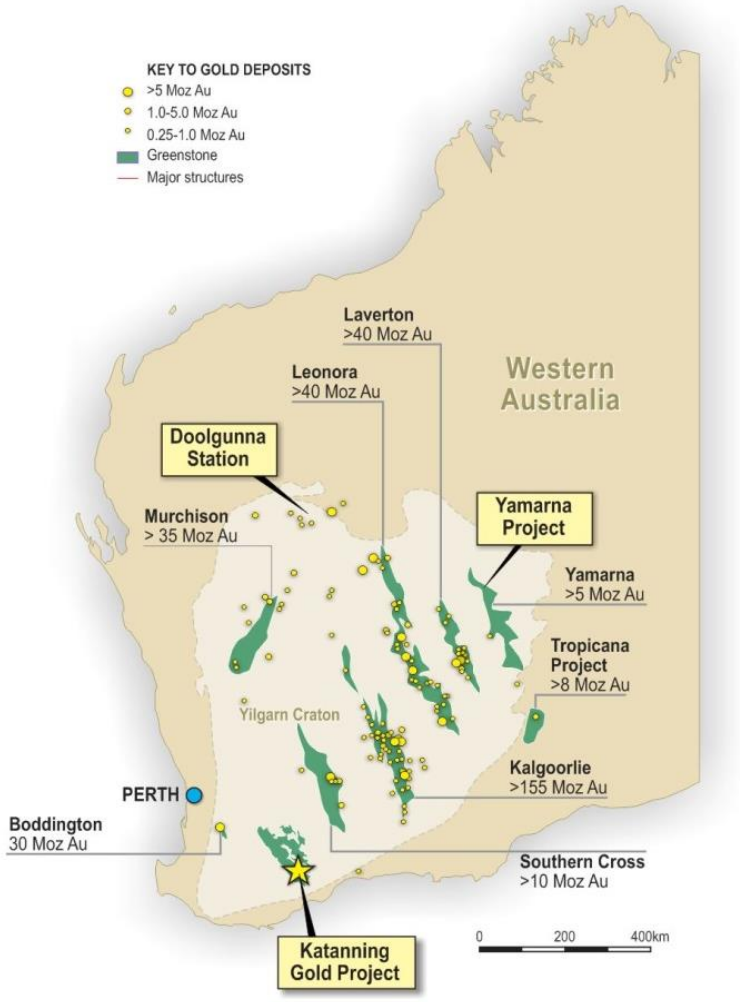

Figure 3: *Regional map showing the KGP, other Ausgold Projects and mineralised greenstone belts*

On behalf of the Board,

Matthew Greentree
Chief Executive Officer
Ausgold Limited

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Competent Person's Statements

The information in this statement that relates to historical drilling and exploration work. Dr Matthew Greentree takes responsibility for the integrity of the Exploration Results including sampling, assaying, and QA/QC, and the preparation of the geological interpretations. Dr Matthew Greentree is Chief Executive Office and is a Share and Option holder in Ausgold Limited.

Dr Matthew Greentree are Members 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 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.

Forward-Looking Statements

This Announcement includes "forward-looking statements" as that term within the meaning of securities laws of applicable jurisdictions. Forward-looking statements involve known and unknown risks, uncertainties and other factors that are in some cases beyond Ausgold Limited's control. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this report, including, without limitation, those regarding Ausgold Limited's future expectations. Readers can identify forward-looking statements by terminology such as "aim," "anticipate," "assume," "believe," "continue," "could," "estimate," "expect," "forecast," "intend," "may," "plan," "potential," "predict," "project," "risk," "should," "will" or "would" and other similar expressions. Risks, uncertainties and other factors may cause Ausgold Limited's actual results, performance, production or achievements to differ materially from those expressed or implied by the forward-looking statements (and from past results, performance or achievements). These factors include, but are not limited to, the failure to complete and commission the mine facilities, processing plant and related infrastructure in the time frame and within estimated costs currently planned; variations in global demand and price for coal and base metal materials; fluctuations in exchange rates between the U.S. dollar, and the Australian dollar; the failure of Ausgold Limited's suppliers, service providers and partners to fulfil their obligations under construction, supply and other agreements; unforeseen geological, physical or meteorological conditions, natural disasters or cyclones; changes in the regulatory environment, industrial disputes, labour shortages, political and other factors; the inability to obtain additional financing, if required, on commercially suitable terms; and global and regional economic conditions. Readers are cautioned not to place undue reliance on forward-looking statements. The information concerning possible production in this announcement is not intended to be a forecast. They are internally generated goals set by the board of directors of Ausgold Limited. The ability of the company to achieve any targets will be largely determined by the company's ability to secure adequate funding, implement mining plans, resolve logistical issues associated with mining and enter into any necessary off take arrangements with reputable third parties. Although Ausgold Limited believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.

APPENDIX 1

JORC Code 2012 Edition Table 1 Report – Katanning Gold Project historic diamond drilling

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1m samples from which 3kg was pulverised to produce a 30g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	Diamond core was halved and sampled at 1 m intervals for drill holes **DDHK001 – 13, D7 – D14, WR7 – 11, SA01-SA02, WR07-11**. Drill holes **JDDH01 – 03** were sampled at 0.5 m intervals. Parts of some holes were not assayed due to either an obvious lack of mineralisation (limonite or sulphides) or dolerite intersections. Assay using Fire assay techniques.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	The depth of RC pre-collars is reported in table 1 for all drill holes. **DDHK001 – 3** Otter Exploration, BQ core drilled by Corewell Drilling using standard tube drilling techniques and is unoriented **DDHK006 – 13** Gold Fields Exploration Pty Ltd, HQ core drilled by by Enneabba Drilling using standard tube drilling and is unoriented **JDDH01 – 3** Drilled by IGC Resources, tripled tube oriented drill core was collected. Core orientation was taken using spear method. HQ core collected on all holes and NQ drilled from 119.6m (JDDH001) and 111m (JDDH03)

Criteria	JORC Code explanation	Commentary
		D7 – D14, WR7 – 11, SA01-SA02 Gold Fields Exploration Pty Ltd Diamond drilling was conducted by Wallis drilling and collected unoriented HQ core.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	Sample recoveries a calculated qualitatively for diamond drilling and recorded on within acQuire Database
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	All drill holes in the current program have been geologically logged and recorded on paper logs to a level of detail to support the definition of geological domains appropriate to support Mineral Resource estimation and classification. Lithology, weathering (oxidation state), structure, veining, mineralisation and alteration are recorded in detail using an acQuire database.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.*	Diamond holes (**SA01-SA02, D7-14, WR7-WR11, DDHK001 - 003**) have RC pre-collar and Diamond tails with core length show in table 1 in text. RC samples were collected 'in toto' and split, half being sent for analysis. Diamond core was halved and assayed. Parts of some holes were not assayed due to either an obvious lack of mineralisation (limonite or sulphides) or dolerite intersections.

Criteria	JORC Code explanation	Commentary
	• *Whether sample sizes are appropriate to the grain size of the material being sampled.*	
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	**DDHK001 - 6** Analysis by Amdel Laboratories Services Pty Ltd. All samples were assayed for Au, Cu, Pb, Zn, Ag using Atomic Absorption Spectrometry, with a detection limit of 0.01 g/t. Au values were averaged where assays were repeated by the laboratory. **DDHK007 – 13, D7 – D14, WR7 – 11, SA01-SA02** Analysis by Genalysis Laboratories Services Pty Ltd. All samples were assayed for Au only using Atomic Absorption Spectrometry, with a detection limit of 0.01 g/t. Au values were averaged where assays were repeated by the laboratory. J**DDH01 – 3** Analysis by Genalysis Laboratories Services Pty Ltd. All samples were assayed for Au, Ag, Cu, Mo, Pb, Sn, W Zn, As using Atomic Absorption Spectrometry, with a detection limit of 0.01 g/t. Au values were averaged where assays were repeated by the laboratory.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	Uncertain QAQC procedures are in place for historic drilling, however all drilling has have significant overlap with more recent Ausgold drill programs.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	**JDDH01-3**Great Southern Resources Drillhole collars (and drilling foresight/backsight pegs) were set out and picked up using a differential GPS; which provided +/-0.8 meter accuracy. The grid system is MGA94 datum, UTM zone 50. Elevation values were in AHD. **DDHK001 – 13, WR7 – WR11** and holes **SA01-SA02** (Gold Fields Exploration Pty Ltd) were surveyed onto the Jinkas Mine Grid. Jinka Hill Grid to MGA94 Coordinate Transformation Distance: Metres Distance type: Grid Transformation: Conformal Scale: 0.99970181 Angle of Rotation: 26°19'11" X Translation: 574296.925 Y Translation: 6262730.458 Jinka Coordinates: 20 000.000 East, 20 000.000 North

Criteria	JORC Code explanation	Commentary
		MGA Coordinates: 583 353.371 East, 6 289 516.718 North Drill holes D7 – D14 where surveyed on the Dingo mine grid Dingo Grid to MGA94 Coordinate Transformation Distance: Metres Distance type: Grid Transformation: Conformal Scale: 0.99962600 Angle of Rotation: 23°58'30" X Translation: 559662.644 Y Translation: 6218975.069 Dingo Coordinates: 50 000.000 East, 50 000.000 North MGA Coordinates: 583 052.425 East, 6 284 953.416 North
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	This drilling has significant overlap with more recent Ausgold RC and AC drilling which supports the results obtained in this drilling with approximate drill spacing of RC holes are spaced approximately 25m apart with 40 m between sections.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	Dip and azimuth of drill holes are show in Table 1 in text.
Sample security	• *The measures taken to ensure sample security.*	Assay results were validated and entered into the acQuire database with QAQC on import and completed before the results are finalised.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	Historic data is taken in context of more recent Ausgold drilling and provides additional support which has been used to supplement more recent Ausgold drilling.