Ausgold LIMITED

2017 ANNUAL REPORT

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CEO Letter

It gives me great pleasure to address the shareholders of Ausgold Limited in this, the Company's 2017 Annual Report.

As some of you may already be aware, I first became involved with Ausgold in 2013 in my previous role as Principal Consultant with SRK Consulting Pty Ltd, which had been engaged to perform a detailed review of historical exploration at the Katanning Gold Project (KGP).

At that point the project had stalled, but its potential was still very much apparent. Ultimately, it was the opportunity to deliver on that potential that swayed me when I was approached about becoming Chief Executive Officer earlier this year.

Upon formally taking up the role in April 2017, one of my immediate priorities was to undertake a review and reinterpretation of the KGP geological model where immediate opportunities were identified.

This has been completed to the point where we now have a much better understanding of the controls of the high-grade mineralisation within the project area, giving us confidence that the current exploration program – the most active conducted on the KGP in five years – will yield strong results and push the project closer to development.

Early evidence of the improved geological understanding came in August when we announced a 23% increase in the KGP Mineral Resource to 20.98 million tonnes grading 1.17g/t gold for 785,500 ounces of contained gold, including 358,101 ounces in the Measured and Indicated categories.

The upgrade was the result of reverse circulation drilling targeting high grade mineralisation and strike extensions of the Jinkas, White Dam, Jackson and Fraser deposits combined with the validation of historical drilling at Frasers and Jinkas South, neither of which were incorporated in the previous Resource estimate.

I firmly believe this is a sign of things to come; with a number of drill targets along the extensions to known mineralisation which we will use to build the Resource beyond 1 million ounces at an improved grade and move well into the project study phase over the next 12 months.

In June, in another important development, Ausgold acquired the Dumbleyung gold project from ASX-listed Chalice Gold Mines Limited (Chalice), adding 461km^2 of prospective greenstones to its portfolio and lifting its total landholding in the Katanning region to 4,031km^2.

Along with the shares and options issued in consideration for the Dumbleyung tenements, Chalice subscribed for an additional 40 million Ausgold shares at a price of $0.025, raising $1 million for exploration and working capital.

Chalice is now the Company's largest shareholder, and we are grateful for the vote of confidence their investment represents.

While the KGP remains Ausgold's flagship and number one priority, we will continue to advance the other projects in our portfolio – Yamarna and Doolgunna Station in WA and Cracow in Queensland – with low cost, targeted exploration. These projects are all located exactly where we want to be exploring: in established or emerging mineral provinces, close to discoveries either being mined or soon to be mined.

Thank you for your support and I look forward to updating you on Ausgold's progress over the next 12 months.

Matthew Greentree
Chief Executive Officer

Review of Operations

During financial year 2017, Ausgold Limited increased exploration activities across all project areas with a particular focus on the Katanning Gold Project (KGP) and Doolgunna Station Project in Western Australia (Figure 1). An important catalyst for the renewed exploration push was the appointment in April of Dr Matthew Greentree, a highly experienced geologist with a strong technical skillset, as Chief Executive Officer.

Highlights at Ausgold's flagship project, the KGP, included an upgraded Resource estimate which added 148,800 ounces of gold to the previous 2015 estimate; an improved geological model which has led to the identification of additional high-grade gold mineralisation in reverse circulation (RC) drilling at the Datatine and White Dam prospects; and the commissioning of technical studies to assist with developing focused and cost effective regional exploration programs on the KGP tenements, which now cover 4,031km^2.

At Doolgunna Station, Ausgold developed a new geological interpretation which provided the basis to develop future exploration programs. Testing for potential orogenic Plutonic-style gold mineralisation included a soil sampling program focusing on interpreted north-east trending shear zones within Archaean gneiss, granite and greenstone. In addition, east-west trending Versatile Time Domain Electromagnetic (VTEM) conductors remain untested and have potential for Degrussa-style Volcanic Hosted Massive Sulphide (VHMS) mineralisation. Re-interpretation of previous air core (AC) drilling results has delineated elevated copper values considered to be leakage haloes proximal to potential VHMS mineralisation.

Ausgold is assessing the Cracow Project in Queensland for epithermal gold mineralisation. The Company has completed systematic surface sampling and is using the results from that program, as well as aeromagnetic data, to assess prospectivity and develop new work programs. ASTER hyperspectral imagery is also being used across the tenement area to identify hydrothermal alteration associated with epithermal and intrusion-related gold mineralisation.

The Yamarna Project is located approximately 125 kilometres north-east of Laverton in central Western Australia. A review of past exploration was undertaken to assess the prospectivity for gold and nickel-copper-cobalt mineralisation along a pyroxenite unit, which has currently been defined over approximately 500m of strike length containing a number of untested EM targets.

Figure 1 – Ausgold Project Locations

Appointment of new CEO

In April 2017, Dr Matthew Greentree commenced his role as Chief Executive Officer of the Company. Dr Greentree has over 19 years of experience in mineral exploration and mining, working for Sons of Gwalia, Anglo American and SRK Consulting. He is a highly experienced geologist having worked on more than 60 mineral projects in Australia and overseas. Dr Greentree has expertise in structural geology, exploration targeting and managing multidisciplinary studies. He holds two degrees, a Bachelor of Science (Hons) in Geology from Macquarie University and a Ph.D. in Geology from the University of Western Australia.

Dr Greentree previously consulted to Ausgold and as a result has an excellent understanding of the Company's projects. This familiarity, coupled with his strong technical knowledge, made him the standout candidate for the position of CEO.

Katanning Gold Project

WESTERN AUSTRALIA (AUC 100%)

Ausgold's flagship Katanning Gold Project (KGP) was the primary focus of exploration activity during 2017. The KGP is located 275 kilometres to the southeast of Perth and 40 kilometres to the northeast of the wheatbelt town of Katanning (Figure 2). Ausgold continues to be the dominant landholder over the Katanning Greenstone Belt, one of the least explored greenstone belts in the Yilgarn Craton.

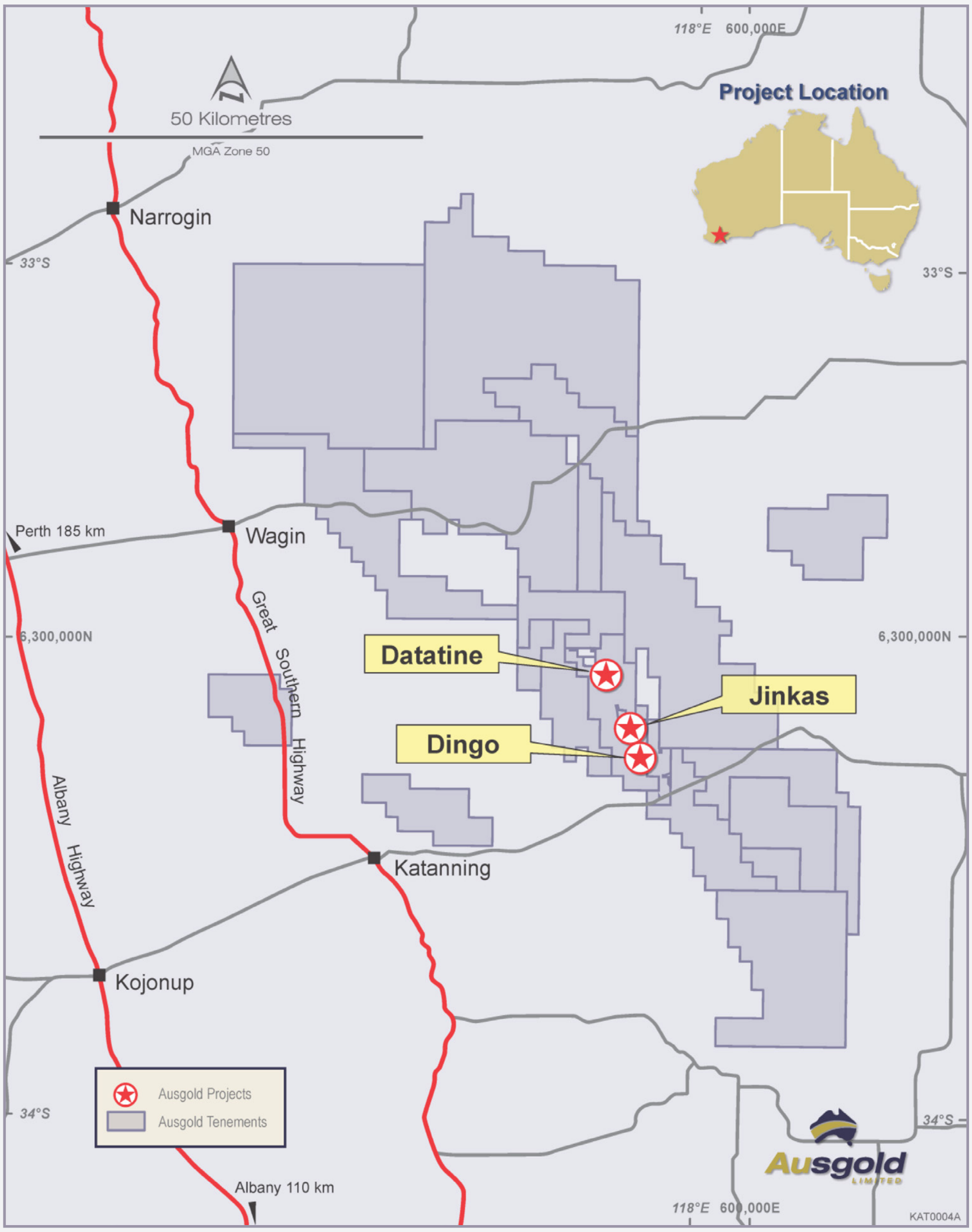

Figure 2 – Katanning Gold Project location map

Ausgold conducted a high resolution airborne geophysical (magnetic and radiometric) survey across the central portion of the KGP (ASX Announcement: September 2016 'Commencement of Aeromagnetic Survey at Katanning'). The survey totalled 23,413 line kilometres, including the 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). The higher resolution aeromagnetic imagery has been used to provide a better interpretation of mineralised structures and rock units at the KGP and to target gold mineralisation.

Prospects within the KGP that were drilled during the year included Datatine, Jinkas, White Dam and Fraser. At Datatine, which is at the northern end of the mine corridor, an AC drilling program and a follow-up maiden RC drilling program were undertaken, testing gold-in-soil and geophysical targets. Drilling of White Dam, Frasers and Jinkas supported the re-interpretation of the KGP geology, with high-grade intercepts returned and mineralisation extended along strike. Drilling adjacent to Jinkas South confirmed historical drilling and allowed for the inclusion of mineralisation identified at the prospect to be included in the Resource estimate for the first time.

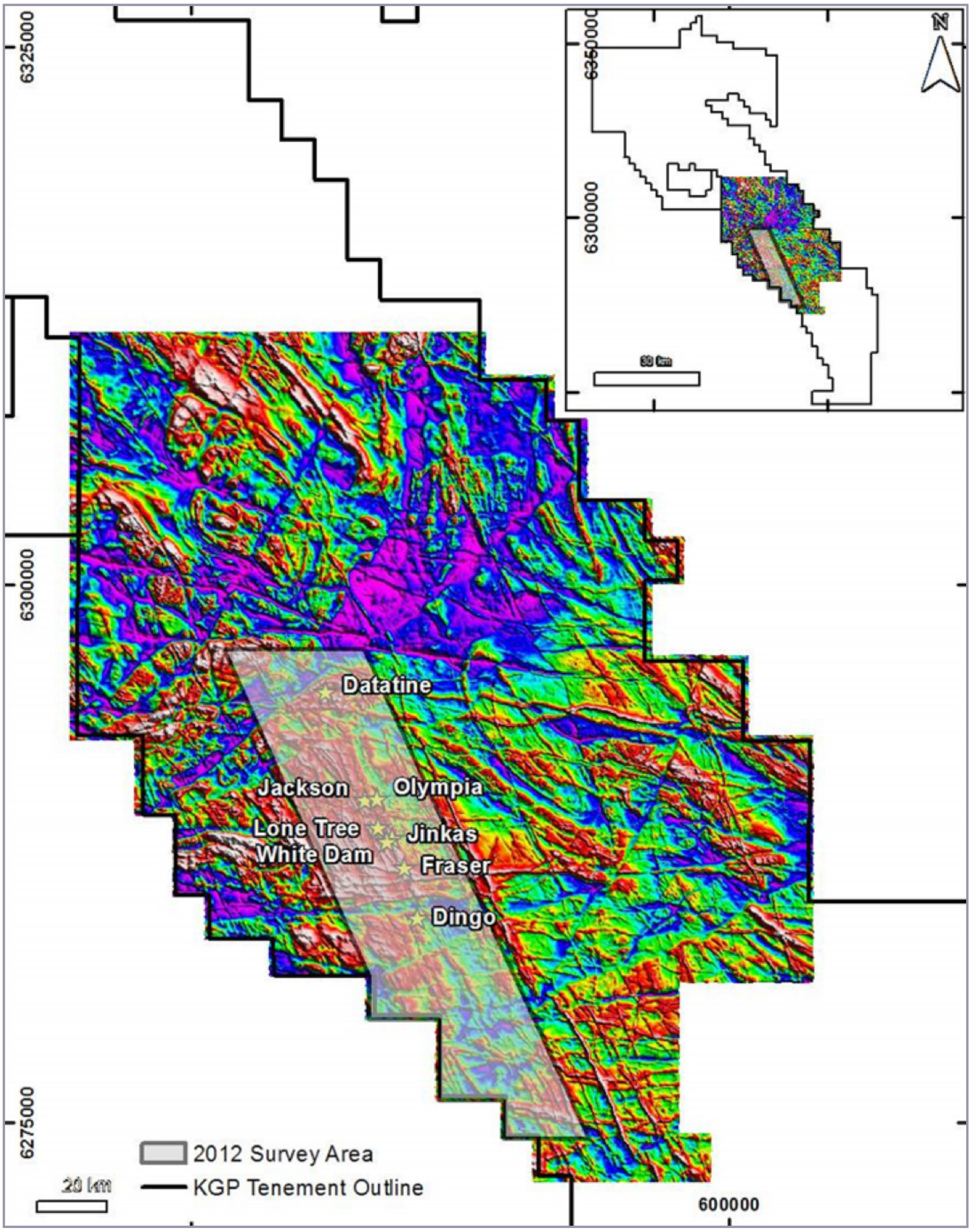

Figure 3 – Enhanced resolution of aeromagnetic images.

Following completion of the updated Resource estimate, the KGP now contains a total resource of 20.1 Mt grading 1.17g/t gold for 785,800 ounces, an increase in contained gold of 23% over the 2015 estimate (Table 1).

On a regional level, Ausgold increased its landholding with the acquisition of four tenements from Chalice Gold Mines Limited. The additional tenements have given Ausgold 100% ownership of a contiguous package of tenements along the Katanning Greenstone Belt.

Ausgold holds a large database of surface samples across the Katanning region, collected by its own employees as well as previous explorers. A geochemical levelling of the large surface sample database will allow greater confidence in regional targeting and more rapid assessment of tenements for acquisition or relinquishment.

High-resolution magnetic and radiometric aerial survey

In September 2016, Ausgold commissioned Magspec Airborne Surveys Pty Ltd to fly a low-level, closely spaced, fixed wing survey over the central third of the KGP regional tenement holding, an area covering approximately 927 km^2. The survey included a main block of 50m spaced lines and an infill block with 50m spacing that was offset by 25m to mesh with a previous survey. The detailed aeromagnetic data is an effective technique in mapping prospective geology and geological structures which are likely associated with gold mineralisation. High-grade gold mineralisation is typically associated with tight fold hinges which can be identified in detailed magnetic images. The data was successfully used to identify Datatine RC targets, and have assisted in the explanation of the current understanding of the deposit's geometry (Figure 3).

Ausgold is using the dataset for detailed geological interpretation, modelling and regional targeting. The survey is being used in conjunction with our existing data and will enable us to identify new prospective targets for ongoing exploration programs.

Drilling

A total of 43 RC holes (4,980m) and 140 AC holes (3,647m) were drilled at the KGP between October 2016 and March 2017. Drilling consisted of a mixture of targeted resource development drilling, maiden RC drilling and exploratory AC drilling.

Datatine

The Datatine Prospect is 7km north of Jinkas on E70/2928 and is defined by coincident gold-in-soil anomalism with favourable structures interpreted from geophysics. A historical drill intercept of 4m @15.66 g/t Au in Rotary Air Blast (RAB) drilling (DTR3) was recorded. Ausgold's initial drilling was encouraging with high-grade gold intercepted in AC drilling (22m @ 3.67g/t Au in BSAC1343 and 17m @ 1.00 g/t Au, reference ASX Announcement: 13 December 2016 'High Grade Gold Discovery Confirmed at Datatine'). These results were supported by follow-up RC drilling (28 RC holes for 3,489m).

Geological structures interpreted from high-resolution aeromagnetic images indicated significant change from a north-north west to east-west strike, due in part to regional faults folding the host rocks into an east-west strike. To accommodate this, drilling was re-orientated along north-south lines with angled holes drilled towards the north (Figure 4).

Mineralisation is similar in style to Jinkas with gold hosted within a mafic to intermediate granulite and is closely associated with pyrrhotite and pyrite.

Best intercepts from the Datatine RC program include:

- 25m @ 2.47 g/t Au (from 20m) *including* 2m @ 16.26 g/t Au (from 42m) in BSRC0726;
- 17m @ 1.67 g/t Au (from 55m) *including* 5m @ 3.11 g/t Au (from 57m) in BSRC0727;
- 11m @ 2.26 g/t Au (from 34m) *including* 2m @ 10.00 g/t Au (from 39m) in BSRC0727;
- 8m @ 3.87 g/t Au (from 11m) *including* 2m @ 10.46 g/t Au (from 11m) in BSRC0724; and
- 12m @ 2.01 g/t Au (from 73m) in BSRC0742.

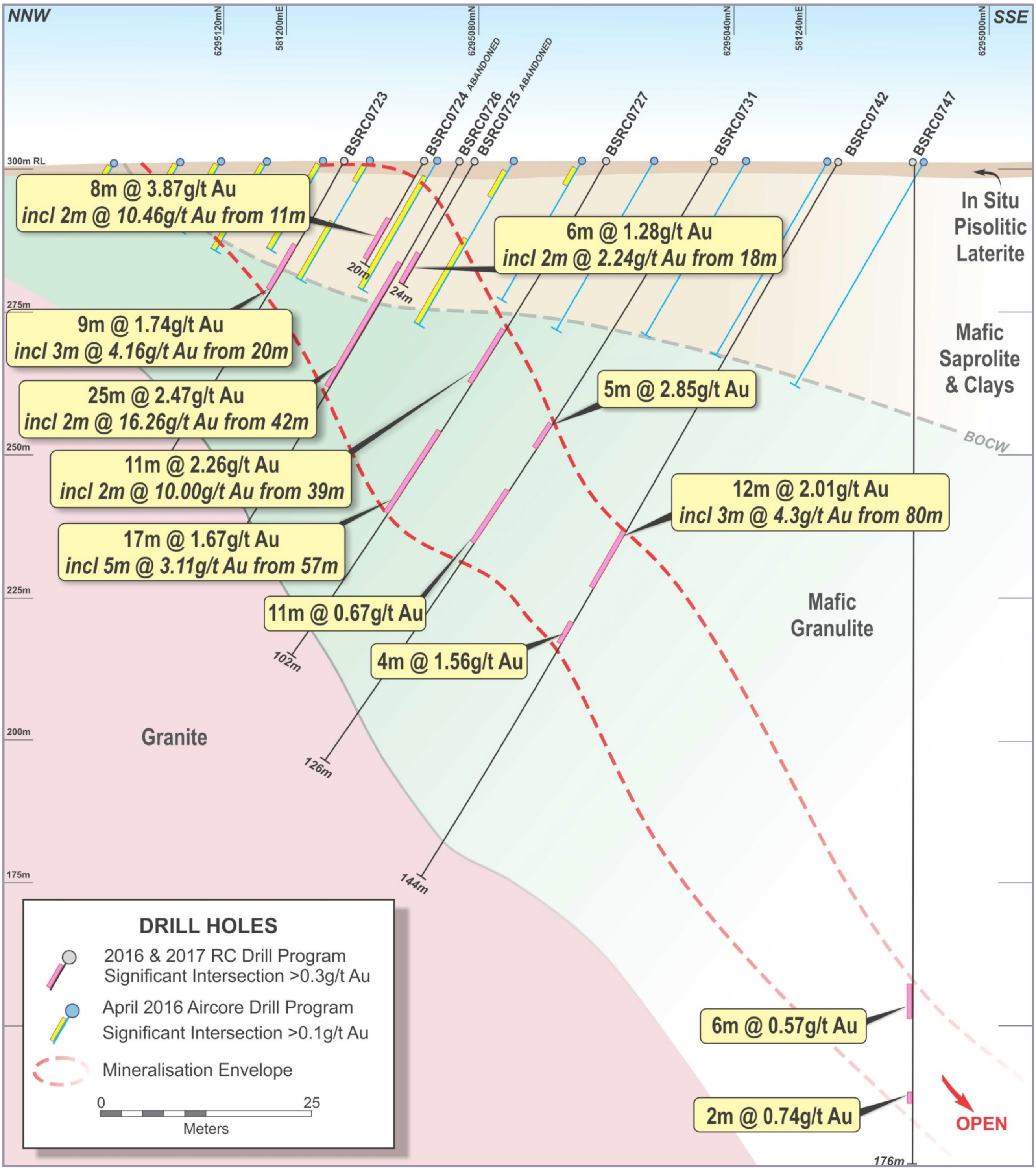

Figure 4 – Cross section of Datatine

AC

Ausgold drilled 140 shallow AC holes for 3,647m to the south and east of known Datatine mineralisation. Drilling tested two east-west striking geochemical anomalies located along folded mafic gneiss. Gold mineralisation intersected is associated with biotite-sericite-chlorite altered mafic granulites and quartz veining. The adjacent adamellite is not mineralised but has a similar spatial association to that seen at Jinkas. Gold mineralisation forms a coherent trend that warrants future drilling (Figure 5). Significant intercepts from the AC drilling campaign included:

- 4m @ 0.75 g/t Au from 4m in BSAC1462;
- 4m @ 0.27 g/t Au from 12m in BSAC1424; and
- 2m @ 0.31 g/t Au from 28m in BSAC1434.

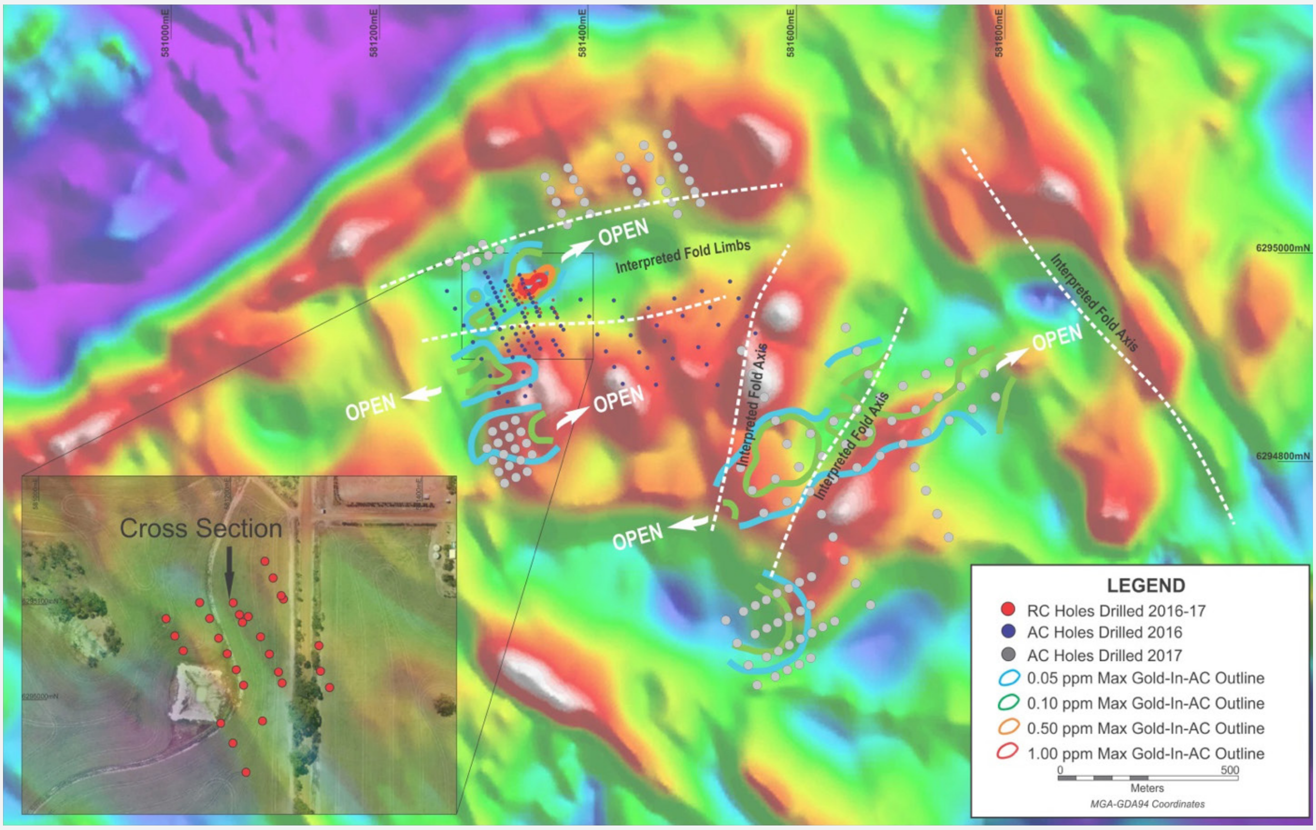

Figure 5 – Contouring of Au grade in AC drilling.

White Dam drilling

12 RC holes (1,716m) were drilled at White Dam targeting mineralisation both up and down plunge. White Dam consists of a series of easterly dipping sub-parallel lodes approximately 80m below the main Jinkas lode. Recent drilling targeted high-grade mineralisation (2m @ 20.49 g/t Au BSRC0708) that plunges shallowly to the north (Figure 6). Two drill holes intersected mineralisation a further 80m down plunge, confirming continuity.

Ausgold has identified the up-plunge extensions of mineralisation within 47m from surface in six drill holes. Recent drilling has extended the strike length of high grade mineralisation 124m down plunge and the mineralised lode by 555m both down plunge and up plunge towards surface. Further drilling will more tightly confine the shoot geometry and infill the medium-grade halo.

The current Mineral Resource for White Dam stands at 153,700 ounces at 1.33 g/t Au (developed in accordance with JORC 2012 Code, refer ASX Announcement: 3 August 2017 'Significant Increase to JORC Resource at Katanning Gold Project'). This is a significant increase to Resource ounces in addition to an increase in overall grade for the deposit.

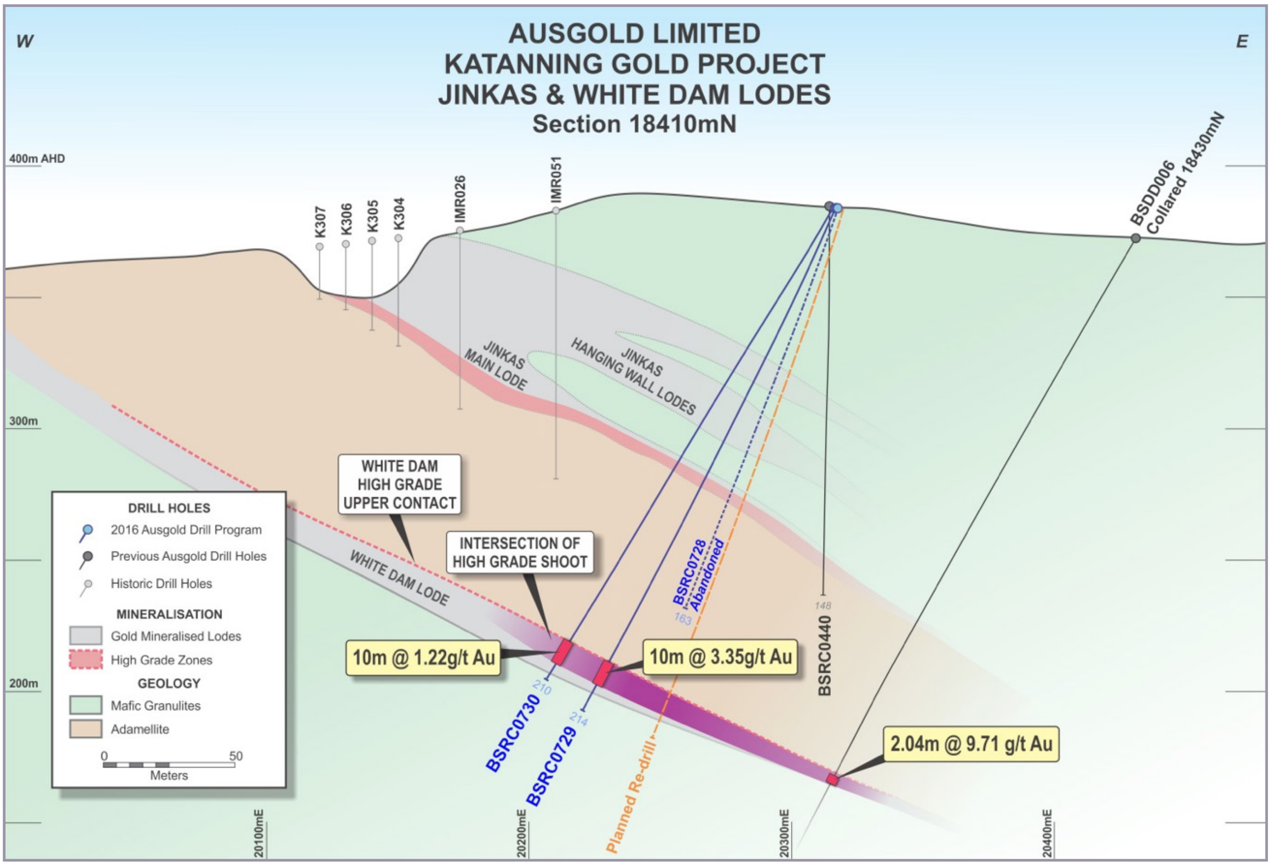

Figure 6 – White Dam mineralisation

Jinkas

The current Mineral Resource for Jinkas stands at 315,700 ounces of gold at 1.45 g/t Au (developed in accordance with JORC 2012 Code, refer ASX Announcement: 3 August 2017 'Significant Increase to JORC Resource at Katanning Gold Project'). This is a significant increase to Resource ounces in addition to an increase in overall grade for the deposit. An increase in contained gold of 47,400 ounces and an increase in grade of 0.04 g/t was primarily due to the inclusion of Jinkas South in the Resource, following validation through this year's drilling. Ausgold is encouraged by the results of drilling at Jinkas, which remains open at depth, down plunge and along strike.

Jinkas South

Jinkas South is the southern extension of the Jinkas Resource, identified in historical drilling. The historical drilling was done at a suboptimal azimuth, hitting mineralisation in a different direction to the majority of KGP drilling. Ausgold had previously not drilled in the prospect, rendering the assays and logging too uncertain for inclusion in the Resource model.

In 2017, Ausgold drilling intersected a zone of shallow mineralisation close to historical drilling, validating those results and allowing inclusion in the updated Resource model. Jinkas South drilling now includes recent drilling and 26 historical RC drill holes (2,791m), which intersect the extensions of Jinkas mineralisation. Significant intercepts from the Jinkas South drilling include:

- 15m @ 2.03 g/t from 25m in BSRC0720 (2017 FY Ausgold drilled) *including* 2m @ 7.57 g/t from 29m and 1m @ 9.24g/t Au from 25m;
- 8m @ 4.09 g/t from 115m in BRC11 *including* 1m @ 14.95 g/t from 116m;
- 20m @ 1.16 g/t from 125m in BRC29;
- 17m @ 1.29g/t from 113m in BRC22 *including* 3m @ 3.96 g/t from 115m;
- 8m @ 1.36 g/t from 111m in BRC36;
- 2m @ 4.54 g/t from 95m in BRC28 *including* 1m @ 8.62g/t from 95m; and
- 7m @ 1.25 g/t from 122m in BRC36 *including* 2m @ 3.34 g/t from 124m.

More drilling is planned for Jinkas South, as it represents a strong opportunity to add significant, near surface Resources ounces with minimal drilling. Jinkas South remains open and prospective for drilling at depth, up and down dip in all directions.

Fraser

The Fraser prospect is located between White Dam and Dingo and along the same mineralised trend. Two holes were drilled at Fraser to test the down-dip extent of mineralisation during 2017. Both showed continuation of low-to-medium grade mineralisation to the east, leaving the down-dip direction open for further drilling. Further, AC drilling performed in 2012 to the south of recent RC drilling shows the mineralised trend is continuous.

Jackson

Although no new drilling was completed at Jackson during financial year 2017, two holes drilled in early 2016 were included in the recent Resource update. Significant intercepts include 10m@2.06 g/t Au from 56m in BSRC0707.

Acquisition of new tenements

In June 2017 Ausgold signed an agreement with Chalice Gold Mines Limited (Chalice) to acquire four Exploration Licences covering an area of 461km^2 adjacent to the KGP (Figure 7). The project comprises mineral tenements E70/4863, E70/4864, E70/4865 and E70/4866. The inclusion of tenement E70/4866 gives Ausgold a single continuous package of land of over 120km long. Early stage work on the tenements acquired from Chalice has identified a number of promising targets in areas adjacent to the KGP.

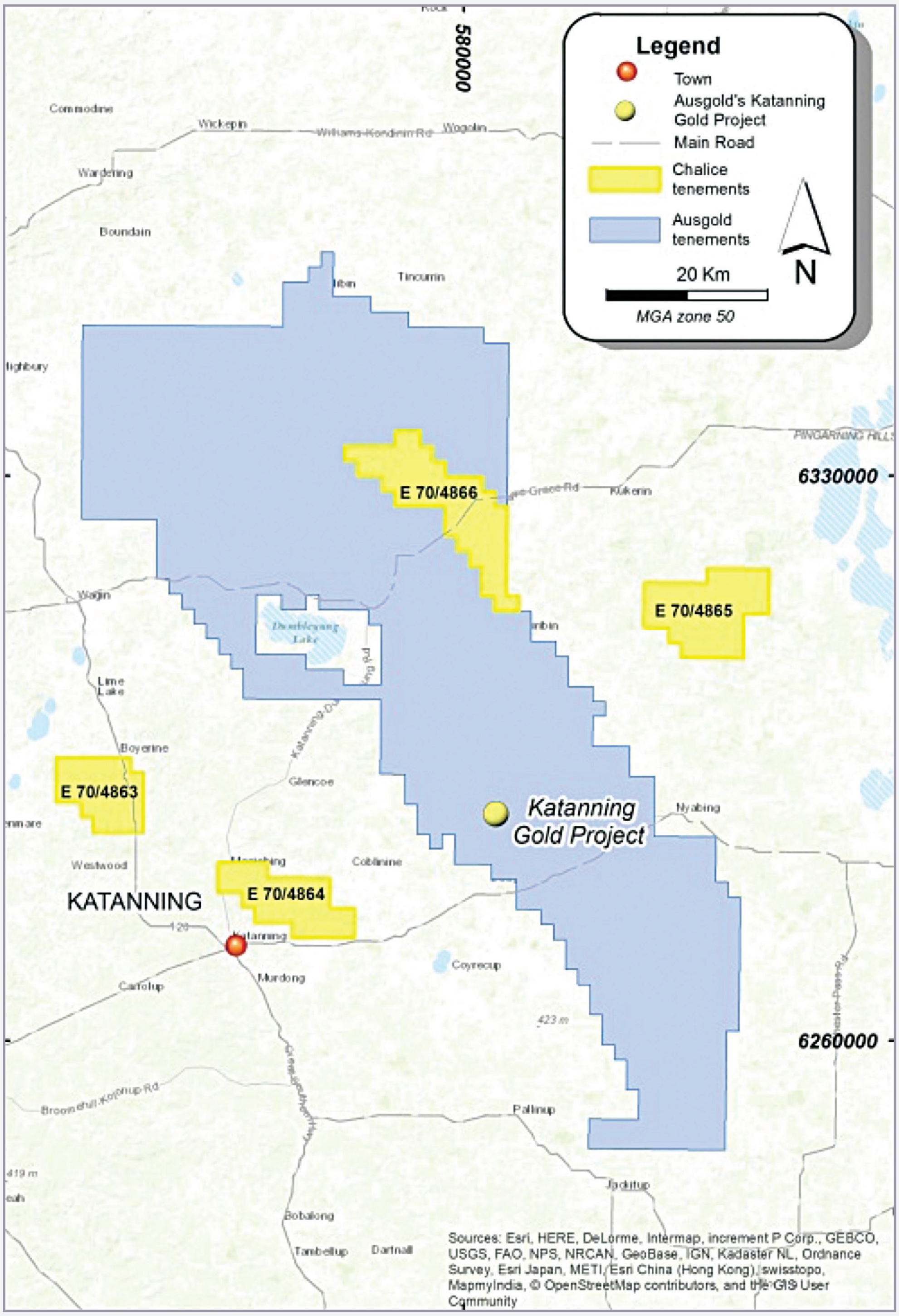

Figure 7 – Location of the Ausgold Mineral Tenements and those acquired from Chalice

Significant Increase to JORC Resource at Katanning Gold Project

Ausgold engaged SRK Consulting Pty Ltd ("SRK") to update the Mineral Resource estimation in accordance with the 2012 JORC Code. The updated Resource is based on an improved geological model supported by new drilling at Jinkas and White Dam, as well as historical drilling validated by recent drilling at Fraser and Jinkas South. Using this improved geological model, the Company has demonstrated continuity of mineralisation and significantly extended the Resource along strike (ASX Announcement: 25 July 2017 'Katanning Resource to Grow'). The upgraded Resource of 20.98 Mt at 1.17 g/t gold for 785,800 ounces (Table 1) is a 23% increase or 148,800 ounces on the previous Resource estimate (ASX Announcement: 21 October 2015 'Updated JORC Resource').

Table 1: KGP Mineral Resource Estimate 2017 prepared by SRK Consulting in accordance with JORC 2012 (ASX Release 3 August 2017).

Lode	Measured			Indicated			Inferred			Total		
	Tonnes (Mt)	Grade (g/t)	Koz	Tonnes (Mt)	Grade (g/t)	Koz	Tonnes (Mt)	Grade (g/t)	Koz	Tonnes (Mt)	Grade (g/t)	Koz
Jinkas	2.61	2.06	173.0	1.80	1.10	64.0	2.33	1.05	78.8	6.75	1.45	315.7
Jackson	0.44	1.22	17.0	3.58	1.05	120.0	0.69	0.71	16.0	4.70	1.01	153.2
White Dam	-	-	-	7.81	1.22	30.5	0.39	1.06	13.7	1.18	1.16	44.2
Fraser	-	-	-	0.17	0.93	5.0	1.2	0.76	29.2	1.37	0.78	34.3
Dingo	-	-	-	0.39	0.99	12.5	3.27	1.34	141.0	3.67	1.30	153.7
Lone Tree	-	-	-	-	-	-	3.31	0.80	84.7	3.31	0.80	84.7
Total	**3.05**	**1.94**	**190.0**	**6.73**	**1.07**	**232.4**	**11.20**	**1.01**	**363.3**	**20.98**	**1.17**	**785.8**

Note: The estimates are based on a 0.5 g/t Au cut-off applied to individual model cells located above 210 mRL and a minimum elevation of 275 mRL was used for Fraser

Ongoing Projects

Strategic review of exploration

In August 2017 Ausgold completed a strategic review of activities across its projects with a focus on exploration strategy and concepts. This review was conducted by Mr Brett Keillor, who is a highly experienced exploration geologist and former Chief Geologist with Independence Group NL.

The review has identified a number of coincident geochemical and geophysical anomalies evident across the Katanning region. Within the KGP the focus is to identify drill targets and develop resource areas along the three currently defined mineralised trends, namely the Jackson-Lone Tree, White Dam-Fraser-Dingo and the Olympia-Jinkas trends.

Regional exploration

Ausgold has a database of over 41,000 surface samples which include soil, stream sediment, auger and rock chip samples from the Katanning region (Figure 8). Ausgold has contracted consultant geochemist Dr Mark Pirlo to analyse this data and to assess the geochemical anomalies. This geochemical analysis will be combined with geophysics to map greenstones and prospective structures as part of a regional assessment of Ausgold's tenure.

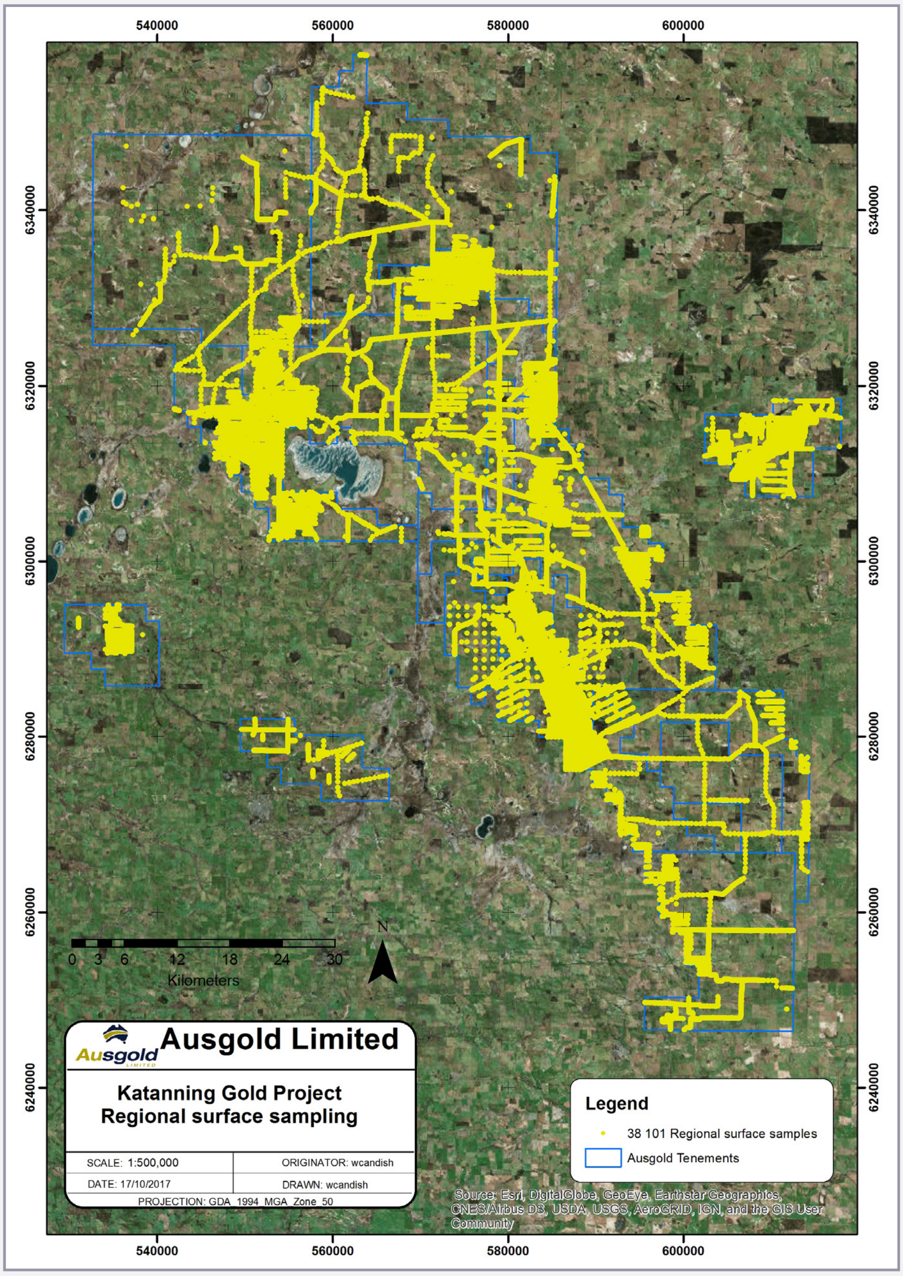

Figure 8 – Regional geochemical sampling

Doolgunna Station

WESTERN AUSTRALIA (AUC 100%)

Ausgold's Doolgunna Station Project covers 176km^2 and is prospective for both Archean Plutonic-style gold mineralisation and Volcanic Hosted Massive Sulphide copper-gold mineralisation.

Orogenic Gold Potential (Plutonic-Style)

Re-interpretation of aeromagnetic data collected by Ausgold in 2010 highlights north-east striking shear bounded structural corridors that are similar to those that host Plutonic-style mineralisation. The onsite assessment during July 2017 observed a strong correlation with the interpreted northeast 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 were common throughout the Archaean gneissic terrane. Panning of sediments from creek beds in this area returned particulate gold and highlighted the need for further exploration work in this area.

VHMS Copper-Gold Potential (Degrussa-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 2010, 20 September 2010 and 28 July 2017). Two horizons are considered to be 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 'Exploration Update – Doolgunna Station Project') has highlighted untested VTEM conductors (Figure 9) associated with the large magnetic and conductive body that lies within the Peak Hill Schists. Ausgold is planning a drill program to test currently identified copper anomalism and VTEM targets.

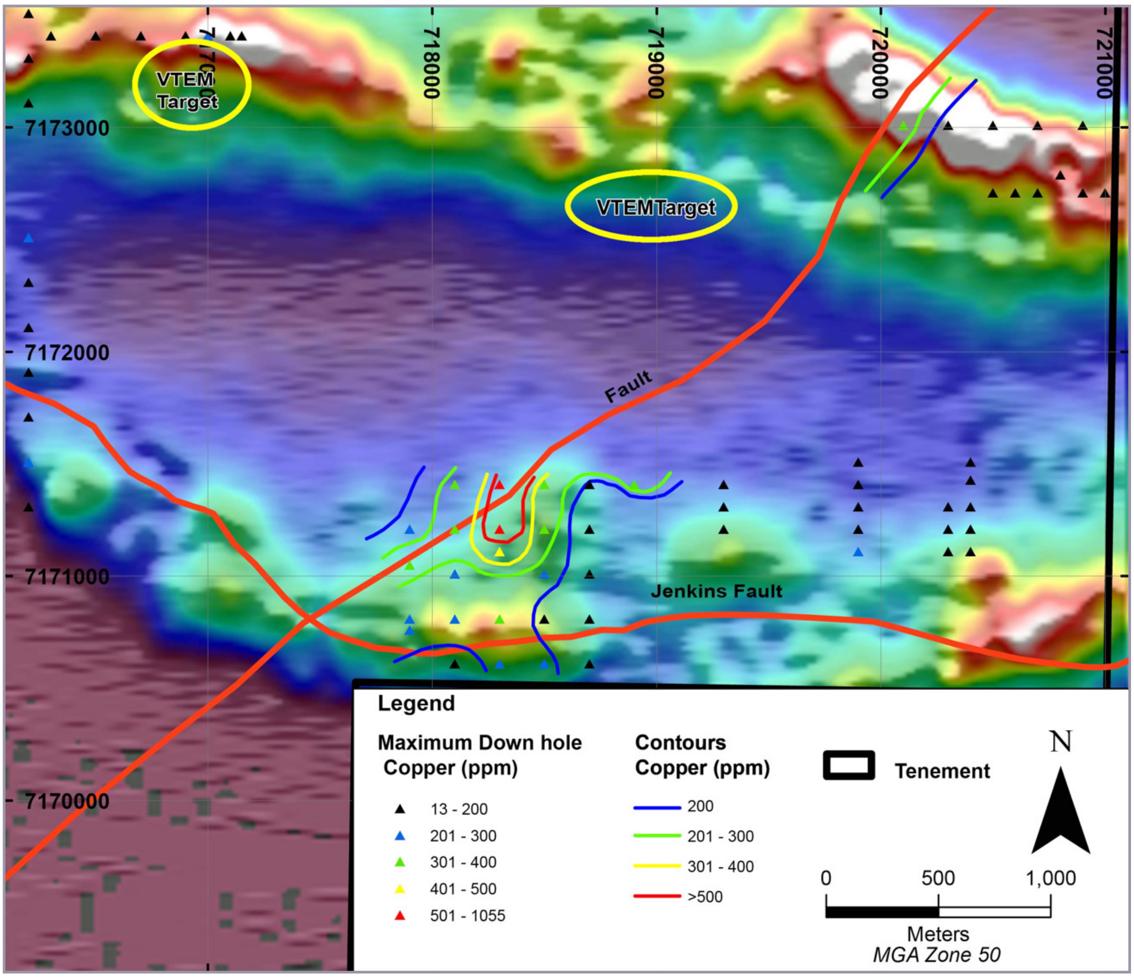

Figure 9 – VTEM targes at Doolgunna Station

Yamarna Project

WESTERN AUSTRALIA (AUC 100%)

The Yamarna Project is located approximately 125 kilometres north-east of Laverton in central Western Australia. The ELs comprise approximately 300km^2 of prospective ground over the eastern-most Yamarna Archaean greenstone belt of the Yilgarn Craton.

Copper and nickel sulphide mineralisation was discovered by Ausgold at the Winchester prospect when a number of electromagnetics (EM) geophysical anomalies were tested by RC drilling. 19 EM targets have been identified across the prospects, with RC drilling at the Winchester prospect intercepting significant Cu and Ni in drill hole YMRC003 and returning 31m @ 0.58% Cu and 0.35% Ni from 29m.

- 31m @ 0.58% Cu, & 0.35% Ni (From 29m);
- 21m @ 0.63% Cu, 0.20% Ni and 0.02% Co (from 88m); and
- 28m @ 0.50% Cu, 0.21% Ni and 0.02% Co (from 99m).

Additionally, significant historical AC drilling has yielded:

- 48m @ 0.63% Cu and 0.27% Ni, including 9m @ 1.09% Cu and 0.36% Ni; and
- 39m @ 0.39% Cu and 0.15% Ni.

The technical review led to the identification of nine Ni-Cu-Co, four PGE and 15 gold targets as shown in Figure 10. In addition, a series of prioritised target areas for Cu-Ni, PGEs and gold have been highlighted for follow-up.

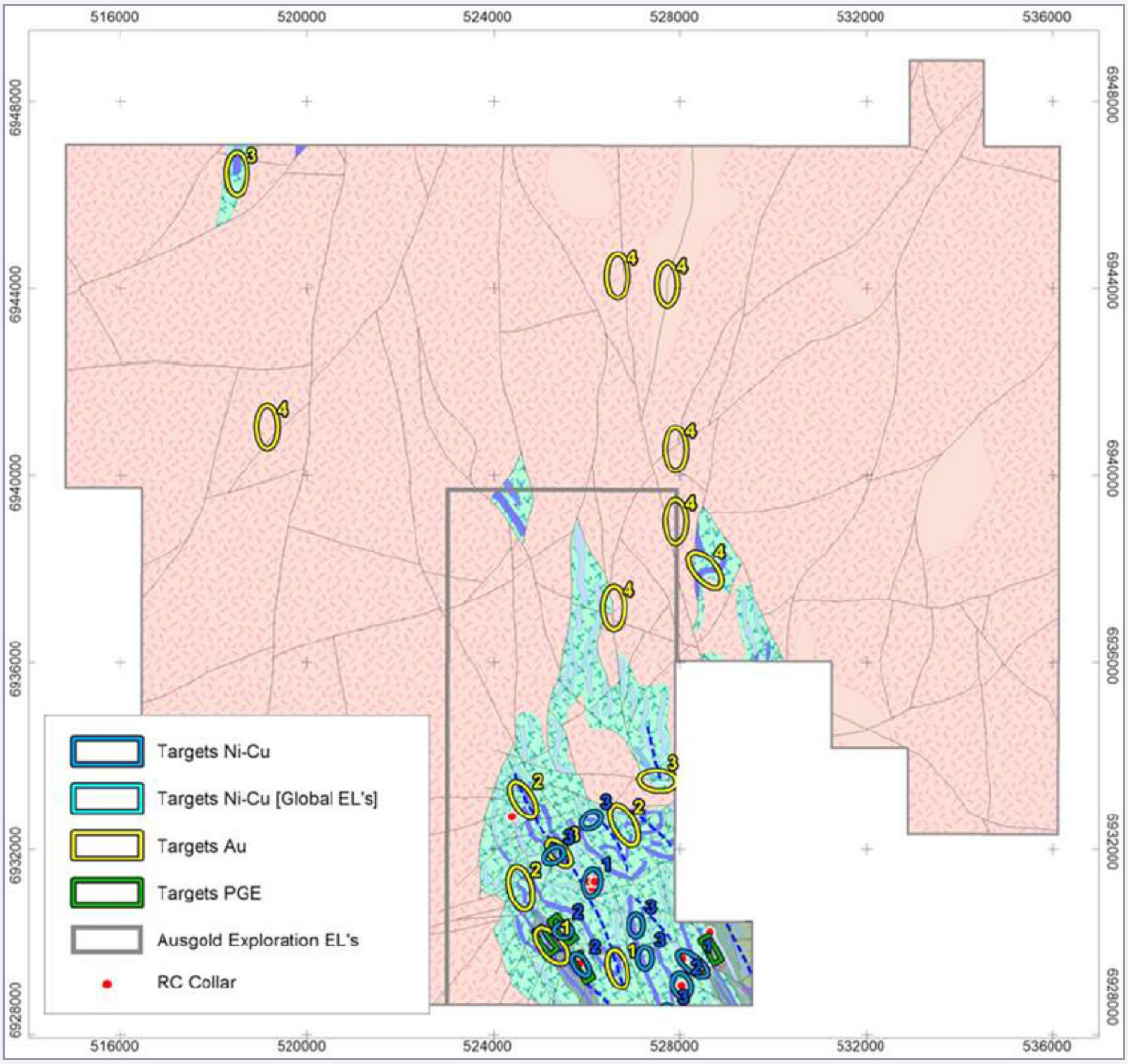

Figure 10 – Combined targets across the Yamarna Project.

Cracow

QUEENSLAND (AUC 100%)

Ausgold holds tenement EPM17054 over approximately 202km^2 in the Cracow region, approximately 375km north-west of Brisbane (Figure 11). The tenement covers extensive areas of the prospective Camboon Volcanics, which host Evolution Mining Limited's high-grade epithermal one million plus ounce Cracow gold system. Exploration to date on Ausgold's Cracow landholding has included geological mapping, stream sediment sampling and soil geochemical sampling of target areas.

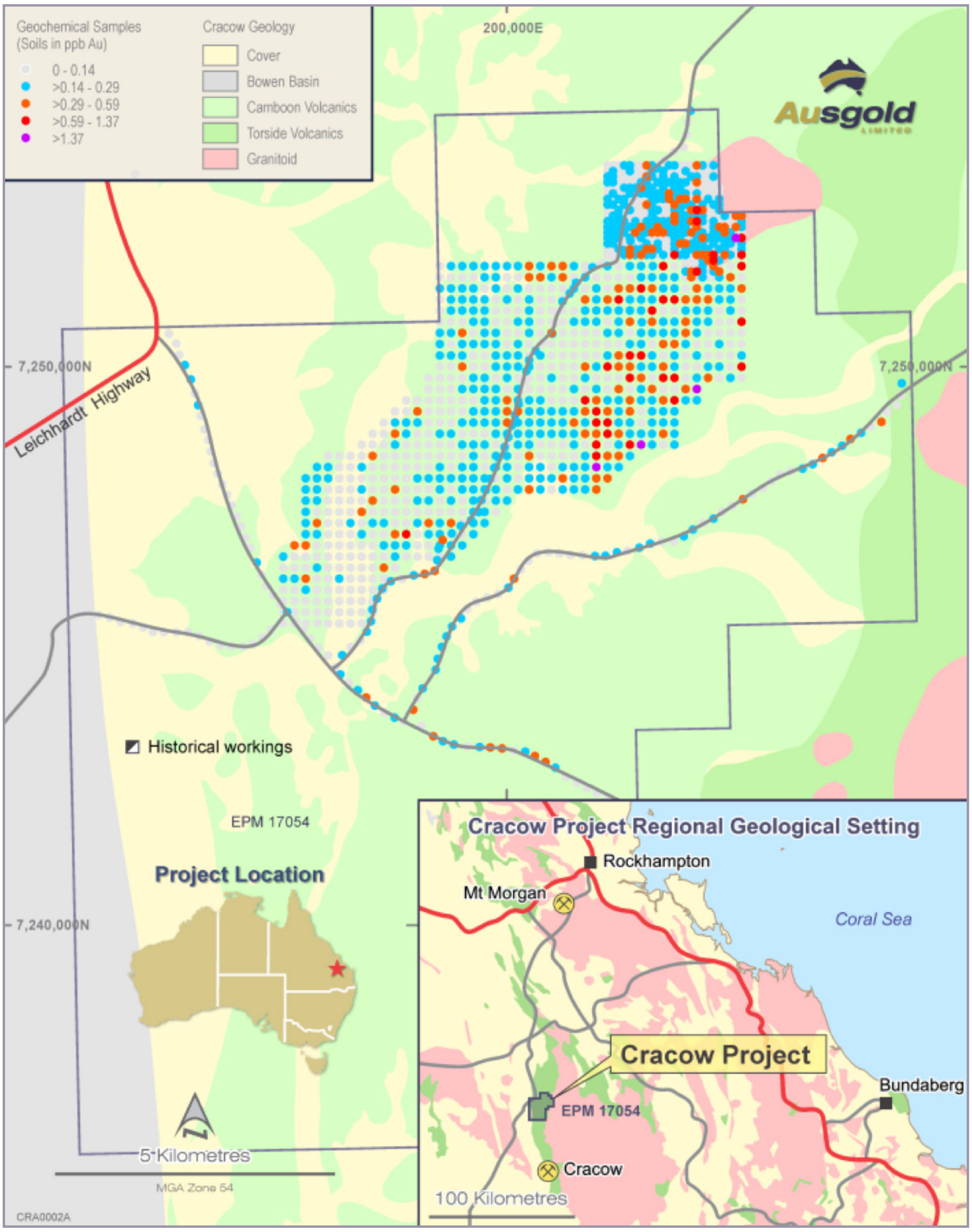

Figure 11 – Cracow tenement plan and surface sampling.

The Company is currently conducting a study using hyperspectral ASTER imagery to identify and map alteration zones within the Camboon Volcanics to highlight areas of higher prospectivity. Follow-up field work involving sample collection for spectral analysis to corroborate the ASTER data is planned for the immediate future.

Ausgold's Forward Strategy

Ausgold's exploration two-fold strategy focuses on growth of the Mineral Resource through systematic exploration and evaluation of untested exploration potential within 17km of defined Resources and testing of regional targets within the KGP.

RESOURCE GROWTH

Gold mineralisation at the KGP is identified along three parallel trends which extend from Datatine in the north to Lukin in the south (Figure 12). The improved geological understanding of the gold mineralisation at the KGP has enabled Ausgold to identify drill targets adjacent to and along strike from existing Resources which will be the focus of exploration work for the remainder of 2017 and into 2018. Planned drilling will target coincident geophysical (VTEM and aeromagnetic) and geochemical anomalies aimed to significantly increase the currently defined Resources.

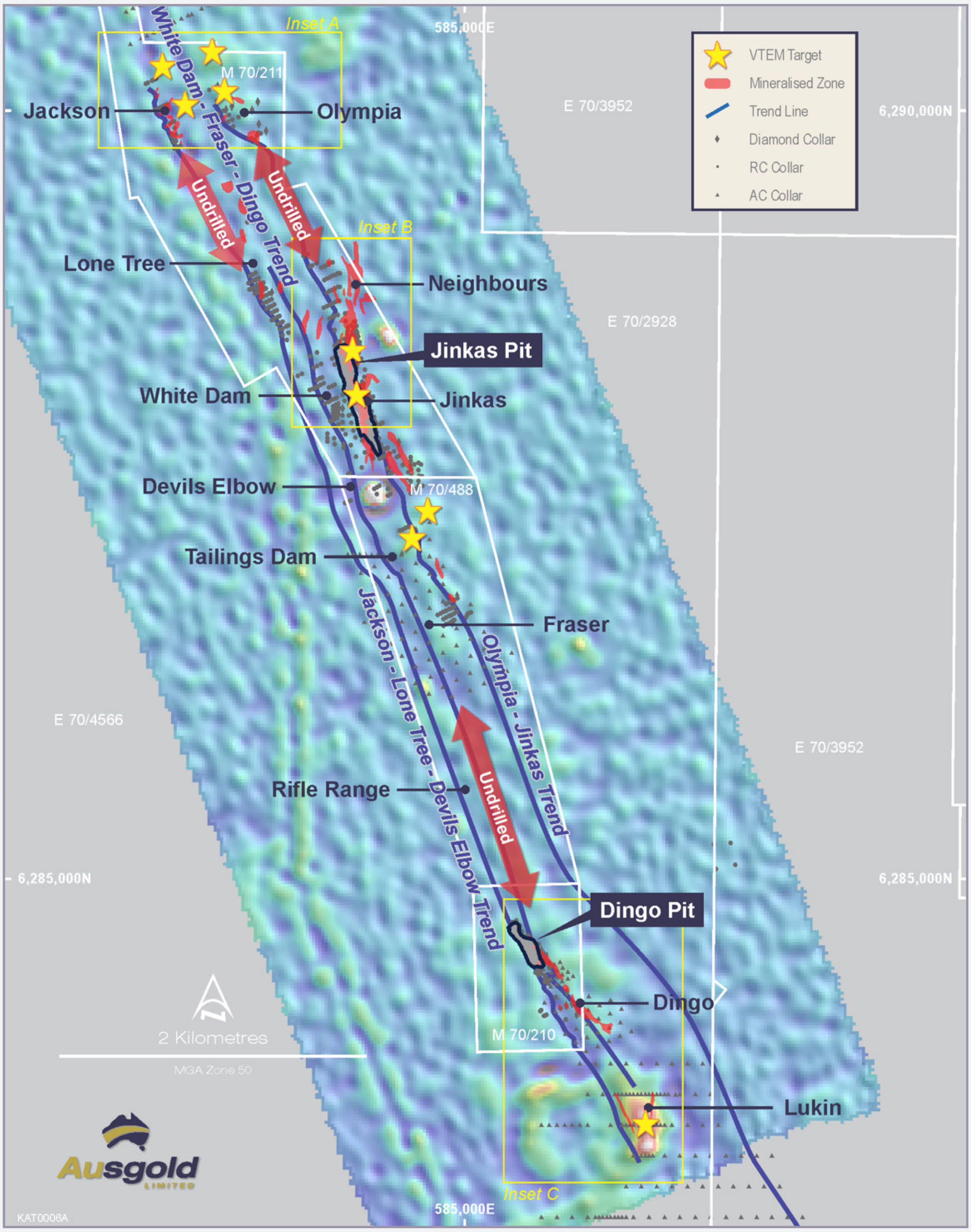

Figure 12 – Katanning Mine Corridor mineralised trends.

KATANNING REGIONAL EXPLORATION

Ausgold holds a contiguous ground position of over 4,031km^2 within the South West Yilgarn Craton. The Company's focus is to advance its exploration regionally using low-cost methods and where possible to leverage off existing data. Ausgold has commenced an exploration targeting program using its database of over 41,000 geochemical samples and has already highlighted three areas of geochemical anomalism and will be shortly commencing a ground gravity survey which will be used to locate greenstone belts and major structures which are controls on gold mineralisation.

The funding received from the share placement and rights issue (ASX Announcement 10 October 2017 'Ausgold to raise up to 3.9 million dollars for KPG') will fund the Company's exploration drilling programme at the KGP and the regional exploration. This funding will also enable the Company to progress other projects at Doolgunna and Yamarna in Western Australia and Cracow in Queensland.

Competent Person's Statement

The information in this statement that relates to the Mineral Resource Estimates is based on work done by Mr Rod Brown of SRK Consulting (Australasia) Pty Ltd and Dr Matthew Greentree of Ausgold Limited. Dr Greentree is Chief Executive Officer 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. Mr Brown takes responsibility for the Mineral Resource estimate. Mr Brown and Dr Greentree 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 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.

Directors' Report

The Directors present their report together with the financial statements, on the consolidated entity consisting of Ausgold Limited and the entity it controlled for the financial year ended 30 June 2017. Ausgold Limited ("Ausgold" or "the Company") and its controlled entity (collectively known as "the Group" or "consolidated entity") are domiciled in Australia.

PRINCIPAL ACTIVITIES

The consolidated entity's principal activities during the course of the financial year were the exploration for gold and other precious metals.

DIRECTORS

The Directors of the Company during or since the end of the financial year are:

Name	Period of Directorship
Mr Richard Lockwood Non-Executive Chairman	Director since 12 November 2010
Mr Denis Rakich Executive Director & Company Secretary	Director since 31 January 2013
Mr Neil Fearis Non-Executive Director	Director since 15 April 2016
Mr Geoffrey Jones Non-Executive Director	Appointed on 29 July 2016

The qualifications, experience and special responsibilities of the Directors of the Company during or since the end of the financial year are:

Richard Lockwood

Non-Executive Chairman

Mr Lockwood has forged a successful career in funds management and mining investment and was the founder of New City Investment Management, one of its five quoted investment trusts he ran was the specialist Geiger Counter Limited Uranium Fund. Mr Lockwood was formerly a Director of AIM-listed Kalahari Minerals Limited which was acquired by CGNPC Uranium Resources Co. Ltd. Formerly a mining investment partner for Hoare Govett and McIntosh Securities he was involved in the development and financing of several gold and base metals projects in Europe, Australia and Africa. Mr Lockwood's intimate knowledge and experience in the mining and uranium industries is an asset to the Company during its current growth phase.

During the last 3 years, Mr Lockwood has served on the boards of the following public listed companies:

- Peninsula Energy Ltd (resigned 28 March 2017)
- A-Cap Resources Ltd (resigned June 2015)
- Praetorian Resources Ltd (resigned June 2015)

Denis Rakich

Executive Director & Company Secretary

Mr Rakich is an Accountant and Company Secretary with extensive knowledge and experience within the mineral production and exploration industries. He has served as a Director and Company Secretary for several other ASX-listed companies within the resources sector.

During the last 3 years, Mr Rakich has served on the board of the following public listed company:

- Samson Oil & Gas Limited (present)

Mr Neil Fearis

Non-Executive Director

Mr Fearis is a corporate and commercial lawyer specialising in mergers and acquisitions, capital raisings and corporate reconstructions, with a particular focus on the mining and resources sector. He has been in practice for 40 years and worked as a lawyer in London, Sydney and Perth. Prior to studying law, Mr Fearis spent several years engaged in mineral exploration in both Australia and southern Africa and as a result has a good understanding of the practical issues facing companies developing resource projects in remote locations, both in Australia and overseas.

During the last 3 years Mr Fearis has served on the boards of the following public listed companies:

- Golden Cross Resources Limited (present)
- Jacka Resources Limited (present)
- Samson Oil & Gas Limited (resigned January 2016)
- Tiger Resources Limited (resigned December 2015)

Mr Geoffrey Jones

Non-Executive Director

Mr Jones is a Civil Engineer with over 30 years' experience in construction, engineering, mineral processing and project development in Australia and overseas. He previously worked for Baulderstone Hornibrook, John Holland, Minproc Engineers and Signet Engineering before serving over six years as Group Project Engineer for Resolute Mining Limited, where he was responsible for the development of its mining projects in Australia, Ghana and Tanzania. Mr Jones also founded a project management and engineering consultancy concentrating on the management of projects for ASX listed companies in the resources sector. Mr Jones is currently the Managing Director for GR Engineering Services Limited.

During the last 3 years, Mr Jones has served on the boards of the following public listed companies:

- GR Engineering Services Limited (present)
- Marindi Metals Limited (present)
- Azumah Resources Limited (present)
- Energy Metals Limited (resigned February 2017)

MANAGEMENT

Dr Matthew Greentree

Chief Executive Officer

Dr Greentree has over 19 years of experience in mineral exploration and mining working for Sons of Gwalia, Anglo American and SRK Consulting Pty Ltd. He is a highly experienced geologist having worked on more than 60 mineral projects in Australia and overseas. Dr Greentree has expertise in structural geology, exploration targeting and managing multidisciplinary studies. He is a member of the Australian Institute for Mining and Metallurgy (AusIMM) and the Australian Institute of Geoscientists (AIG), he is Chair of the AIG Western Australian Branch Committee and a member of the VALMIN Committee. Dr Greentree is an Adjunct Research Fellow at the Centre for Exploration Targeting at the University of Western Australia. He holds two degrees, a Bachelor of Science (Hons) in Geology from Macquarie University and a Ph.D. in Geology from the University of Western Australia.

DIRECTORS' MEETINGS

The number of meetings of the Board of Directors held during the financial year ended 30 June 2017 and the number attended by each director are as follows:

	Board of Directors	
Director	Held	Attended
R Lockwood	6	6
D Rakich	6	6
N Fearis	6	5
G Jones[1]	6	5

Note 1: Mr Jones was appointed Non-Executive Director on 29 July 2016.

In addition to these formal meetings, during the year the Directors considered and passed 6 circular resolutions pursuant to clause 72 of the Company's Constitution. No formal meetings of the Audit and Risk Committee or the Remuneration and Nominations Committee were held during the year ended 30 June 2017 as its members elected to address matters for consideration within the context of meetings of the full Board of Directors.

DIVIDENDS

No dividends have been declared or paid since the end of the previous financial year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

It is the objective of the Company to continue to explore for gold at the Katanning Gold Project in Western Australia, with a view to increasing the overall size of the geological resource, whilst at the same time, exploring for gold and other precious metals in other parts of Australia.

OPTIONS

Unlisted options issued during financial year ended 30 June 2017

Number of ordinary shares under options[1]	Exercise price	Expiry date
16,000,000	$0.08	30 November 2020
10,000,000	$0.0525	9 February 2020
5,440,000	$0.05	30 March 2019
31,440,000	**Total**	

Note 1: Options were issued for nil consideration.

Unlisted options lapsed during financial year ended 30 June 2017

Number of ordinary shares under options	Exercise price	Expiry date
14,000,000	$0.09	31 January 2017
14,000,000	**Total**	

Total options on issue at the date of this report

Number of ordinary shares under option	Grant date	Exercise price	Expiry date
2,900,000	23 April 2015	$0.07	31 December 2017
9,579,235	11 December 2015	$0.08	30 November 2019
16,000,000	11 November 2016	$0.08	30 November 2020
10,000,000	9 February 2017	$0.0525	6 February 2020
5,440,000	2 May 2017	$0.05	30 March 2019
5,000,000	3 August 2017	$0.06	31 July 2020
5,000,000	3 August 2017	$0.08	31 July 2020
600,000	3 August 2017	$0.05	30 March 2019
2,500,000	10 August 2017	$0.0525	6 February 2020
10,000,000	14 September 2017	$0.035	13 September 2019
67,019,235	**Total**		

Options exercised subsequent to reporting date

No options have been exercised subsequent to reporting date.

ENVIRONMENTAL REGULATIONS

The consolidated entity's exploration activities are governed by a range of environmental legislation. To the best of the Directors' knowledge, the Group has adequate systems in place to ensure compliance with the requirements of the applicable environmental legislation and is not aware of any material breach of those requirements during the financial year and up to the date of this report.

EVENTS SUBSEQUENT TO REPORTING DATE

On 6 June 2017, Ausgold announced a placement of 40,000,000 shares at an issue price of 2.5 cents per share to Chalice Gold Mines Limited ("Chalice").

Simultaneously, Ausgold agreed to acquire from Chalice the Dumbleyung Project, consisting of E70/4863, E70/4864, E70/4865 and E70/4866 in consideration of the issue to Chalice of 15,000,000 shares together and 10,000,0000 options exercisable at a price of 3.5 cents each, expiring 2 years after the date of grant. The shares are subject to an escrow period of 12 months from the date of issue. Chalice will retain 2% net smelter royalty over the mineral tenements. The issue of these shares and options was approved at a meeting of shareholders held on 3 August 2017. The shares and options were issued on 14 September 2017.

On 3 August 2017, Ausgold upgraded its Mineral Resource Estimate for the Company's 100% owned Katanning Gold Project. The new Resource of 20.98Mt at 1.17g/t gold for 785,800 ounces is a 23% increase from the previous Resource Estimate.

On 4 September 2017, Ausgold was successful in securing a $150,000 grant through the Western Australian Government's Exploration Incentive Scheme. The application was for exploration license E70/2928 which provides for up to 50% of the cost of innovative exploration drilling projects, with funding capped at $150,000.

Other than the above, no matter or circumstance has arisen as at the date of this report that has significantly affected, or may have significantly affected the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

REVIEW OF OPERATIONS

Exploration

On September 2016, Ausgold commenced a high resolution magnetic survey across a 45km x 30km central zone of the Katanning Gold Project ("KGP") covering approximately one third of the KGP tenure, including the mine corridor. The new dataset was to provide Ausgold with additional structural information and aid in the identification of new prospects for further testing.

Ausgold also completed a wide-spaced 200 x 400 m soil sampling program across the Doolgunna tenement in October 2016. 221 samples were taken across multiple geophysical anomalies.

Drilling programs were also carried out between the periods October 2016 to April 2017. The drilling programs were primarily focussed on the Datatine, Fraser and White Dam prospects. A total of 43 reverse circulation holes and 140 air core holes were drilled during the period.

Targeted drilling was based on the updated exploration model completed, where drilling intercepted the high grade shoots as predicted by the new geological model. This new drilling supported Ausgold's Katanning exploration model and has resulted in an overall high grade for the White Dam Resource.

Dr Matthew Greentree was appointed Chief Executive Officer on 10 April 2017. Dr Greentree is a highly experienced geologist with expertise in structural geology, exploration targeting in greenfield and brownfield environments, managing multidisciplinary studies and the evaluation of mineral projects.

Financial

The Group recorded a consolidated loss of $2,672,990 (2016: $4,345,866) for the financial year ended 30 June 2017. At 30 June 2017, the Group had $602,829 (2016: $120,616) in cash and cash equivalents.

The Directors have prepared a cash flow forecast for the next 12 month period reflecting the need for further funding. While the Directors are reasonably confident this will occur, the timing and extent of any additional funding is always uncertain.

INDEMNIFICATION OF DIRECTORS

Indemnification

The Company has agreed to indemnify the current Directors and Officers of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their designated position in the Company, except where the liability arises out of conduct involving a lack of good faith or breach of duty.

The agreement stipulates that the Company will meet to the maximum extent permitted by law, the amount of any such liabilities, including costs and expenses.

Insurance premiums

The Company paid a premium during the year in respect of a Director and Officer liability insurance policy, insuring the Directors of the Company, the Company Secretary, and all executives of the Company against a liability incurred in that capacity to the extent permitted by the Corporations Act 2001.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for the conduct of all or part of those proceedings

Remuneration Report (Audited)

The Directors of Ausgold Limited ("Ausgold" or "the Company") present this Remuneration Report prepared in accordance with the requirements of the Corporations Act 2001 on the Company and its controlled entity ("collectively known as "the Group" or "consolidated entity") for the financial year ended 30 June 2017.

For the purposes of this report, key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of the Company. This Remuneration Report forms part of the Directors' Report.

OVERVIEW

Remuneration levels are set with the objective of attracting and retaining the most qualified and experienced candidates. This Remuneration Report:

- explains the Board's policies relating to remuneration of key management personnel;
- discusses the relationship between these policies and the Company's performance; and
- sets out remuneration details for each key management personnel.

The Board is responsible for determining and reviewing remuneration arrangements for its Directors and executives. The performance of the consolidated entity depends on the quality of its Directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The remuneration strategy for the executives comprise a fixed cash component and, where applicable, superannuation contributions, a potential merit based performance bonus and the issue of options or other share-based incentives in the Company which is intended to provide competitive rewards to attract high calibre executives. The issue of performance bonuses and options, whilst not dependent on the performance of the Company, are aligned with the ongoing performance assessment of the incumbent management team, following review and assessment by the Board of Directors. Like the executives, Executive Directors may receive a fixed cash component and if warranted, performance bonuses and issuance of options. The purpose of the issuance of options to the Executive Directors (which would require the prior approval of shareholders) is to align their interests with those of the shareholders and to provide sufficient incentives to continue their efforts for the benefit of the Company.

The fees paid to Non-Executive Directors are set at levels which reflect both the responsibilities of, and the time commitments required from each Non-Executive Director to discharge their duties and are not linked to the performance of the Company. Non-Executive Directors' fees are set by the Board within the maximum aggregate amount of fees approved by shareholders at a general meeting. The Non-Executive Directors' maximum aggregate cash fee pool is currently $120,000.

Criteria used to determine potential merit based performance bonus for the executives, during the exploration phase may include establishing key objectives for each executive and measuring performance against these objectives. There are no specific performance based key financial indicators set at present and bonuses and/or options are at the discretion of the Board. The Board reviews the performance of the executives and makes a recommendation to the Directors based on this review.

Options are also offered to employees at the discretion of the Board. Performance criteria are one of several elements utilised by the Board in assessing the issue of options to employees. Length of service with the Company, past and potential contribution of the person to the Group is also considered when awarding options to employees. The issuance of options is not linked to the performance of the Company. As an exploration company, the Board does not consider the net loss attributable to shareholders as one of the performance indicators when determining whether to issue options to employees. There is no Board policy in relation to limiting the recipient exposure to risk in relation to securities.

The table below sets out summary information about the movements in shareholder wealth for the following financial periods:

	2017	2016	2015	2014	2013
Revenue ($'000)	100	4	15	17	63
Net loss before tax ($'000)	(2,673)	(4,346)	(1,091)	(3,456)	(8,291)
Net loss after tax ($'000)	(2,673)	(4,346)	(1,091)	(3,456)	(8,291)
Share price at start of the year ($)	$0.052	$0.04	$0.05	$0.02	$0.41
Share price at end of the year ($)	$0.025	$0.05	$0.04	$0.05	$0.02
Dividends ($)	-	-	-	-	-
Basic loss per share (cents)	(0.78)	(1.55)	(0.46)	(1.90)	(5.55)
Diluted loss per share (cents)	n/a	n/a	n/a	n/a	n/a

KEY MANAGEMENT PERSONNEL

The following persons acted as key management personnel of the Company during or since the end of the financial year:

- Mr Richard Lockwood (Non-Executive Chairman)
- Mr Denis Rakich (Executive Director & Company Secretary)
- Mr Neil Fearis (Non-Executive Director)
- Mr Geoffrey Jones (Non-Executive Director); Appointed on 29 July 2016
- Dr Matthew Greentree (Chief Executive Officer); Appointed on 10 April 2017

REMUNERATION OF KEY MANAGEMENT PERSONNEL

The table below shows the fixed and variable remuneration for key management personnel for the financial year ended 30 June 2017:

2017	Short-term benefits			Long-term benefits	Post-employment benefits	Share-based payment	Total
	Cash salary & fees	Annual leave[6]	Other fees[7]	Long service leave[8]	Superannuation	Options	
Directors							
R Lockwood[1]	-	-	$1,649	-	-	$88,598	**$90,247**
D Rakich[2]	$144,000	$2,234	$1,649	$1,575	$14,322	$88,598	**$252,378**
N Fearis[3]	$37,500	-	$1,649	-	-	$88,598	**$127,747**
G Jones[4]	$18,334	-	$1,649	-	1,741	$88,598	**$110,322**
Management							
M Greentree[5]	$42,828	$3,283	$1,649	$711	$4,050	$82,572	**$135,093**
Total	**$242,662**	**$5,517**	**$8,245**	**$2,286**	**$20,113**	**$436,964**	**$715,787**

Note 1: No Directors' fees were paid to Mr Lockwood between the periods 1 July 2016 to 30 June 2017.

Note 2: The salary relates to the Executive Director's duties which include the provision of company secretarial services. $26,216 remained owing to Mr Rakich as at 30 June 2017.

Note 3: Director's fees of $20,833 remained owing to Mr Fearis as at 30 June 2017.

Note 4: Mr Jones was appointed Non-Executive Director on 29 July 2016. Director's fees of $3,650 remained owing to Mr Jones as at 30 June 2017.

Note 5: Dr Greentree was appointed Chief Executive Officer of Ausgold on 10 April 2017. 10,000,000 options are part of Dr Greentree's remuneration package. The options were agreed to be issued at the execution of his service agreement. The options were issued on 10 August 2017 following shareholder approval on 3 August 2017. $17,538 remained owing to Dr Greentree as at 30 June 2017.

Note 6: Annual leave relates to movements in annual leave provision during the year and annual leave payment made.

Note 7: Other fees include the attributable non-cash benefit applied by virtue of the Company's Directors and Officers Liability policy.

Note 8: Long service leave relates to movements in long service leave provision during the year.

The table below shows the fixed and variable remuneration for key management personnel for the financial year ended 30 June 2016:

2016	Short-term benefits			Long-term benefits	Post-employment benefits	Share-based payment	Total
	Cash salary & fees	Annual leave[7]	Other fees[8]	Long service leave[9]	Superannuation	Options	
Directors							
R Pett[1]	-	-	$2,243	-	-	-	**$2,243**
R Lockwood[2]	-	-	$2,244	-	-	$105,140	**$107,384**
D Rakich[3]	$144,000	$9,265	$2,244	$2,740	$13,300	$105,140	**$276,689**
S Thomas[4]	$57,750	-	$2,244	-	-	$105,140	**$165,134**
N Fearis[5]	$9,167	-	$2,243	-	-	-	**$11,410**
G Jones[6]	-	-	-	-	-	-	**-**
Total	**$210,917**	**$9,265**	**$11,218**	**$2,740**	**$13,300**	**$315,420**	**$562,860**

Note 1: No Directors' fees were paid to Mr Pett between the periods 1 July 2015 to 30 June 2016. Mr Pett resigned on 2 September 2015.

Note 2: No Directors' fees were paid to Mr Lockwood between the periods 1 July 2015 to 30 June 2016.

Note 3: The salary relates to Executive Director's duties which include the provision of Company Secretarial services.

Note 4: Mr Thomas resigned on 15 April 2016.

Note 5: Mr Fearis was appointed on 15 April 2016.

Note 6: Mr Jones was appointed on 29 July 2016. No fees were due to Mr Jones at 30 June 2016.

Note 7: Annual leave relates to movements in annual leave provision during the year.

Note 8: Other fees include the attributable non-cash benefit applied by virtue of the Company's Directors and Officers Liability policy.

Note 9: Long service leave relates to movements in long service leave provision during the year.

Options are offered to key management personnel having regard, among other things, to the length of service with the Group, and the past and potential contribution of the person to the Group. The issuance of the options is not linked to the performance of the Company.

The following options were issued to the key management personnel for nil consideration during the financial year:

Name	Options issued	Grant date	Expiry date	Exercise price	Fair value at grant date	Total Value
Directors						
R Lockwood[1]	4,000,000	11 November 2016	30 November 2020	$0.08	$0.0221	$88,598
D Rakich[1]	4,000,000	11 November 2016	30 November 2020	$0.08	$0.0221	$88,598
N Fearis[1]	4,000,000	11 November 2016	30 November 2020	$0.08	$0.0221	$88,598
G Jones[1]	4,000,000	11 November 2016	30 November 2020	$0.08	$0.0221	$88,598
Management						
M Greentree[2]	5,000,000	3 August 2017	31 July 2020	$0.06	$0.0149	$74,389
M Greentree[2]	5,000,000	3 August 2017	31 July 2020	$0.08	$0.0132	$66,214
Total	**26,000,000**					**$494,995**

Note 1: Shareholder approval was obtained on 11 November 2016. The options issued were intended to align the directors' interests with those of the shareholders and to provide the directors with incentives to continue their efforts for the benefit of the Group.

Note 2: Dr Greentree was appointed Chief Executive Officer of Ausgold on 10 April 2017. 10,000,000 options are part of Dr Greentree's remuneration package. The options were agreed to be issued at the execution of his service agreement and were on 10 August 2017 following shareholder approval on 3 August 2017.

The proportion of performance-based remuneration to fixed proportion is as follows:

Name	Fixed remuneration		Performance based remuneration		% consisting of options	
	2017 %	2016 %	2017 %	2016 %	2017 %	2016 %
Directors						
R Lockwood	-	-	-	-	98%	-
D Rakich	100%	100%	-	-	35%	98%
N Fearis	100%	100%	-	-	69%	38%
G Jones[1]	100%	-	-	-	80%	64%
Management						
M Greentree[2]	100%	-	-	-	61%	-

Note 1: Mr Jones was appointed Non-Executive Director on 29 July 2016.

Note 2: Dr Greentree was appointed Chief Executive Officer of Ausgold on 10 April 2017. 10,000,000 options are part of Dr Greentree's remuneration package. The options were agreed to be issued at the execution of his service agreement and were on 10 August 2017 following shareholder approval on 3 August 2017.

No key personnel management appointed during the period received a payment for agreeing to accept a position with the Group.

SERVICE AGREEMENTS

Non-Executive Directors

- The Non-Executive Directors' maximum aggregate cash fee pool is currently $120,000.
  - Mr Richard Lockwood (director since 12 November 2010) – nil
  - Mr Neil Fearis (director since 15 April 2016) – revised from $50,000 per annum to $25,000 per annum plus GST on 1 January 2017.
  - Mr Geoffrey Jones (appointed on 29 July 2016) - $20,000 plus superannuation contribution.
- No agreement by the Company to pay the Non-Executive Directors any pre-determined amounts in the event of termination of office.

Mr Denis Rakich (Executive Director and Company Secretary)

Director since 31 January 2013

- Fixed cash component including superannuation contribution - $157,300 per annum.
- No agreement by the Company to pay Mr Rakich any pre-determined compensation in the event of termination of services.

Dr Matthew Greentree (Chief Executive Officer)

Appointed 10 April 2017

- Fixed cash component including superannuation contribution - $208,050 per annum.
- Issuance of 10,000,000 options; with 5,000,000 exercisable at 6 cents and 5,000,000 exercisable at 8 cents. The options were issued following shareholder approval on 3 August 2017. The options have various vesting dates and will expire on 31 July 2020.
- Termination provision – 6 months' notice.

USE OF REMUNERATION CONSULTANTS

Due to the size of the Company's operations, the Company has not engaged remuneration consultants to review and measure its remuneration policy and strategy. However, the Board reviews remuneration strategy periodically and may, if required, engage remuneration consultants in future to assist with this process.

VOTING AND COMMENTS MADE AT THE COMPANY'S 2016 ANNUAL GENERAL MEETING

The Company received more than 77% of votes in favour of its remuneration report for the 2016 financial year at the 2016 AGM. The Company did not receive any specific feedback at the annual general meeting or during the financial year regarding its remuneration practices.

OPTION HOLDINGS

Number of options held by key management personnel and their related entities, as at 30 June 2017 is set out below:

Name	Opening balance	Granted	Exercised	Lapsed	Closing balance	Vested & exercisable	Unvested
Directors							
R Lockwood[1]	7,500,000	4,000,000	-	(3,500,000)	8,000,000	8,000,000	-
D Rakich[2]	7,500,000	4,000,000	-	(3,500,000)	8,000,000	8,000,000	-
N Fearis[3]	-	4,000,000	-	-	4,000,000	4,000,000	-
G Jones[4]	-	4,000,000	-	-	4,000,000	4,000,000	-
Management							
M Greentree[5]	-	-	-	-	-	-	-
Total	**15,000,000**	**16,000,000**	**-**	**(7,000,000)**	**24,000,000**	**24,000,000**	**-**

Note 1: Relevant interest held through Pershing Australia Nominees Pty Ltd.

Note 2: Relevant interest held as trustee of the Rakich Retirement Fund.

Note 3: Relevant interest held through Pendomer Investments Pty Ltd.

Note 4: Mr Jones was appointed Non-Executive Director on 29 July 2016.

Note 5: Dr Greentree was appointed Chief Executive Officer of Ausgold on 10 April 2017. 10,000,000 options are part of Dr Greentree's remuneration package. The options were agreed to be issued at the execution of his service agreement. The options were issued on 10 August 2017 following shareholder approval on 3 August 2017.

SHAREHOLDINGS

Number of shares held by the Directors of the Company and their related entities, as at 30 June 2017 is set out below:

Name	Opening balance	Allotment	Received on exercise of options	Other changes	Balance at resignation	Closing balance
Directors						
R Lockwood[1]	24,798,824	1,976,568	-	-	-	**26,775,392**
D Rakich[2]	12,224,571	1,722,850	-	-	-	**13,947,421**
N Fearis[3]	1,428,571	1,000,000	-	-	-	**2,428,571**
G Jones[4]	-	-	-	1,000,000	-	**1,000,000**
Management						
M Greentree[5]	-	-	-	577,307	-	**577,307**
Total	**38,451,966**	**4,699,418**	**-**	**1,577,307**	**-**	**44,728,691**

Note 1: Relevant interest held through Pershing Australia Nominees Pty Ltd.

Note 2: Relevant interest held as trustee of the Rakich Retirement Fund.

Note 3: Relevant interest held through Pendomer Investments Pty Ltd.

Note 4: Mr Jones was appointed Non-Executive Director on 29 July 2016. Relevant interest held as trustee of The Lee Jones Superannuation Fund.

Note 5: Dr Greentree was appointed Chief Executive Officer of Ausgold on 10 April 2017. Relevant interest held through M&J Greentree Nominees Pty Ltd.

Key management Personnel transactions with the company

ELSTREE NOMINEES PTY LTD

Elstree Nominees Pty Ltd ("Elstree") provides the Group with office premises and associated facilities. All services provided by Elstree to the Group are at cost. Mr Denis Rakich is a Director of Elstree and serves as Executive Director and Company Secretary of Ausgold. The total amount charged by Elstree during the financial year was $218,197 (2016: $184,485) of which $33,608 (2016: $16,260) remained owing to Elstree as at 30 June 2017. Amounts were due and payable under normal commercial terms.

ARLINGTON GROUP ASSET MANAGEMENT LIMITED

Arlington Group Asset Management Limited ("Arlington") provides the Group with outsourced investor relations and support services. Mr Richard Lockwood is a Director of Arlington and serves as Non-Executive Chairman of Ausgold. The total amount charged by Arlington during the financial year was $56,000 (2016: $30,000) of which $50,000 (2016: nil) remained owing to Arlington as at 30 June 2017. The amount owing relates to capital raising fees. Amounts were due and payable under normal commercial terms.

NC FEARIS FAMILY TRUST

Payment was made to The NC Fearis Family Trust ("NCFT") for services provided by Mr Neil Fearis. Mr Fearis is a Trustee of NCFT and serves as Non-Executive Director of Ausgold. The total amount charged by NCFT during the financial year was $37,500 (2016: $39,167) of which $20,833 (2016: $9,167) remained owing to NCFT as at 30 June 2017. Amounts were due and payable under normal commercial terms.

LOANS TO KEY MANAGEMENT PERSONNEL

No loans have been granted to key management personnel during the financial year ended 30 June 2017.

END OF AUDITED REMUNERATION REPORT

CORPORATE GOVERNANCE

The 2017 Corporate Governance Statement is available on the Company's website at www.ausgoldlimited.com.

NON-AUDIT SERVICES

There were no non-audit services provided during the financial year by the auditor, BDO Audit (WA) Pty Ltd.

Details of the amount paid to the auditor and its related practices for audit and other assurance services are set out below:

	2017	2016
Audit and other assurance services - BDO Audit (WA) Pty Ltd	$31,067	$34,315
Total	**$31,067**	**$34,315**

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration is included on page 14 of the financial report.

This report is signed in accordance with a resolution of the Directors.

For and on behalf of the Directors

Denis Rakich
Director

Perth, Western Australia
29 September 2017

Auditor's Independence Declaration

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Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF AUSGOLD LIMITED

As lead auditor of Ausgold Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Ausgold Limited and the entity it controlled during the period.

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 29 September 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	2017 $	2016 $
Revenue from continuing operations		2,356	3,480
Other income		97,837	-
Impairment exploration expenses	14	(1,093,706)	(3,087,334)
Corporate and administration expenses		(688,664)	(674,417)
Share based payments expenses		(634,634)	(342,150)
Occupancy expenses		(97,677)	(104,080)
Other expenses		(109,327)	(70,043)
Accounting expenses		(61,761)	(46,665)
Depreciation expenses		(23,053)	(18,750)
Finance costs		(6,252)	(5,332)
Legal fees		(58,109)	(575)
Loss before income tax		**(2,672,990)**	**(4,345,866)**
Income tax benefit / (expense)	9	-	-
Loss for the year		**(2,672,990)**	**(4,345,866)**
Loss is attributable to:			
Owners of the Company		**(2,672,990)**	**(4,345,866)**
Other comprehensive income / (loss)			
Other comprehensive income / (loss)		-	-
Total comprehensive loss for the year (net of tax)		(2,672,990)	(4,345,866)
Loss per share			
From continuing operations:			
Basic loss per share (cents per share)	20	(0.78)	(1.55)
Diluted loss per share (cents per share)	20	N/A	N/A

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

AS AT 30 JUNE 2017

	Note	2017 $	2016 $
ASSETS			
Current Assets			
Cash and cash equivalents	10	602,829	120,616
Trade and other receivables	11	9,714	3,610
Security deposits	12	94,111	20,000
Prepayment for exploration assets	14	8,783	-
Total Current Assets		**715,437**	**144,226**
Non-Current Assets			
Property, plant and equipment	13	82,424	15,286
Exploration and evaluation expenditure	14	35,601,245	34,806,636
Total Non-Current Assets		**35,683,669**	**34,821,922**
TOTAL ASSETS		**36,399,106**	**34,966,148**
LIABILITIES			
Current Liabilities			
Trade and other payables	15	422,063	106,396
Provisions	16	93,335	85,849
Total Current Liabilities		**515,398**	**192,245**
Non-Current Liabilities			
Provisions	16	1,061,826	1,061,480
Total Non-Current Liabilities		**1,061,826**	**1,061,480**
TOTAL LIABILITIES		**1,577,224**	**1,253,725**
NET ASSETS		**34,821,882**	**33,712,423**
EQUITY			
Contributed equity	17	56,533,836	53,386,021
Reserves	18	4,831,652	4,197,018
Accumulated losses	19	(26,543,606)	(23,870,616)
TOTAL EQUITY		**34,821,882**	**33,712,423**

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes In Equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

The following table presents the consolidated Statement of Changes in Equity for the year ended 30 June 2017:

	Contributed Equity $	Accumulated Losses $	Reserves $	Total Equity $
Balance as at 1 July 2016	**53,386,021**	**(23,870,616)**	**4,197,018**	**33,712,423**
Total comprehensive loss for the year	-	(2,672,990)	-	**(2,672,990)**
Transactions with owners, recorded directly in equity:				
Shares issued	3,303,000	-	-	**3,303,000**
Share issue costs	(155,185)	-	-	**(155,185)**
Share based payments	-	-	634,634	**634,634**
Balance as at 30 June 2017	**56,533,836**	**(26,543,606)**	**4,831,652**	**34,821,882**

The following table presents the consolidated Statement of Changes in Equity for the year ended 30 June 2016:

	Contributed Equity $	Accumulated Losses $	Reserves $	Total Equity $
Balance as at 1 July 2015	51,984,442	(19,524,750)	3,854,868	**36,314,560**
Total comprehensive loss for the year	-	(4,345,866)	-	**(4,345,866)**
Transactions with owners, recorded directly in equity:				
Shares issued	1,443,225	-	-	**1,443,225**
Share issue costs	(41,646)	-	-	**(41,646)**
Share based payments	-	-	342,150	**342,150**
Balance as at 30 June 2016	**53,386,021**	**(23,870,616)**	**4,197,018**	**33,712,423**

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

		2017 $	2016 $
Cash flows from operating activities			
Interest received		2,356	3,480
Payments to suppliers and employees		(805,080)	(810,055)
Receipts from insurance claims		97,837	-
			-
Payments for exploration expenditure		-	(806,575)
Net cash flows used in operating activities	21	**(704,887)**	**(806,575)**
Cash flows from investing activities			
Payments for plant and equipment		(90,191)	-
Payments for exploration expenditure		(1,796,413)	(1,166,370)
Security deposit (paid) / received		(74,111)	30,969
Net cash flows used in investing activities		**(1,960,715)**	**(1,135,401)**
Cash flows from financing activities			
Proceeds from the issue of share capital (net)		3,147,815	1,401,579
Net cash flows generated by financing activities		**3,147,815**	**1,401,579**
Net increase / (decrease) in cash and cash equivalents		482,213	(540,397)
Cash and cash equivalents at the beginning of the year		120,616	661,013
Cash and cash equivalents at the end of the year	10	**602,829**	**120,616**

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

1. REPORTING ENTITY

Ausgold Limited ("Ausgold" or "parent entity" or "Company") and its controlled entity (collectively known as "the Group" or "consolidated entity") are domiciled in Australia.

The annual financial report of the Group for the financial year ended 30 June 2017 was authorised for issue in accordance with a resolution of the Directors on 29 September 2017.

The consolidated entity's principal activities during the course of the financial year were the exploration for gold and other precious metals.

2. STATEMENT OF COMPLIANCE

The consolidated annual financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

3. BASIS OF PREPARATION

The results of the Group are expressed in Australian dollars ($), which are the functional and presentation currency for the consolidated financial report.

The financial report is presented on the historical cost basis except for share-based payments which are measured at fair value.

In the financial year ended 30 June 2017, all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2016 have been reviewed. It has been determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the operations of the Group and consolidated entity and, therefore, no change is necessary to the accounting policies.

The Group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2016.

4. GOING CONCERN

The accounts have been prepared on a going concern basis. The Group recorded a consolidated loss of $2,672,990 and had net cash outflows from operating and investing activities of $2,665,602 for the financial year ended 30 June 2017. At 30 June 2017, the Group had $602,829 (2016: $120,616) in cash and cash equivalents, and current liabilities of $515,398 (2016: $192,245).

During the year, Ausgold raised further working capital to continue the Group's exploration of its mining tenements. In addition to those capital raising amounts, the Directors have determined that the ability of the consolidated entity to continue as a going concern, and for the consolidated entity to be able to realise its assets and discharge its liabilities in the normal course of business, will be dependent upon the future successful raising of necessary funding through equity and/or successful exploration of the consolidated entity's tenements. These conditions indicate a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore whether it will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business.

The Directors have prepared a cash flow forecast for the next 12 month period reflecting the need for further funding as mentioned above. While the Directors are reasonably confident that they will be able to raise the funding, the timing, extent and cost of any additional funding is always uncertain. On 4 September 2017, Ausgold was successful in securing a $150,000 grant through the Western Australian Government's Exploration Incentive Scheme. The application was for exploration license E70/2928 which provides for up to 50% of the cost of innovative exploration drilling projects, with funding capped at $150,000.

In the event that funding of an amount necessary to meet the future budgeted operational and investing activities of the Group is unavailable, the Directors would undertake steps to contain the operating and investment activities. This may include a review of assets held to rationalise the number of tenements on hand which would substantially reduce commitments and thereby assist in ensuring that the Group can meet its obligations as and when they become due and payable.

Should the consolidated entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustment relating to the recoverability and classification of the asset carrying amounts or the classification of liabilities that might be necessary should the consolidated entity not be able to continue as a going concern.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events, which are believed to be reasonable under the circumstances. However, actual outcomes would differ from these estimates if different assumptions were used and different conditions existed.

The Group has identified the following areas where significant judgements, estimates and assumptions are required, and where actual results were to differ, may materially affect the financial position or financial results reported in future periods.

SHARE-BASED PAYMENT TRANSACTIONS

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using an appropriate option pricing model and these observable inputs are the best estimates available at the time of performing the calculation but are subject to variability and may be materially different if hindsight was to be used.

EXPLORATION EXPENDITURE

The write-off and carrying forward of exploration acquisition costs is based on an assessment of an area of interest's viability and/or the existence of economically recoverable reserves. Information may come to light in a later period which results in the asset being written off as it is not considered viable.

IMPAIRMENT OF ASSETS

At each reporting date, the Group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in the statement of profit or loss and other comprehensive income where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate recoverable amount for an individual asset, recoverable amount is determined for the cash-generating unit to which the asset belongs.

REHABILITATION PROVISION

The Group assesses its rehabilitation provision at each reporting date. Significant judgement is required in determining the provision for rehabilitation as there are many factors that will affect the ultimate liability payable to rehabilitate the existing mine sites, including future disturbances caused by further development, changes in technology and changes in regulations. When these factors change or become known in the future, such differences will impact the mine rehabilitation provision in the period in which the change becomes known.

6. SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF ACCOUNTING

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Ausgold as at 30 June 2017 and the results of all subsidiaries for the year then ended. All inter-company balances and transactions between the Group in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation.

GOODS AND SERVICES TAX

Revenues, expenses and assets are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flow on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authorities are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

AASB reference	Title	Summary	Application date of standard	Impact on consolidated financial report
AASB 9	Financial Instruments	**Classification and measurement** AASB 9 amends the classification and measurement of financial assets: • Financial assets will either be measured at amortised cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL"). • Financial assets are measured at amortised cost or FVTOCI if certain restrictive conditions are met. All other financial assets are measured at FVTPL. • All investments in equity instruments will be measured at fair value. For those investments in equity instruments that are not held for trading, there is an irrevocable election to present gains and losses in OCI. Dividends will be recognised in profit or loss. The following requirements have generally been carried forward unchanged from AASB 139 Financial Instruments: Recognition and Measurement into AASB 9: • Classification and measurement of financial liabilities, and • De-recognition requirements for financial assets and liabilities. However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.	Annual reporting periods beginning on or after 1 January 2018	The Group does not expect the standard to have a significant impact on its financial statements.
AASB 15	Revenue from Contracts with Customers	An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under AASB 118 Revenue.	Annual reporting periods beginning on or after 1 January 2018	The Group does not expect the standard to have a significant impact on its financial statements.
AASB 16	Leases	AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases into its statement of financial position in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its statement of financial position for most leases. There are some optional exemptions for leases with a period of 12 months or less and for low value leases. Lessor accounting remains largely unchanged from AASB 117.	Annual reporting periods beginning on or after 1 January 2019	The Group does not expect the standard to have a significant impact on its financial statements.

7. FINANCIAL RISK MANAGEMENT

OVERVIEW

The overall financial risk management strategy focuses on the unpredictability of the finance markets and seeks to minimise the potential adverse effects on financial performance and protect future financial security.

The Group have exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk (including interest rate risk)

This note presents information about the consolidated entity's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk and the management of capital.

Ausgold's risk management framework is supported by the Board, management and the Audit and Risk Committee. The Board is responsible for approving and reviewing consolidated entity risk management strategy and policy. Management is responsible for monitoring that appropriate processes and controls are in place to effectively and efficiently manage risk. The Audit and Risk Committee is responsible for identifying, monitoring and managing significant business risks faced by consolidated entity and considering the effectiveness of its internal control system. Due to the size of the Company's operations, the Audit and Risk Committee comprises of the full Board.

The consolidated entity holds the following financial instruments:

	2017 $	2016 $
Financial assets		
Cash and cash equivalents	602,829	120,616
Trade and other receivables	9,714	3,610
Security deposits	94,111	20,000
	706,654	**144,226**
Financial liabilities		
Trade and other payables	422,063	106,396
	422,063	**106,396**

CREDIT RISK

Credit risk is the risk of financial loss to the consolidated entity if counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's cash and cash equivalents, deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

The consolidated entity does not hold any credit derivatives to offset its credit exposure.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates.

	2017 $	2016 $
Trade receivables		
Counterparties without external credit rating[1]		
Group 1	103,825	23,610
Group 2	-	-
	103,825	**23,610**
Deposits		
AA	602,829	120,616
	602,829	**120,616**

Note 1: Group 1 – Existing customers (less than 6 months); Group 2 – Existing customers (more than 6 months) with no defaults in the past.

(i) Exposure to Credit Risk

The carrying amount of the consolidated entity's financial assets represents the maximum credit exposure. The consolidated entity's maximum exposure to credit risk at reporting date was:

	2017 $	2016 $
Financial assets		
Cash and cash equivalents	602,829	120,616
Trade and other receivables	9,714	3,610
Security deposits	94,111	20,000
	706,654	**144,226**

LIQUIDITY RISK

Liquidity risk arises from the financial liabilities of the consolidated entity and the consolidated entity's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

The following are the contractual maturities of financial liabilities on an undiscounted basis, including estimated interest payments. Cash flows for liabilities without fixed amount or timing are based on conditions existing at year end.

	2017 $	2016 $
Financial liabilities		
Trade and other payables	422,063	106,396
	422,063	**106,396**

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Board has determined an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves and regularly monitoring budgeted and actual cash flows and matching the maturity profiles of financial assets, expenditure commitments and liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

Contractual maturities of financial liabilities	Less than 6 months $	6 to 12 months $	Total $	Carrying amount $
Consolidated - at 30 June 2017				
Trade and other payables	422,063	-	422,063	422,063
	422,063	**-**	**422,063**	**422,063**

Contractual maturities of financial liabilities	Less than 6 months $	6 to 12 months $	Total $	Carrying amount $
Consolidated - at 30 June 2016				
Trade and other payables	106,396	-	106,396	106,393
	106,396	**-**	**106,396**	**106,393**

MARKET RISK

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates that will affect the consolidated entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return.

(i) Interest Rate Risk

The consolidated entity's exposure to interest rates primarily relates to the consolidated entity's cash and cash equivalents. The consolidated entity manages market risk by monitoring levels of exposure to interest rate risk and assessing market forecasts for interest rates.

At reporting date, the interest rate profile of the Group's interest bearing financial instruments was:

	2017 $	2016 $
Variable rate financial instruments		
Financial assets	602,829	120,616
Financial liabilities	-	-
	602,829	**120,616**

The Group manages its interest rate risk by monitoring available interest rates while maintaining an overriding position of security whereby the majority of cash and cash equivalents are held in AA-rated bank accounts. The Group's exposure to interest rate risk and weighted average effective interest rate by maturing periods is set out in tables below:

	Weighted average effective interest rate %	Fixed & floating interest rate $	Maturing within 1 Year $	Non-interest bearing $	Total $
Consolidated - at 30 June 2017					
Financial assets					
Cash and cash equivalents	0.72	602,829	-	-	602,829
Security deposits	-	94,111	-	-	94,111
Trade and other receivables	-	-	-	9,714	9,714
	-	**696,940**	**-**	**9,714**	**706,654**
Financial liabilities					
Trade and other payables	-	-	-	422,063	422,063
	-	**-**	**-**	**422,063**	**422,063**

	Weighted average effective interest rate	Fixed & floating interest rate	Maturing within 1 Year	Non-interest bearing	Total
	%	$	$	$	$
Consolidated - at 30 June 2016					
Financial assets					
Cash and cash equivalents	1.47	120,616	-	-	120,616
Security deposits	-	20,000	-	-	20,000
Trade and other receivables	-	-	-	3,610	3,610
	-	**140,616**	**-**	**3,610**	**144,226**
Financial liabilities					
Trade and other payables	-	-	-	106,396	106,396
	-	**-**	**-**	**106,396**	**106,396**

Cash Flow Sensitivity Analysis

A change of a 100 basis points in interest rates at reporting date would have increased/(decreased) equity and profit or (loss) by the amounts shown below. The Board assessed 100 points basis point movement as being reasonably possible based on forward treasury rate projections. This analysis assumed that all other variables remain constant.

	+1% (100 basis pts) 2017	-1% (100 basis pts) 2017	+1% (100 basis pts) 2016	-1% (100 basis pts) 2016
	$	$	$	$
Financial assets				
Cash and cash equivalents	6,028	(6,028)	1,206	(1,206)
	6,028	**(6,028)**	**1,206**	**(1,206)**

CAPITAL RISK MANAGEMENT

When managing capital, the Board's objective is to ensure the consolidated entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The Board also aims to maintain a capital structure that ensures the lowest cost of capital available to the consolidated entity.

The Board is constantly adjusting the capital structure to take advantage of favorable costs of capital or high return on assets. As the market is constantly changing, management may issue new shares, sell assets to reduce the Company's liability or consider entering joint venture arrangements to further exploration of the tenements.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position although there is no formal policy regarding gearing levels.

There were no changes in the consolidated entity's approach to capital management during the year. The consolidated entity is not subject to any externally imposed capital requirements.

FAIR VALUE MEASUREMENTS

The fair values of financial assets and liabilities are determined in accordance with generally accepted pricing models based on estimated future cash flow. There are currently no assets and liabilities which require fair valuing under the measurement hierarchy.

8. SEGMENT REPORTING

Operating segments are now reported in a manner that is consistent with the internal reporting to the Chief Operating Decision Maker ("CODM"), which has been identified by the Group as the Board of Directors. The CODM is responsible for allocating resources and assessing performance of the operating segments, has been identified as the strategic steering committee.

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board in assessing performance and determining the allocation of resources. The Group's sole activity is mineral exploration and resource development wholly within Australia; therefore it has aggregated all operating segments into the one reportable segment being mineral exploration.

The reportable segment is represented by the primary statements forming this financial report.

9. INCOME TAX EXPENSE

The income tax expense or benefit (revenue) is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

	2017 $	2016 $
Reconciliation between tax expenses and pre-tax net loss		
Loss before income tax expense	**(2,672,990)**	**(4,345,866)**
Income tax benefit calculated at 27.5% (2016: 30%)	(735,072)	(1,303,760)
Tax effects on amounts which are not tax deductible	174,984	103,062
Deferred tax asset not brought to account	560,088	1,200,698
Income tax benefit	-	-

	2017 $	2016 $
Deferred tax assets not brought to account		
Unused tax losses	53,555,295	50,710,716
Timing differences	(35,588,471)	(34,780,808)
Capital raising cost in equity	163,743	88,471
Tax at 27.5% (2016: 30%)	**4,985,906**	**4,805,514**

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities, associates and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Ausgold Limited and its subsidiary have unused tax losses. However, no deferred tax balances have been recognised, as it is considered that asset recognition criteria have not been met at this time.

The benefit for tax losses will only be obtained if:

the Company derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realised;

- the Company continues to comply with the conditions for deductibility imposed by Law; and
- no changes in tax legislation adversely affect the ability of the Company to realise these benefits.

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash at bank and in hand, deposits held at call with financial institutions, other short-term highly liquid deposits with an original maturity of three months or less that are readily convertible to known amounts of cash.

	2017 $	2016 $
Current assets		
Cash at bank and in hand	602,829	120,616
	602,829	**120,616**

RECONCILIATION TO CASH AT THE END OF THE FINANCIAL YEAR

The above figures are reconciled to cash at the end of the financial year as shown in the consolidated statement of cash flows as follows:

	2017 $	2016 $
Current assets		
Cash at bank and in hand	602,829	120,616
Balance as per Consolidated Statement of Cash Flows	**602,829**	**120,616**

RISK EXPOSURE

The consolidated entity's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are discussed in Note 7. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

11. TRADE AND OTHER RECEIVABLES

Trade and other debtors are recognised as the amount receivable and are due for settlement within 30 days from the end of the month in which services were provided. They are included in current assets, except for those with maturities greater than 12 months after reporting period which are classified as non-current assets. Debts which are known to be uncollectible are written off against the receivable directly unless a provision for impairment has previously been recognised.

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

	2017 $	2016 $
Current assets		
Sundry and other debtors	1,489	52
Taxation receivables	8,225	3,558
	9,714	**3,610**

IMPAIRMENT OF RECEIVABLES

A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. There were no impaired trade receivables for the Group for the financial years ended 30 June 2017 and 30 June 2016.

12. SECURITY DEPOSITS

Security deposits are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. They are included in current assets, except for those with maturities greater than 12 months after reporting period which are classified as non-current assets.

	2017 $	2016 $
Current assets		
Balance at the start of period	20,000	50,969
Additions / (Reversals)	74,111	(30,969)
	94,111	**20,000**

13. PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are initially recorded at cost, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition, and depreciated. Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal.

Depreciation is provided on plant and equipment. Items of property, plant and equipment are depreciated using the diminishing value method over their estimated useful lives to the consolidated entity. The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each of the statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The useful economic life for each class of depreciable asset is:

Vehicles	3 - 5 years
Furniture, Fittings and Equipment	3 - 5 years

	2017 $	2016 $
Non-current assets		
Balance at the start of the period, net of accumulated depreciation	15,286	33,786
Additions	90,191	250
Depreciation charge	(23,053)	(18,750)
Balance net of accumulated depreciation	**82,424**	**15,286**

	2017 $	2016 $
Non-current assets		
Cost	840,502	750,311
Accumulated depreciation	(758,077)	(735,024)
Net carrying amount	**82,424**	**15,286**

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income. When the re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

14. EXPLORATION AND EVALUATION EXPENDITURE & PREPAYMENT

Exploration and evaluation expenditure encompasses expenditures incurred in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Exploration and evaluation expenditure incurred is accumulated for each area of interest and recorded as an asset if:

- the rights to tenure of the area of interest are current; and
- at least one of the following conditions is also met:
  - the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
  - exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing.

For each area of interest, expenditure incurred on the exploration of tenements is capitalised and recognised as an exploration and evaluation asset. Exploration and evaluation assets are measured at cost at recognition.

The Directors assess whether there is any indication of impairment on an area of interest basis, bi-annually. If any such indication exists, the consolidated entity shall estimate the recoverable amount of the assets. For areas of interest that are not considered to have any commercial value, or where exploration rights are no longer current, the capitalised amounts are written off against the provision and any remaining amounts are charged against profit. Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

	2017 $	2016 $
Non-current assets **Exploration, evaluation, prepayment and development costs carried forward in respect of areas of interest (net of amounts written off)**		
Exploration and evaluation expenditure	35,601,245	34,806,636
Prepayment for exploration assets	8,783	-
	35,610,028	**34,806,636**
Reconcilation:		
Carrying amount at start of year	34,806,636	35,724,987
Exploration expenditure	1,888,315	1,123,555
Provision for rehabilitation	-	1,045,428
Prepayment for exploration assets	8,783	-
Expenditure written off	(1,093,706)	(3,087,334)
Carrying amount at the end of the period	**35,610,028**	**34,806,636**

The ultimate recoupment of exploration and evaluation expenditure is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas. The Directors have reviewed the impairment indicators as per AASB 6: Exploration for and Evaluation of Mineral Resources and have concluded that there is an impairment of $1,093,706 (2016: $3,087,334) which resulted in the expenditures being written off at the reporting date.

15. TRADE AND OTHER PAYABLES

Trade payables represent liabilities for goods or services received prior to the end of the reporting date which are unpaid. Trade accounts payable are normally settled within 60 days. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from reporting date.

	2017 $	2016 $
Current liabilities		
Trade creditors	415,766	92,334
Other creditors	6,296	14,062
	422,062	**106,396**

16. PROVISIONS

Provisions are recognised when the consolidated entity has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

	2017 $	2016 $
Current liabilities		
Provision for employee benefits	93,335	85,849
	93,335	**85,849**

	2017 $	2016 $
Non-current liabilities		
Provision for employee benefits	16,398	16,052
Provision for rehabilitation	1,045,428	1,045,428
	1,061,826	**1,061,480**

EMPLOYEE BENEFITS

(i) Short-Term Obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Other Long-Term Obligations

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national Government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

PROVISION FOR REHABILITATION

Rehabilitation costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with the requirements of the mining permits. Such costs are determined using estimates of future costs, current legal requirements and technology.

Rehabilitation costs are recognised in full at present value as a non-current liability. An equivalent amount is capitalised as part of the cost of the asset when an obligation arises to decommission or restore a site to a certain condition after abandonment as a result of bringing the assets to its present location.

Any changes in the estimates for the costs or other assumptions against the cost of relevant assets are accounted for on a prospective basis. In determining the costs of site restoration there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation.

17. CONTRIBUTED EQUITY

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit.

	2017 $	2016 $
Equity		
Balance at the start of the period	53,386,021	51,984,442
Shares issued	3,303,000	1,443,225
Less share issue costs	(155,185)	(41,646)
	56,533,836	**53,386,021**

MOVEMENTS IN SHARE CAPITAL DURING THE YEAR

Movement in ordinary fully paid shares on issue

	2017 Number of shares	2016 Number of shares
Balance at the start of the period	306,500,807	265,265,819
Shares issued for capital raising purposes[1]	98,957,714	41,234,988
	405,458,521	**306,500,807**

Check (Total = ST Report)

Note 1: During the financial year ended 30 June 2017, the Company allotted the following shares to fund the Company's continued exploration and working capital:

- *On 27 July 2016, Ausgold completed a placement of 21,000,000 shares at an issue price of 5 cents each.*
- *On 8 December 2016, Ausgold completed a placement of 22,857,144 shares at an issue price of 3.5 cents each.*
- *On 2 May 2017, Ausgold completed a placement of 15,100,000 shares at issue price 3 cents each together with 6,040,000 free attaching options.*
- *On 8 June 2017, Ausgold completed a placement of 40,000,000 shares at issue price 2.5 cents.*

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up to the shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

MOVEMENTS IN OPTIONS DURING THE YEAR

Movement in share options on issue

	2017 Number of options	2016 Number of options
Balance at the start of the period	26,479,325	19,500,000
Options issued[1]	31,440,000	12,000,000
Options cancelled	-	(2,420,765)
Options lapsed	(14,000,000)	(2,600,000)
	43,919,325	**26,479,235**

Note 1: During the financial year ended 30 June 2017, the Company issued the following options:

- *On 11 November 2016, Ausgold issued 16,000,000 exercisable at $0.08 per option.*
- *On 9 February 2017, Ausgold issued 10,000,000 options exercisable at $0.0525 per option.*
- *On 2 May 2017, Ausgold issued 5,440,000 options exercisable at $0.05 per option.*

18. RESERVES

	2017 $	2016 $
Equity		
Balance at the start of period	4,197,018	3,854,868
Share-based payments reserve	634,634	44,988
	4,831,652	**3,899,856**

SHARE-BASED PAYMENTS RESERVE

Share-based compensation benefits are provided to employees of Ausgold Limited.

The fair value of options granted by Ausgold Limited is recognised as an employee benefit expense with a corresponding increase in equity (share-based payments reserve). The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. The fair value at grant date is determined using an appropriate option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

The market value of shares issued to employees for no cash consideration is recognised as an employee benefits expense with a corresponding increase in equity when the employees become entitled to the shares. This reserve is used to record the value of equity settled share-based payments provided to employees and directors as part of their remuneration.

Set out below are summaries of the options issued and not exercised for the financial years ended 30 June 2017 and 30 June 2016:

Summaries of options granted during the current and preceding financial years

Grant date/ Agreement date	Expiry date	Exercise price	Opening Balance (Number)	Granted (Number)	Exercised (Number)	Lapsed (Number)	Closing Balance (Number)	Vested at 30 Jun 2017 (Number)
13 Aug 2014	31 Jan 2017	$0.09	3,500,000	-	-	(3,500,000)	-	-
13 Aug 2014	31 Jan 2017	$0.09	3,500,000	-	-	(3,500,000)	-	-
13 Aug 2014	31 Jan 2017	$0.09	3,500,000	-	-	(3,500,000)	-	-
13 Aug 2014	31 Jan 2017	$0.09	3,500,000	-	-	(3,500,000)	-	-
23 Apr 2015	31 Dec 2017	$0.07	1,500,000	-	-	-	1,500,000	1,500,000
23 Apr 2015	31 Dec 2017	$0.07	300,000	-	-	-	300,000	300,000
23 Apr 2015	31 Dec 2017	$0.07	300,000	-	-	-	300,000	300,000
23 Apr 2015	31 Dec 2017	$0.07	300,000	-	-	-	300,000	300,000
23 Apr 2015	31 Dec 2017	$0.07	500,000	-	-	-	500,000	500,000
18 Nov 2015	30 Nov 2019	$0.08	4,000,000	-	-	-	4,000,000	4,000,000
18 Nov 2015	30 Nov 2019	$0.08	1,579,235	-	-	-	1,579,235	1,579,235
18 Nov 2015	30 Nov 2019	$0.08	4,000,000	-	-	-	4,000,000	4,000,000
11 Nov 2016	30 Nov 2020	$0.08	-	4,000,000	-	-	4,000,000	4,000,000
11 Nov 2016	30 Nov 2020	$0.08	-	4,000,000	-	-	4,000,000	4,000,000
11 Nov 2016	30 Nov 2020	$0.08	-	4,000,000	-	-	4,000,000	4,000,000
11 Nov 2016	30 Nov 2020	$0.08	-	4,000,000	-	-	4,000,000	4,000,000
9 Feb 2017	6 Feb 2020	$0.0525	-	10,000,000	-	-	10,000,000	10,000,000
10 Apr 2017[1]	31 Jul 2020	$0.06	-	5,000,000	-	-	5,000,000	5,000,000
10 Apr 2017[1]	31 Jul 2020	$0.08	-	2,000,000	-	-	2,000,000	-
10 Apr 2017[1]	31 Jul 2020	$0.08	-	3,000,000	-	-	3,000,000	-
Total			**26,479,235**	**36,000,000**	**-**	**(14,000,000)**	**48,479,235**	**43,479,235**
Weighted Average Exercise Price			**$0.08**	**$0.07**	**-**	**$0.09**	**$0.07**	**$0.07**

Note 1: Dr Greentree was appointed Chief Executive Officer of Ausgold on 10 April 2017. 10,000,000 options are part of Dr Greentree's remuneration package. The options were agreed to be issued at the execution of his service agreement. The options were issued on 10 August 2017 following shareholder approval on 3 August 2017.

Grant date	Expiry date	Exercise price	Opening Balance (Number)	Granted (Number)[1]	Exercised (Number)	Forfeited (Number)	Closing Balance (Number)	Vested at 30 Jun 2016 (Number)
6 Dec 2011	6 Dec 2015	$1.38	500,000	-	-	(500,000)	-	-
27 Feb 2012	26 Feb 2016	$1.57	1,500,000	-	-	(1,500,000)	-	-
2 Oct 2012	2 Oct 2015	$0.45	100,000	-	-	(100,000)	-	-
13 Aug 2014	31 Jan 2017	$0.09	3,500,000	-	-	-	3,500,000	3,500,000
13 Aug 2014	31 Jan 2017	$0.09	3,500,000	-	-	-	3,500,000	3,500,000
13 Aug 2014	31 Jan 2017	$0.09	3,500,000	-	-	-	3,500,000	3,500,000
13 Aug 2014	31 Jan 2017	$0.09	3,500,000	-	-	-	3,500,000	3,500,000
23 Apr 2015	31 Dec 2017	$0.07	1,500,000	-	-	-	1,500,000	750,000
23 Apr 2015	31 Dec 2017	$0.07	300,000	-	-	-	300,000	300,000
23 Apr 2015	31 Dec 2017	$0.07	300,000	-	-	-	300,000	300,000
23 Apr 2015	31 Dec 2017	$0.07	300,000	-	-	-	300,000	300,000
23 Apr 2015	31 Dec 2017	$0.07	500,000	-	-	-	500,000	500,000
18 Nov 2015	30 Nov 2019	$0.08	-	4,000,000	-	-	4,000,000	4,000,000
18 Nov 2015	30 Nov 2019	$0.08	-	4,000,000	-	(2,420,765)	1,579,235	1,579,235
18 Nov 2015	30 Nov 2019	$0.08	-	4,000,000	-	-	4,000,000	4,000,000
Total			**19,000,000**	**12,000,000**	**-**	**(4,520,765)**	**26,479,235**	**25,729,235**
Weighted Average Exercise Price			**$0.24**	**$0.08**	**-**	**$0.73**	**$0.08**	**$0.08**

Note 1: The Company and the individual Directors executed an agreement to issue 12,000,000 options to the Directors in lieu of remuneration. The options were issued on 11 December 2015 following shareholder approval obtained on 18 November 2015. 2,420,765 options were cancelled on 27 April 2016 as a result of the resignation of an Executive Director, Mr Stephen Thomas.

The market weighted average price of Ausgold Limited shares during the 2017 financial year was $0.04 (2016: $0.05).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.81 years (2016: 1.71 years).

Number of options issued	16,000,000	10,000,000	5,000,000	2,000,000	3,000,000
Grant date / Agreement date	11 Nov 2016	9 Feb 2017	10 Apr 2017	10 Apr 2017	10 Apr 2017
Expiry date	30 Nov 2020	6 Feb 2020	31 Jul 2020	31 Jul 2020	31 Jul 2020
Exercise price	$0.08	$0.0525	$0.06	$0.08	$0.08
Expected vesting probability	100%	100%	100%	100%	100%
Expected volatility	108.1%	108.1%	105.8%	105.8%	105.8%
Option life	4 years	3 years	3 years	3 years	3 years
Fair value at grant date	$0.0221	$0.0198	$0.0149	$0.0132	$0.0132
Risk-free interest rate	1.93%	1.87%	1.89%	1.89%	1.89%

The following share-based payments were made through the issue of options during the financial year ended 30 June 2017:

Number of options	Value of options $	Options expensed $	Grant date / Agreement date	Expiry date	Exercise price
4,000,000	88,598	88,598	11 Nov 2016	30 Nov 2020	$0.08
4,000,000	88,598	88,598	11 Nov 2016	30 Nov 2020	$0.08
4,000,000	88,598	88,598	11 Nov 2016	30 Nov 2020	$0.08
4,000,000	88,598	88,598	11 Nov 2016	30 Nov 2020	$0.08
10,000,000	197,669	197,670	9 Feb 2017	6 Feb 2020	$0.0525
5,000,000	75,836	74,389	10 Apr 2017	31 Jul 2020	$0.06
2,000,000	27,108	4,406	10 Apr 2017	31 Jul 2020	$0.08
3,000,000	40,662	3,777	10 Apr 2017	31 Jul 2020	$0.08
36,000,000	**695,667**	**634,634**			

The fair value of options at grant date is independently determined using an appropriate option valuation methodology that takes into account the exercise price. The options were issued for nil consideration. The volatility is calculated based upon the share price performance of the Company since listing on the ASX.

19. ACCUMULATED LOSSES

	2017 $	2016 $
Equity		
Accumulated losses at the start of period	(23,870,616)	(19,524,750)
Loss after income tax attributable to owners	(2,672,990)	(4,345,866)
	(26,543,606)	**(23,870,616)**

20. LOSS PER SHARE

Basic earnings or loss per share are calculated by dividing the net profit or loss attributable to members of the parent entity for the reporting period by the weighted average number of ordinary shares of Ausgold Limited.

Diluted earnings or loss per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

	2017 Cents per share	2016 Cents per share
From continuing operations:		
Basic loss per share	(0.78)	(1.55)
Diluted loss per share	N/A	N/A

The calculation of basic loss per share at 30 June 2017 was based on the loss attributable to ordinary shareholders of $2,672,990 (2016: $4,345,866) and a weighted average number of ordinary shares outstanding during the year of 343,845,230 (2016: 280,117,863).

EARNINGS USED IN CALCULATING LOSS PER SHARE

	2017 $	2016 $
For basic and diluted loss per share		
Loss after income tax for the year	(2,672,990)	(4,345,866)

WEIGHTED AVERAGE NUMBER OF SHARES USED AS THE DENOMINATOR

	2017 Number	2016 Number
Weighted Average Number of Ordinary Shares (WANOS)		
Weighted average number of ordinary shares	343,845,230	280,117,863

Diluted loss per share must be calculated where potential ordinary shares on issues are dilutive. As the potential ordinary shares on issue would decrease the loss per share in the current period, they are not considered dilutive and not shown.

21. CASH FLOWS FROM OPERATING ACTIVITIES RECONCILIATION

Reconciliation of cash flow from operating activities with the loss from continuing operations after income tax:

	2017 $	2016 $
Loss after income tax for the year	(2,672,990)	(4,345,866)
Adjustments for:		
Depreciation and amortisation expenses	23,053	18,750
Non-current assets written off / disposed of	-	(250)
Share-based payment expenses	634,634	342,150
Provision for rehabilitation	-	(1,045,428)
Impairment exploration expenses	1,093,706	3,087,334
(Increase) / Decrease in trade and other receivables	(6,104)	16,280
Increase / (Decrease) in trade and other payables	214,983	36,565
Increase / (Decrease) in provisions	7,832	1,083,890
Net cash flows (used in) operating activities	**(704,887)**	**(806,575)**

22. AUDITOR'S REMUNERATION

The following fees were paid or payable for services provided by the auditor of the consolidated entity:

	2017 $	2016 $
Audit and Other Assurance Services		
BDO Audit (WA) Pty Ltd		
- Audit and review of financial report	31,067	34,315
	31,067	**34,315**

23. COMMITMENTS

REMUNERATION COMMITMENTS

Names and positions held of key management personnel remuneration have been included in the Remuneration Report, which forms part of the Directors' Report.

CORPORATE COMMITMENTS

	2017 $	2016 $
Not later than one year	57,624	56,292
Later than one year but not later than five years	9,604	65,674
Later than five years	-	-
	67,228	**121,966**

24. RELATED PARTY DISCLOSURE

SUBSIDIARY

Subsidiaries are entities controlled by the consolidated entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The financial statements of the subsidiary are prepared for the same reporting period as the Company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from inter-entity transactions have been eliminated in full.

The investment in subsidiary held by Ausgold is accounted for at cost in the separate financial statements of the Company less any impairment charges. The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

The consolidated financial statements include the financial statements of Ausgold and its subsidiary as below:

Name	Country of incorporation	2017 Equity Interest %	2016 Equity Interest %
Parent entity			
Ausgold Limited	Australia	-	-
Directly controlled by Ausgold Limited			
Ausgold Exploration Pty Ltd	Australia	100%	100%

Loans made by Ausgold Limited to its wholly-owned subsidiary Ausgold Exploration Pty Ltd are made to meet required expenditure. The loans are payable on demand and are not interest bearing.

KEY MANAGEMENT PERSONNEL

Disclosures relating to key management personnel are included in Note 25.

ELSTREE NOMINEES PTY LTD

Elstree Nominees Pty Ltd ("Elstree") provides the Group with office premises and associated facilities. All services provided by Elstree to the Group are at cost. Mr Denis Rakich is a Director of Elstree and serves as Executive Director and Company Secretary of Ausgold. The total amount charged by Elstree during the financial year was $218,197 (2016: $184,485) of which $33,608 (2016: $16,260) remained owing to Elstree as at 30 June 2017. Amounts were due and payable under normal commercial terms.

ARLINGTON GROUP ASSET MANAGEMENT LIMITED

Arlington Group Asset Management Limited ("Arlington") provides the Group with outsourced investor relations and support services. Mr Richard Lockwood is a Director of Arlington and serves as Non-Executive Chairman of Ausgold. The total amount charged by Arlington during the financial year was $56,000 (2016: $30,000) of which $50,000 (2016: nil) remained owing to Arlington as at 30 June 2017. The amount owing relates to capital raising fees. Amounts were due and payable under normal commercial terms.

NC FEARIS FAMILY TRUST

Payment was made to The NC Fearis Family Trust ("NCFT") for services provided by Mr Neil Fearis. Mr Fearis is a Trustee of NCFT and serves as Non-Executive Director of Ausgold. The total amount charged by NCFT during the financial year was $37,500 (2016: $39,167) of which $20,833 (2016: $9,167) remained owing to NCFT as at 30 June 2017. Amounts were due and payable under normal commercial terms.

TRANSACTIONS WITH OTHER RELATED PARTIES

Transactions with other related parties are on normal commercial terms and conditions which are no more favorable to those parties than those available to other parties unless otherwise stated.

25. KEY MANAGEMENT PERSONNEL

KEY MANAGEMENT PERSONNEL REMUNERATION

Key Management Personnel Compensation

	2017 $	2016 $
Short-term employment benefits	256,424	231,400
Post employment benefits	20,113	13,300
Long-term employment benefits	2,286	2,740
Share based payments	436,964	315,420
	715,787	**562,860**

Detailed remuneration disclosures are set out in the Remuneration Report, which forms part of the Directors' Report.

Key management personnel received compensation in the form of short term employee benefits, post-employment benefits and share-based payment awards.

No executive is entitled to any termination payments apart from remuneration payable up to and including the date of termination and all payments due by way of accrued leave.

LOANS TO KEY MANAGEMENT PERSONNEL

No loans have been granted to key management personnel during the current financial year.

OTHER KEY MANAGEMENT PERSONNEL TRANSACTIONS WITH THE COMPANY

There were no other key management personnel transactions with the Company other than the fees paid to Elstree Nominees Pty Ltd, Arlington Group Asset Management Limited and The NC Fearis Family Trust. Details of these fees can be found in Note 24.

26. CONTINGENT LIABILITIES

The Group had contingent liabilities at 30 June 2017 in respect of bank guarantee for the amount of $74,111. No other contingent liabilities existed as at reporting date.

27. PARENT ENTITY INFORMATION

The financial statements for the parent entity are set out below:

	Parent Entity 2017 $	Parent Entity 2016 $
Current assets	692,624	134,453
Non-current assets	34,498,344	33,736,051
Total Assets	**35,190,968**	**33,870,504**
Current liabilities	357,886	146,189
Non-current liabilities	11,200	11,892
Total Liabilities	**369,086**	**158,081**
NET ASSETS	**34,821,882**	**33,712,423**

	Parent Entity 2017 $	Parent Entity 2016 $
Contributed equity	63,418,278	60,270,463
Reserves	4,831,652	4,197,018
Accumulated losses	(33,428,048)	(30,755,058)
TOTAL EQUITY	**34,821,882**	**33,712,423**

	Parent Entity 2017 $	Parent Entity 2016 $
Loss for the year	(2,672,990)	(4,345,866)
Other comprehensive income / (loss)	-	-
Total comprehensive loss for the year	**(2,672,990)**	**(4,345,866)**

28. EVENTS SUBSEQUENT TO REPORTING DATE

On 6 June 2017, Ausgold announced a placement of 40,000,000 shares at an issue price of 2.5 cents per share to Chalice Gold Mines Limited (“Chalice”).

Simultaneously, Ausgold agreed to acquire from Chalice the Dumbleyung Project, consisting of E70/4863, E70/4864, E70/4865 and E70/4866 in consideration of the issue to Chalice 15,000,000 shares together and 10,000,0000 options exercisable at a price of 3.5 cents each, expiring 2 years after the date of grant. The shares are subject to an escrow period of 12 months from the date of issue. Chalice will retain 2% net smelter royalty over the mineral tenements. The issue of these shares and options was approved at a meeting of shareholders held on 3 August 2017. The shares and options were issued on 14 September 2017.

On 3 August 2017, Ausgold upgraded its Mineral Resource Estimate for the Company’s 100% owned Katanning Gold Project. The new Resource of 20.98Mt at 1.17g/t gold for 785,800 ounces is a 23% increase from the previous Resource Estimate.

On 4 September 2017, Ausgold was successful in securing a $150,000 grant through the Western Australian Government’s Exploration Incentive Scheme. The application was for exploration license E70/2928 which provides for up to 50% of the cost of innovative exploration drilling projects, with funding capped at $150,000.

Directors' Declaration

In the Directors' opinion,

1. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
2. the attached consolidated financial statements and notes are in accordance with the Corporations Act, 2001, including:
   a. complying with Accounting Standards, the Corporations Regulations 2001, International Reporting Standards as issued by the International Accounting Standards Board and other mandatory professional reporting requirements; and
   b. giving a true and fair view of the consolidated entity's position as at 30 June 2017 and its performance for the financial year ended that date; and
3. the Directors have been given the declarations as required by s295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the Corporations Act 2001.

For and on behalf of the Directors

Denis Rakich
Director

Perth, Western Australia

29 September 2017

Independent Audit Report

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INDEPENDENT AUDITOR'S REPORT

To the members of Ausgold Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Ausgold Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 4 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period.

These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Recoverability of Exploration and Evaluation Asset

Key audit matter	*How the matter was addressed in our audit*
At 30 June 2017 the carrying value of Exploration and Evaluation Assets was $35,601,245 (2016: $34,806,636) as disclosed in Note 14. As the carrying value of the Exploration and Evaluation Asset represents a significant asset of the Group, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount. Judgement is applied in determining the treatment of exploration expenditure in accordance with Australian Accounting Standard AASB 6 Exploration for and Evaluation of Mineral Resources. In particular: • Whether the conditions for capitalisation are satisfied; • Which elements of exploration and evaluation expenditures qualify for recognition; and • Whether facts and circumstances indicate that the exploration and expenditure assets should be tested for impairment.	Our procedures included, but were not limited to: • Obtaining a schedule of the areas of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained current at balance date; • Verifying, on a sample basis, exploration and evaluation expenditure capitalised during the year for compliance with the recognition and measurement criteria of AASB 6; • Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management, and reviewing the Group's exploration budgets, ASX announcements and director's minutes; • Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Considering whether any facts or circumstances existed to suggest impairment testing was required; and • Assessing the adequacy of the related disclosures in Note 14 to the Financial Statements.

Other information

The directors are responsible for the other information. The other information comprises the information contained in the Directors' Report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Annual report, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 12 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Ausgold Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth, 29 September 2017

Shareholder Information

The shareholder information set out below was applicable as at 28 September 2017.

DISRIBUTION OF EQUITY SECURITIES

Analysis of numbers of ordinary shareholders by size of holding:

Category of holding	Number of holders	Number of shares
1 - 1,000	87	34,934
1,001 - 5,000	111	318,101
5,001 - 10,000	81	707,497
10,001 - 100,000	390	17,469,540
100,001 and over	266	401,927,879
Total	**935**	**420,457,951**

349 shareholders held less than a marketable parcel (<$500) of ordinary shares.

TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders of quoted shares are:

Shareholders	Number of shares	Percentage of total shares %
Chalice Gold Mines Ltd	55,000,000	13.08%
Pershing Aust Nom PL	27,275,392	6.49%
Transcontinental Inv PL	23,350,000	5.55%
HSBC Custody Nom Aust Ltd	14,450,530	3.44%
Rakich Denis Ivan	14,123,521	3.36%
Batterbury Hldgs PL	13,400,000	3.19%
Dinas Super Fund PL	11,925,000	2.84%
Narrow Lane PL	11,465,722	2.73%
CS Third Nom PL	10,725,000	2.55%
Magaurite PL	8,500,000	2.02%
Kingarth PL	7,150,000	1.70%
Citicorp Nom PL	7,090,725	1.69%
Yenbamroong Chatchai	6,520,000	1.55%
Maclachlan Neil Thacker	5,912,317	1.41%
Grekar PL	5,828,571	1.39%
Lippo Sec Ltd	5,800,000	1.38%
Transcontinental Inv PL	5,728,571	1.36%
Hennessy Pacific Inv Ltd	5,282,500	1.26%
Berne No 132 Nom PL	5,143,571	1.22%
Bedford Inv PL	4,748,181	1.13%
Total	**249,419,601**	**59.34**%

VOTING RIGHTS

All fully paid ordinary shares carry one vote per share.

SUBSTANTIAL HOLDERS

The Company has received the following notices of substantial shareholding:

Shareholder	Relevant interest per notice received Number of shares
Chalice Gold Mines Ltd	55,000,000

OPTIONS ON ISSUE

Option details	Expiry dates	Number of options
Unlisted options exercisable at $0.07 per share	31 December 2017	2,900,000
Unlisted options exercisable at $0.08 per share	30 November 2019	9,579,235
Unlisted options exercisable at $0.08 per share	30 November 2020	16,000,000
Unlisted options exercisable at $0.0525 per share	6 February 2020	10,000,000
Unlisted options exercisable at $0.05 per share	30 March 2019	5,440,000
Unlisted options exercisable at $0.06 per share	31 July 2020	5,000,000
Unlisted options exercisable at $0.08 per share	31 July 2020	5,000,000
Unlisted options exercisable at $0.05 per share	30 March 2019	600,000
Unlisted options exercisable at $0.0525 per share	6 February 2020	2,500,000
Unlisted options exercisable at $0.035 per share	13 September 2019	10,000,000
Total		**67,019,235**

Schedule of Mineral Licence Interests

Summary of mining and exploration tenements as at 28 September 2017:

State	Lease	Lease status	Grant date	Project	Interest %
Western Australia Tenements					
WA	E38/2129	Granted	13 October 2008	Yamarna	100%
WA	E52/3031	Granted	4 February 2014	Doolgunna	100%
WA	E70/3952	Granted	18 January 2011	Katanning Regional	100%
WA	E70/4392	Granted	25 March 2013	Katanning Regional	100%
WA	E70/4393	Granted	5 September 2012	Katanning Regional	100%
WA	E70/4566	Granted	12 August 2014	Katanning Regional	100%
WA	E70/4604	Granted	13 January 2015	Katanning Regional	100%
WA	E70/4605	Granted	13 January 2015	Katanning Regional	100%
WA	E70/4682	Granted	28 July 2015	Katanning Regional	100%
WA	E70/4728	Granted	8 January 2016	Katanning Regional	100%
WA	E70/4896	Granted	9 March 2017	Katanning Regional	100%
WA	E70/4907	Granted	11 April 2017	Katanning Regional	100%
WA	E70/4908	Granted	3 May 2017	Katanning Regional	100%
WA	E70/4942	Granted	21 August 2017	Katanning Regional	100%
WA	E70/4863	Granted	10 January 2017	Katanning Regional	100%
WA	E70/4864	Granted	10 January 2017	Katanning Regional	100%
WA	E70/4865	Granted	10 January 2017	Katanning Regional	100%
WA	E70/4866	Granted	10 January 2017	Katanning Regional	100%
WA	E70/4947	Application	-	Katanning Regional	100%
WA	E70/4958	Application	-	Katanning Regional	100%
WA	E70/4959	Application	-	Katanning Regional	100%
WA	E70/4968	Application	-	Katanning Regional	100%
WA	E70/2928	Granted	26 November 2008	Katanning Gold Project	100%
WA	G70/84	Granted	13 June 1989	Katanning Gold Project	100%
WA	G70/85	Granted	13 June 1989	Katanning Gold Project	100%
WA	L70/13	Granted	24 May 1989	Katanning Gold Project	100%
WA	L70/32	Granted	11 December 1995	Katanning Gold Project	100%
WA	L70/33	Granted	11 December 1995	Katanning Gold Project	100%
WA	M70/210	Granted	28 March 1985	Katanning Gold Project	100%
WA	M70/211	Granted	28 March 1985	Katanning Gold Project	100%
WA	M70/488	Granted	19 April 1994	Katanning Gold Project	100%
Queenland Tenement					
QLD	EPM17054	Granted	26 November 2010	Cracow	100%