



Quarterly Report for period ending September 30, 2017

Highlights:

- Katanning Gold Project (KGP) Mineral Resource increased by 23% to 20.98Mt at 1.17 g/t Au for 785,800 ounces of gold
- KGP exploration audit uncovered 1,300m of unlogged diamond drill core and high quality geological records for additional 1,185m of diamond drilling
- Acquisition of Dumbleyung Gold Project from Chalice Gold Mines completed
- Placement and Rights Issue to raise up to \$3.9 million launched post-quarter

Planned Activity for December Quarter:

- 135 hole aircore drilling program to begin at KGP targeting previously untested coincident gold in soil and VTEM anomalies
- Commencement of initial RC and diamond drilling at the Datatine and Jinkas South prospects KGP
- Regional ground gravity survey across KGP to identify prospective greenstone and regional structures
- Ground EM survey over Jinkas, Lukin and Olympia prospects
- Ground EM surveys at Doolgunna to test VHMS prospectivity targeting VTEM anomalies and copper in aircore drilling within Proterozoic rocks in the eastern portion of the project
- Field mapping and sampling of alteration zones identified at the Cracow project

Ausgold Limited (ASX: AUC) ("Ausgold" or "the Company") is pleased to present its Quarterly Report for the period ended 30 September 2017. Activities during the quarter focused primarily on advancing the 100%-owned Katanning Gold Project, 40km from the township of Katanning in Western Australia. Within Ausgold's other projects, including the Katanning Regional Project, Cracow and Doolgunna, a systematic approach has been used to developing targets with existing data followed by targeted field work.

Management Comment:

Ausgold's Chief Executive Officer, Matthew Greentree commented:

"The September quarter was a significant period for Ausgold with the announcement of an upgraded Mineral Resource estimate for the KGP, adding an additional 148,800 ounces or 23% to the previous Resource. The upgraded Resource resulted from our improved geological model and deposit knowledge at the KGP. This knowledge also highlights the potential for further near Resource discoveries particularly along the White Dam-Dingo and Jinkas trends, which extend over 17km. We are constantly improving our deposit knowledge at Katanning and will be implementing new exploration techniques such as ground-based EM and gravity to deliver better targeted exploration drilling."

"The discovery of previously unreported drill core over key Resources areas within the KGP further validates our systematic approach and adds significant value to the project at little cost to Ausgold. Work on our other projects has progressed our understanding of geology and exploration potential, and we are now following up with targeted field work at the Doolgunna and Cracow projects. Subsequent to the end of the September quarter we have conducted a significant capital raising which will allow Ausgold to advance the Katanning project as well as implementing structured exploration programs across our other projects".

Katanning Gold Project, WA

AUC interest 100%

Mineral Resource Update

During the quarter Ausgold, together with technical consultant SRK Consulting Pty Ltd (SRK), completed an upgraded JORC 2012 Mineral Resource estimate for the KGP. The new Resource of **20.98Mt at 1.17 g/t Au for 785,800 ounces of gold** represented an increase of 23% on the previous estimate, providing early validation of the geological reinterpretation undertaken recently by the Company and SRK.

The Resource update incorporated RC drilling targeting high grade mineralisation and strike extensions at the Jinkas, White Dam, Jackson and Fraser prospects, together with historical drilling that was validated by recent drilling at Fraser and Jinkas South (Table 1 and *Figure 1*).

Importantly, two new prospect areas included in the upgraded Resource, Jinkas South and Fraser, have near surface mineralisation and contributed significantly to the increase in contained ounces. Jinkas South, an extension of the Jinkas Resource, highlights potential along strike where it remains open and will likely add significantly to the Resource with further drilling. Furthermore, the wide-spaced drilling at Fraser highlights the continuity of mineralisation along the central White Dam-Dingo trend, which has significant untested strike potential.

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	173.1	1.80	1.10	64.0	2.33	1.05	78.8	6.75	1.45	315.7
Dingo	0.44	1.22	17.1	3.58	1.05	120.0	0.69	0.71	16.0	4.70	1.01	153.2
Jackson	-	-	-	7.81	1.22	30.5	0.39	1.06	13.7	1.18	1.16	44.2
Lone Tree	-	-	-	0.17	0.93	5.0	1.2	0.76	29.2	1.37	0.78	34.3
White Dam	-	-	-	0.39	0.99	12.5	3.27	1.34	141.0	3.67	1.30	153.7
Fraser	-	-	-	-	-	-	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

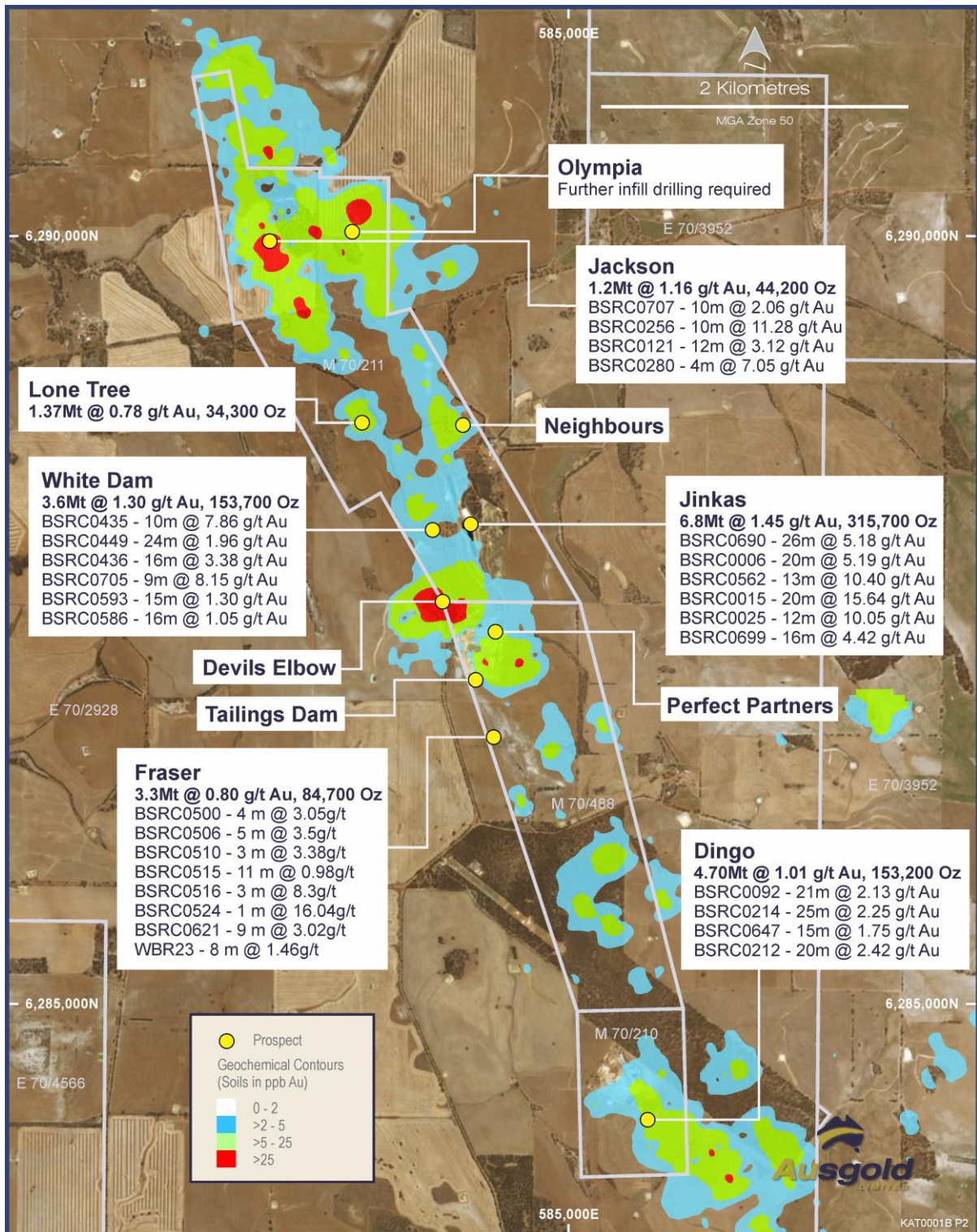


Figure 1 - Prospect and Resources areas in the KGP shown with contoured soils

Discovery of Additional Exploration Data

An audit of drill core stored at the KGP was undertaken during the quarter, with the exercise uncovering 1,300m of historical diamond drill core and high quality geological records for a further 1,185m of historical diamond drilling that has never been reported or included in the Company's data set.

While this was an unexpected development, the discovery of the core and data from key Resource areas, including Jinkas, White Dam, Jackson, Lone Tree, Fraser, Dingo and Olympia, is expected to be extremely useful in improving Ausgold's geological understanding of the KGP as the project moves into the mining study phase.

The Company is re-logging the newly discovered core, with the aim of collecting critical geological, structural and geotechnical information, and will re-sample and assay core in key areas or where it has not previously been sampled. In respect to the uncovered data for which drill core is no longer available, the drill logs are being compiled into a digital database.

A preliminary review of the core and data identified that the historical drilling returned significant intercepts, including:

- 10m at 9.42 g/t Au from 12 m including 1m at 87.5 g/t Au from 16m (D7);
- 24.5m at 2.7 g/t Au from 78m (JDDH01); and
- 21.5m at 2.73g/t Au from 89.5m including 1.5m at 10.35 g/t Au from 96m and 5m at 3.82 g/t Au from 102.5m¹

Successful EIS application

During the quarter Ausgold was successful in securing a grant for diamond and RC drilling at the KGP through the WA Government's Exploration Incentive Scheme (EIS).

Ausgold's application, which centred on the Datatine prospect and the Dingo-Lukin trend on tenement E70/2928 within the KGP, was deemed to meet the criteria of the EIS's Co-Funded Exploration Drilling Program, which provides up to 50% of the cost of innovative exploration drilling projects.

The planned drilling, part of a larger program to be undertaken at the KGP beginning in November 2017, will test coincident electromagnetic and geochemical anomalies identified at the two prospects, which bear similarities to the Jinkas deposit.

Completion of Dumbleyung acquisition

Following approval by Ausgold shareholders at a general meeting held in Perth on 3 August 2017, the acquisition of the Dumbleyung Gold Project from Chalice Gold Mines Limited reached formal completion on 14 September 2017².

The acquisition delivered Ausgold four prospective exploration licences adjacent to the KGP, lifting the Company's landholding along the underexplored Katanning Greenstone Belt to 4,031km² (Figure 2).

¹ For full table of historical intercepts, see ASX announcement 31 August 2017

² ASX announcement 14 September 2017 "Ausgold completes acquisition of Dumbleyung Gold Project"

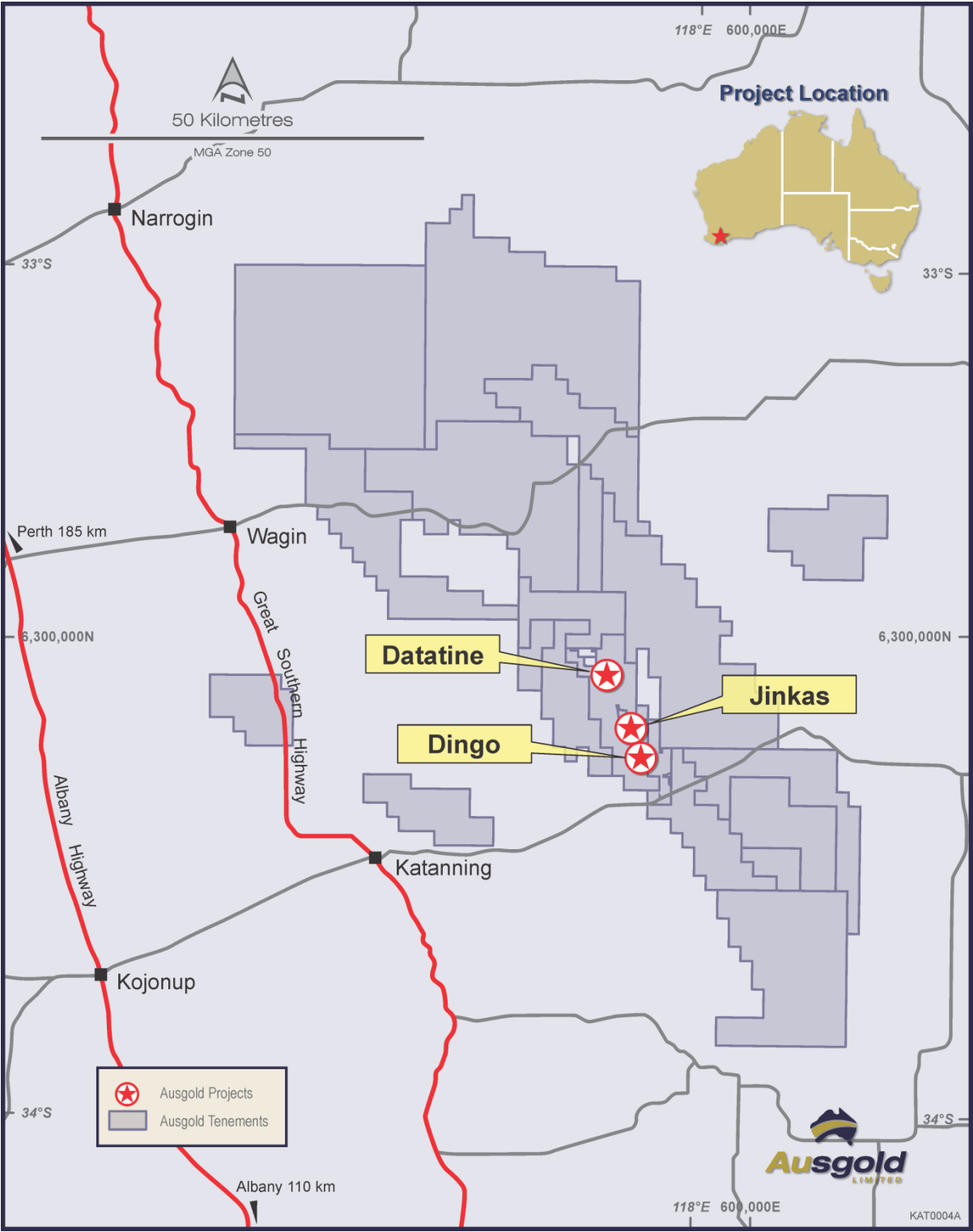


Figure 2 - Ausgold's currently held Katanning regional tenure

Doolgunna Station, WA

AUC interest 100%

The Doolgunna Station project is located in the Bryah Basin 150kms north-east of Meekatharra, WA. The project comprises E52/3031 covering 176km² located approximately 13kms to the west and along trend from the DeGrussa copper-gold operations of Sandfire Resources Limited (*Figure 3*).

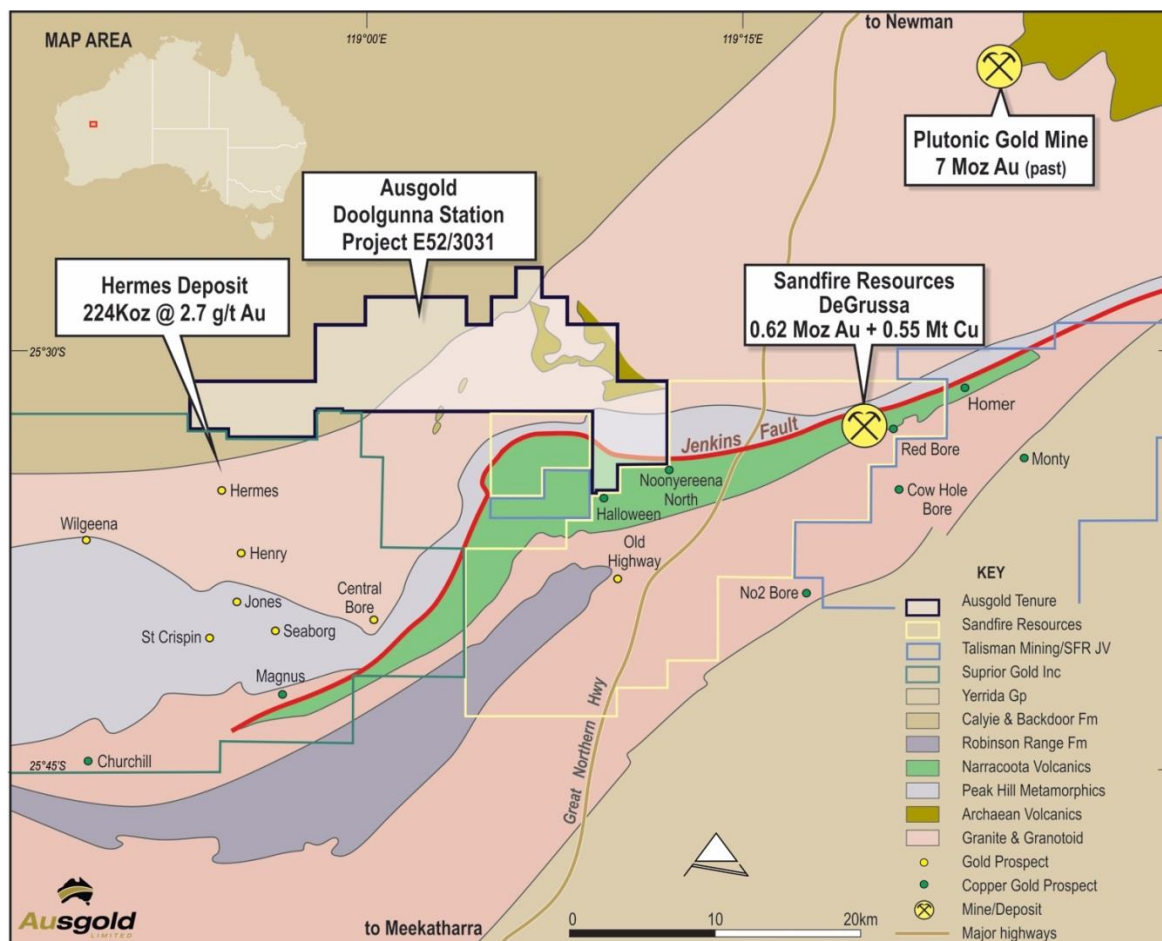


Figure 3 - Location of the Doolgunna Station Project

A field assessment of the Doolgunna Station Project has highlighted strong potential for orogenic Plutonic-style gold targets and Degruassa-style Volcanic Hosted Massive Sulphides (VHMS) targets within the project area.

Follow-up work investigating the potential for orogenic Plutonic-style gold mineralisation has included a soil sampling program focusing on interpreted northeast-trending shear zones within Archaean gneiss, granite and greenstone.

Ausgold conducted a regional 400m by 400m (staggered) soil sampling program over northeast-trending structures within Archaean gneissic dominant rocks of the Marymia Dome. The program is designed to delineate potential shear related orogenic gold mineralization (Plutonic style). Technical review of previously flown aeromagnetics and radiometrics (completed by Ausgold in 2010) was further enhanced with additional processing to aid in mapping of northeast-trending shear zones which were the focus for the soil sampling program.

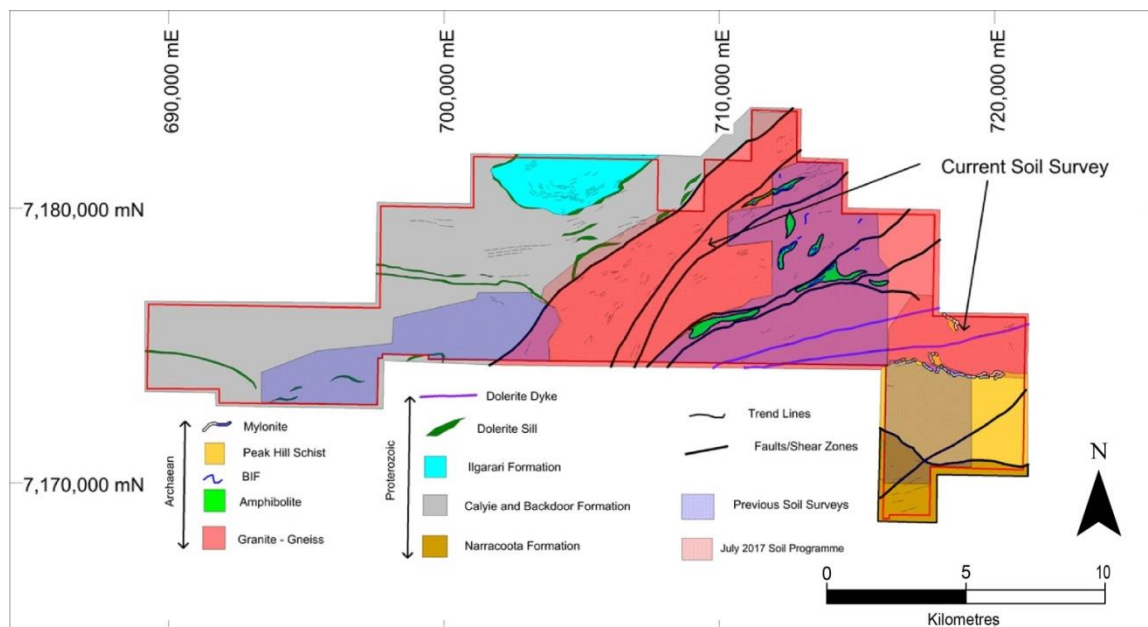


Figure 4 - Re-interpreted geological map of the Doolgunna Station Project highlighting soil survey areas

VTEM conductors identified along east-west striking structures remain untested and have potential for Degruassa-style VHMS mineralisation. Along these same trends a re-interpretation of previous aircore (AC) drilling results has delineated elevated copper values (up to 1055 ppm Cu) along what are considered to be leakage haloes around a NNE-striking fault which intersects the Jenkins Fault, which may be proximal to potential VHMS mineralisation (Figure 5).

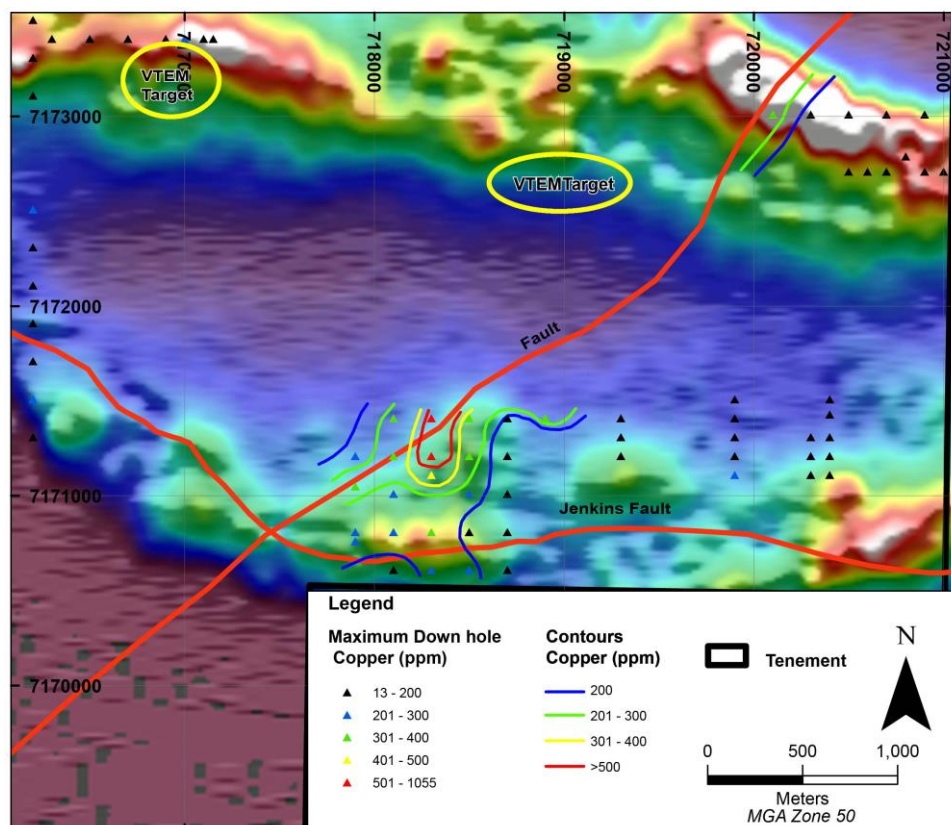


Figure 5 - Interpreted VTEM image with location of conductors and aircore drilling with contoured maximum copper values

Yamarna, WA

AUC interest 100%

The Yamarna Project is located approximately 125km north-east of Laverton in central Western Australia on Exploration Licence E38/2129. Past exploration by Ausgold identified disseminated sulphides (up to 10%) comprising chalcopyrite (copper-iron sulphide), pentlandite (iron-nickel sulphide) and pyrite (iron sulphide) contained within mafic-ultramafic rocks. A review by Fathom Geophysics identified nine Ni-Cu-Co, four PGE and 15 gold targets in the project area based on geophysical responses combined with structural complexity and favourable interpreted lithology.

Cracow, QLD

AUC interest 100%

Ausgold holds Exploration Licence EPM17054 covering approximately 202km² in the Cracow region, 375km north-west of Brisbane, Queensland. The tenement covers extensive areas of the Camboon volcanics, which host the multi-million ounce Cracow epithermal gold deposit 40 km to the south.

During the quarter Ausgold completed a technical review of the Cracow project to assess its prospectivity for epithermal and intrusion-related gold mineralisation. The work during the quarter included the interpretation of reprocessing and interpretation of ASTER satellite remote sensing imagery. Using this imagery, spectral mineralogy has highlighted zones containing white micas and kaolinite +/- pyrophyllite alteration, similar to what is found at the Cracow deposit. Fieldwork is planned in the next quarter to verify these alteration zones using geochemical sampling and spectral analysis.

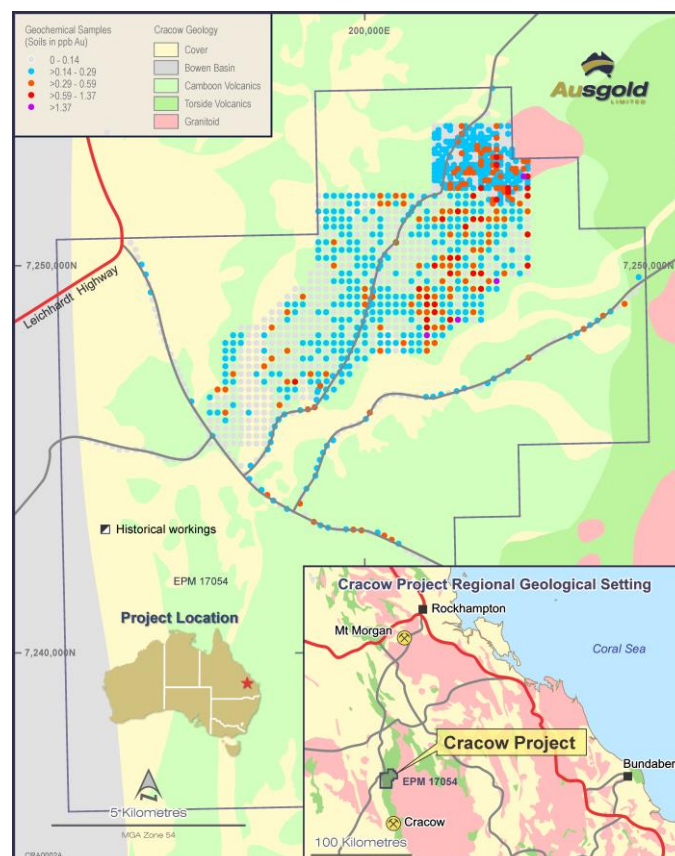


Figure 6 - Location of the Cracow Project showing the location past soils and geochemical sampling sites

December Quarter 2017 – Existing and Planned Activity

Katanning

- Flora and fauna survey in Rifle Range area – commenced
- Analysis of 41,000 regional geochemical stream sediment and soils samples – commenced
- 135 aircore drill holes planned at the KGP
- Ground electromagnetic (EM) survey over Jinkas, Lukin and Olympia prospects
- Ground gravity survey of Regional Katanning Project and a detailed survey over the Resource areas at the KGP
- Diamond and RC drilling within the KGP at Datatine and Jinkas South

Doolgunna Station

- Ground EM targeting VHMS styles of mineralisation within the Proterozoic rocks of the Bryah basin and geophysical modelling for drill targeting of identified conductors focusing on areas where copper mineralisation is identified in aircore drilling

Cracow

- Targeted mapping and geochemical sampling of identified alteration zones which are analogous to the Cracow gold deposit.

CORPORATE

Capital raising

On 10 October 2017 the Company announced that it had undertaken a share placement to raise \$1.5 million and that it would also undertake a 1-for-5 non-renounceable Rights Issue to existing shareholders to raise up to an additional \$2.4 million.

The placement of 60,500,000 shares priced at \$0.025 each to sophisticated and professional investors unrelated to the Company was settled on 16 October 2017. The closing date for the Rights Issue is 13 November 2017.

Proceeds from the capital raising will be used primarily to advance exploration on the KGP and Doolgunna Station Project and to provide additional working capital.

Share Capital

As at 30 September 2017 Ausgold had on issue 420,457,951 fully paid ordinary shares and 67,619,235 options with various strike prices and expiry dates.

Following allotment of the placement shares on 16 October 2017, the Company had 480,957,951 fully paid ordinary shares and 67,619,235 options on issue.

For further information please visit Ausgold's website or contact:

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E: info@ausgoldlimited.com

Competent Person's Statements

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

The information in this report that relates to the Mineral Resource Estimates is based on work done by Mr Rod Brown of SRK Consulting (Australasia) Ltd and Dr Greentree of Ausgold Limited. Dr Greentree takes responsibility for the integrity of the Exploration Results including sampling, assaying, and QA/QC, and the preparation of the geological interpretations. Mr Brown takes responsibility for the Mineral Resource Estimate.

Mr Rod 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 that they are undertaking, to qualify as Competent Persons in terms of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code, 2012 edition). The Competent Persons consent to the inclusion of such information in this report in the form and context in which it appears.

Forward-Looking Statements

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

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

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

Name of entity

AUSGOLD LIMITED

ABN

67 140 164 496

Quarter ended ("current quarter")

30 September 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(245)	(245)
(b) development	-	-
(c) production	-	-
(d) staff costs	(138)	(138)
(e) administration and corporate costs	(190)	(190)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other - insurance claim refund	-	-
1.9 Net cash from / (used in) operating activities	(573)	(573)

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

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

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(8)	(8)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (proceeds received pending shares to be issued)	-	-
3.10 Net cash from / (used in) financing activities	(8)	(8)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	603	603
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(573)	(573)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(8)	(8)
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	22	22

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	22	603
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	22	603

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	81
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Directors' fees and salary, and superannuation.

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	84
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Capital raising fees and use of office premises and associated facilities at cost.

8. Financing facilities available

Add notes as necessary for an understanding of the position

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

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9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	540
9.2	Development	-
9.3	Production	-
9.4	Staff costs	111
9.5	Administration and corporate costs	336
9.6	Other (provide details if material)	-
9.7	Total estimated cash outflows	987

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	E38/2863	Relinquishment	100%	0%
10.2	Interests in mining tenements and petroleum tenements acquired or increased	E70/4942	Beneficial Holder	0%	100%

Compliance statement

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



Sign here: _____
Director/Company Secretary

Date: 31 October 2017

Print name: Denis Ivan Rakich

Notes

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