Ausgold LIMITED

ABN 67 140 164 496

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

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DIRECTORS

Mr Richard Lockwood
Non-Executive Chairman

Dr Matthew Greentree
Chief Executive Officer and Managing Director

Mr Denis Rakich
Executive Director

Mr Neil Fearis
Non-Executive Director

Mr Geoffrey Jones
Non-Executive Director

COMPANY SECRETARY

Mr Denis Rakich

REGISTERED OFFICE

Level 16, AMP Building
140 St Georges Terrace
PERTH WA 6000

Telephone: (08) 9220 9890
Facsimile: (08) 9220 9820

Web: www.ausgoldlimited.com
Email: info@ausgoldlimited.com

AUDITORS

BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008

Telephone: (08) 6382 4600
Facsimile: (08) 6382 4601

SECURITIES EXCHANGE

Australian Securities Exchange
Level 40, Central Park
152-158 St Georges Terrace
PERTH WA 6000

ASX Code: AUC

SHARE REGISTRY

Security Transfer Australia
770 Canning Highway
APPLECROSS WA 6153

Telephone: 1300 992 916
Facsimile: (08) 9315 2233

SOLICITORS

Squire Patton Boggs
Level 21, 300 Murray Street
PERTH WA 6000

HopgoodGanim Lawyers
Level 27, 77 St Georges Terrace
PERTH WA 6000

All Mining Legal
Suite 2, 257 York Street
SUBIACO WA 6008

BANKERS

Westpac Banking Corporation
109 St Georges Terrace
PERTH WA 6000

AUSTRALIAN BUSINESS NUMBER

ABN 67 140 164 496

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 2019. 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 financial year were the exploration for gold and other precious metals.

DIRECTORS AND COMPANY SECRETARY

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

Richard Lockwood, Non-Executive Chairman Non-Executive Director since 12 November 2010 and Non-Executive Chairman since 2 September 2015	
Experience and expertise	Investment professional with 45 years' experience in mining, funds management and resource investment.
Qualifications	None
Other current directorships	None
Former directorships in last 3 years	Peninsula Energy Ltd (resigned 28 March 2017)
Special responsibilities	Chair of the Board Chair of Audit & Risk Committee Chair of Remuneration and Nominations Committee
Interests in shares and options	Ordinary shares – 45,230,471 Options – 8,000,000 Performance Rights – 4,000,000

Neil Fearis, Non-Executive Director Since 15 April 2016	
Experience and expertise	Corporate lawyer with 40 years' experience in commercial law, M&A, capital raisings and corporate reconstructions with a focus on the mining and resources sectors.
Qualifications	LL.B (Hons) FAICD, F FIN
Other current directorships	Jacka Resources Limited
Former directorships in last 3 years	Golden Cross Resources Limited (resigned 21 January 2019)
Special responsibilities	Member of the Board Member of Audit & Risk Committee Member of Remuneration and Nominations Committee
Interests in shares and options	Ordinary shares – 5,725,773 Options – 4,000,000 Performance Rights – 2,000,000

Geoffrey Jones, Non-Executive Director Since 29 July 2016	
Experience and expertise	Civil engineer with 30 years' experience in construction, engineering, minerals processing and project development in Australia and overseas.
Qualifications	BE (Civil), FIEAust, CPEng
Other current directorships	GR Engineering Services Limited Marindi Metals Limited
Former directorships in last 3 years	Energy Metals Limited (resigned 15 February 2017) Blackham Resources Limited (resigned 24 December 2018) Azumah Resources Limited (resigned 18 July 2018)
Special responsibilities	Member of the Board Member of Audit & Risk Committee Member of Remuneration and Nominations Committee
Interests in shares and options	Ordinary shares – 3,000,000 Options – 4,000,000 Performance Rights – 2,000,000

Matthew Greentree, Chief Executive Officer Since 10 April 2017 and Managing Director Since 19 April 2018	
Experience and expertise	Geologist with 20 years' experience in mineral exploration across Australia and overseas. Providing a strong technical focus on the Group's operations and able to draw on experience from working on more than 60 minerals projects.
Qualifications	PhD, BSc Geology (Hons), MAusIMM, MAIG, MAICD
Other current directorships	None
Former directorships in last 3 years	None
Special responsibilities	Member of the Board Member of Audit & Risk Committee Member of Remuneration and Nominations Committee
Interests in shares and options	Ordinary shares – 3,250,000 Options – 10,000,000 Performance Rights – 6,000,000

Denis Rakich, Executive Director and Company Secretary Since 31 January 2013	
Experience and expertise	Accountant with 35 years' experience in resource sector, legal, financial and corporate management.
Qualifications	BBus
Other current directorships	None
Former directorships in last 3 years	Samson Oil & Gas Limited (resigned 23 July 2019)
Special responsibilities	Member of the Board Member of Audit & Risk Committee Member of Remuneration and Nominations Committee
Interests in shares and options	Ordinary shares – 18,548,681 Options – 8,000,000 Performance Rights – 5,000,000

DIRECTORS' MEETINGS

The number of meetings of the Board of Directors held during the financial year ended 30 June 2019 and the number attended by each director are as follows:

	Board of Directors		Nomination and Remuneration Committee		Audit Committee	
Director	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
R Lockwood	4	4	-	-	-	-
N Fearis	4	4	-	-	-	-
G Jones	4	4	-	-	-	-
M Greentree	4	4	-	-	-	-
D Rakich	4	4	-	-	-	-

In addition to these formal meetings, during the year the Directors considered and passed 5 circular resolutions pursuant to clause 72 of the Company's Constitution.

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

The Company's objective is to continue to explore for gold at the Katanning Gold Project ("KGP") in Western Australia, with a view to increasing the overall size of the geological Resource and to commence feasibility studies for the future development of the project, whilst at the same time, exploring for gold and other precious metals in other parts of Australia.

ENVIRONMENTAL REGULATIONS

The Group'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.

REVIEW OF OPERATIONS

Exploration

The 2019 year has seen Ausgold focus its activities on advancing the Company's 100%-owned KGP, and finalising joint ventures for the Doolgunna and Yamarna Projects.

Katanning Gold Project

During the year Ausgold released the current JORC 2012 Mineral Resource estimate for the KGP being 25.1Mt at 1.29 g/t Au for 1.04 million ounces of gold (Table 1), which is a 32% increase in total contained ounces and a 10% increase in grade from the previous 2017 Resource estimate (ASX Release, 21 August 2017).

The Resource estimation was completed by SRK Consulting in accordance with the 2012 JORC Code. This new Resource incorporates recent drilling which has targeted high grade mineralisation and strike extensions of known mineralisation, as well as historical data which has been validated by that drilling.

***Table 1** - Summary Gold Resources for the KGP*

Resource category	Tonnes Mt	Grade (g/t au)	Contained gold (oz)
Measured	2.07	2.15	142,890
Indicated	8.29	1.28	340,320
Inferred	14.74	1.17	555,750
Total Resource	**25.10**	**1.29**	**1,038,960**

During the year Ausgold continued its exploration programs at KGP including diamond drilling and geophysics which identified further high-grade mineralisation with the potential to expand the current gold Resource within the Central Zone. The application of geophysics, including ground gravity and down-hole electromagnetics to directly target high-grade mineralisation has the potential to add significantly to the total gold Resources at the KGP and overall grade of the deposit.

Exploration during the year has for the first time included the Western trends, located within 5km of the Jinkas Resource, which have further potential to contribute to the Resource within the KGP. Recent work by Ausgold and a review of past exploration has identified a number of targets where bedrock mineralisation has not been effectively tested. The large strike extent of gold mineralisation within these prospects has the potential to significantly expand the KGP's current Mineral Resource.

Commencement of Scoping Study

Subsequent to the year-end Ausgold announced that GR Engineering Services Limited (GR Engineering) has been appointed to undertake a Scoping Study on the KGP. The study is due to be completed by the end of Q3 2019.

Simultaneously, SRK Consulting (Australasia) Pty Ltd (SRK) has been appointed to complete a preliminary Mine Planning Study. SRK is an independent, reputable consultancy practice whose services to the mining industry include resource estimation and reporting, feasibility studies and mine planning.

Financial

The Group recorded a consolidated loss of $1,781,417 (2018: $1,137,141) for the financial year ended 30 June 2019. At 30 June 2019, the Group had $298,479 (2018: $2,216,907) 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.

CONVERTIBLE SECURITIES

OPTIONS

Unlisted options lapsed during financial year ended 30 June 2019

Number of ordinary shares under options	Exercise price	Expiry date
6,040,000	$0.05	30 March 2019
6,040,000	**Total**	

Total options on issue at the date of this report

Number of ordinary shares under option	Grant date	Exercise price	Expiry date
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
5,000,000	3 August 2017	$0.06	31 July 2020
5,000,000	3 August 2017	$0.08	31 July 2020
2,500,000	20 July 2017	$0.0525	6 February 2020
3,700,000	9 January 2018	$0.06	31 December 2021
51,779,235	**Total**		

PERFORMANCE RIGHTS

Total ordinary shares which are subject to performance rights at the date of this report

Number of performance rights under option	Grant date	Exercise price	Vesting Date
19,000,000	29 November 2018	$0.00	30 September 2019
19,000,000	**Total**		

EVENTS SUBSEQUENT TO REPORTING DATE

On 25 June 2019, Ausgold announced a Share Purchase Plan ("SPP") allowing shareholders to subscribe for up to a maximum of $15,000 worth of new Ausgold shares at an issue price of $0.015 per share. The SPP closed on 26 July 2019. The Company raised $675,000 before costs and issued a total of 45,000,000 shares on 1 August 2019.

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.

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

As far as the Directors are aware, 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 present this Remuneration Report prepared in accordance with the requirements of the Corporations Act 2001 on the consolidated entity for the financial year ended 30 June 2019. This Remuneration Report forms part of the Directors' Report.

KEY MANAGEMENT PERSONNEL

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. The key management personnel of Ausgold comprise the Directors who are as follows:

- Richard Lockwood (Non-Executive Chairman)
- Neil Fearis (Non-Executive Director)
- Geoffrey Jones (Non-Executive Director)
- Matthew Greentree (Chief Executive Officer and Managing Director)
- Denis Rakich (Executive Director and Company Secretary)

OVERVIEW

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 framework for the executives comprise a fixed cash component and where applicable, superannuation contributions and issue of share options or other share-based incentives in the Company which are intended to provide competitive rewards to attract high calibre executives. The issue of share options, whilst not dependent on the performance of the Company, are aligned with the ongoing performance assessment of the incumbent management team, following annual review and assessment by the Board. Any issuance of share options to Directors will require the prior approval of shareholders.

The Company remunerates Non-Executive Directors for their time, commitment and responsibilities. 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 his 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 per annum.

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:

	2019	2018	2017	2016	2015
Revenue ($'000)	4	80	100	4	15
Net loss before tax ($'000)	(1,781)	(1,137)	(2,673)	(4,346)	(1,091)
Net loss after tax ($'000)	(1,781)	(1,137)	(2,673)	(4,346)	(1,091)
Share price at start of the year ($)	$0.028	$0.025	$0.052	$0.04	$0.05
Share price at end of the year ($)	$0.014	$0.028	$0.025	$0.05	$0.04
Dividends ($)	-	-	-	-	-
Basic loss per share (cents)	(0.26)	(0.22)	(0.78)	(1.55)	(0.46)
Diluted loss per share (cents)	n/a	n/a	n/a	n/a	n/a

SERVICE AGREEMENTS

Non-Executive Directors

The Non-Executive Directors' maximum fees payable in aggregate is $120,000. Set out below are the remuneration terms:

Name	Role	Commencement date	Fixed annual remuneration
Richard Lockwood	Non-Executive Chairman	12 November 2010	Nil
Neil Fearis	Non-Executive Director	15 April 2016	$25,000 plus GST
Geoffrey Jones	Non-Executive Director	29 July 2016	$21,900 including superannuation

Executive Directors

Remuneration and other terms of employment for the executives are formalised in service agreements. Major provisions of the agreements relating to remuneration are set out below:

Name	Role	Commencement date	Fixed annual remuneration including superannuation	Termination notice period
Matthew Greentree	Chief Executive Officer and Managing Director	10 April 2017	$210,450	6 months
Denis Rakich	Executive Director and Company Secretary	31 January 2013	$157,300	6 months

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 if required; will engage remuneration consultants in the future to assist with this process.

VOTING AND COMMENTS MADE AT THE COMPANY'S 2018 ANNUAL GENERAL MEETING

The Company received more than 99.98% of votes in favour of its remuneration report for the 2018 financial year at the 2018 AGM. The Company did not receive any specific feedback from shareholders at the annual general meeting or during the financial year regarding its remuneration practices.

DETAILS OF REMUNERATION

The table below shows the fixed and variable remuneration for key management personnel for the financial year ended 30 June 2019:

2019	Short-term benefits			Long-term benefits	Post-employment benefits	Share-based payment	Total
	Cash salary & fees	Annual leave[3]	Other fees[4]	Long service leave[5]	Superannuation	Options & Rights	
Directors							
R Lockwood	-	-	$3,487	-	-	$53,913	**$57,400**
N Fearis[1]	$25,000	-	$3,487	-	-	$26,957	**$55,444**
G Jones	$20,000	-	$3,487	-	$1,900	$26,957	**$52,344**
M Greentree	$192,400	$12,414	$3,487	$3,165	$18,050	$83,668	**$313,184**
D Rakich[2]	$144,000	$4,846	$3,487	$12,414	$13,709	$67,392	**$245,848**
Total	**$381,400**	**$17,260**	**$17,435**	**$15,579**	**$33,659**	**$258,887**	**$724,220**

Note 1: Director's fees of $25,000 plus GST.
Note 2: Mr Rakich fixed annual remuneration is $144,000 plus superannuation.
Note 3: Annual leave relates to movements in annual leave provision during the year and annual leave payment made.
Note 4: Other fees include the attributable non-cash benefit applied by virtue of the Company's Directors and Officers Liability policy.
Note 5: 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 2018:

2018	Short-term benefits			Long-term benefits	Post-employment benefits	Share-based payment	Total
	Cash salary & fees	Annual leave[3]	Other fees[4]	Long service leave[5]	Superannuation	Options	
Directors							
R Lockwood	-	-	$1,653	-	-	-	**$1,653**
N Fearis[1]	$25,000	-	$1,653	-	-	-	**$26,653**
G Jones	$20,000	-	$1,653	-	$1,900	-	**$23,553**
M Greentree[2]	$192,400	$4,774	$1,653	$3,165	$18,050	$26,769	**$246,811**
D Rakich	$144,000	$4,846	$1,653	$2,332	$13,300	-	**$166,131**
Total	**$381,400**	**$9,620**	**$8,265**	**$5,497**	**$33,250**	**$26,769**	**$464,801**

Note 1: Director's fees of $25,000 plus GST.
Note 2: Dr Greentree was appointed Managing Director of Ausgold on 19 April 2018.
Note 3: Annual leave relates to movements in annual leave provision during the year and annual leave payment made.
Note 4: Other fees include the attributable non-cash benefit applied by virtue of the Company's Directors and Officers Liability policy.
Note 5: Long service leave relates to movements in long service leave provision during the year.

Options and performance rights 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 percentage of fixed remuneration to total remuneration is as follows:

Name	Fixed remuneration		Performance based remuneration		% consisting of options & rights	
	2019 %	2018 %	2019 %	2018 %	2019 %	2018 %
Directors						
R Lockwood	-	-	94%	-	94%	-
N Fearis	100%	100%	45%	-	49%	-
G Jones	100%	100%	51%	-	51%	-
M Greentree	100%	100%	26%	-	27%	11%
D Rakich	100%	100%	27%	-	27%	-

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

PERFORMANCE RIGHTS

The Performance Rights Plan is used to reward the Directors for their performance and to align their remuneration with the creation of shareholder wealth. The Performance Rights are issued for nil cash consideration and no consideration will be payable upon the vesting of the Performance Rights. Each Performance Right entitles the holder to be issued one Ausgold share. The Plan was approved by the shareholders on 29 November 2018.

The grant date of the Performance Rights was 29 November 2018 and the Performance Right will vest on 30 September 2019. The fair value per right is $0.0193.

The vesting conditions for the Performance Rights are as follows:

- Employment at the end of measurement period ("Employment Condition")
- Performance of the Company relative to the performance of the S&P/ASX 300 Metals and Mining Index for the period based on Total Shareholder Return ("TSR") (Performance Condition).

In order to meet the Employment Condition, the relevant Director must be a director of the Company at the end of the measurement period, which runs from 29 November 2018 to 30 September 2019. At the end of the measurement period, the Company's performance shall be determined by reference to the Company's TSR for the period, which will be compared against the S&P/ASX Metals and Mining Index. The TSR calculation will be based on the percentage change in the share price of the Company over the measurement period. The percentage change will be calculated by comparing the 20 day volume weighted average price in the 20 business day period immediately before the start and end of the measurement period.

Relative TSR over the Measurement Period	Portion of Performance Rights Vested
Below the 50th percentile	0%
At the 50th percentile	50%
Between the 50th and 75th percentile	Pro-rata between 50% and 100%
Above the 75th percentile	100%

Numbers of Performance Rights holdings of the Company held by key management personnel or their related entities as at 30 June 2019 are as follows:

Name	Year granted	Balance at start of year	Granted during the year	Rights to deferred shares				Balance at end of year (unvested)	Maximum value yet to vest*
				Vested		Forfeited			
		Number	Number	Number	%	Number	%	Number	$
Directors									
R Lockwood	2019	-	4,000,000	-	-	-	-	4,000,000	23,287
N Fearis[1]	2019	-	2,000,000	-	-	-	-	2,000,000	11,643
G Jones[2]	2019	-	2,000,000	-	-	-	-	2,000,000	11,643
M Greentree[3]	2019	-	6,000,000	-	-	-	-	6,000,000	34,930
D Rakich[4]	2019	-	5,000,000	-	-	-	-	5,000,000	29,108
Total		**-**	**19,000,000**	**-**	**-**	**-**	**-**	**19,000,000**	**110,611**

* The maximum value of the deferred shares yet to vest has been determined as the amount of the grant date fair value of the rights that is yet to be expensed.
Note 1: Relevant interest held through Pendomer Investments Pty Ltd.
Note 2: Relevant interest held as trustee of The Lee Jones Superannuation Fund.
Note 3: Relevant interest held through M&J Greentree Nominees Pty Ltd.
Note 4: Relevant interest held as trustee of the Rakich Retirement Fund.

Terms and conditions of the share based payment arrangement

Grant date	Vesting & exercise date	Expiry date	Exercise price	Value per right at grant date	% vested
29 November 2018	30 September 2019	30 September 2019	$0.00	$0.0193	0%

Name	LTI Options	
	Value granted	Value exercised
Directors		
R Lockwood	$77,200	-
N Fearis	$38,600	-
G Jones	$38,600	-
M Greentree	$115,800	-
D Rakich	$96,500	-
Total	**$366,700**	**-**

OPTION HOLDINGS

Number of options held by key management personnel or their related entities as at 30 June 2019 is set out below:

Name	Opening balance	Granted	Exercised	Lapsed	Closing balance	Vested & exercisable	Unvested
Directors							
R Lockwood	8,200,000	-	-	(200,000)	8,000,000	8,000,000	-
N Fearis[1]	4,200,000	-	-	(200,000)	4,000,000	4,000,000	-
G Jones[2]	4,000,000	-	-	-	4,000,000	4,000,000	-
M Greentree[3]	10,000,000	-	-	-	10,000,000	10,000,000	-
D Rakich[4]	8,200,000	-	-	(200,000)	8,000,000	8,000,000	-
Total	**34,600,000**	**-**	**-**	**(600,000)**	**34,000,000**	**34,000,000**	**-**

Note 1: Relevant interest held through Pendomer Investments Pty Ltd.
Note 2: Relevant interest held as trustee of The Lee Jones Superannuation Fund.
Note 3: Relevant interest held through M&J Greentree Nominees Pty Ltd.
Note 4: Relevant interest held as trustee of the Rakich Retirement Fund.

SHAREHOLDINGS

Number of shares held by the Directors of the Company or their related entities, as at 30 June 2019 is set out below:

Name	Opening balance	Acquired	Received on exercise of options	Other changes	Balance at resignation	Closing balance
Directors						
R Lockwood	32,230,471	12,000,000	-	-	-	**44,230,471**
N Fearis[1]	3,000,000	2,025,773	-	-	-	**5,025,773**
G Jones[2]	1,000,000	2,000,000	-	-	-	**3,000,000**
M Greentree[3]	2,650,000	500,000	-	-	-	**3,150,000**
D Rakich[4]	17,048,681	-	-	-	-	**17,048,681**
Total	**55,929,152**	**16,525,773**	**-**	**-**	**-**	**72,454,925**

Note 1: Relevant interest held through Pendomer Investments Pty Ltd.
Note 2: Relevant interest held as trustee of The Lee Jones Superannuation Fund.
Note 3: Relevant interest held through M&J Greentree Nominees Pty Ltd.
Note 4: Relevant interest held as trustee of the Rakich Retirement Fund.

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 $120,724 plus GST (2018: $113,948) of which $21,341 plus GST (2018: $37,161) remained owing to Elstree as at 30 June 2019. Amounts were due and payable under normal commercial terms.

NC FEARIS FAMILY TRUST

Payment was made to The NC Fearis Family Trust ("NCFT") for director's services fee. 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 $25,000 plus GST (2018: $25,000) of which $4,167 plus GST (2018: $2,083) remained owing to NCFT as at 30 June 2019. 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 2019.

END OF AUDITED REMUNERATION REPORT

CORPORATE GOVERNANCE

The 2019 Corporate Governance Statement is available on the Company's website at www.ausgoldlimited.com.

NON-AUDIT SERVICES

During the year, BDO Audit (WA) Pty Ltd, the Company's auditor, has performed other services in addition to the audit and review of the financial statements.

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

	2019	2018
Other services - valuation of performance rights for Notice of Meeting	$2,020	-
Total	**$2,020**	**-**

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
27 September 2019

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
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 2019, 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, 27 September 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

		2019 $	2018 $
Other income	9	57,893	79,577
Impairment exploration expenses	13	(528,716)	(28,716)
Corporate and administration expenses		(775,270)	(686,699)
Share based payments expenses		(258,887)	(164,201)
Occupancy expenses		(101,505)	(114,078)
Other expenses		(82,468)	(97,208)
Accounting expenses		(64,647)	(65,200)
Depreciation expenses		(17,198)	(32,765)
Finance costs		(4,704)	(6,280)
Legal fees		(5,915)	(21,571)
Loss before income tax		**(1,781,417)**	**(1,137,141)**
Income tax benefit / (expense)	10	-	-
Loss for the period		**(1,781,417)**	**(1,137,141)**
Loss is attributable to:			
Owners of the Company		**(1,781,417)**	**(1,137,141)**
Other comprehensive income / (loss)			
Other comprehensive income / (loss)		-	-
Total comprehensive loss for the period (net of tax)		**(1,781,417)**	**(1,137,141)**
Loss per share for the period attributable to the members of Ausgold Limited:			
Basic loss per share (cents per share)	22	(0.26)	(0.22)
Diluted loss per share (cents per share)	22	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 2019

	Note	2019 $	2018 $
ASSETS			
Current Assets			
Cash and cash equivalents	11	298,479	2,216,907
Trade and other receivables		13,308	89,415
Security deposits	12	94,611	94,111
Prepayment for exploration assets	13	6,872	10,898
Financial assets at fair value through profit or loss	14	81,000	-
Total Current Assets		**494,270**	**2,411,331**
Non-Current Assets			
Property, plant and equipment	15	175,073	54,264
Exploration and evaluation expenditure	13	41,951,739	39,875,523
Total Non-Current Assets		**42,126,812**	**39,929,787**
TOTAL ASSETS		**42,621,082**	**42,341,118**
LIABILITIES			
Current Liabilities			
Trade and other payables	16	420,523	589,450
Lease liabilities	17	30,318	-
Provisions	18	165,091	109,397
Total Current Liabilities		**615,932**	**698,847**
Non-Current Liabilities			
Lease liabilities	17	88,804	-
Provisions	18	1,169,653	1,070,148
Total Non-Current Liabilities		**1,258,457**	**1,070,148**
TOTAL LIABILITIES		**1,874,389**	**1,768,995**
NET ASSETS		**40,746,693**	**40,572,123**
EQUITY			
Contributed equity	19	64,828,889	63,131,789
Reserves	20	5,379,967	5,121,081
Accumulated losses	21	(29,462,163)	(27,680,747)
TOTAL EQUITY		**40,746,693**	**40,572,123**

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 2019

The following table presents the consolidated Statement of Changes in Equity for the year ended 30 June 2019:

	Contributed Equity $	Accumulated Losses $	Reserves $	Total Equity $
Balance as at 1 July 2018	**63,131,789**	**(27,680,747)**	**5,121,081**	**40,572,123**
Total comprehensive loss	-	(1,781,417)	-	**(1,781,417)**
Transactions with owners, recorded directly in equity:				
Shares issued	1,800,000	-	-	**1,800,000**
Share issue costs	(102,900)	-	-	**(102,900)**
Share based payments	-	-	258,887	**258,887**
Balance as at 30 June 2019	**64,828,889**	**(29,462,163)**	**5,379,967**	**40,746,693**

The following table presents the consolidated Statement of Changes in Equity for the year ended 30 June 2018:

	Contributed Equity $	Accumulated Losses $	Reserves $	Total Equity $
Balance as at 1 July 2017	56,533,836	(26,543,606)	4,831,652	**34,821,882**
Total comprehensive loss	-	(1,137,141)	-	**(1,137,141)**
Transactions with owners, recorded directly in equity:				
Shares issued	6,705,790	-	-	**3,303,000**
Share issue costs	(107,837)	-	-	**(155,185)**
Share based payments	-	-	289,439	**634,634**
Balance as at 30 June 2018	**63,131,789**	**(27,680,747)**	**5,121,081**	**40,572,123**

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 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Interest received		4,002	5,427
Payments to suppliers and employees		(910,335)	(1,113,092)
Receipts from rebates and claims		23,872	74,150
Net cash flows used in operating activities	23	**(882,461)**	**(1,033,515)**
Cash flows from investing activities			
Payments for plant and equipment		(11,698)	(4,605)
Payments for exploration expenditure		(2,618,111)	(3,632,929)
Security deposit (paid) / received		(500)	-
Net cash flows used in investing activities		**(2,630,309)**	**(3,637,534)**
Cash flows from financing activities			
Repayment of lease obligations		(19,517)	-
Proceeds from the issue of share capital		1,800,000	6,317,291
Transaction costs related to issues of shares and options		(186,141)	(32,164)
Net cash flows generated by financing activities		**1,594,342**	**6,285,127**
Net increase / (decrease) in cash and cash equivalents		**(1,918,428)**	**1,614,078**
Cash and cash equivalents at the beginning of the period		2,216,907	602,829
Cash and cash equivalents at the end of the period	11	**298,479**	**2,216,907**

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 2019

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 2019 was authorised for issue in accordance with a resolution of the Directors on 27 September 2019.

The consolidated entity's principal activities during 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 2019, all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for annual reporting periods beginning on or after 1 July 2018 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.

All new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

4. GOING CONCERN

The accounts have been prepared on a going concern basis. The Group recorded a consolidated loss of $1,781,417 and had net cash outflows from operating and investing activities of $3,512,770 for the financial year ended 30 June 2019. At 30 June 2019, the Group had $298,479 (2018: $2,216,907) in cash and cash equivalents, and current liabilities of $615,932 (2018: $698,847).

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.

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 AND EVALUATION EXPENDITURE

The Group's policy with regards to exploration and evaluation expenditure, including the costs of acquiring licences and permits, are capitalised as exploration and evaluation assets on an area of interest basis. Under this method, exploration and evaluation expenditure is carried forward on the following basis:

i) Each area of interest is considered separately when deciding whether, and to what extent, to carry forward or write off exploration and evaluation costs.

ii) Exploration and evaluation expenditure related to an area of interest is carried forward provided that the rights to tenure of the area of interest are current and that one of the following conditions is met:

  - such evaluation costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively, by its sale: or
  - exploitation and/or evaluation activities in the area f interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in relation to the area are continuing.

Exploration and evaluation costs accumulated in respect of each particular area of interest include only net direct expenditure.

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 2019 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.

ADOPTION OF AASB 9 – FINANCIAL INSTRUMENTS

The Group has adopted AASB 9, where 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.

ADOPTION OF AASB 15 – REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group has adopted AASB 15, where revenue ie recognised when control of a good or service transfers to a customer. It permits either a full retrospective or a modified retrospective approach for the adoption.

The adoption of AASB 15 did not have a material impact on the Company's financial statements and disclosure.

NEW NOT YET EFFECTIVE ACCOUNTING STANDARDS AND INTERPRETATIONS

AASB reference	Title	Summary	Application date of standard	Impact on consolidated financial report
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:

	2019 $	2018 $
Financial assets		
Cash and cash equivalents	298,479	2,216,907
Trade and other receivables	13,308	89,415
Security deposits	94,611	94,111
Financial assets at fair value through profit or loss	81,000	-
	487,398	**2,400,433**
Financial liabilities		
Trade and other payables	420,523	589,450
Lease liabilities	119,122	-
	539,645	**589,450**

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 will be measured at fair value, with the gains or losses being recognised in profit or loss.

	2019 $	2018 $
Trade receivables		
Counterparties without external credit rating[1]		
Group 1	107,919	183,526
Group 2	-	-
	107,919	**183,526**
Deposits		
AA	298,479	2,216,907
	298,479	**2,216,907**

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:

	2019 $	2018 $
Financial assets		
Cash and cash equivalents	298,479	2,216,907
Trade and other receivables	13,308	89,415
Security deposits	94,611	94,111
	406,398	**2,400,433**

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.

	2019 $	2018 $
Financial liabilities		
Trade and other payables	420,523	589,450
Lease liabilities	119,122	-
	539,645	**589,450**

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 $	Between 1 and 2 years	Total $	Carrying amount $
Consolidated - at 30 June 2019					
Trade and other payables	420,523	-	-	420,523	420,523
Lease liabilities	14,954	15,365	88,803	119,121	119,121
	435,477	**15,365**	**88,803**	**539,645**	**539,644**

Contractual maturities of financial liabilities	Less than 6 months $	6 to 12 months $	Between 1 and 2 years $	Total $	Carrying amount $
Consolidated - at 30 June 2018					
Trade and other payables	589,450	-	-	589,450	589,450
	589,450	**-**	**-**	**589,450**	**589,450**

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:

	2019 $	2018 $
Variable rate financial instruments		
Financial assets	298,479	2,216,907
Financial liabilities	119,122	-
	417,601	**2,216,907**

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 2019					
Financial assets					
Cash and cash equivalents	0.49	298,479	-	-	298,479
Security deposits	-	94,611	-	-	94,611
Trade and other receivables	-	-	-	13,308	13,308
	-	**393,090**	**-**	**13,308**	**406,398**
Financial liabilities					
Trade and other payables	-	-	-	420,523	420,523
Lease liabilities	-	119,122	-	-	119,122
	-	**119,122**	**-**	**420,523**	**539,645**

	Weighted average effective interest rate %	Fixed & floating interest rate $	Maturing within 1 year $	Non-interest bearing $	Total $
Consolidated - at 30 June 2018					
Financial assets					
Cash and cash equivalents	0.42	2,216,907	-	-	2,216,907
Security deposits	-	94,111	-	-	94,111
Trade and other receivables	-	-	-	89,415	89,415
	-	**2,311,018**	**-**	**89,415**	**2,400,433**
Financial liabilities					
Trade and other payables	-	-	-	589,450	589,450
	-	**-**	**-**	**589,450**	**589,450**

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) 2019 $	-1% (100 basis pts) 2019 $	+1% (100 basis pts) 2018 $	-1% (100 basis pts) 2018 $
Financial assets				
Cash and cash equivalents	2,985	(2,985)	22,169	(22,169)
	2,985	**(2,985)**	**22,169**	**(22,169)**

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 and observable market prices.

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. OTHER INCOME

Other income is recognised when the amount can be reliably measured and control of the right to receive income be passed to the Group.

	2019 $	2018 $
Other inome	27,874	79,577
Gain on sale for partial disposal Yamarna Project	151,519	-
Changes in fair value of financial assets at fair value through profit or loss	(121,500)	-
	57,893	**79,577**

10. 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.

	2019 $	2018 $
Reconciliation between tax expenses and pre-tax net loss		
Loss before income tax expense	**(1,781,417)**	**(1,137,141)**
Income tax benefit calculated at 27.5% (2017: 27.5%)	(489,890)	(312,714)
Tax effects on amounts which are not tax deductible	63,170	50,657
Deferred tax asset not brought to account	426,720	262,057
Income tax benefit	**-**	**-**

	2019 $	2018 $
Deferred tax assets not brought to account		
Unused tax losses	59,939,377	56,386,624
Timing differences	(41,726,795)	(39,847,371)
Capital raising cost in equity	217,426	214,255
Tax at 27.5% (2017: 27.5%)	**5,068,252**	**4,607,215**

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.

11. 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.

	2019 $	2018 $
Current assets		
Cash at bank and in hand	298,479	2,216,907
	298,479	**2,216,907**

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:

	2019 $	2018 $
Current assets		
Cash at bank and in hand	298,479	2,216,907
Balance as per Consolidated Statement of Cash Flows	**298,479**	**2,216,907**

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.

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.

	2019 $	2018 $
Current assets		
Balance at the start of period	94,111	94,111
Additions / (Reversals)	500	-
	94,611	**94,111**

13. 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.

	2019 $	2018 $
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	41,951,739	39,335,639
Prepayment for exploration assets	6,872	10,898
Acquisition of tenements - Dumbleyung Project	-	539,884
	41,958,611	**39,886,421**
Reconcilation:		
Carrying amount at start of year	39,886,421	35,610,028
Exploration expenditure	2,548,076	3,754,327
Acquisition of tenements - Dumbleyung Project	-	539,884
Partial disposal - Yamarna Project	(50,981)	-
Provision for rehabilitation	96,939	-
Prepayment for exploration assets	6,872	10,898
Expenditure written off	(528,716)	(28,716)
Carrying amount at the end of the period	**41,958,611**	**39,886,421**

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 $528,716 (2018: $28,716) which resulted in the expenditure being written off at the reporting date.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

The Group classifies equity investments that are held for trading as financial assets at fair value through profit or loss. The financial assets consist of ordinary shares which have been valued at fair value and have no fixed maturity date or coupon rate. The value of these financial assets has been determined directly by reference to published price quotations in an active market. Changes in the value of the financial assets are recorded in net loss on financial assets in profit or loss.

	2019 $	2018 $
Current assets		
Financial assets at FVTPL - Investment in GBR	81,000	-
	81,000	**-**

On 13 March 2019, the Company entered into a farm-in and joint venture agreement with Great Boulder Resources Ltd (ASX.GBR) ("GBR") with regards to the Yamarna project. The project includes the highly prospective Winchester nickel-copper project, located 125km northeast of Laverton in Western Australia.

Under the terms of the agreement, GBR issued Ausgold 1,500,000 GBR shares which are under staged voluntary escrow period of 3 to 9 months. GBR can earn 51% interest in the Winchester project by spending $250,000 on exploration over 2 years, and an additional 24% (75% in total) by spending an additional $250,000 ($500,000 in total over 4 years). Upon GBR meeting the minimum expenditure milestone, Ausgold will retain 25% free-carried interest in the Winchester project to a decision to mine. GBR earned 51% interest in the Winchester project as at 30 June 2019.

15. 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

	2019 $	2018 $
Non-current assets		
Balance at the start of the period, net of accumulated depreciation	54,264	82,424
Additions	138,007	4,605
Depreciation charge	(17,198)	(32,765)
Balance net of accumulated depreciation	**175,073**	**54,264**

	2019 $	2018 $
Non-current assets		
Cost	865,450	845,108
Accumulated depreciation	(690,377)	(790,843)
Net carrying amount	**175,073**	**54,264**

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.

16. 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.

	2019 $	2018 $
Current liabilities		
Trade creditors	398,110	568,881
Other creditors	22,413	20,569
	420,523	**589,450**

17. LEASE LIABILITIES

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment.

	2019 $	2018 $
Current liabilities		
Lease liabilities	30,318	-
	30,318	**-**

	2019 $	2018 $
Non-current liabilities		
Lease liabilities	88,804	-
	88,804	**-**

18. 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.

	2019 $	2018 $
Current liabilities		
Provision for employee benefits	165,091	109,397
	165,091	**109,397**

	2019 $	2018 $
Non-current liabilities		
Provision for employee benefits	27,286	24,720
Provision for rehabilitation	1,142,367	1,045,428
	1,169,653	**1,070,148**

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.

19. 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.

	2019 $	2018 $
Equity		
Balance at the start of the period	63,131,789	56,533,836
Shares issued for capital raising purposes[1]	1,800,000	6,317,290
Shares issued for acquisition of tenements - Dumbleyung Project	-	388,500
Less share issue costs	(102,900)	(107,837)
	64,828,889	**63,131,789**

Note 1: The Company allotted the following shares to fund the Company's continued exploration and working capital:

- On 28 February 2019, Ausgold completed a placement of 90,000,000 shares at an issue price of 2 cents each.

MOVEMENTS IN SHARE CAPITAL DURING THE YEAR

	2019 Number of shares	2018 Number of shares
Balance at the start of the period	657,149,541	405,457,951
Shares issued for capital raising purposes	90,000,000	236,691,590
Shares issued for acquisition of tenements - Dumbleyung Project	-	15,000,000
	747,149,541	**657,149,541**

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

	2019 Number of options	2018 Number of options
Balance at the start of the period	67,819,235	43,919,235
Options issued	-	16,800,000
Options issued for acquisition of tenements - Dumbleyung Project	-	10,000,000
Options lapsed	(6,040,000)	(2,900,000)
	61,779,235	**67,819,235**

20. RESERVES

Share-based compensation benefits are provided to employees of Ausgold Limited. The fair value of options/rights 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/rights. The fair value of options is determined by management using a Black Scholes option pricing model and the fair value of rights are estimated using a Monte Carlo simulation.

In valuing the equity-settled transactions, performance conditions are taken into account.

The cost of equity-settled transactions is recognised, together with corresponding increase in equity, over the period in which the performance conditions are fulfilled.

The fair value of the options/rights 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.

	2019 $	2018 $
Share-based payments reserve		
Balance at the start of period	5,121,081	4,831,652
Share-based payments expense	258,887	289,429
	5,379,968	**5,121,081**

PERFORMANCE RIGHTS PLAN FOR DIRECTORS

The Performance Rights Plan is used to reward the Directors for their performance and to align their remuneration with the creation of shareholder wealth. The Performance Rights are issued for nil cash consideration and no consideration will be payable upon the vesting of the Performance Rights. Each Performance Right entitles the holder to be issued one Ausgold share. The Plan was approved by the shareholders on 29 November 2018.

The aggregate numbers of Performance Rights holdings of the Company held directly, indirectly or beneficially by Directors are as follows:

	Opening Balance (Number)	Received (Number)	Vested (Number)	Closing Balance (Number)
Directors				
R Lockwood	-	4,000,000	-	4,000,000
N Fearis	-	2,000,000	-	2,000,000
G Jones	-	2,000,000	-	2,000,000
M Greentree	-	6,000,000	-	6,000,000
D Rakich	-	5,000,000	-	5,000,000
Total	**-**	**19,000,000**	**-**	**19,000,000**

The grant date of the Performance Rights was 29 November 2018 and the Performance Right will vest on 30 September 2019. The fair value per right is $0.0193.

The vesting conditions for the Performance Rights are as follows:

- Employment at the end of measurement period ("Employment Condition")
- Performance of the Company relative to the performance of the S&P/ASX 300 Metals and Mining Index for the period based on Total Shareholder Return ("TSR") (Performance Condition).

In order to meet the Employment Condition, the relevant Director must be a director of the Company at the end of the measurement period. At the end of the measurement period, the Company's performance shall be determined by reference to the Company's TSR for the period, which will be compared against the S&P/ASX Metals and Mining Index. The TSR calculation will be based on the percentage change in the share price of the Company over the measurement period. The percentage change will be calculated by comparing the 20 day volume weighted average price in the 20 business day period immediately before the start and end of the measurement period.

Relative TSR over the Measurement Period	Portion of Performance Rights Vested
Below the 50th percentile	0%
At the 50th percentile	50%
Between the 50th and 75th percentile	Pro-rata between 50% and 100%
Above the 75th percentile	100%

The model used for the calculations is Monte Carlo simulation using a hybrid option pricing model. The following share based payments and key inputs used to value were made through the issue of equity:

	Performance Rights
Number issued	19,000,000
Grant date / Agreement date	29 Nov 2018
Expiry date	30 Sep 2019
Exercise price	$0.00
Option life	0.84 year
Fair value at grant date	$0.0193
Risk-free interest rate	2.01%
Total fair value	$366,700

SHARE-BASED PAYMENTS RESERVE

A share based payment expense of $258,887 (June 2018: $289,429) was recorded for the financial year ended 30 June 2019 as follows:

- $256,089 was expensed with regards to the Performance Rights issued to the Board of Directors. The exercise price is nil.
- $2,798 relates to options issued to Dr Matthew Greentree in the prior period. The options are part of Dr Greentree's remuneration package as Chief Executive Officer and Managing Director of the Company and will vest on 10 August 2019 at 8 cents each.

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.

Set out below are summaries of the options issued and not exercised for the financial years ended 30 June 2019:

Grant date/ Agreement date	Expiry date	Exercise price	Opening Balance (Number)	Granted (Number)	Exercised (Number)	Lapsed (Number)	Closing Balance (Number)	Vested at 30 June 2019 (Number)
18 Nov 2015	30 Nov 2019	$0.08	9,579,235	-	-	-	9,579,235	9,579,235
11 Nov 2016	30 Nov 2020	$0.08	16,000,000	-	-	-	16,000,000	16,000,000
9 Feb 2017	6 Feb 2020	$0.0525	10,000,000	-	-	-	10,000,000	10,000,000
10 Apr 2017	31 Jul 2020	$0.06	5,000,000	-	-	-	5,000,000	5,000,000
10 Apr 2017	31 Jul 2020	$0.08	5,000,000	-	-	-	5,000,000	2,000,000
20 Jul 2017	6 Feb 2020	$0.0525	2,500,000	-	-	-	2,500,000	2,500,000
14 Sep 2017	13 Sep 2019	$0.035	10,000,000	-	-	-	10,000,000	10,000,000
9 Jan 2018	31 Dec 2021	$0.06	3,700,000	-	-	-	3,700,000	3,700,000
Total			**61,779,235**	**-**	**-**	**-**	**61,779,235**	**58,779,235**
Weighted Average Exercise Price			**$0.06**	**-**	**-**	**-**	**$0.06**	**$0.06**

Set out below are summaries of the options issued and not exercised for the financial years ended 30 June 2018:

Grant date/ Agreement date	Expiry date	Exercise price	Opening Balance (Number)	Granted (Number)	Exercised (Number)	Lapsed (Number)	Closing Balance (Number)	Vested at 30 June 2018 (Number)
23 Apr 2015	31 Dec 2017	$0.07	1,500,000	-	-	(1,500,000)	-	-
23 Apr 2015	31 Dec 2017	$0.07	300,000	-	-	(300,000)	-	-
23 Apr 2015	31 Dec 2017	$0.07	300,000	-	-	(300,000)	-	-
23 Apr 2015	31 Dec 2017	$0.07	300,000	-	-	(300,000)	-	-
23 Apr 2015	31 Dec 2017	$0.07	500,000	-	-	(500,000)	-	-
18 Nov 2015	30 Nov 2019	$0.08	9,579,235	-	-	-	9,579,235	9,579,235
11 Nov 2016	30 Nov 2020	$0.08	16,000,000	-	-	-	16,000,000	16,000,000
9 Feb 2017	6 Feb 2020	$0.05	10,000,000	-	-	-	10,000,000	10,000,000
10 Apr 2017	31 Jul 2020	$0.06	5,000,000	-	-	-	5,000,000	5,000,000
10 Apr 2017	31 Jul 2020	$0.08	5,000,000	-	-	-	5,000,000	-
20 Jul 2017	6 Feb 2020	$0.05	-	2,500,000	-	-	2,500,000	2,500,000
14 Sep 2017[1]	13 Sep 2019	$0.0350	-	10,000,000	-	-	10,000,000	10,000,000
9 Jan 2018	31 Dec 2021	$0.06	-	3,700,000	-	-	3,700,000	3,700,000
Total			**48,479,235**	**16,200,000**	**-**	**(2,900,000)**	**61,779,235**	**56,779,235**
Weighted Average Exercise Price			**$0.07**	**$0.04**	**-**	**$0.07**	**$0.06**	**$0.06**

Note 1: Options issued for acquisition of the Dumbleyung Project.

The market weighted average price of Ausgold Limited shares during the 2019 financial year was $0.021 (2018: $0.04). The weighted average remaining contractual life of options outstanding at the end of the financial year was 0.92 years (2018: 1.92 years).

21. ACCUMULATED LOSSES

	2019 $	2018 $
Equity		
Accumulated losses at the start of period	(27,680,747)	(26,543,606)
Loss after income tax attributable to owners	(1,781,417)	(1,137,141)
	(29,462,164)	**(27,680,747)**

22. 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.

	2019 Cents per share	2018 Cents per share
From continuing operations:		
Basic loss per share	(0.26)	(0.22)
Diluted loss per share	N/A	N/A

The calculation of basic loss per share at 30 June 2019 was based on the loss attributable to ordinary shareholders of $1,781,417 (2018: $1,137,141) and a weighted average number of ordinary shares outstanding during the year of 687,478,308 (2018: 522,371,740).

EARNINGS USED IN CALCULATING LOSS PER SHARE

	2019 $	2018 $
For basic and diluted loss per share		
Loss after income tax for the year	(1,781,417)	(1,137,141)

WEIGHTED AVERAGE NUMBER OF SHARES USED AS THE DENOMINATOR

	2019 Number	2018 Number
Weighted Average Number of Ordinary Shares (WANOS)		
Weighted average number of ordinary shares	687,478,308	522,371,740

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.

23. CASH FLOWS FROM OPERATING ACTIVITIES RECONCILIATION

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

	2019 $	2018 $
Loss after income tax for the year	(1,781,417)	(1,137,141)
Adjustments for:		
Depreciation and amortisation expenses	17,198	32,765
Share-based payment expenses	258,887	164,201
Impairment exploration expenses	528,716	28,716
Fair value adjustments to financial assets at fair value	(30,019)	-
(Increase) / Decrease in trade and other receivables	7,843	(5,632)
Increase / (Decrease) in trade and other payables	(38,868)	(140,808)
Increase / (Decrease) in provisions	155,199	24,384
Net cash flows (used in) operating activities	**(882,461)**	**(1,033,515)**

The total cash outflows from operating and investing activities for the 2019 financial year was $3,512,770 (2018: $4,671,049).

Non-cash financing and investing activities

During the year, the Group acquired shares in Great Boulder Resources Limited for a fair value of $202,500 (2018: nil), in relation the farm-in and joint venture agreement disclosed in Note 14. This acquisition has not been reflected in the Statement of Cash Flows.

24. AUDITOR'S REMUNERATION

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

	2019 $	2018 $
Audit services		
- Audit and review of financial report	35,901	31,530
Non-audit services		
- Valuation of performance rights for purpose of notice of meeting	2,020	-
	37,921	**31,530**

25. 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

	2019 $	2018 $
Not later than one year	45,420	57,624
Later than one year but not later than five years	52,990	115,248
Later than five years	-	-
	98,410	**172,872**

26. 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 or 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	Equity Interest %	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 27.

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 $120,724 plus GST (2018: $113,948) of which $21,341 plus GST (2018: $37,161) remained owing to Elstree as at 30 June 2019. Amounts were due and payable under normal commercial terms.

NC FEARIS FAMILY TRUST

Payment was made to The NC Fearis Family Trust (“NCFT”) for director’s services fee. 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 $25,000 plus GST (2018: $25,000) of which $4,167 plus GST (2018: $2,083) remained owing to NCFT as at 30 June 2019. 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.

27. KEY MANAGEMENT PERSONNEL

KEY MANAGEMENT PERSONNEL REMUNERATION

	2019 $	2018 $
Short-term employment benefits	416,095	256,424
Post employment benefits	33,659	20,113
Long-term employment benefits	15,579	2,286
Share based payments	258,887	436,964
	724,220	**715,787**

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 and NC Fearis Family Trust. Details of these fees can be found in Note 26.

28. CONTINGENT LIABILITIES

The Group had contingent liabilities at 30 June 2019 in respect of bank guarantee for the amount of $74,111 (2018: $74,111). No other contingent liabilities existed as at reporting date.

29. PARENT ENTITY INFORMATION

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

	Parent Entity 2019 $	Parent Entity 2018 $
Current assets	316,805	2,154,105
Non-current assets	40,722,374	38,743,541
Total Assets	**41,039,179**	**40,897,646**
Current liabilities	214,999	308,545
Non-current liabilities	77,486	16,978
Total Liabilities	**292,485**	**325,523**
NET ASSETS	**40,746,694**	**40,572,123**
Contributed equity	71,713,331	70,016,231
Reserves	5,379,968	5,121,081
Accumulated losses	(36,346,605)	(34,565,189)
TOTAL EQUITY	**40,746,694**	**40,572,123**

	Parent Entity 2018 $	Parent Entity 2018 $
Loss for the year	(1,781,416)	(1,137,141)
Other comprehensive income / (loss)	-	-
Total comprehensive loss for the year	**(1,781,416)**	**(1,137,141)**

30. EVENTS SUBSEQUENT TO REPORTING DATE

On 25 June 2019, Ausgold announced a Share Purchase Plan allowing shareholders to subscribe for up to a maximum of $15,000 worth of new Ausgold shares at an issue price of $0.015 per share. The SPP closed on 26 July 2019. The Company raised $675,000 before costs and issued a total of 45,000,000 shares on 1 August 2019.

No other matters have arisen since the end of the reporting period which may affect the state of affairs of the Group.

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 2019 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
27 September 2019

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

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 2019, 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 2019 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*
As disclosed in Note 13, the carrying value of the exploration and evaluation asset represents a significant asset of the Group. Refer to Note 5 and Note 13 of the Financial Report for a description of the accounting policies and significant judgements applied to capitalised exploration and evaluation expenditure. In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources* ('AASB 6'), the recoverability of exploration and evaluation expenditure requires significant judgement by management in determining whether there are any facts and circumstances that exist to suggest the carrying amount of this asset may exceed its recoverable amount. As a result, this is considered a key audit matter.	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 Notes 5 and 13 to the Financial Report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

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 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, 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.

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 2019.

In our opinion, the Remuneration Report of Ausgold Limited, for the year ended 30 June 2019, 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, 27 September 2019

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 24 September 2019.

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	96	33,420
1,001 - 5,000	100	278,666
5,001 - 10,000	66	577,756
10,001 - 100,000	472	20,596,823
100,001 and over	466	770,662,876
Total	**1,200**	**792,149,541**

888 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 shares
Lockwood Richard Arthur	45,230,471	5.71%
HSBC Custody Nom Aust Ltd	30,649,696	3.87%
Gold Elegant HK Inv Ltd	27,340,000	3.45%
Kingarth PL	23,000,000	2.90%
Rakich Denis Ivan	18,520,001	2.34%
AIC Mines Ltd	17,665,000	2.23%
Batterbury Holdings Pty Ltd	16,080,000	2.03%
Nero Resource fund PL	14,500,000	1.83%
Thirty Sixth Vilmar PL	12,500,000	1.58%
Citicorp Nom PL	11,998,507	1.51%
Maclachlan Neil Thacker	11,687,647	1.48%
Bahen Mark John & M P	10,166,667	1.28%
Narrow Lane PL	10,006,820	1.26%
Troca Entps PL	10,000,000	1.26%
El'Raghy Kriewaldt PL	10,000,000	1.26%
BT Portfolio SVCS Ltd	10,000,000	1.26%
Dinas Super Fund PL	10,000,000	1.26%
Berne No 132 Nom PL	9,834,286	1.24%
CS Third Nom PL	9,647,859	1.22%
Magaurite PL	9,500,000	1.20%
Total	**318,326,954**	**40.19%**

VOTING RIGHTS

All fully paid ordinary shares carry one vote per share.

SUBSTANTIAL HOLDERS

The Company received the following notices of substantial shareholding:

Shareholder	Relevant interest per notice received Number of shares
Lockwood Richard Arthur	45,230,471

OPTIONS ON ISSUE

Option details	Expiry dates	Number of options
Unlisted options exercisable at $0.08 per share	30 November 2019	9,579,235
Unlisted options exercisable at $0.0525 per share	6 February 2020	12,500,000
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 $0.08 per share	30 November 2020	16,000,000
Unlisted options exercisable at $0.06 per share	31 December 2021	3,700,000
Total		**51,779,235**

SCHEDULE OF MINERAL LICENCE INTERESTS

State	Lease	Lease status	Grant date	Project	Interest %
Western Australia Tenements					
WA	E38/2129	Granted	13 October 2008	Yamarna	49%
WA	E38/3311	Application	-	Yamarna	49%
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	E70/4566	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	E70/4863	Granted	10 January 2017	Katanning Regional	100%
WA	E70/4864	Granted	10 January 2017	Katanning Regional	100%
WA	E70/4865	Granted	5 January 2017	Katanning Regional	100%
WA	E70/4866	Granted	10 January 2017	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	E70/4947	Granted	6 November 2017	Katanning Regional	100%
WA	E70/4958	Granted	18 April 2018	Katanning Regional	100%
WA	E70/4959	Granted	11 April 2018	Katanning Regional	100%
WA	E70/4968	Granted	4 January 2018	Katanning Regional	100%
WA	E70/5040	Granted	14 June 2018	Katanning Regional	100%
WA	E70/5042	Granted	14 June 2018	Katanning Regional	100%
WA	E70/5043	Granted	14 June 2018	Katanning Regional	100%
WA	E70/5044	Granted	14 June 2018	Katanning Regional	100%
WA	E70/5134	Granted	4 May 2018	Katanning Regional	100%
WA	E70/5142	Granted	8 April 2019	Katanning Regional	100%
WA	E70/5223	Granted	5 July 2019	Katanning Regional	100%
WA	E70/5285	Application	-	Katanning Regional	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	E70/2928	Granted	26 November 2008	Katanning Gold Project	100%

State	Lease	Lease status	Grant date	Project	Interest %
Western Australia Tenements					
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%