



Ausgold awarded EIS grant for Jinkas deep drilling

Highlights:

- EIS grant will support drilling at the Katanning Gold Project to a value of \$150,000
- Grant will partly fund four diamond holes to test mineralisation down dip and outside of the existing Jinkas Resource
- Drilling will test newly discovered high grade gold mineralisation along the eastern Jinkas deposit

Ausgold Limited (ASX: AUC) (“Ausgold” or “the Company”) is pleased to announce that it has again been successful in applying for a \$150,000 grant under the Western Australian Government’s Exploration Incentive Scheme (EIS). The EIS grant will be used for a diamond drilling program planned to be undertaken at the Company’s Katanning Gold Project (KGP), located in the Southwest Yilgarn in Western Australia.

Ausgold’s application, which detailed plans to test for gold mineralisation under significant transported cover at the Jinkas deposit within the KGP, met the criteria of the EIS’s Co-Funded Exploration Drilling Program. The program provides up to 50% of the cost of innovative exploration drilling projects (capped at \$150,000 for general multi-hole applications).

The EIS grant will be used to partly fund four diamond drill holes at Jinkas on tenements M70/488 and M70/211 (Figure 1). The drill targets will test the eastern portion of Jinkas, which is down dip from the main Jinkas deposit and north along strike from the high grade mineralisation intersected at Jinkas South (Figure 2). The planned holes follow the trend identified in recent ground gravity surveying.

This drilling will test areas currently outside of the Jinkas Resource area and has the potential to significantly add to both the Jinkas and White Dam Resources (which contain Resources of 6.8Mt at 1.45 g/t Au for 315,700oz and of 3.67Mt at 1.30 g/t Au for 153,700oz respectively), as well as identifying additional high grade gold mineralisation.

Management Comment:

Ausgold’s Managing Director, Matthew Greentree, commented:

“This latest funding will go a long way to helping answer some key questions at Jinkas and allow us to assess the presence and location of favourable structural controls on high grade gold mineralisation. The drilling has been designed to test extension of the high grade Jinkas mineralisation at depth and we look forward to undertaking this drilling as part of a larger drilling program to be undertaken in the second half of 2018.”

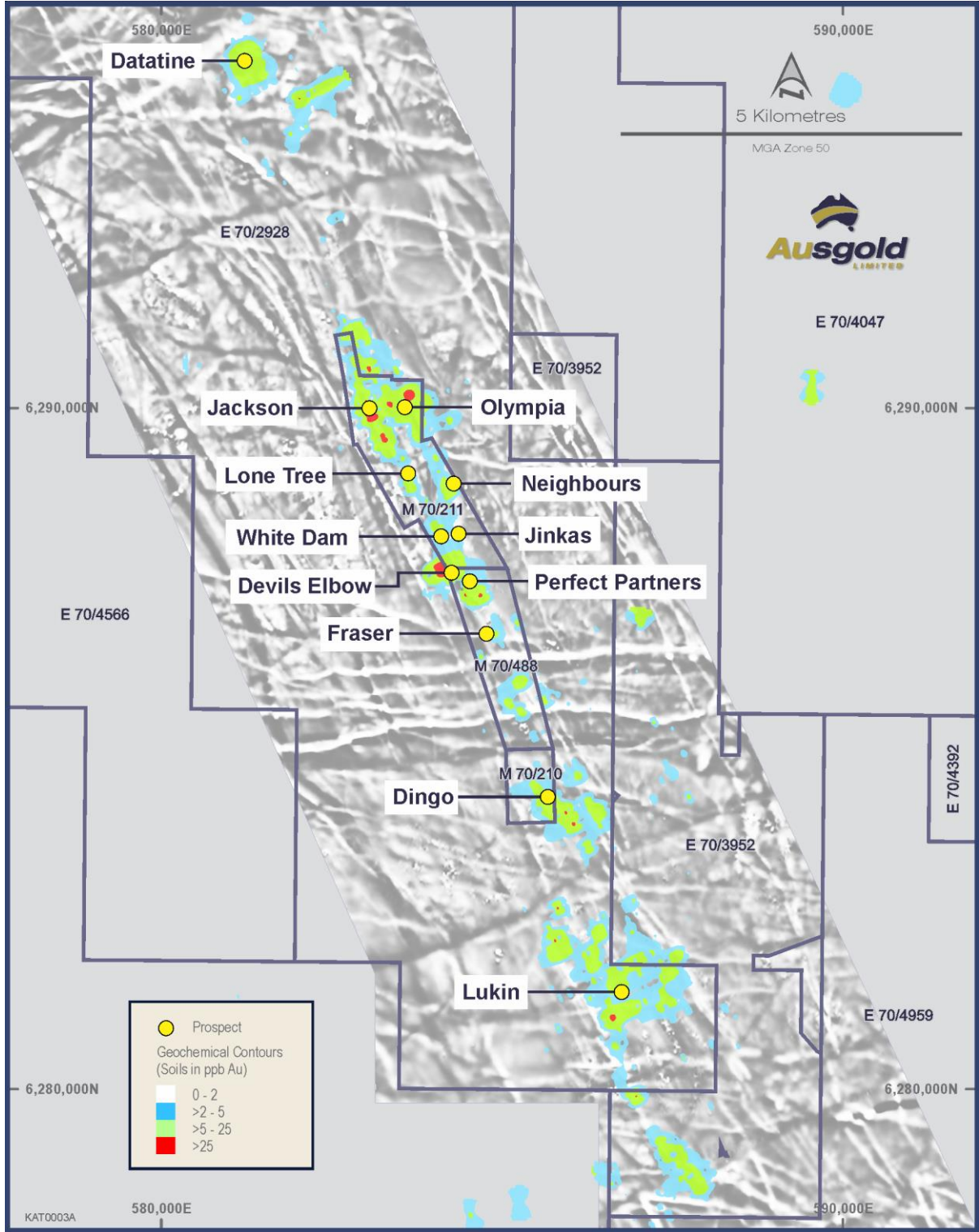


Figure 1 - Location of the Jinkas deposit within the KGP shown with contoured gold in soil with grey scale first vertical derivative aeromagnetic image.

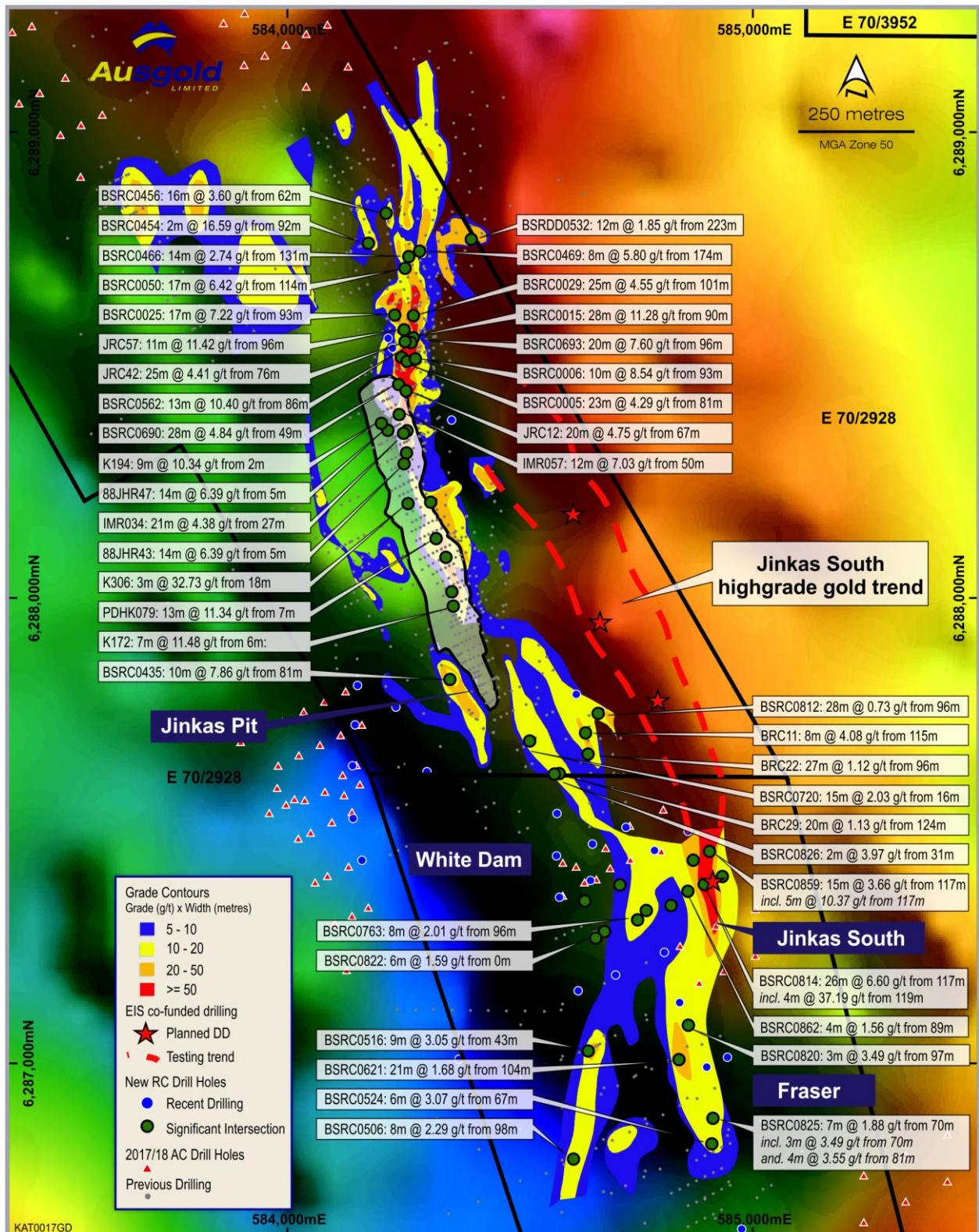


Figure 2 - Location of EIS drilling at the Jinkas deposit shown with ground gravity image.

About Ausgold Limited

Ausgold Limited is a gold exploration and development company based in Western Australia.

The Company's flagship project is the Katanning Gold Project, located 275km south-east of Perth and approximately 40km north-east of the wheatbelt town of Katanning. Ausgold holds a dominant ground position in this relatively underexplored greenstone belt, an area prospective for Archean gold deposits. The current Resource at Katanning is 785,000 oz gold (Table 1).

Ausgold's portfolio also includes the Doolgunna Station Cu-Au project and the Yamarna Ni-Cu-Co project in Western Australia and the Cracow Au project in Queensland.

Table 3 Current Mineral Resource
(Details in ASX release 3 August 2017)

	Tonnes (Mt)	Grade (g/t)	Ounces ('000)
Measured	3.0	1.94	190
Indicated	6.7	1.07	232
Inferred	11.2	1.01	363
Total	20.9	1.17	785

On behalf of the Board,

Matthew Greentree
Managing Director
 Ausgold Limited

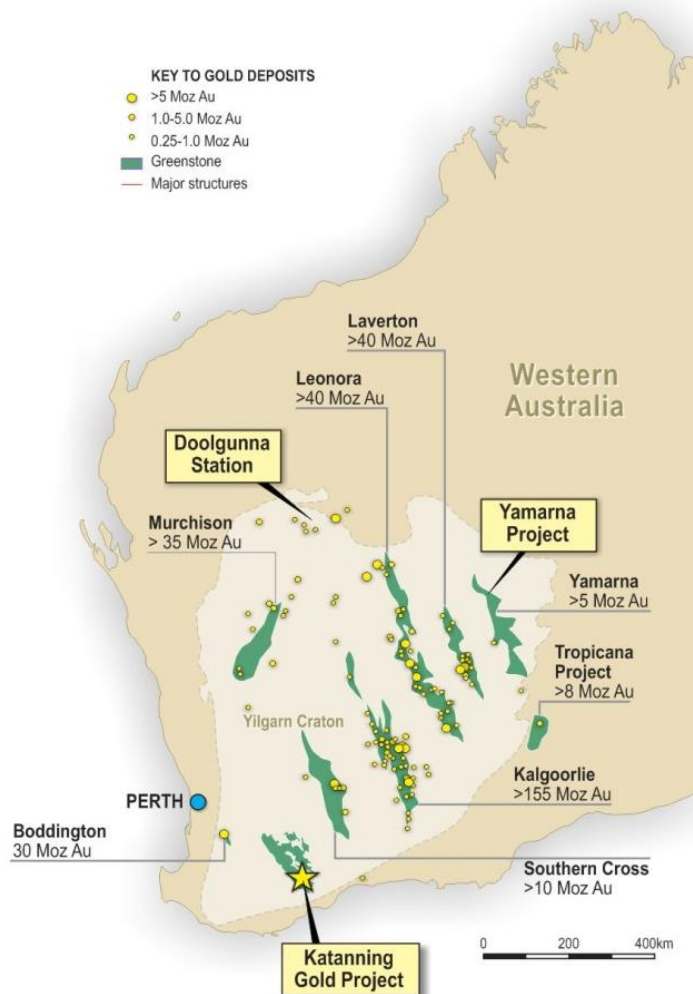


Figure 3 - Regional map showing the KGP, other Ausgold projects, and mineralised greenstone belts

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

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Competent Person's Statements

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

Mr Brown and Dr Greentree are Members of The Australasian Institute of Mining and Metallurgy and have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the activity they are undertaking, to qualify as Competent Persons in terms of The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 edition).

The Competent Persons consent to the inclusion of such information in this report in the form and context in which it appears.

Forward-Looking Statements

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