



\$6.35M placement to accelerate exploration and Resource growth at the 1.2 Moz Katanning Gold Project

Highlights:

- Firm commitments received to raise \$6.35 million from institutional and sophisticated investors
- \$3 million cornerstone investment from Dundee Goodman Merchant Partners, a respected Canadian resource investor
- Proceeds will be used to accelerate Resource drilling within the Central Zone at the 100%-owned Katanning Gold Project (KGP) which currently holds a JORC Resource of 1.2 million ounces of gold
- Large drill program at KGP to include
 - RC and diamond drill program planned to add high-grade Resource ounces within the Central Zone, including Jinkas south and north lodes;
 - Auger and AC regional exploration drilling program to advance high priority gold and PGE targets to further build Resource base through discovery

Ausgold Limited (ASX: AUC) ('Ausgold' or 'the Company') is pleased to announce that it has received binding commitments from institutional and sophisticated investors for a share placement ('Placement') to raise \$6,348,705 before costs to underpin an extensive exploration and Resource expansion drill program at its 100%-owned Katanning Gold Project in Western Australia.

There was strong demand for the Placement from a number of international institutional and sophisticated investors, including a \$3m cornerstone investment from the Canadian resource investment group Dundee Goodman Merchant Partners.

The new shares to be issued under the Placement are priced at \$0.0327 which represents a 10% discount to the volume weighted average price over the last five days of trading prior to the Company's trading halt on Monday 3 August 2020.

Management Comment:

Ausgold's Managing Director, Matthew Greentree, said:

"We are pleased to welcome our new investors, including Dundee Goodman Merchant Partners (DGMP), as significant shareholders in Ausgold. Following the completion of a thorough due-diligence process, DGMP share our view of the significant potential of the KGP. The funds raised in this placement will be used to accelerate drill programs at the KGP, which are expected to add further high-grade Resource ounces and to advance high priority targets within the Company's significant tenement position."

The Mineral Resource at the KGP is currently 1.2 million ounces with clear extensions to mineralisation as demonstrated by the recent round of high-grade drill results which should add to the current gold Resource at Katanning and further improve the project economics. Further drilling is planned to target high-grade mineralisation down dip and north along strike where it remains open.

With this new funding Ausgold will be expanding its current drill programs and we look forward to updating the market with further exploration success."

Use of funds

Proceeds from the Placement will be used to advance exploration at the KGP as well as provide additional working capital.

A large RC drill program will continue at the KGP with diamond drill programs being planned to add further high-grade Resource ounces. Exploration is planned for both near Resource and regional targets within the broader Katanning landholding.

Placement

Under the Placement the Company will issue a total of 194,150,000 shares at an issue price of \$0.0327. The Placement is made pursuant to section 708 of the Corporations Act 2001 (Cth) (Act) and in accordance with Listing Rule 7.1 of the ASX Listing Rules. None of the places is a related party of the Company.

About Dundee Goodman Merchant Partners (DGMP)

DGMP (<http://www.dundeegoodmanmerchantpartners.com>) is an established Canadian resource investment group who, the Company understands, undertakes a rigorous due diligence process prior to committing to a new investment. Each investment opportunity is assessed in detail by a team of industry experts with experience in all facets of the resource sector. This approach enables DGMP to align themselves strategically as a long-term investor to support investee companies through the exploration and development process, using their extensive technical experience.

The Board of Directors of Ausgold Limited approved this announcement for release to ASX.

On behalf of the Board,

MATTHEW GREENTREE

Managing Director

Ausgold Limited

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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 1.2 Moz 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 1 - Current Mineral Resource

(Details in ASX release 1 November 2019)

	Tonnes (Mt)	Grade (g/t)	Ounces ('000)
Measured	2.26	2.05	149
Indicated	11.99	1.14	441
Inferred	19.68	0.97	611
Total	33.93	1.10	1,201

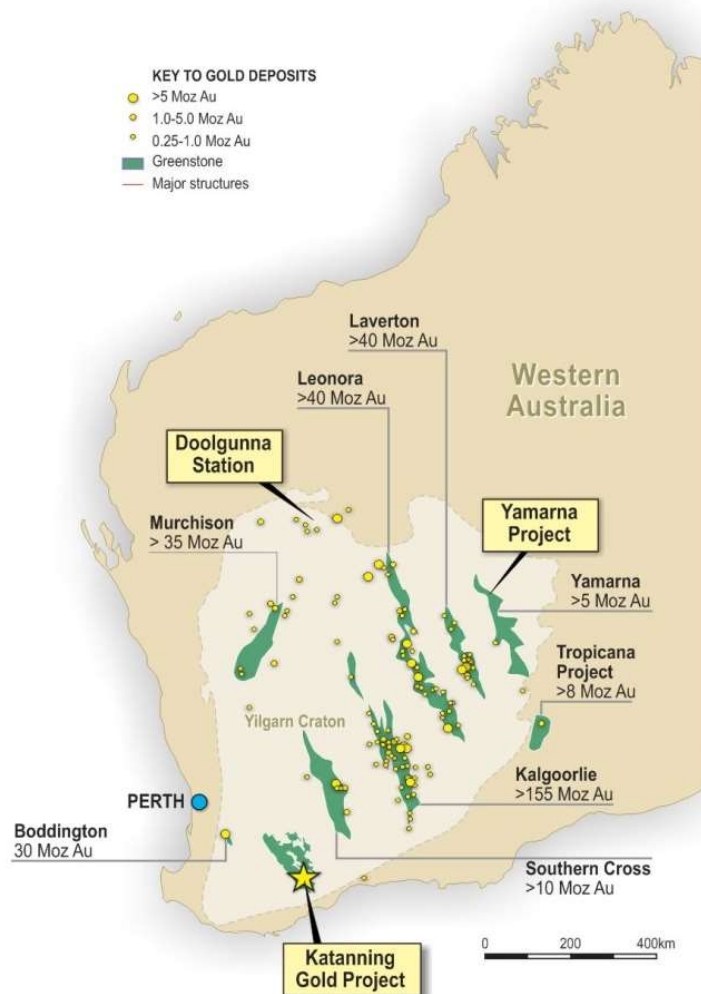


Figure 1 - Regional map showing the KGP, other Ausgold projects and mineralised greenstone belts

The information in this report that relates to the Mineral Resource in Table 1 is based on information announced to the ASX on 1 November 2019. Ausgold confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement and that all material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed.

Competent Person's Statements

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

Mr Lowry 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).

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.