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Ausgold
LIMITED

ABN 67 140 164 496

INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2022

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CORPORATE DIRECTORY

DIRECTORS

Mr Geoffrey Jones
Non-Executive Chairman

Dr Matthew Greentree
Chief Executive Officer and Managing Director

Mr Denis Rakich
Executive Director

Mr Richard Lockwood
Non-Executive Director

Mr Timothy Kestell
Non-Executive Director

COMPANY SECRETARY

Mr Denis Rakich

REGISTERED OFFICE

Level 1, 307 Murray Street
PERTH WA 6000

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AUSTRALIAN BUSINESS NUMBER

ABN 67 140 164 496

SECURITIES EXCHANGE

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

ASX Code: AUC

SHARE REGISTRY

Automatic Group
Level 5, 191 St Georges Terrace
PERTH WA 6000
Telephone: 1300 288 664

AUDITORS

BDO Audit (WA) Pty Ltd
Level 9, Mia Yellagonga Tower 2
5 Spring St
PERTH WA 6000
Telephone: (08) 6382 4600
Facsimile: (08) 6382 4601

BANKERS

Westpac Banking Corporation
Level 8, 109 St Georges Terrace
PERTH WA 6000

SOLICITORS

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

Lawton McMaster Legal
Level 9, 40 The Esplanade
Perth WA 6000

DIRECTORS' REPORT

The Directors present their report, together with the financial statements, on the consolidated entity consisting of Ausgold Limited and the entities it controlled for the half-year ended 31 December 2022. Ausgold Limited ("Ausgold" or "the Company") and its controlled entities (collectively known as "the Group" or "consolidated entity") are domiciled in Australia.

PRINCIPAL ACTIVITIES

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

DIRECTORS

The names and details of the Company's Directors in office during the half-year and until the date of this report are as follows:

Name	Period of Directorship
Mr Richard Lockwood	Non-Executive Chairman since 2 September 2012 till 27 February 2023 Non-Executive Director from 28 February 2023
Dr Matthew Greentree	Chief Executive Officer since 10 April 2017 Managing Director since 19 April 2018
Mr Denis Rakich	Executive Director and Company Secretary since 31 January 2013
Mr Geoffrey Jones	Non-Executive Director since 29 July 2016 till 27 February 2023 Non-Executive Chairman from 28 February 2023
Mr Neil Fearis	Non-Executive Director since 15 April 2016, retired 27 February 2023
Mr Timothy Kestell	Non-Executive Director since 12 August 2021

REVIEW OF OPERATIONS

KATANNING GOLD PROJECT Western Australia (100% interest)

The Katanning Gold project (KGP) is Ausgold's flagship project, located 275km south-east of Perth in the south-west Yilgarn Craton and approximately 40km north-east of the wheatbelt town of Katanning. Ausgold holds a dominant tenure position in this relatively underexplored greenstone belt, an area prospective for Archean gold deposits.

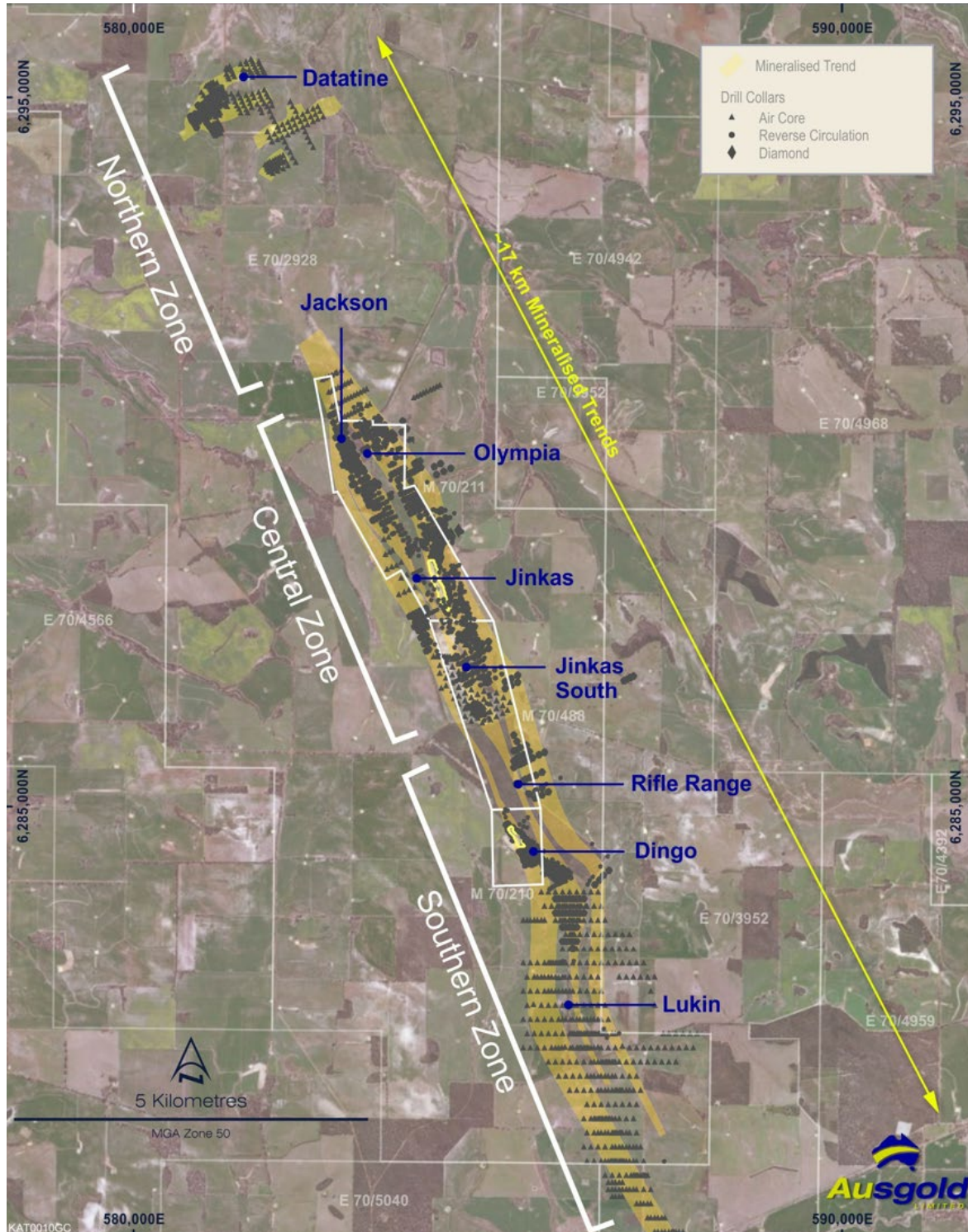
The KGP lies within a major mineralised structural corridor, representing a 17km belt hosting multi-lode gold mineralisation across three key zones, which include the following Resource deposits and prospects (Figure 1)

- **Northern Zone – Datatine**
- **Central Zone – Jackson, Olympia, Jinkas, and Jinkas South**
- **Southern Zone – Rifle Range, Dingo, and Lukin**

The KGP is comprised of a current JORC Resource of 56 mt @ 1.21g/t gold for 2,160,000 oz, identified within a 4.5km strike length with the majority of the resource located in the Central Zone. (Figure 1)

REVIEW OF OPERATIONS (CONT'D)

Figure 1 – Map of the 17km Katanning Gold Project, including the Northern, Central and Southern Zones



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REVIEW OF OPERATIONS (CONT'D)

Pre-Feasibility Study

During the half-year Ausgold completed a Pre-feasibility Study (PFS) and Maiden JORC Reserve for the Katanning Gold Project, which was announced to ASX on 1 August 2022, highlighting the 2.16 Moz Katanning Gold Project as the largest undeveloped free milling open cut gold mining project in Western Australia, a Tier 1 mining jurisdiction.

The PFS outcomes highlight the KGP as a significant gold project, with key metrics as follows:

Table 1 Key LOM Financial and Physical metrics

Key Metrics	
Life of Mine	11 years after 1.5 years construction
Ore Tonnes Mined	32 Mt
Ore Processing Rate	3 Mt/a
Stripping Ratio	9
Average gold grade – years 1 - 6	1.47 g/t Au
Average gold production (recovered) – years 1 - 6	126 koz
Average gold grade – LOM	1.25 g/t Au
Average gold production (recovered) – LOM	105 koz
Recovered Gold	1.16 Moz
Financial Metrics	
Revenue	A\$2,669M
All In Sustaining Costs (AISC) – first 6 years production	A\$1,370 per ounce
All In Sustaining Costs (AISC) – LOM	A\$1,481 per ounce
Net free cashflow (pre-tax)	A\$764M
Net free cashflow (post-tax)	A\$540M
EBITDA – Life of Mine	A\$981M
Payback period (post-tax)	1.7 years
NPV (pre-tax)	A\$515M
NPV (post-tax)	A\$364M
Internal Rate of Return (IRR) pre-tax	50.5%
Internal Rate of Return (IRR) post-tax	40.7%
Gold Price Assumption	A\$2,300 per ounce
Capital Expenditure and Closure Costs	
Pre-production Capital and Operating Costs	A\$225M
Sustaining Capital Costs	A\$31M
Closure Costs	A\$8M

Table 2 Mineral Resources and Ore Reserve Inventory¹

Mineral Resource	Tonnes (Mt)	Grade (g/t Au)	Contained Ounces
Measured	19.0	1.31	800,000
Indicated	26.8	1.14	984,000
Inferred	9.5	1.03	370,000
Total	56.0	1.21	2,160,000
Ore Reserve	Tonnes (Mt)	Grade (g/t Au)	Contained Ounces
Probable	32	1.25	1,280,000
Total	32	1.25	1,280,000

¹ Mineral Resources are reported at a 0.6 g/t Au cut-off grade and ore reserves are reported based on a A\$2,000 gold price as a basis for cut-off grade estimations and pit optimisations. Life of mine only includes Central Zone and Dingo Resource areas. The Ore Reserve and LOM only include Measured and Indicated Resource.

The information in this report that relates to the Mineral Resource in Table 2 is based on information announced to the ASX on 1 August 2022. 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.

For further information regarding the PFS and Maiden Ore Reserve, refer to the Executive Summary Report included in ASX Announcement 1 August 2022, as Appendix 1. The Ore Reserve was prepared and reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 edition) (the JORC Code).

REVIEW OF OPERATIONS (CONT'D)

Definitive Feasibility Study

In January 2023, Ausgold announced the commencement of its Definitive Feasibility Study (DFS) on the 2.16 Moz Katanning Gold Project. The PFS outcomes will form the basis for the DFS, which demonstrated:

- Maiden Probable Ore Reserve of 32Mt @ 1.25g/t gold for 1.28Moz (Inferred Mineral Resource excluded)
- High 1.47 g/t Au head grade in the initial 6 years of production
- Average annual gold production of 105,000 oz for 11 years LOM using simple open cut mining methods
- Excellent metallurgical characteristics with gold recoveries over 90%
- Project Mineral Resources 56Mt @ 1.21g/t gold for 2.16Moz
- Post-tax NPV5 of A\$364M assuming A\$2,300 gold price
- Internal Rate of Return (IRR) of 40.7% post-tax
- All-In-Sustaining Cost (AISC) of A\$1,370/oz in the first six years of production
- Payback period of 1.7 years

As a part of the DFS scope, Ausgold has identified a number of opportunities to optimise the planned operation, including a potentially larger project. As the Lead Engineer, GR Engineering Services Limited (GRES) is engaged on the study, expected to be delivered in Q3 CY2023.

Outlined below is a summary of the work programs underway.

Project Development Timeline

Key Milestone	Q1 CY 2023	Q2 CY 2023	Q3 CY 2023	Q4 CY 2023
KGP Exploration	✓	✓		
KGP Mineral Resource Update			✓	
Regional Exploration	✓	✓		
Lithium Exploration	✓	✓		
KGP DFS	✓	✓	✓	
Project Financing and FID			✓	✓
Permitting and Approvals	✓	✓	✓	✓

Katanning Gold Project - Exploration

New exploration targets developed within the KGP and environs are designed to test the multi-million-ounce gold potential of the Project. In December 2022 a 10,000m multi-rig drill program commenced using AC, RC and DD rigs to target gold mineralisation along strike from the KGP within the Southern and Northern Zones and repeats east and west of the Central Zone

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REVIEW OF OPERATIONS (CONT'D)

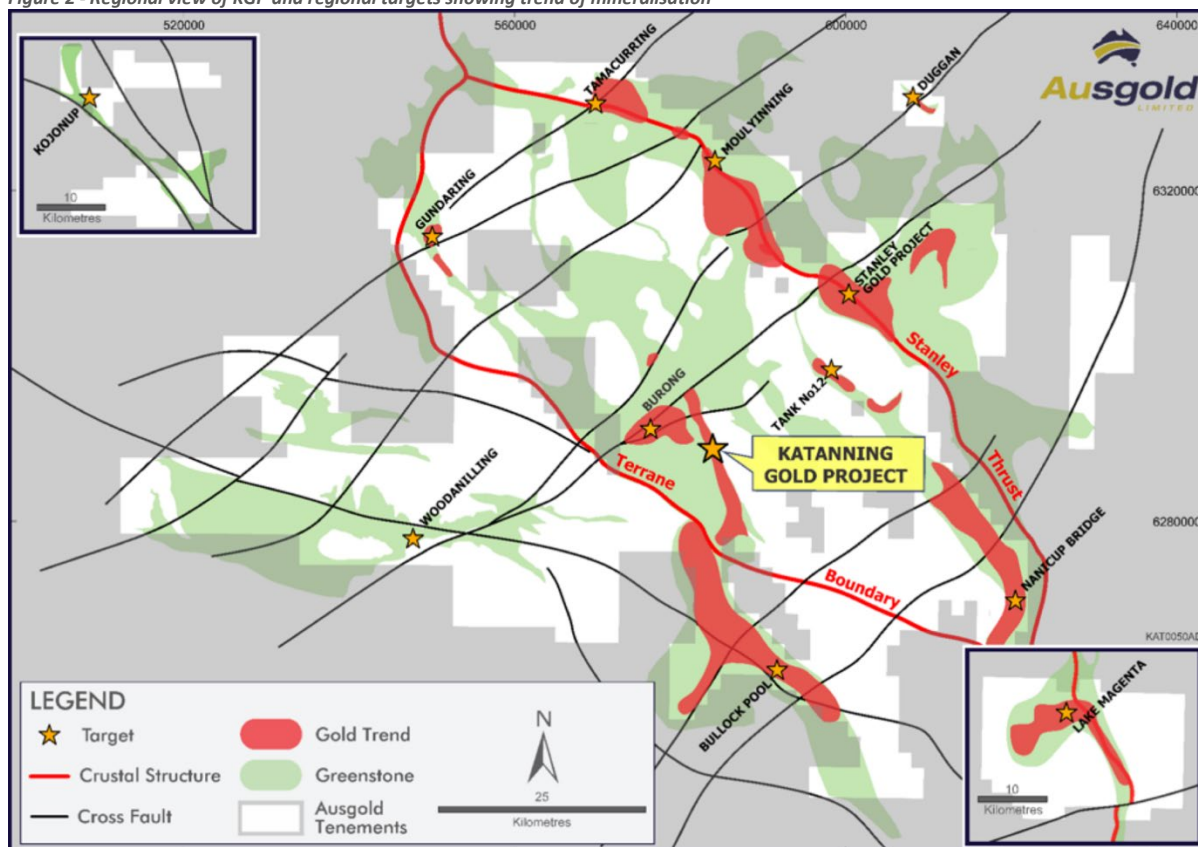
Katanning Regional

Ausgold's strategic land holding of approximately 5,500 km² covers a crustal-scale geological boundary separating the Southwest and Youanmi Terranes. The major crustal-scale fault along this boundary is the same as that which hosts the gold mineralisation within the KGP and extends northwards being clearly visible in multiple geophysical datasets, including gravity and aeromagnetics.

Ausgold's geological interpretation of the region based on field mapping has provided a framework under which to conduct exploration. Combined with the significant geochemical database collected by Ausgold and historical data, this has enabled the identification of 42 regional targets.

In late November 2022, a 15,000m AC drilling program commenced targeting gold mineralisation along major structures which are considered as focal zones for gold mineralisation, these included the Duggan, Stanley, Tamacurring and Gundaring areas located approximately 40km NW of the KGP. As part of this regional exploration program, Ausgold is also targeting areas considered prospective for pegmatite-hosted lithium based on results from a recent target generation study. Early-stage exploration work is underway to assess lithium potential at several pegmatite occurrences at Lake Magenta and at the Kojonup Project.

Figure 2 - Regional view of KGP and regional targets showing trend of mineralisation



FINANCIAL

The Group recorded a consolidated loss of \$2,944,955 for the half-year ended 31 December 2022 (December 2021: \$2,690,730). At 31 December 2022, the Group had \$6,495,376 in cash and cash equivalents (June 2022: \$10,928,555).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration is included on page 10 of this 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
15 March 2023

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AUDITOR'S INDEPENDENCE DECLARATION



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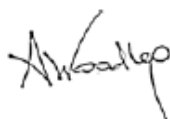
Level 9, Mia Yellaqonga Tower 2
5 Spring Street
Perth, WA 6000
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY ASHLEIGH WOODLEY TO THE DIRECTORS OF AUSGOLD LIMITED

As lead auditor of Ausgold Limited for the half-year ended 31 December 2022, 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 entities it controlled during the period.



Ashleigh Woodley
Director

BDO Audit (WA) Pty Ltd
Perth
15 March 2023

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2022**

	Note	Dec 2022 \$	Dec 2021 \$
Revenue from continuing operations		28,708	292
Other Income		64,915	121,589
Net movement in financial assets		35,000	82,250
Impairment exploration expenses		(983,790)	(242,989)
Corporate and administration expenses		(1,045,314)	(657,893)
Share-based payments expenses	9	(516,988)	(1,629,270)
Occupancy expenses		(31,987)	(113,926)
Other expenses		(77,132)	(73,620)
Accounting expenses		(153,301)	(38,230)
Amortisation and depreciation expenses		(121,438)	(75,864)
Finance costs		(22,684)	(10,227)
Legal fees		(120,944)	(52,842)
Loss before income tax		(2,944,955)	(2,690,730)
Income tax benefit/ (expense)		-	
Net loss attributable to members		(2,944,955)	(2,690,730)
Other comprehensive income/ (loss)			
Other comprehensive income/ (loss)		-	
Total comprehensive income/ (loss) for the period (net of tax)		(2,944,955)	(2,690,730)
Loss per share for the period attributable to the members of Ausgold Limited			
Basic loss per share (cents per share)		(0.15)	(0.17)
Diluted loss per share (cents per share)		N/A	N/A

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

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	Dec 2022 \$	Jun 2022 \$
ASSETS			
Current assets			
Cash and cash equivalents		6,495,376	10,928,555
Trade and other receivables		132,669	74,856
Security deposits		151,425	122,067
Financial assets at fair value		159,250	124,250
Total current assets		6,938,720	11,249,728
Non-current assets			
Property, plant and equipment		206,365	225,230
Prepayment for exploration assets		-	-
Exploration and evaluation expenditure	4	64,514,550	62,361,330
Right-of-use assets	5	1,075,835	135,490
Total non-current assets		65,796,750	62,722,050
Total assets		72,735,470	73,971,778
LIABILITIES			
Current liabilities			
Trade and other payables		825,820	600,935
Lease liabilities	6	269,869	42,960
Provisions	7	286,371	280,660
Total current liabilities		1,382,060	924,555
Non-current liabilities			
Lease liabilities	6	804,465	76,291
Provisions	7	1,199,216	1,195,236
Total non-current liabilities		2,003,681	1,271,527
Total liabilities		3,385,741	2,196,082
NET ASSETS		69,349,729	71,775,696
EQUITY			
Contributed equity	8	102,350,496	102,348,496
Reserves		7,329,379	6,812,391
Accumulated losses		(40,330,146)	(37,385,191)
TOTAL EQUITY		69,349,729	71,775,696

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2022

Note	Contributed Equity \$	Accumulated Losses \$	Reserves \$	Total Equity \$
Balance as at 1 July 2022	102,348,496	(37,385,191)	6,812,391	71,775,696
Loss for the period	-	(2,944,955)	-	(2,944,955)
Other Comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	(2,944,955)	-	(2,944,955)
Transactions with owners, recorded directly in equity:				
Options issued	2,000	-	-	2,000
Redeemed performance rights	-	-	-	-
Share-based payments	-	-	516,988	516,988
Balance as at 31 December 2022	102,350,496	(40,330,146)	7,329,379	69,349,729

Note	Contributed Equity \$	Accumulated Losses \$	Reserves \$	Total Equity \$
Balance as at 1 July 2021	85,708,185	(34,798,817)	7,191,802	58,101,170
Loss for the period	-	(2,690,730)	-	(2,690,730)
Other Comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	(2,690,730)	-	(2,690,730)
Transactions with owners, recorded directly in equity:				
Redeemed performance rights	1,624,750	-	(1,624,750)	-
Share-based payments	-	-	1,629,270	1,629,270
Balance as at 31 December 2021	87,332,935	(37,489,547)	7,196,322	57,039,710

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	Note	Dec 2022 \$	Dec 2021 \$
Cash flows from operating activities			
Interest received		28,708	292
Payments to suppliers and employees		(1,300,168)	(590,830)
Receipts from rebates and claims		64,802	121,589
Net cash flows used in operating activities		(1,206,658)	(468,949)
Cash flows from investing activities			
Payment for property plant and equipment		(9,877)	(60,913)
Payment for security deposit		(56,815)	-
Payment for exploration expenditure		(3,137,010)	(3,293,939)
Net cash flows used in investing activities		(3,203,702)	(3,354,852)
Cash flows from financing activities			
Repayment of lease obligations		(24,819)	(36,272)
Proceeds from issue of share capital		2,000	-
Transaction costs related to issue of shares		-	-
Net cash flows used in financing activities		(22,819)	(36,272)
Net decrease in cash and cash equivalents		(4,433,179)	(3,860,073)
Cash and cash equivalents at the beginning of the period		10,928,555	7,451,103
Cash and cash equivalents at the end of the period		6,495,376	3,591,030

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

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1. REPORTING ENTITY

The interim condensed consolidated financial statements of Ausgold Limited and its controlled entities (collectively known as “the Group” or “consolidated entity”) for the half-year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 15 March 2023.

Ausgold Limited (“Ausgold” or “parent entity” or Company”) is a company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded. The Group’s principal activities are the exploration for gold and other precious metals.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements for the half-year ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

These financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual report for the year ended 30 June 2022 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Significant accounting policies

The preparation of the interim condensed consolidated financial statements requires management to make judgments, 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 revenue and expenses during the reporting period.

The accounting policies, judgements, estimates and assumptions adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2022, except as disclosed below.

Changes in accounting policies

The Group has adopted all of the new or amended accounting standards and interpretations issued by the Australian Accounting Standards Board (“AASB”) that are mandatory for the current reporting period.

Any new or amended accounting standards or interpretations that are not yet mandatory have not been early adopted.

Going Concern

As disclosed in the financial statements, the Company incurred a loss of \$2,944,955 (2021: \$2,690,730) and had net cash outflows from operating and investing activities of \$1,206,658 (2021: \$468,949) and \$3,203,702 (2021: \$3,354,852) respectively for the period ended 31 December 2022. As at that date, the Company had net current assets of \$5,556,660.

The ability of the entity to continue as a going concern is dependent on the Company successfully raising capital in the near future to fund the operations in relation to the Definitive Feasibility Study. This condition indicates a material uncertainty that may cast a significant doubt about the entity’s ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- The Directors have assessed the likely cash flow for the 12-month period from the date of signing this report and its impact on the Group and believe there will be sufficient funds to meet the Group’s working capital requirements as at the date of this report.
- The directors believe that in the event needed, the level of expenditure can be managed.

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

3. SEGMENT REPORTING

Operating segments are reported in a manner 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 Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources. Reportable segments disclosed are based on aggregating operating segments, where the segments have similar characteristics. 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.

4. EXPLORATION AND EVALUATION EXPENDITURE

	Dec 2022	Jun 2022
	\$	\$
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	64,514,550	62,361,330
	<u>64,514,550</u>	<u>62,361,330</u>
Reconciliation		
Carrying amount at start of year	62,361,330	51,713,915
Exploration expenditure	3,137,010	10,890,404
Expenditure written off	(983,790)	(242,989)
Carrying amount at the end of the period	<u>64,514,550</u>	<u>62,361,330</u>

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5. RIGHT-OF-USE ASSET

	Dec 2022	Jun 2022
	\$	\$
Right-of-use assets		
<i>Property - office lease</i>		
Opening balance	-	10,119
Addition	1,033,041	-
Amortisation	(64,565)	(10,119)
Closing balance	968,476	-
<i>Motor vehicle</i>		
Opening balance	115,845	132,953
Addition	-	25,870
Amortisation	(22,841)	(42,978)
Closing balance	93,004	115,845
<i>Hire purchase assets</i>		
Opening balance	19,645	46,277
Amortisation	(5,290)	(26,632)
Closing balance	14,355	19,645
Total Right-of-use assets	1,075,835	135,490
Amounts recognised in the consolidated statement of profit or loss		
Amortisation of right-of-use asset	(92,696)	79,729
	(92,696)	79,729

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6. LEASE LIABILITIES

	Dec 2022	Jun 2022
	\$	\$
Lease liability		
<i>Property - office lease</i>		
Opening balance	-	10,823
Addition	1,033,041	
Lease payments	(55,237)	(10,823)
Closing balance	977,804	-
<i>Motor vehicle</i>		
Opening balance	119,251	134,912
Addition	-	25,870
Lease payments	(22,721)	(41,531)
Closing balance	96,530	119,251
Hire purchase	-	-
Total lease liability	1,074,334	119,251
Lease liability		
Current	269,870	42,960
Non-current	804,464	76,291
	1,074,334	119,251

7. PROVISIONS

	Dec 2022	Jun 2022
	\$	\$
Current liabilities		
Provision for employee benefits	286,371	280,660
	286,371	280,660
Non-current liabilities		
Provision for employee benefits	56,849	52,869
Provision for rehabilitation	1,142,367	1,142,367
	1,199,216	1,195,236

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8. CONTRIBUTED EQUITY

	Dec 2022	Jun 2022
	\$	\$
Equity		
Balance at the start of the period	102,348,496	85,708,185
Shares issued for capital raising purposes	-	16,600,000
Less share issue cost	-	(1,585,939)
Options issued for capital raising purposes	2,000	1,500
Performance rights redeemed as shares	-	1,624,750
	<u>102,350,496</u>	<u>102,348,496</u>

	Dec 2022	Jun 2022
	Number of shares	Number of shares
Movement in share capital		
Balance at the start of the period	2,029,474,541	1,585,349,541
Shares issued for capital raising purposes	-	415,000,000
Redeemed from performance rights	-	29,125,000
	<u>2,029,474,541</u>	<u>2,029,474,541</u>

	Dec 2022	Jun 2022
	Number of options	Number of options
Movement in options		
Balance at the start of the period	47,500,000	36,700,000
Options issued	20,000,000	15,000,000
Options cancelled	-	(500,000)
Options lapsed	-	(3,700,000)
	<u>67,500,000</u>	<u>47,500,000</u>

	Dec 2022	Jun 2022
	Number of performance rights	Number of performance rights
Movement in performance rights		
Balance at the start of the period	-	58,250,000
Performance rights issued	32,200,000	
Performance rights redeemed as shares	-	(29,125,000)
Performance rights lapsed	-	(29,125,000)
	<u>32,200,000</u>	<u>-</u>

9. RESERVES

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 or exercise of the Performance Rights. Subject to satisfaction of the vesting conditions, each Performance Right entitles the holder on exercise to be issued one Ausgold share.

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

Directors	Opening balance Number	Granted Number	Closing balance Number
R Lockwood	-	5,000,000	5,000,000
N Fearis	-	2,500,000	2,500,000
G Jones	-	2,500,000	2,500,000
M Greentree	-	13,200,000	13,200,000
D Rakich	-	9,000,000	9,000,000
	-	32,200,000	32,200,000

As announced by the Company on 1 August 2022, Ausgold was able to confirm a 1.28 Moz maiden ore reserve and announced a prefeasibility study inclusive of internal rate of returns greater than the vesting conditions applicable to the 2020 Performance Rights. Accordingly, had the Company been able to complete its prefeasibility study ahead of the 30 June 2022 vesting date, those 2020 Performance Rights would have vested. During the financial period ending 31 December 2022, to provide partial reward for the excellent work of the Company's board in delivering the Katanning Gold Project's Maiden Ore Reserve only 1 month later than the original deadline, 32.2 million Related Party Performance Rights issued to the directors. The issue was approved by shareholders on 14 October 2022.

The grant date of the Related Party Performance Rights was 14 October 2022 and the share price on the grant date is \$0.044. The vesting date and expiry date of the rights is on 31 October 2024. Vesting conditions are that the holder is employed by, or be a director of, the Company at the time of vesting and upon Ausgold shares trading at a 20 VWAP of \$0.12 at any time during the period to 31 October 2024.

The fair value per right of \$0.0181 reflects the market value of the underlying ordinary share at grant date.

The fair value of the right is determined by using a combination of Hoadley's Barrier1 Model and Hoadley's Parisian Model. The Hoadley's Parisian Model was first used to generate an implied barrier price that factors in the number of consecutive calendar days for which the underlying asset price must remain above or below the barrier. The implied barrier price is then input into Hoadley's Barrier1 Model to calculate the value of the performance rights.

The key inputs for the Parisian Barrier1 Model are as follows:

Share Price at grant date, 14 October 2022	A\$0.044
Expiry Date	31 October 2024
Term	2.05 years from grant date to expiry date
Share price target	20-day VWAP of at least A\$0.12
Implied barrier price	approximately A\$0.1539 (calculated from Hoadley's Parisian Model based on the respective share price targets of the Performance Rights and the equivalent of 28 calendar days based on the '20-day VWAP' requirement)
Performance measurement and time vesting periods	2.05 years from grant date to 31 October 2024 as stated in the terms and conditions of the Performance Rights
Volatility	approximately 72% (estimated based on Hoadley's GARCH long-run forecast and Exponentially Weighted Average volatility models using the Company's share price data over the relevant historical period)
Risk free rate	3.3038% per annum (continuously compounded rate based on the interpolated discrete two-year and three-year Australian Government bond yields at 14 October 2022)
Dividend yield	Nil

9. RESERVES (CONT'D)

Share-based payment recognised

A share-based payment expense of \$516,988 (December 2021: \$1,629,270) was recorded for the half-year ended 31 December 2022 as follows:

	Dec 2022	Dec 2021
	\$	\$
52,000,000 Performance Rights issued to Directors on 20 November 2020	-	1,264,785
6,250,000 Performance Rights issued to staff on 1 February 2021	-	180,241
7,000,000 Options issued to IRX Pty Ltd on 23 March 2021	-	27,823
3,000,000 Options issued to staff on 19 March 2021	-	58,592
3,000,000 Options issued to staff on 30 June 2021 (ex price \$0.06)	-	74,217
3,000,000 Options issued to staff on 30 June 2021 (ex price \$0.08)	-	23,612
32,200,000 Performance Rights issued to Directors on 3 November 2022	46,433	-
20,000,000 Options issued to Argonaut PCF Limited on 11 November 2022	470,555	-
	516,988	1,629,270

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.

10.COMMITMENTS AND CONTINGENCIES

The Group did not have any contingent assets or liabilities at 31 December 2022.

11.RELATED PARTY DISCLOSURE

Subsidiaries

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

Name	Country on incorporation	2022	2021
		Equity interest %	Equity interest %
Parent entity			
Ausgold Limited	Australia	-	-
Directly controlled by Ausgold Limited			
Ausgold Exploration Pty Ltd	Australia	100	100
Magenta Resources Pty Ltd	Australia	100	100

GR Engineering Limited

GR Engineering Limited ("GR Engineering") has been contracted to carry out Prefeasibility Study ("PFS") for Processing On 12 January 2022. Mr Geoffrey Jones was an Executive Director of GR Engineering till 27 January 2023 and serves as a Non-executive Director at Ausgold. The total amount charged by GR Engineering during the half-year was \$22,395. There were no monies owing to GR Engineering as at the half year ended 31 December 2022.

There were no other material changes to the related party transactions of the Group during the half-year ended 31 December 2022.

Related Party Performance Rights

Following the approval by shareholders at the Annual General meeting held on 14 October 2022, 32.2 million Related Party Performance Rights were issued to the directors.

Detailed disclosures are set out in note 9.

12. EVENTS SUBSEQUENT TO REPORTING DATE

On 27 February, there was a Board transition where Geoff Jones was appointed the Non-Executive Chairman while Richard Lockwood will remain on the Board as a Non-Executive Director. In addition, Neil Fearis has retired from the Board after 7 years of service. Ausgold intends to appoint a new Non-Executive director with operational and project delivery experience. Ausgold is currently undergoing an executive search process to identify the new appointment.

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

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DIRECTORS' DECLARATION

In the Directors' opinion,

- (a) the financial statements and notes of Ausgold Limited for the half-year ended 31 December 2022 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company and Group will be able to pay its debts as and when they become due and payable.

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
15 March 2023

INDEPENDENT AUDITOR'S REVIEW REPORT



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Ausgold Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Ausgold Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, 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 half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 (including Independence Standards)* (the Code) that are relevant to the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 2 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 conclusion is not modified in respect of this matter.

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Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd



Ashleigh Woodley

Director

Perth

15 March 2023

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