



ASX CODE

AUC

DIRECTORS & MANAGEMENT

Mr Richard Lockwood
Non-Executive Chairman

Dr Matthew Greentree
Chief Executive Officer

Mr Denis Rakich
*Executive Director &
Company Secretary*

Mr Neil Fearis
*Independent
Non-Executive Director*

Mr Geoff Jones
Non-Executive Director

REGISTERED OFFICE

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

SHARE REGISTRY

Security Transfer Registrars
770 Canning Highway
Applecross WA 6153

ISSUED CAPITAL (06.06.17)

Ordinary shares: 365.5m
Unlisted options: 44.5m

Tuesday, 6 June 2017

AUSGOLD ACQUIRES DUMBLEYUNG GOLD PROJECT AND RAISES \$1 MILLION IN TRANSACTION WITH CHALICE GOLD MINES LIMITED

- Chalice to subscribe for a placement of \$1 million in Ausgold (40 million shares at \$0.025 per share)
- Ausgold acquires Dumbleyung Gold Project ("Dumbleyung") in Katanning, WA from Chalice Gold
- Dumbleyung comprises four Exploration Tenements covering an area of 461 Km² of prospective greenstones adjacent to the Katanning Gold project
- Contiguous land package completes ownership of an area of interest for Ausgold and increases the Company's exploration potential in Katanning

Ausgold Limited ("Ausgold" or "the Company") (ASX: AUC), is pleased to announce an acquisition and placement transaction with Chalice Gold Mines Limited ("Chalice").

Ausgold has agreed to acquire Chalice's Dumbleyung Project which consists of four Exploration Licences covering an area of 461 Km² adjacent to Ausgold's Katanning Project. The Project comprises of Mineral Tenements Nos E70/4863, E70/4864, E70/4865 and E70/4866 (Figure 1). The results of early stage work on these properties are encouraging, with a number of targets defined in areas adjacent to Ausgold's Katanning Gold Project.

The acquisition of this tenure is subject to shareholder approval, with Ausgold to allot to Chalice 15 million ordinary fully paid shares (vendor shares) together with 10 million options exercisable at a price of 3.5 cents each, expiring 2 years after the date of the grant. The shares are subject to an escrow period of 12 months from the date of allotment. Chalice will retain a 2% net smelter royalty over the mineral tenements.

Additionally, Chalice will subscribe for 40 million shares in the Company at \$0.025 per share to raise \$1 million ("Placement"). The Placement is being completed within the Company's capacity pursuant to ASX Listing Rules 7.1A(as to 32,750,000 shares) and 7.1(as to 7,250,000 shares) and in accordance with Section 708 of the Corporations Act 2001 (Cth) (Act). The funds raised from the Placement will fund ongoing exploration at the Company's Katanning Gold and provide additional working capital.

Ausgold's CEO, Dr Matthew Greentree, commented:

We are very pleased to execute this important transaction and we welcome Chalice Gold Mines Limited as a significant new shareholder in Ausgold. The placement will be used to fund exploration at the Katanning Gold Project, and we are excited by the potential of these four new exploration tenements. This builds on Ausgold's dominant ground holding which now covers 4,031km² in Western Australia's most under-explored greenstone belt. We look forward to continue to explore and progress the exciting Katanning Gold Project.

For further information, shareholders and media please contact:

Dr Matthew Greentree
Chief Executive Officer
T: (08) 9220 9890

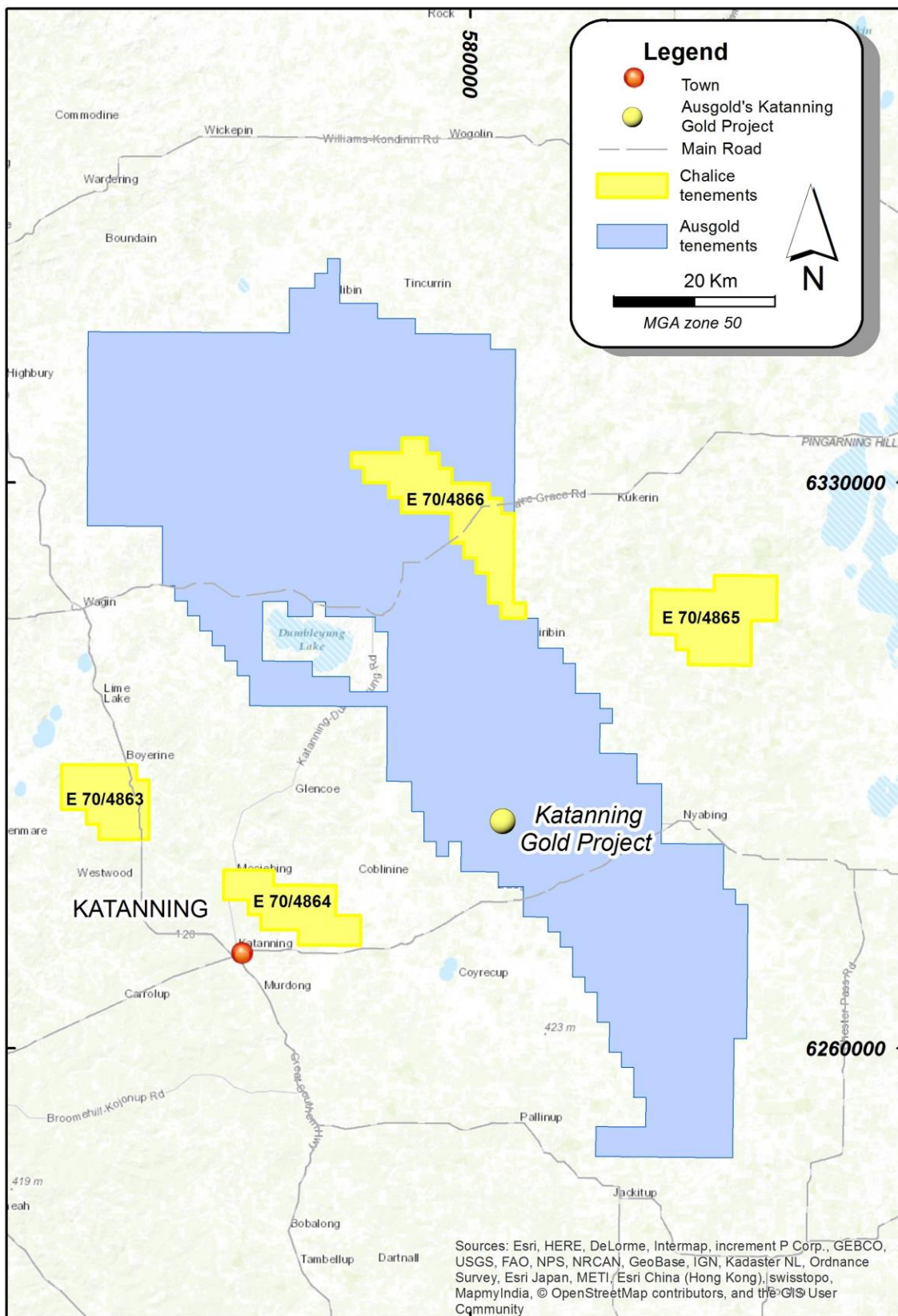


Figure 1: Location of the Ausgold's Mineral Tenements and those to be acquired from Chalice.