

Ausgold Limited

(AUC \$0.043) Speculative Buy - Initiation of Coverage

EUROZ HARTLEYS

Analyst	Date	Price Target
Mike Millikan	12 th October 2022	\$0.12/sh

Katanning Gold pathway to development with belt-scale growth options

Summary

Initiating coverage of Ausgold Ltd (AUC.asx) with a Speculative Buy rating and Price Target of \$0.12/sh. AUC is a WA focused gold developer-explorer.

- AUC released the Pre-feasibility (PFS) for its 100%-owned Katanning Gold Project (KGP) in Aug'22, highlighting an attractive standalone open pit operation, with good metallurgy (free-milling ores) and sustainable production levels +105kozpa over a life of mine (LOM) +11 years.
- The forecast pre-production capital costs are considered modest -A\$225m, with estimated AISC A\$1,481/oz over the LOM set to deliver healthy margins at current gold prices. In addition, higher production at lower costs (126kozpa @ A\$1,370/oz AISC) are forecast for the first 6 years, improving capital payback <2 years (A\$2,300/oz gold price).
- The PFS is considered very much the base case scenario with the project scale (3Mtpa) designed to be expandable to accommodate further resource-reserve growth - with options on future underground ores (not included in the study).
- Work already commenced on the DFS due for completion late Q4CY23. Resource infill and extensional drilling is ongoing, with the open pit mine schedule being optimised, more detailed metallurgy planned and environmental studies for key permitting commenced (targeting approvals by early CY24).
- AUC is considered a "whole of belt exploration play" with the Northern, Central and Southern Zones covering a mineralised trend of 17km, core resource area over 4.5km and numerous satellite opportunities to add mine life and sustain potential higher production levels. The Company's western tenure is also located ~40km east of Greenbushes (world-class lithium mine) containing numerous mapped pegmatites which require further work.
- We have a preliminary valuation (sum of parts) on Ausgold Ltd (AUC) of 9.0cps, with our valuation largely derived from an assessment of the flagship Katanning gold project, assigned a risked NPV10 9.0cps. At current spot gold and exchange rates our AUC valuation increases to ~15cps (uplift potential). Our modelling assumes positive DFS outcomes, successful financing for first gold production in FY26.
- On gold peer metrics, AUC screens as "under-valued", with a current EV/reserve of A\$36/oz (peer average ~A\$62/oz Au) and EV/resource of A\$65/oz Au (peer average ~A\$203/oz Au).
- We initiate coverage with a **Speculative Buy** recommendation on AUC with a **Price Target of \$0.12/sh** (P/NAV 0.5x). Katanning Gold remains the main value driver, leveraged to gold prices and ultimately the successful development of the project (which remains subject to final feasibility studies and later-date financing). The Company is well funded (-\$8.5m cash) to execute its near-term exploration strategies and ongoing development studies.

Ausgold Limited	Year End 30 June	
Share Price	0.043	A\$/sh
Price Target	0.12	A\$/sh
Valuation	0.09	A\$/sh

Shares on issue	2077	m, diluted *
Market Capitalisation	89	A\$m
Enterprise Value	81	A\$m
Debt	0	A\$m
Cash	8.5	A\$m
Largest Shareholder	Dundee Resources	12.5%

Production F/Cast	2025F	2026F	2027F
Prod'n (koz)-100%	0	128	135
Cash Cost (US\$/oz)	0	1009	1246
AISC (US\$/oz)	0	1097	1333

Assumptions	2025F	2026F	2027F
Gold Price US\$/oz	1700	1700	1700
AUDUSD	0.74	0.74	0.74

Key Financials	2025F	2026F	2027F
Revenue (A\$m)	0	295	310
EBITDA (A\$m)	-14	152	128
NPAT (A\$m)	-22	78	59
Cashflow (A\$m)	-19	112	99

CFPS (Ac)	-0.4	2.3	2.4
P/CFPS (x)	-10.7	1.9	1.8

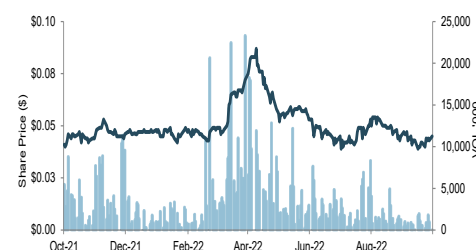
EPS (Ac)	-0.8	2.5	1.9
EPS growth (%)	0.5	-4.3	-0.2
PER (x)	-5.7	1.7	2.3

EV:EBITDA (x)	-17.0	0.9	0.4
EV:EBIT (x)	-13.2	1.1	0.5

DPS (Ac)	0.0	0.0	0.0
Dividend Yield (%)	0%	0%	0%

ND:Net Debt+Equity (%)	34%	0%	-37%
Interest Cover (x)	na	na	na

Share Price Chart



Disclaimer

Euroz Hartleys declares that it has acted as underwriter to and/or arranged an equity issue in and/or provided corporate advice to Ausgold Limited during the last year. Euroz Hartleys has received a fee for these services.

Euroz Hartleys has received an allocation of shares and/or options as part of our fee for the provision of Corporate services. These holdings are maintained in our Nominee company, and may present a potential benefit to Euroz Hartleys when sold.

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Ausgold Limited

(AUC \$0.043) Speculative Buy - Initiation of Coverage

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Market Statistics				Year End 30 June				
Share Price	0.043	A\$/sh		Directors				
Issued Capital				R Lockwood	NE Chairman			
Fully Paid Ord	2,029.5	m		M Greentree	Managing Dir			
Options (var. prices)	47.5	m		D Rakich	Exec Dir & C Sec			
Total Dil. FPOrd	2,077.0	m		G Jones	NE Dir			
				N Fearis	NE Dir			
				T Kestell	NE Dir			
Market Capitalisation (dil)	\$89	m		Shareholders				
Enterprise Value	\$81	m		Dundee Resources	12.5%			
Cash	\$8.5	m		Jupiter Investment	6.2%			
Debt	\$-	m						
Asset Valuation				A\$m	A\$/sh			
(+) 100% Katanning (risk adj 90%)				186	0.090			
(-) Corporate				(38)	(0.02)			
(+/-) Hedging				-	-			
(+) Exploration				30	0.01			
(+) Unpaid Capital				-	-			
(+) Cash				8.5	0.004			
(-) Debt				-	-			
Total @ 10%				187	0.090			
Spot Gold - US\$1,666/oz AUD:USD 0.628				312	0.150			
F/Cast Production (A\$m) 2023F 2024F 2025F 2026F 2027F								
Katanning								
Gold Prod-100%	Koz	-	-	128	135			
Cash Costs (C1)	A\$/oz	-	-	1,009	1,246			
AISC	A\$/oz	-	-	1,097	1,333			
Assumptions								
Spot Gold Price	US\$/oz	1,750	1,700	1,700	1,700			
FX Rate ass'd	A\$/US\$	0.74	0.74	0.74	0.74			
Ratio Analysis (A\$m)								
	2024F	2025F	2026F	2027F				
Cashflow	-10	-19	112	99				
Cashflow Per Share	-0	-0	2	2				
Cashflow Ratio	-20	-11	2	2				
Earnings	-10	-22	78	59				
Earnings Per Share	-0.5	-0.8	2.5	1.9				
EPS Growth	0.3	0.5	-4.3	-0.2				
P/e Ratio	-8.8	-5.7	1.7	2.3				
Enterprise Value	68	237	134	45				
EV/EBITDA	-7	-17	0.9	0.4				
EV/EBIT	-7	-13	1.1	0.5				
Net Debt/(Net Debt + Equity)	-29%	34%	0%	-37%				
Interest Cover	na	na	na	na				
EBIT Margin	na	na	0.4	0.3				
Return on Equity	-11%	-11%	28%	17%				
Return on Assets	-11%	-7%	22%	16%				
Dividend per Share	0	0	0	0				
Dividend Payout Ratio	0	0	0	0				
Dividend Yield	0	0	0	0				
Dividend Franking	100%	100%	100%	100%				
Profit and Loss (A\$m)								
	2023F	2024F	2025F	2026F	2027F			
(+) Gold revenue	-	-	-	295	310			
(+/-) Hedging Revenue	-	-	-	-	-			
(+) Interest Income	0	-	-	-	-			
(+) Other Revenue	-	-	-	-	-			
Total Revenue	0	-	-	295	310			
(-) Operating Costs	(3)	(5)	(8)	(137)	(176)			
(-) Dep/Armort	(0)	(0)	(4)	(34)	(40)			
(-) Writeoff (expl'n)	-	-	-	-	-			
(-) O/H + News Bus Dev.	(5)	(5)	(6)	(6)	(6)			
(-) Provisions	-	-	-	-	-			
EBITDA	(8)	(10)	(14)	152	128			
EBIT	(8)	(10)	(18)	118	88			
(-) Interest Expense	-	-	(5)	(7)	(4)			
NPBT	(8)	(10)	(22)	111	84			
(-) Tax	-	-	-	(33)	(25)			
(-) Minority Interest	-	-	-	-	-			
Net Profit	(8)	(10)	(22)	78	59			
(+/-) Net abnormal	-	-	-	-	-			
Net profit After Abnormal	(8)	(10)	(22)	78	59			
Cash Flow (A\$m)								
	2023F	2024F	2025F	2026F	2027F			
Net Profit	(8)	(10)	(22)	78	59			
(+) WC adj.	-	-	-	-	-			
(+) Dep/Amort	0	0	4	34	40			
(+) Provisions & W/O	-	-	-	-	-			
(+) Tax Expense	-	-	-	33	25			
(-) Deferred Revenue	-	-	-	-	-			
(-) Tax Paid	-	-	-	(33)	(25)			
Operating Cashflow	(7)	(10)	(19)	112	99			
(-) Capex + Dev.	-	-	(230)	(4)	(4)			
(-) Exploration	(8)	(4)	(4)	(5)	(6)			
(-) Asset Purchased	-	-	-	-	-			
(+) Asset Sale	-	-	-	-	-			
(+/-) Other	-	-	-	-	-			
Investing Cashflow	(8)	(4)	(234)	(9)	(10)			
(+) Equity Issues (rts,plc,opts)	20	20	127	-	-			
(+) Loan Drawdown/receivable	-	-	115	-	-			
(+) Loans from(to) other entities	-	-	-	-	-			
(-) Loan Repayment	-	-	-	(38)	(38)			
(-) Dividends	-	-	-	-	-			
Financing Cashflow	20	20	242	(38)	(38)			
Net Cashflows	5	6	(11)	66	52			
(+/-) FX Adj.	-	-	-	-	-			
EoP Cash Balance	15	21	10	76	128			
Balance Sheet (A\$m)								
	2023F	2024F	2025F	2026F	2027F			
Assets								
Cash	15	21	10	76	128			
Current Receivables	0	0	0	0	0			
Other Current Assets	0	0	0	0	0			
Non-Current Assets	71	75	305	279	249			
Total Assets	87	96	316	356	377			
Balance Sheet								
Borrowing(s)	-	-	113	75	38			
Current Accounts payable	1	1	1	1	1			
Other Liabilities	2	2	2	2	2			
Total Liabilities	2	2	115	77	40			
Net Assets	84	94	201	279	337			
Reserves and Resources								
	Reserves			Resources				
	ore	grade	metal	ore	grade	metal		
Katanning	Mt	g/t	Moz	Mt	g/t	Moz		
Measured				19.0	1.31	0.80		
Indicated				26.8	1.14	0.98		
Inferred				9.5	1.03	0.37		
Probable	32.0	1.25	1.28					
Total contained Gold			1.28	56.0	1.2	2.16		
EV/oz			63			37		

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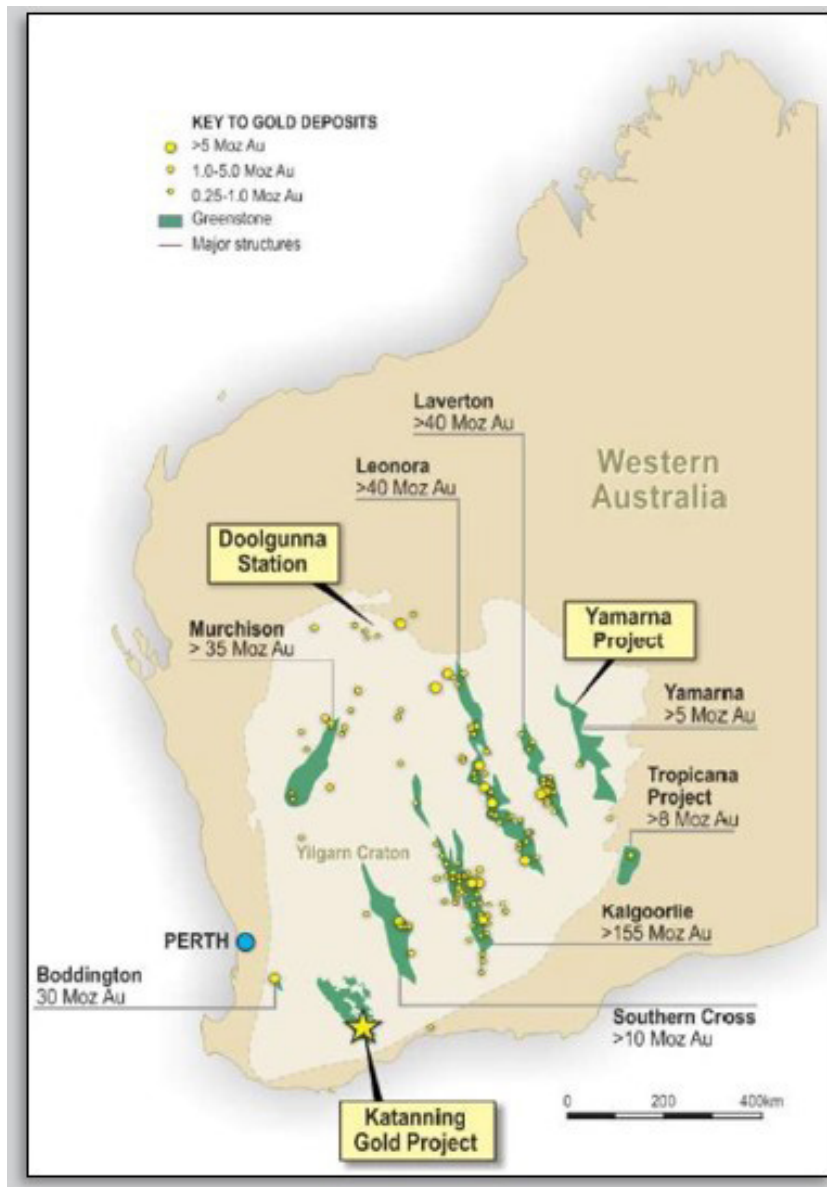
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Key Catalysts

- Ongoing exploration resource drilling and results
- Resource update mid CY23
- Open pit mine studies and updated metallurgy
- Processing design & other infrastructure optimisation
- Environmental baseline studies and permitting approvals - early CY24
- DFS - target release late Q3/Q4 CY23.
- Gold price and market sentiment

Fig 1. AUC's Project Locations



Source: Ausgold Ltd

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Executive Summary

Ausgold Ltd (AUC) is a gold developer-explorer. The Company's primary focus is its 100%-owned Katanning Gold Project (KGP), located in the under-explored Katanning greenstone belt in south-west WA.

AUC also holds 3 other projects in its portfolio: Yamarna JV (WA), Doolgunna Station (WA) and Cracow (Qld). Well located but early-stage projects in close proximity to significant mineral provinces, considered highly prospective for targeted exploration programs.

AUC listed on the ASX in Dec'2009, at the time raising A\$10m at a listing price 20cps. The Company was incorporated to search for gold and copper discoveries within Australia, with project target selection generated from the Centre of Exploration Targeting (CET), an internationally renowned group of geoscientists affiliated with UWA and Curtin Universities WA.

In Aug'2010, AUC entered into a farm-in JV agreement with Great Southern Resources (GSR) to acquire an 80% interest in the South-West Yilgarn Gold Project, adjacent to its Boddington South project area. This project contained the foundation deposits for the KGP, Jinkas Hill, Dingo Hill, White Dam, Lone Tree and Dyliabing, which collectively contained 6.2Mt @ 1.06g/t Au for 212koz gold, at the time. Additional surrounding ground consolidated over the journey with AUC's expanded tenement footprint now over 5,500km².

Company resources at the KGP now stand over 2Moz grading 1.2g/t Au, and remain open along strike and at depth for potential underground targets. The KGP remains one of the largest undeveloped free-milling open pit gold projects in WA, with outstanding growth potential.

Key milestone for the Company was the delivery of the KGP PFS, which included a maiden reserve of 1.28Moz grading 1.25g/t Au, open pit operation with average production of 105kozpa over a 11 year mine life. Excellent metallurgical properties with +90% gold recoveries from conventional crushing, milling, gravity and CIL processing. Estimated AISC of A\$1,481/oz over the LOM, which are lower in the first 6 years of the operation, which has potential to see capital pay-back in under 2 years. The DFS for the project is targeted for completion in late CY23, paving the way for project financing and construction in CY24 and first gold late CY25.

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Valuation and Price Target

Fig 2. Preliminary “Sum of Parts” Valuation for AUC

ASSET VALUATION	A\$m	A\$/sh
(+) 100% Katanning (risk adj 90%)	186	0.090
(-) Corporate	(38)	(0.02)
(+/-) Hedging	-	-
(+) Exploration	30	0.01
(+) Unpaid Capital	-	-
(+) Cash	8.5	0.004
(-) Debt	-	-
Total @ 10%	187	0.090
Spot Gold - US\$1,666/oz AUD:USD 0.628	312	0.150

Source: Euroz Hartleys

We have a preliminary valuation (sum of parts) on Ausgold Ltd (AUC) of 9.0cps, with our valuation largely derived from an assessment of the flagship Katanning gold project, assigned a risked NPV10 9.0cps. Our modelling is based on inputs from the Katanning PFS, and will continue to be updated as development studies progress (DFS due CY23). We risk adjust our valuation due to the unknown future project financing outcomes (debt:equity).

Our **Price Target of \$0.12/sh**, is weighted towards our commodity price forecasts, but at current spot commodity prices our AUC valuation is -15cps, highlighting good leverage to commodity prices (gold).

KGP modelling assumptions

- Our modelling assumptions for the KGP are summarised in the table below.
- Note our preliminary discounted cashflow model (NPV) uses a discount rate of 10%, but the table below highlights our NPV at a 5% for comparison purposes (un-risked) to the AUC financial outcomes.
- Katanning (post-tax) NPV10, based largely on the PFS, highlights risked value of ~\$186m using our US\$1,700/oz gold price and 0.74 AUD:USD exchange rate. We assume first production in 1HFY26.
- At current spot prices (~US\$1,670/oz Au) and FX (0.63) our risked valuation increases to ~\$312m, highlighting good leverage.
- Our NAV has been risk weighted, due largely to the funding uncertainty (debt:equity mix, terms and pricing) and timing to first gold production.
- Our modelling is yet to include any potential expansions via increased reserves, following resource growth and conversion.

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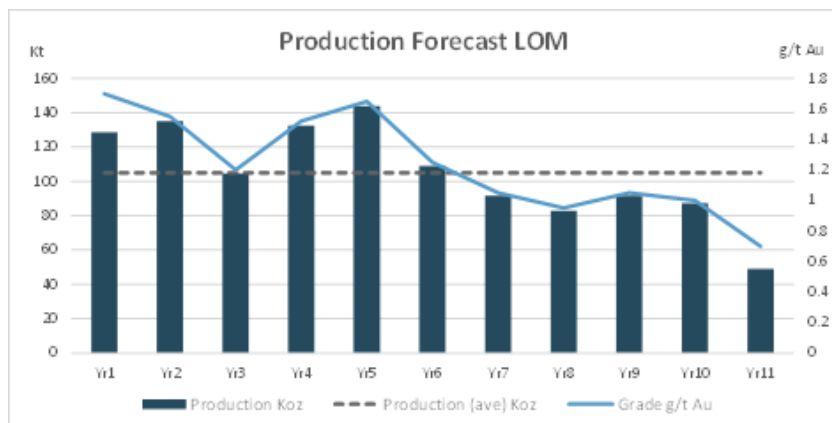
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Fig 3. Model Assumptions for Valuation

Key Metrics	AUC PFS	EH Forecasts
Life of Mine (LOM)	11 years	11 years
Ore Tonnes Mined	32 Mt	32 Mt
Ore Processing Rate	3 Mtpa	2.9 Mtpa
Stripping Ratio (w:o)	9.0	9.4
Average gold grade – years 1 - 6	1.47 g/t Au	1.48 g/t Au
Average gold production (recovered) – years 1 - 6	126 koz	125.6 koz
Average gold grade – LOM	1.25 g/t Au	1.24 g/t Au
Average gold production (recovered) – LOM	105 koz	105.1 koz
Recovered Gold	1.16 Moz	1.16 Moz
Financial Metrics		
Revenue	A\$2,669m	A\$2,655m
AISC – first 6 years production	A\$1,370/oz	A\$1,368/oz
AISC – LOM	A\$1,481/oz	A\$1,483/oz
Net free cashflow (pre-tax)	A\$746m	A\$735m
Net free cashflow (post-tax)	A\$540m	A\$525m
EBITDA – LOM	A\$981m	A\$927m
Payback period (post-tax)	1.7 years	<2 years
NPV5 (pre-tax)	A\$515m	A\$485m
NPV5 (post – tax)	A\$364m	A\$328m
IRR pre-tax	51%	51%
IRR post-tax	41%	39%
Gold Price Assumption	A\$2,300/oz	A\$2,297/oz
Capex		
Pre-prod capex	A\$225m	A\$230m
Sus capex	A\$31m	A\$32m
Closure costs	A\$8m	A\$10m

Source: Euroz Hartleys, based largely on AUC’s Katanning PFS (Aug’22)

Fig 4. Katanning Gold Production Forecasts



Source: Euroz Hartleys; after AUC PFS outputs

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Opportunities and Risks

Some of the key opportunities include:

- **Reserve growth, add mine life and/or increase production levels:** the KGP has significant exploration upside. The project scale (3Mtpa) has been designed to be expandable to accommodate further resource-reserve growth, with options on future underground ores (not currently included in the study work). Further pit optimisation could improve the overall strip ratio and lower mining costs. A future underground mine is expected at Katanning, but is not as yet included in the development study works. AUC has previously delivered low-cost discovery ounces at \$11/oz, and the resources are high confidence (+80% Measured + Indicated).
- **Well serviced infrastructure:** Grid power, sealed roads, water are all available for the KGP development. The key resources are contained within granted mining leases, with the tenements on freehold land (not subject to native title).
- **All free milling ores:** demonstrated excellent metallurgical characteristics with LOM gold recoveries over 90%. The processing plant will operate at a nominal treatment rate of 375 dt/h and reduce the ore to a product size P80 of 75µm. The grinding circuit utilisation expected to be +91%.
- **Costs provides gold price leverage:** Pre-production capex forecast to be modest -A\$225m (PFS +/- 30%) for a 3Mtpa processing design. Operating costs for the processing plant at full production with transitional/fresh ore is -A\$52mpa (or -A\$17/t of ore treated); oxide ore is expected to be treated at higher processing rates (close to double the rate of fresh), equating to a cost of -A\$14/t of ore treated. LOM AISC of -A\$1,481/oz and AISC of -A\$1,370/zo for the first 6 years highlight healthy margins in the current gold price environment.

Some of the key risks include:

- **Project funding:** ultimately funding for the project developments will be required. AUC has delivered the PFS for the project but the DFS is still some way off (due late CY23). We see potential for a larger scale project, providing opportunities to increase production levels at slightly lower costs, while maintaining a long mine-life. The trade-off in a larger scale project would be higher capex.
- **Capital cost escalation:** while costs now appear to be stabilising, we remain in a current inflationary environment and as such capex may continue to increase in the near to longer term.
- **Labour shortages:** Skilled workers for mines remain in high demand and in relative short supply. While we appear to be largely over the COVID-19 pandemic, further outbreaks of new strains could impact labour levels and exasperated shortages. Katanning is well located to attract and retain skilled workers. The long mine life is also expected to be an attraction.
- **Permitting required:** The KGP is contained within granted MLs, but further permitting (environmental, social and mining) is required. The permitting approval process will run concurrently within the DFS works. While unlikely that permits will not be granted it is still a risk.
- **Gold price and exchange rate movements:** while the proposed gold operation is expected to be relatively low cost, gold price movements (down) in particular are a key risk to the development of the project.

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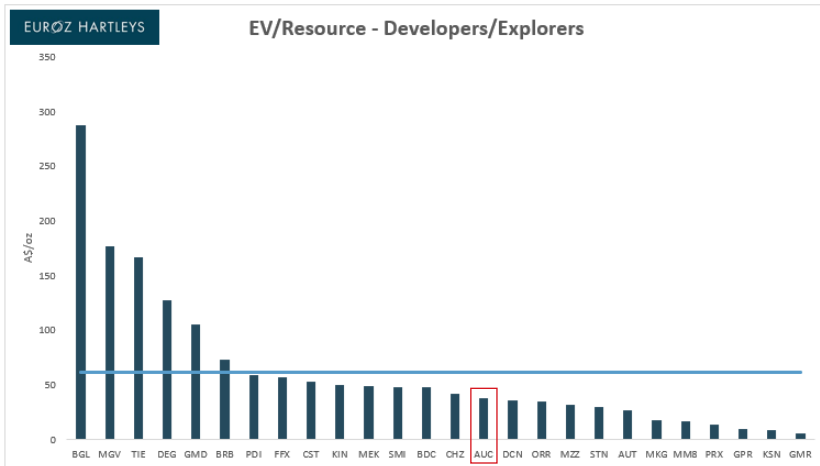
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Peer Analysis

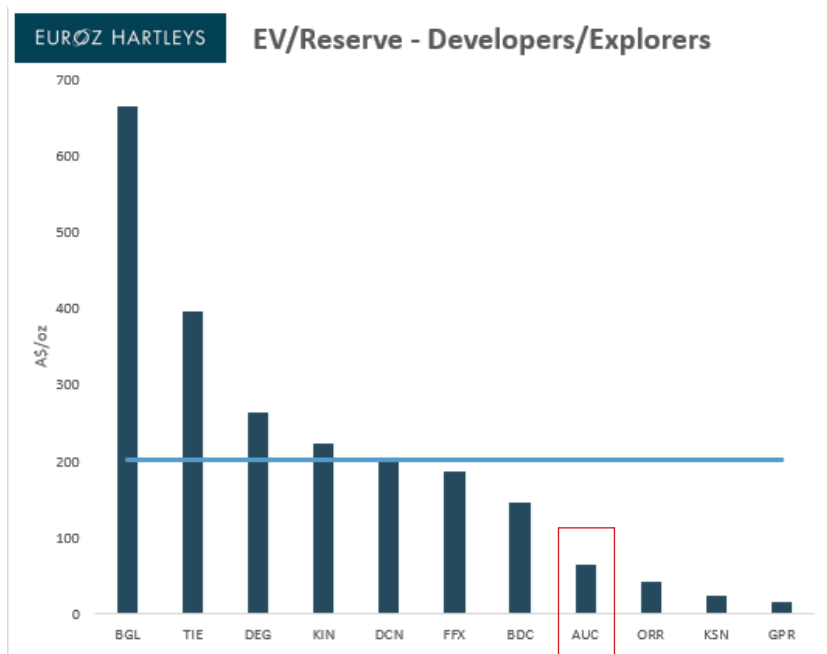
AUC screens as under-valued on both EV/resource and EV/reserve metrics, currently trading EV/reserve of A\$36/oz (peer ave -A\$62/oz Au) and EV/resource of A\$65/oz Au (peer median -A\$203/oz Au). The growing resource base is already over 2.1Moz with over 80% in the higher confidence Measured & Indicated resource categories.

Fig 5. ASX Gold Peers - EV/Resource oz (Au)



Source: Euroz Hartleys

Fig 6. ASX Gold Peers - EV/Reserve oz (Au)



Source: Euroz Hartleys

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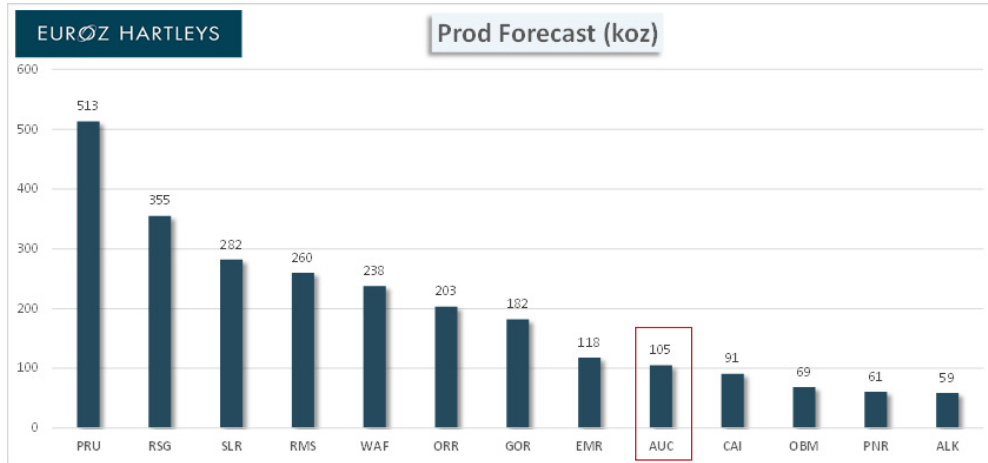
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Attractive targeted production levels.

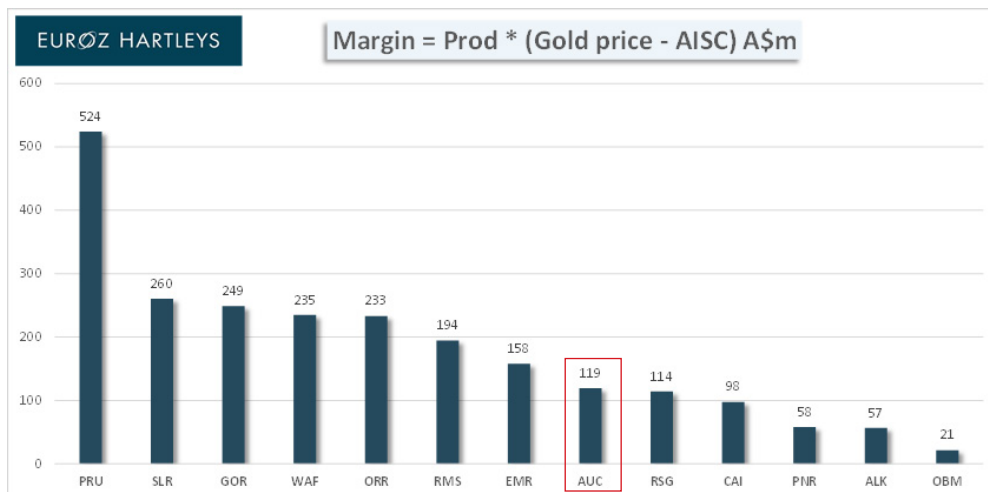
Fig 7. ASX Selected Golds - Production Forecasts (koz)



Source: Euroz Hartleys

Forecast healthy margins.

Fig 8. ASX Selected Golds - Production Margins A\$m



Source: Euroz Hartleys

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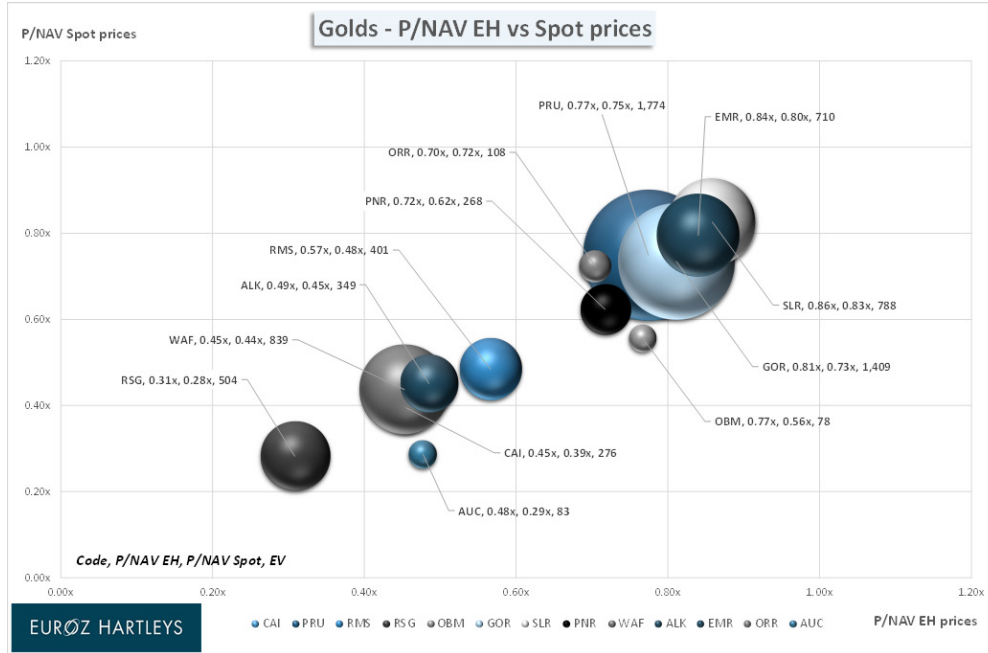
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Trading discount also displayed on our current P/NAV.

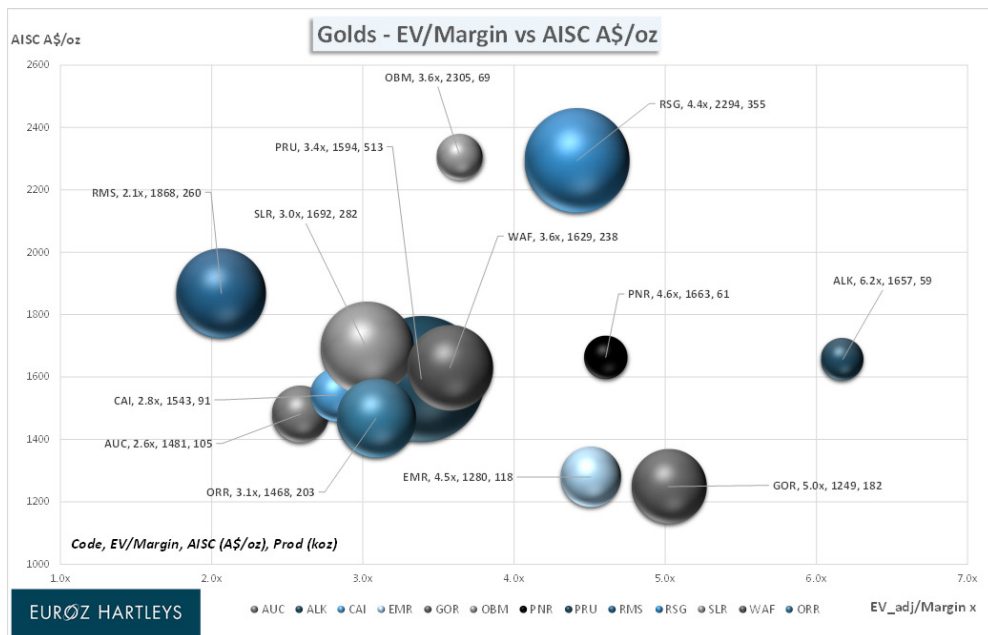
Fig 9. ASX Selected Golds- P/NAV discounts EH vs Spot Gold



Source: Euroz Hartleys

AUC well positioned both in regards to EV (adj)/Margins to forecast AISC A\$/oz.

Fig 10. ASX Selected Golds- EV/Margins vs AISC A\$/oz (forecast)



Source: Euroz Hartleys

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Katanning Gold Project

Location and History

The Katanning Gold Project (KGP) is located in an agricultural (wheat and sheep) region of south-west Western Australia, some 275km south-east of Perth (3.5 hours' drive), and 40km from the town of Katanning. The project can be accessed via a combination of sealed and unsealed roads, with the vast majority of AUC's tenure contained within freehold lands.

Gold was first identified in the area by Otter Exploration in 1979. After several owners during the 1980's and early 1990's, International Mineral Resources commenced open pit mining in Dec'1995 at the Jinkas and Dingo Hill deposits (referred to as the Badgebup Project). Processing commenced in Jan'1996 and ceased in July'1997 due to low gold prices at the time; a total of 302kt @ 2.54 g/t Au (ave) for 20koz gold produced from largely oxide feed.

Great Southern Resources (GSR) acquired the ground in 2001, with AUC entering into a farm-in JV agreement with GSR to acquire an initial 80% interest in the project, adding contiguous to its Boddington South project area at the time. AUC now has 100% project interest, having consolidated ownership in 2011.

AUC's preliminary Scoping Study (SS) on the project was released in Nov'2015, concentrated on the Jinkas and Dingo deposits, 1Mtpa open pit operation providing ~47kozpa @ AISC A\$1,198/oz over an initial 4 year mine life; capex light at ~A\$70m. An updated SS on the potential project development in Nov'2019, provided slightly increased scale to 1.25Mtpa but longer sustainable production levels of ~50kozpa @ AISC A\$1,615/oz over 7 year mine life; pre-production capex increased to ~A\$103m.

The recent PFS (Aug'22) highlighted the importance of a growing mining inventory, which increased from ~208koz (prelim SS), ~390koz (updated SS) to the maiden reserve of ~1.3Moz used in the PFS. The large and growing mining inventory justifies the increase scale to 3Mtpa for higher production levels (+105kozpa LOM) and improved AISC (~A\$1,480/oz). Capex considered modest at ~A\$225m, but higher front-end production reduces pay-back period, with a long mine life envisaged (~11 years). We see the PFS as very much the base case scenario with current scale (3Mtpa) designed to be expandable to accommodate further resource-reserve growth and with options on future underground ores, providing further upside potential.

The Company also holds a dominant ground position in this relatively under-explored greenstone belt, an area prospective for Archean gold deposits. The current Resource at Katanning is ~2.2Moz gold.

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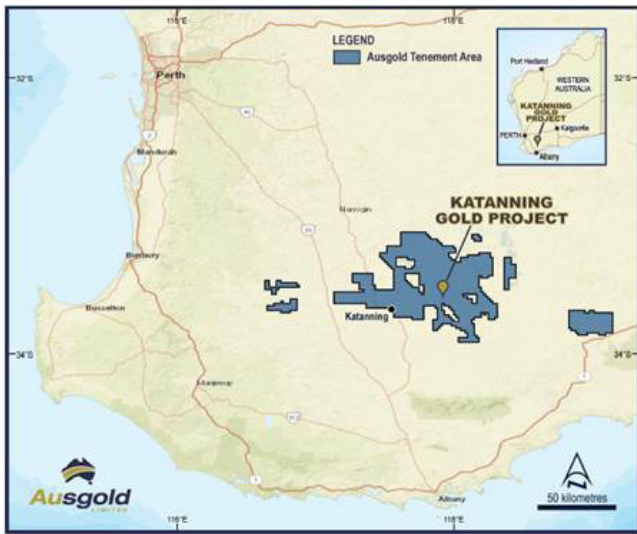
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Fig 11. Katanning Gold Project Location



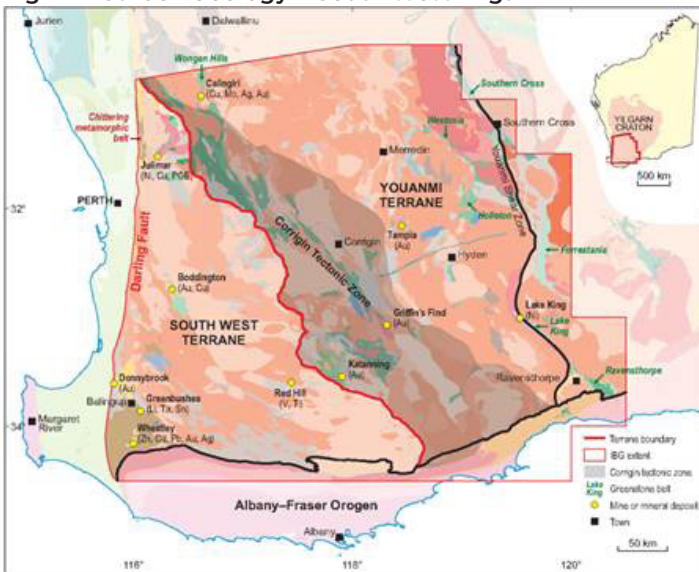
Source: Ausgold Ltd

Geological Setting

The KGP falls within the Youanmi Terrane (Lake Grace) and South West Terrane (Boddington) of the Archaean Yilgarn Craton, which is predominantly composed of granitic rocks but also contains a number of preserved greenstones. The Katanning, Tampia and Griffins Find goldfields of the Youanmi Terrane lie in proximity to a large volume of granulite metamorphic facies mafic and ultramafic rocks of the Corrigin Tectonic Zone.

Notable mineral deposits of the South West Terrane include: Newmont's Boddington gold-copper mine (+30Moz), Chalice Mining's Julimar nickel-copper-PGE deposit (+2Mt contained nickel equivalent), Carvel Minerals' Caravel-Calingiri copper deposit (+2.8Mt contained copper) and Ausgold's Katanning gold deposits (+2.2Moz gold).

Fig 12. Bedrock Geology - South West Yilgarn



Source: GSWA 2021

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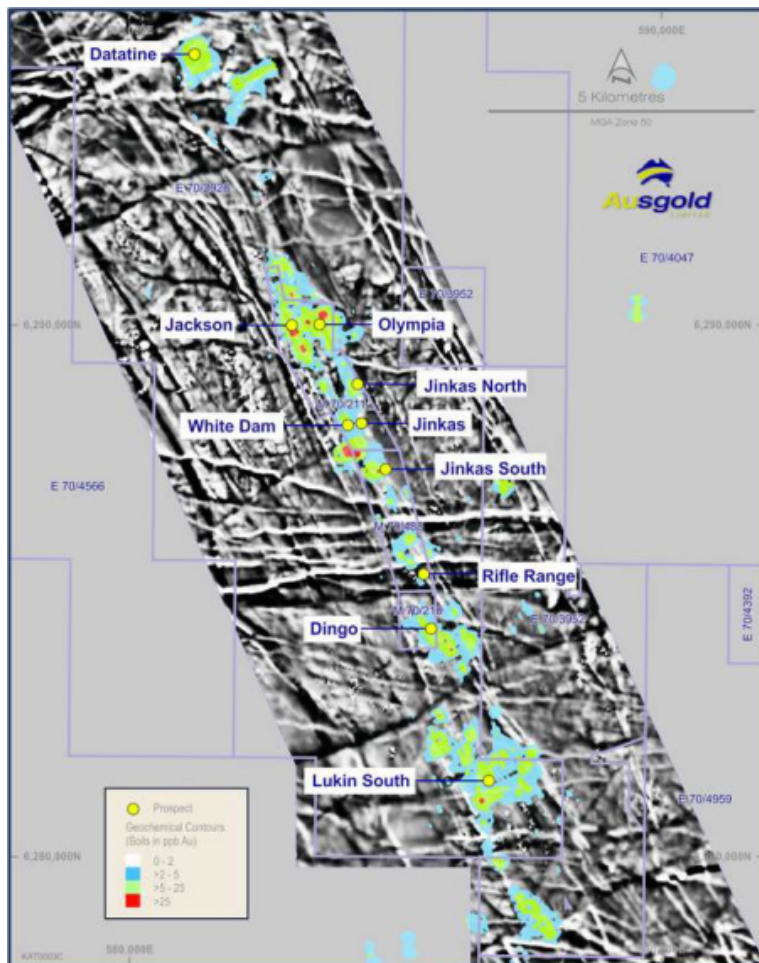
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Gold Mineralisation

Gold mineralisation at the KGP is currently confined into 3 continuous zones (Northern, Central and Southern) part of a larger gold trend that extends at least 17km in strike length. Resources at this stage are concentrated to collective ~8km of strike within the Central and Southern Zones. The mineralised lodes contain shallowly plunging high-grade ore shoots which have been interpreted as fold axes of the tightly folded and metamorphosed mafic host rocks. The overall KGP is broadly folded along an east-west axis.

- **Northern Zone** - Datatine - mineralisation differs in regards to host rock and mineralisation strike in an easterly direction with a southern dip as opposed to the north-westerly strike to the south. Further results are pending for this area.
- **Central Zone** - Jinkas/Jinkas South, White Dam and Jackson lodes - contains the vast majority of current resources within ~4.5km of strike. In addition, the Central Zone has significant high-grade down-plunge potential, which is expected to provide future underground mining options
- **Southern Zone** - Rifle Range, Dingo, and Lukin - comprises <300koz of current resources, but recently completed drilling at Dingo give credence to a larger mineralised system which remains open and extends towards Lukin in the south.

Fig 13. Main Gold Zones - Katanning

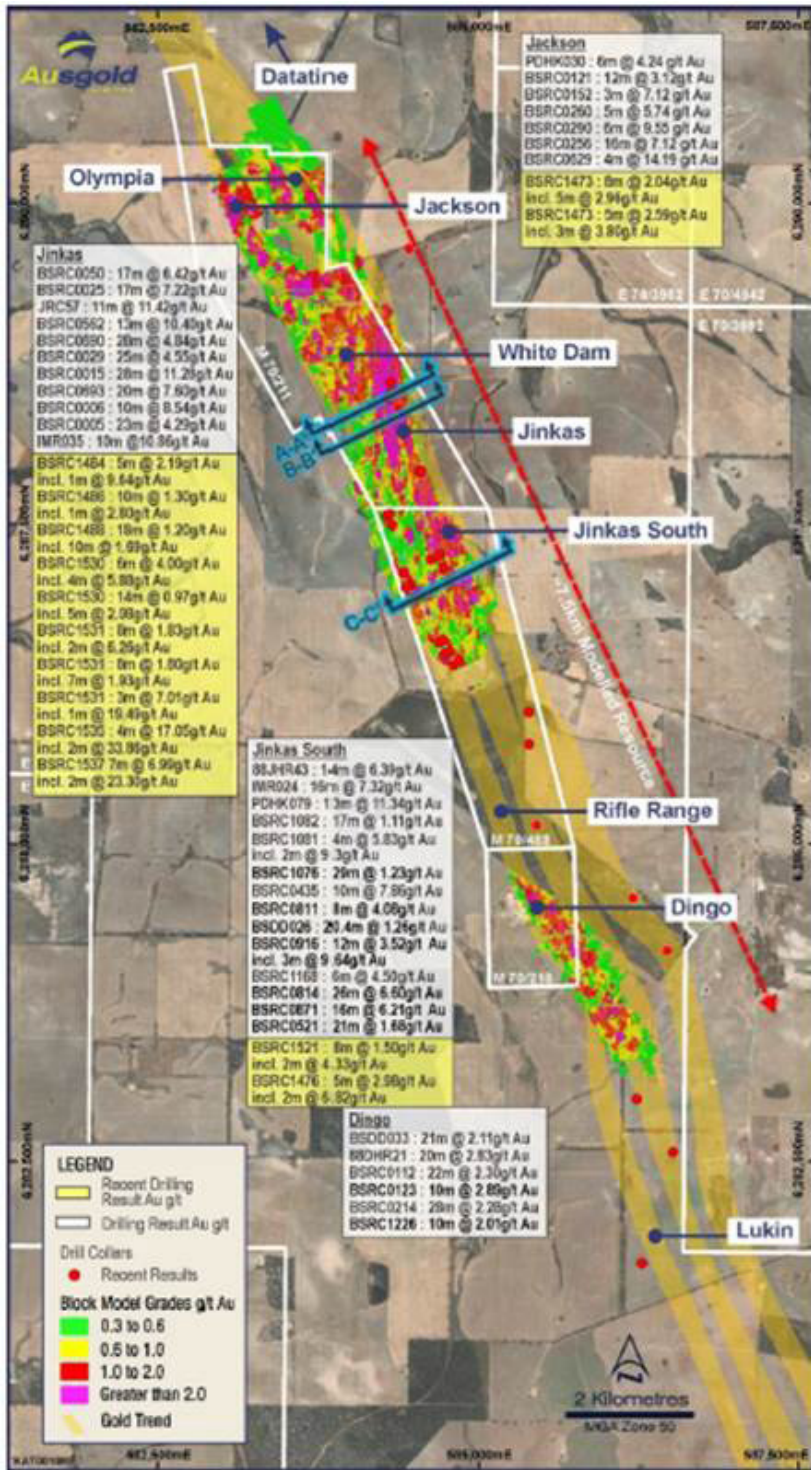


Source: Ausgold Ltd

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Fig 14. KGP Key Deposits, with recent results



Source: Ausgold Ltd

Fig 15. KGP Key Deposits - Jinkas - Cross Section A-A'

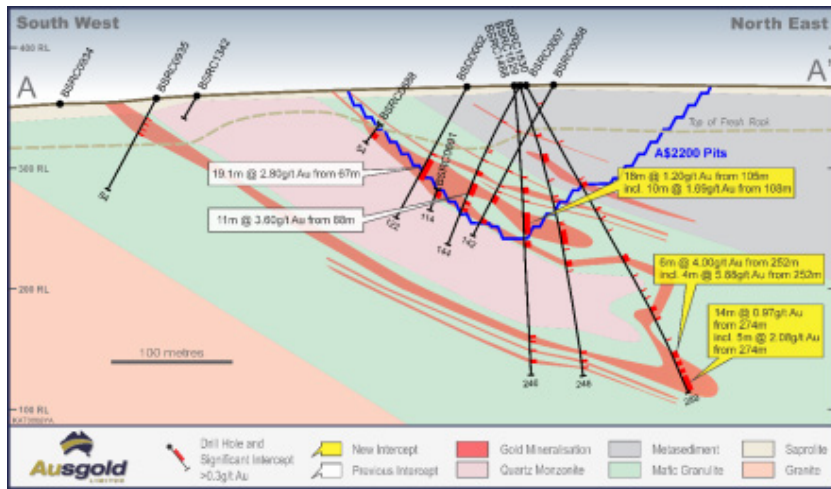


Fig 16. KGP Key Deposits - Jinkas - Cross Section B-B'

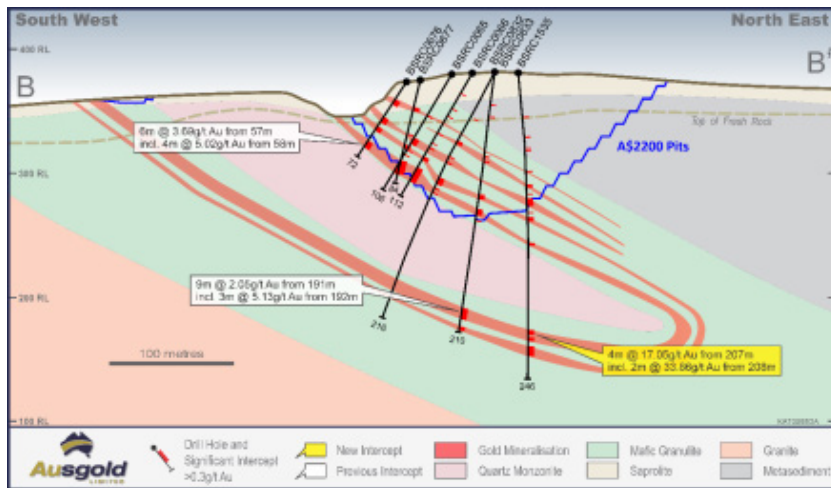
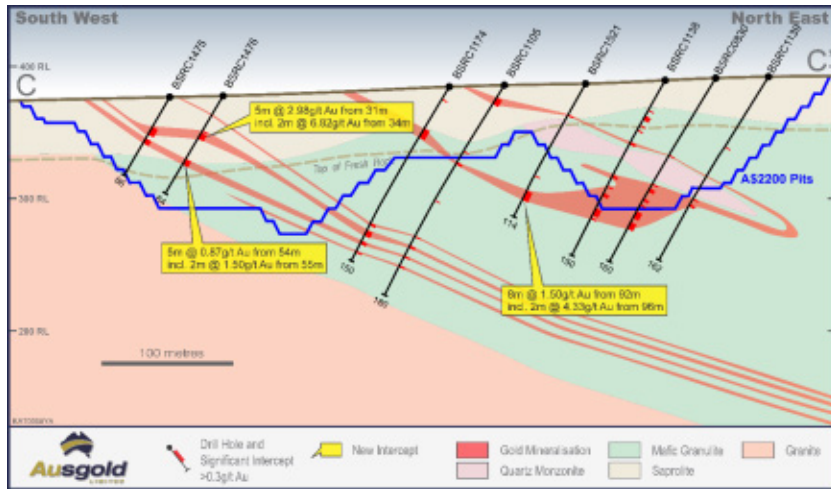


Fig 17. KGP Key Deposits - Jackson-White Dam - Cross Section C-C'



Source: Ausgold Ltd

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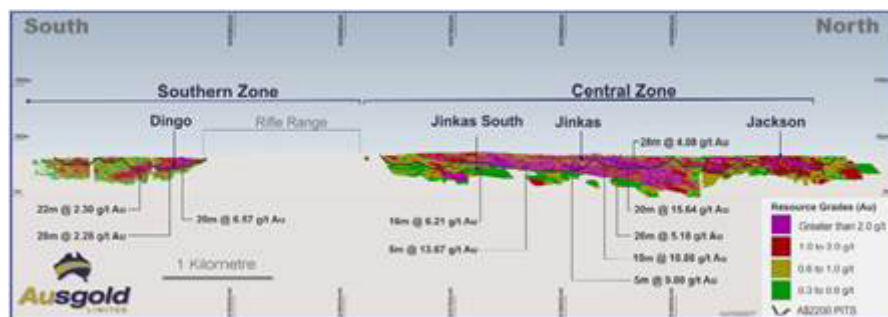
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Resources and Reserves

Resources currently stand ~2.2Moz, with 960koz gold recently added at a low discovery cost of ~A\$11/oz. Resource confidence high with 80% classified Measured & Indicated.

Fig 18. KGP Resources - Aug'22

Material	Category	Oxide			Transition			Fresh			Total		
		Mt	Grade (g/t)	Gold (Moz)	Mt	Grade (g/t)	Gold (Moz)	Mt	Grade (g/t)	Gold (Moz)	Mt	Grade (g/t)	Gold (Moz)
Open Pit	Measured	0.613	1.13	0.022	2.79	1.46	0.131	15.636	1.29	0.647	19.0	1.31	0.800
	Indicated	1.729	1.00	0.056	3.877	1.07	0.134	21.235	1.16	0.794	26.8	1.14	0.984
	Inferred	0.10	1.01	0.003	0.107	1.11	0.004	8.671	1.09	0.297	8.9	1.07	0.304
Underground	Inferred						0.56	3.25	0.059	0.56	3.25	0.059	
Tailings	Inferred						0.87	0.35	0.010	0.87	0.35	0.0973	
Total		2.441	1.04	0.083	6.773	1.23	0.267	46.97	1.20	1.810	55.98	1.21	2.160



Source: Ausgold Ltd

Maiden reserve delivered for the KGP PFS of 1.28Moz @ 1.25g/t Au, underpins a potential standalone, long-life (+10yrs) +100kozpa operation, which we expect will continue to grow.

Fig 19. KGP Reserves - Aug'22

Material	Proved			Probable			Total		
	Mt	Grade (g/t)	Gold (Moz)	Mt	Grade (g/t)	Gold (Moz)	Mt	Grade (g/t)	Gold (Moz)
Open Pit	0.0	0.0	0.0	32.0	1.25	1.28	32.0	1.25	1.28
Total	0.0	0.0	0.0	32.0	1.25	1.28	32.0	1.25	1.28

Source: Ausgold Ltd

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Infrastructure

Excellent infrastructure with:

- Access to grid power
- Sealed roads
- Water
- Airstrip
- Nearby towns (Katanning ~40km from site)
- Resource on granted mining licences
- Tenements on freehold land, not subject to Native Title

Fig 20. KGP - Infrastructure



Source: Ausgold Ltd

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Katanning Gold PFS

Key outcomes of AUC's Katanning Gold Project PFS are summarised below:

- Standalone **3Mtpa open pit** operation
- Maiden ore reserve **32Mt @ 1.25g/t Au for 1.28Moz from resource base 56Mt @ 1.21g/t Au for 2.16Moz.**
- LOM production **105kozpa @ A\$1,481/oz AISC for 11 years** (1.16Moz recovered) – LOM strip ratio 9:1 (waste:ore).
- Higher grade starter with **years 1-6 providing 126kozpa @ A\$1,370/oz AISC.**
- **Pre-production capex A\$225m** - payback 1.7 years (A\$2,300/oz gold price) – PFS level (+/- 30%)
- Conventional gravity and CIL processing with recoveries +90% over LOM – all free milling ores.
- AUC's financials NPV5 of A\$364m (post-tax), IRR 40.7%.
- Next steps: Ongoing resource infill and extensional drilling, open pit mine schedule optimisation, more detailed metallurgy and environmental studies for key permitting commenced (targeting approvals by early CY24). **DFS due for completion late Q4CY23.**
- Opportunities: larger scale project well supported by exploration upside, easily expanded to accommodate resource/reserve growth, and options on a future underground within the Central Zone.
 - Underground resource currently 0.54Mt @ 3.1g/t Au for 54koz gold
 - Largely untested at depth with down-hole EM targets identified
 - Open along strike and at depth

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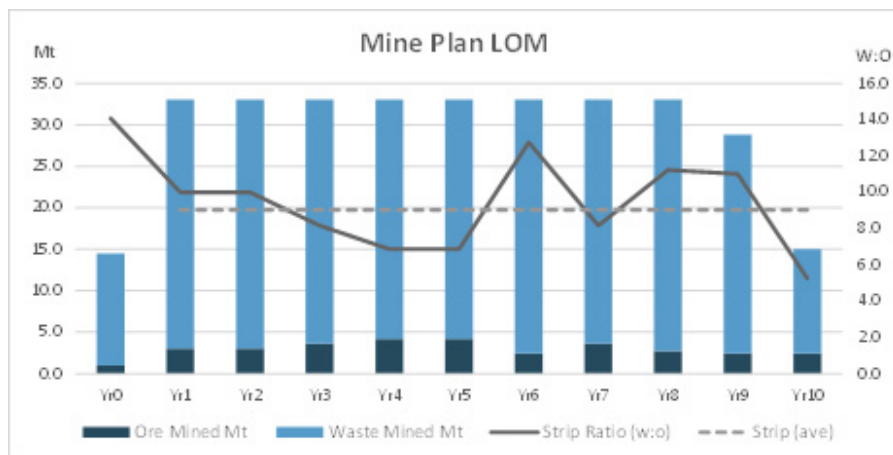
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Fig 21. KGP - PFS Outcomes

Key Metrics	AUC PFS
Life of Mine (LOM)	11 years
Ore Tonnes Mined	32 Mt
Ore Processing Rate	3 Mtpa
Stripping Ratio (w:o)	9.0
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
AISC – first 6 years production	A\$1,370/oz
AISC – LOM	A\$1,481/oz
Net free cashflow (pre-tax)	A\$746m
Net free cashflow (post-tax)	A\$540m
EBITDA – LOM	A\$981m
Payback period (post-tax)	1.7 years
NPV5 (pre-tax)	A\$515m
NPV5 (post – tax)	A\$364m
IRR pre-tax	51%
IRR post-tax	41%
Gold Price Assumption	A\$2,300/oz
Capex	
Pre-prod capex	A\$225m
Sus capex	A\$31m
Closure costs	A\$8m

Source: Ausgold Ltd

Fig 22. KGP - Mine Plan LOM

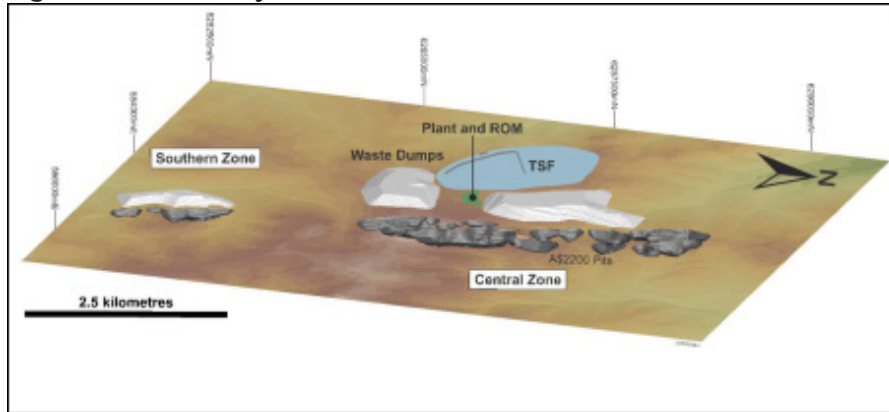


Source: Ausgold Ltd; Euroz Hartleys

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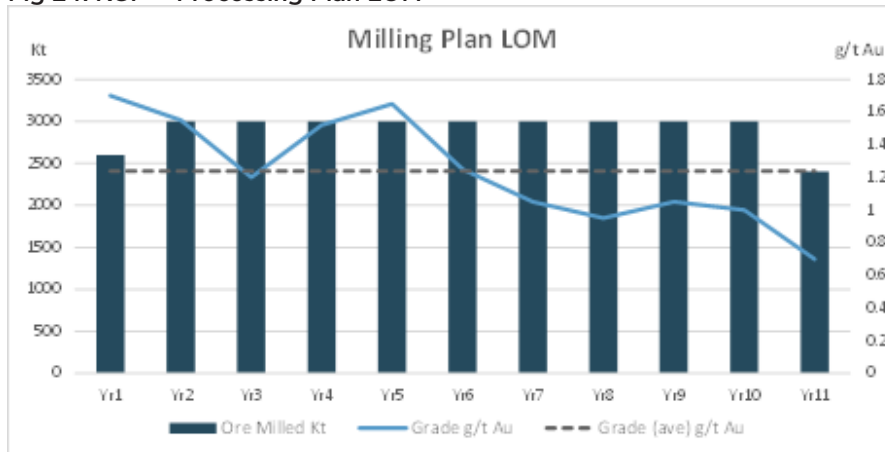
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Fig 23. KGP - Site Layout



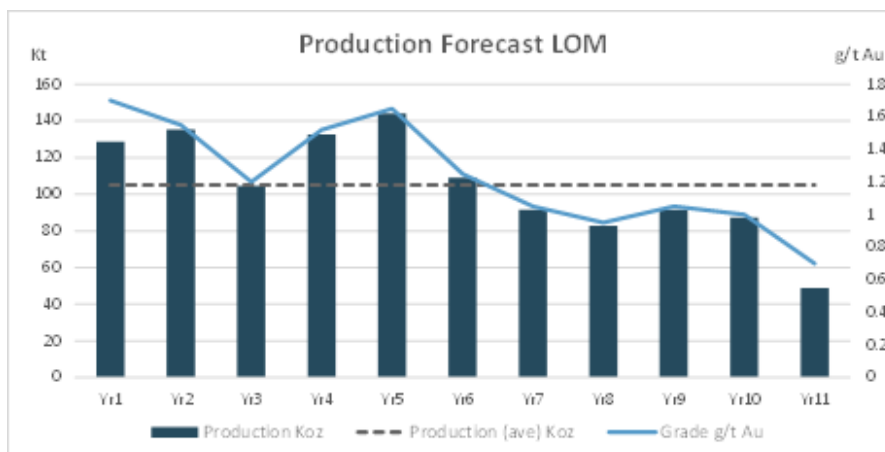
Source: Ausgold Ltd

Fig 24. KGP - Processing Plan LOM



Source: Ausgold Ltd; Euroz Hartleys

Fig 25. KGP - Production Forecast LOM



Source: Ausgold Ltd; Euroz Hartleys

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Regional Potential

AUC has an extensive ground position within Lake Grace-Boddington Terranes with over 5,500km² of prospective tenure, which cover over 130km strike of under-explored greenstones.

Fig 26. Regional Upside - 130km strike of greenstones to test



Source: Ausgold Ltd

The Company has close to 50 gold targets identified, which continue to be systematically tested over time. Two of the more advance prospects include:

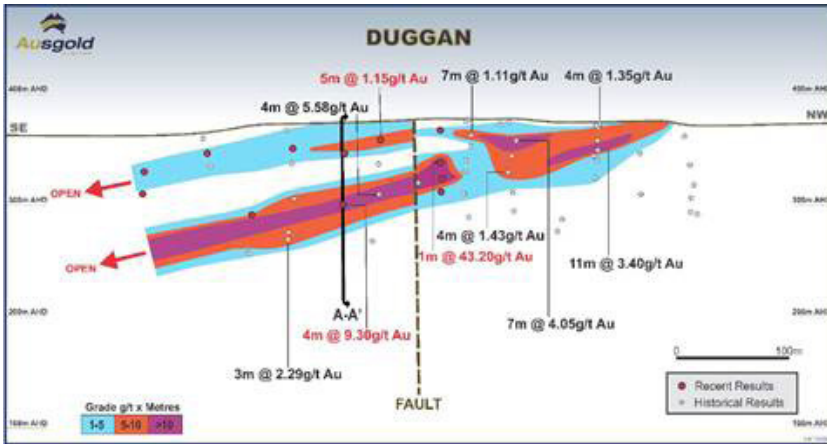
Duggan (100% AUC)

- Located ~50km north-east of the KGP
- Recently completed Phase 2 drilling at the prospect (over 1,200m of RC drilling) extending near-surface gold mineralisation - remains open
- Some drill highlights of:
 - 7m @ 4.05 g/t Au from 19m
 - 4m @ 5.48 g/t Au from 72m
 - 4m @ 9.30g/t Au from 84m
 - 1m @ 43.20g/t Au from 52m
 - Further drilling is planned

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Fig 27. Duggan - Long Section

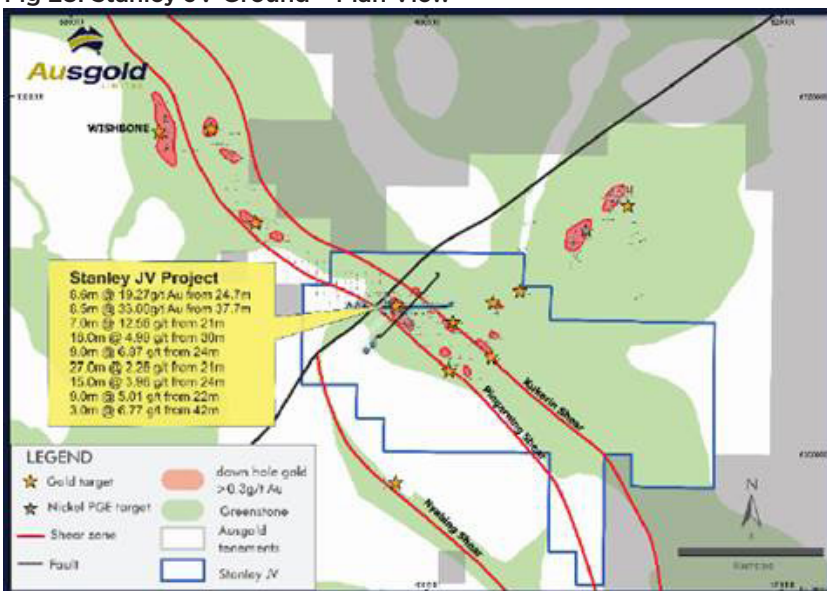


Source: Ausgold Ltd

Stanley JV (farm-in AUC earn-up to 85%)

- Located ~25km north-east of the KGP, JV with Cygnus Gold (CY5).
- Highly prospective, under-explored greenstone with proven high-grade gold mineralisation
- Some of the past drill highlights include:
 - 8.5m @ 33.00g/t Au from 37.7m (incl. 2.4m @ 114.62g/t Au)
 - 8.6m @ 19.27g/t Au from 24.7m (incl. 5.7m @ 28.60g/t Au)
 - 7.0m @ 12.56 g/t Au from 21m
 - 16m @ 4.99 g/t Au from 30m
 - 9m @ 6.87 g/t Au from 24m

Fig 28. Stanley JV Ground - Plan View



Source: Ausgold Ltd

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Directors and Management (from Company website)

AUC's Board consists of highly experienced mining executives, with a good mix of investment banking, and commercial experience; along with technical, geological, mining engineering expertise.

Mr Richard Lockwood (Non-Executive Chairman)

Mr Lockwood has forged a successful career in fund management and mining investment and was the founder of New City Investment Management, of which one of the five quote investment trusts he ran the specialist Geiger Counter Limited Uranium Fund. Mr Lockwood was formerly a Director of AIM-listed Kalahari Minerals which was acquired by CGNPC Uranium Resources Co. Ltd. Formerly a mining investment partner for Hoare Govett and McIntosh Securities he was involved in the development and financing of several gold and base metals projects in Europe, Australia and Africa. Mr Lockwood's intimate knowledge and experience in the mining and uranium industries is an asset to the Company during its current growth phase.

Dr Matthew Greentree (CEO & MD)

Dr Greentree holds a B.Sc. 1st Class (Hons) in Geology from Macquarie University and a Ph.D. in Geology from The University of Western Australia. He has over 20 years of experience in minerals exploration and mining in Australia, Asia, Africa and South America. Dr Greentree is a highly experienced geologist with expertise in structural geology, exploration targeting in greenfield and brownfields environments, managing multidisciplinary studies and the evaluation of mineral projects. He is a member of the Australian Institute for Mining and Metallurgy (AusIMM) and the Australian Institute of Geoscientists (AIG) and is Vice Chair of the AIG Western Australian Branch Committee and a member of the VALMIN Committee.

Mr Denis Rakich (Executive Director & Company Secretary)

Mr Rakich is an Accountant and Company Secretary with extensive knowledge and experience within the mineral production and exploration industries. He is a member of CPA Australia and has served as a Director and/or Company Secretary for other ASX Listed companies within the resources sector. Mr Rakich is responsible for the financial, legal and corporate management of Ausgold Limited.

Mr Neil Fearis (Non-Executive Director)

Mr Fearis is a leading corporate and commercial lawyer in Western Australia specialising in mergers and acquisitions, capital raisings and corporate reconstructions with a particular focus on the mining and resources sector. He has been in practice for more than 40 years and worked as a commercial lawyer in London, Sydney and Perth. He provides corporate and commercial legal advice to public company clients and has advised on some of the largest corporate transactions ever undertaken in Australia. Prior to studying law, Mr Fearis spend several years engaged in mineral exploration in both Australia and Southern Africa and as a result has a good understanding of the practical issues facing companies developing resource projects in remote locations, both in Australia and overseas. Mr Fearis has been a Director of a number of ASX and TSX Listed companies, primarily though not exclusively in the resources sector.

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Mr Geoff Jones (Non-Executive Director)

Mr Jones is a civil engineer with over 30 years' experience in construction, engineering, minerals processing and project development in Australia and overseas. He previously worked for Baulderstone Hornibrook, John Holland, Minproc Engineers and Signet Engineering before serving as Group Project Engineer for Resolute Mining Limited. Mr Jones is currently the Managing Director for GR Engineering Services. Prior to joining GR Engineering Services in 2011, Mr Jones was the General Manager of Sedgman Limited's metals engineering business and was also responsible for the strategic development of the metals engineering division internationally.

Mr Timothy Kestell (Non-Executive Director)

Mr Kestell has over 25 years of capital markets experience including working for HSBC, Paterson Securities Limited and Euroz Securities Limited. He played a key role in a number of transactions including Indago Resources Limited's spin out of Tusker Resources Limited, which was subsequently acquired by Barrick Gold Corporation, as well as the recent purchase of the Kaylekera Uranium asset from Paladin Energy Ltd by Lotus Resources Ltd. Tim was also instrumental as a Director of both Capricorn Metals Limited and Emerald Resources NL, enabling the transition for both companies, from explorer to gold producer that delivered significant shareholder value in the process.

Directors Shareholdings

Fig 29. Director Shareholdings

Name	Title	Holdings	Holdings %
R Lockwood	NE Chairman	62,500,000	3.1%
N Fearis	NE Director	13,000,000	0.6%
G Jones	NE Director	14,250,000	0.7%
T Kestell	NE Director	100,000,000	4.9%
M Greentree	CEO/MD	25,500,000	1.3%
D Rakich	Exec Director	34,998,681	1.7%
Total		247,748,681	12.2%

Source: Company reports

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Top 20 Shareholders

Fig 30. Top 20 - as at 14 Aug'22

Top	Holder Name	Holdings	%
1	CITICORP NOMINEES PTY LIMITED	428,066,400	21.1%
2	OLD BLOOD AND GUTS PTY LTD	96,000,000	4.7%
3	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	92,336,220	4.5%
4	BNP PARIBAS NOMS PTY LTD <DRP>	65,238,353	3.2%
5	MR RICHARD ARTHUR LOCKWOOD	62,500,000	3.1%
6	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	38,264,126	1.9%
7	TREASURY SERVICES GROUP PTY LTD <NERO RESOURCES FUND A/C>	37,000,000	1.8%
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	36,723,999	1.8%
9	ALL STATES FINANCE PTY LIMITED	35,666,666	1.8%
10	DENIS RAKICH	33,998,681	1.7%
11	PRECISION OPPORTUNITIES FUND LTD <INVESTMENT A/C>	25,000,000	1.2%
12	M&J GREENTREE NOMINEES PTY LTD <M&J GREENTREE FAMILY A/C>	23,950,000	1.2%
13	BERNE NO 132 NOMINEES PTY LTD <152417 A/C>	19,020,953	0.9%
14	NATIONAL NOMINEES LIMITED	17,499,189	0.9%
15	MOLATE PTY LIMITED <ALLAN HAIN RETIRE FUND A/C>	16,964,100	0.8%
16	TREVOR PAVEY PTY LTD <PAVEY FAMILY A/C>	16,824,431	0.8%
17	BATTERBURY HOLDINGS PTY LTD	16,080,000	0.8%
18	DOUGLAS FINANCIAL CONSULTANTS PTY LTD	16,000,000	0.8%
19	BOND STREET CUSTODIANS LIMITED <TRYLAN - D83486 A/C>	15,600,000	0.8%
20	PENDOMER INVESTMENTS PTY LTD <LAW SETTLEMENTS FUND A/C>	13,000,000	0.6%
	Total	1,105,733,118	54.5%

Source: Company reports

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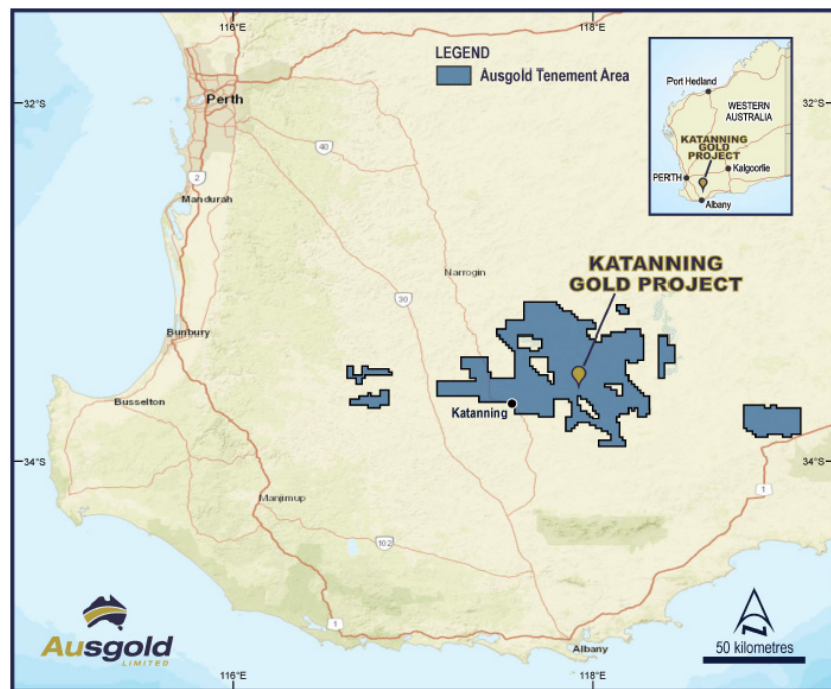
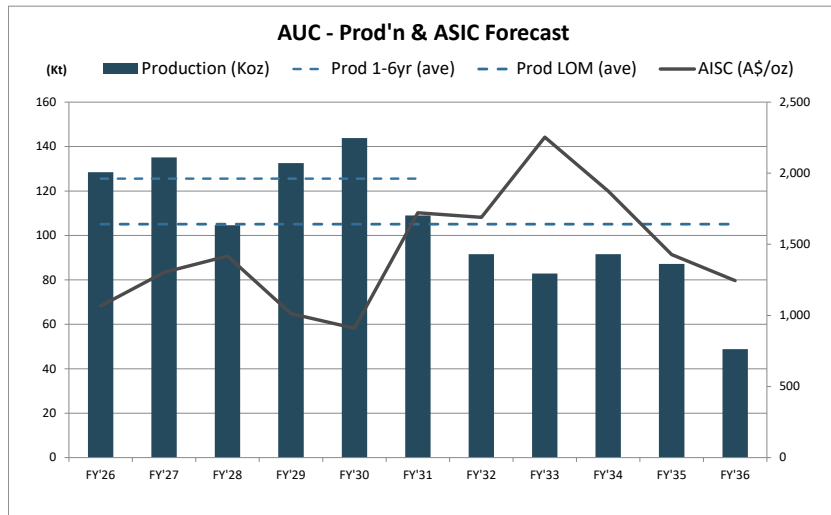
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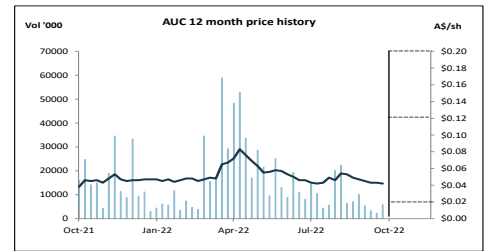
Key Variables

Val/ Sh	Gold \$									
	-20%	-15%	-10%	-5%	0%	5%	10%	15%	20%	
AUDUSD	\$0.09	\$0.09	\$0.09	\$0.09	\$0.09	\$0.09	\$0.09	\$0.09	\$0.09	\$0.09
15%	-\$0.02	-\$0.01	\$0.01	\$0.03	\$0.04	\$0.06	\$0.07	\$0.09	\$0.11	\$0.12
10%	-\$0.01	\$0.01	\$0.02	\$0.04	\$0.06	\$0.07	\$0.09	\$0.11	\$0.12	\$0.14
5%	\$0.00	\$0.02	\$0.04	\$0.05	\$0.07	\$0.09	\$0.11	\$0.13	\$0.14	\$0.16
0%	\$0.02	\$0.03	\$0.05	\$0.07	\$0.09	\$0.11	\$0.13	\$0.15	\$0.16	\$0.19
-5%	\$0.03	\$0.05	\$0.07	\$0.09	\$0.11	\$0.13	\$0.15	\$0.17	\$0.19	\$0.21
-10%	\$0.05	\$0.07	\$0.09	\$0.11	\$0.13	\$0.15	\$0.17	\$0.19	\$0.21	\$0.24
-15%	\$0.07	\$0.09	\$0.11	\$0.13	\$0.16	\$0.18	\$0.20	\$0.22	\$0.24	\$0.24

EH Forecast	FY'2024	FY'2025	FY'2026	FY'2027
Gold (US\$/lb)	\$1,750	\$1,700	\$1,700	\$1,700
AUDUSD	\$0.74	\$0.74	\$0.74	\$0.74



Our Share Price Sensitivity



Our Market Sensitivity

Price Target \$0.12/sh

Valuation \$0.090/sh

Bull Scenario \$0.20/sh

Exploration success yields larger reserves which translate to increased mine life and higher sustainable production levels. AUD gold prices continue to increase with US\$ gold price sentiment improves. At current spot prices our AUC valuation is 15cps.

Base Scenario \$0.12/sh

KGP can be developed as a standalone operation producing around our targeted production levels and cost assumptions. AUD gold prices remain around current levels and our long-term prices remain achievable.

Bear Scenario \$0.02/sh

Gold price falls over 10% and US\$ strengthen over 10%. Final studies fails to yield an economic project development, with funding difficulties.

Company Summary

Ausgold Ltd (AUC) is a gold developer-explorer. The Company's primary focus is its 100%-owned Katanning Gold Project (KGP), located in the under-explored Katanning greenstone belt in south-west WA. Recent KGP PFS included a maiden reserve of 1.28Moz grading 1.25g/t Au, open pit operation with average production of 105kozpa over a 11 year mine life. Estimated AISC of A\$1,481/oz over the LOM, which are lower in the first 6 years of the operation, which has potential to see capital pay-back in under 2 years. The DFS for the project is targeted for completion in late CY23, paving the way for project financing and construction in CY24 and first gold late CY25.

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