AUSTRALASIA GOLD LIMITED

A.C.N. 104 757 904

ANNUAL REPORT EL 24142 MT RINGWOOD

NORTHERN TERRITORY

By

D.PLAVSA

Pine Creek SD52-08 1:250,000 Sheet Batchelor 5171 1:100, 000 Sheet

October 2008

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SUMMARY

This report is the fourth Annual Report of the exploration of EL24142 for the period 4th October 2007 to 3rd October 2008.

During the reporting period Australasia Gold has planned and executed an aircore drilling program that was designed to test the mineralisation anomalies found in the 2007 aircore drilling program. A total of 93 holes (2154m) were drilled and 1436 samples taken.

Drilling results show elevated gold and arsenic values in areas that have previously been identified by 2007 aircore program as being potentially mineralised zones. The highest value obtained in this year's program was 0.3ppm Au in the western portions of Traverse 3. The eastern ends of each traverse do not contain any anomalous values.

1. LOCATION, ACCESS, TOPOGRAPHY & REGOLITH

Mount Ringwood area is located approximately 95km south-east of Darwin and 35km ENE of Adelaide River. Stratigraphically the tenement lies in the central Pine Creek Orogen, a province which is known for gold mineralisation. The tenement is accessible during the dry season via the station roads network, from the Stuart highway to the west, via Tortilla Flats and from Adelaide River to the south-west. The location is shown on figure 1.

Topographic variation is negligible, comprising subdued rises within floodplains around the confluence of the Howley Creek and Margaret River. The land is only lightly vegetated and is used for pastoralism and fodder production. Elevation is approximately 50 metres above sea level.

The majority of the EL is veneered by blacksoil floodplains covering weathered bedrock which is prospective for gold mineralisation and is under-explored.

2. TENURE

2.1 Mineral Rights

EL24142 was granted to Australasia Gold Ltd on 4th October 2004. The current term of the tenement expires on 3rd October 2010.

2.2 Land Tenure

The tenement includes parts of the following land tenure:

Pastoral Lease 718 Mt Ringwood
Perpetual Pastoral Lease 1163
Perpetual Pastoral lease 991
Crown Lease in Perpetuity 1222

Registered Native Title claims DC00/28 Mt Ringwood, and DC00/30 Mt Keppel, cover parts of the tenement area.

3. PREVIOUS EXPLORATION

Historical work carried out on exploration lease EL24142 includes shallow vacuum drilling, soil sampling and geophysical surveying. Soil sampling was carried out by WMC Pty Ltd in 1995 in the south western parts of the tenement but no significant anomalies were found (figure 2).

In 1997 Acacia Resources Ltd (Apocalypse tenement) carried out shallow vacuum drilling over southern parts of the tenement and samples were analysed for Au, Cu, Pb, Zn, Ag and As. Results showed scattered anomalism for all elements, but no bullseye targets were produced. In 1999 Acacia Resources drilled 9 RC holes (5 of which are located near the southern boundary of EL24142) as well as one costean also near the southern boundary of the tenement. Highest gold value was obtained in a 4cm quartz-vein (31.3ppm in niche sample at 224m, costean APCT0005).

From 1992 to 1997 the tenement was granted to the Five Teamsters Syndicate consisting of 5 people (Joseph Cooke, Marcella Cooke, John Farrell, Grazina Mainelis and John Earththrowl). Exploration carried out during that time included two auger drilling programs in the central and eastern (Quartz Hill) parts of the tenement. Each drilling program consisted of 6 drillholes at 100m intervals. No significant gold mineralisation was intercepted. Furthermore, 24 rock chip samples were collected during 1995-1996 in the eastern parts of the tenement with only 3 samples returning anomalous Au results with a peak of 0.36g/t.

In 2007 Australasia Gold carried out an aircore drilling program as well as biogeochemical survey (work completed by University of Adelaide) and geophysical review. The aircore drilling program consisted of 4 traverses (figure 3) with hole spacing along each traverse planned to be fifty (50) metres, giving the proposed program a total of 84 holes. The holes were designed to sample the top metres of the bedrock by penetrating the cover. The results returned only one anomalous value of 0.125ppm Au (compared to background gold value of <0.01ppm) but did show areas of elevated arsenic and lead values which were tested during this year's drilling program.

Peak gold result from 2007 aircore drilling was 125ppb and was recorded in a four metre composite sample, 14 to 18 metres in MRAC010, at the bottom of the hole. Associated with this gold result was peak arsenic of 195.5ppm. There was a ferruginous quartz vein observed within this interval. Adjacent holes have anomalous gold (>40ppb) and arsenic (>50ppm) giving an interval greater than 100 metres of Au/As anomalism worthy of follow-up. Rare earth elements show little anomalism in association with gold and arsenic results. There were no other element associations that appear to be anomalous.

Biogeochemical sampling was completed along a single traverse, approximately 600 metres long, to the north of Johns Hill (figure 2). This transect was thought to be over plunging mineralisation from Johns Hill, buried beneath black soil plains. Sample spacing was approximately 50 metres, although this was largely influenced by plant and termite distribution. Mineralisation at Johns Hill resulted in a termitaria biogeochemical expression with a very high Au content (450 ppb Au), high As content (97.6 ppm As), and moderately high Cu content (19 ppm Cu).

4. REGIONAL GEOLOGY

The tenement occupies part of the Central region of the Early Proterozoic Pine Creek Geosyncline. Dating indicates that deposition took place about 1900 Ma ago on an Archean basement (Needham et al, 1998). The Pine Creek Geosyncline contains an almost entirely sedimentary depositional pile, estimated at about 10km thick (Needham et al, 1985). Sediments pass from fluviatile at the base, to shallow and probably deeper water marine (turbidite)

environments at the top. The orogenic event (Top End Orogeny) took

place in Pine Creek between 1870 Ma and 1780 Ma during which time there was ongoing mafic and felsic magmatism.

Palaeoproterozoic sediments of the Finnis River Group (in particular the Burrell Creek Formation) are weakly exposed in the elevated parts of EL24142 (figure 3). Open folds and low angles of dip and plunge are observed in the limited outcrop.

On a regional scale these folds appear to be associated with the northern extension of the Howley Anticline. Also cutting across the tenement is the north-northwesterly extension of the regional scale Pine Creek Shear Zone. Both of these structures are associated with substantial gold mineralisation along their lateral extents outside EL24142. Their intersection within the area of EL24142 represents a target of significant prospectivity.

A significant portion of EL24142 is covered by black soil plains which historically have not been extensively explored under. With regional scale structures cutting the tenement, and limited historical exploration, EL24142 retains considerable prospectivity beneath the black soil plains.

Variably auriferous quartz veining is associated with anticlinal hinges at Johns Hill and Great Western deposits immediately to the south of the EL and elsewhere in vicinity of EL 24142. Steeply plunging, high grade auriferous shoots were mined at these locations in the late 19th Century, and surficial (nugget) gold is widespread in the general area. It is inferred that the area of EL 24142 retains considerable prospectivity beneath a thin cover of transported alluvium.

5. PROGRAM OBJECTIVES

5.1 Aircore Drilling

The results from 2007 aircore drilling program delineated a number of potential mineralised zones (high arsenic and lead zones). This year's aircore drilling program was designed to test the potentially mineralised zones identified in the 2007 drilling program. The drilling program consists of 6 traverses, each 250m long and spaced at 100m intervals in the north-south direction (Figure 4).

	Northing (GDA94)	Easting from (GDA94)	Easting to (GDA94)
TRAVERSE 1	8551900N	755500E	**755750E**
TRAVERSE 2	8551800N	755500E	**755750E**
TRAVERSE 3	8551700N	755500E	**755750E**
TRAVERSE 4	8551150N	755500E	**755750E**
TRAVERSE 5	8551050N	755500E	**755750E**
TRAVERSE 6	8550950N	755500E	755750E

6. WORK COMPLETED

6.1 Aircore Drilling

The work was carried out north and south of the previously completed traverses (figure 4). The holes were dipping at 60° east and the spacing between the holes was dependent on the depth of each hole (anywhere between 6 – 15m). Out of the 6 planned traverses only 4 and a half have been completed due to rig breakdowns and higher than expected costs (figure 4). A total of 93 holes (2154m) were drilled and 1436 samples taken. The samples were composited based on the geology and submitted into the ALS Chemex laboratory.

7. LOCAL GEOLOGY & MINERALISATION

Palaeoproterozoic sediments of the Finniss River Group (arenites of Burrell Creek formation) are weakly exposed in the elevated parts of the area within and adjacent to the EL. Where exposed, these appear to be openly folded with low angles of dip and plunge.

The main rock types spanning the Mt Ringwood area are greywackes and quartz sericite meta-siltstones of the Proterozoic Burrell Creek Formation (Finnis River Group). The rocks are generally brown to grey-green, thickly bedded to massive, fine to coarse feldspathic metagreywacke with graded bedding. The rocks have undergone low-grade metamorphism and minor contact metamorphism in close proximity to the mafic dyke that was intercepted in traverse 2. Quartz veining is present in both siltstone and greywackes and varies between extremely thin (<2mm) to thick (up to 1m). Minor pyrite and arsenopyrite has been observed in traverse 2 (holes MRAC126 and MRAC127). The rocks appear to be dipping steeply towards the east; however, the true dip is still very much inconclusive.

At regional scale these folds appear to be associated with the northern extensions of the Howley Anticline. From geophysics (magnetic survey) interpretation it appears that the eastern part of the tenement hosts multiple parallel faults trending NNW-SSE (figure 5) as well as N-S trending weakly magnetic rocks. In the north-eastern parts of the tenement, the faults appear to be trending N-S with magnetic dykes trending NNW-SSE.

8. RESULTS AND INTERPRETATION

8.1 Aircore drilling

Results are illustrated in cross-sections (Appendix 1, Traverse 1 – 5). Alluvial sediments range from 5 – 20m thick, ranging from coarse quartzose gravels to silty clay beds. The rocks encountered in the drillholes are meta-sediments of the Burrell Creek Formation that consists of interlayered greywackes and phyllites that appear to dip steeply towards the east. Quartz veining is present in the area and occurs in both greywacke's and phyllites. It can be very thin (1mm) up to 1m thick in some areas. However, the exact thickness of the quartz cannot be determined from the aircore drilling. Some iron-sulphides have been obseverd in the second traverse (appendix 1, traverse 2), mostly in the fresh rocks. It was difficult to determine the presence of iron sulphides in other drillholes, as most of the holes are within the weathered bedrock and hardly any have

reached the fresh bedrock.

The results show no indication of high gold values, but do show increased arsenic and lead values in the western portions of the traverse (please refer to Appendix 1, Mt Ringwood cross-sections). The highest As value in traverse 1 is 102 ppm, recorded in hole MRAC089 and Pb values of 287 ppm in hole MRAC093. The highest gold value (0.3ppm Au) was intercepted in hole MRAC136 (depth from 16-20m). The hole is located in the western portion of traverse 3 (approximately 30m from western edge of the traverse).The
increased As and Pb values appear to be in close proximity to the basaltic dyke that has been intersected in Traverse 2 (Appendix 1, traverse 2). Higher values occur in both siltstone and greywacke units.

The magnetic survey shows magnetic dyke rock in some parts of the traverses (figure 5). There's a weak magnetic anomaly east of the traverses and a possible fault offsetting some of the anomaly signature in the western parts of the 2007 traverses. A dyke that was intercepted in the second traverse at approximately 75m west of the western end of Traverse 2 (figure 5) could be attributed to the magnetic signature obtained in the geophysics survey. The intrusion was not intercepted in any of the other traverses.

Higher gold and base metal values in the western portions of the traverses indicate a potentially deep mineralized zone and should be further investigated. No significant gold or base metal anomalies have been detected in traverses 4 and 5 partly due to the drill rig not being able to penetrate the cover. As a consequence, only limited information is available on the gold and base metal concentrations in the bedrock. The cover was sampled only where it was fully penetrated and where the drillhole hit the bedrock.

9. RECOMMENDATIONS

The aircore drilling program for 2008 was not fully completed due to a number of reasons, some of which include rig breakdowns, slow drilling and increased costs. The results indicated a zone of anomalous gold and base metal values in the western portions of the traverses 1 to 3. This may indicate a potentially mineralized zone at depth and a drilling program should be designed to test this.

Only limited exploration has been carried out recently in the western and eastern portions of the tenement. A follow up should be carried out on the anomalous gold value (31.3g/t Au, costean by Acacia Resources) in the south western portion of the tenement.

10. PROGRAM AND BUDGET

Continuation of the geochemical reconnaissance program is proposed to test the strike extension of mineralisation exposed on Johns Hill to the south, and as recommended, limited air core drilling to test mineralisation encountered in traverses 1 to 3.

Data from the regional airborne em survey postponed from 2008 will become available and will be assessed, interpreted and followed up if warranted

Expenditure is expected to be as follows:

• Geochemical survey: 200 samples @ $75	$ 15,000
• Air core drilling: 400m @ $100 including assay and field support costs	$ 40,000
• Interpretation air em data	$ 3,000
• Admin & technical support @15%	$ 8,000
• TOTAL	$ 66,000

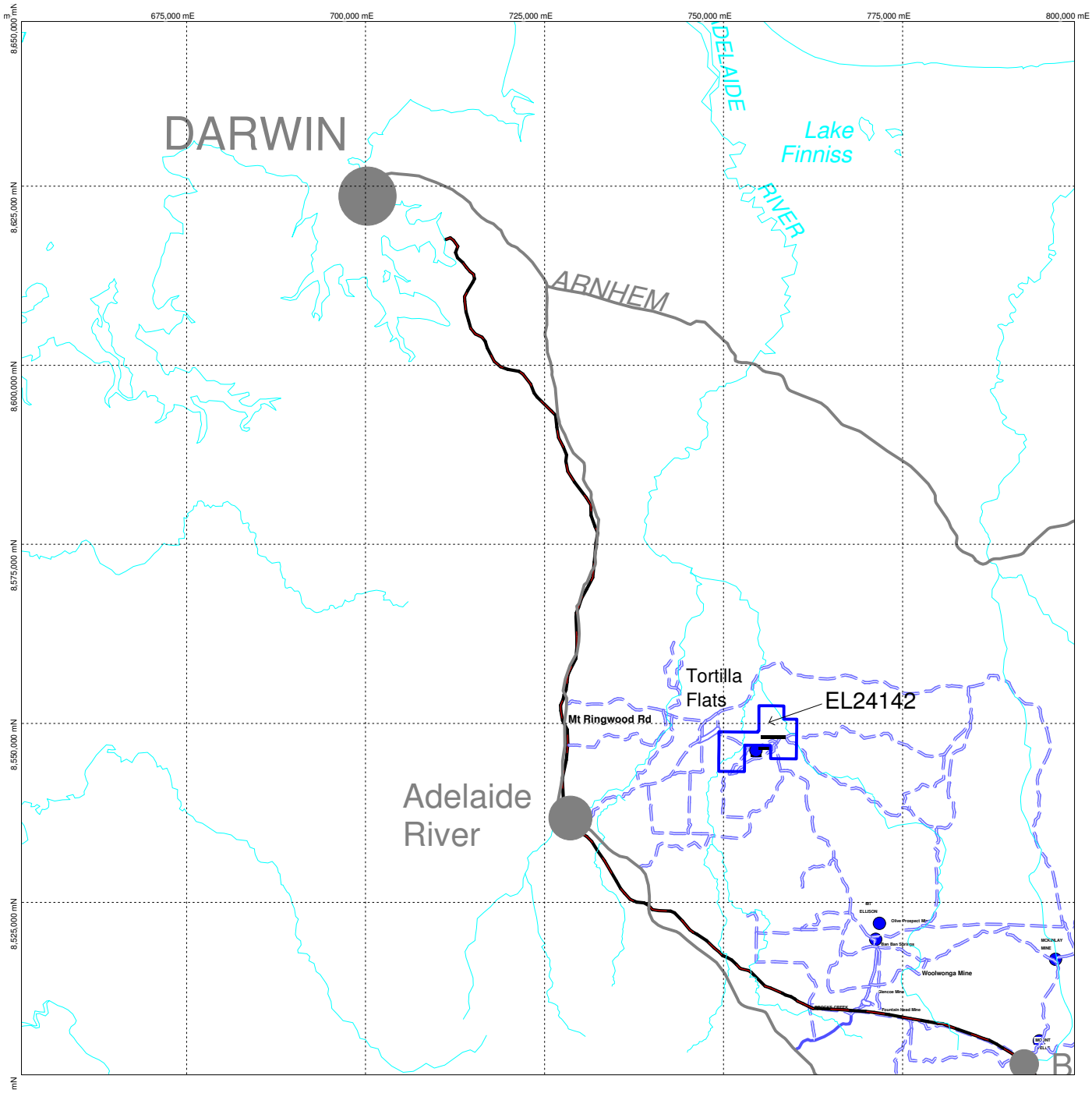
11. EXPENDITURE

Wages/Salaries	$ 62,838
Consultants	$ 2,535
Drilling	$ 153,594
Assay	$ 13,917
Travel & Accommodation	$ 21,286
Field Consumables	$ 4,265
Vehicle operating costs	$ 3,346
Earthmoving	$ 2,756
Management & Admin Support (15%)	$ 39,680
Total	$ 304,217

APPENDIX 1

Mt Ringwood cross-sections

Traverses 1 to 5



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	Mt Ringwood EL 24142 **Tenement Location and Access**
Date: 25/09/2008	
Author: DP	
Office:	**FIGURE 1**
Drawing:	
Scale:	Projection: GDA94 Zone 52

- Gravel Roadds
- Highway
- Bitumen roads
- Railway
- Drainage/rivers
- EL24142 tenement

750,000 mE
752,500 mE
755,000 mE
757,500 mE
760,000 mE
762,500 mE

8,552,500 mN
8,550,000 mN
8,547,500 mN
8,545,000 mN
8,542,500 mN

The Five Teamsters Syndicate 1992-1997 Auger drilling and Rock chip sampling

Australasia Gold 2007 Aircore drilling 4 traverses

0.298ppm Au

0.36ppm Au

0.13ppm Au

1.70ppm Au

H21 Prospect

Mount Ringwood

JOHNS HILL

Star of the North Mine

Acacia Resources Exploration 1997-1999 Soil Sampling, RC drilling and Costeaning

Australasia Gold 2007 Biogeochem sampling

31.3ppm Au

Great Western

AustralasiaGold LIMITED

Mount Ringwood
Previous Exploraton on EL24142
1992-2007

FIGURE 2

Date: 25/09/2008	
Author: DP	
Office:	
Drawing:	
Scale:	Projection: GDA94 Zone 52

0 250 500 1,000 metres

Scale 1:40,000

- EL boundary
- Australasia Gold Exploration 2007
- Acacia Resources Exploration 1997-1999
- The Five Teamsters Syndicate Exploration 1992-1997
- Gravel Roads
- Costeans
- Biogeochem sampling (AAG)
- Aircore Drilling (AAG)
- Soil Sampling (WMC) 1995
- RC Drilling (Acacia)
- Auger Drilling (Syndicate)
- Rock chip sites (Syndicate)

750,000 mE 755,000 mE 760,000 mE 765,000 mE 770,000 mE 775,000 mE 780,000 mE

8,555,000 mN 8,550,000 mN 8,545,000 mN 8,540,000 mN 8,535,000 mN 8,530,000 mN 8,525,000 mN 8,520,000 mN 8,515,000 mN 8,510,000 mN 8,505,000 mN

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	Mt Ringwood EL 24142 Regional Geology
Date: 25/09/2008	
Author: DP	
Office:	**FIGURE 3**
Drawing:	
Scale:	Projection: GDA94 Zone 52

0 1.5 3 kilometres

Scale 1:125,000

EL24142

Johns Hill

Star of the North

Goodall

Pine Creek Shear Zone

Howley Anticline

Glencoe

Fountain Head (Tally

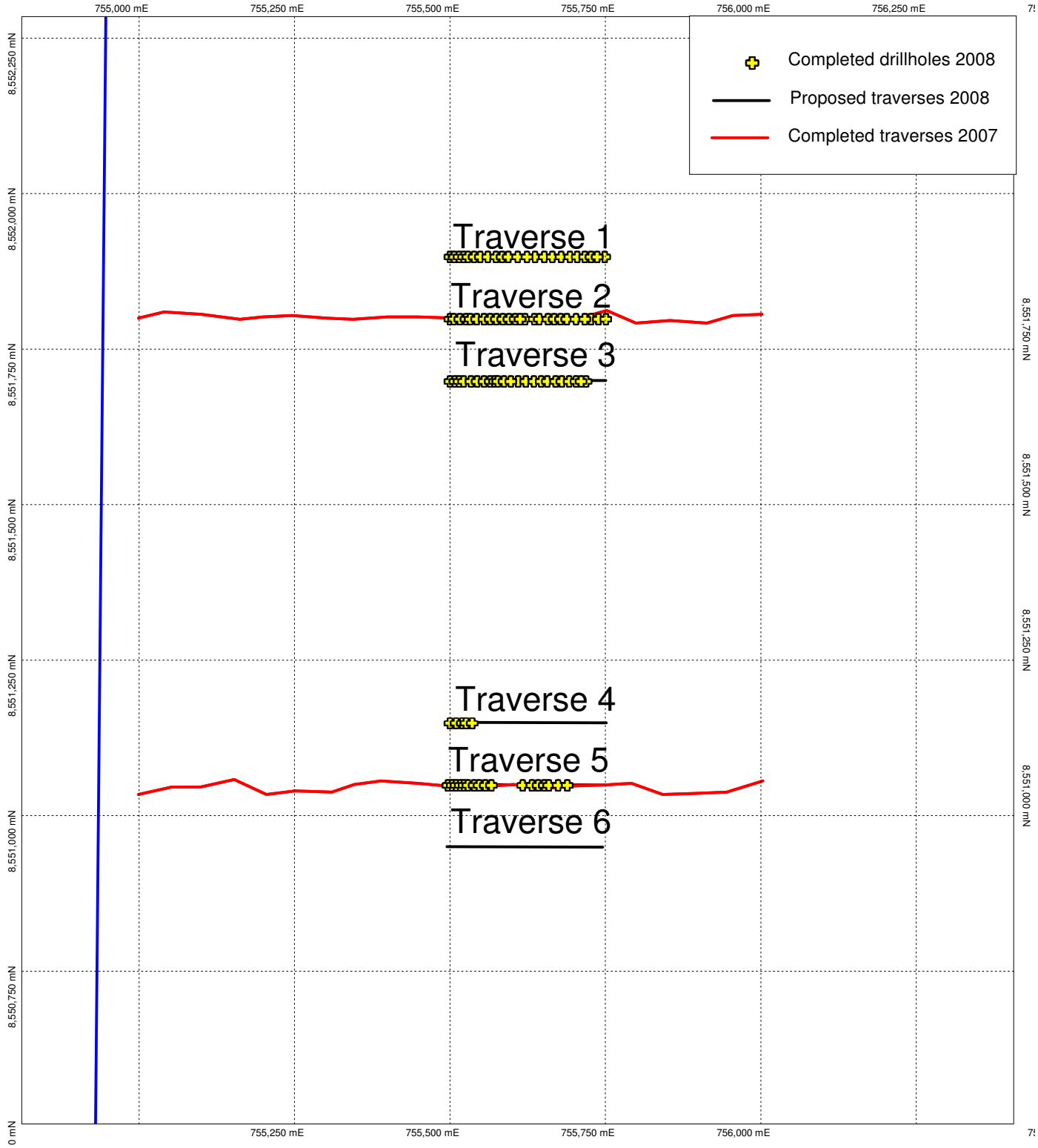
Brocks Creek/Burnside

Mottrams and Chinese South

Regional Geology

Mt Ringwood

- Prices Springs Granite
- Koolpin Formation
- Zamu Dolerite
- Burrell Creek Formation
- Gerowie Tuff
- Mount Bonnie Formation
- Wildman Siltstone
- Margaret Granite
- Burnside Granite
- Shoobridge Granite



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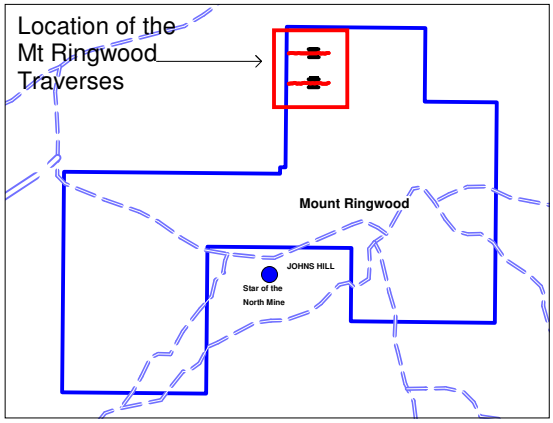
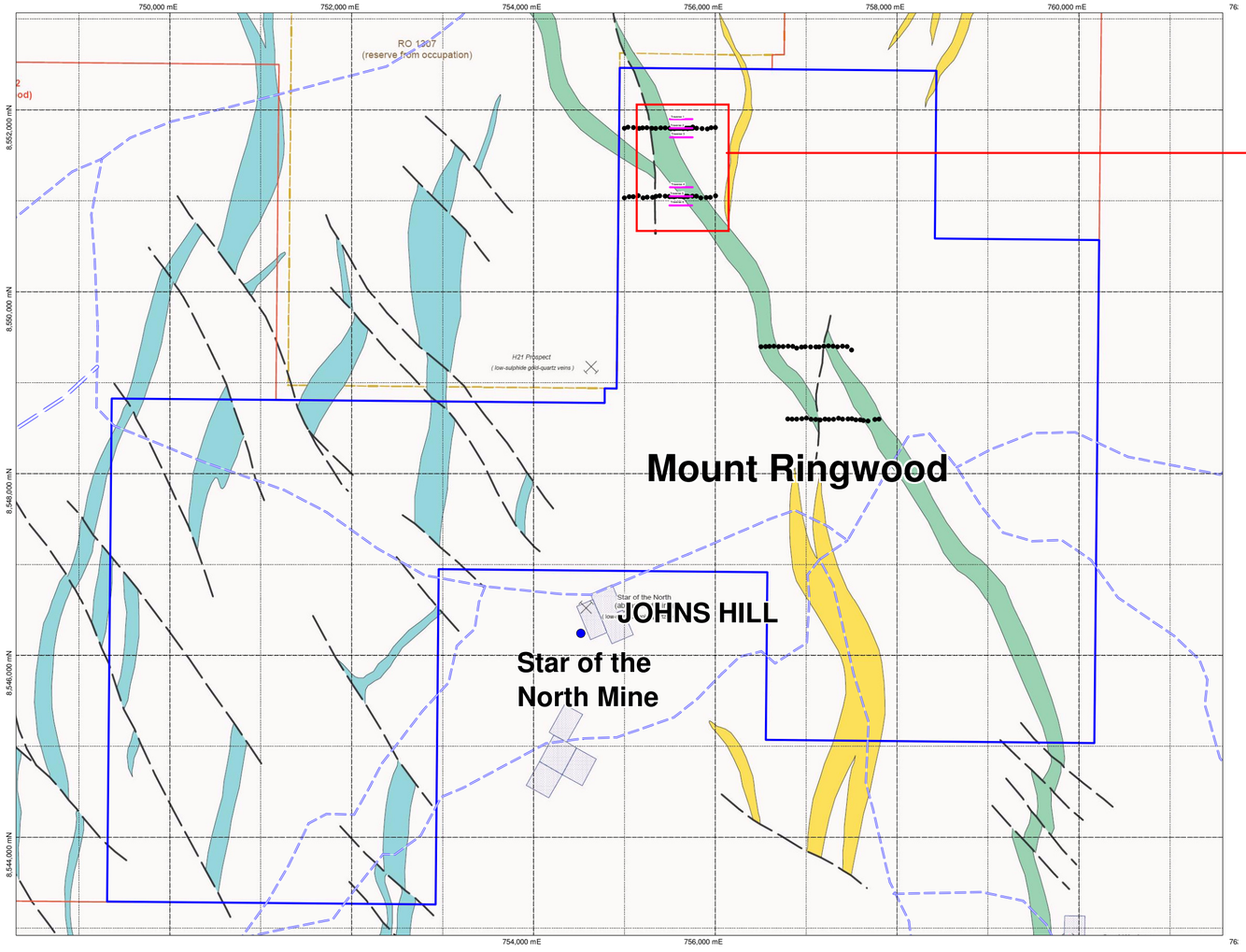
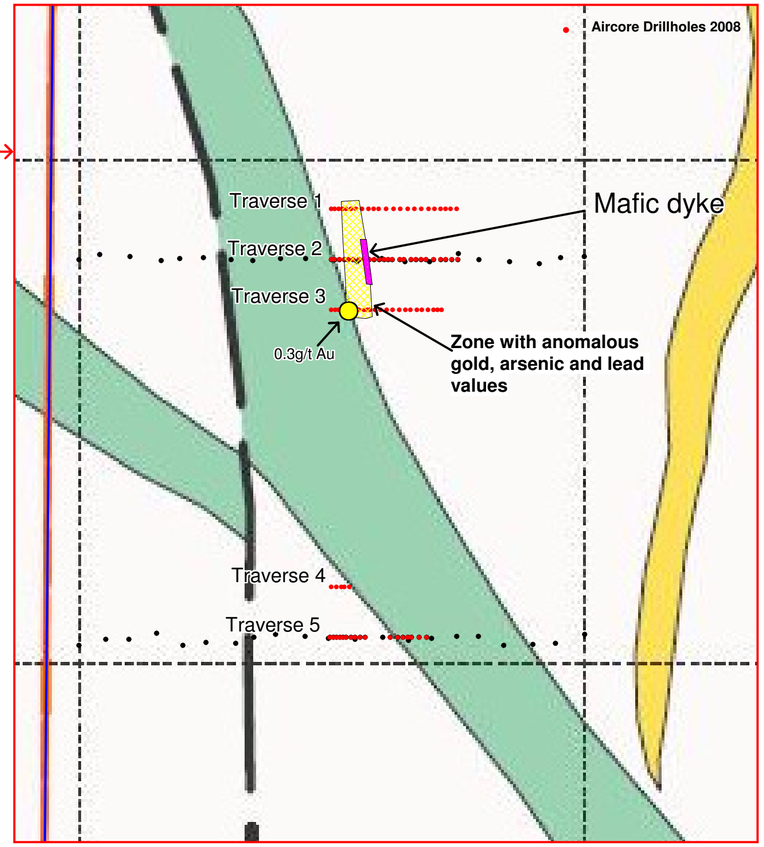
Mt Ringwood EL 24142
Aircore Drilling Program 2008
Proposed vs. actual

Date: 25/09/2008
Author: DP
Office:
Drawing:
Scale: Projection: GDA94 Zone 52

FIGURE 4







Inset showing the completed traverses

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	Mt Ringwood EL 24142 **Aircore Drilling Program 2008** **Magnetic interpretation results**
Date: 25/09/2008	
Author: DP	
Office:	
Drawing:	**FIGURE 5**
Scale:	Projection: GDA94 Zone 52

Magnetic dyke rock
Weakly magnetic rock
Very weakly magnetic rock
Fault
Gravel Road