

E.L. 23824

**McKINLAY
(Territory Iron designation “Millers”)**

**ANNUAL REPORT
Supplement by Australasia Gold Ltd**

YEAR 3 9 February 2006 - 8 February 2007

Author: Trevor Ireland, Managing Director, Australasia Gold Ltd

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INTRODUCTION

Territory Iron is manager of EL 23824, under the terms of a joint venture with titleholder Softwood Holdings Pty Ltd. This joint venture deals with the rights of Territory Iron in respect of iron and manganese. Australasia Gold has a similar joint venture with the titleholder in relation to gold, and conducts an independent program of exploration. Softwoods retains the rights to other commodities.

Australasia Gold is an ASX listed Company.

This report complements the one lodged by Territory Iron in respect to its own activities on EL 23824 during the period 9 February 2006 – 8 February 2007.

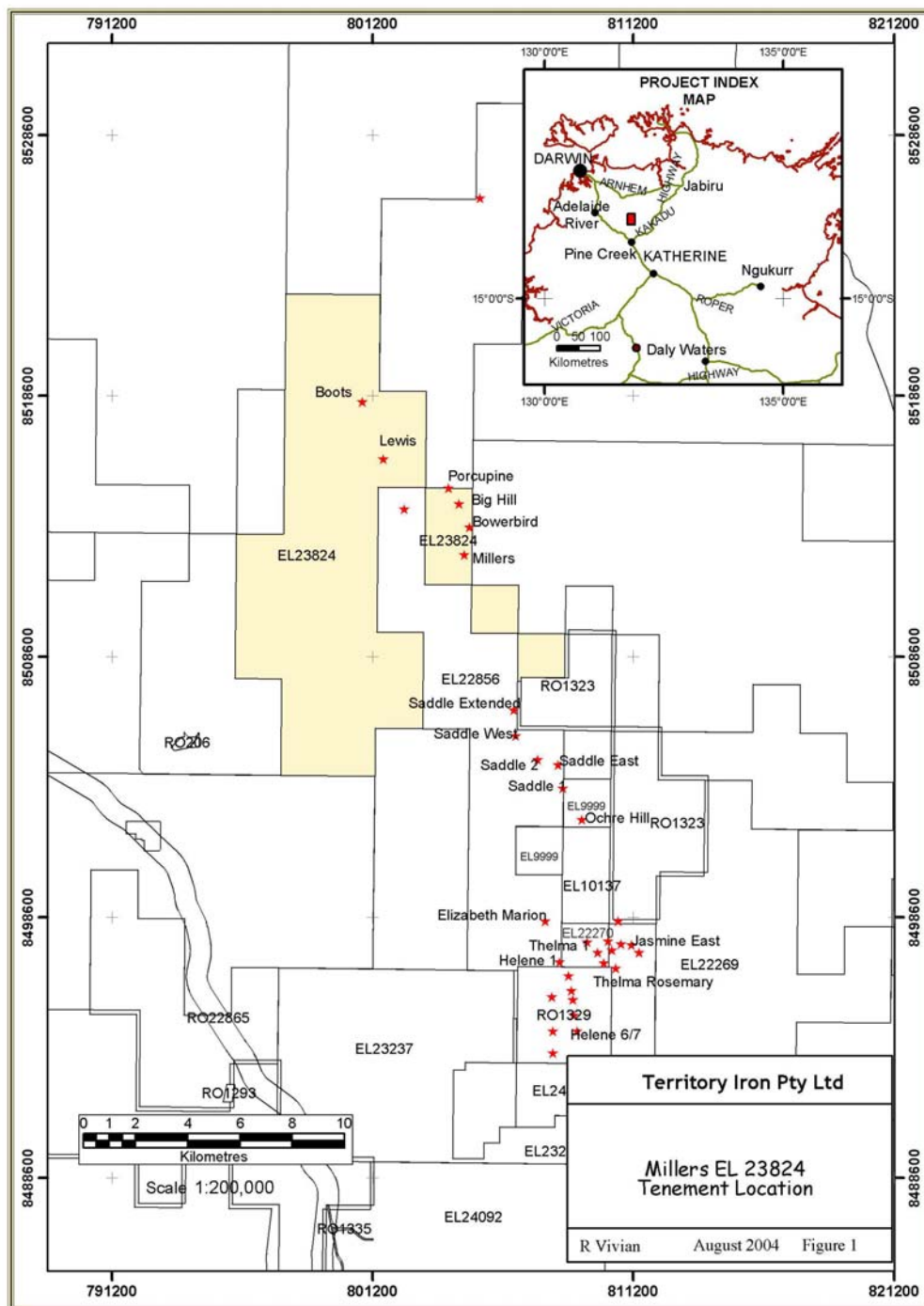


Figure 1: Tenement – EL 23824, showing iron occurrences

WORK COMPLETED

Australasia has completed a detailed airborne magnetics-radiometrics survey over the part of the EL which represents its principal target area, ongoing reconnaissance and an orientation geochemical survey. The survey was conducted by UTS using a fixed wing aircraft. East-west flight lines were spaced at 50m and sensor maintained at 25m above the land surface.

An in-depth orientation geochemical survey has been undertaken to test the applicability of CRC-LEME's biogeochemical survey techniques (which have been demonstrably effective in the semiarid Tanami region), in the tropical and blacksoil environment of the Pine Creek region (Dr S. Hill & associates, University of Adelaide).

Four orientation lines including one within EL 23824 were sampled and samples of dried vegetation and termite mound material were submitted for assay. The results of this work will potentially have application throughout the Pine Creek and other regions of the tropical northern Australia.

Reconnaissance of the EL was undertaken to introduce new staff personnel to the project. Reconnaissance includes review of historical exploration records and field reconnaissance to optimise site selection for the biogeochemical orientation survey.

RESULTS

Airborne geophysical data and survey logistics details are contained within the accompanying CD.

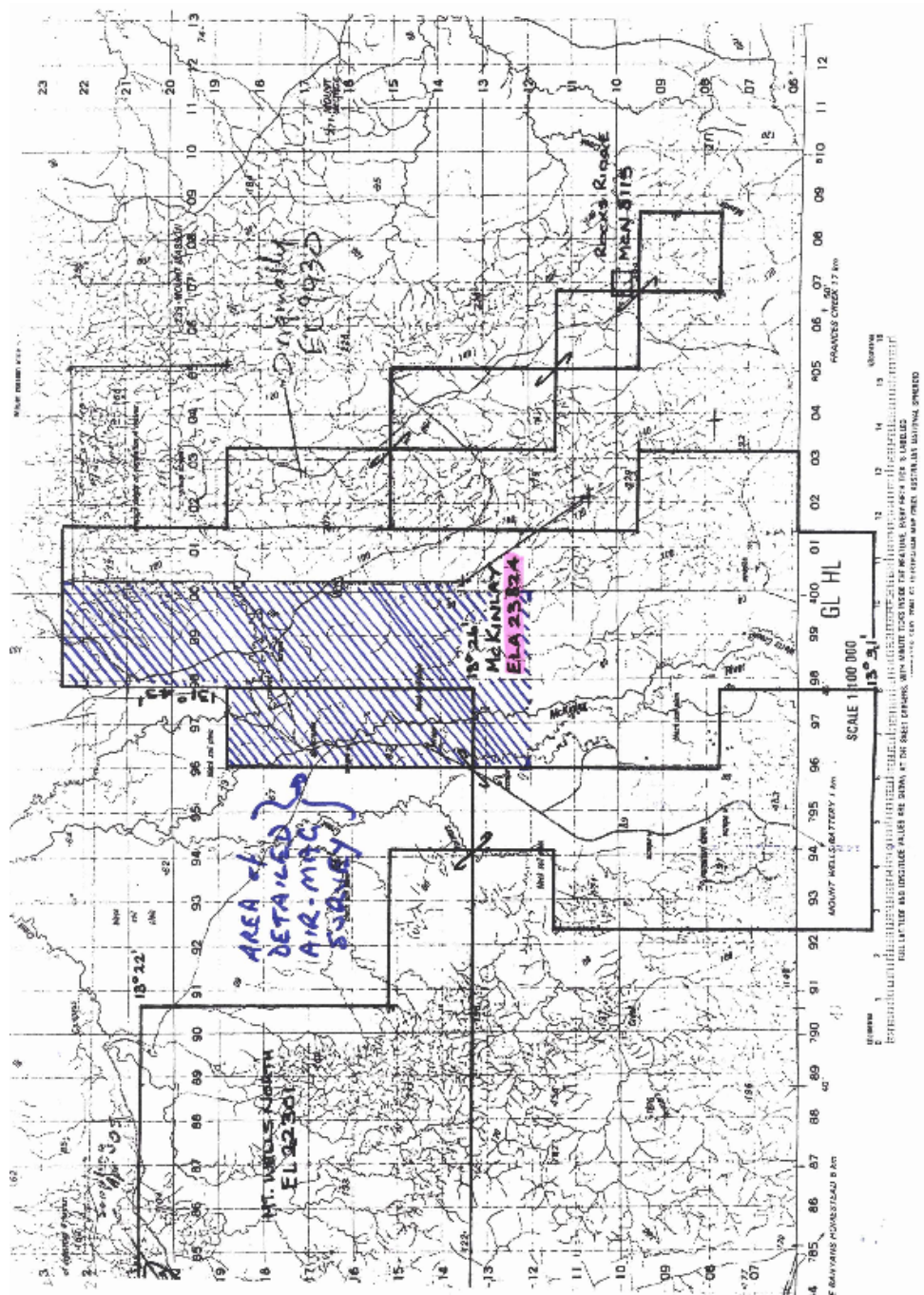


Figure 2: Location of Airborne Geophysical Survey
Note partially covers EL 22301

Results of the biogeochemical orientation survey had not been received as at the date of reporting.

PROGRAM 2006-07

Completion of the biogeochemical orientation program (results, interpretation, reporting) will determine the justification for a wide-ranging biogeochemical survey through areas of the EL covered by blacksoil.

Bedrock (shallow-drilled) geochemical surveys will be undertaken in areas determined based on the interpretation of the magnetic and radiometric data.

Additional field reconnaissance and rock geochemical sampling will continue

A minimum program will include:

Assay and interpretation of the biogeochemical orientation sample suite	\$10,000
Systematic field reconnaissance, involving geochemical rock chip sampling and mapping.	\$10,000
100 hole bedrock geochemical survey in blacksoil-covered areas	\$20,000
Administrative & management support (20%)	\$ 8,000
Minimum Program Total	\$48,000

If results warrant and funds and time permit, this minimum program will be accelerated and expanded. In particular biogeochemical reconnaissance surveys will be undertaken to identify additional geochemical targets.

ATTACHMENT: EXPENDITURE PRO-FORMA**EXPENDITURE**

Expenditure has been incurred in exploration activities, technical research and the field reconnaissance reported above.

**NORTHERN TERRITORY EXPLORATION EXPENDITURE
FOR MINERAL TENEMENT****Section 1. Tenement type, number and operation name: (One licence only per form even if combined reporting has been approved)**

Type	EL
Number	23824 (Australasia Gold Expenditure)
Operation Name (optional)	

Section 2. Period covered by this return:

Twelve-month period:		If Final Report:	
From	9-2-06	From	
To	8-2-07	To	
Covenant for the reporting period:		\$	

Section 3. Give title of accompanying technical report:

Title of Technical Report	E.L. 23824 McKINLAY (Territory Iron designation “Millers”) ANNUAL REPORT Supplement by Australasia Gold Ltd YEAR 3 9 February 2006 - 8 February 200
Author	T. J. Ireland

Section 4. Locality of operation:	
Geological Province Geographic Location	<i>Pine Creek Inlier</i> <i>80km SE Adelaide River</i>

Section 5. Work program for the next twelve months:	
Activities proposed (please mark with an <input checked="" type="checkbox"/> "X"):	
<input checked="" type="checkbox"/> Literature review	<input type="checkbox"/> Drilling and/or costeaning
<input checked="" type="checkbox"/> Geological mapping	<input type="checkbox"/> Airborne geophysics
<input checked="" type="checkbox"/> Rock/soil/stream sediment sampling	<input type="checkbox"/> Ground geophysics
	<input type="checkbox"/> Other:
Estimated Cost: \$48,000	

Section 6. Summary of operations and expenditure:	
Please include salaries, wages, consultants fees, field expenses, fuel and transport, administration and overheads under the appropriate headings below. Mark the work done for the appropriate subsections with an "X" or similar, except where indicated. Complete the right-hand columns to indicate the data supplied with the Technical Report.	
Do not include the following as expenditure (if relevant, these may be discussed in Section 7):	
<ul style="list-style-type: none"> Insurance Company Prospectus Rent & DepartmentFees Bond 	<ul style="list-style-type: none"> Transfer costs Title Search Legal costs Advertising
	<ul style="list-style-type: none"> Land Access Compensation Meetings with Land Councils Payments to Traditional Owners Fines

Exploration Work type	Work Done (mark with an "X" or provide details)		Expenditure	Data and Format Supplied in the Technical Report		
				Digital	Hard copy	
Office Studies			3,000			
Literature search	X					
Database compilation						
Computer modelling						
Reprocessing of data	x			3,000		
General research						
Report preparation	X			1,000		
Other (specify)	Management & Planning; Interpretation of results		1,500			
Subtotal		\$8,500				
Airborne Exploration Surveys (state line kms)			17,000			
Aeromagnetics	794	kms		X	X	
Radiometrics	794	kms		X	X	
Electromagnetics		kms				
Gravity		kms				
Digital terrain modelling		kms				
Other (specify)		kms				
Subtotal		\$17,000				
Remote Sensing			500			
Aerial photography	x					
LANDSAT						
SPOT						
MSS						
Other (specify)						
Subtotal		\$ 500				
Ground Exploration Surveys			1,500			
Geological Mapping						
Regional						
Reconnaissance	x					
Prospect						
Underground						
Costean						
Ground Geophysics						
Radiometrics						
Magnetics						
Gravity						
Digital terrain modelling						
Electromagnetics						
SP/AP/EP						
IP						
AMT/CSAMT						
Resistivity						

Exploration Work type	Work Done (mark with an "X" or provide details)	Expenditure	Data and Format Supplied in the Technical Report	
			Digital	Hard copy
Complex resistivity				
Seismic reflection				
Seismic refraction				
Well logging				
Geophysical interpretation				
Petrophysics				
Other (specify)				

Geochemical Surveying and Geochronology (state number of samples)				7,500			
Drill (cuttings, core, etc.)							
Stream sediment							
Soil							
Rock chip							
Laterite							
Water							
Biogeochemistry		x					
Isotope							
Whole rock							
Mineral analysis							
Laboratory analysis (type)							
Petrology							
Other (specify)							
Ground Exploration Subtotal				\$9,000			
Drilling (state number of holes & metres)							
Diamond		holes	metres				
Reverse circulation (RC)		holes	metres				
Rotary air blast (RAB)		holes	metres				
Air-core		holes	metres				
Auger		holes	metres				
Other (specify)		holes	metres				
Subtotal				\$			
Other Operations							
Costeaming/Trenching							
Bulk sampling							
Mill process testing							
Ore reserve estimation							
Underground development (describe)							
Mineral processing							
Other (specify)							

	Subtotal	\$
Access and Rehabilitation		
Track maintenance		
Rehabilitation		
Monitoring		
Other (specify)		
	Subtotal	\$
TOTAL EXPENDITURE		\$35,000

Section 7. Comments on your exploration activities:

I certify that the information contained herein, is a true statement of the operations carried out and the monies expended on the above mentioned tenement during the period specified as required under the *Northern Territory Mining Act* and the Regulations thereunder.

☒ I have attached the Technical Report

1. Name: T.J. Ireland

2. Name:

Position: Managing Director

Position:

Signature:



Signature:

Date: 21 Mar 2007

Date: