MINERAL LEASES
N 878 AND 879
(GREAT NORTHERN)

SUMMARY REPORT FOR THE PERIOD
1 JANUARY 2004 – 31 DECEMBER 2007

Australasia Gold Limited
MINERAL LEASES N 878 AND 879 (GREAT NORTHERN)

SUMMARY REPORT FOR THE PERIOD 1 JANUARY 2004 – 31 DECEMBER 2007

TENEMENT

ML N’s 878 and 879 were granted on 14 March 2001 and expire on 31 December 2020. The tenements were transferred from Corporate Developments Pty Ltd to The Australian Land Company in 2006. The two tenements total 15.6 ha. Previous sampling at this ML returned values of up to 8.8 g/t Au at surface with a diamond drill hole showing 1.7 g/t Au over a width of 0.3 m.

LOCATION

The tenement block is located 35 km E of Adelaide River in the Pine Creek Region. It is centered on coordinates 8539000N 676300E on the Pine Creek 1:250,000 Sheet SD52-08 and Batchelor 1:100,000 Sheet 5171.

ACTIVITIES DURING THE PERIOD

This is a report on the exploration activities carried out on the above tenements during the period 1 January 2004 to 31 December 2007 as required under Section 79 (1)(b) of the Mining Act.

The Pine Creek Region of the Northern Territory can conveniently be divided (for exploration purposes) into two distinct geomorphic domains. The first is the elevated terrain marked by low hills and general exposure of bedrock, residual soil and evidence of mineralisation. The other comprises the so-called “black soil plains” - broad shallow valleys within which lie the major drainages and surrounding flood plains. These are covered by a generally thin blanket of transported alluvium, mainly dark-coloured clay and alluvial sediments. The first is generally well prospected and explored, while the latter is conspicuously under-explored.

Australasia Gold’s regional exploration in the Pine Creek area is based on the premise that the bedrock beneath the black soil plains is no less prospective for gold than the surrounding uplands, and indeed may be more so (based on the model of the Callie gold orebody in the Tanami region). Accordingly the Company holds various EL’s, ML’s and MC’s either through Joint Venture or outright, covering significant and prospective areas of black soil in the drainage of the Margaret and McKinlay river systems (Figure 1). ML N 878 and 879 are an
important part of this Regional Exploration thrust, comprising an exposed area with gold mineralisation surrounded by "black soil plain" alluvial sheets.

Exploration of these areas aims to:
1. review the effectiveness of exploration of the known mineralisation and search for undiscovered extensions, and
2. penetrate the black soil cover over interpreted strike extensions of the mineralisation in two ways, neither of which has been attempted in any systematic way by previous explorers in the region.

The first of these involves drilling to geochemically sample weathered bedrock beneath the black soil cover, which is typically <10 m thick, commonly <5 m adjacent to outcrop area.

Figure 1: Project Areas and geological features which influence mineralisation, Pine Creek Region

An alternative exploration approach has been demonstrated by Company-sponsored research which has trialled for the first time in the tropics, the techniques successfully developed in the more arid Tanami region in the central Northern Territory. These techniques rely on sampling biota which potentially reflect the geochemistry of underlying bedrock. Certain parts of selected vegetation species and termite mound materials are sampled, and carefully processed and analysed for gold and other elements. Orientation work so far completed, in and around ML N 878 and 879 at Great Northern has provided sufficient encouragement to warrant systematic testing, with the potential to economically identify targets for the more expensive geochemical drilling reconnaissance.
Numerous inspections of the tenements have been completed by management and geological staff to undertake reconnaissance of the geology and terrain of the tenement areas. Much of this work is difficult to quantify but has assisted enormously in building a regional exploration plan and specific program these ML’s for the future.

The costean on local grid line 10700 N was re-sampled. The reports of prior exploration of these tenements and surrounding areas, sourced from the Department, have been carefully reviewed as background to exploration planning. Mineralisation is restricted to quartz veins and saddle zones which cross cut folded sedimentary sequences dominated by sandstone, siltstone and greywacke of the Burrell Creek Formation. Steeply plunging high grade shoots of very limited strike length appear to reflect intersection zones of cross-cutting structures. There is evidence of a supergene gold grade enhancement and depletion.

It is postulated that the vein mineralisation is the most distal manifestation of mineralising fluids which exploited brittle-mobile fracture zones associated with anticlinal hinge zones. Where these structures penetrated more reactive sediments lower in the sequence it is possible that more substantial mineralisation developed. Consequently IP and deeper drilling is planned, notwithstanding the relatively parlous intersections achieved immediately below the exposed mineralisation.

**TOTAL EXPENDITURE ON EXPLORATION ACTIVITIES**

A total expenditure of $25,000.00 was incurred on exploration and related activities during the period on ML N 878 and 879:

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review of data</td>
<td>3000</td>
</tr>
<tr>
<td>Geophysical Interpretation</td>
<td>500</td>
</tr>
<tr>
<td>Field Inspections</td>
<td>2500</td>
</tr>
<tr>
<td>Travel and Accommodation</td>
<td>5000</td>
</tr>
<tr>
<td>Biogeochemical orientation survey (1/4 of $30K)</td>
<td>7500</td>
</tr>
<tr>
<td>Costean sampling</td>
<td>2500</td>
</tr>
<tr>
<td>Admin Support at 20%</td>
<td>4000</td>
</tr>
</tbody>
</table>

**TOTAL** 25,000
Numbers are rounded as an allocation of personnel time, and apportionment of costs incurred in activities covering numerous tenements.

GEOLOGICAL, GEOCHEMICAL, GEOPHYSICAL AND DRILLING RESULTS

Geological information is incorporated into the Resume of activities above.

Analytical results of the part of the biogeochemical program relating to MLN's 878 and 879 are attached. Preliminary results indicate that an effective sampling/analytical regime may be developed to indicate concealed mineralisation. Further analysis is required to define specific sampling criteria.

The re-sampling of costean 10700 N confirmed the close association of anomalous gold with arsenic and quartz veins. Assays of these samples are also attached.

DATA, MAPS, LOGS AND RECORDS

Data and maps (other than shown at Figure 1) are shown in Appendices 1, 2 and 3 (attached).

DIGITAL DRILLING DATA

No drilling has been undertaken on the tenements during the period.

ANTICIPATED FUTURE PROGRAM AND EXPENDITURE

The development of an effective biogeochemical reconnaissance tool will continue and then applied in the extensions of the mineralised zones, where soil sampling appears to have been ineffective. Anomalous signatures will be drilled using air core, and subject to encouragement, reverse circulation (RC)

Testing by RC/diamond drilling of the depth extensions of the outcropping mineralisation in potentially more favourable host rocks, as indicated by induced polarisation, will be integrated into our broader regional program.

Ongoing expenditure of the order of $15,000 per annum is anticipated.

Attachments:
1. Map of tenement with approximate position of Costean and Orientation Traverse
2. Phytgeochemistry Data Base
3. Termitaria Biogeochemistry Data Base
4. Assay results of costean 10700 N