

Monday, 24 November 2008

Company Announcements Office
Australian Stock Exchange Limited
20 Bridge St
SYDNEY NSW 2000

AUSTRALASIA GOLD – MCKINLAY DRILLING RESULTS & CORPORATE UPDATE

Directors advise the results of drilling completed at the optioned McKinlay gold deposit in the Northern Territory, and update progress on introducing new investment to the Company.

HIGHLIGHTS

- ❖ Gold mineralisation was intersected in 9 of 10 angled reverse circulation (RC) drill holes testing the McKinlay gold deposit at depths of 10-40m below surface. The best intersections are 8 metres (m) @ 2.5 grams/tonne (g/t) gold, 4m @ 4.8 g/t gold and 6m @ 3.4 g/t gold.

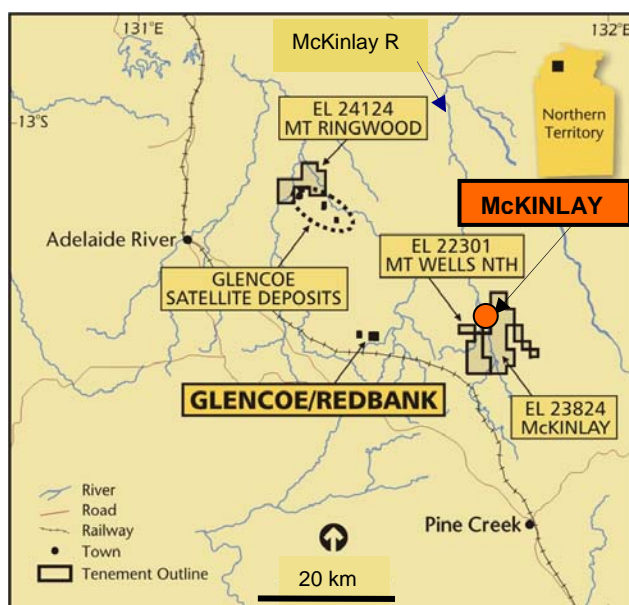
Continuity of mineralisation is strong over more than 200m of strike length, indicating potential for significant extension of the mineralising structure at greater depth.

- ❖ The Company is yet to decide whether to extend its option to purchase the McKinlay tenements.
- ❖ Discussions are continuing with a number of parties with interest in contributing funds and/or vending assets to the Company. The Company expects to conclude an agreement with one of these in the near future.
- ❖ The Company's Annual General Meeting will be held on Tuesday 23rd December. The Notice of Meeting was mailed to shareholders on 20th November.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Trevor Ireland who is a Fellow of the Australasian Institute of Mining & Metallurgy. Mr Ireland is an employee of Australasia Gold Limited and has sufficient experience relevant to the styles of mineralisation under consideration and to the subject matter of the report to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr Ireland consents to the inclusion in the report of the matters based on his information in the form and context in which they occur.

For further information please contact Trevor Ireland on 08 8339 0580; tireland@australasiagold.com.au

PINE CREEK PROJECT (NORTHERN TERRITORY)



Locations of project activities, Pine Creek region

McKinlay Gold Deposit (Option to purchase 100%)

The McKinlay gold deposit comprises a series of gold-bearing quartz veins and lodes which are exposed in a zone of approximately 500m length along the crest of a low ridge which protrudes from the flood plain of the McKinlay River. The mineralised structure is near-vertical in orientation. Two episodes of small scale mining (<5 m depth) and sampling of a series of trenches indicate significant widths and grades of gold mineralisation at surface, albeit locally variable in detail. Six shallow drill holes intersected variable gold values relative to those recorded from quartz veins outcropping immediately above.

More detail on the prospect is included in the Company's announcement of the acquisition of its Option to Purchase the Mineral Leases (February 2008) and its December 2007 and 2008 quarterly Activity Reports.

A program of RC drilling of the McKinlay gold deposit comprised 10 holes angled at 55° below horizontal and sited ~50m apart which tested the depth extensions of the vein/lode system along the whole of its outcropping length.

Mineralisation of greater than 1m @ 1g/t gold is reported from 9 of the 10 holes, showing greater than expected hole-to-hole continuity with narrower than expected mineralisation width. As expected in all the circumstances, grade is variable. Better intersections include MKRC04: 6.0m @ 3.4g/t gold including 1m@12.9g/t, from 33.0m; MKRC05: 4.0m @ 4.8g/t gold, from 33.0m; MKRC06: 8.0m @ 2.5g/t gold including 2.0m @ 5.3g/t, from 40m; and MKRC08: 2.0m @ 7.6g/t gold including 1m@13.9g/t from 26.0m.

The strength and apparent lateral and vertical continuity of the mineralised horizon(s) in semioxidised to unoxidised host rocks between 20 and 40 metres below surface provides a strong indication of the potential continuation of the mineralised zone to considerably greater depth.

The detailed assay results of all drill holes are summarised in Table 1; Figure 1 shows the drill hole locations relative to the prior sampling and drilling; and Figure 2 illustrates a typical cross-sectional view of the drilling.

The Option to Purchase Agreement between the Company and Leaseholders allows an extension of the option period for an additional 12 months. The Company is currently considering whether to exercise that right of extension.

CORPORATE

As previously advised, the Company has been in discussion and remains in discussion with a number of parties for the purpose of introducing new investment of funds and/or assets to the Company.

Directors expect to reach agreement with one of these parties in the near future and to advise shareholders accordingly at the earliest practicable time thereafter.

ASIC granted the Company an extension of time within which to hold its AGM. The AGM has been rescheduled to 23rd December 2008. A Notice of Meeting was despatched to shareholders on the 19th November 2008.

Table 1: RC Drilling results

Hole ID	Collar Coordinates	Depth Interval	Intersection Width (down-hole)	Average Grade (g/t gold)
MKRC001	796560E 8516800N	35 – 38m	3.0m	0.7
MKRC002	796550E 8516850N	16 – 17m & 43 – 45m	1.0m & 2.0m	10.2 1.7
MKRC003	796540E 8516900N	31 – 34m	3.0m	2.4
MKRC004	796535E 8516950N	33 – 39m including 36-37m	6.0m 1.0m	3.4 12.9
MKRC005	796530E 8517000N	33 – 37m	4.0m	4.8
MKRC006	796510E 8517050N	40 – 48m Including 44-46m & 47-48m	8.0m 2.0m 1.0m	2.5 5.3 6.9
MKRC007	796500E 8517100N	29 – 31m & 39 – 40m	2.0m & 1.0m	1.2 1.2
MKRC008	796490E 8517150N	26 – 28m Including 26-27m	2.0m 1.0m	7.6 13.9
MKRC009	796460E 8517200N	36 – 38m Including 36-37m	2.0m 1.0m	3.2 5.1
MKRC010	796460E 8517250N	23 – 26m	3.0m	No significant assays

*: 1m samples; gold by fire assay; cutoff grade 0.5 g/t; maximum internal dilution 2.0m

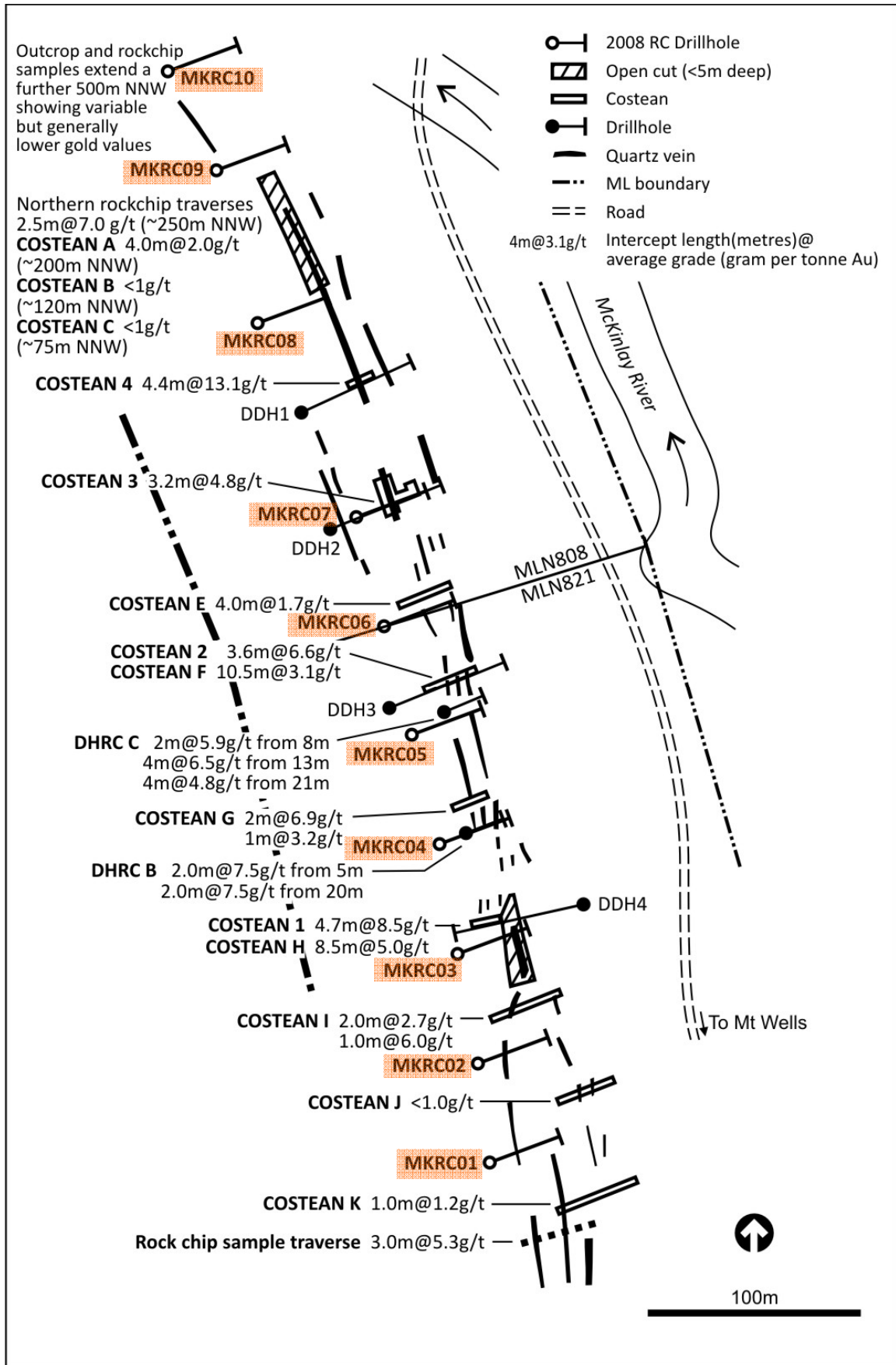


Figure 1: Location of Drill holes

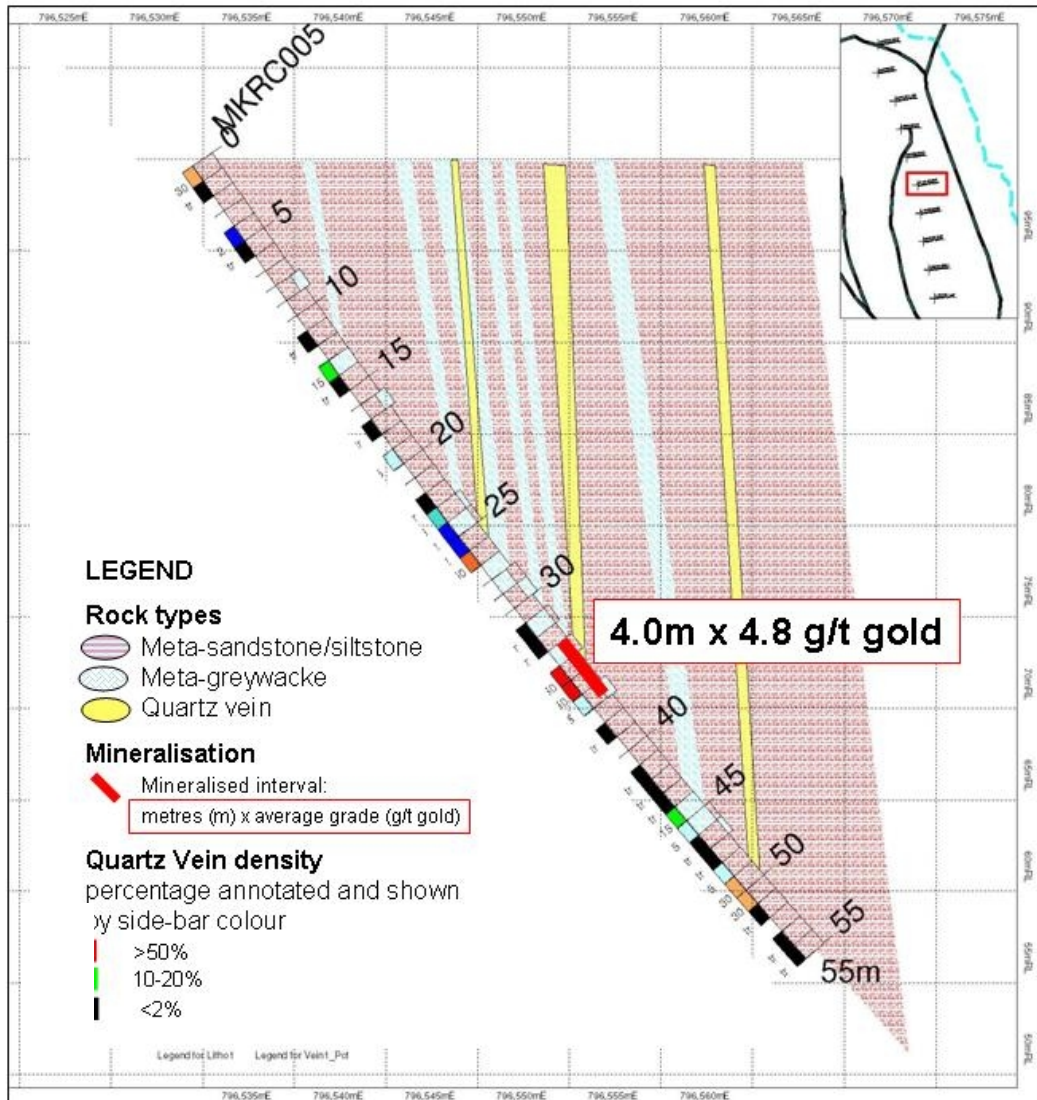


Figure 2: Cross Section through drill hole MKRC05