

AUSTRALASIA GOLD LIMITED
ACN 104 757 904

And Its Controlled Entities

INTERIM FINANCIAL REPORT

31 DECEMBER 2009

CONTENTS

	PAGE
Directors' report	1
Lead auditor's independence declaration.....	3
Directors' declaration	4
Condensed consolidated statement of comprehensive income.....	5
Condensed consolidated statement of financial position	6
Condensed consolidated statement of cash flows	7
Condensed consolidated statement of changes in equity.....	8
Notes to the condensed consolidated financial statements	9
Lead auditor's review report	13

Your directors submit their report together with the consolidated financial report for the half-year ended 31 December 2009 and the review report thereon for Australasia Gold Limited (the Company).

Directors

The Directors of the Company during or since the end of the half-year are:

Name	Period of directorship
John Terpu	Non-Executive Director, appointed 24 March 2009 Chairman, appointed 27 May 2009
Bruno Firriolo	Non-Executive Director, appointed 24 March 2009
Trevor Ireland	Executive Director, appointed 16 May 2003, resigned 4 February 2010
Nicholas Revell	Executive Director, appointed 4 February 2010

Operating and Financial Review**Result of Operations**

The loss from ordinary activities of the Company for the half-year ended 31 December 2009 was \$99,034 (31 December 2008 – loss \$1,831,152).

Review of Operations

During the six months ended 31 December 2009 the Company has maintained a low key exploration effort consistent with available funds and establishment of new directions following refinancing earlier in the calendar year.

At Murninnie in the Gawler Craton (South Australia), a joint venture was completed between the Company and UraniumSA Limited, covering the exploration of sediment-hosted uranium in the eastern part of EL 3542. UraniumSA Limited commenced exploration with an airborne electromagnetic ('em') survey. The results of this survey allowed the interpretation of a target zone extending for some 6.5km through EL3542. Commencing in January, an infill survey at closer line spacing will enable this target to be refined prior to the commencement of reconnaissance drilling in the second half.

The metallurgical testing of Glencoe (Northern Territory) primary mineralisation was advanced by the selection of material from retained 2008 drill samples in readiness for the proposed testing program.

Mapping and initial pan concentrate geochemical sampling was undertaken on the St Bathans Prospecting Permit in the Otago region of New Zealand.

Consideration was given to a number of new project opportunities.

Rehabilitation was completed of drilling undertaken in 2008 at both Murninnie and several locations in the Pine Creek region

There were no changes in the Company's interest in any of its tenements during the half year.

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on the next page and forms part of the Directors' Report for the half-year ended 31 December 2009.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read "John Terpu". The signature is written in a cursive style with a large, sweeping initial 'J'.

J TERPU
Chairman

Dated at Perth this 10th day of March 2010.

Auditor's Independence Declaration

As lead auditor for the review of the financial report of Australasia Gold Limited and its controlled entities for the half year ended 31 December 2009, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (b) any applicable code of professional conduct in relation to the review.

This declaration is in respect of Australasia Gold Limited and the entities it controlled during the period.



PHIL PLUMMER
Partner, HLB Mann Judd
Chartered Accountants

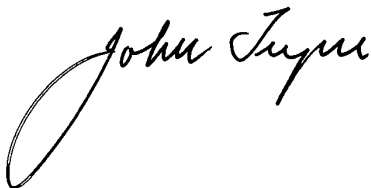
Adelaide, South Australia
10 March 2010

In the opinion of the directors of Australasia Gold Limited ("the Company"):

1. the financial statements and notes, set out on pages 5 to 12, are in accordance with the Corporations Act 2001 including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the six month period ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Perth this 10th day of March 2010.

Signed in accordance with a resolution of the directors:



J TERPU
Chairman

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**For the half-year ended 31 December 2009****Australasia Gold Limited**

	31 December 2009 \$	Consolidated 31 December 2008 \$
Revenues	11,744	25,183
Expenses		
Exploration and evaluation expenditure written off	2,420	1,651,469
Depreciation expense	2,566	2,432
Loss on disposal of fixed assets	-	584
Interest expense	57	196
Administration expenses	105,735	203,543
Foreign exchange gain	-	(1,889)
Total expenses	110,778	1,856,335
Loss before income tax expense	(99,034)	(1,831,152)
Net loss for the period	(99,034)	(1,831,152)
Other comprehensive income, net of income tax	-	-
Total comprehensive income/(loss) for the period	(99,034)	(1,831,152)
Earnings per share		
Basic and diluted loss per share (cents per share)	0.10	3.85

The statement of comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2009

Australasia Gold Limited

	Consolidated	
	31 December 2009 \$	30 June 2009 \$
Current Assets		
Cash and cash equivalents	665,187	834,548
Trade and other receivables	5,881	3,871
Other current assets	11,458	5,431
Total Current Assets	<u>682,526</u>	<u>843,850</u>
Non-Current Assets		
Receivables	38,610	47,454
Property, plant & equipment	7,557	9,143
Exploration and evaluation expenditure	2,458,483	2,404,201
Total Non-Current Assets	<u>2,504,650</u>	<u>2,460,798</u>
Total Assets	<u>3,187,176</u>	<u>3,304,648</u>
Current Liabilities		
Trade and other payables	27,028	45,466
Total Current Liabilities	<u>27,028</u>	<u>45,466</u>
Non-Current Liabilities		
Deferred income	59,000	59,000
Total Non-Current Liabilities	<u>59,000</u>	<u>59,000</u>
Total Liabilities	<u>86,028</u>	<u>104,466</u>
Net Assets	<u>3,101,148</u>	<u>3,200,182</u>
Equity		
Issued capital	9,031,787	9,031,787
Reserves	52,028	52,028
Accumulated losses	(5,982,667)	(5,883,633)
Total Equity	<u>3,101,148</u>	<u>3,200,182</u>

The statement of financial position should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the half-year ended 31 December 2009

Australasia Gold Limited

	Consolidated	
	31 December 2009	31 December 2008
	\$	\$
Cash flows from operating activities		
Cash receipts from customers	-	-
Payments to suppliers and employees	(132,607)	(187,217)
Cash used in operations	(132,607)	(187,217)
Interest received	9,916	29,374
Interest paid	(57)	(196)
Net cash from (used in) operating activities	(122,748)	(158,039)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(980)	(1,277)
Payments for mining tenements, exploration and evaluation expenditure	(54,477)	(1,040,155)
Refund of tenement security bonds	8,844	-
Net cash used in investing activities	(46,613)	(1,041,432)
Cash flows from financing activities		
Proceeds from issue of equity securities	-	80,000
Proceeds of loan from Directors	-	85,000
Net cash provided by financing activities	-	165,000
Net increase/(decrease) in cash and cash equivalents	(169,361)	(1,034,471)
Cash and cash equivalents at beginning of half-year	834,548	1,188,955
Cash and cash equivalents at end of half-year	665,187	154,484

The statement of cash flows should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**For the half-year ended 31 December 2009****Australasia Gold Limited**

	Share Capital	Accumulated Losses	Option Reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2008	7,948,513	(2,785,162)	65,513	5,228,864
Total comprehensive income				
- Loss for the period	-	(1,831,152)	-	(1,831,152)
- Other comprehensive income	-	-	-	-
Transactions with owners, recorded directly in equity				
- Share based payments	130,000	-	-	130,000
- Issue of share capital	80,000	-	-	80,000
Balance at 31 December 2008	8,158,513	(4,616,314)	65,513	3,607,712
Balance at 1 July 2009	9,031,787	(5,883,633)	52,028	3,200,182
Total comprehensive income				
- Loss for the period	-	(99,034)	-	(99,034)
- Other comprehensive income	-	-	-	-
Transactions with owners, recorded directly in equity				
- Share based payments	-	-	-	-
- Issue of share capital	-	-	-	-
Balance at 31 December 2009	9,031,787	(5,982,667)	52,028	3,101,148

The statement of changes in equity should be read in conjunction with the accompanying notes.

1. Reporting Entity

Australasia Gold Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company for the six months ended 31 December 2009 comprises the Company and its subsidiaries (together referred to as the "Group").

2. Statement of Compliance

The interim financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards AASB 134 *Interim Financial Reports* and the Corporations Act 2001.

The interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the annual financial report of the Company for the year ended 30 June 2009.

This interim financial report was approved by the Board of Directors on the date the Directors' report and declaration was signed.

3. Significant Accounting Policies

Except as described below, the accounting policies applied by the Company in this interim financial report are the same as those applied by the Company in its financial report for the year ended 30 June 2009.

(a) Change in accounting policy**(i) Determination and presentation of operating segments**

As of 1 July 2009 the Group determines and presents operating segments based on the information that internally is provided to the Board, which is the Group's chief operating decision maker. This change in the determination of operating segments is due to the adoption of AASB 8 *Operating Segments*. Previously operating segments were determined and presented in accordance with AASB 114 *Segment Reporting*. The new requirements in respect of segment operating disclosures are presented as follows.

Comparative segment information has been re-presented in conformity with the transitional requirements of AASB 8. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Board to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Segment results that are reported to the Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

3. Significant Accounting Policies (continued)**(ii) Presentation of financial statements**

The Group applies revised AASB 101 *Presentation of Financial Statements*, which became effective as of 1 July 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. This presentation has been applied in these interim financial statements for the half-year ended 31 December 2009.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

4. Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2009.

5. Financial Risk Management

Aspects of the Company's financial risk management objectives and policies are consistent with those disclosed in the financial report for the year ended 30 June 2009.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2009

Australasia Gold Limited

6. Changes in Issued Capital

	Consolidated	
	31 December 2009	31 December 2008
	\$	\$
Contributed equity comprises 100,204,401 fully paid ordinary shares (2008: 52,399,637)	9,031,787	8,158,513

	31 December 2009		31 December 2008	
	No.	\$	No.	\$
Movement in issued shares for the period				
Balance at beginning of the period	100,204,401	9,031,787	45,799,637	7,948,513
Issued for exploration acquisition costs	-	-	2,000,000	100,000
Issued for drilling expenses	-	-	600,000	30,000
Issued for cash	-	-	4,000,000	80,000
Costs associated with the issue of shares		-		-
Balance at end of financial the period	<u>100,204,401</u>	<u>9,031,787</u>	<u>52,399,637</u>	<u>8,158,513</u>

	31 December 2009	31 December 2008
	No.	No.
Options over ordinary shares		
Options on issue at beginning of period	4,495,000	6,570,000
Options issued	-	-
Options exercised	-	-
Options expired	(2,000,000)	(2,075,000)
Options on issue at end of period	<u>2,495,000</u>	<u>4,495,000</u>

Date of Expiry	Exercise Price		
25 Aug 09	\$0.60	-	2,000,000
25 Aug 10	\$0.80	2,000,000	2,000,000
30 Nov 11	\$0.13	170,000	170,000
13 Mar 12	\$0.19	100,000	100,000
31 Oct 12	\$0.12	75,000	75,000
31 Dec 12	\$0.11	150,000	150,000
		<u>2,495,000</u>	<u>4,495,000</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**For the half-year ended 31 December 2009****Australasia Gold Limited****7. Operating Segments**

The Group has one reportable segment being mineral exploration.

Segment information for mineral exploration:

	31 December 2009	31 December 2008
	\$	\$
Revenues	-	-
Reportable segment profit/(loss) before income tax	(2,420)	(1,651,469)
Reconciliation of reportable segment profit or loss		
Total profit or loss for reportable segments	(2,420)	(1,651,469)
Other profit or loss	(96,614)	(179,683)
Consolidated loss before income tax	(99,034)	(1,831,152)

	31 December 2009	30 June 2009
	\$	\$
Reportable segment assets	2,497,093	2,451,655

There have been no changes in the basis of segmentation or the measurement basis for the segment profit or loss since 31 December 2008.

8. Related Parties

Key management personnel receive compensation in the form of short-term employee benefits, post-employment benefits and share-based payments.

Other related party transactions

	Transaction Value Six months ended		Balance Outstanding	
	31 December 2009	31 December 2008	31 December 2009	30 June 2009
	\$	\$	\$	\$
<i>Expenses</i>				
Companies controlled by directors:				
- administration fees	25,500	-	-	-
- tenement management fees	1,500	2,175	825	-

Transaction balances with related parties are settled in cash within 30 days of invoice date.

9. Controlled Entities

The de-registration of defunct wholly owned subsidiary, Otago Gold Limited, was completed on 23 October 2009.

10. Subsequent Events

There has not arisen in the interval between the end of the financial half-year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in subsequent financial periods.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Australasia Gold Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Australasia Gold Limited and its Controlled Entities, which comprises the condensed consolidated statement of financial position as at 31 December 2009, and the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standard (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of the Australasia Gold Limited consolidated entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Australasia Gold Limited

Report on the Half-Year Financial Report (Cont./-)*Matters Relating to the Electronic Presentation of the Reviewed Financial Report*

This review report relates to the financial report of Australasia Gold Limited and its Controlled Entities for the half-year ended 31 December 2009 included on Australasia Gold Limited's web site. The company's directors are responsible for the integrity of the Australasia Gold Limited's web site. We have not been engaged to report on the integrity of the Australasia Gold Limited's web site. This review report refers only to the half-year financial report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on the company's web site.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Australasia Gold Limited consolidated entity on 10 March 2010, would be in the same terms if provided to the directors as at the date of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Australasia Gold Limited and its controlled entities is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Adelaide, South Australia
10 March 2010



HLB MANN JUDD
Chartered Accountants



PHIL PLUMMER
Partner