

Australasia Gold Limited

ABN 93 104 757 904

Entitlements Issue Prospectus

For a non-renounceable pro rata offer of
one (1) New Share and one (1) free attaching New Option for every four (4) Shares
held by Shareholders registered at 5.00pm on the Record Date
at an **issue price of \$0.05 cents per New Share** to raise approximately \$A1.252 million
before costs (**Offer**).

This Offer **opens on Friday, 26 March 2010** and **closes at 5:00pm (WST) or 7pm (AEST)**
on Wednesday, 13 April 2010. Valid acceptances must be received by the Closing Date.

Important Notice

This is an important document that should be read in its entirety. Please read the instructions in this document and on the accompanying Entitlement and Acceptance Form regarding acceptance of your Entitlement.

If you do not understand this document you should consult your professional adviser without delay. The securities offered by this Prospectus should be considered speculative.

Important information

Prospectus

This Prospectus is dated 12 March 2010 and was lodged with the Australian Securities and Investment Commission (**ASIC**) on 12 March 2010. ASIC and the Australian Securities Exchange (**ASX**) take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional adviser without delay.

The Shares offered by this Prospectus should be considered as a speculative investment.

Electronic prospectus

This Prospectus (may be viewed in electronic form at www.australasiagold.com.au by Australian investors only. The electronic version of this Prospectus is provided for information purposes only. A paper copy of the Prospectus may be obtained free of charge on request during the Offer Period by contacting the Company. The information on www.australasiagold.com.au does not form part of this Prospectus.

Risk factors

Before deciding to invest in the Company, potential investors should read the entire Prospectus. In considering the prospects for the Company, potential investors should consider the assumptions underlying the prospective financial information and the risk factors that could affect the performance of the Company. Potential investors should carefully consider these factors in light of personal circumstances (including financial and taxation issues) and seek professional advice from a stockbroker, accountant or other independent financial adviser before deciding to invest.

Overseas Shareholders

No offer is being made to Shareholders with a registered address outside Australia or New Zealand. The distribution of this Prospectus and the Entitlement and Acceptance Form (including electronic copies) outside Australia or New Zealand may be restricted by law. If you come into possession of these documents, you should observe such restrictions and should seek your own advice about such restrictions. Please refer to Section 1.16 for further information.

Publicly available information

Information about the Company is publicly available and can be obtained from ASIC and ASX (including ASX's website www.asx.com.au). The contents of any website or ASIC or ASX filing by the Company are not incorporated into this Prospectus and do not constitute part of the Offer. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX. Investors should therefore have regard to the other publicly available information in relation to the Company before

making a decision whether or not to invest in New Securities or the Company.

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any such extraneous information or representation may not be relied upon.

Forward-looking statements

This Prospectus may contain forward-looking statements that have been based on current expectations about future acts, events and circumstances. Any forward-looking statements are subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward-looking statements.

Accepting the Offer

Applications for New Shares by Eligible Shareholders may only be made on an original Entitlement and Acceptance Form, as sent with this Prospectus. The Entitlement and Acceptance Form sets out the Entitlement of an Eligible Shareholder to participate in the Offer. Please read the instructions in this Prospectus and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement.

By returning an Entitlement and Acceptance Form or lodging an Entitlement and Acceptance Form with your stockbroker or otherwise arranging for payment for your New Shares in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have received and read this Prospectus, you have acted in accordance with the terms of the Offer detailed in this Prospectus and you agree to all of the terms and conditions as detailed in this Prospectus.

Defined terms

Certain capitalised terms and other terms used in this Prospectus are defined in the Glossary of defined terms in Section 9.

Currency

All references in this Prospectus to "\$", "AUD" or "dollar" are references to Australian currency unless otherwise indicated.

Reference to time

All references in this document to time relate to the time in Perth, Western Australia.

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Key dates for the Offer

An indicative timetable of key dates for the Offer is set out below. These dates are indicative only and the dates are subject to possible change. Subject to the compliance with the ASX Listing Rules, the Directors reserve the right to close the Offer early or extend the Closing Date without notice.

Event	Date
Lodgement of Prospectus with ASIC	12 March 2010
Record Date for determining Entitlements	23 March 2010
Opening Date of Offer	26 March 2010
Closing Date of Offer	13 April 2010
Despatch of holding statements	19 April 2010
Ordinary trading of New Shares and New Options on ASX expected to commence	19 April 2010

Corporate directory

Directors

John Sotirious Terpu
Non-Executive Director and Chairman

Bruno Firriolo
Non-Executive Director

Nicholas Revell
Executive Director

Company Secretary

Bruno Firriolo

Registered and Principal Office

Suite 4, 213 Balcatta Road
Balcatta WA 6021

Telephone: +61 8 9240 4111
Facsimile: +61 8 9240 4054

Email: admin@australasiagold.com.au

Web Address

www.australasiagold.com.au

ASX Code: AAO

Auditors

HLB Mann Judd (SA Partnership)
Chartered Accountants
82 Fullarton Road
Norwood SA 5067

Share Registry

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

Telephone: +61 1300 554 474
Facsimile: +61 2 9287 0303

www.linkmarketservices.com.au

Solicitors for the Offer

McKenzie Moncrieff Lawyers
Level 5, 37 St Georges Terrace
Perth WA 6000

Chairman's letter

Dear Shareholder

On behalf of the Directors, I present this Prospectus and the opportunity to participate in a non-renounceable Rights Issue to raise approximately \$1,252,000 (before costs).

After careful deliberation, the Board has taken the view that a pro rata non-renounceable rights issue to Shareholders was a fair way for the Company to raise additional capital in the current global financial and economic environment. The capital raising will provide a number of benefits to the Company, including the following:

- strengthening of the Company's overall financial position;
- provision of additional working capital for the Company; and
- enabling the Company to add an additional focus to its activities by seeking out gold projects in a rising gold market.

On behalf of the Board, I invite you to carefully consider the contents of this Prospectus and participate in the Offer.

Yours sincerely

A handwritten signature in black ink, reading "John Terpu". The signature is written in a cursive style with a large, looping initial "J".

John Terpu
Non-Executive Chairman

1. Details of the Offer

1.1 The Offer

The Company is making a non-renounceable pro rata offer of fully paid ordinary Shares in the capital of the Company (**New Shares**) and New Options to Eligible Shareholders (**Offer**).

Eligible Shareholders will be entitled to apply for one (1) New Share and one (1) free attaching Option for every four (4) Shares held at 5.00pm on the Record Date, at an issue price of \$0.05 per New Share. The issue price is payable in full on application.

As at the Record Date, the Company is expected to have on issue 100,204,401 Shares and 2,495,000 unlisted options. Approximately 25,051,101 New Shares will be offered under the Offer, raising up to \$1.252 million before costs of the Offer.

The Company's option holders also have an opportunity to participate in the Offer, provided that they exercise their options and become the registered holders of Shares in respect of the exercised options by 5.00pm (WST) on the Record Date.

New Shares will be fully paid and will rank equally in all respects with the Company's existing issued Shares.

1.2 Timetable for the Offer

The Offer will open for receipt of applications on 26 March 2010 (**Opening Date**) and will close at 5.00pm WST on 13 April 2010 (**Closing Date**). Subject to compliance with the ASX Listing Rules, the Company reserves the right to close the Offer early or to extend the Closing Date.

The timetable for the Offer is as follows:

Event	Date
Announcement of Offer	12 March 2010
Notice of Offer sent to security holders	16 March 2010
Lodgement of Prospectus with ASIC	12 March 2010
Securities quoted on an "ex" basis	17 March 2010
Record Date	23 March 2010
Prospectus and Entitlement and Acceptance Form sent to Shareholders	26 March 2010
Opening Date of Offer	26 March 2010
Closing Date of Offer	13 April 2010
New Shares and New Options quoted on ASX on deferred settlement basis	14 April 2010
Allotment, quotation and despatch of holding statements for New Securities	19 April 2010
Ordinary trading of New Shares and New Options commences	19 April 2010

The above dates are indicative only and may be subject to change. The Directors reserve the right to vary these dates, including the Closing Date, without prior notice but subject to any applicable requirements of the Corporations Act or the Listing Rules. This may include extending the Offer or accepting late acceptances, either generally or in particular cases.

1.3 Rights and liabilities attaching to New Securities

The New Shares issued under this Prospectus will rank equally in all respects with Existing Shares on issue. A summary of the rights and liabilities attaching to the New Shares is set out in Section 7.1.

The terms of the New Options are set out in Section 7.2.

1.4 Entitlement and eligibility

Each Shareholder with a registered address in Australia or New Zealand and who is registered as the holder of Shares at 5:00pm (WST) on the Record Date (**Eligible Shareholder**) is entitled to participate in the Offer.

The number of New Shares to which you are entitled is shown on your Entitlement and Acceptance Form accompanying this Prospectus.

Where the determination of the Entitlement of any Eligible Shareholder results in a fraction of a New Share, such fraction will be rounded up to the nearest whole New Share.

If you decide not to accept all or part of your Entitlement or fail to do so by the Closing Date, your rights to participate in the Offer will lapse and the New Shares not taken up by you will form part of the Shortfall. As a result of this Offer, Shareholders who do not take up all of their Entitlement will have their percentage shareholding in the Company diluted.

The Company reserves the right (in its sole discretion) to:

- reject any application that it believes comes from a person who is not an Eligible Shareholder; and
- reduce the number of New Shares allocated to Eligible Shareholders or persons claiming to be Eligible Shareholders, if their claim to be entitled to participate in the Offer proves to be false, exaggerated or unsubstantiated.

The Directors reserve the right not to proceed with the whole or any part of the Offer at any time prior to the allotment of New Shares. In that event, relevant Application Monies will be refunded without interest.

1.5 Entitlement and Acceptance Forms

Your acceptance of the Offer must be made by either:

- (a) completing and returning the Entitlement and Acceptance Form accompanying this Prospectus with your cheque for payment; or
- (b) making payment by BPay®.

To the extent that your acceptance exceeds your Entitlement as shown on the Entitlement and Acceptance Form, excess amounts will be applied to Additional Shares. Further information relating to Additional Shares is set out at Section 1.9.

Acceptance of the Offer creates a legally binding contract between the Applicant and the Company for the number of New Securities that you have applied for as accepted by the Company. The Entitlement and Acceptance Form does not need to be signed to be a binding acceptance of New Securities.

If the Entitlement and Acceptance Form is not completed correctly it may still be treated as valid. The Company's decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

1.6 How to accept the Offer

You may participate in the Offer as follows:

- (a) if you wish to accept your Entitlement in full:
 - (i) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided; and
 - (ii) attach your cheque for the amount indicated on the Entitlement and Acceptance Form; or
 - (iii) pay the application monies through the BPay® facility described below. **If you make your payment by BPay® you do not need to return the Entitlement and Acceptance Form; or**
- (b) if you only wish to accept part of your Entitlement:
 - (i) fill in the number of New Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
 - (ii) attach your cheque for the appropriate Application Monies (at \$0.05 per New Share); or
 - (iii) pay the appropriate application monies through the BPay® facility described below. **If you make your payment by BPay® you do not need to return the Entitlement and Acceptance Form; or**
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

Unless you are making payment by BPay®, completed Entitlement and Acceptance Forms and accompanying cheques for Application Monies must be mailed or delivered to:

By hand delivery:

Level 12, 680 George Street
SYDNEY NSW 2000
or
Ground Floor, 178 St Georges Terrace
PERTH WA 6000

By post:

Locked Bag A14
SYDNEY SOUTH NSW 1235

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Australasia Gold" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry no later than 5.00pm WST on the Closing Date.

1.7 Payment by BPay®

Payment by BPay® should be made according to the instructions set out on the Entitlement and Acceptance Form using the Entitlement number shown on that

form next to the BPay® symbol. If you make your payment by BPay® you do not need to return the Entitlement and Acceptance Form.

The Entitlement number is used to identify your holding. If you have multiple holdings you will have multiple Entitlement numbers. You must use the Entitlement number shown on each Entitlement and Acceptance Form to pay for each holding separately. Failure to do so may result in an underpayment. If you pay by BPay® and do not pay for your full Entitlement, the remaining Entitlement will form part of the Shortfall.

Applicants should be aware that their own financial institution may implement cut-off times with regards to electronic payment, and should therefore take this into consideration when making payment. It is the responsibility of the applicant to ensure that funds submitted through BPay® are received by the Closing Date.

1.8 No underwriting

The Offer is not underwritten.

1.9 Applying for Additional Shares out of the Shortfall

Any New Shares not subscribed for will form part of the Shortfall.

Eligible Shareholders may, in addition to their Entitlement, apply for Additional Shares regardless of the size of their present holding by specifying the total amount of New Shares they wish to apply for (including the Additional Share) on their Entitlement and Acceptance Form.

Applications for Additional Shares may be satisfied out of the Shortfall.

As permitted by the Listing Rules, the Directors reserve the right to issue the Shortfall at their discretion. Accordingly, the Company cannot guarantee that you will receive the Additional Shares you apply for in excess of your Entitlement.

If more Additional Shares are applied for than the quantity of the Shortfall, those applications will be scaled back in a manner determined by the Directors in their absolute discretion. It is an express term of the Offer that Applicants for Additional Shares will be bound to accept a lesser number of Additional Shares allocated to them than applied for. If you do not receive any or all or the Additional Shares you applied for, any excess Application Monies will be returned to you without interest.

1.10 Minimum subscription

There is no minimum subscription for the Offer.

1.11 Non-renounceable offer – no rights trading

The Offer is non-renounceable. This means that Eligible Shareholders are not able to sell or transfer their Rights to subscribe for New Shares.

1.12 ASX quotation of New Shares and New Options

Application for official quotation on ASX of the New Shares and New Options issued pursuant to this Prospectus will be made within 7 days after the date of this Prospectus.

If the New Securities offered pursuant to Offer are not admitted to official quotation within three (3) months after the date of this Prospectus, the Company will not allot or issue any New Securities and all Application Monies received pursuant to this Prospectus will be repaid as soon as practicable, without interest.

The fact that ASX may agree to grant official quotation of the New Securities is not to be taken in any way as an indication of the merits of the Company or the New Securities.

1.13 Issue of New Shares and dispatch of holding statements

New Shares and New Options offered by this Prospectus are expected to be issued, and holding statements dispatched, on the date specified in the timetable in Section 1.2 of this Prospectus. No issue of New Securities will be made until ASX grants permission for the quotation of the New Securities.

It is the responsibility of Applicants to determine their allocation prior to trading in the New Securities. The sale by the Applicant of New Securities prior to the receipt of a holding statement is at the Applicant's own risk.

Eligible Shareholders who wish to trade New Securities obtained under the Offer should contact the Share Registry to ascertain their allocation before trading.

1.14 No brokerage

No investor will pay brokerage as a subscriber for New Securities under the Offer.

1.15 Holding of Application Monies

Application Monies will be held in a trust account until the New Securities are allotted to Eligible Shareholders.

The trust account established by the Company for this purpose will be solely used for handling Application Monies.

Any interest earned on Application Monies will be for the benefit of, and remains the sole property of, the Company and will be retained by the Company whether or not the allotment and issue of New Shares takes place.

Applications and Application Monies may not be withdrawn once they have been received by the Company.

1.16 Overseas Shareholders

The Company will not make an Offer to those Shareholders with a registered address outside Australia or New Zealand (**Excluded Shareholders**). The Company has decided that it is unreasonable to extend the Offer to Excluded Shareholders having regard to:

- (a) the number of Shareholders outside Australia and New Zealand (the **Eligible Jurisdictions**);
- (b) the number and value of New Shares that would be offered to Shareholders outside the Eligible Jurisdictions; and
- (c) the cost of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions.

The Offer is being made to all Eligible Shareholders. The Company is not required to determine whether or not any registered Eligible Shareholder is holding Shares on behalf of persons who are resident outside the Eligible Jurisdictions (including nominees, custodians and trustees) or the identity or residence of any beneficial owners of Shares. Any Eligible Shareholders holding Shares on behalf of persons who are resident outside Eligible Jurisdictions are responsible for ensuring that any dealing with New Shares issued under the Offer do not breach the laws and

regulations in the relevant overseas jurisdiction, and should seek independent professional advice and observe any applicable restrictions relating to the taking up of Entitlements or the distribution of this Prospectus or the Entitlement and Acceptance Form.

The distribution of this Prospectus and the Entitlement and Acceptance Form (including electronic copies) outside the Eligible Jurisdictions may be restricted by law and therefore persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

United States

Any person in the United States or any person that is, or is acting for the account or benefit of, a "U.S. person" (as defined in Regulation S under the United States Securities Act of 1933, as amended (**Securities Act**)) (**U.S. Person**), with a holding through a nominee may not participate in the Offer and the nominee must not take up any Entitlement or send this Prospectus or any other materials relating to the Offer into the United States or to any person that is, or is acting for the account or benefit of, a U.S. Person. The Company is not able to advise on foreign laws.

This Prospectus does not, and is not intended to, constitute an offer or invitation in the United States, or to any person acting for the account or benefit of a person in the United States, or in any other place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

New Zealand

The New Shares being offered under this Prospectus are also being offered to Eligible Shareholders with registered addresses in New Zealand in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). This Prospectus is not an investment statement or prospectus under New Zealand law, and may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

1.17 CHESS

The Company participates in the Clearing House Electronic Sub-register System (**CHESS**). ASTC, a wholly owned subsidiary of ASX, operates CHESS in accordance with ASX Listing Rules and ASTC Settlement Rules.

Under CHESS, applicants will not receive a certificate but will receive a statement of their holding of New Securities (**CHESS Statement** or **Holding Statement**).

If you are broker sponsored, ASTC will send you a CHESS Statement.

The CHESS Statement will set out the number of Securities issued under this Prospectus, provide details of your holder identification number and give the participation identification number of the sponsor.

If you are registered on the issuer sponsored sub-register, your statement will be dispatched by the Company's share register and will contain the number of Securities issued to you under this Prospectus and your security holder reference number.

A CHESS Statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however a charge may be made for additional statements.

1.18 Privacy

If you apply for New Securities you will be providing personal information to the Company and the Share Registry. The Company and the Share Registry collect, hold and use your personal information in order to assess your Application, service your needs as an investor, provide facilities and services that you request, carry out appropriate administration and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

Collection, maintenance and disclosure of certain personal information are governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules of ASX. If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your Application.

Under the Privacy Act, you may request access to your personal information held by (or on behalf of) the Company or the Share Registry. You can request access to your personal information by writing to the Company through the Share Registry at:

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

1.19 Taxation implications

The Directors do not consider that it is appropriate to give potential applicants advice regarding the taxation consequences of applying for New Securities under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation positions of potential applicants. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to potential applicants in the Offer. Potential applicants should, therefore, consult their own tax adviser in connection with the taxation implications of the Offer.

1.20 Risk factors

Prospective investors in the Company should be aware that subscribing for securities the subject of this Prospectus involves a number of risks.

These risks are set out in Section 4 and investors are urged to consider those risks carefully (and if necessary, consult their professional adviser) before deciding whether to invest in the Company.

The key risks faced by the Company include:

- exploration and development risks;
- operational and technical risks;
- risks associated with future capital requirements; and
- risk of loss of key personnel or inability to attract key personnel.

The risk factors set out in Section 4, and other general risks applicable to all investments in listed securities not specifically referred to in this Prospectus, may in the future affect the value of the New Securities.

An investment in the Company should be considered speculative.

1.21 Enquiries

This Prospectus provides information for potential investors in the Company and should be read in its entirety.

If after reading this Prospectus you have any questions about any aspect of an investment in the Company, please contact your stockbroker, accountant or financial advisor.

2. Company overview

2.1 Background to the Company

Australasia Gold Limited listed on the ASX in 2006 as a minerals exploration company focussed on gold and associated metals.

Company's projects

The Company's projects are located in the Pine Creek region of the Northern Territory, in South Australia's Gawler Craton and in the Otago Region of New Zealand's south island.

Each of these project areas is centrally located in a region with recognised gold/ metals endowment, and both historic and modern production. Each of the Company's project areas includes known gold/ base metal mineralisation, and exploration potential which has received limited attention in recent time.

2.2 Market prices of existing Shares on ASX

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest and lowest market sale prices of the Company's Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

- Highest: 9.2 cents on 15 December 2009; and
- Lowest: 6 cents on 10 March 2010.

The latest available closing sale price of the Company's Shares on ASX prior to the lodgement of this Prospectus with the ASIC was 6.5 cents on 11 March 2010.

2.3 Board of Directors

At the date of this Prospectus, the Directors of the Company are:

John Terpu

Non-Executive Director and Chairman

Nick Revell

Executive Director

Bruno Firriolo

Non-Executive Director and Company Secretary

2.4 Corporate governance

The Directors monitor business affairs of the Company on behalf of the Shareholders and have formally adopted corporate governance policies which are designed to encourage Directors and management to focus their attention on accountability, risk management and ethical conduct.

2.5 The Board of Directors

The Company's Board of Directors is responsible for the corporate governance of the Company. The Board develops strategies for the Company, reviews strategic

objectives and monitors performance against those objectives. The goals of the corporate governance process are to:

- (a) maintain and increase Shareholder value;
- (b) ensure a prudential and ethical basis for the Company's conduct and activities; and
- (c) ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

- (a) developing initiatives for profit and asset growth;
- (b) reviewing the corporate, commercial and financial performance of the Company on a regular basis;
- (c) acting on behalf of, and being accountable to, the Shareholders; and
- (d) identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

2.6 Identification and management of risk

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

2.7 Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards.

2.8 Corporate governance committees and policies

The Board has established the following committees, policies and charters:

- Board Charter;
- Code of Conduct;
- Securities Trading Policy;
- Continuous Disclosure Policy;
- Communication Strategy;
- Risk Management Committee Charter;
- Risk Management Policy;
- Performance Evaluation Process; and
- Remuneration and Nomination Policy.

Discussion about the Company's corporate governance is contained in the Company's 2009 Annual Report available on the Company's website at www.australasiagold.com.au.

Copies of the Company's Board committee charters and corporate governance policies are also available on the Company's website.

3. Purpose and effect of the Offer

3.1 Purpose of the Offer

The purpose of the Offer is to provide the Company with the necessary funds to provide additional working capital and enable the Company to seek out and evaluate new gold project opportunities.

On completion of the Offer, the Board believes the Company will have sufficient working capital to achieve these objectives.

3.2 Use of proceeds

The Company proposes to raise up to \$1.252 million through the Offer, before deducting the expenses of the Offer.

If the total subscription of \$1.252 million is raised from the Offer, the funds, together with the \$665,187 cash on hand at 31 December 2009, are intended to be applied as follows:

Use of Proceeds	Amount
Augment the Company's working capital	1,208,555
Costs of the Offer	44,000
Total	1,252,555

To the extent that the Company is not successful in raising \$1.252 million, the funds available for working capital will be reduced.

The information set out in the above table is a statement of present intention as at the date of this Prospectus. The exact amount of funds spent by the Company will depend on many factors that cannot be ascertained at this time.

3.3 Principal effect of the Offer on the Company

The principal effects of the Offer will be to:

- (e) increase the number of Shares on issue by up to 25,051,101 New Shares;
- (f) increase the number of Options on issue by up to 25,051,101 New Options;
and
- (g) increase cash reserves by up to approximately \$1.208 million immediately after completion of the Offer and payment of the estimated expenses of the Offer, assuming the Offer is fully subscribed.

3.4 Capital structure

The capital structure of the Company following completion of the Offer (assuming the Offer is fully subscribed) is set out below:

Ordinary Shares	Number
Current Shares on issue	100,204,401
New Shares issued under Offer assuming full subscription*	25,051,101
Total Shares on issue on completion of Offer	125,255,502

Options	Number
Listed Options on issue	-
Unlisted Options on issue	2,495,000
New Options issued under Offer assuming full subscription	25,051,101
Total Options on issue on completion of Offer	27,546,101

Notes:

* Rounded up to the nearest whole figure

3.5 Pro-forma statement of financial position

Set out below is:

- (a) the consolidated statement of financial position of the Company as at 31 December 2009 which has been reviewed by the independent auditor; and
- (b) the unaudited pro-forma consolidated statement of financial position of the Company as at 31 December 2009 incorporating the effect of the Offer, assuming the Offer is fully subscribed.

The unaudited pro-forma consolidated statement of financial position has been derived from the reviewed financial statements of the Company and adjusted to reflect pro-forma assets and liabilities of the Company as if completion of the Offer had occurred on 31 December 2009.

The following matters, which will occur after 31 December 2009, make up the pro-forma adjustments to the 31 December 2009 consolidated statement of financial position:

- the issue of 25,051,101 Shares at \$0.05 each, thereby raising \$1,252,555 of capital pursuant to the Prospectus; and
- costs of the capital raising of \$44,000.

Notes:

1. The Unaudited Consolidated Pro-forma Statement of Financial Position has been prepared on the basis that there are no material movements in the assets and liabilities of the Consolidated Entity between 31 December 2009 and the completion of the Offer except:
 - a) the allotment and issue of 25,051,101 Shares at \$0.05 each pursuant to the Offer to raise \$1,252,555 (before the expenses of the Offer); and
 - b) the expenses of the Offer are estimated to cost approximately \$44,000.
2. Thus, on completion of the Offer (after deducting expenses of the Offer) the cash assets (consolidation) of the Company is expected to be approximately \$1.873 million.
3. No allowance has been made for expenditure incurred in the normal course of business from 31 December 2009 to the Closing Date.
4. No allowance has been made for further issues of securities which may occur after 31 December 2009.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	(a) Reviewed Consolidated Statement of Financial Position as at 31 December 2009	(b) Unaudited Pro-forma Consolidated Statement of Financial Position as at 31 December 2009
Current Assets		
Cash and cash equivalents	665,187	1,873,742
Trade and other receivables	5,881	5,881
Other current assets	11,458	11,458
Total Current Assets	<u>682,526</u>	<u>1,891,081</u>
Non-Current Assets		
Receivables	38,610	38,610
Property, plant & equipment	7,557	7,557
Exploration and evaluation expenditure	2,458,483	2,458,483
Total Non-Current Assets	<u>2,504,650</u>	<u>2,504,650</u>
Total Assets	<u>3,187,176</u>	<u>4,395,731</u>
Current Liabilities		
Trade and other payables	27,028	27,028
Total Current Liabilities	<u>27,028</u>	<u>27,028</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>86,028</u>
Net Assets	<u>3,101,148</u>	<u>4,309,703</u>
Equity		
Issued capital	9,031,787	10,240,342
Reserves	52,028	52,028
Accumulated losses	(5,982,667)	(5,982,667)
Total Equity	<u>3,101,148</u>	<u>4,309,703</u>

4. Risk factors

4.1 Introduction

Activities in the Company and its controlled entities, as in any business, are subject to risks which may impact on the Company's future performance. There can be no guarantee that the Company will achieve its stated objectives.

Prior to deciding whether to take up their Entitlement, Shareholders should read the entire Prospectus and review announcements made by the Company to ASX (at www.asx.com.au under the code AAO) in order to gain an appreciation of the Company, its activities, operations, financial position and prospects.

An investment in New Shares should be considered speculative. New Shares carry no guarantee with respect to the payment of any dividends, returns of capital or the market value of those New Shares.

Shareholders should also consider the risk factors set out below which the Directors believe represent some of the general and specific risks that Shareholders should be aware of when evaluating the Company and deciding whether to increase their shareholding in the Company. The following risk factors are not intended to be an exhaustive list of all of the risk factors to which the Company is exposed.

4.2 Specific risks relating to the Company

The following risks have been identified as being key risks specific to an investment in the Company. These risks may adversely affect the Company's financial position, prospects and price of its listed securities.

In particular the Company is subject to risks associated with the exploration and development of its mining tenements.

Exploration and development risk

- (a) **Mining industry risks:** Mineral exploration and mining may be hampered by circumstances beyond the control of the Company and are speculative operations which by their nature subject to a number of inherent risks.

Mineral exploration and mining may be hampered by circumstances beyond the control of the Company and are speculative operations which by their nature subject to a number of inherent risks, including the following.

- (b) **Exploration risks:** The success of the Company depends on the delineation of economically minable reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to the Company's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities.

Exploration on the Company's existing exploration and mining tenements may be unsuccessful, resulting in a reduction of the value of those tenements, diminution in the cash reserves of the Company and possible relinquishment of the exploration and mining tenements.

- (c) **Resource estimates:** Resource estimates are expressions of judgement based on knowledge, experience and industry practice. These estimates

were appropriate when made, but may change significantly when new information becomes available.

There are risks associated with such estimates. Resource estimates are necessarily imprecise and depend to some extent on interpretations, which may ultimately prove to be inaccurate and require adjustment. Adjustments to resource estimates could affect the Company's future plans and ultimately its financial performance and value.

(d) **Ability to exploit successful discoveries:** It may not always be possible for the Company to exploit successful discoveries which may be made in areas in which the Company has an interest. Such exploitation would involve obtaining the necessary licences or clearances from relevant authorities that may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further, the decision to proceed to further exploitation may require participation of other companies whose interests and objectives may not be the same as the Company's.

(e) **Title risks and native title:** Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

Tenements in which the Company may have an interest, or in which the Company at a future date may acquire an interest, could be subject to legitimate common law native title rights. If it is found that such rights do exist, the ability of the Company to gain access to the tenements may be adversely affected.

(f) **Environmental risks:** The operations and activities of the Company are subject to State and Federal laws and regulation concerning the environment. As with most exploration projects and mining operations, the Company's operations and activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its operations and activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Other risks specific to the Company

(a) **Operational and technical risk:** Profitability depends on successful exploration and/or acquisition of reserves, design and construction of efficient processing facilities, competent operation and management and proficient financial management.

Mining and development operations can be hampered by force majeure circumstances, mechanical failure of plant and equipment, environmental considerations and cost overruns for unforeseen events.

(b) **Future capital requirements:** The Company's ongoing activities may require substantial further financing in the future for its business activities, in addition to amounts raised pursuant to the Offer. Any additional equity

financing may be dilutive to Shareholders, may be undertaken at lower prices than the current market price (or Offer price) or may involve restrictive covenants which limit the Company's operations and business strategy.

Although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce, delay or suspend its operations and this could have a material adverse affect on the Company's activities and could affect the Company's ability to continue as a going concern.

- (c) **Joint venture parties, agents and contractors:** There is a risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party or the insolvency or managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity.
- (d) **Competition:** The Company competes with other companies, including major mining companies in Australia and internationally. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. There can be no assurance that the Company can compete effectively with these companies.
- (e) **Key personnel:** Recruiting and retaining qualified personnel are important to the Company's success. The number of persons skilled in the exploration and development of mining properties is limited and competition for such persons is strong. There can be no assurance given that there will be no detrimental impact on the Company if such persons employed cease their employment with the Company.
- (f) **Unforeseeable losses and liabilities:** Whilst the Company currently has not incurred any liabilities and is adequately insured, no assurance can be provided as to potential uninsured losses or liabilities that may arise in the future.
- (g) **Other:** Other risk factors include those normally found in conducting business, including litigation resulting from the breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise) or any other cause, strikes, lockouts, loss of service of key management or operational personnel, non-insurable risks, delay in resumption of activities after reinstatement following the occurrence of an insurable risk and other matters that may interfere with the business or trade of the Company.

4.3 General investment risks

- (a) **Stock market conditions:** As with all stock market investments, there are risks associated with an investment in the Company. Share prices may rise or fall and the price of Shares might trade below or above the issue price for the New Shares.

General factors that may affect the market price of Shares include economic conditions in both Australia and internationally, investor sentiment and local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

- (b) **Liquidity risk:** There can be no guarantee that there will continue to be an active market for Shares or that the price of Shares will increase. There may be relatively few buyers or sellers of Shares on ASX at any given time. This may affect the volatility of the market price of Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price paid under the Offer.
- (c) **Securities investment risk:** Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of mining and exploration companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the securities regardless of the Company's performance.
- (d) **Taxation:** There may be taxation implications arising from the Application for Shares, the receipt of dividends (both franked and unfranked) from the Company, participation in any on-market Share buy-back and on the disposal of Shares.

5. Material transactions

The Company has received an expression of interest from another party for the disposal of its Glencoe gold deposit and related satellite projects in the Northern Territory. If the expression of interest by the other party is pursued, the Company expects that it would lead to a due diligence being conducted as a preliminary part of the negotiations for a potential sale of the assets.

6. Continuous disclosure documents

6.1 Continuous disclosure obligations

This is a Prospectus for the offer of continuously quoted securities (as defined in the Corporations Act) of the Company and is issued pursuant to section 713 of the Corporations Act as a transaction specific prospectus. Accordingly, this Prospectus does not contain the same level of disclosure as an initial public offering Prospectus.

The Company is a “disclosing entity” for the purposes of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. As a listed company, the Company is subject to the ASX Listing Rules which require it to immediately notify ASX of any information concerning the Company of which it is or becomes aware and which a reasonable person would expect to have a material effect on the price or value of Shares, subject to certain exceptions.

6.2 Documents available for inspection

The Company has lodged the following announcements with ASX since the lodgement of the Company’s 2009 annual financial report on 30 September 2009:

Date	Description of ASX Announcement
16/10/2009	Notice of Annual General Meeting
20/10/2009	Change in Substantial Holding
20/10/2009	Change of Directors’ Interest Notice
20/10/2009	Response to ASX Query
28/10/2009	First Quarter Activities and Cashflow Report
30/11/2009	AGM Shareholder Update
30/11/2009	Results of AGM
22/01/2010	Second Quarter Activities and Cashflow Report
04/02/2010	Resignation and Appointment of Director
04/02/2001	Final Directors’ Interest Notice
04/02/2010	Initial Directors’ Interest Notice
10/03/2010	Half Year Accounts

Copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, an office of the ASIC.

Copies of documents lodged with ASX, in relation to the Company, may be obtained from the Company’s website at www.australasiagold.com.au or at ASX’s website at www.asx.com.au.

The Company will provide a copy of each of the following documents, free of charge, to any person on request from the date of this Prospectus until the Closing Date:

- (a) the annual financial report of the Company for the financial year 2009, being the annual financial report of the Company most recently lodged with the ASIC before the issue of this Prospectus;
- (b) the half-year financial report of the Company for the half-year ended 31 December 2009, being the half-year financial report of the Company lodged with the ASIC after lodgement of the annual financial report referred to in paragraph (a) above and before the issue of this Prospectus; and
- (c) any documents used to notify ASX of information relating to the Company in the period from lodgement of the annual financial report referred to in paragraph (a) above until the issue of the Prospectus in accordance with the Listing Rules as referred to in section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

7. Additional information

7.1 Rights and liabilities attaching to Shares

The New Shares issued under this Prospectus will be fully paid ordinary shares in the capital of the Company and will rank equally with the Existing Shares.

The following is a broad summary (though not necessarily an exhaustive or definitive statement) of the rights and liabilities attaching to the Shares. Full details of the rights and liabilities attaching to the Shares are contained in the Constitution of the Company and in certain circumstances, are regulated by the Corporations Act, the ASX Listing Rules, the ASTC Settlement Rules and the common law. The Company's Constitution is available for inspection free of charge at the Company's registered office.

(a) **Share capital**

All issued ordinary fully paid shares rank equally in all respects.

(b) **Voting rights**

At a general meeting of the Company, every holder of Shares present in person, by an attorney, representative or proxy has one (1) vote on a show of hands and on a poll, one (1) vote for each Share held, and for every partly paid Share held, a fraction of a vote equivalent to the proportion which the amount paid (not credited) on the Share is of the total amounts paid and payable (excluding amounts credited) on the Share. Where there is an equality of votes, the chairperson has a casting vote.

(c) **Dividend rights**

Subject to the rights of persons entitled of shares with special rights to dividend (at present there are none), all dividends as declared by the Directors shall be payable on all shares in proportion to the amount of capital paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividends is paid,.

Dividends are payable only out of the profits of the Company as determined by the Directors or the shareholders in general meeting which shall be conclusive. The Directors may, before declaring any dividend, set aside out of the profits of the Company such amounts as they may determine as reserves. The Directors may direct that payment of the dividend be made wholly or in part by the distribution of specific assets or other securities of the Company.

(d) **Rights on winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company and may for that purpose set such value as the liquidator considers fair upon any property to be so divided and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit

of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(e) **Transfer of Shares**

Shares in the Company may be transferred by such means in accordance with the Company's Constitution, the Corporations Act, ASX Listing Rules and ASTC Settlement Rules.

The Directors may refuse to register a transfer of Shares only in those circumstances permitted by the Company's Constitution, the ASX Listing Rules and ASTC Settlement Rules.

(f) **Further increases in capital**

Subject to the Company's Constitution, the Corporations Act and ASX Listing Rules, Shares in the Company are under the control of the Directors, who may allot or dispose of all or any of the Shares to such persons, and on such terms, as the Directors determine.

Subject to ASX Listing Rules, the Directors have the right to grant options or other securities with rights of conversion to Shares or pre-emptive rights to any Shares, to any person, for any consideration and for any stock.

(g) **Variation of rights attaching to Shares**

The Rights attaching to the Shares of a class (unless otherwise provided by their terms of issue) may only be varied by a special resolution passed at a separate general meeting of the holders of those Shares of that class, or in certain circumstances, with the written consent of the holders of at least seventy-five percent (75%) of the issued Shares of that class.

(h) **General meeting**

Each holder of Shares will be entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive notices, accounts and other documents required to be furnished to Shareholders under the Corporations Act and the ASX Listing Rules.

7.2 **Terms of New Options**

The New Options issued pursuant to this Prospectus will be issued on the following terms and conditions:

- (a) Each Option entitles the Option Holder to subscribe for one (1) fully paid ordinary Share in the Company.
- (b) No amount is payable on grant of the Options.
- (c) The exercise price of each Option is \$0.10 (**Exercise Price**).
- (d) Each Option may be exercised at any time before 5.00pm Perth, Western Australia local time on 19 April 2013 (**Expiry Date**). Any Option not exercised by the Expiry Date will automatically expire.
- (e) The Company will give the Option Holder a holding statement stating:

- (i) the number of Options issued to the Option Holder;
 - (ii) the exercise price of the Options; and
 - (iii) the date of issue of the Options.
- (f) The Options are transferable. Subject to the ASX listing rules and the Corporations Act, the Option Holder may transfer some or all of the Options at any time before the Expiry Date by:
 - (i) a proper ASTC transfer or any other method permitted by the Corporations Act; or
 - (ii) a prescribed instrument of transfer.
- (g) An instrument of transfer of an Option must be: in writing; in any usual form or in any other form approved by the Directors that is otherwise permitted by law; subject to the Corporations Act, executed by or on behalf of the transferor, and if required by the Company, the transferee; and delivered to the Company, at the place where the Company's register of Option Holders is kept, together with the certificate (if any) of the Option to be transferred and any other evidence as the Directors require to prove the title of the transferor to that Option, the right of the transferor to transfer that Option and the proper execution of the instrument of transfer.
- (h) The Company will apply to ASX for Official Quotation of the Options.
- (i) The Company will apply to ASX for Official Quotation of the Shares issued on the exercise of Options.
- (j) The Option Holder is not entitled to participate in any new issue to existing shareholders of securities in the Company unless they have exercised their Options before the Record Date for determining entitlements to the new issue of securities and participate as a result of holding Shares. The Company must give the Option Holder notice of the proposed terms of the issue or offer in accordance with ASX listing rules.
- (k) If the Company makes a bonus issue of Shares or other securities to shareholders (except an issue in lieu of dividends or by way of dividend reinvestment) and no Share has been issued in respect of the Option before the record date for determining entitlements to the issue, then the number of underlying Shares over which the Option is exercisable is increased by the number of Shares which the Option Holder would have received if the Option Holder had exercised the Option before the record date for determining entitlements to the issue.
- (l) If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the rights of the Option Holder (including the number of Options to which the Option Holder is entitled to and the exercise price) is changed to the extent necessary to comply with the ASX listing rules applying to a reorganisation of capital at the time of the reorganisation.
- (m) Any calculations or adjustments which are required to be made will be made by the Company's board of Directors and will, in the absence of

manifest error, be final and conclusive and binding on the Company and the Option Holder.

- (n) The Company will, within a reasonable period, give to the Option Holder notice of any change to the exercise price of any Options held by the Option Holder or the number of Shares which the Option Holder is entitled to subscribe for on exercise of an Option.
- (o) To exercise Options, the Option Holder must give the Company or its share registry, at the same time:
 - (i) a written exercise notice (in the form approved by the board of the Company from time to time) specifying the number of Options being exercised and Shares to be issued; and
 - (ii) payment of the Exercise Price for the Options, the subject of the exercise notice, by way of bank cheque or by other means of payment approved by the Company.
- (p) The Option Holder may only exercise Options in multiples of 100 Options unless the Option Holder exercises all Options held by the Option Holder.
- (q) Options will be deemed to have been exercised on the date the exercise notice is lodged with the Directors of the Company.
- (r) If the Option Holder exercises less than the total number of Options registered in the Option Holder's name the Company will issue the Option Holder a new holding statement stating the remaining number of Options held by the Option Holder.
- (s) Within ten (10) days after receiving an application for exercise of Options and payment by the Option Holder of the exercise price, the Company will issue the Option Holder the number of Shares specified in the application.
- (t) Subject to the Company's Constitution, all Shares issued on the exercise of Options will rank in all respects (including rights relating to dividends) *pari passu* with the existing ordinary shares of the Company at the date of issue.
- (u) These terms and the rights and obligations of the Option Holder are governed by the laws of Western Australia. The Option Holder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia.

7.3 Litigation

As at the date of this Prospectus, the Company is not involved in any material legal proceedings and the Directors are not aware of any material legal proceedings pending or threatened against the Company.

7.4 Interests of Directors and Proposed Directors

Other than as set out below or elsewhere in this Prospectus, no Director or Proposed Director nor any entity in which such a Director or Proposed Director is a partner or director, has or has had in the two years before the date of this Prospectus, any interest in:

- (a) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offers; or
- (b) the Offers,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) and no other benefit has been given or agreed to be given to any Director or Proposed Director or to any entity in which such a Director or Proposed Director is a partner or director, either to induce him to become, or to qualify as, a Director or otherwise for services rendered by him or by the entity in connection with the formation or promotion of the Company or the Offers.

Security holding interests of Directors and Proposed Directors

At the date of this Prospectus the relevant interest of each of the Directors and Proposed Directors in the Shares and Options of the Company are as follows:

Director	Shares		Listed Options	Unlisted Options
	Direct	Indirect		
John Terpu	0	19,940,675 ¹	0	0
Nicholas Revell	0	1,000,000 ²	0	0
Bruno Firriolo	0	0	0	0

Notes:

1. John Terpu holds these shares indirectly through Valleybrook Investments Pty Ltd and Valleyrose Pty Ltd, both of which are controlled by John Terpu.
2. Held by the spouse of Nicholas Revell.

Directors or their associated entities who are registered as Shareholders on the Record Date may participate in the Offer.

Remuneration of Directors

The Constitution of the Company provides that the Directors may be paid for their services as Directors. The remuneration shall, subject to any resolution of a general meeting, be fixed by the Directors.

The Constitution provides that non-executive Directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate maximum set by the Company in general meeting. The aggregate maximum is presently set at \$200,000.

Details of the remuneration payable to the Managing Director are set out in the Company's 2009 Annual Report.

A Director may be paid fees or other amounts as the Directors determine, where a Director performs duties or provides services outside the scope of their normal duties. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Directors' indemnity and insurance deeds

The Company has entered into deeds of access, indemnity and insurance with each Director.

Under the deeds the Company has undertaken, subject to the restrictions in the Corporations Act, to:

- (a) indemnify each Director and officer in certain circumstances;
- (b) maintain directors' and officers' insurance cover (if available) in favour of each Director whilst a Director and for 7 years after the Director or officer has ceased to be a Director (provided run-off insurance can be procured at reasonable policy premiums); and
- (c) provide access to any Company records which are relevant to the Director's holding of office with the Company, for a period of 7 years after the Director has ceased to be a Director.

7.5 Expenses of the Offer

In the event that the Offer is fully subscribed, the estimated expenses payable by the Company in respect of costs associated with this Prospectus and the Offer, including offer management, legal, accounting, corporate advisory, expert's fees, printing, ASIC and ASX fees and other costs will be approximately \$44,000.

7.6 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, all other persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus do not have, and have not had in the two (2) years before the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offers; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) and no other benefit has been given or agreed to be given to any of those persons for services provided by those persons in connection with the formation or promotion of the Company or the Offers.

McKenzie Moncrieff Lawyers has acted as solicitors to the Company in relation to the Offers and legal due diligence enquiries in respect of the Company and is entitled to be paid up to \$15,000 (plus GST) in respect of these services. In addition, McKenzie Moncrieff Lawyers has not provided any other legal services to the Company in the period two (2) years prior to the date of this Prospectus.

HLB Mann Judd (SA Partnership) acts as auditor of the Company and has been paid \$36,795 (plus GST) for the provision of professional services in relation to the auditing of the financial statements of the Company and other professional services in the period two (2) years prior to the date of this Prospectus. The Company anticipates that HLB Mann Judd (SA Partnership) will be entitled to \$11,550 for their review of the half-yearly financial report for the period ending 31 December 2009.

7.7 Consents and liability statements

McKenzie Moncrieff Lawyers has given and has not, before lodgement of this Prospectus with the ASIC, withdrawn its consent to be named in this Prospectus as solicitor to the Company in the form and context in which it is named.

HLB Mann Judd (SA Partnership) has given and has not, before lodgement of this Prospectus with the ASIC, withdrawn its consent to:

- (a) be named in this Prospectus as Auditor to the Company in the form and context in which it is named;
- (b) to the inclusion in this Prospectus by reference of the financial statements, auditor's independence declaration and independent auditor's review report contained in the Half-Yearly Report, and statements in this Prospectus concerning the Company's reviewed financial statements for the period ended 31 December 2009.

Link Market Services Limited has given and has not, before lodgement of this Prospectus with the ASIC, withdrawn its consent to be named in this Prospectus as the Company's share registry in the form and context in which it is named.

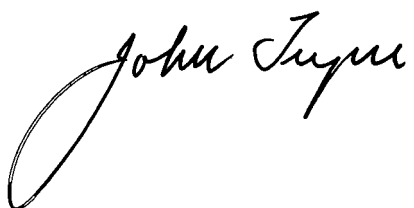
Each of McKenzie Moncrieff Lawyers, HLB Mann Judd (SA Partnership) and Link Market Services Limited:

- (a) did not authorise or cause the issue of this Prospectus;
- (b) does not make, or purport to make, any statement in this Prospectus nor is any statement in this Prospectus based on any statement by any of those parties other than as specified in this Section; and
- (c) to the maximum extent permitted by law, expressly disclaims any responsibility or liability for any part of this Prospectus other than a reference to its name and a statement contained in this Prospectus with consent of that party as specified in this Section.

8. Directors' statement

Each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

This Prospectus is signed for and on behalf of the Company pursuant to a resolution of the Board by:

A handwritten signature in black ink, reading "John Terpu". The signature is written in a cursive style with a large, looping initial 'J'.

John Terpu
Non-Executive Chairman

Dated: 12 March 2010

9. Glossary

Application	An application for the New Securities under this Prospectus.
Application Monies	The monies payable by Applicants to the Offer
ASIC	The Australian Securities and Investments Commission.
ASTC	ASX Settlement and Transfer Corporation Pty Limited (ABN 49 008 504 532).
ASTC Settlement Rules	The settlement rules of ASTC.
ASX	The Australian Securities Exchange operated by ASX Limited ABN 98 008 624 691.
ASX Listing Rules	The listing rules of ASX.
AEDT or AEST	Australian Eastern Daylight Saving Time and Australian Eastern Standard Time respectively, being the time in Sydney, New South Wales.
Australasia Gold	Australasia Gold Limited ABN 93 104 757 904.
CHES	Clearing House Electronic Sub-register System operated by ASTC.
CHES Statement or Holding Statement	A statement of shares registered in a CHES account.
Closing Date	The closing date of the Offer as set out in Section 3.2.
Company	Australasia Gold Limited ABN 93 104 757 904.
Consolidated Entity	The Company and its subsidiaries.
Corporations Act	<i>Corporations Act 2001 (Cth)</i> .
Director	A director of the Company as at the date of this Prospectus.
Eligible Jurisdictions	Australia and New Zealand.
Eligible Shareholder	A Shareholder who: <ul style="list-style-type: none">• is a registered holder of Shares; and• has a registered address in Australia or New Zealand as shown in Company's Share Registry, at 5:00pm (WST) on the Record Date.
Entitlement	The number of Shares that a Shareholder is entitled to apply for under the Offer, as determined by the number of Shares held by that Shareholder at the Record Date.
Entitlement and Acceptance Form	The entitlement and acceptance form accompanying this Prospectus.
Excluded Shareholder	A Shareholder as at the Record Date whose registered address is not situated in an Eligible Jurisdiction.
Existing Share	A share issued before the date of this Prospectus.

Existing Shareholder	A holder of an Existing Share.
GST	Goods and services tax.
Half-Yearly Report	The half-yearly report of the Company for the period ended 31 December 2009 lodged with ASX on 10 March 2009.
Issue	The issue of New Securities offered by this Prospectus.
New Options	An Option that may be issued under this Prospectus.
New Securities	The New Shares and New Options offered under this Prospectus.
New Shares	The Shares that may be issued under this Prospectus.
Offer	The Offer of New Shares and New Options under this Prospectus.
Offer Period	The period commencing on the Opening Date and ending on the Closing Date.
Official Quotation	Quotation on ASX.
Option	An option to subscribe for a Share.
Option Holder	The holder of an Option.
Prospectus	This prospectus dated 12 March 2010, including any electronic or online version of this prospectus.
Record Date	5:00pm (WST) or 7pm (AEDT) on 23 March 2010 or such other date as may be determined by the Directors.
Section	A section of this Prospectus.
Share	A fully paid ordinary share in the capital of the Company.
Shareholder	The holder of a Share.
Shortfall	The number of New Shares offered under the Offer for which valid applications have not been received from Eligible Shareholders of Rights before the Closing Date.
WST	Western Australian Standard Time, being the time in Perth, Western Australia.