

ASX RELEASE

16 April 2009

The Company Announcements Platform
ASX Limited

By E-lodgement

LETTER TO SHAREHOLDERS

Following is correspondence sent today to the shareholders of Australasia Gold Limited in regards to a non-renounceable entitlement issue.

Trevor Ireland
MANAGING DIRECTOR

16 April 2009

Dear Shareholder

Non-Renounceable Entitlement Issue

On 14 April 2009, the Company announced to the Australian Securities Exchange (**ASX**) the details of a non-renounceable entitlement issue of up to approximately 20,099,935 fully paid ordinary shares (**Shares**) at an issue price of 2 cents each, on the basis of one (1) Share for every 4 (four) Shares held on the record date, to raise approximately \$401,999 (**Offer**).

An offer document relating to the Offer (**Offer Document**) will be sent to Shareholders after the record date.

Event	Date
Announcement of Offer and Appendix 3B	14 April 2009
Notice sent to security holders	16 April 2009
Ex date (date from which securities commence trading without the entitlement to participate in the Rights Issue)	17 April 2009
Record date (date for determining entitlements of eligible shareholders to participate in the Rights Issue)	23 April 2009
First cleansing notice and Offer Document lodged with ASX	24 April 2009
Offer Document dispatched to Shareholders (expected date of dispatch of Offer Document, entitlement and acceptance forms)	24 April 2009
Offer opens	24 April 2009
Closing date* 5pm (WST)	11 May 2009
Company to notify ASX of undersubscriptions (if any) **	14 May 2009
Dispatch holding statements **	19 May 2009

* Subject to the Listing Rules, the Directors reserve the right to extend the Closing Date for the Offer at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue for the Shares.

** These dates are indicative only.

Use of Funds

The Company intends to apply the funds raised from the Offer towards:

Item of Expenditure	Amount (\$)
Evaluation and acquisition of new projects	180,000
General Working Capital	171,999
Expenses of the Offer	50,000
TOTAL	\$401,999

The use of funds set out above is a “best estimate” only. It is important to recognise that the use of funds may be subject to change in line with results, circumstances and other opportunities.

Yours sincerely



Trevor Ireland
MANAGING DIRECTOR