AustralasiaGold

LIMITED

ABN. 93 104 757 904

REPORT FOR THE QUARTER TO 30 SEPTEMBER 2006

HIGHLIGHTS

- Murninnie copper-gold-uranium (Eyre Peninsula, South Australia): Acquisition completed, gravity anomaly identified and enhanced uranium potential revealed
- Lucknow gold-copper (New South Wales): Drilling in progress
- Wetherstones gold (New Zealand): Drilling set to resume
- Glencoe (Northern Territory): Prefeasibility study justifies continued evaluation
- Available cash 30th September: $2.2 million

REVIEW OF EXPLORATION

MURNINNIE, EYRE PENINSULA, SOUTH AUSTRALIA (Australasia Gold Ltd "AAO": 45%)

During the quarter the Company completed the acquisition of a 45% interest in the Murninnie Prospect from the Murninnie Mining and Exploration Syndicate. The Company has the right to acquire an additional 40% of the property.

Exploration Licence ("EL") 3542 and Private Mine ("PM") 156 are 67 square kilometres ("sq km") in area and contain the outcropping Murninnie copper-gold-bismuth deposit. The EL is located within the Gawler Craton, in the southern part of the Olympic Domain which contains Olympic Dam, Carrapateena, Prominent Hill and the Moonta-Wallaroo iron oxide-copper-gold-uranium ("IOCGU") deposits.

The Murninnie deposit crops out over a strike length of 450 m and lies within a structure defined by a four km long copper-gold geochemical anomaly. Historic mining and exploratory development of the steeply dipping lode extends to 50 metres ("m") depth. The area shares a number of geological features in common with the above-named IOCGU deposits. Research of public domain exploration records for the area has revealed the presence of a 5 milligal bouguer gravity anomaly, also untested, in the south-western section of the EL (*See Figure 1*). No drilling has been undertaken of either the depth extensions of the deposit or the geochemical or geophysical anomalies (*See Figure 1*).

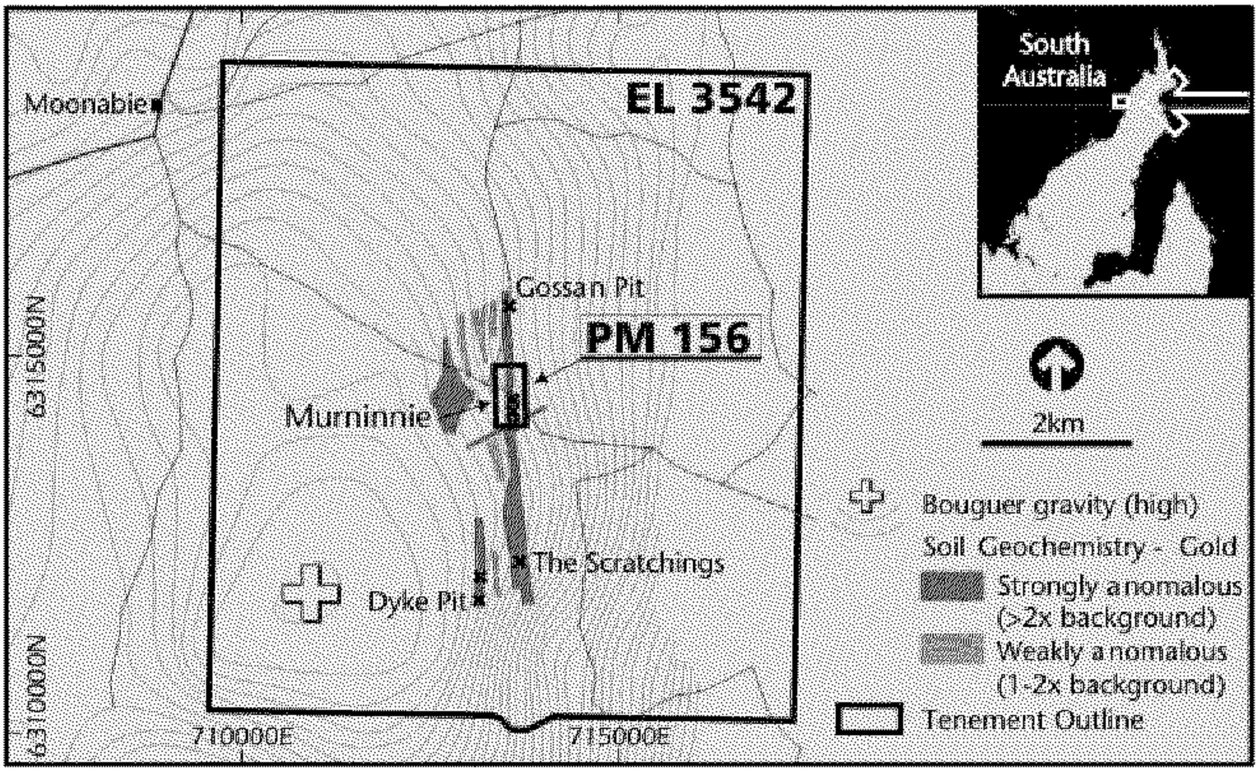

Figure 1: EL 3542 – Exploration Results Summary

Geological investigations have also revealed enhanced potential for the occurrence of uranium in major shear zones inferred to transect the EL area, and in redox environments within the sedimentary sequence which covers the eastern part of the EL.

An exploration program including reinterpretation of regional geophysical datasets (magnetic, radiometric, & gravity data), mapping and rock chip sampling of limited areas of outcrop within the EL, and extended soil geochemical sampling has been commenced, in preparation for drilling of the targets identified above, during the first and second quarters of 2007.

LUCKNOW, NEW SOUTH WALES (AAO 100%)

The Lucknow exploration licence EL 6040 is an area of 80 sq km located immediately south of Orange. It covers an area of prospective volcanic rocks and associated sediments and intrusives potentially containing gold and copper-gold mineralisation partly covered by a thin sheet of younger basaltic volcanic rocks.

At the end of the quarter drilling had commenced of six targets identified by interpretation of regional magnetic data, surface geochemical information and geological features (*Figure 2*). Each is to be tested by one or two traverses of vertical drillholes designed to test the basement beneath the volcanic cover rocks in a program of approximately 80 holes totalling 3,000 m.

Preliminary observations confirm that the thickness of volcanic cover is within the range of predictions; being less than 50 m in the early part of the program.

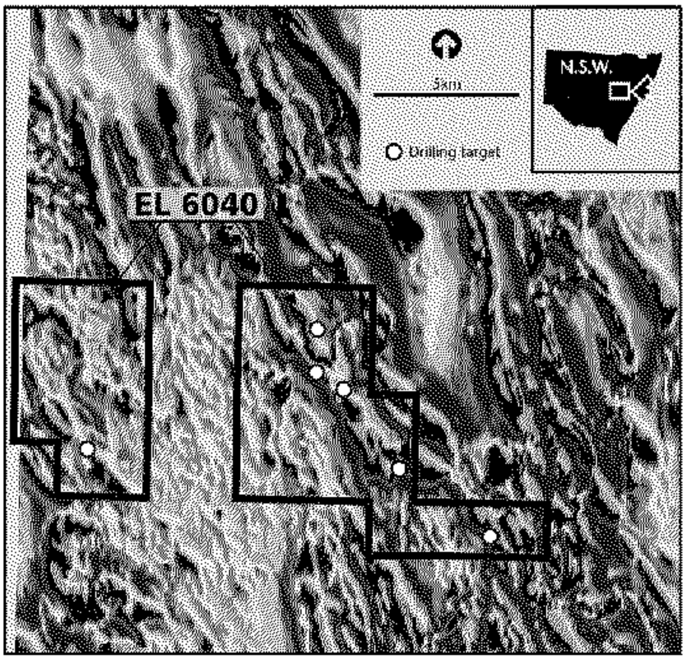

Figure 2: EL 6040 Lucknow Drilling Targets

OTAGO REGION, NEW ZEALAND

Wetherstones (AAO 100%)
Historic mining and underground exploration records and the results of drilling by the previous permit-holder indicated that consolidated alluvial mineralisation of high grades extended beyond the reach of the early miners. A program of drilling has been designed to follow up that completed in April 2006.

Approximately 20 reverse circulation drillholes (1,000 m) have been allocated to test more comprehensively the prospective parts of the Wetherstones Basin identified by evaluation of the results of the initial phase of drilling (*Figure 3*).

Drilling commenced in late October

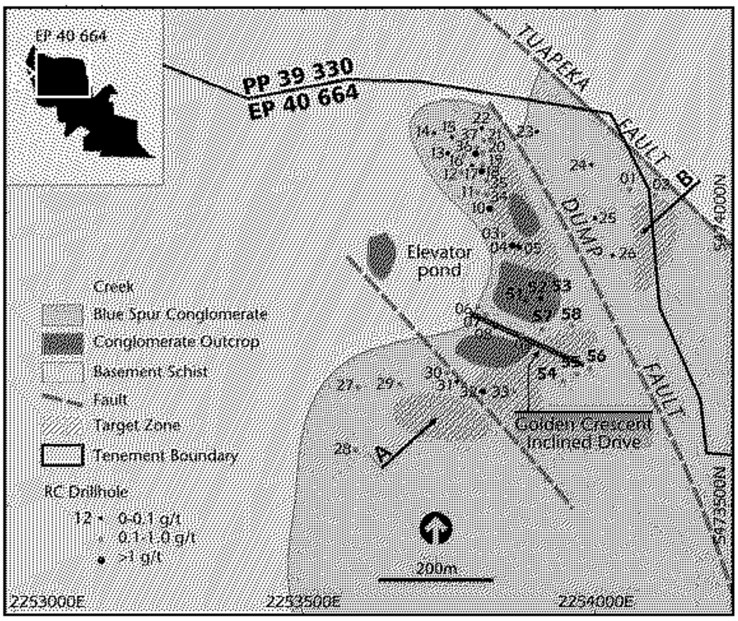

Figure 3: EP 40 664 Target Areas Wetherstones

PINE CREEK REGION, NORTHERN TERRITORY

- Glencoe gold deposit (AAO 100%)

The Glencoe gold deposit is located approximately 130km south south-east of Darwin.

Project scoping studies have been undertaken using the recently estimated block modelled resource previously reported. The studies indicate, subject to a number of provisos and assumptions, that the deposit may be profitably exploited. The studies also indicate that the possibility of exploitation by heap leaching needs to be carefully assessed.

Drilling is planned to improve confidence levels in the above issues, including grade continuity and the metallurgical characteristics of the transition and primary ore zones. It is planned to commence drilling (subject to availability of drill rigs) as soon as access becomes available after the coming monsoon season.

Induced polarisation geophysical surveys have been commissioned and are scheduled to commence during November to test the depth extensions of the Glencoe deposit. Drilling targets identified from this work are to be tested as soon as practicable during the 2007 dry season

- Regional Reconnaissance (AAO 100%)

Orientation geochemical surveys have been commissioned to assist in planning reconnaissance programs to test below transported alluvial cover in the Company's Pine Creek EL's.

The isolated "Terry's" mineral claim block (tenements numbered MCN 2588-91 and 3994-95) was allowed to expire because of disappointing reconnaissance results, and limited potential.

NEW BUSINESS DEVELOPMENT

The Company continues to evaluate prospects available for acquisition or farmin both within Australia and offshore.

GENERAL

At 30th September 2006 the Company had available cash totalling $2.2 million

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

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

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98

Name of entity

AUSTRALASIA GOLD LIMITED

ACN or ARBN	Quarter ended ("current quarter")
ACN 104 757 904	30 September 2006

Consolidated statement of cash flows

Cash flows related to operating activities			Current quarter $A'000	Year to Date (3 months) $A'000
1.1	Receipts from product sales and related debtors		0	0
1.2	Payments for	(a) exploration and evaluation	(83)	(83)
		(b) development	0	0
		(c) production	0	0
		(d) administration	(139)	(139)
1.3	Dividends received		0	0
1.4	Interest and other items of a similar nature received		35	35
1.5	Interest and other costs of finance paid		0	0
1.6	Income taxes paid		0	0
1.7	Other		32	32
	Net Operating Cash Flows		(155)	(155)
	Cash flows related to investing activities			
1.8	Payment for purchases of:	(a)prospects	0	0
		(b)equity investments		
		(c) other fixed assets	(3)	(3)
1.9	Proceeds from sale of:	(a)prospects	0	0
		(b)equity investments	0	0
		(c)other fixed assets		
1.10	Loans to other entities		0	0
1.11	Loans repaid by other entities		0	0
1.12	Other (provide details if material		0	0
	Net investing cash flows		(3)	(3)
1.13	Total operating and investing cash flows (carried forward)		(158)	(158)

1.13	Total operating and investing cash flows (brought forward)	(158)	(158)

	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1	1
1.15	Proceeds from sale of forfeited shares	0	0
1.16	Proceeds from borrowings	0	0
1.17	Repayment of borrowings	0	0
1.18	Dividends paid	0	0
1.19	Other - prospectus issue costs (placement)`	0	0
	Net financing cash flows	1	1
	Net increase (decrease) in cash held	(157)	(157)
1.20	Cash at beginning of quarter/year to date	2,399	2,399
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	2,242	2,242

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	60
1.24	Aggregate amount of loans to the parties included in item 1.10	0

1.25 Explanation necessary for an understanding of the transactions

Amount of $60,125 at 1.23 comprises consulting fees paid to related corporations of directors – ie) M R Billing ($3,000) and salary payments toT J Ireland ($40,875) plus directors fees – J B Roberts ($6,250) N Jackson ($5,000), , M R Billing ($5,000)

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	Nil	Nil
3.2	Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	300
4.2	Development	
	Total	300

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	49	41
5.2	Deposits at call	2,193	2,358
5.3	Bank overdraft		
5.4	Other (provide details)		
	Total: cash at end of quarter (item 1.22)	2,242	2,399

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	MCN 2588-91 MCN 3994-95		100% 100%	0% 0%
6.2	Interests in mining tenements acquired or increased				

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*	Nil			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	Nil			
7.3	**+Ordinary securities**	30,145,712	21,160,578	N/A	Fully Paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	7,500	7,500	20	
7.5	**+Convertible debt securities** *(description)*	Nil			
7.6	Changes during quarter (a) Increases through issues (b) Decreases througfh securities matured, converted				
7.7	**Options** *(description and conversion factor)*	17,374,158 2,000,000 2,000,000 2,000,000	10,838,002 - - -	20 40 60 80	*30 June 2008* *25 August 2008* *25 August 2009* *25 August 2010*
7.8	Issued during quarter	NIL	NIL		
7.9	Exercised during quarter				
7.10	Expired during quarter	Nil			
7.11	**Debentures** *(totals only)*	Nil			
7.12	**Unsecured notes** *(totals only)*	Nil			

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.

Sign here:

Print name: Michael R Billing Date: 30 October 2006
Director/Company Secretary

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.