

AL MAYNARD & ASSOCIATES
Consulting Geologists

www.geological.com.au

(ABN 95 336 331 535)

9/280 Hay Street,
SUBIACO
Western Australia 6008

Tel: (618) 9388 1000
Fax: (618) 9388 1768

Mob: 04 0304 9449
A/h: (618) 9443 3333
al@geological.com.au

Australian & International Exploration & Evaluation of Mineral Properties

The Directors,
Australian Gold Investments Pty Ltd,
Level 34, 50 Bridge Street,
Sydney, NSW, 2000

28th December, 2007

Dear Sirs,

CLARIFICATION LETTER CONCERNING THE TERM "RESOURCE/S"

The following is for distribution to the Australian Securities Exchange Ltd in response to Part 2.2.11 of its letter to you dated 18 December, 2007 referring to the inclusion of pre-JORC mineralisation estimates on pages 27, 31, 33, 35, 36 and 38 of your prospectus.

P27: "drilling indicated that an in-situ gold resource of approximately 80,000oz Au existed to the east of the Broads Dam Deposit, adjacent to the Australian Gold Investments Limited current P16/2375 tenement,...."

This use of the term resource refers to "off-tenement" mineralisation and consequently we did not have access to the database nor did we check these calculations and estimates. We suspect it may have been JORC compliant as it was work done by an ASX listed Company (Australasian Gold Mines) between 1993 and 1997. However, the information was sourced from AGM public releases and not verified or validated by us as that task was outside of our scope.

P31 – Figure 8: Numerous "Production & Resource" figures of amounts of gold are quoted in captions relating to various known mineral deposits.

None of these mineralised areas are within AGI tenements and we did not verify or validate them to test for being JORC-Compliant. We quoted them from publicly listed company releases to illustrate there is a considerable amount of gold mineralisation in this general area. It is reasonable to suspect that there would have been JORC-compliant calculations leading to the conclusions of the various amounts of gold quoted although they were all reported as a combined "Production & Resource" number of gold ounces. The production part is self-evident but we did not investigate the resource component as this was outside of our scope and brief for your report.

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P33 – Figure 10: Two production numbers and one inferred resource in captions.

As above, none of these references to mineralisation are within AGI ground and are quoted to illustrate the known historical occurrence of gold in the vicinity of the AGI ground. The two production numbers are self-evident whilst the AGM inferred resource is thought to be JORC compliant as discussed in the first paragraph above. We did not verify or validate their estimates.

P35 – Figure 11. Two production numbers and one inferred resource in captions.

This is exactly the same as for Figure 10 referred to immediately above.

P36 – Figure 12. Two production numbers and one inferred resource in captions.

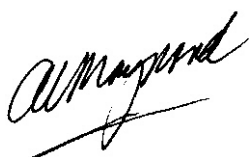
This is very similar to Figures 10 & 11 described above with “Cross-section” added to provide a different viewpoint. The same comments apply.

P38	“	...Gold Resource	Grade (g/t)	Au Recovered oz
		Broads Dam	3.9	89,730
		Blue Funnel	4.5	48,227

Whilst the term “Gold Resource” is used here it is clearly referring to the “Grade (g/t) and the amount of gold in ounces “Au Recovered oz” that was recovered by previous mining operations. Our understanding is that the JORC Code does not apply to reporting of “Mined out” or “Already Mined” or “Previously Mined” resources. The purpose of describing the amount of gold won from nearby areas outside of the AGI ground is to illustrate that the AGI ground is considered prospective for finding more gold. It is quite probable that the pre-mining resource estimates were in accordance with the JORC Code but we did not verify or validate this.

Please call, email or write or fax with any further clarification that may be required and we are happy to help.

Yours faithfully,



Allen J. Maynard

Principal Geologist