

25 January 2011

Company Announcements Office  
Australian Stock Exchange Limited  
20 Bridge Street  
SYDNEY NSW 2000

## **AUSTRALASIA CONSOLIDATED LIMITED**

### **QUARTERLY ACTIVITIES REPORT**

### **DECEMBER 2010**

#### **HIGHLIGHTS**

- Completes drilling obligation at Laverton gold project with positive drilling results
- Secures strategically located tenement in Northern Queensland
- Completes initial metallurgical testing of primary mineralisation from Glencoe gold deposit
- Receives \$1.65 million cash via exercise of options

#### **LAVERTON GOLD PROJECT, WESTERN AUSTRALIA**

The Company received positive results from the drilling program on the Prospecting License at Mount Lucky, over which it holds an option to purchase. Mount Lucky is located 10km east of the Granny Smith mill and 18km south-east of Laverton, in Western Australia.

Pursuant to the option agreement, the Company had an obligation to complete a minimum of 2,000 metres drilling. Following an initial drilling program of 14 holes for 1,302 metres, the Company completed a further 5 holes for a total of 714 metres bringing the total holes drilled to 19 for a total of 2,016 metres of reverse circulation drilling. The significant drilling results are set out in Table 1.

The mineralisation was found to be associated with black shales and quartz vein stockwork and is typical of the low grade oxide mineralisation found in the Laverton Goldfields.

Upon completion of the drilling program the Company sought a non JORC compliant resource estimation solely for the purpose of assisting with the evaluation process. The resource estimator recommended a further drilling program and other studies to more reliably test continuity of gold mineralisation. The Company is presently evaluating all data and recommendations before making any decision.

**Table 1 : Significant Drilling Results**

Hole ID	Nth	Easting	From (Metres)	To (Metres)	Interval (Metres)	Au g/t	EOH Depth (Metres)
ML_014	6818870	451717	105	113	8	1	138
ML_023	6819240	451720	31	33	2	1.2	102
ML_026	6819180	451710	44	49	5	0.92	120
ML_028	6818880	451713	32	52	20	0.91	150
ML_029	6818880	451663	112	134	22	2.77	150
ML_031	6818952	451722	76	80	4	2.20	132
ML_032	6819178	451701	100	102	2	3.23	150

- Notes:**
1. Drill hole collar positions determined by GPS.
  2. Analytical results by SGS Laboratories: 50g Fire Assay, 0.01g/t lower detection limit.
  3. Intersection grades reported for Holes 14 to 26 are 1 metre samples
  4. Intersection grades reported for Holes 28 to 32 are composites of 2 meter samples.
  5. Intercepts are "down-hole" metres. No estimate regarding true thickness is made or implied.

## MURNINNIE URANIUM JOINT VENTURE, GAWLER CRATON, SOUTH AUSTRALIA

The Murninnie Uranium JV Ground is located within Uranium SA's (ASX : USA) Mullaquana project area, 20km south of the industrial city of Whyalla on the eastern Eyre Peninsula.

The Company's JV tenement, EL3542 lies south west of the three sedimentary USA uranium discoveries (Blackbush, Samphire and Plumbush). The sediment hosting the Plumbush deposit has been interpreted to trend into EL3542.

Protracted landowner access negotiations have resulted in difficulties in continuing JV regional drilling. Accordingly, exploration by the JV partner has been suspended until the access issue is resolved.

## GLENCOE GOLD DEPOSIT, NORTHERN TERRITORY

Veritas Laboratories (formerly Amdel) was commissioned to conduct initial metallurgical testing of primary mineralisation from the Glencoe gold deposit. Half drillcore comprising two complete intersections (GLD 003 & 004) from the 2008 drill program made up a 46kg composite of material upon which the testing was performed.

Half-core assayed (fire assay) average grade of the composite is 2.7 g/t gold (based on length-weighting of assays). The average grade is 2.5 g/t (assays weighted according to the weight of the

remaining half-core for each sample). Gold is (in general) evenly distributed across size fractions after grinding to 80% passing 106 microns.

High recovery of contained sulphide (~95%) and arsenopyrite (~98%) was achieved by benchtop flotation tests; paradoxically gold recovered was 77% from the 106 micron grind and 87% from the 75 micron grind, but it is unclear whether this is product of the finer grind or fortuitous free gold content of the 106 micron material. All results are within the Company's expectations and the new data will continue to build up the value of this asset.

No on-ground exploration was undertaken on the Glencoe or other Northern Territory assets during the December 2010 quarter.

## ADDITIONAL CASH DURING QUARTER

16,504,218 listed AAOO options were exercised during the quarter. This resulted in the raising of \$1.65M in cash whilst not diluting shareholders and improving the capital structure of the Company. Macquarie Equities Limited acted as the broker to facilitate the conversion of 16.5 million options.

## FINANCE

At 31 December 2010 the Company had available cash totalling \$4,306,000.

Exploration and evaluation expenditure for the quarter was \$259,000.

Attached is a copy of the Company's Mining Exploration Entity Quarterly Report (Appendix 5B) in accordance with Listing Rule 5.3.

## Competent Person Statement

*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Nicholas Revell who is a member of the Australasian Institute of Mining & Metallurgy.*

*Mr Revell is an employee of Australasia Consolidated Limited 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 the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code).*

*Mr Revell consents to the inclusion in the report of the matters based on his information in the form and context in which they occur.*

## COPRORATE DIRECTORY

Australasia Consolidated Limited  
ABN: 93 104 757 904

ASX Code: AAO

### Registered Office

Address: Suite 4,  
213 Balcatta Road  
BALCATTWA 6021

Telephone: (61 8) 9240 4111

Facsimile: (61 8) 9240 4054

### Postal Address

Address: PO Box 641  
BALCATTWA 6914

### Website

[www.australasiaconsolidated.com.au](http://www.australasiaconsolidated.com.au)

### Directors & Senior Management

**Nick Revell**  
Executive Director

**John Terpu**  
Chairman  
Non-Executive Director

**Bruno Firriolo**  
Non-Executive Director

**Bob Browning**  
Chief Executive Officer

**Bryant Plavsic**  
Chief Financial Officer

### Company Secretary

**Bruno Firriolo**

### Advisory Group

**Mark Barnaba**  
Chairman

**John Akehurst**

**John Willinge**

### Share Capital

**AAO ordinary shares**  
189,331,800

**AAOO listed options**  
130,513,218

**Unlisted options**  
495,000

### Media Relations

**Shaun Duffy**  
FD  
Telephone: (61 8) 9386 1233  
Mobile: 0404 094 384

### Quarterly Share Price Activity

	2010	High	Low	Last
March		\$0.09	\$0.054	\$0.065
			7	
June		\$0.08	\$0.044	\$0.045
September		\$0.09	\$0.045	\$0.085
December		\$0.295	\$0.075	\$0.265

### Share Registry

Link Market Services

Level 12, 680 George Street  
SYDNEY NSW 2000

**Telephone:** 1300 554 474  
(02) 8280 7111

If you wish to view your holdings online please click on the following link:

[www.linkmarketservices.com.au/public/investors/login.html?issuer=AAO](http://www.linkmarketservices.com.au/public/investors/login.html?issuer=AAO)

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

**Australasia Consolidated Limited**

ABN

93 104 757 904

Quarter ended ("current quarter")

31 December 2010

### Consolidated statement of cash flows

<b>Cash flows related to operating activities</b>	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(259)	(290)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	54	84
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material) R&D tax offset refunded	-	147
<b>Net Operating Cash Flows</b>	<b>(656)</b>	<b>(772)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(3)	-
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
<b>Net investing cash flows</b>	<b>(3)</b>	<b>(3)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(659)</b>	<b>(775)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(659)	(775)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	1,650	3,353
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Share issue costs	(20)	(25)
	<b>Net financing cash flows</b>	1,630	3,328
	<b>Net increase (decrease) in cash held</b>	971	2,553
1.20	Cash at beginning of quarter/year to date	3,335	1,753
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	4,306	4,306

**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	208
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

N/A

**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

N/A

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

N/A

+ See chapter 19 for defined terms.

### 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	
3.2 Credit standby arrangements	NIL	

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	200
4.2 Development	-
4.3 Production	-
4.4 Administration	620
<b>Total</b>	<b>820</b>

### 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	33	81
5.2 Deposits at call	4,273	3,254
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.22)	<b>4,306</b>	<b>3,335</b>

### 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	EL22301	Relinquished	100%	-
	EL23824	Relinquished	100%	-
6.2 Interests in mining tenements acquired or increased	NIL			

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**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 <b>Preference securities</b> (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>*Ordinary securities</b>	189,298,050	189,298,050		
7.4 Changes during quarter (a) Increases through issues (b) Options exercised	16,504,218	16,504,218		
7.5 <b>*Convertible debt securities</b> (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
	170,000	-	\$0.13	31 December 2011
	100,000	-	\$0.19	13 March 2012
	75,000	-	\$0.12	31 October 2012
	150,000	-	\$0.11	31 December 2012
	130,546,878	130,546,878	\$0.10	19 April 2013
7.8 Issued during quarter				
7.9 Exercised during quarter	16,504,218	16,504,218	\$0.10	19 April 2013
7.10 Expired during quarter				
7.11 <b>Debentures</b> (totals only)				

+ See chapter 19 for defined terms.

7.12	<b>Unsecured notes</b> ( <i>totals only</i> )		
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## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act **or other standards acceptable to ASX** (see note 4).
- 2 This statement does /does not\* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:  ..... Date: 25 January 2011  
(Director/Company secretary)

Print name: Bruno Firriolo

## 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.

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+ See chapter 19 for defined terms.