
AUSTRALASIA CONSOLIDATED LIMITED

Investor Update

December 2010

Disclaimer

The information in this document is published to inform you about Australasia Consolidated Limited (ASX Code: AAO) and its activities.

This document contains reference to certain intentions, expectations and plans of AAO. Those intentions, expectations and plans may or may not be achieved. They are based on certain assumptions which may not be met or on which views may differ. The performance and operations of AAO may be influenced by a number of factors, many of which are outside the control of AAO. No representation or warranty, express or implied, is made by AAO or any of its respective directors, employees, agents, advisers and consultants that any intentions, expectations or plans will be achieved either totally or partially.

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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.

Summary

- Our focus is on investing in **established companies with strong growth prospects** and where there is an opportunity for AAO to add value through our **management expertise** and ability to **maximise the value of business post-acquisition**. We aim to acquire businesses with an enterprise value of between A\$50 million and A\$250 million, but AAO could undertake larger acquisitions along with investment partners.
- **Broad range of funding sources** are available depending on the deal, including utilising our scrip or cash-based acquisitions that are both equity and debt funded. We have strong relationships with brokers and bankers to support our capital raising activities.
- **Our corporate centre** adds value by:
 - **Acquiring and driving businesses to full potential**: key activities include acquisitions, post-acquisition integration, management of talent and strategic planning/execution
 - **Capital raising**: key activities include fund raising and market communications
 - **General administration**: key activities include management of Finance, Treasury, HR, Legal and IT.

Agenda

- Who are we?
- What is our approach?
- Where are we focused?

Who are we?

- Australasia Consolidated currently owns minerals projects in the Pine Creek region of the Northern Territory, in South Australia's Gawler Craton, Mt Carlton region in the Bowen Basin of Queensland and has an option to purchase the Mt Lucky tenement in the Laverton area of Western Australia. It has \$3.3M in cash (\$40M market capitalisation as at 22/11/2010 with 172,793,832 shares) and a corporate infrastructure and governance processes as befit a listed ASX company.
- Recently, the Board has put into place a transition plan to a new investment vehicle in order to place the Company on a strong platform to undertake a more active growth strategy.
- The first step in this plan has been to create an Advisory Group consisting of Mark Barnaba, John Akehurst and John Willinge.
- On October 25, 2010, the Board confirmed its commitment to establishing a new investment vehicle with the appointments of Bob Browning as Chief Executive Officer and Bryant Plavsic as Chief Financial Officer.
- The Board, the Advisory Group and the newly formed management team intend to explore acquisition opportunities to execute the new growth strategy.

Who are we?

Management Team



Bob Browning

- *Chief Executive Officer*
- M. Science (International Business) MIT, MBA Phoenix, B. Science San Diego
- Seasoned Executive with recent roles including:
 - Managing Director and Chief Executive Officer of Austal Ltd (3 years)
 - Chief Executive officer and Director of Alinta Ltd (6+ years)
 - Vice President HR of Utilicorp United Inc (3+ years)
 - Director, Organisation Effectiveness Coca-Cola Enterprises Inc (4+ years)



Bryant Plavsic

- *Chief Financial Officer*
- B. Comm UNSW (Hons, University Medal), M. Phil Oxford (Economics)
- 15+ years of experience in consulting and corporate roles including:
 - Partner Bain and Company
 - Head of Strategy Perpetual Ltd
 - Co-founder GEM Consulting/Poynton and Partners
 - Manager McKinsey & Company

Who are we?

Advisory Group



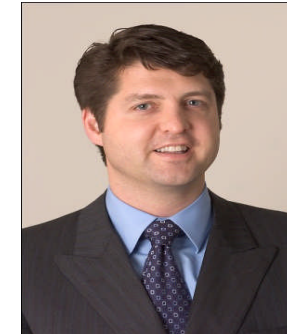
Mark Barnaba

- Non-Executive Director Fortescue Metals
- Chairman Western Power
- Chairman of UWA Business School
- Previous experience includes:
 - Co-founder and Exec Chair of Azure Capital
 - Co-founder and MD of GEM Consulting/Poynton and Partners
 - Chairman of Alinta Infrastructure
 - Chairman of West Coast Eagles
 - Manager with McKinsey
 - Harvard MBA (Baker Scholar)
 - BCom from the University of Western Australia (1st Class Hons, Uni Medal)



John Akehurst

- Board of the Reserve Bank of Australia
- Non-Executive Director of CSL Limited
- Non-Executive Director of Securrency Ltd
- Non Executive Director of University of Western Australia's Business School and Curtin University's Sustainable Development Institute
- Director of Origin Energy
- Chairman of the National Centre of Asbestos Related Diseases and of the Fortitude Foundation
- Previous experience includes:
 - Senior executive with Royal Dutch Shell (1976 – 1996)
 - CEO of Woodside Petroleum Ltd (1996 – 2003)
 - Master of Engineering from Oxford



John Willinge

- Founder of Alverstoke Group LLC, an investment management firm based in New York
- Previously worked at a number of leading global financial services firms including :
 - Thomas Weisel Partners (as a Partner in San Francisco),
 - Goldman Sachs and Co (in New York), and Rothschild (Australia).
- Served on the Board of Directors of public and private companies across a variety of industries
- Harvard MBA (Hons)
- BCom from the UWA
- Bachelor of Applied Science in Engineering from the Western Australian School of Mines

Azure Capital has been engaged to assist AAO's acquisition and financing strategy

Azure Capital

Leading independent corporate adviser based in Western Australia

- With 34 professional staff located in Perth, Azure is the leader in the WA market with Perth's largest corporate advisory team and is also one of the most highly ranked boutique advisers in Australia
- Azure has led many landmark transactions ... from Australia's first combined demutualisation and merger¹ to the 2009 PFI African Mining Deal of the Year ²
- Azure's focus is primarily small to mid-cap companies and is one of the top 5 metals and mining advisers in Australia³
- Azure also has significant experience with a wide range of industrial clients in the financial services, engineering and mining services and IT sectors, as well as in agriculture, horticulture and forestry

Offers a full suite of corporate advisory related services

- Transaction origination and execution
 - Mergers & acquisitions
 - Property advisory
 - Agricultural advisory
- Corporate and capital markets strategy
 - Equity capital markets
 - Debt advisory

Team delivering experience across M&A and ECM

- Charlie Kempson, Director, Corporate Advisory
 - Experience in resources, finance and industrial sectors on a range of transactions including equity and debt capital raisings, IPOs, and acquisitions and divestments
- Adam Rankine-Wilson, Director, Equity Capital Markets
 - Has extensive experience in the mining and investment industries, and has executed numerous capital raisings for clients across a wide range of sectors

1. Demutualisation of StateWest Credit Society and merger with Home Building Society, completed in July 2006
2. Project finance for Paladin Energy's Kayelekera mine development – PFI Magazine African Mining Deal of the Year 2009
3. Mergermarket – Top Australian Metals and Mining deal-makers league table (2006 to March 2010)

We have recently announced very positive results regarding AAO's exploration activities. We will seek to maximise the value from these assets without diverting us from our long term acquisition strategy

Recent Announcement

Mt Carlton

- Secured new tenement ground at the northern end of the Bowen Basin in Queensland.
- The tenement was formerly held by Conquest Mining Limited ('Conquest') and relinquished under Queensland's compulsory tenement relinquishment regulations. Conquest has already discovered four deposits in the region.
- The currently reported mineral resource estimates for Conquest's Mt Carlton Project total 27.6 million tonnes at 1.6 g/t gold, 45 g/t silver and 0.27% copper, containing 1.5 million ounces of gold, 40 million ounces of silver and 74,600 tonnes of copper¹.

Mt Lucky

- AAO has announced positive results from the ongoing drilling program on the Prospecting License at Mount Lucky, Laverton WA, over which the Company holds an option to purchase.
- Whilst the Company's Board has not yet formally made a decision, the results to date are sufficiently material that there is a strong likelihood that the option to acquire the tenement will be exercised.

Focus of Strategy

- Maximise the value from the existing portfolio of exploration assets while, at the same time, pursuing its new strategy to develop a strong platform for growth by acquiring businesses with significant long term growth potential.

1. As reported on 22 October 2009 : conquestmining.com.au/pdf/499_.pdf

Agenda

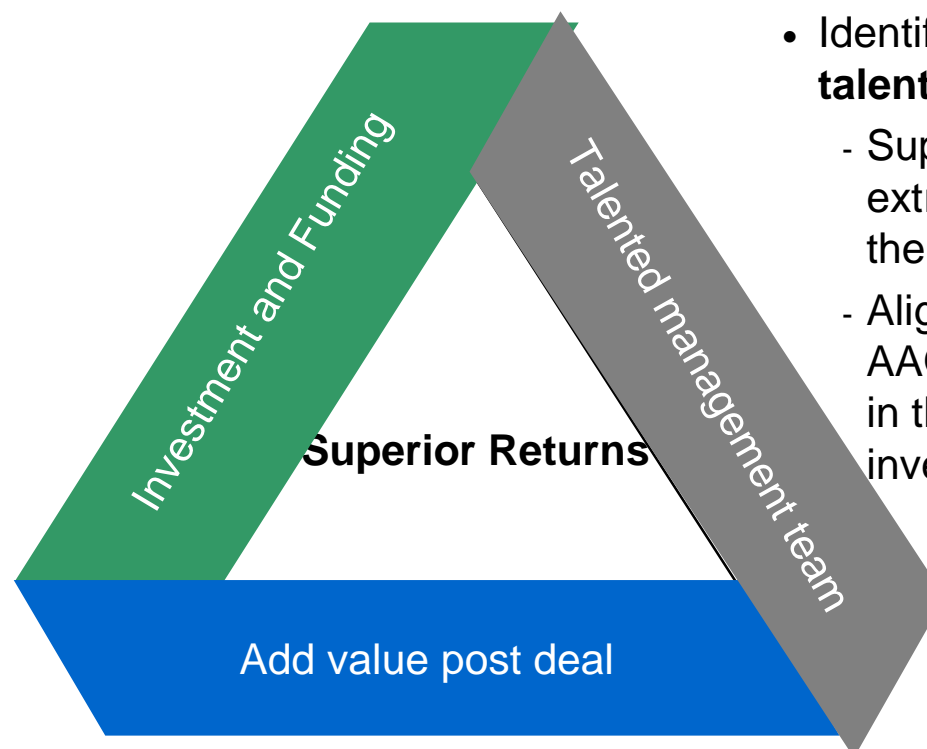
- Who are we?
- What is our approach?
- Where are we focused?

Executing a disciplined investment process, adding value post-deal and selecting a talented management team are critical to our success

Investment success

- **Investment selection and funding**

- Disciplined investment criteria
- Strong deal flow that meets the investment strategy criteria
- Established funding lines of equity and debt
- Relationships with Azure Capital and Macquarie to support capital raising activities

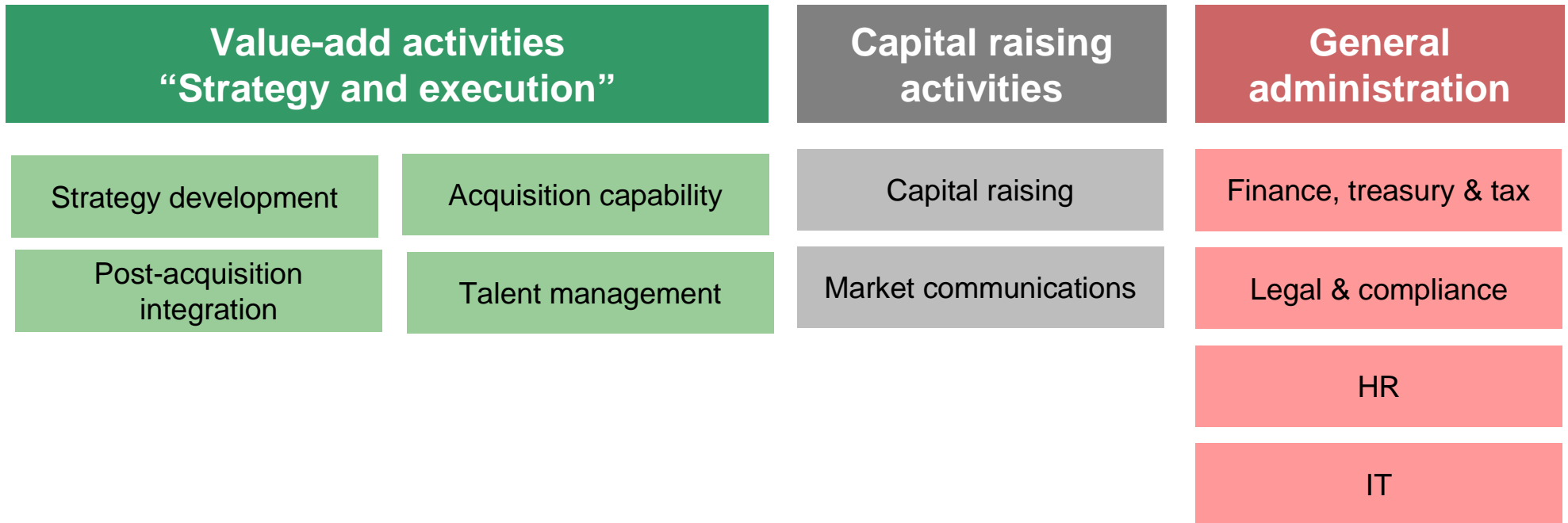


- Identify, retain and motivate **talented management** teams
 - Support management teams to extract maximum value from the business
 - Aligned incentive models (e.g. AAO management have 'skin in the game' through equity investment in the business)

- Develop plan to achieve **full potential from an acquisition**
 - Define full potential strategy
 - Convert strategy into implementation
 - Provide internal/external resources and support

The AAO corporate centre needs to deliver on three distinct roles

Role of the AAO corporate centre



“I have been in Private Equity for over 20 years and I am excited about this new model of investing. We have ‘hands on’ capability to add value to the companies we acquire.”

John Willinge

There are a number of generic options we are investigating to access the appropriate deals

Need for new AAO equity / debt

Acquire from Private Equity

- Alternative to IPO process, plus addition of public market management team and Board
- Prefer larger, perhaps \$200 million +

Replace majority of PE equity, \$100m+ for \$200m acquisition

Single Large Private Acquisition

- Back door listing, plus replacement of management team, and new Board
- Prefer \$100 million +

Replace majority of founder's equity –perhaps \$75m for \$100m acquisition

Purchase of “Unloved” Public Company

- Replacement of management team
- Potential offer of exit to some existing shareholders

Potential to replace some exiting shareholders, or cash

Back-Door of 2-3 Private Companies

- Ability to back-door companies which would otherwise be too small to IPO
- Also addition of management team and Board

Replace some of founder's equity

Acquire Large Utility from Government

- Institutional backing of management team and Board to run utility
- Number of opportunities available currently

Would need to line up very significant institutional support

We aim to add value throughout the entire investment process

Investment cycle



“We developed the team with a view to adding value across all areas of the investment cycle. We have team members who are strong at front-end deal making and others that are stronger at operating and driving performance from a business.”

Mark Barnaba

Agenda

- Who are we?
- What is our approach?
- Where are we focused?

We have developed a clear focus on high priority industries as well as the style and size of investment for consideration

Focus of investment activity

Sector Focus

- Considering acquisitions across many sectors
- Once we find the right opportunity we will seek to build scale and a sustainable business in that sector
- Our initial focus will be on industries where the team has most experience and a proven track record
- These industries include mining and industrial services, renewables and energy related industries, consumer goods and financial services

Style

- Established businesses
- Ability to add value through strategy development, capital raising, M&A/integration and talent management

Size

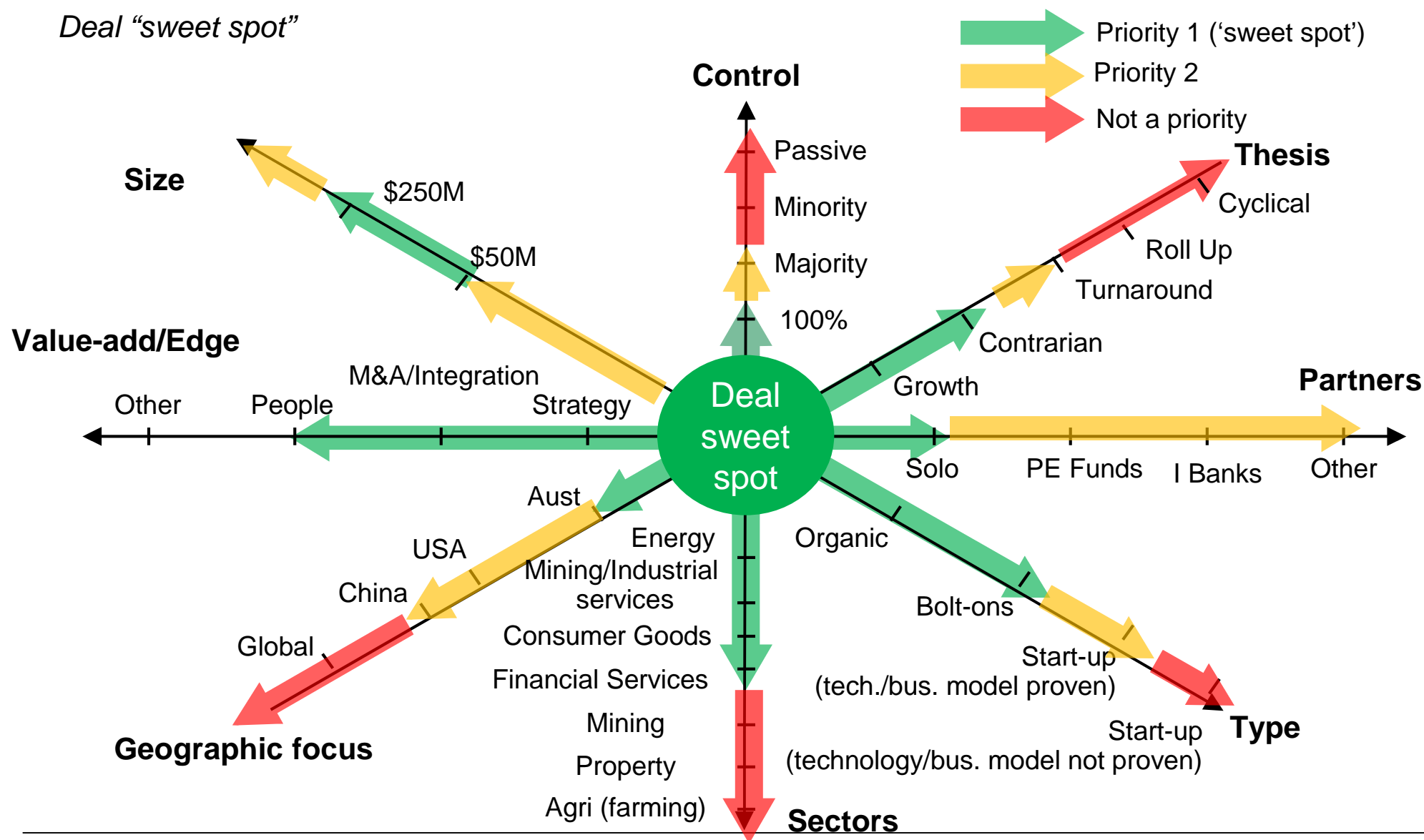
- Aim for companies with an Enterprise Value between \$50-250M
- Can do smaller as a bolt-on to a larger core
- Can do larger with investment partners

“This is a highly talented team that has a clear mission to build a strong sustainable business and drive shareholder value.”

John Akehurst

We have developed the criteria for the priority 1 'sweet spot' deals, priority 2 deals and also deals that are outside our criteria

Deal "sweet spot"



Construction & Engineering and Industrial Services sector opportunities

Priority Sector

Investment Thesis

- Potential for **aggregation and drive to full potential**
 - **Fragmented** and often in need of **professional management and capital to fund growth**
 - Many players with strong **local market focus but may be able to expand customers, services and geographies**
 - **Specialisation** can lead to **higher margins**
- Certain **subsectors** may be **more attractive** (e.g. Mining services, Roads/Bridges/Dams construction)

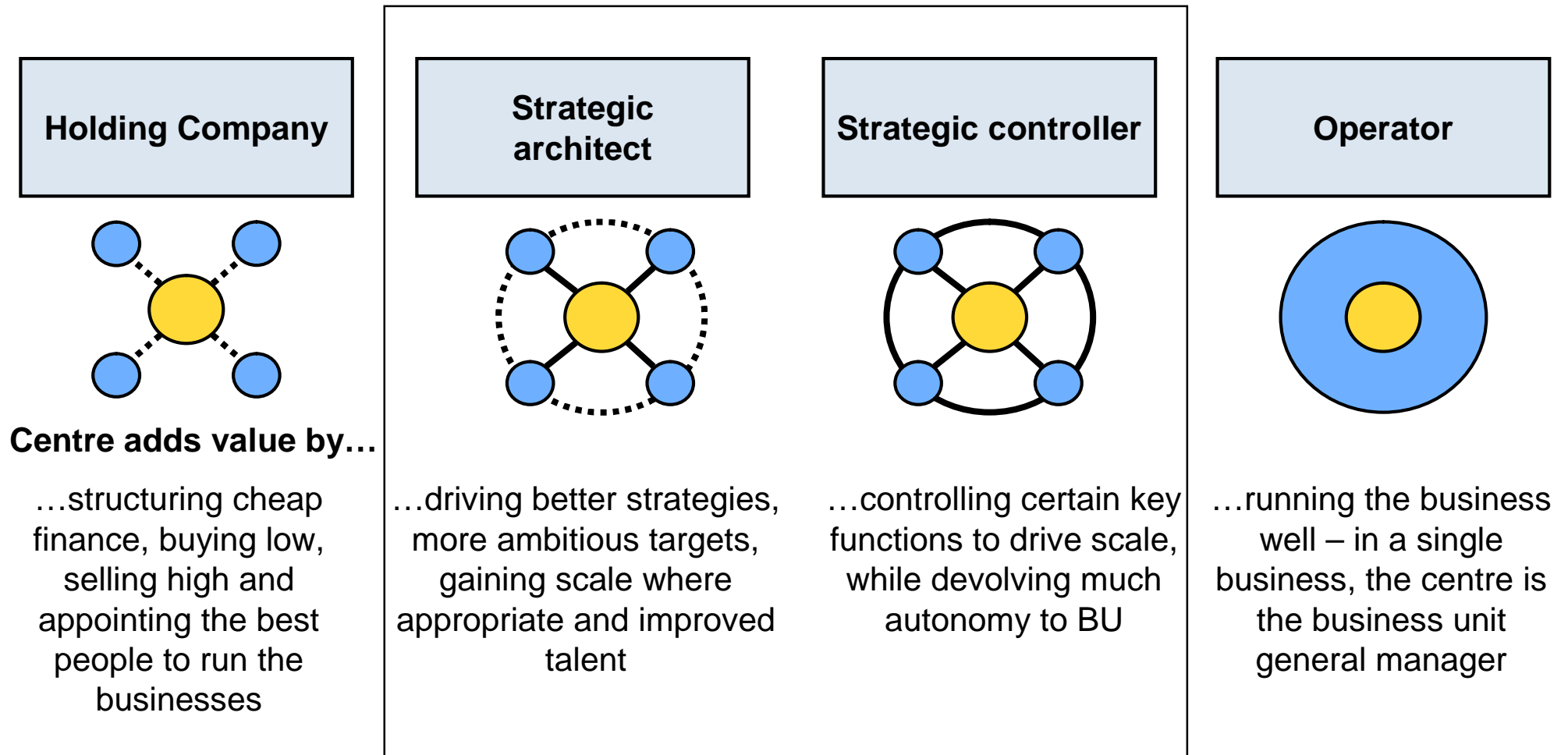


Industry Players

- A **multitude of small and medium private companies** exist
 - Over **260** companies are members of **Mining and Energy Services Council** of Australia
 - 150 provide equipment/machinery
 - 100 provide engineering services
 - ~35 offering contract mining
 - Over **250** member companies of the **Civil Contractors Federation**

The role of the centre for AAO is one of “strategic architect or controller” as opposed to a ‘holding company’ approach at one end and a full operational model at the other

Role of the AAO corporate centre



Conclusion

- AAO will be an active acquirer of businesses
 - First transaction could occur as soon as Q1 2011
 - Total Shareholder Return in last 6 months ~240%
 - Future transactions will build on TSR to-date
 - Effective integration and management will ensure each acquisition is positioned to realise its full potential
 - AAO will be the majority or sole holder of equity in each acquisition.
Therefore:
 - No management fees
 - AAO management only succeeds when shareholders succeed
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