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AUSTRALASIA CONSOLIDATED LIMITED

(Formerly Australasia Gold Limited)

ACN 104 757 904

And Its Controlled Entities

INTERIM FINANCIAL REPORT

31 December 2010

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DIRECTORS' REPORT

Your directors submit their report together with the consolidated financial report for the half-year ended 31 December 2010 and the review report thereon for Australasia Consolidated Limited (the Company).

Directors

The Directors of the Company during or since the end of the half-year are:

Name**Period of directorship**

John Terpu
Non-Executive Director
Appointed 24 March 2009
Chairman
Appointed 27 May 2009

Bob Browning
Managing Director
Appointed 25 February 2011

Bryant Plavsic
Executive Director
Appointed 25 February 2011

Bruno Firriolo
Non-Executive Director,
Appointed 24 March 2009

Nicholas Revell
Executive Director,
Appointed 4 February 2010
Resigned 25 February 2011

Operating and Financial Review**Result of Operations**

The consolidated loss from ordinary activities of the Company and its controlled entities for the half-year ended 31 December 2010 was \$1,454,837 (31 December 2009 – loss \$99,034).

Review of Operations

During the six months ended 31 December 2010 the Company concentrated its exploration efforts within Australia, following the disposal of its New Zealand tenement holdings earlier in the calendar year.

At Murninnie in the Gawler Craton (South Australia), reconnaissance drilling by joint venture partner, UraniumSA Limited, commenced on the eastern part of EL 3542. The exploration work targeted sedimentary uranium mineralisation interpreted from geological and geophysical interpretation. Protracted landowner access negotiations resulted in difficulties in continuing JV regional drilling. Accordingly, exploration by the JV partner was suspended until the access issue is resolved.

No on-ground exploration was undertaken on the Glencoe or other Northern Territory assets during the half-year. However, the Company commissioned initial metallurgical testing of primary mineralisation from the Glencoe gold deposit. All results were within the Company's expectations and the new data will continue to build up the value of this asset.

DIRECTORS' REPORT

A new project opportunity offered to the Company during the half-year was the highly prospective Prospecting Licence P38/3313 in the Laverton Goldfields of Western Australia. Pursuant to an option to purchase agreement, the Company undertook an RC drilling program of 19 holes for a total of 2,016 metres. 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.

The Company disposed of its interest in EL22301 and EL23824 during the half-year. Cancellation of EL24142 is pending. The majority of the \$121,523 exploration expenditure written off for the half-year relates to these tenements.

In late 2010 the Company expanded its management skill set with the appointment of Bob Browning as Chief Executive Officer and Bryant Plavsic as Chief Financial Officer (both appointed as directors since the half-year). The appointments followed a change in strategy to generate shareholder value through new acquisitions and driving asset performance to full potential. In conjunction with an Advisory Group consisting of Mark Barnaba, John Akehurst and John Willinge, the Company commenced a process to identify, evaluate, finance and acquire outstanding, value-creating assets.

The Company significantly increased its cash reserves during the half-year, raising \$1,702,993 (before expenses) from the issue of new securities and \$1,650,422 from the exercise of options by option holders.

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The Auditor's Independence Declaration is set out on the next page and forms part of the Directors' Report for the half-year ended 31 December 2010.

Signed in accordance with a resolution of the directors.



J TERPU
Chairman

Dated at Perth this 14th day of March 2011.

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Australasia Consolidated Limited for the half-year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.



**Perth, Western Australia
14 March 2011**

**M R W OHM
Partner, HLB Mann Judd**

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DIRECTORS' DECLARATION

In the opinion of the directors of Australasia Consolidated Limited ("the Company"):

1. the financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the six month period ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements.
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



J TERPU
Chairman

Dated at Perth this 14th day of March 2011.

	Consolidated	
	31 December 2010	31 December 2009
	\$	\$
Revenues	81,121	11,744
Expenses		
Exploration and evaluation expenditure written off	121,523	2,420
Depreciation expense	1,365	2,566
Loss on scrapping of fixed assets	2,097	-
Interest expense	-	57
Share-based payment of consulting fees	780,000	-
Administration expenses	630,973	105,735
Total expenses	1,535,958	110,778
Loss before income tax expense	(1,454,837)	(99,034)
Income tax expense	-	-
Net loss for the period	(1,454,837)	(99,034)
Other comprehensive income, net of income tax	-	-
Total comprehensive loss for the period	(1,454,837)	(99,034)
Earnings per share		
Basic and diluted loss per share (cents per share)	0.95	0.10

The statement of comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2010

Australasia Consolidated
LIMITED

	Note	Consolidated	
		31 December 2010 \$	30 June 2010 \$
Current Assets			
Cash and cash equivalents		4,307,306	1,753,684
Trade and other receivables		18,184	164,044
Other current assets		16,286	6,255
Total Current Assets		4,341,776	1,923,983
Non-Current Assets			
Other receivables		15,261	15,261
Plant & equipment		5,386	5,288
Exploration and evaluation expenditure	3	2,486,735	2,293,045
Total Non-Current Assets		2,507,382	2,313,594
Total Assets		6,849,158	4,237,577
Current Liabilities			
Trade and other payables		94,812	135,846
Total Current Liabilities		94,812	135,846
Non-Current Liabilities			
Deferred income		59,000	59,000
Total Non-Current Liabilities		59,000	59,000
Total Liabilities		153,812	194,846
Net Assets		6,695,346	4,042,731
Equity			
Issued capital	2	14,261,913	10,259,958
Reserves		157,525	52,028
Accumulated losses		(7,724,092)	(6,269,255)
Total Equity		6,695,346	4,042,731

The statement of financial position should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the half-year ended 31 December 2010

Australasia Consolidated
LIMITED

	Consolidated	
	31 December 2010	31 December 2009
	\$	\$
Cash flows from operating activities		
Cash receipts from customers	-	-
Payments to suppliers and employees	(701,170)	(132,607)
Interest received	84,659	9,916
Interest paid	-	(57)
R & D tax offset refunded	147,149	-
Net cash used in operating activities	(469,362)	(122,748)
Cash flows from investing activities		
Acquisition of plant and equipment	(3,560)	(980)
Payments for exploration and evaluation expenditure	(300,908)	(54,477)
Refund of tenement security bonds	-	8,844
Net cash used in investing activities	(304,468)	(46,613)
Cash flows from financing activities		
Proceeds from issue of equity securities	3,353,415	-
Capital raising costs	(25,963)	-
Net cash provided by financing activities	3,327,452	-
Net increase/(decrease) in cash and cash equivalents	2,553,622	(169,361)
Cash and cash equivalents at beginning of half-year	1,753,684	834,548
Cash and cash equivalents at end of half-year	4,307,306	665,187

The statement of cash flows should be read in conjunction with the accompanying notes.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half-year ended 31 December 2010

Australasia Consolidated
LIMITED

	Share Capital \$	Accumulated Losses \$	Option Reserve \$	Total \$
Balance at 1 July 2009	9,031,787	(5,883,633)	52,028	3,200,182
Total comprehensive income				
- Loss for the period	-	(99,034)	-	(99,034)
- Other comprehensive income	-	-	-	-
Transactions recorded directly in equity				
- Share-based payments	-	-	-	-
- Issue of share capital	-	-	-	-
Balance at 31 December 2009	9,031,787	(5,982,667)	52,028	3,101,148
Balance at 1 July 2010	10,259,958	(6,269,255)	52,028	4,042,731
Total comprehensive income				
- Loss for the period	-	(1,454,837)	-	(1,454,837)
- Other comprehensive income	-	-	-	-
Transactions recorded directly in equity				
- Share-based payments	988,000	-	7,000	995,000
- Issue of share capital	3,238,415	-	-	3,238,415
- Issue of options	-	-	115,000	115,000
- Transfer on conversion of options	16,503	-	(16,503)	-
- Issue costs	(240,963)	-	-	(240,963)
Balance at 31 December 2010	14,261,913	(7,724,092)	157,525	6,695,346

The statement of changes in equity should be read in conjunction with the accompanying notes.

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1. Statement of Significant Accounting Policies

Reporting Entity

Australasia Consolidated Limited (the "Company"), formerly known as Australasia Gold Limited until notification on 27 July 2010 that the name had changed, is a company domiciled in Australia. The condensed consolidated interim financial report of the Company for the six months ended 31 December 2010 comprises the Company and its subsidiaries (together referred to as the "Group").

Statement of compliance

These interim consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2010 and any public announcements made by Australasia Consolidated Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Basis of Preparation

The interim report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

Significant accounting judgements and key estimates

The preparation of interim financial reports requires management to make judgements estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2010.

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2010, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the annual reporting periods beginning on or after 1 July 2010.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2010. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

2. Issued Capital

	Consolidated	
	31 December 2010 \$	30 June 2010 \$
Contributed equity comprises		
189,298,050 fully paid ordinary shares (30 June 2010: 125,255,502)	14,261,913	10,259,958

	31 December 2010		31 December 2009	
	No.	\$	No.	\$
Movement in issued shares for the period				
Balance at start of the period	125,255,502	10,259,958	100,204,401	9,031,787
Issued for cash	30,538,325	1,587,993	-	-
Share-based payment	13,000,000	780,000	-	-
Share-based payment	4,000,000	208,000	-	-
Options exercised	16,504,223	1,666,925	-	-
Costs associated with the issue of shares	-	(240,963)	-	-
Balance at end of the period	189,298,050	14,261,913	100,204,401	9,031,787

	31 December 2010 No.		31 December 2009 No.	
Options over ordinary shares				
Options on issue at beginning of period	27,546,101		4,495,000	
Options issued	122,000,000		-	
Options exercised	(16,504,223)		-	
Options expired	(2,000,000)		(2,000,000)	
Options on issue at end of period	131,041,878		2,495,000	

	Date of Expiry	Exercise Price		
	25 Aug 10	\$0.80	-	2,000,000
	30 Nov 11	\$0.13	170,000	170,000
	13 Mar 12	\$0.19	100,000	100,000
	31 Oct 12	\$0.12	75,000	75,000
	31 Dec 12	\$0.11	150,000	150,000
	19 Apr 13	\$0.10	130,546,878	-
			131,041,878	2,495,000

3. Exploration and Evaluation Expenditure

	Consolidated	
	31 December 2010 \$	30 June 2010 \$
Costs carried forward in respect of areas in the exploration and evaluation phase	2,486,735	2,293,045
	31 December 2010 \$	31 December 2009 \$
Balance at start of the period	2,293,045	2,404,201
Expenditure incurred	315,213	56,702
Expenditure written off	(121,523)	(2,420)
Balance at end of the period	<u>2,486,735</u>	<u>2,458,483</u>

The recoupment of costs carried forward in the exploration and evaluation phase is dependent upon the successful development and commercial exploitation or sale of the respective areas.

4. Operating Segments

The Group has one reportable segment being mineral exploration in Australia.

5. Related Parties

Key management personnel receive compensation in the form of short-term employee benefits, post-employment benefits and share-based payments.

Other related party transactions

	Transaction Value Six months ended		Balance Outstanding	
	31 December 2010 \$	31 December 2009 \$	31 December 2010 \$	30 June 2010 \$
<i>Expenses</i>				
Companies controlled by directors:				
- administration fees	270,000	25,500	-	-
- tenement management fees	-	1,500	-	825

Transaction balances with related parties are settled in cash within 30 days of invoice date.

Other

During the half-year period, the Company commenced to incur exploration and evaluation expenditure on the Laverton Gold Project, Western Australia. Expenditure to 31 December 2010 totalled \$255,473. The Company incurred the expenditure under an option to purchase agreement with a company controlled by a director.

6. Subsequent Events

There has not arisen in the interval between the end of the financial half-year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in subsequent financial periods.

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Australasia Consolidated Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Australasia Consolidated Limited ("the Company") which comprises the condensed consolidated statement of financial position as at 31 December 2010, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Australasia Consolidated Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Australasia Consolidated Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

HLB Mann Judd

**HLB MANN JUDD
Chartered Accountants**



**M R W OHM
Partner**

**Perth, Western Australia
14 March 2011**

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