



A1 Consolidated Gold

ASX Release – 28th October 2014

Quarterly Activities Report

A1 Consolidated Gold Ltd

ABN 50 149 308 921

ASX:AYC

Investment Highlights:

Advanced project on granted mining lease – fully operational mine site including underground development & infrastructure

Mineral Resources in accordance with the JORC Code (2012)
Indicated – 250,000 t @ 5.1 g/t for 41,200 oz Au
Inferred – 1,170,000t @ 6.4 g/t for 240,000 oz Au

Board of Directors:

Chairman
Ashok Parekh

Managing Director
Dennis Clark

Non-Executive Director
Morrie Goodz

Company Secretary
Dennis Wilkins

Capital Structure:

176,683,522 ordinary shares
28,666,667 unlisted options

Contact:

Dennis Wilkins
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A1 Consolidated Gold Limited (ASX: AYC) is pleased to report its activities for the Quarter ending 30th September 2014.

Highlights:

❖ A1 Gold Mine Stage 1 Scoping Study

- Production Target 378,000 tonnes @ 6.52g/t Gold
- All In Sustaining Cost of \$860 per oz Gold
- Pre-production Capex \$2.9 million
- Projected pre-tax net cash \$30.7 million
- NPV \$23.2 million
- IRR 62%

❖ Capital Raising Announced

- Renounceable Rights Issue to raise up to \$4.63 million underway
- Bonus Issue of Loyalty Options on a 1:3 Basis planned

❖ Option to Acquire Walhalla Tenements

- Tenements located within the Walhalla –Woods Point Dyke Corridor
- Tenements include Mining Licence MIN5487

Managing Directors Comments

Managing Director Dennis Clark said "During the September 2014 Quarter, a committed effort by the Company has seen the completion of the A1 Gold Mine Stage 1 Scoping Study and a rights issue underwritten to \$2.2m, providing the Company with a platform to fund the development works required to bring Stage 1 of the A1 Gold Mine into production"

"With an All in Sustaining Cost of production at \$860 per oz gold and modest pre-production Capex, the development of Stage 1 of the A1 Gold Mine has the potential to transform the Company into a boutique gold producer."

Cautionary Statement

The Scoping Study referred to in this announcement is based on low-level technical and economic assessments, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic production mining case at this stage or to provide certainty that the conclusions of the Scoping Study will be realised. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the conversion of Inferred Mineral Resources to Indicated Mineral Resources or that the production target itself will be realised. This production target equates to 67% of the JORC Code 2012 compliant Mineral Resource Estimate between the 1420 RL and the 1310 RL and is made up of approximately 37% Indicated Mineral Resource and 63% Inferred Mineral Resource. During the critical first 2 years, 42% of production is from Indicated Mineral Resources.





A1 Gold Mine Stage 1 Scoping Study

During the September 2014 reporting period, the Stage 1 Scoping Study for the first 3 years on the Company's 100% owned A1 Gold Mine in north-eastern Victoria was completed. Stage 1 mining of the A1 Gold Mine stockworks is limited to the area of the mine between 1420 RL and 1310 RL, which area contains the Company's Indicated Mineral Resource.

The Stage 1 Scoping Study has been completed by independent mining consultants, Mining One, with assistance from the Company's management. The Stage 1 Scoping Study highlights the low cost of the A1 Gold Mine model with an estimated All in Sustaining Cost of AUD \$860 per oz Au.

Stage 1 Scoping Study ASX Announcement 5 September	
When	1H'15 – 1H'18
Life	3 years
NPV	\$23.2m
Capex	\$2.9m
Pre-tax Net Cash	\$30.7m
C3 (All-in Sustaining Cost)	\$860/oz
IRR	62%
Payback Period	12 months
Production Target	378,000t @ 6.52g/t Au (67% of A1's JORC 2012 Mineral Resource estimate)
Mining Rate	150,000 tpa
Annual Production	25,000 oz from year 2
Mill Recovery	80%
Type	Open stoping
Access	120m decline to complete
Toll Treatment	Offsite for year 1 only
Labour at full production	28 people
Gold Price	AUD\$1300 oz





Following completion of decline development to the 1420 RL, stoping has been scheduled to be mined at an annual rate of 150,000 tpa @ 6.52 g/t Au, containing 30,000 oz of gold.

The Stage 1 Scoping Study has a mine life of 3 years, with a production target of 378,000 tonnes. This production target equates to 67% of the JORC Code 2012 compliant Mineral Resource Estimate between the 1420 RL and 1310 RL and is made up of approximately 37% Indicated Mineral Resource and 63% Inferred Mineral Resource. During the critical first 2 years, 42% of production is from Indicated Mineral Resources.

Mill recoveries have been set at 80% following consultation with the toll treatment contractor, Balmaine Gold Pty Ltd (a wholly owned subsidiary of Castlemaine Gold Ltd) (CGT), at Ballarat. This is to be confirmed by treatment of onsite stockpiles prior to production. Ore is planned to be treated off site with CGT in Ballarat for 1 year, with ore to be treated on site for the balance of the Stage 1 mine life.

A gold price of AUD \$1300 per oz has been used in the Financial Model.

The Stage 1 Scoping Study forms a basis for the Company's ongoing mine plans and to assess the Company's financial requirements to move into production.

Stage 2 mining of the remaining Inferred Mineral Resource will be dependent upon the results from an ongoing diamond drilling program aimed at increasing the level of confidence in a portion of the Inferred Resource. It is anticipated that a Stage 2 Scoping Study will be completed to allow continuous mining for a further 3 years.

Please refer to the Company's Stage 1 Scoping Study announcement dated 5 September for full details of the outcomes of the study and the basis for those outcomes. All material assumptions underpinning the production target referred to in the Scoping Study and the forecast information derived from it contained in that report continue to apply and have not materially changed.

Cautionary Statement

The Scoping Study referred to in this announcement is based on low-level technical and economic assessments, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic production mining case at this stage or to provide certainty that the conclusions of the Scoping Study will be realised. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the conversion of Inferred Mineral Resources to Indicated Mineral Resources or that the production target itself will be realised. This production target equates to 67% of the JORC Code 2012 compliant Mineral Resource Estimate between the 1420 RL and the 1310 RL and is made up of approximately 37% Indicated Mineral Resource and 63% Inferred Mineral Resource. During the critical first 2 years, 42% of production is from Indicated Mineral Resources.



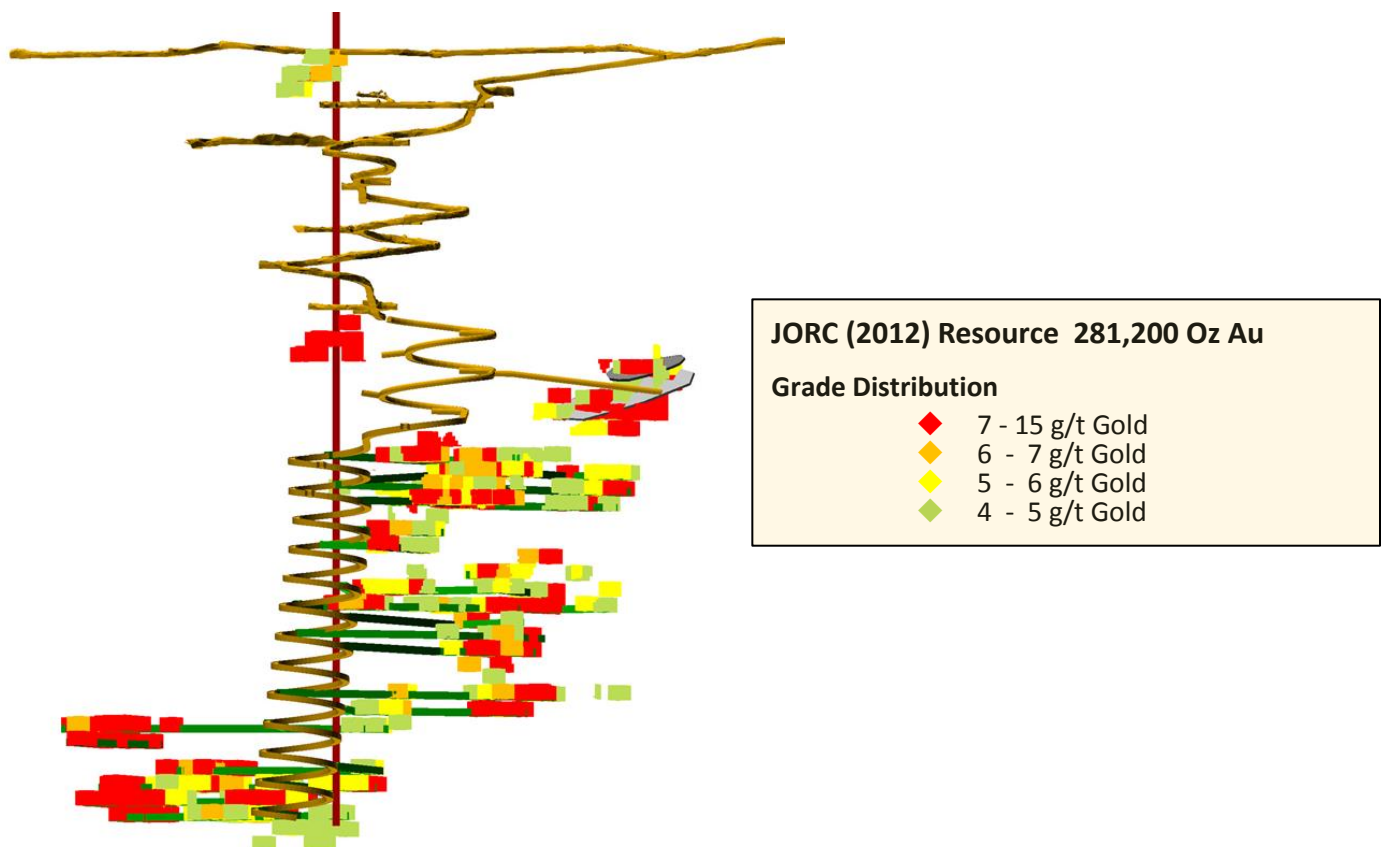


Renounceable Rights Issue to raise up to \$4.63 million

On 23rd September 2014, the Company announced to the ASX that it intended to undertake a pro rata rights issue of seven (7) fully paid ordinary shares in the capital of the Company for every eight (8) shares held by eligible shareholders on the record date, at an issue price of 3.0 cents per new share. The prospectus for the rights issue was lodged with ASIC and ASX on 2 October 2014 and is scheduled to close on 27 October 2014. The rights issue has been underwritten by Patersons Securities Limited to \$2.2 million, and the Company has reserved the right to place the non-underwritten shortfall within 3 months from the closing date.

To reward shareholders, the Company has resolved to provide shareholders, including those who have subscribed under the rights issue, with a bonus issue of Loyalty Options on the basis of one (1) Loyalty Option for every three (3) shares held, at the relevant record date. The Loyalty Option is exercisable at 3.0 cents with an expiry date of 30th November 2019. A separate prospectus will be sent to eligible shareholders registered at the record date, which is anticipated to be on or about 1 December 2014.

Funds raised from the rights issue will be applied to the developments costs to bring Stage 1 of the A1 Gold Mine into production. Should only the underwritten amount be raised, the Company has retained Patersons Securities Limited to assist it with sourcing alternative funding in order to bring Stage 1 of the A1 Gold Mine into production in a timely manner.



(Figure is a screen capture and not to be scaled, but for illustration purposes only)

Figure 1: Isometric View MSO Stopes and Grade Distribution





Option to Purchase Walhalla Tenements

The Company entered into an option agreement with Orion Gold NL (ASX:ORN) (**Orion**) to acquire Orion's Walhalla Tenements.

The Walhalla Tenements cover circa 80km of nearly continuous strike along the Walhalla-Woods Point Goldfield, including tenements covering the major gold mines of Cohen's Reef and Long Tunnel. Within the Walhalla Tenement package there is a current Mining Licence, MIN5487.

During the option term, the Company plans to explore the tenements and review Orion's geological modelling and data. A successful exploration program will be the catalyst for the Company exercising the option and acquiring the Walhalla Tenements.

Please refer to the Company's ASX announcement dated 29th August 2014 for full details of the option agreement.

A1 Gold Mine (MIN5294)

There were no lost time injuries during the quarter.

The Company has achieved in excess of 210,000 hours lost time injury free (LTI) at the end of the September Quarter.

1400 Stockwork Resource Block

The 1400 Stockwork Zone represents a bulk mineable block located below the 1500mRL at the A1 Gold Mine in North-Eastern Victoria.

As announced on 11 February 2013 (clarified 18 February 2013) and reported in accordance with the JORC Code (2012) on 12 May 2014, the Company's JORC Mineral Resource has been upgraded in both size and classification, with a 135% increase in total resources to 1.4Mt @ 6.2 g/t Gold for 281,200 oz Gold. ⁽¹⁾The resource is classified as an **Indicated and Inferred Mineral Resource** ⁽¹⁾ as follows:

Class	Tonnes	Au g/t	Au Ounces
Indicated	250,000	5.1	41,200
Inferred	1,170,000	6.4	240,000
Total	1,420,000	6.2	281,200

Note: Blocks reported where Au >=3.0g/t, between 1000mRL and 1500mRL. Datamine model a1_113md. The model has been depleted due to underground mining. Differences may occur due to rounding.

Table C: 1400 Stockworks Mineral Resource

⁽¹⁾Mineral Resources which are not Ore Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, operational cost, metal price, mining control, dilution or other relevant issues. There has been insufficient exploration at this date to define these Mineral Resources as a Measured Mineral Resource or an Ore Reserve. It is uncertain if further exploration will result in upgrading the Mineral Resources to a Measured Mineral Resource category or to an Ore Reserve.





Tenement Holdings and Movements

Below is a schedule to mining tenements and beneficial interests held as at the end of the September 2014 Quarter:

Mining Tenements

Tenement Reference	Location	Interest at beginning of quarter	Acquired/ Disposed	Interest at end of quarter
MIN 5294	A1 Gold Project, Victoria	100%	N/A	100%
EL 5109	Ten Mile Goldfield, Victoria (incorporating Star of the West Mine, previously MIN4636)	100%	N/A	100%

Beneficial percentage interests held in farm-in or farm-out agreements

Tenement Reference	Location	Interest at beginning of quarter	Acquired/ Disposed	Interest at end of quarter
MIN5487	Walhalla, Victoria	N/A	N/A	*
EL3311	Walhalla, Victoria	N/A	N/A	*
EL4660	Walhalla, Victoria	N/A	N/A	*
ELA5042	Walhalla, Victoria	N/A	N/A	*
EL5043	Walhalla, Victoria	N/A	N/A	*
EL5077	Walhalla, Victoria	N/A	N/A	*
EL5340	Walhalla, Victoria	N/A	N/A	*
EL5348	Walhalla, Victoria	N/A	N/A	*
RLA2004	Walhalla, Victoria	N/A	N/A	*
RLA2012	Walhalla, Victoria	N/A	N/A	*

* Option to acquire from Orion Gold (ASX:ORN) as announced to ASX on 29th August 2014





About the Company

A1 Consolidated Gold Ltd is a junior gold exploration company focused on developing the A1 Gold Project in the Woods Point – Walhalla Goldfield located in north-eastern Victoria (Figure 2). The Company has a further mineral tenement to the north of the A1 Gold Mine for further exploration. A1 Consolidated Gold is currently undertaking underground development at the A1 Gold Mine. The mining design is for a bulk mineable block.

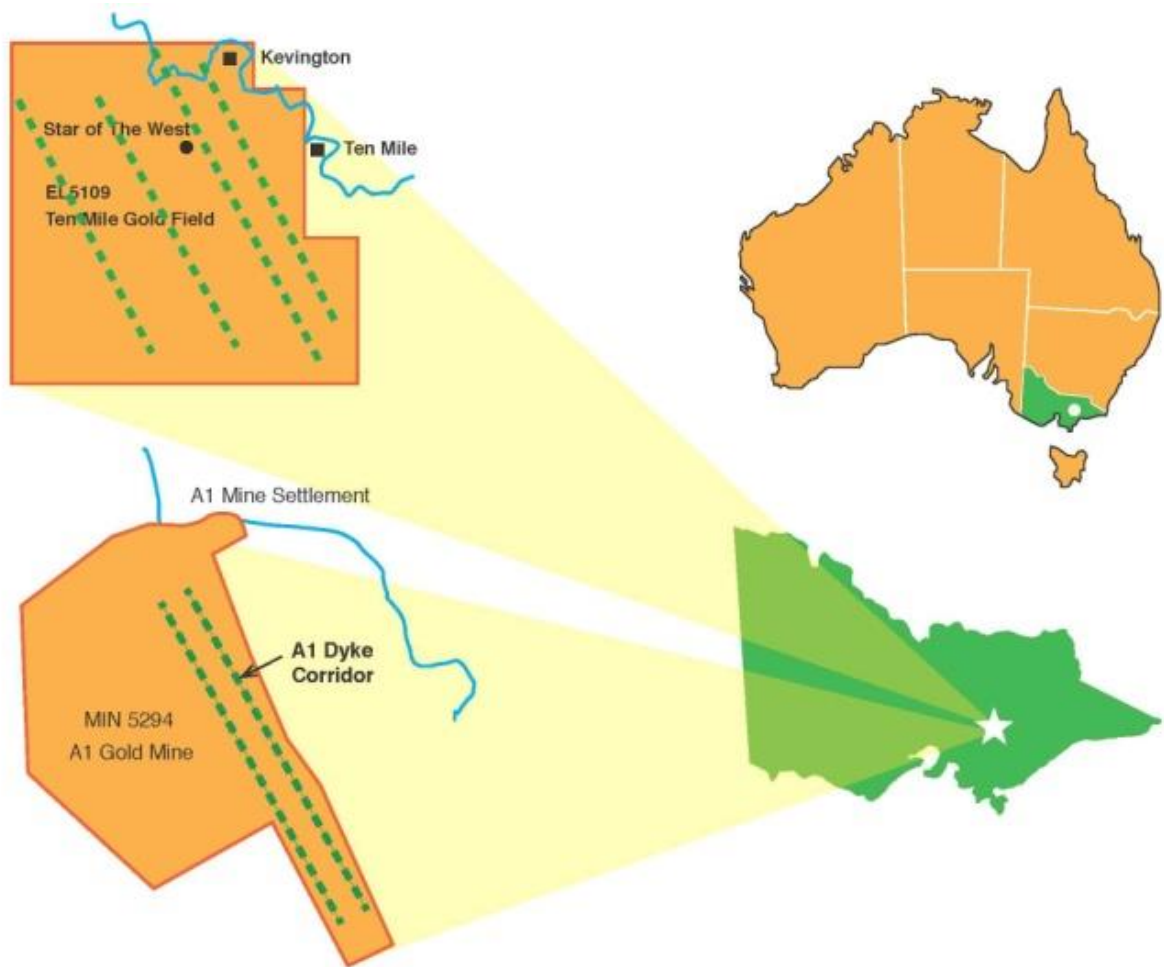


Figure 2: Location of Tenements

The Company also has entered into an option agreement with Orion Gold NL (ASX:ORN) (Orion) to acquire Orion's Walhalla Tenements, giving the Company the opportunity to have a portfolio of gold assets within one of the major gold provinces in Victoria.





Competent Person Statements

The information in this announcement that relates to Exploration Results and Exploration Targets is based on, and fairly represents, information compiled by Mr David Sharp who is a member of The Australian Institute of Geoscientists. Mr Sharp is a full time employee of A1 Consolidated Gold Limited, and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. Mr Sharp has given his consent to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.

The information in this announcement that relates to Mineral Resources is extracted from the summary report entitled 'A1 Consolidated Gold, Mineral Resource Estimate' prepared by CSA Global Pty Ltd included in the Company's ASX announcement dated 2 May 2014 (**May Announcement**) and is available to view on the Company's website. The Company confirms that it is not aware of any new information or data that materially affects the information included in the May Announcement and that all material assumptions and technical parameters underpinning the estimates in the May Announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the May Announcement.

Forward Looking Statements

The information in this announcement that relates to production targets and forecast financial information derived from the production target is extracted from the Company's ASX announcement dated 5 September 2014 (**September Announcement**) and is available to view on the Company's website. The Company confirms that all the material assumptions underpinning the production target and forecast financial information derived from the production target referred to in the September Announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the information is presented has not been materially modified from the original September Announcement.

The Scoping Study information referred to in this announcement is based on low-level technical and economic assessments, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic production mining case at this stage or to provide certainty that the conclusions of the Scoping Study will be realised. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the conversion of Inferred Mineral Resources to Indicated Mineral Resources or that the production target itself will be realised. This production target equates to 67% of the JORC Code 2012 compliant Mineral Resource Estimate between the 1420 RL and the 1310 RL and is made up of approximately 37% Indicated Mineral Resource and 63% Inferred Mineral Resource. During the critical first 2 years, 42% of production is from Indicated Mineral Resources

Certain statements made during or in connection with this communication, including, without limitation, those concerning the economic outlook for the mining industry, expectations regarding gold prices, exploration costs, production costs and other operating results, growth prospects and the outlook of A1 Consolidated Gold Limited's operations contain or comprise certain forward looking statements regarding A1 Consolidated Gold Limited's exploration & development operations, economic performance and financial condition. Although A1 Consolidated Gold Limited believes that the expectations reflected in such forward-looking statements are reasonable; no assurance can be given that such expectations will prove to have been correct.

Accordingly, results could differ materially from those set out in the forward looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes that could result from future acquisitions of new exploration properties, the risks and hazards inherent in the mining business (including industrial accidents, environmental hazards or geologically related conditions), changes in the regulatory environment and other government actions, mine development and operating risks, delays in obtaining governmental approvals or financing or in the completion of development or construction activities, discrepancies between actual and estimated production, risks inherent in the ownership, exploration and operation of or investment in mining properties, fluctuations in gold prices and exchange rates and business and operations risks management, as well as generally those additional factors set forth in our periodic filings with ASX. A1 Consolidated Gold Limited undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.



Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

A1 CONSOLIDATED GOLD LIMITED

ABN

50 149 308 921

Quarter ended ("current quarter")

30 SEPTEMBER 2014

Consolidated statement of cash flows

		Current quarter	Year to date (3 months)
		\$A'000	\$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(44)	(44)
	(b) development	(249)	(249)
	(c) production	-	-
	(d) administration	(114)	(114)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	1	1
1.5	Interest and other costs of finance paid	(1)	(1)
1.6	Income taxes paid	-	-
1.7	Other – GST	29	29
	Net Operating Cash Flows	(378)	(378)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(12)	(12)
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	-	-
	Net investing cash flows	(12)	(12)
1.13	Total operating and investing cash flows (carried forward)	(390)	(390)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(390)	(390)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	275	275
1.17	Repayment of borrowings	(14)	(14)
1.18	Dividends paid	-	-
1.19	Other – Capital Raising Costs	(33)	(33)
	Net financing cash flows	228	228
	Net increase (decrease) in cash held	(162)	(162)
1.20	Cash at beginning of quarter/year to date	232	232
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	70	70

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'ooo
1.23	Aggregate amount of payments to the parties included in item 1.2	47
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

Payments to related entities for:	\$A'000
Company secretary fees	39
Salaries	8

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

NIL

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

NIL

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 Line of credit from the Directors, no fees or interest, repayment by 31 December 2014, but may be varied to suit the Company's cash flow	300	275

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	-
4.2 Development	225
4.3 Production	-
4.4 Administration	120
Total	345

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	61	213
5.2 Deposits at call	9	19
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	70	232

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	-	-	-	-

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity quarterly report

6.2	Interests in mining tenements acquired or increased	MIN5487	Option to acquire	-	*
		EL3311	Option to acquire	-	*
		EL4660	Option to acquire	-	*
		ELA5042	Option to acquire	-	*
		EL5043	Option to acquire	-	*
		EL5077	Option to acquire	-	*
		EL5340	Option to acquire	-	*
		EL5348	Option to acquire	-	*
		RLA2004	Option to acquire	-	*
		RLA2012	Option to acquire	-	*

* Option to acquire from Orion Gold (ASX:ORN) as announced to ASX 29 August 2014

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)	Not applicable			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	*Ordinary securities	176,683,522	176,683,522	Fully paid	Fully paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	- -	79,302,870 -	- -	- -
7.5	*Convertible debt securities (description)	Not applicable			

+ See chapter 19 for defined terms.

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	26,666,667 2,000,000	- -	Exercise price 40 cents 42 cents	Expiry date 31 December 2014 31 December 2014
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	Debentures (totals only)	Not applicable			
7.12	Unsecured notes (totals only)	Not applicable			

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 \(see note 5\)](#).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:
(Director/Company secretary)

28/10/2014
Date:

Print name: DENNIS CLARK

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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting 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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