ASX Announcement : 13 November 2014

A1 Gold Mine Development Update

A1 Consolidated Gold
Mining & Development

Open Briefing interview with MD Dennis Clark

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A1 Consolidated Gold (ASX:AYC) holds a 100% interest in mineral exploration and development projects 120 kilometres north east of Melbourne, Victoria, located between Mansfield and Woods Point. Its focus is AYC's flagship A1 Gold Mine which is located near the town of Jamieson in the Shire of Mansfield. A Scoping Study for Stage 1 of the A1 Gold Mine outlines a production profile of 25,000 oz gold per annum at an initial three year mine life from 378,000 tonnes at 6.52g/t gold.

In this Open Briefing®, MD Dennis Clark discusses:

- **Schedule for decline development**
- **Low Capex and toll treatment plan**
- **Rights Issue and funding progress**

Record of interview:

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A1 Consolidated Gold (A1) plans to develop its key asset, the A1 Gold Mine to be a producer of 25,000 oz per annum with a pre-production capital outlay of less than $3m and an Internal Rate of Return (IRR) of 62% and an NPV of more than $23m, according to the Stage 1 Scoping Study by independent consultants Mining One. Assuming the company completes its current capital raising, when do you expect first production? Are there any further permitting requirements or regulatory hurdles for the A1 start-up?

MD Dennis Clark
The A1 gold mine is in the fortunate position that it only requires a further 120 metres of decline development to access its first production target. A conservative development rate of 60m per month will result in the mine reaching this target within 2-3 months of the recommencement of development. We have an experienced team and all the equipment we need to start work. All permits are in place for this ore to be extracted and transported to Ballarat for toll treatment through the CGT owned process plant.

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The Investor Presentation September 2014 states a pre-production capital outlay of only $2.9m when most gold mining operations are usually requiring $20-$100m for plant and mine development. Why does the A1 have such a low figure requirement and how does this equate back to expected revenues from production? Where do your "all-in" production costs likely lie?

MD Dennis Clark

The A1 Gold Mine has been in development since December 2009 and the majority of the planned development works have already been completed. AYC owns all the mining equipment necessary to progress the project into production. The toll treatment agreement means that no capital is required for process plant construction prior to gold production. The Company has no debt and requires only minimal capital development to reach its first production target. With such a small pre-production capital requirement the project is able to achieve payback within 12 months of recommencement of development. The All in Sustaining Costs (C3) for stage 1 of the project is $860 per oz which is very low compared to other gold producers and is a reflection of the Company's low overhead strategy, which includes a determination to keep corporate costs to a minimum. Another big plus is the A1 Mines convenient location in relation to workforce, suppliers and services.

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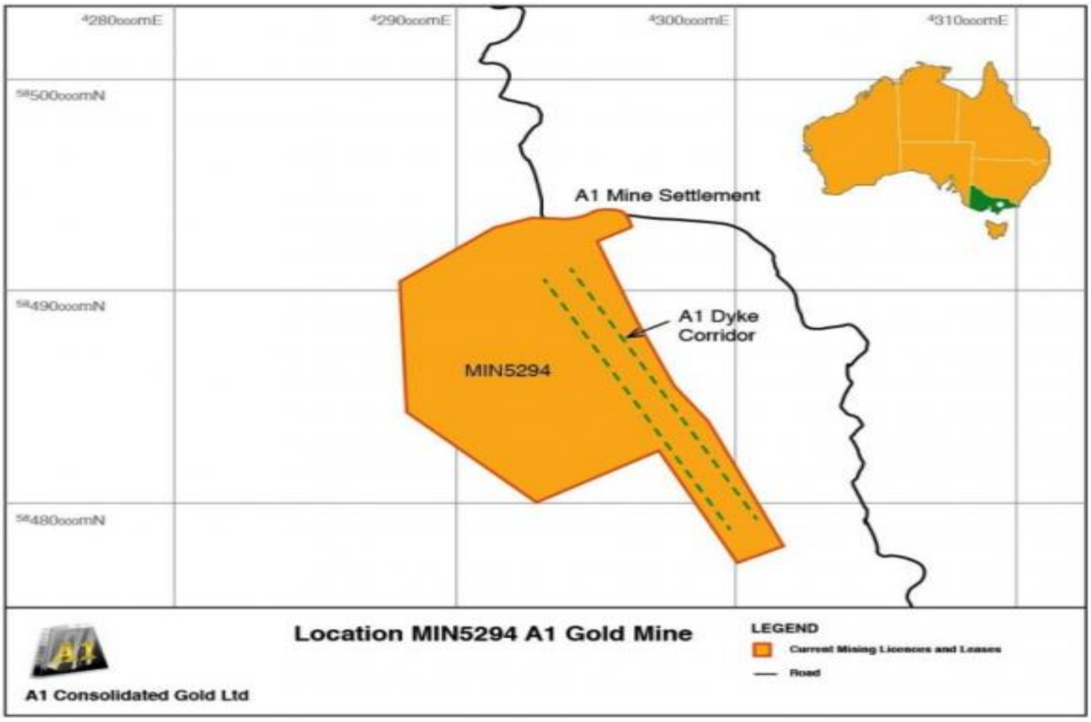
Do you see toll treatment as a long term solution for the A1 or would it be worth operating your own plant? What are the ramifications of building and operating your own plant within the context of the local environment – how do you see that developing?

MD Dennis Clark

A1 are able to take advantage of a toll treatment agreement with Castlemaine Goldfields (CGT) to generate early revenue and also gain a better understanding of the metallurgical properties of its ore. Construction of an onsite processing plant has been given the full support from local authorities and will commence once the mine has established a constant ore feed. The scheduled offsite processing will also allow for the establishment of underground stopes which can also be used for tailings storage.



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Given Stage 1 of the A1 Gold Mine is developed and moves into production as planned, what is the upside to further growth of the A1 production profile and can you outline the plan going forward?

MD Dennis Clark

The Scoping Study (see Annexure A) covers Stage 1 of the project which will see the mine being developed to the 1310 level. High level studies have shown that mining will be economic down to the 1170 level which will see the mine life extended to 6 years. From the recommencement of the development, a diamond drilling program will be established that will enable geological information to be continually updated and also to increase the amount of resources and upgrade the categories of our existing resources within the mine. It also worthwhile noting that we are not operating in Africa or the mountains of PNG or the deserts of South America and we are also not exploring for "potential" gold deposits. We are in the fortunate situation of further developing a known gold deposit that has historical high grade production and we are fully equipped and ready to start. We intend to be producing gold at a profitable rate in 2015. When you compare our location, cost of production and short payback, A1 compares very favourably with many gold juniors of greater market capitalisation.

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The current Rights Issue is for 154,598,081 shares issued at $0.03 on the basis of 7 new shares for every 8 shares held at the record date (13 October) to raise $4.63million and Patersons stockbrokers are underwriting $2.2million. How did the raising perform and are any further funds forthcoming?

MD Dennis Clark

The Company achieved the underwritten amount of $2.2m in very tough market conditions and Patersons Securities have 3 months to place the shortfall. Patersons are focussed on securing the remainder of the shortfall, which will place the Company in a position to be able to achieve all of its objectives.

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Dennis, you are a major shareholder in A1 Consolidated Gold and there have been some challenges to overcome in recent times. What is the key message that you want to convey to shareholders who are considering investment in A1 at this stage?

MD Dennis Clark
AYC is a near term producer with lots of upside. We have scheduled milestones for the Stage 1 mining program, and one of these milestones includes paying a dividend. I invite the investment community to watch out as we complete these achievements.

Also as part of our recent rights issue, AYC has put in place the issue of Loyalty Options to all shareholders on a basis of 1 loyalty Option for each 3 shares held at the record date, which is expected to be the 6th December 2014. These Loyalty Options are exercisable at 3.0 cents each and have a 5 year vesting period which allows upside for all of our shareholders.

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Thank you Dennis

For more information about A1 Consolidated Gold Limited, visit www.a1consolidated.com.au or call Dennis Clark on (+61 8) 9389 2111

Annex A.

A1 Gold Mine Scoping Study by Mining One Pty Ltd

Stage 1 Scoping Study ASX Announcement 5 September	
When	1H'15 – 1H'18
Stage 1 Mine Life	3 years
NPV	$23.2m
Pre-production Capex	$2.9m
Projected Pre-tax Net Cash	$30.7m
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 between 1420 RL and 1310 RL)
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

The Stage 1 Scoping Study referred to 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 the Indicated Mineral Resources.
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.