



A1 Consolidated Gold

ASX Release – 13th January 2015

Updated Stage 1 Scoping Study

A1 Consolidated Gold Limited (ASX: AYC) (**A1 Gold or Company**) is pleased to report that mining consultants, Mining One, have completed an Updated Stage 1 Scoping Study of the Company's 100% owned A1 Gold Mine in north-eastern Victoria. The update has been prepared on the assumption that the acquisition of Octagonal Resources Limited (ASX:ORS) Victorian gold assets is completed (see ASX announcement 29 December 2014). The assets to be acquired include a fully permitted 150,000 tpa treatment facility at Maldon which complements A1 Consolidated Gold's planned production profile.

Highlights:

❖	Production Target:	378,000 tonnes @ 6.52 g/t Au
❖	All in Sustaining Cost:	AUD \$849 per oz Au
❖	Stage 1 Mine Life:	3 Years
❖	Projected Pre-tax Net Cash:	AUD \$35.0 million
❖	Mining Rate:	150,000 tpa
❖	Contained Gold (LOM):	79,233 oz
❖	Mill Recovery:	90%
❖	Gold Price:	AUD \$1300
❖	Pre-production Capex	AUD \$2.9 million
❖	NPV:	AUD \$27.2 million
❖	IRR:	94%

The Company has concluded that it has a reasonable basis for providing the forward looking statements included in this announcement. The detailed reasons for that conclusion are outlined throughout this announcement and in particular in the section headed 'Forward Looking Statements'.

Cautionary Statement

The figures presented in the Updated Stage 1 Scoping Study assume the Company completes the acquisition of ORS's Victorian gold assets (which includes the Maldon Treatment Plant). The completion of the acquisition is conditional upon, amongst other things, the Company raising additional equity capital in the sum of \$2.4 million and shareholder approval before the sunset date (31 March 2015 or such other date agreed by the parties). 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 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
Dale Rogers

Managing Director
Dennis Clark

Non-Executive Director
Dennis Wilkins

Company Secretary
Dennis Wilkins

Capital Structure:

250,016,873 Ordinary Shares
134,494,407 Listed Options

Contact:

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1. Summary

A1 Consolidated Gold Limited (ASX:AYC) (**A1 Gold** or the **Company**) advises that an Updated Stage 1 Scoping Study for its 100% owned A1 Gold Mine in north-eastern Victoria has been 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 Indicated Mineral Resource. 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.

The Updated Stage 1 Scoping Study has been completed by independent mining consultants, Mining One, with assistance from A1 Gold management. The Updated Stage 1 Scoping Study highlights the robust nature of the A1 Gold Mine LOM Cost Model with an estimated All in Sustaining Cost of AUD \$849 per oz Au.

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 Updated 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.

On 29 December 2014, the Company announced that it had executed a formal Share Sale Agreement with Octagonal Resources Limited (ASX:ORS) (**Octagonal**) to acquire Octagonal's Victorian assets, which includes a fully permitted 150,000 tpa treatment facility at Maldon. The Updated Stage 1 Scoping Study assumes that the acquisition is completed as contemplated and reflects the changes to the production plan resulting from the acquisition.

Highlights of the changes resulting from the completed acquisition include:

- mill recoveries increased from 80% to 90%;
- total mining costs per tonne are increased from \$144/tonne to \$162/tonne;
- All in Sustaining Cost reduced from \$860/oz to \$849/oz; and
- projected pre-tax net cash increased over 3 years from \$30.7m to \$35.0m

A Gold Price of AUD \$1300 per oz has been selected in the Financial Model.

The Updated 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.

Dennis Clark
Managing Director
13th January 2015





2. Mineral Resources

The Updated Stage 1 Scoping Study is based on the A1 Gold Mine JORC Code 2012 Mineral Resource Estimate (as announced to the ASX on 11 February 2013 (clarified on 18 February 2013) and reported in accordance with JORC Code 2012 on 12 May 2014), which was completed in accordance with the guidelines of the JORC Code 2012. The Mineral Resource Estimate is classified as an **Indicated and Inferred Mineral Resource**⁽¹⁾⁽²⁾ and is summarised in Table 1.

Table 1: 1400 Stockworks Mineral Resource Estimate, A1 Gold Mine

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.

⁽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.

⁽²⁾Competent Person Statement

The information in this report 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 12 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 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 original May Announcement.





3. Production Target

In the Updated Stage 1 Scoping Study, Mining One has used a three dimensional geological block model, produced by CSA Global, and the findings of a geotechnical assessment completed by Mining One to define a set of economical stopes within the Mineral Resource. The parameters used to create these stopes are shown in Table 2.

Table 2: Stope Design Parameters

Parameter	Value
Cut-off Grade	4 g/t
Minimum Stope Width	2m
Stope Height	10m
Stope Length	10m

Modifying factors were applied to the stopes to estimate a production target for scheduling and financial analysis. Ore development has been estimated at 20% of the reported tonnes with the remaining 80% representing the stope tonnes. The modifying factors, as shown in Table 3, were then applied to both development and stoping.

Table 3: Modifying Factors

Item	Stope Modifying Factors	
	Dilution	Recovery
Development	0%	100%
Stopes	5%	90%

The resultant production target has been estimated at 378,000 tonnes @ 6.52 g/t and is made up of 37% Indicated Mineral Resource and 63% Inferred Mineral Resource and represents a 67% conversion of the total Mineral Resource.

A decline and level concept design was completed to estimate waste development required to access the production target. Development rates were estimated based on the current mining fleet and an increase in the current labour force. This development estimate along with the production target has been used to produce a mine schedule based on a yearly production rate of 150,000 tonnes per annum to define a Stage 1 mine life of 3 years.

See Section 6 'Production Target – Development' for further information.





4. Financial Model Outcomes

The mine schedule has been incorporated into a financial model to estimate the value of the project over its Stage 1 mine life of 3 years. Actual costs for mine labour, plant & equipment, consumables, administration, exploration and corporate costs, derived from current development by the Company at the A1 Gold Mine, have been supplied to Mining One by A1 Gold. Estimated costs for narrow vein mining, escapeway and diamond drilling have been based on current mining costs at the A1 Mine and have been supplied to Mining One by A1 Gold. Milling costs have been estimated by A1 Gold based on Octagonal's current milling costs, projected out to 150,000 tpa. Surface ore cartage and long hole stope drilling costs have been estimated by A1 Gold based on quotes. Mining One have reviewed, then adjusted, the supplied costs and included mill and mine labour costs, sustaining capital and production drilling cost from Mining One's cost data base to complete the financial model. An allowance of \$1M has been included over the life of the project for the upgrade of the current mining fleet through either equipment rebuilds or the purchase of second hand equipment and an allowance of \$500,000 has been included for initial repairs and ongoing capital costs for the Maldon Treatment Plant.

A summary of critical costs, assumptions and outcomes from the financial model are shown in Table 4.

Table 4: Financial Assumptions and Outcomes

Item	Value – Stage 1 Scoping Study September 2014	Value – Updated Stage 1 Scoping Study January 2015
Gold Price	AUD\$ 1300/ oz	AUD\$ 1300/ oz
Mill Recovery	80%	90%
Sustaining Capital	\$22 / tonne	\$21 / tonne
Mining Costs	\$61 /tonne	\$61 /tonne
Milling	\$51 / tonne	\$30 / tonne
Cartage	\$10 / tonne	\$50 / tonne
Total Cost	\$144 / tonne	\$162 / tonne
All in Sustaining Cost	\$860 / oz	\$849 / oz
Stage 1 Mine Life	3 Years	3 Years
Pre-production Capex	\$2.9M	\$2.9M
NPV (8%)	\$23.2M	\$27.2M
IRR	62%	94%





Gold Price

A gold price of AUD \$1300 per oz has been selected in the Financial Model. The market for gold is well established and liquid. The price of gold has varied during the past 3 years from a high of AUD \$1729 to a low of AUD \$1316. The gold spot price has been above AUD \$1300 for the past 3 years.

The Spot Gold Price over the past month has been consistently above AUD \$1440 per oz and has reached as high as AUD \$1510 on 7 January 2015. The Company is comfortable with having selected a Gold Price of AUD \$1300 for the Financial Model.

A 3 year gold price graph (with data sourced from Goldprice.org) is shown in Figure 1.

Figure 1: 3 Year Gold Price Graph



Mill Recovery

An assessment of the overall mill recovery has been set at 90%, which is based on metallurgical test work undertaken by Gekko. Gekko undertook test work in August 2012 to determine the amenability of three core samples from the A1 Gold Mine to gravity recovery, followed by leaching and flotation of the gravity tails samples. Combined gravity and flotation results gave combined recoveries of 93% to 98%. The Maldon Treatment Plant includes a primary crushing and grinding circuit followed by Carbon in Leach gold recovery circuit. The Company plans to upgrade the Maldon Treatment Plant with the addition of a custom built gravity circuit (already owned by A1 Gold) and all the ore production will be transported and treated via gravity and Carbon in Leach. An amount of \$500,000 has been set aside for upgrades to the Maldon Treatment Plant, including the installation of the gravity circuit.

From 1985 to mine closure in 1992, a 15,000 tpa mill and gravity circuit was located on site at the A1 Gold Mine. The crushing and grinding circuits were followed by a simple gravity circuit and achieved an estimated recovery of 94% from a head grade of 17 g/t, while treating reef material from the southern dyke. Confirmation of this recovery has been achieved through the assaying of 168 auger samples from an onsite tailings dam, which returned an average gold grade of sub 1.0 g/t.





Sustaining Costs

The sustaining capital includes all capital costs associated with waste development, plus exploration drilling, corporate costs and capital equipment. The Company has a 3 year history of development and corporate costs at the A1 Gold Mine which has been projected forward for the Stage 1 Development.

Mining Costs

Mining costs includes all operating costs associated with the A1 Gold Mine and has been projected from the Company's recent operating costs. The stoping costs have been generated from Mining One estimates

Milling Costs

The Company has entered into a formal Share Sale Agreement with Octagonal to acquire Octagonal's Victorian assets which includes the fully permitted 150,000 tpa Maldon Treatment Plant in central Victoria (ASX announcement 29 December 2014).

The Maldon Treatment Plant unit costs have been taken from current Octagonal operating costs at Maldon and projected at a full production rate of 150,000 tonne per annum.

Cartage

A contractor has supplied a quote for the transport of ore from the A1 Gold Mine to the Maldon Treatment Plant.

Financial Model - Sensitivities

Mining One has run a number of sensitivities as shown in Table 5 to understand the variation in NPV & IRR with a change in grade, recovery, gold price and production costs. The base case is shown as bold type.

Table 5: Sensitivities

Variable	Parameters	NPV (\$,000)	IRR (%)
Grade	5.52	20,203	86
	6.52	27,187	94
	7.52	39,355	115
Recovery	85%	22,767	81
	90%	27,187	94
	95%	31,606	107
Gold Price	\$1,200	21,067	76
	\$1,300	27,187	94
	\$1,400	33,307	112
Stoping Costs (excluding labour)	\$30	27,187	94
	\$40	24,837	88





5. Mine Plan and Stope Design

Mining One used cost data supplied by A1 Gold in conjunction with stoping costs from the Mining One database to estimate the operating costs for the purpose of calculating a cut-off grade. The following capital items were excluded from the A1 Gold supplied costs in the estimation of operation costs:

- decline development;
- 50% of exploration drilling to be undertaken during Stage 1 (with the aim of increasing confidence in the remaining Inferred Resource); and
- corporate costs.

Mining One has calculated a cut-off grade of 3.98 g/t. Following discussions between Mining One and A1 Gold management, it was decided to use a cut-off grade of 4 g/t as the basis for the mine design. Due to the coarse block size throughout the model, Mining One has chosen to design stopes as 10m high blocks to report a representative production target from the model.

Mining One has used Movable Shape Optimiser (MSO) software to produce a set of stope shapes based on the following parameters.

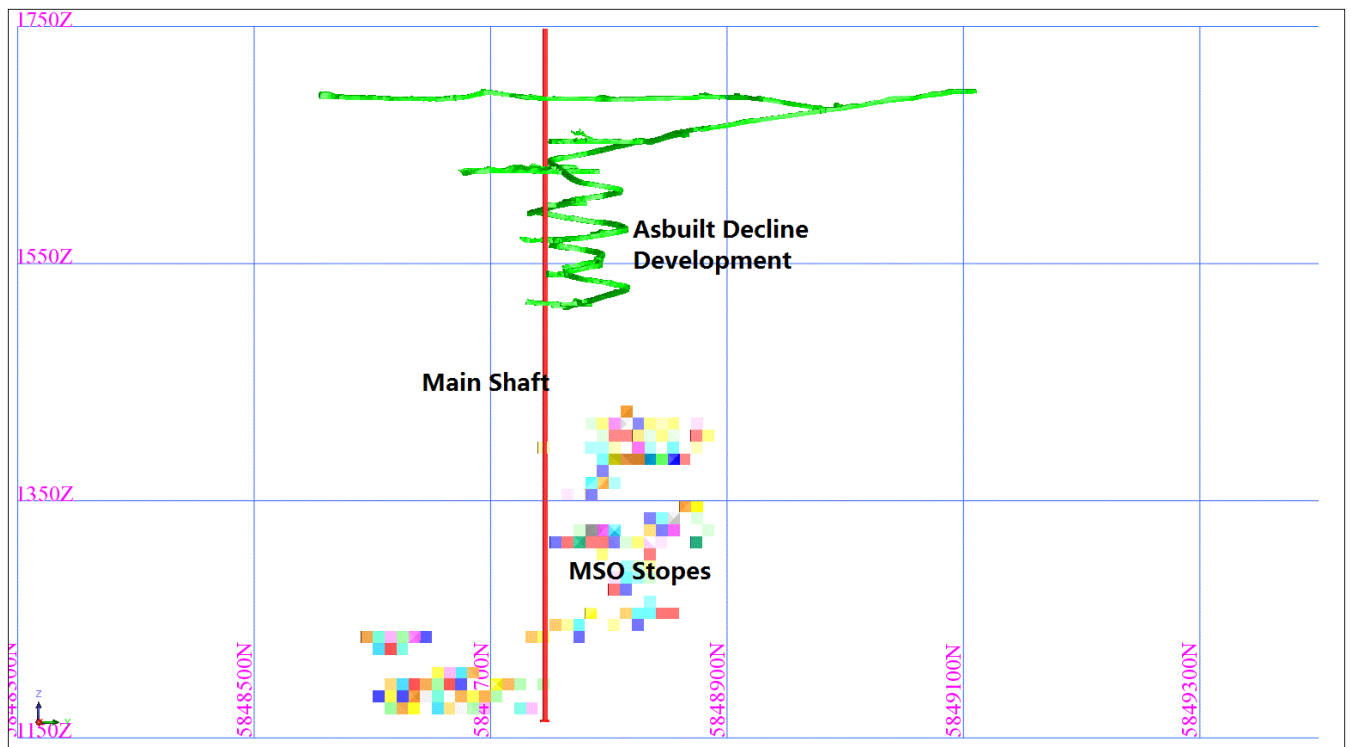
- Minimum mining width of 2m.
- Stope height of 10m
- Strike length of 10m
- 4 g/t cut-off grade

See above for details of the basis of the cut-off grade. The dimensional parameters were chosen by Mining One to suit the geotechnical constraints and the block size of the three dimensional geological block model produced by CSA Global. Stope shapes are shown in Figure 2.





Figure 2: Long Section of MSO Stopes



Mining Method

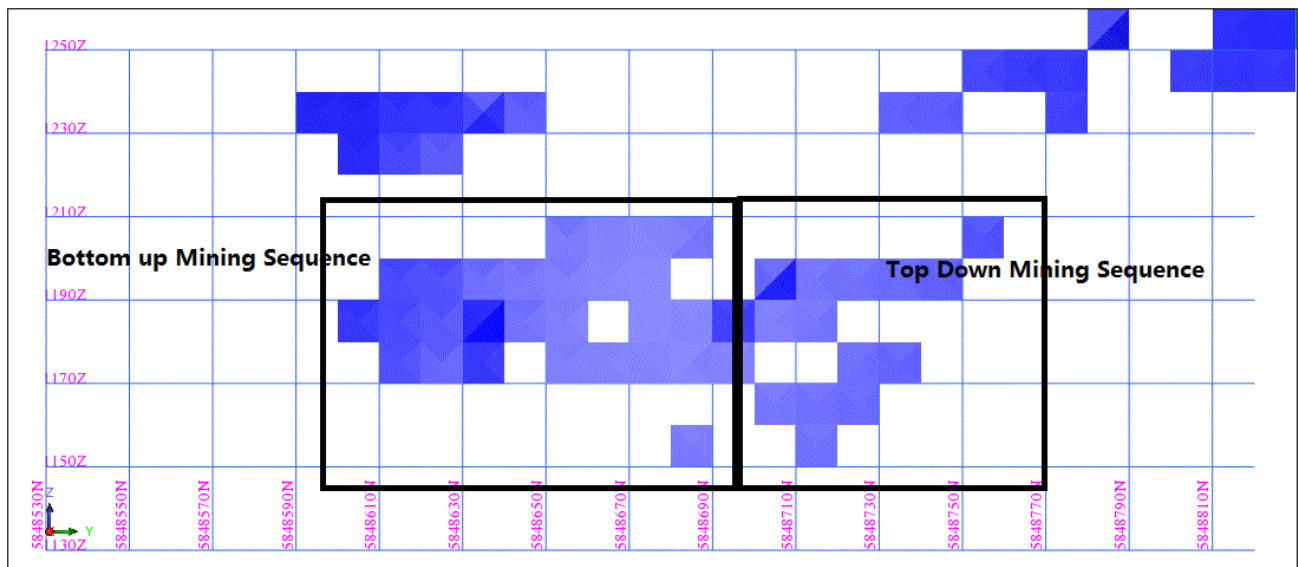
A geotechnical report completed by Mining One has indicated that open stoping would be a suitable mining method within the dyke, with stope spans of 13m wide by 20m high and unlimited length expected to remain stable.

Where stopes appear to be continuous over more than 20m vertically, Mining One has proposed that a bottom up mining sequence be used where open stopes can be filled with mine waste or mill sands and therefore create a platform for mining the stope above. Where stopes are offset between levels a top down sequence can be used. The two scenarios are shown in Figure 3.





Figure 3: Long Section of MSO Stopes showing Mining Sequence

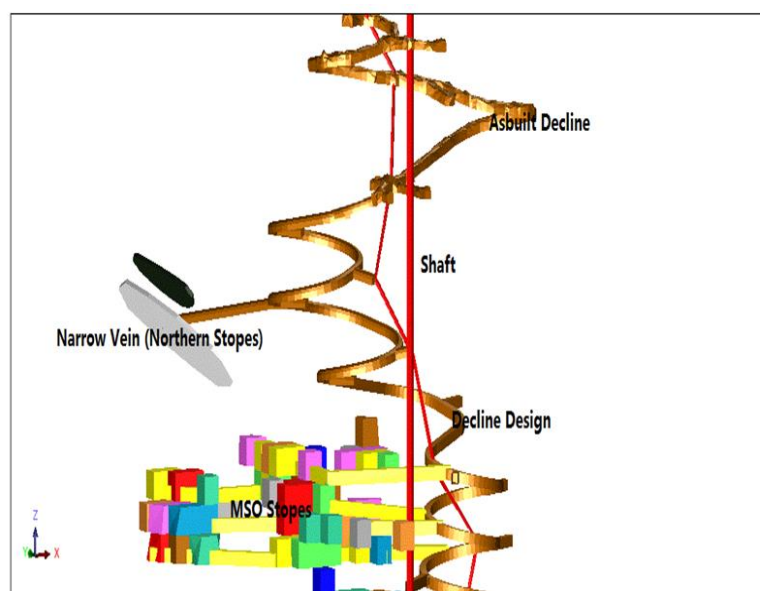


Narrow Vein Zone (Northern Stopes)

A1 Gold has identified an area of the mine where diamond drilling indicates a high grade narrow vein resource. This area has been modelled on a similar reef which appears to be a repeat structure and the projection of the reef coincides with current drilling at this location. The location of this zone in relation to the decline and stockworks stopes is shown in Figure 4.

Figure 4: Narrow Vein Stopes

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





6. Production Target

The blocks designed for the stockwork area have been interrogated against the block model and a constrained resource has been reported. Mining One has applied modifying factors to this constrained resource to estimate a production target. The production target includes both Indicated and Inferred Mineral Resources but excludes any exploration targets. The modifying factors used for stopes and development are shown in Table 6 with comment on their selection shown below.

Table 6: Mining Factors

Area	Dilution	Recovery	Dilution Grade
Ore Development	0%	100%	NA
Stopes	5%	90%	0 g/t

- Ore development is estimated at 20% by volume of the block tonnes, based on the designed development profile within the stope shape and has been allocated a 0% dilution with 100% recovery as they are developed completely within the stope profile.
- Stope ore makes up the remaining 80% of the constrained resource and has assumed a dilution of 5% at 0 g/t and an average stope recovery of 90% which allows for some pillars to remain in wider areas. Dilution grade has been allocated as 0 g/t although the stockwork are expected to carry some grade.

The production target for the stockworks and narrow vein stopes has been estimated at 378,000 tonnes @ 6.52 g/t. This production target equates to 67% of the JORC 2012 compliant Mineral Resource 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 Resource, as shown in Table 7.

Table 7: Production Target Classification

Category	Year 1		Year 2		Total	
	Tonnes	Grade	Tonnes	Grade	Tonnes	Grade
Indicated	20,364	6.17	68,048	6.10	88,412	6.12
Inferred	40,036	7.84	84,022	6.23	124,058	6.70

The data from some of the historical series of holes (particularly the DDH series) has been classified only as Inferred Resource due to a lack of continuous sampling throughout the mineralised dyke that may have created a high grade bias in some of these areas and the survey control of the drill holes. The Updated Stage 1 Scoping Study includes planning for replicate diamond drilling to take place at the same time as mining for areas within the Inferred Resource zone that have a high density of DDH series of holes. It is envisaged that if there is a successful replication of results shown from the initial DDH series of holes then approximately 20% of the areas currently classified as Inferred Resource between the 1425RL and 1325RL can be then incorporated into the Indicated Resource portion of the current Mineral Resource.





A breakdown of the production target for each development level and stope is shown in Table 8.

Table 8: Mine Tonnes and Grade by Level

Ore Development			Stopes	
Level	Tonnes	Grade	Tonnes	Grade
1460			17,000	10.00
1410	9,453	6.52	35,733	6.19
1400	13,660	6.74	51,637	6.41
1390	11,443	5.61	43,256	5.33
1380	12,194	6.52	46,095	6.20
1360	2,036	5.91	7,695	5.61
1350	3,821	6.17	14,442	5.86
1330	2,732	6.88	10,325	6.54
1320	8,408	5.91	31,780	5.62
1310	11,822	8.33	44,686	7.91
Total	75,530	6.62	302,649	6.49

Cautionary Statement

The figures presented in the Updated Stage 1 Scoping Study assume the Company completes the acquisition of ORS's Victorian gold assets (which includes the Maldon Treatment Plant). The completion of the acquisition is conditional upon, amongst other things, the Company raising additional equity capital in the sum of \$2.4 million before the sunset date (31 March 2015 or such other date as agreed by the parties).

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.





7. Processing

Maldon Treatment Plant, Maldon, Victoria

The Updated Stage 1 Scoping Study has assumed that all ore mined will be treated offsite at the Maldon Treatment Plant. On 29 December 2014, the Company announced that it has executed a formal Share Sale Agreement with Octagonal to acquire Octagonal's Victorian assets. The assets include the Maldon Treatment Plant at Maldon, which is a fully permitted 150,000 tpa treatment facility, and which complements A1 Consolidated Gold's planned production profile (see announcements dated 24 November 2014 and 29 December 2014 for more details).

An assessment of the overall mill recovery has been set at 90% (see Section 4 for full details of the basis of the mill recovery percentage).

The Maldon Treatment Plant includes a primary crushing and grinding circuit followed by Carbon in Leach gold recovery circuit. The Company plans to install its custom designed gravity circuit at the mill to capture the coarse gold particles prior to leaching.

The Maldon Treatment Plant is connected to the state power grid and access is via sealed all weather main roads. A pipeline from the nearby Union Hill delivers mine process water for the mill.

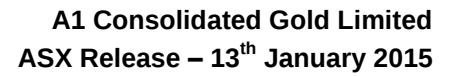
There is also an administration office, first aid facility and equipped workshop at the mill site.

The Maldon Treatment Plant site currently has a tailings storage facility with 3 years storage capacity and has permitting in place for a further 3 years of tailings storage.

Treatment costs have been based on Octagonal's current operating costs, extrapolated for utilising the plant at capacity of 150,000 tpa.

The Maldon Treatment Plant flowsheet is shown in Figure 5.





TREATMENT PLANT FLOWSHEET

ORE PREPARATION

- 30T ROM Hopper with grizzly
- 25t Road truck
- Weighbridge
- Plate Feeder
- Scalping Screen
- Jaw Crusher
- Radial Stacker
- Crushed Ore Stockpile
- Belt Weigher
- Reclaimer Belt Conveyor
- Grinding Balls
- Lime Silo

C.I.P. - C.I.P. PROCESSING

- Semi Autogenous SAG Mill variable speed D.C. Drive
- Trommel Screen
- Trommel oversize to recycle
- Trash Screen
- Mill Cyclone
- Leach Tank
- Carbon in Pulp Tanks (5)
- Carbon Catch Screen
- To Process
- Tails to Tailings Dam
- Process Water Tank
- Raw Water Tank
- Tailings Dam Return Water
- Bore Water

GOLD RECOVERY

- Loaded Carbon
- Carbon Screen
- Carbon Re-activation
- Elution Column
- Pregnant Liquor Tank
- Electro-winning cells
- Acid Digest
- Cake Filter
- Dore ingots
- Gold Furnace

ANGLO PROCESS





8. A1 Mine Site Infrastructure

Power

The mine is on 22kV state grid power. The mine site currently has a 500 kVA transformer for site supply. The underground section uses circa 150 kva.

Water

The mine currently has a 100 megalitre licence from underground, which is sufficient for all planned future mining operations.

Fixed and Mobile Equipment

The company owns a fleet of mobile equipment which has been used to complete the development to date. The productivity of this fleet has been used to create the mine schedule and, along with \$1M allocated as rebuild costs, is expected to service the mine through to end of Stage 1. When the mine moves into the production phase it will engage a long hole drilling contractor to complete all production drilling. A quote for drilling services including equipment and operators has been received from a Victorian based contractor and this has been included in the stoping costs. The mine retains an inventory of spares onsite even though all general stores are readily available in Mansfield approximately 80km from the mine and any major parts can be sourced from suppliers in Melbourne within 24 hours.

Dewatering is not a critical factor and the diaphragm pumps currently in use are sufficient for face dewatering.

Permits and Rehabilitation

All mining permits are in place and there is approval for an additional 120,000 m³ of waste storage on the surface, which will account for 84,000 tonnes produced from waste development. The mine has adopted a continuous rehabilitation program and has planted trees on contoured waste dumps.





9. Financial Summary

Mining One has combined the mine schedule and costs to produce an updated financial model over the Stage 1 mine life of 3 years. The model includes a capital requirement of \$2.9M to fund the operation through the development phase.

The financial model has been prepared on the assumption that the Company's acquisition of Octagonal's Victorian gold assets has been completed, including a capital raising of \$2.4M. The balance of the total capital requirement of \$2.9M would be funded from the Company's existing working capital.

The financial model has used a gold price of AUS\$1,300 / ozs and a 90% mill recovery (see Section 5 for more details). A summary of the updated model is shown in Table 9 and the model from the original Stage 1 Scoping Study (September 2014) is included at Table 10 for comparison.

Table 9: Financial Model Summary – Updated Stage 1 Scoping Study January 2015

Cost Item	Year 1 (\$,000)	Year 2 (\$,000)	Year 3 (\$,000)	Year 4 (\$,000)
Mine Development	2,810	2,229	88	
Labour	2,536	3,623	3,623	906
Administration	108	108	108	27
Geology	124	124	124	31
Exploration Drilling	264	324	324	
Stoping	1,239	3,371	4,149	442
Capital Equipment	-	500	500	
Corporate	726	726	726	182
Total Mining Costs	7,809	11,007	9,400	1,588
Mill Upgrade	500			
Ore Transport	3,020	7,604	7,551	734
Mill Labour	614	1,123	1,123	281
Milling	1,311	3,301	3,279	319
Total Costs	13,254	23,305	21,353	2,922
Revenue	16,672	35,427	36,266	4,370
Cumulative Cash Flow	6,319	18,711	33,624	35,073





Table 10: Financial Model Summary – Stage 1 Scoping Study September 2014

Cost Item	Year 1 (\$,000)	Year 2 (\$,000)	Year 3 (\$,000)	Year 4 (\$,000)
Mine Development	2,810	2,229	88	
Labour	2,481	3,078	3,078	770
Administration	108	108	108	27
Geology	124	124	124	31
Exploration Drilling	264	324	324	
Stoping	1,239	3,371	4,149	442
Capital Equipment	-	500	500	
Corporate	726	726	726	182
Total Mining Costs	7,754	10,462	8,855	1,451
Plant Construction	1,000			
Ore Transport	3,020	1,217	1,208	117
Milling	3,563	7,604	7,551	734
Total Costs	15,338	19,282	17,615	2,303
Revenue	14,819	31,491	32,237	3,884
Cumulative Cash Flow	2,381	14,591	29,213	30,794





10. Tenement Holdings and Movements

Below is a schedule to mining tenements and beneficial interests held as at the 31st August 2014: (exclusive of the tenements to be acquired from ORS)

Table 11: Tenement Holdings

A1 Consolidated Gold: Tenements

Tenement Reference	Location	Interest at start 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%

Walhalla Tenements: Option to Acquire from Orion Gold NL (ASX Announcement 29th August 2014)

Tenement Reference	Area	Comment
MIN5487	98.4 Ha	Crown and private land and road and road reserves (MRSDA)
EL3311	149.0 km ²	Crown and private land and road and road reserves (MRSDA)
EL4660	24.0 km ²	Crown and private land and road and road reserves (MRSDA) Joint Venture Orion 85% and CMS Australia Pty Ltd 15%
ELA5042	48.0 km ²	Crown and private land and road and road reserves (MRSDA)
EL5043	50.0 km ²	Crown and private land and road and road reserves (MRSDA)
EL5077	25.0 km ²	Crown and private land and road and road reserves (MRSDA)
EL5340	17.0 km ²	Crown and private land and road and road reserves (MRSDA)
EL5348	37.0 km ²	Crown and private land and road and road reserves (MRSDA)
RLA2004	3107.2 Ha	Crown and private land and road and road reserves (MRSDA)
RLA2021	656.0 Ha	Crown and private land and road and road reserves (MRSDA)





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 an Exploration Licence (EL5109), 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.

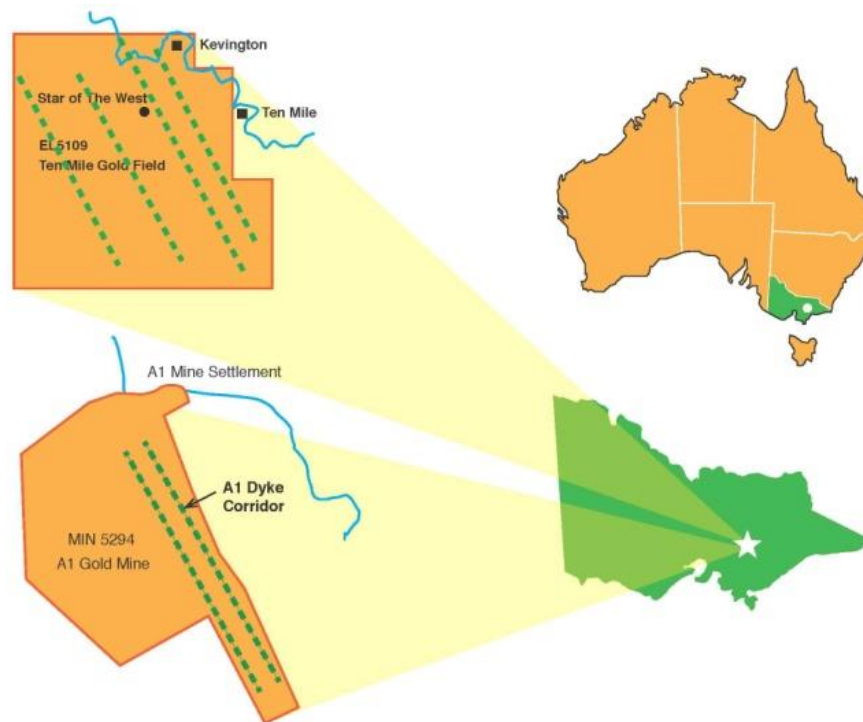


Figure 6: Location of Tenements

Competent Person Statements

The information in this announcement that relates to Exploration Results 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 and the activity being undertaken 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 the 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 12 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 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 original May Announcement.

The information in this announcement that relates to the Updated Stage 1 Scoping Study is based on, and fairly represents, information compiled by Mr Bill Frazer who is a member of The Australasian Institute of Mining and Metallurgy. Mr Frazer is a full time employee of Mining One Pty Ltd and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. Mr Frazer has given his consent to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.





Forward Looking Statements

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.

The Company believes that it has a reasonable basis for making the forward looking statements in this announcement, including in respect to any production targets and forecast financial information based on that production target, based on the information contained in this announcement and in particular:

- (i) The Updated Stage 1 Scoping Study was completed by independent consultants, Mining One Pty Ltd, with assistance provided by A1 Gold.
- (ii) The management team of A1 Gold (including those set out below) are highly experienced in underground mining. Mr Clark has 38 years of experience in underground mining, with extensive knowledge of mine development, installation of surface infrastructure and treatment plants. He is the holder of a Mine Managers Certificate of Competency (Vic) and has managed and operated several narrow vein gold projects. Mr Clark has been a mining contractor and has undertaken mine development projects in Victoria and New South Wales for the past 25 years. In addition, he has over 10 years of experience in relation to the A1 Gold Mine itself, and so is intimately familiar with the mine workings and geology. Mr Phil Bremner is a qualified Mining Engineer with over 30 years' experience in the mining industry. Phil holds Underground Mine Managers Certificates for WA, NSW and QLD. Phil is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Dave Sharp has 14 years' experience as a geologist, working in underground and open pit mine production, exploration and resource development on projects across a range of commodities throughout Victoria, South Australia and Western Australia, with a strong focus on vein hosted gold deposits similar to the A1 Gold Mine.
- (iii) A1 Gold has already been mining at the A1 Gold Mine, so actual costs have been incorporated into the financial model. Other costs have been estimated based on quotes or current commercial rates.
- (iv) A Share Sale Agreement between the Company and Octagonal has been executed pursuant to which the Company acquires Octagonal's Victorian assets including the 150,000 tpa Maldon Treatment Plant at Maldon, Victoria via the purchase of all the issued capital of three of Octagonal's subsidiaries (the **ORS Companies**). The acquisition is conditional upon the satisfaction of the conditions set out below:
 - a. A1 Gold completing, and being satisfied, at its sole discretion, with its due diligence investigations;
 - b. the shareholders of A1 Gold approving the acquisition and the issue of the consideration securities for the purposes of the Corporations Act and ASX Listing Rules and other purposes as required;
 - c. the shareholders of Octagonal approving the acquisition for the purposes of ASX Listing Rule 11.2 as required;
 - d. A1 Gold successfully completing a \$2.4m fundraising within 3 business days of a shareholder meeting for the purposes of the condition in b above;
 - e. the provision of relevant consents to the change in control of each of the ORS Companies required under existing material contracts to which any of the ORS Companies are a party to (if any); and
 - f. the parties agreeing a revised Plant and Equipment list to update item 1 of Schedule 1 of the Share Sale Agreement.

The conditions precedent must be fulfilled or waived by 31 March 2015 or such other date agreed by the parties.

A1 Gold believes that is reasonable to assume that the conditions precedent will be satisfied by the due date.





- (v) A1 Gold is fully equipped to undertake mine development and has employed an experienced management team. Surface infrastructure already in place includes an administration office and first aid facility, state grid power, phone, internet & mine-radio system, drill core and sample preparation facility and heavy equipment workshop with fuel and oil storage.
- (vi) All mining permits are in place and there is approval for an additional 120,000 m³ of waste storage on the surface which will account for 84,000 tonnes produced from waste development.
- (vii) Recovery has been estimated at 90%, which is based on Gekko test work and historical recoveries from the A1 Gold Mine.

