# A1 Consolidated Gold

## ASX Release – 06th May 2015

# High Grade Drill Results
# A1 Mine 1460 Area

A1 Consolidated Gold Limited (**ASX: AYC**) (**Company**)is pleased to report further high grade drill results from the Company's flagship A1 Mine in north-eastern Victoria.

### Highlights:

- **Further significant high grade intersections from UG diamond drilling into 1460 area of 2m@16g/t**
- **Visible gold observed in 3 separate veins in drillhole A1UDH-053**
- **Drilling in-line with modelled expectations**

Managing Director, Mr Dennis Clark, commented, "These drilling results are very encouraging as we progress the decline development towards the 1460 Area."

"The 1460 area is situated just to north of the planned decline path and will be accessed as the company continues to develop towards the 1400 Stockwork Zone which contains the bulk of the current Mineral Resource".

"The Company's primary objective is to bring the 1400 stockwork zone into production, which with our Updated Stage 1 Scoping Study projecting an All in Sustaining Cost (C3) of $849/oz, will establish A1 Consolidated Gold as a profitable junior 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 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**
Jamie Cullen

**Non-Executive Director & Company Secretary**
Dennis Wilkins

**Capital Structure:**

276,683,539 Ordinary Shares
143,383,293 Listed Options
9,000,000 Unlisted Options

**Contact:**


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## A1 Mine 1460 High Grade Zone

The 1460 area is series of zones within a cluster of narrow high grade intercepts up to 0.2m @ 569.65 g/t Au. These intercepts occur both within dyke and sediments. Several individual distinct high grade zones have been identified. The A1 dyke at this level and northing of the mine consists of a series of narrow continuous and often bifurcating dykes within a corridor that is generally 7-8m thick including rafts of sediments.

The style of mineralisation within the 1460 area is typical of the upper levels of the A1 Gold Mine, where stacked or narrow individual high grade veins were mined with an average mined grade of 25g/t throughout the life of the mine. Unlike the majority of the current A1 Mineral Resource that is hosted within a dyke hosted stockwork system, the 1460 area is narrow vein hosted.

The orientation of the high grade zones appears to be east dipping with a shallow southerly plunge, with the possibility of a steeper vein set plunging north. The steep data set is difficult to define due to the position of available drill platforms leading to holes being drilled parallel with the potential vein set.

The Company has recently completed a short diamond drilling program as part of a mine definition design with the results in-line with modelled expectations.

## Drilling Results

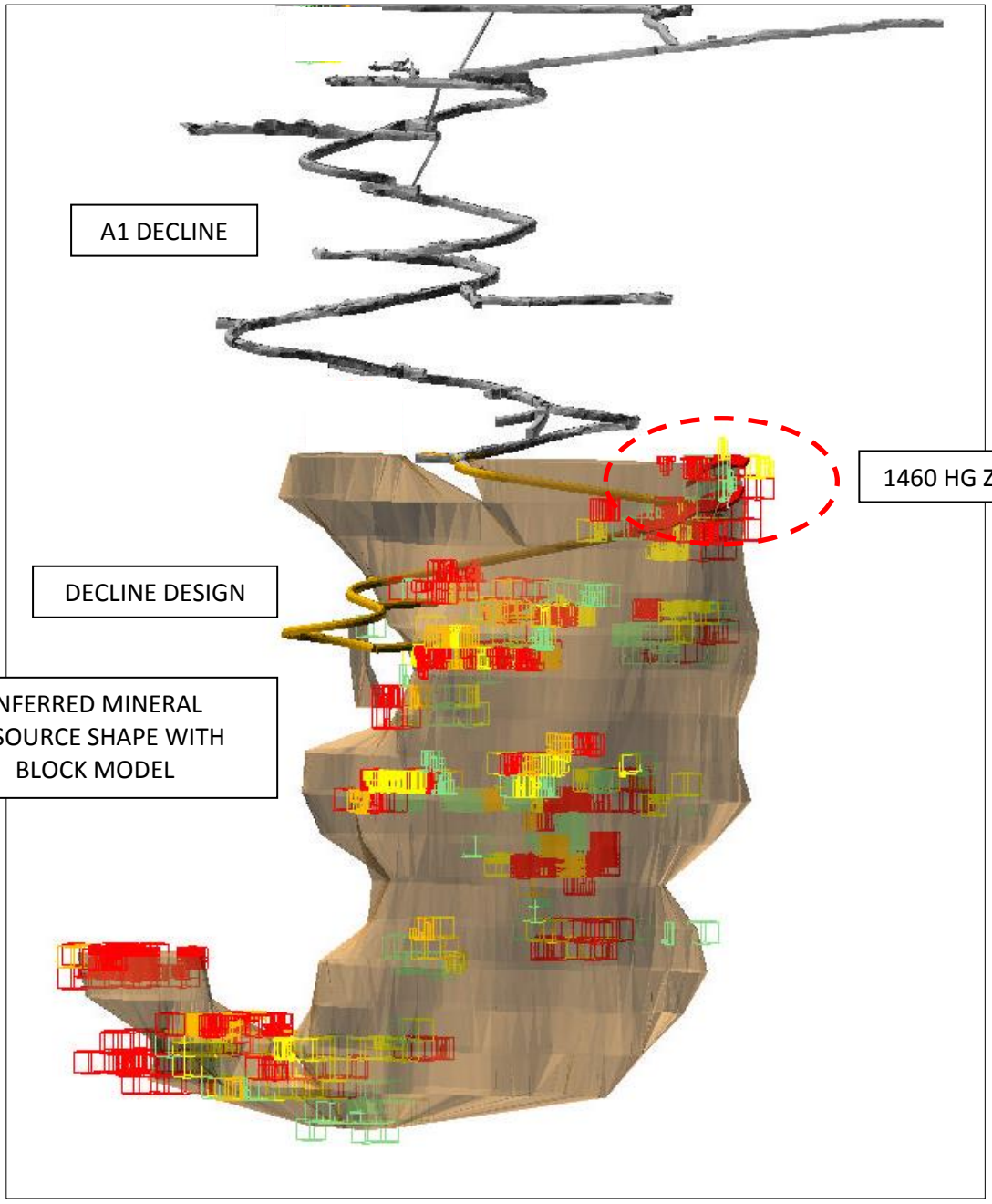
Table 1- Significant Results Recent Drill Program (+3g/t Au)

| Hole ID | Easting | Northing | RL | DIP | Azimuth (MAG) | EOH (m) | From (m) | To (m) | Int. (m) | Au PPM | Average |
|---|---|---|---|---|---|---|---|---|---|---|---|
| A1UDH-053 | 429483 | 5848878.80 | 1551.5 | -69.7 | 306.3 | 103.4 | 79.0 | 80.0 | 1 | 26.10 | **2m@16.06g/t** |
| | | | | | | | 80.0 | 81.0 | 1 | 6.02 | |
| A1UDH-054 | 429483 | 5848878.85 | 1551.5 | -75.8 | 290.4 | 102.7 | NSA | | | | |

NSA: No Significant Assays

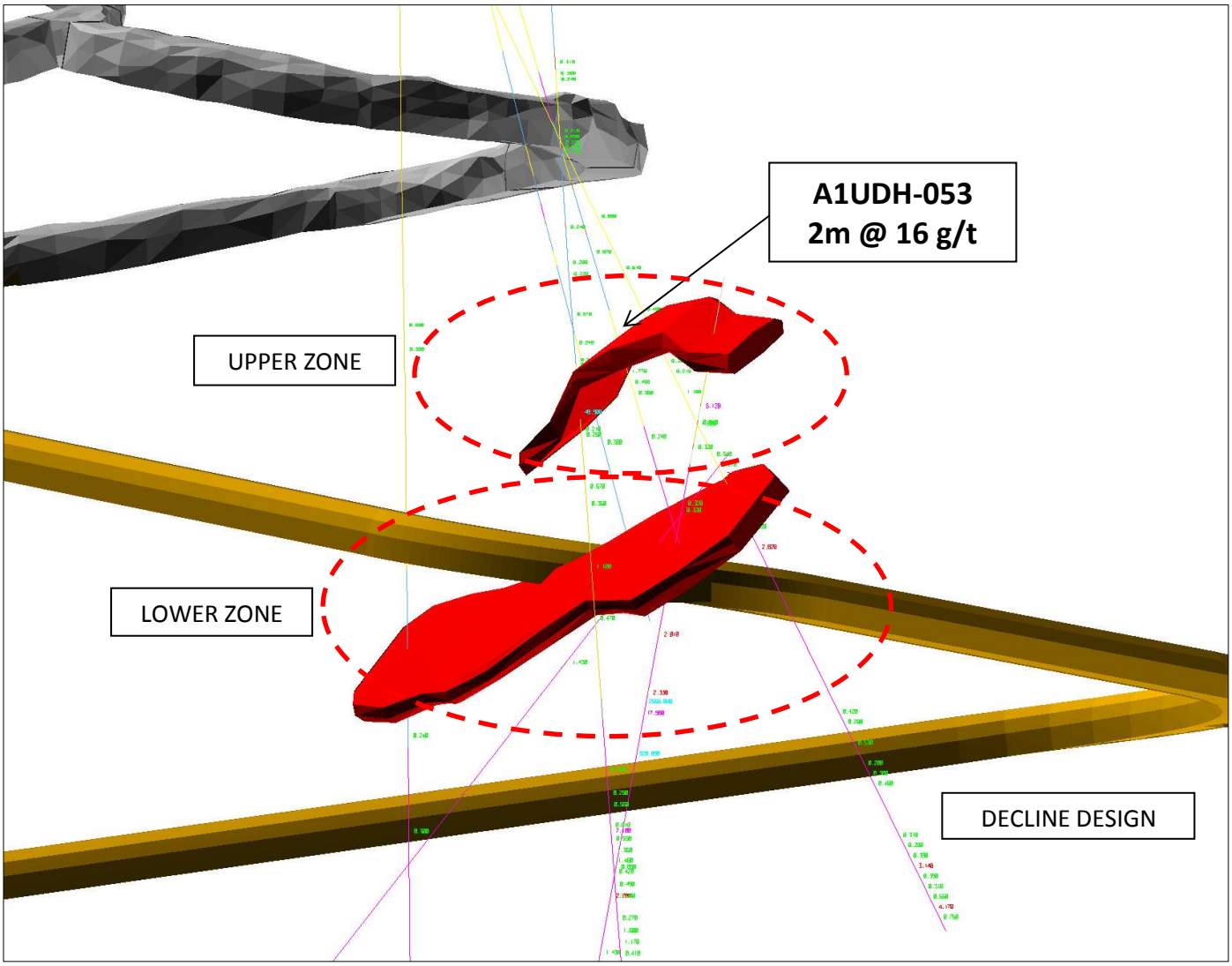
Table 2- Previously released Drill Intercepts 1460 Area

| Hole ID | Azimuth | Dip | From (m) | To (m) | Interval (m) | Grade g/t Au |
|---|---|---|---|---|---|---|
| L7-0006 | 183.3 | - 87.9 | 241.00 | 242.00 | 1.00 | 103.2 |
| L7-0012 | 244.9 | - 85.0 | 218.00 | 218.50 | 0.50 | 148.9 |
| DDH-128 | 351.0 | + 60.0 | 57.66 | 57.86 | 0.20 | 85.5 |
| DDH-128 | 351.0 | + 60.0 | 58.93 | 59.13 | 0.20 | 569.6 |
| DDH-128 | 351.0 | + 60.0 | 79.83 | 80.14 | 0.31 | 71.6 |
| A1UDH-017 | 290.6 | - 63.9 | 215.00 | 216.00 | 1.00 | 6.56 |




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

**Figure 1: Isometric View of Block Model with Location of 1460 Area**




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

**Figure 2: Isometric View of Modelled Shapes and Drill Intercepts 1460 Area**

## 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. 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.

As announced on 29 August 2014, the Company has entered into an option agreement with Orion Gold NL (ASX:ORN) to acquire Orion Gold's Walhalla tenements.

As announced on 29 December 2014, the Company has executed a Share Sale Agreement with Octagonal Resources Limited (ASX:ORS) to acquire Octagonal's Victorian assets, which includes a fully permitted 150,000 tpa gold processing facility at Maldon.

Figure 3: Location of Projects

## Competent Person Statements

The information in this report that relates to Exploration Results and Mineral Resources is based on 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 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 report of the matters based on this information in the form and context in which it appears. Information that relates to exploration and production targets refers to targets that are conceptual in nature, where there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

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 (ASX Announcement 13 January 2015) (**January Announcement)** 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. 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 January Announcement.

## Listing Rules Compliance Statement

The information in this announcement that relates to the Updated Stage 1 Scoping Study is extracted from the summary report entitled 'A1 Gold Mine, Stage 1 Scoping Study (Update)' prepared by Mining One Pty Ltd included in the Company's ASX announcement dated 13 January 2015 (**January 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 January Announcement and that all material assumptions and technical parameters underpinning the estimates in the January 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 January Announcement.

**Section 1 Sampling Techniques and Data**

(Criteria in this section apply to all succeeding sections.)

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| ***Sampling techniques*** | • *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*<br>• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*<br>• *Aspects of the determination of mineralisation that are Material to the Public Report.*<br>• *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.* | • All sampling results reported are from Diamond Drilling<br>• Sample length varies from 0.3m to a maximum 1.0m. All core was halved using an Almonte Core Cutter with guides to ensure an exact split. With coarse gold common within the deposit, the top half of the core is sampled to reduce inherent sampling problems. The samples being reported were dried, crushed and pulverised, with 2000g bottle roll leachwell with a fire assay on the tail for any samples over 1.5g/tAu. |
| ***Drilling techniques*** | • *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).* | • Drilling was conducted by A1 Consolidated staff using an LM30 drill rig. The core diameter drilled was LTK48 (35.3mm) standard tube wireline. The core was orientated where applicable using the cleavage which is consistent throughout the mine. |
| ***Drill sample recovery*** | • *Method of recording and assessing core and chip sample recoveries and results assessed.*<br>• *Measures taken to maximise sample recovery and ensure representative nature of the samples.* | • Core loss is recorded both on the drilling plods and in the geological logging<br>• Where ground is broken, 1.5m runs are used. Potential fault zones and ore intersection depths are noted on drilling proposals<br>• Underground Mineralisation is predominately in the more competent dyke |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.* | and quartz rich areas within the 1400 stockworks zone, therefore sample recoveries are generally high. No significant sample loss has been recorded with a corresponding increase in Au.<br>• Thin individual vein systems controlled by faulting often display a soft zone of fine gouge material and clays up to 300mm thick that can be very high grade (+200g/t) and is often surrounded by quartz making recovery difficult. There is potential for a negative bias due to the loss of this fault gouge which was referred to as 'Mutton Fat' by historical miners, and was mined on several levels. |
| ***Logging*** | • *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*<br>• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*<br>• *The total length and percentage of the relevant intersections logged.* | • All holes have been logged in full to include lithology, veining, mineralisation, alteration, RQD and sampling data.<br>• All core has been photographed before sampling |
| ***Sub-sampling techniques and sample preparation*** | • *If core, whether cut or sawn and whether quarter, half or all core taken.*<br>• *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*<br>• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*<br>• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*<br>• *Measures taken to ensure that the sampling is representative of the in situ* | • All core submitted for sampling was half core.<br>• All samples were submitted to the independent Gekko Industries Laboratory at Ballarat. Samples were crushed, pulverised and leachwell bottle rolled for 24 hours with a fire assay on the tail of any grades over 1.5g/t. This method is acceptable for this style of deposit.<br>• Internal QAQC insertion of blanks and standards is routinely carried out. Random and select insertion is applied, ie blanks are inserted directly after samples containing visible gold. The laboratory has its own QAQC program which is reported with results and a monthly QAQC review. |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | *material collected, including for instance results for field duplicate/second-half sampling.*<br>• *Whether sample sizes are appropriate to the grain size of the material being sampled.* | • Second half sampling occurred in A1PL series of holes by Heron was carried out in the 2010-2012 period.<br>• 147 pulp sample rejects from the Heron L7 drilling programme (2010-2011) were collected by Snowdens in May 2012 and submitted to the Gekko Laboratory in Wendouree, Ballarat. The pulps were in 100-200g lots and were screen fired in their entirety. Statistical analysis showed that 55% of the samples pairs lie within the +/-10% HARD. In a perfect scenario, 90% of the assays should be within the 10% HARD. This is typically rarely achieved in coarse gold dominated systems such as the A1 Mine where pulps are split prior to assay. These results confirm the presence of coarse gold at A1 (already well known) and indicate inherent variability will be present in assay data sets large assay charge size sizes have been applied (eg assay via Leachwell)<br>• The QQ plot indicated that the duplicate data is biased around +10% to +25% above the original data. This may be a factor of original pulp splitting and coarse gold segregated into the reject split. This was done by independent consultants.<br>• Although coarse gold dictates a larger sample size, the sample sizes are considered appropriate for this style of deposit and a history of re-assay of A1 drillcore splits and pulp splits, show that this is the case. |
| ***Quality of assay data and laboratory tests*** | • *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*<br>• *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.*<br>• *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of* | • The method of Leachwell with a fire assay on the tail is acceptable for this style of deposit and can be considered a total assay.<br>• Industry standards are followed for all sample batche, including the insertion of commercially available CRM's and blanks. The insertion rate is approximately 1 every 10 to 15 samples. QAQC results (Both A1 and internal laboratory QAQC) are reviewed by A1 geological staff upon receipt of the assay results. No issues were raised with the data being reported |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | *accuracy (ie lack of bias) and precision have been established.* | |
| ***Verification of sampling and assaying*** | • *The verification of significant intersections by either independent or alternative company personnel.*<br>• *The use of twinned holes.*<br>• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*<br>• *Discuss any adjustment to assay data.* | • The results have not been checked by an independent laboratory or institution at this stage<br>• All field data is recorded on an excel spreadsheet then uploaded into an Access Database with industry standard security and protocols in place. Front end validation is built into the spreadsheet to prevent spurious data entry.<br>• There were no adjustments made to the Certified Assay Data provided by the laboratory |
| ***Location of data points*** | • *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*<br>• *Specification of the grid system used.*<br>• *Quality and adequacy of topographic control.* | • The drilling was conducted within surveyed mine workings. The hole collars were marked out by licensed surveyors. The design of the collars has been used to plot the holes in the database until such a time that the holes are picked up by surveyors when next on site. The design is within 0.5m of the actual collar position<br>• Down hole surveying was undertaken at 15m, then every 30m after this using a Reflex single shot camera.<br>• The grid system used isMGA_GDA94.<br>• A relative elevation was set to AHD + 1000m to allow for the depth of the mine not to go into negative elevations. |
| ***Data spacing and distribution*** | • *Data spacing for reporting of Exploration Results.*<br>• *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.*<br>• *Whether sample compositing has been applied.* | • Given the high grade and coarse gold nature of the area being drilled, the drilling is sufficient for the classification applied<br>• Sample compositing was not applied |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| ***Orientation of data in relation to geological structure*** | • *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*<br>• *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.* | • A majority of the veining intersected is horizontal and has been intersected with vertical drilling. There is the potential for a steep vein set in the area, which will require a shallower angle of drilling<br>• There is no bias introduced with the drilling angle. |
| ***Sample security*** | • *The measures taken to ensure sample security.* | • Chain of custody is managed by A1 Consolidated Gold. Samples are transported to the laboratory by A1 Consolidated staff with the sample submission checked by laboratory staff upon delivery |
| ***Audits or reviews*** | • *The results of any audits or reviews of sampling techniques and data.* | • No audits or reviews have been conducted on the data contained in this release |

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| ***Mineral tenement and land tenure status*** | • *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*<br>• *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.* | • The A1 Gold Mine is located wholly within MIN5294. This license is 100% owned by A1 Consolidated Gold (AYC) and is in good standing.<br>• The A1 Mine is located approximately 75km southeast of Mansfield in northeast Victoria (approximately 15km northwest of Woods Point).<br>• In 2012 AYC acquired the rights to the asset from Heron Resources Ltd (HRR). |
| ***Exploration done by other parties*** | • *Acknowledgment and appraisal of exploration by other parties.* | • The A1 Gold Mine has been an active mine since 1861 with an extensive list of previous owners and tenement consolidations. Most recently before A1 Consolidated, the tenement was held by Gaffney's Creek Gold Mine Pty Ltd which consolidated the 3 mining leases MIN5375, MIN5326, and MIN5294.<br>• Heron Resources who conducted the 2009-20011 L7 drilling program and |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | | commenced decline development. |
| ***Geology*** | • *Deposit type, geological setting and style of mineralisation.* | • The project area lies within the Woods Point – Walhalla Synclinorium structural domain of the Melbourne Zone, a northwest trending belt of tightly folded Early Devonian Walhalla Group sandy turbidites. The domain is bounded by the Enoch's Point and Howe's Creek Faults, both possible detachment-related splay structures that may have controlled the intrusion of the Woods Point Dyke Swarm and provided the conduits for gold bearing hydrothermal fluids. The local structural zone is referred to as the Ross Creek Fault Zone (RCFZ).<br>• Most gold mineralisation in the Woods Point to Gaffney's Creek corridor occurs as structurally controlled quartz ladder vein systems hosted by dioritic dyke bulges. The A1 mine is central to this corridor. |
| ***Drill hole Information*** | • *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*<br>  ○ *easting and northing of the drill hole collar*<br>  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*<br>  ○ *dip and azimuth of the hole*<br>  ○ *down hole length and interception depth*<br>  ○ *hole length.*<br>• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of* | • Refer to tables contained in report body |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | *the report, the Competent Person should clearly explain why this is the case.* | |
| ***Data aggregation methods*** | • *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.*<br>• *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.*<br>• *The assumptions used for any reporting of metal equivalent values should be clearly stated.* | • Reported grades have not been cut<br>• Sample widths are relatively consistent across high and low grades<br>• No metal equivalents have been reported |
| ***Relationship between mineralisation widths and intercept lengths*** | • *These relationships are particularly important in the reporting of Exploration Results.*<br>• *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.*<br>• *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').* | • The intersections reported can be regarded as true width due to the relative perpendicular drilling angle to the veining intersected |
| ***Diagrams*** | • *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.* | • Refer to report body |
| ***Balanced reporting*** | • *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.* | • All results received have been reported |
| ***Other substantive*** | • *Other exploration data, if meaningful and material, should be reported* | • N/A |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| ***exploration data*** | *including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.* | |
| ***Further work*** | • *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).*<br>• *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.* | • Further drilling is not planned from the current drill location. Any further drilling will be conducted from the access level into this zone. |