A1 Consolidated Gold Limited

ABN: 50 149 308 921

Annual Report

30 June 2016

Contents **Page**

Corporate Information

A1 Consolidated Gold Limited

ABN 50 149 308 921

Directors

Dale Rogers	–	Executive Chairman
Jamie Cullen	–	Non-Executive Director
Anthony Gray	–	Non-Executive Director

Company Secretary

Dennis Wilkins

Registered Office

C/- Herries Davidson & Co
32 Clifford Street
GOULBURN NSW 2580

Telephone: (08) 9389 2199

Principal Place of Business

A1 Gold Mine
Woods Point Road
MANSFIELD VIC 3722

Telephone: +61 3 5777 8125

Website

www.a1consolidated.com.au

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

Telephone +61 8 9315 2333
Facsimile +61 8 9315 2233

Bankers

ANZ Bank
190 Auburn Street
GOULBURN NSW 2580

Auditors

HLB Mann Judd
Level 4,
130 Stirling Street
PERTH WA 6000

ASX Code

AYC

Executive Chairman's Letter to Shareholders

Fellow Shareholders,

On behalf of the Board of Directors of A1 Consolidated Gold Limited ("A1 Gold"), it is my pleasure to present to you our Company's Annual Report for 2016.

The past year has been an eventful one and I am pleased to say that your Company has made the transition into a junior Australian gold producer.

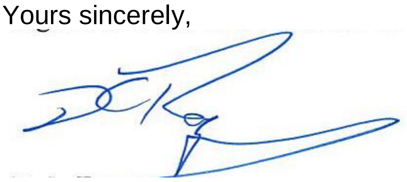
During the course of the year we have:

- Completed the purchase of the Tubal Cain and Eureka deposits
- Increased our Resources to +500,000 Au ounces
- Completed Phase 1 of the Rapid Decline Development down to the 14 Level at the A1 Mine
- Continued Ore Processing at the Porcupine Mill near Maldon
- Completed a Significant Drilling Campaign aimed at Drill Target 1, better results included;
  - 20.4 m at 47.29 g/t Au
  - 10.95 m at 24.47 g/t Au, and
  - 19.8 m at 13.26 g/t Au
- Achieved the first ever Measured Resource at the A1 Mine
- Mobilised a "flying squad" of air leg miners later in the year with recent mining focussed on optimising grades
- Completed upgrades to mine services and networks, including;
  - Ventilation Network
  - Compressed Air System
  - Primary Pumping System
  - Emergency Escape Ways, and
  - Ground support of permanent excavations

There were changes to the Board and Management of the Company during 2016 when I assumed the role of Executive Chairman following the departure of our previous Managing Director. The nucleus of the Board has remained strong with both Jamie Cullen and Anthony Gray continuing to serve throughout the year. Jamie and Anthony bring significant expertise in finance, management, geology and operations to the Board and I thank them for their efforts, patience, resilience and assistance throughout the year.

On behalf of the Board I thank you, our Shareholders, for your continued support and look forward to the coming year as we move forward with increased drilling activities and ongoing gold production.

Yours sincerely,



Dale C Rogers

Executive Chairman

Review of Operations

A1 Consolidated Gold Limited (ASX: AYC) ("A1 Gold" or "the Company") is a junior Australian gold producer. The Company owns a suite of Gold Operating and Development assets in Victoria, Australia;

- A1 Underground Mine,
- Porcupine Flat Mill (Maldon),
- Walhalla Goldfield, and
- Maldon Goldfield.

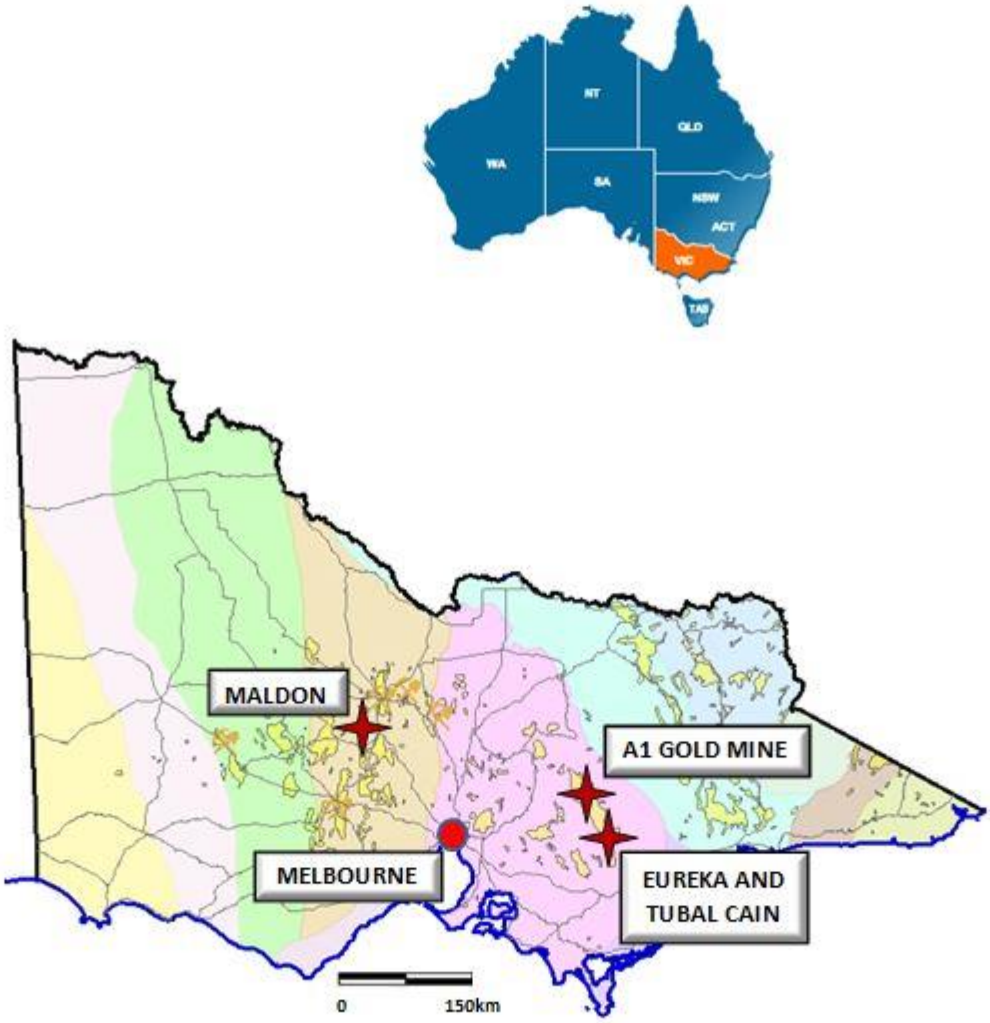


Figure 1: Location of A1 Gold's Operations

The Company is mining gold from the A1 Gold Mine, then trucking the ore for processing at the Porcupine Flat processing facility near Maldon.

In addition to these operating assets A1 Gold has medium term development opportunities at both Maldon, with Nuggetty and Union Hill Underground, and at Walhalla, with the Eureka and Tubal Cain Deposits.

A1 Gold is pleased to report its activities for the year ended 30 June 2016.

Safety and Environment

No lost time injuries (LTI's) were recorded during the year, for the third year in a row. There were no reportable environmental incidents.

Corporate Strategy

The Short Term Strategy of the Company is to ramp up mining at A1 Mine to produce +25,000 oz gold per annum, targeting All in Sustaining Costs below A$985 per oz. This will generate free cash of circa $15 million per annum.

The Company's Medium Term Strategy is to increase the Reserves at A1 Mine with further drilling and to drill and develop narrow vein high-grade gold reefs at Maldon and Walhalla to add additional producing assets and increase the Company's gold production.

The Longer Term Strategy is for further increases in gold production through exploration success or acquisition and to grow the Company's market capitalisation significantly.

A1 Gold Mine

The A1 Gold Mine is located at the Northern end of the Woods Point – Walhalla Goldfield, approximately 120 kilometres east-northeast of Melbourne, in north-eastern Victoria.

The A1 Mine was discovered in the mid-1800's and historically has produced more than 450,000 ounces of gold at an average grade of 30 g/t Au. It was one of Australia's longest operating mines, having been worked from 1861 through to 1992.

The A1 Gold Mine is not a typical Victorian gold deposit. A high proportion of Victorian gold deposits are narrow-vein Slate Belt-hosted gold deposits that are high-grade with localised and erratic gold distribution, such as the deposits at Bendigo and Ballarat.

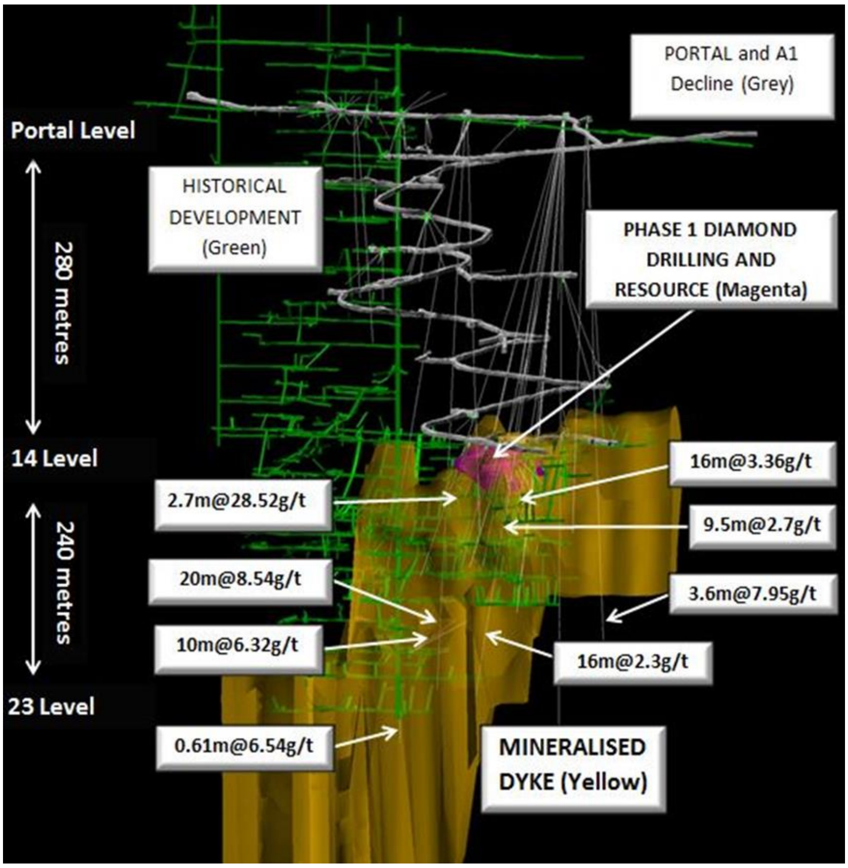


Figure 2: A1 Gold Mine (historical development in green, recent development grey, mineralised dyke below 14 level brown)

The A1 Gold Mine is hosted predominately in a dioritic dyke bulge up to 65m wide, with a strike extension of approximately 150m and a known depth greater than 700m, hosting both bulk Breccia zones and quartz veins.

Some Breccia zones at the A1 Mine are amenable to mechanised bulk tonnage underground mining techniques that are significantly lower cost than narrow-vein mining techniques. The A1 Mine decline is being developed to mine this bulk tonnage style of gold deposit in addition to high grade quartz veins.

During the 2016 financial year A1 Gold focused on extending the underground decline at the A1 Mine to access and commence mining from the 14 level. This depth was achieved, early in the second half of the year, following engagement of PYBAR as the development and mining contractor at A1.

After reaching the 14 level the decline was paused for several months while diamond drilling activities were significantly increased during the second half of the year. Drilling was focussed on Drill Target 1, with a very close spaced 8m x 8m pattern. Significant results returned from the drilling included;

- 20.40 m at 47.29 g/t Au
- 10.95 m at 24.47 g/t Au
- 19.80 m at 13.26 g/t Au
- 3.95 m at 71.60 g/t Au
- 15.00 m at 10.35 g/t Au
- 3.30 m at 35.44 g/t Au

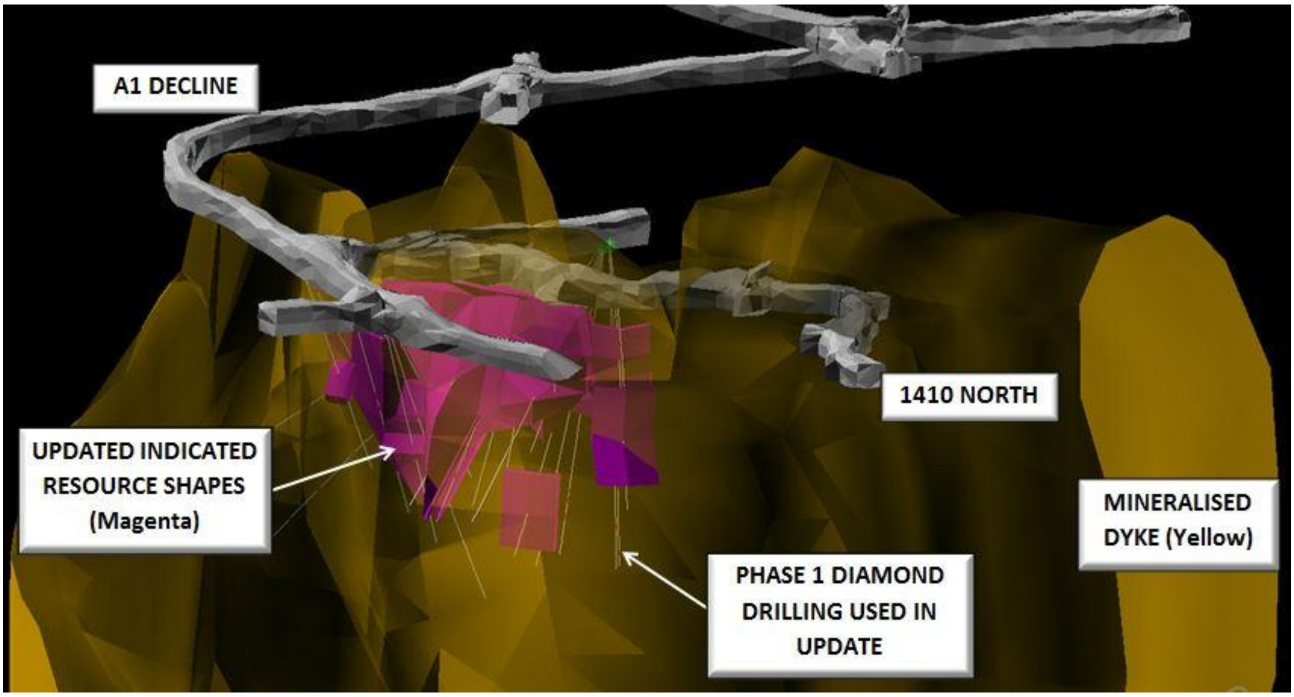


Figure 3: Phase 1 Drilling Area (Phase 1 Resource in Magenta, recent development grey, mineralised dyke below 14 level brown)

As a result, the Resource grade of the Drill Target 1 area was 200% higher than previous estimates in that area. This Resource was also in a higher confidence classification and contained the first ever Measured Resource at the A1 Mine.

During the latter half of the year there was a change in the mining strategy to focus on "Quality not Quantity". This involved a greater utilisation of Air Leg miners, with tighter geological control, to maximise gold grades.

In addition, during the second half of the year there was a significant investment in and improvement to the systems and service networks at the Mine, including;

- Ventilation upgrades to provide more air for mechanised equipment;
- Developing a second means of egress and Installation of a second refuge chamber;
- Re-run over 2km of compressed air lines to allow Air Leg mining;
- Primary pumping system improved;
- Upgrades to mechanised fleet; and
- Ground support maintenance to ensure long term stability of critical excavations.

Porcupine Flat Mill

The Porcupine Flat Gold Processing Facility is located adjacent to Maldon 140 kilometres northwest of Melbourne in central Victoria. The Maldon Goldfield was historically a large primary gold producer in central Victoria (with recorded production of more than 1.7 million ounces of primary gold at an average grade of 28 g/t Au).

In late 2014 A1 Gold entered into a binding Heads of Agreement with Octagonal Resources Limited ("Octagonal") to purchase the Maldon Gold Operation. This transaction was completed during 2015 and has provided the Company with access to the 150,000tpa Porcupine Flat Gold Processing Facility, which is ideally suited to process ore from the A1 Gold Mine.

Figure 4: Porcupine Flat Gold Processing Facility

The Porcupine Flat Facility has continued processing ore from the A1 Mine during the year achieving metallurgical recoveries in excess of expectations.

Maldon Gold Operation

The operation is centred around the town of Maldon and consists of exploration and mining licences overlying the historic Maldon, Wehla, Campbelltown, Amherst and Dunolly Goldfields. The Maldon Goldfield is on the Maldon Central Shear Zone and includes the Union Hill underground mine, which has a decline developed for several kilometres parallel to the Maldon Central Shear Zone to the Alliance South Deposit.

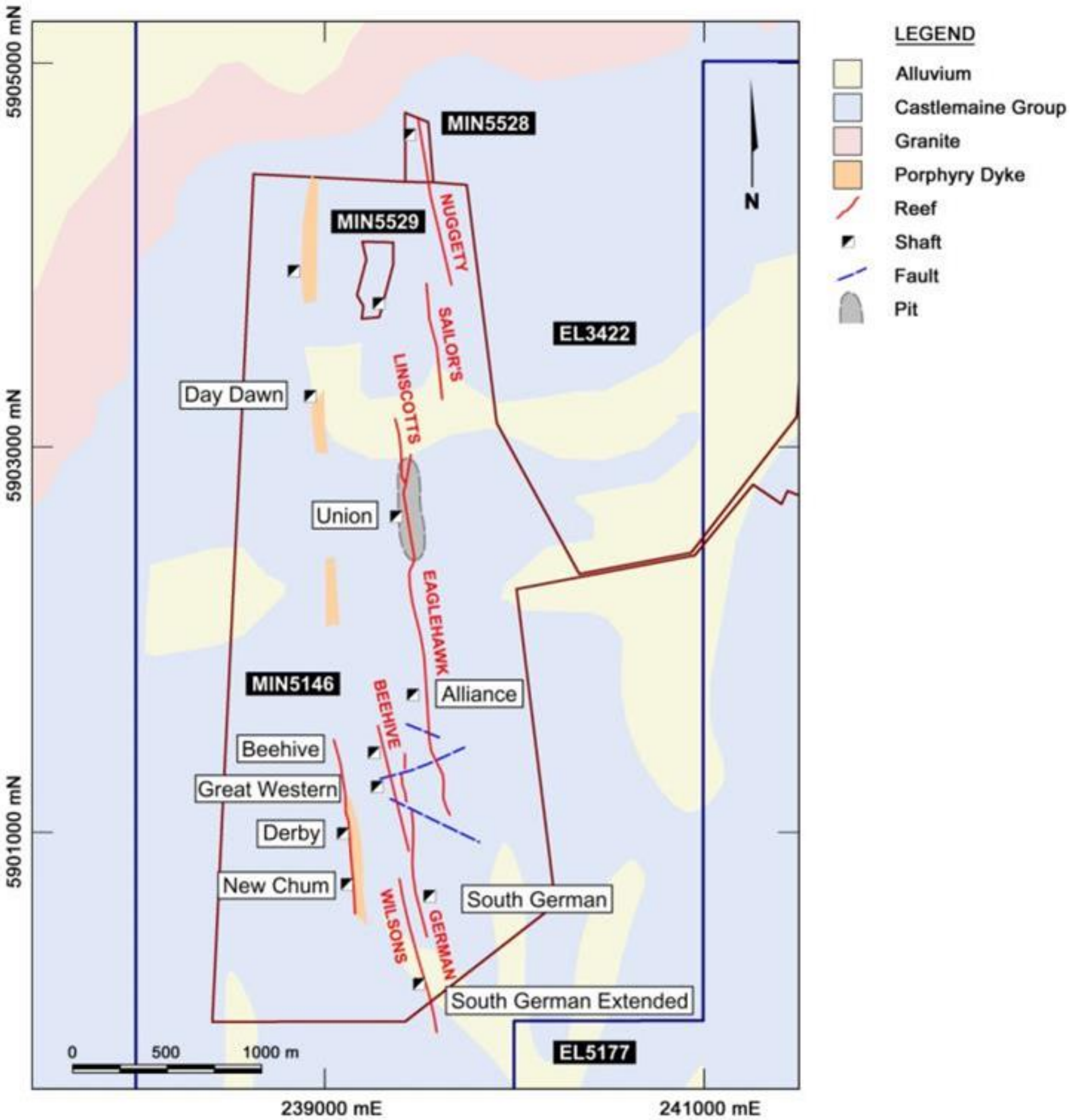


Figure 5: Plan View of the Maldon Central Shear Zone

The Maldon Central Shear Zone has several target areas including;

- Nuggetty
- Union South and Union Deeps
- Alliance and Alliance South
- Eagle Hawk
- German
- Bee Hive
- Victoria and Derby

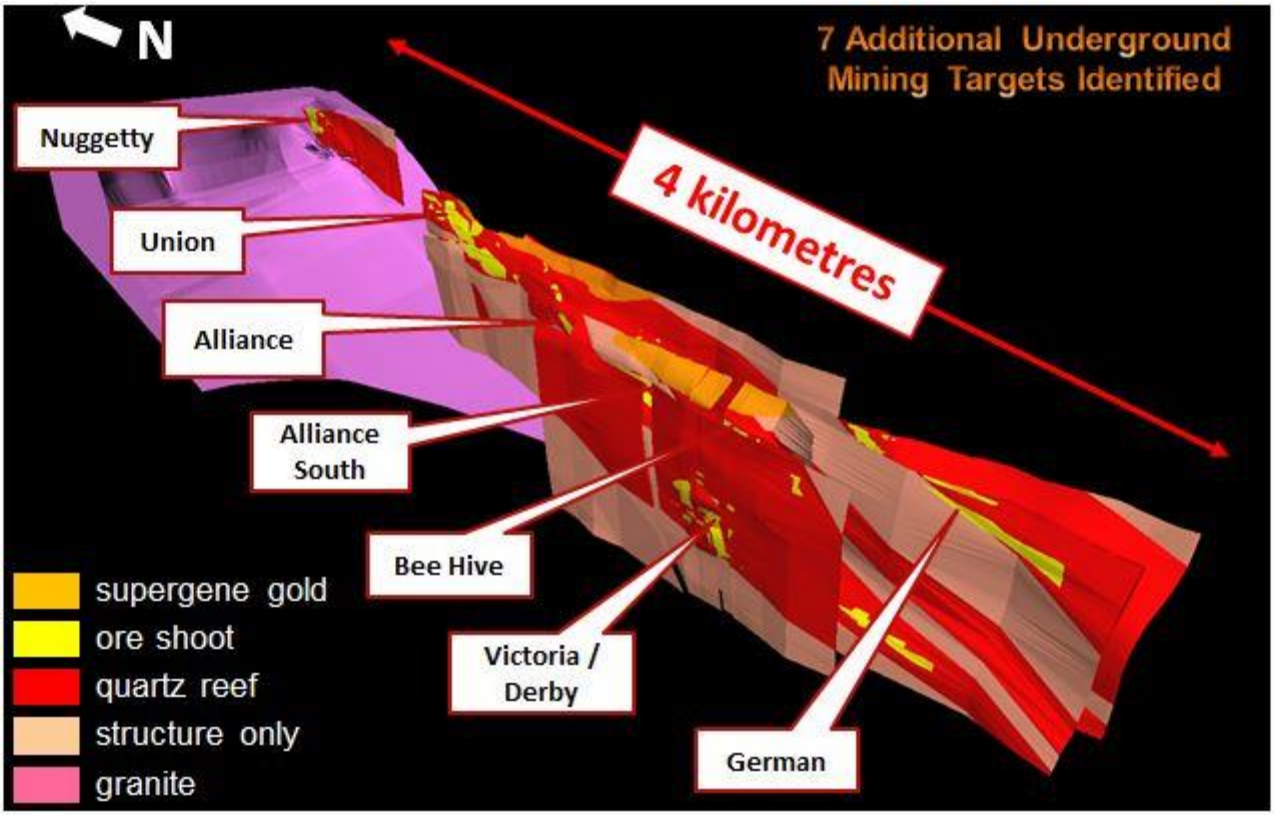


Figure 6: Maldon Central Shear Zone 3D Projection

Walhalla Project

During the year the Company acquired the Orion Gold NL's ("Orion") Walhalla Tenement. The mining Tenement is located some 70 km southeast of the A1 Mine, 150 kilometres east of Melbourne, and overlies the Eureka and Tubal Cain gold deposits.

The Tubal Cain and Eureka gold deposits are predominantly dyke-hosted, with visible and disseminated gold associated with parallel ladder veins similar to the A1 Gold Mine. Eureka was mined from 1867 to 1915 to a depth of approximately 150 metres and produced 70 kilograms of gold, whereas Tubal Cain was worked from 1866 to 1911 to a depth of 100 metres and produced 120 kilograms of gold.

The Eureka Deposit has an Inferred Mineral Resource of 153,000t @ 9.90 g/t Au for 49,200 ozs Au (refer to the Resources and Reserves Section of this Report). The Dyke has been drill tested to approximately 500m and remains open at depth.

The Eureka Mine has underground development (adit) to exposed gold-bearing reefs and presents a medium term mining opportunity.

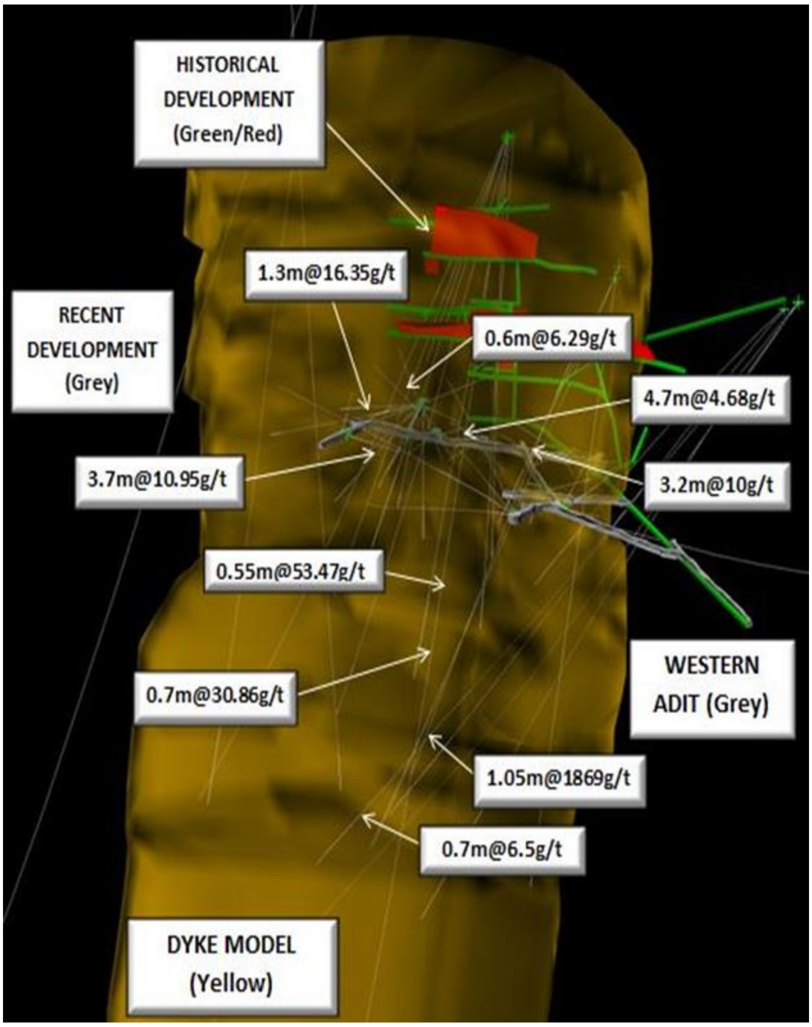


Figure 7: Eureka Dyke Model and Significant intercepts (historical workings in green, modern exploration adit in grey and dyke in brown)

The Tubal Cain Deposit is a short distance away from Eureka and close to the town of Walhalla, Victoria. The Inferred Mineral Resource at Tubal Cain is 932,000t @ 4.10 g/t Au for 122,900 oz Au (refer to the Resources and Reserves Section of this Report). The Dyke has been drill tested to approximately 780m depth and remains open at depth. Historic production from the deposit was very high grade at +1 oz per tonne.

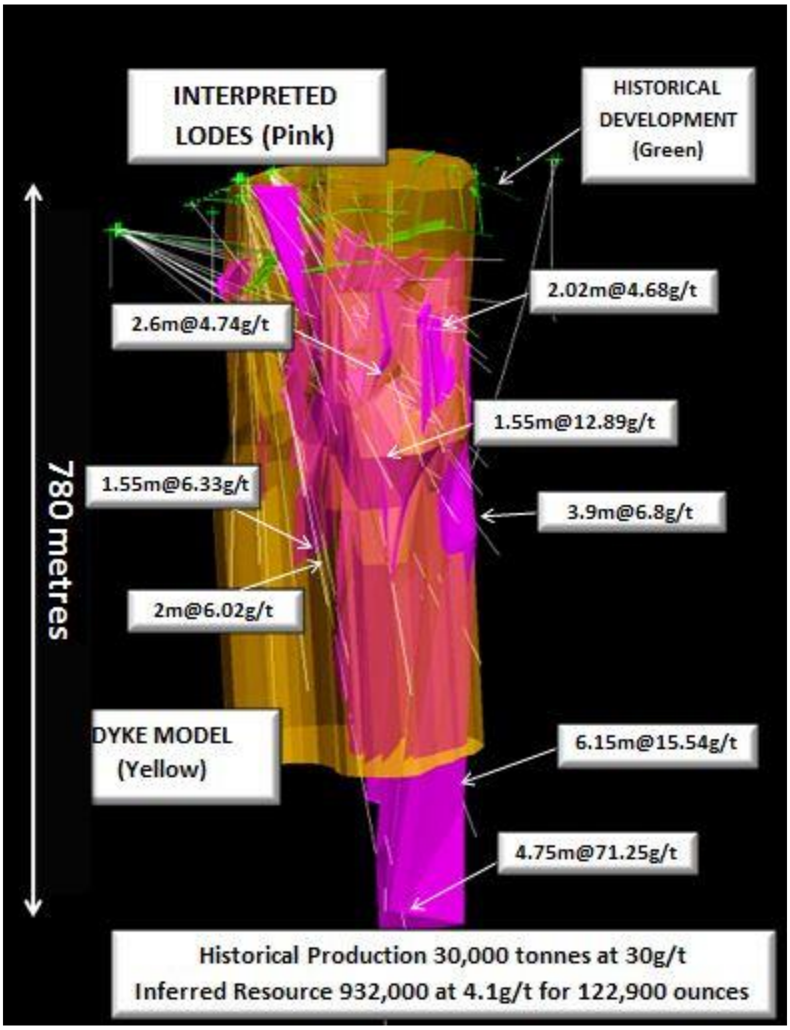


Figure 8: Tubal Cain Dyke Model and significant intercepts (historical workings in green, dyke in brown)

Summary of Tenements

Tenement Reference	Equity	Status	Holder
Woods Point – Walhalla Goldfield (Victoria)			
MIN 5294	100%	Granted	A1 Consolidated Gold Limited
EL 5109	100%	Granted	A1 Consolidated Gold Limited
MIN 5487	0%[1]	Granted	Orion Gold NL
Maldon Goldfield (Victoria)			
EL 3422	100%	Granted	Maldon Resources Pty Ltd
EL 5177	100%	Granted	Maldon Resources Pty Ltd
EL 5499	100%	Granted	Maldon Resources Pty Ltd
MIN 5146	100%	Granted	Maldon Resources Pty Ltd
MIN 5528	100%	Granted	Maldon Resources Pty Ltd
MIN 5529	100%	Granted	Maldon Resources Pty Ltd
Wehla Goldfield (Victoria)			
MIN 5433	100%	Granted	Matrix Gold Pty Ltd
MIN 5574	100%	Application	Matrix Gold Pty Ltd
Campbelltown Goldfield (Victoria)			
MIN 5464	100%	Granted	Highlake Resources Pty Ltd
Amherst Goldfield (Victoria)			
MIN 5465	100%	Granted	Highlake Resources Pty Ltd
Dunolly Goldfield (Victoria)			
MIN 5563	100%	Granted	Highlake Resources Pty Ltd

Note 1. MIN 5487 was purchased by A1 Gold, subject to a binding Terms Sheet announced to the ASX on 11 August 2015. Transfer of 100% equity in the tenement is expected following Works Approval of the Mining Plan.

Resources & Reserves Statement

The following statement of Mineral Resources and Ore Reserves conforms to the Australasian Code for Reporting Exploration, Mineral Resources and Ore Reserves (JORC Code) 2012 Edition. All tonnages reported are dry metric tonnes. Minor discrepancies may occur due to rounding to appropriate significant figures.

Mineral Resources

Mineral Resources Estimate at 30 June 2016.

	Measured			Indicated			Inferred			Total		
	kt	g/t Au	koz	kt	g/t Au	koz	kt	g/t Au	koz	kt	g/t Au	koz
A1 Gold Mine[2]	-	-	-	250	5.1	41.2	1,170	6.4	240	1,420	6.2	281.2
Pearl Croydon[3]	-	-	-	-	-	-	571	2.9	53	571	2.9	53
Tubal Cain[1, 4]	-	-	-	-	-	-	932	4.1	123	932	4.1	123
Eureka[1, 4]	-	-	-	-	-	-	153	9.9	49	153	9.9	49

Note 2. Refer to ASX Announcement dated 12 May 2014. The Company is not aware of any new information or data that materially affects the information included in the previous announcement and that all of the previous assumptions and technical parameters underpinning the estimates in the previous announcement have not materially changed.

Note 3. Refer to Octagonal Resources Limited (ASX: ORS) ASX Announcement dated 20 January 2014. The Company is not aware of any new information or data that materially affects the information included in the previous announcement and that all of the previous assumptions and technical parameters underpinning the estimates in the previous announcement have not materially changed.

Note 4. Refer to Orion Gold NL (ASX: ORN) ASX Announcement dated 31 January 2014. The Company is not aware of any new information or data that materially affects the information provided in the previous announcement and that all of the previous assumptions and technical parameters underpinning the estimates in the previous announcement have not materially changed.

On 8 July 2016 (post reporting period) A1 Gold announced a new Mineral Resource Estimate for the Phase 1 Target Area of the A1 Mine (refer to the table below). This Mineral Resource Estimate forms part of the Mineral Resource for the A1 Mine tabled above. The Mineral Resource Estimate for the Phase 1 Target Area will be incorporated into an updated Global Resource Estimate for the A1 Mine at 30 June 2017, incorporating mine depletion and an improved understanding of the geological controls on the distribution of gold to be obtained through current mining activities and drilling to 30 June 2017.

A1 Gold Mine – Mineral Resources – Phase 1 Target Area[5]											
Measured			Indicated			Inferred			Total		
kt	g/t Au	koz	kt	g/t Au	koz	kt	g/t Au	koz	kt	g/t Au	koz
5	15.5	2.5	23	9.4	7.1	-	-	-	28	10.5	9.6

Note 5. Refer to ASX Announcement dated 8 July 2016. The Company is not aware of any new information or data that materially affects the information included in the previous announcement and that all of the previous assumptions and technical parameters underpinning the estimates in the previous announcement have not materially changed.

Ore Reserves

The Company did not hold any Ore Reserves at 30 June 2016.

Comparison Against Previous Year

Mineral Resources

Mineral Resources Estimate 30 June 2015.

	Measured			Indicated			Inferred			Total		
	kt	g/t Au	koz	kt	g/t Au	koz	kt	g/t Au	koz	kt	g/t Au	koz
A1 Gold Mine	-	-	-	250	5.1	41.2	1,170	6.4	240	1,420	6.2	281.2
Pearl Croydon	-	-	-	-	-	-	571	2.9	53	571	2.9	53

Ore Reserves

The Company did not hold any Ore Reserves at 30 June 2015.

Discussion

The difference between A1 Gold's 2015 and 2016 Resources and Reserves statements is due to the acquisition of MIN 5487, containing the Eureka and Tubal Cain deposits, which was purchased by A1 Gold, subject to a binding Terms Sheet announced to the ASX on 11 August 2015. Transfer of 100% equity in the tenement is expected following Works Approval of the Mining Plan.

Governance Arrangements & Internal Controls

A1 Gold maintains an internally audited drilling data base for all projects at its A1 Gold Operation and Maldon Gold Operations that is backed up on a regular basis. Company geologists are responsible for collecting drilling data and entering it into the drilling database and the Exploration Manager is responsible for the auditing and integrity of the drilling database.

Interpretation of drilling data is supported by detailed surface geological mapping, open pit mine mapping, and underground mine mapping.

The Mineral Resource estimate for the A1 Gold Mine was calculated by Mr David Williams, who is an employee of CSA Global Pty Ltd. CSA Global Pty Ltd is an independent consultant to the Company.

The Mineral Resource estimate for the Pearl Croydon Deposit was calculated by Mr Anthony Gray, who is a Director of the Company. This Mineral Resource estimate was initially calculated by Mr Gray in 2010 when he was an employee of Gandel Metals Pty Ltd. The Mineral Resource estimate was re-reported by Mr Gray in compliance with the 2012 Edition of the JORC Code in January 2014. At this time Mr Gray was an employee of Octagonal Resources Limited and not a Director of A1 Gold.

It is expected that all future Mineral Resources and Ore Reserves will be estimated by an independent consultant under the supervision of A1 Gold staff, or by A1 Gold staff with appropriate internal review.

Competent Person Statements

The information in this report that relates to Exploration Results is based on information compiled by Mr Peter de Vries who is a member of The Australian Institute of Geoscientists and a member of the Australian Institute of Mining and Metallurgy. Mr de Vries is a consultant to 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 de Vries 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.

Competent person statements in relation to the Company's Mineral Resources and Reserves are contained in the Resources and Reserves Statement section above.

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.

Directors' Report

Your directors submit the annual financial report of the Group consisting of A1 Consolidated Gold Limited (**"A1 Gold"** or "**Company"**) and the entities it controlled for the financial year ended 30 June 2016. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors who held office during or since the end of the year and until the date of this report are as follows:

Dale Rogers (Executive Chairman):

Mr Rogers is a mining engineer with over 30 years' experience in the industry and a strong operating and technical background, having experience in operations management, project development and start-ups, project optimisation, improvement programmes and organisational development. His working experience includes operational roles from underground miner to operations manager level in the gold industry being responsible, at one time, for management through to P & L of gold operations encompassing three operating mills, processing a combined total of +4 million tonnes per annum, and being fed by three underground and five open cut gold mines.

Mr Rogers has been responsible for the commencement and development of half a dozen underground mines and a similar number of open cut mines in Australia and overseas.

In addition to his operational experience, he has managed scoping and bankable feasibility studies and subsequently been responsible for financing, construction and development of several projects. Mr Rogers also has experience in debt and equity raising, toll treatment agreements, negotiating off-take agreements and mezzanine financing, IPO's, risk management, shareholder and stakeholder relations, government liaison and project approvals, negotiation of development, finance and taxation agreements, mergers, takeovers, acquisitions and divestments, joint ventures and valuations. Mr Rogers is a member of the Group's audit committee.

Directorships held in other listed entities during the last three years:

Currently a director and Chairman of Primary Gold Ltd. Formerly a director and Chairman of ASX listed company Phoenix Gold Ltd.

Jamie Cullen (Non-Executive Director):

Mr Jamie Cullen is Managing Director of Pacific Energy Ltd, a specialist provider of mine site power listed on the ASX. Prior to joining Pacific Energy Ltd in 2015, Mr Cullen spent approximately 20 years as Managing Director of two listed companies, each commencing in microcap space and growing significantly in market capitalisation before being taken over (PCH Group Ltd from $1m to $260m and Resource Equipment Ltd from less than $5m to $115m). He has extensive commercial and practical experience in growing businesses domestically and internationally, both organically and through acquisitions.

Mr Cullen is a qualified chartered accountant, has considerable financial and corporate governance experience and has served as a director of several listed companies. Mr Cullen is the chairperson of the Company's audit committee.

Directorships held in other listed entities in the last three years:

Currently a director of Pacific Energy Ltd, formerly a director of Resource Equipment Ltd.

Anthony Gray (Non-Executive Director):

Mr Anthony Gray is a geologist with over 20 years' experience working in the public and private sectors of the Australian mining industry. His experience ranges across mineral exploration, investment analysis, project and corporate transactions, mine development and fundraising.

During his career Anthony has explored for greenstone and slate belt hosted orogenic gold deposits, nickel sulphide and laterite deposits, and porphyry copper-gold deposits. He is a member of the Australian Institute of Geoscientists and a Competent Person, as defined by the JORC Code 2012, for the reporting of Exploration Results and Mineral Resources for a number of styles of gold and base metal deposit. Mr Gray is a member of the Group's audit committee.

Directorships held in other listed entities in the last three years:

Formerly the Managing Director of Octagonal Resources Ltd.

Dennis Clark (Former Managing Director)

Mr Dennis Clark resigned as Managing Director on 31 May 2016.

Company Secretary

Dennis Wilkins

Mr Dennis Wilkins is an accountant who has been a director, company secretary or acted in a corporate advisory capacity to listed resource companies for over 20 years. Mr Wilkins previously served as the Finance Director and Company Secretary for a mid-tier gold producer and also spent five years working for a leading merchant bank in the United Kingdom. Resource postings to Indonesia, South Africa and New Zealand in managerial roles has broadened his international experience.

Mr Wilkins has extensive experience in capital raising specifically for the resources industry and is the principal of DW Corporate which provides advisory, funding and administrative management services to the resource sector. He is a former director of the company from 24 November 2014 to 11 May 2015.

Interests in the securities of the Company and related bodies corporate

The following relevant interests in securities of the Company or a related body corporate were held by the directors as at the date of this report.

Directors	Number of fully paid ordinary shares	Number of options over ordinary shares	Number of convertible notes
Dale Rogers	980,392	500,000	Nil
Jamie Cullen	9,376,825	8,333,422	1,428,571
Anthony Gray	1,019,357	4,601,014	Nil

Principal Activities

The principal activities of the Company during the year were gold exploration, development and mining activities within central and eastern Victoria.

Dividends

No dividends have been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

Operating Results for the Year

The operating loss after income tax of the Company for the year ended 30 June 2016 was $1,436,383 (2015: $14,071,900). Summarised operating results are as follows:

	2016		2015	
	Revenue	Results	Revenue	Results
Revenues and (loss) before income tax expense	$193,575	$(1,436,383)	$24,658	$(14,071,900)

Significant Changes in the State of Affairs

In November 2015, the Company announced a placement and an underwritten share purchase plan. The placement raised a total of $350,000 and was settled in two parts, with 12,083,336 ordinary shares (at an issue price of $0.024) and 4,027,775 free attaching listed options AYCO issued on 23 November 2015 and the balance of 2,500,002 ordinary shares and 833,333 free attaching listed options AYCO issued to directors on 18 January 2016 (with shareholder approval received on 6 January 2016).

The share purchase plan allowed eligible shareholders to purchase up to $15,000 worth of shares in the Company at an issue price of $0.024 without incurring brokerage or other transaction costs and was conditionally and partially underwritten by Patersons Securities Limited to the value of $650,000. The Company received applications from eligible shareholders to subscribe for 14,666,648 shares, totalling $352,000. Holder statements were issued on 12 January 2016. Together with the underwritten shortfall of 12,416,686 shares placed by the underwriter and issued on 18 January 2016, the share purchase plan raised a total of $650,000. 9,027,778 listed options AYCO were issued to the underwriter as part consideration for the underwriting of the share purchase plan.

In December 2015, the Company entered into a binding agreement with Orion Gold NL to acquire MIN5487 for consideration of $850,000. Staged payment terms for the purchase included a $50,000 cash payment, $300,000 paid through the issue of Shares at $0.03838 each on completion of the sale and a 2% net smelter royalty on the sale of gold recovered from the tenement to a value of $500,000 (with any unpaid amount becoming payable after 36 months). On completion of the acquisition on 1 February 2016 the Company issued 7,816,285 ordinary shares to Orion Gold NL.

In December 2015, the Company entered into a mining services agreement with PYBAR Mining Services Pty Ltd (**PYBAR**), which included a $1,000,000 equity for services investment facility. In March 2016, the Company settled the total value of mining services provided to the Company by PYBAR to the end of February 2016 by the issue of ordinary shares.

The Company issued 41,666,667 shares at $0.024 per share as consideration for services rendered to the value of $1,000,000, in accordance with the mining services agreement executed between the Company and PYBAR in December 2015. In addition to this, the parties agreed that the Company would issue a further 15,183,363 shares at $0.026 per share for the balance owing to PYBAR of approximately $394,767.

In April 2016, the Company appointed Mr Dale Rogers as Executive Chair of the Company. Mr Dennis Clark ceased as a director of the Company and as the Managing Director at the end of May 2016.

Matters Subsequent to the End of the Financial Year

In July 2016, the Company announced an underwritten renounceable entitlements offer, as set out in the Company's prospectus dated 9 August 2016 and supplementary prospectus dated 16 August 2016, on the basis of 1 new share for every 4 shares held on the record date of 15 August 2016 at an issue price of $0.024 per new share (together with one free attached listed option AYCO for every 3 new shares subscribed for and issued) to raise approximately $3,316,136.

The Company received applications from eligible shareholders to subscribe for 97,064,700 ordinary shares to the value of approximately $2,329,552, leaving an underwritten shortfall of 41,107,613 shares to the value of approximately $986,582 to be placed by the underwriter.

As a consequence of the significant demand from shareholders and sub-underwriters for the shortfall, the Company elected to satisfy most of the additional demand by making an additional placement to the value of $350,000. The placement was settled on 7 September 2016, with the Company issuing 14,583,334 shares at an issue price of $0.024 per share and 4,861,112 free attaching listed options AYCO.

Likely Developments and Expected Results of Operations

The consolidated entity reasonably expects the following activities to occur over the next 12 months:

- Underground development and mining at the A1 Gold Mine
- Drilling or evaluation of the Walhalla and Maldon Goldfields
- Continued processing of ore from the A1 Gold Mine, and
- Continued resource definition drilling at the A1 Gold Mine.

Additional comments on expected results of certain operations of the consolidated entity are included in this Annual Report under the Review of Operations on pages 3 - 13.

Environmental Legislation

The Company's operations must be conducted in accordance with the Mineral Resources (Sustainable Development) Act 1990 (MRSDA). To the best of the directors' knowledge, the Company has complied with the MRSDA.

As part of the process for obtaining a Registered Mine Plan under the MRSDA, there is a section on Environmental Management which requires the following matters to be addressed:

- cultural heritage management;
- surface and groundwater management;
- air blast and vibration;
- noise;
- dust;
- waste management;
- recording of data; and
- monitoring programme.

The Company has complied with all of the above mentioned requirements in accordance with the Registered Mine Plan.

Indemnification and Insurance of Directors and Officers

The Company has agreed, by entering into deeds of access, indemnity and insurance with each of the directors and the Company Secretary, to indemnify all the directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

During or since the financial year, the company has paid premiums insuring all the directors and the Company Secretary of A1 Consolidated Gold Limited against costs incurred in defending proceedings for conduct involving:

a) a wilful breach of duty; or
b) a contravention of sections 182 or 183 of the Corporations Act 2001,

as permitted by section 199B of the Corporations Act 2001.

The total amount of insurance contract premiums paid was $30,000.

Remuneration Report

This report, which forms part of the directors' report, outlines the remuneration arrangements in place for the key management personnel ("KMP") of A1 Consolidated Gold Limited for the financial year ended 30 June 2016. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Key Management Personnel

The directors and other key management personnel of the Company during or since the end of the financial year were:

Directors		
Dale Rogers	(non-executive then Executive Chairman from 18 April 2016)	Executive Chairman
Dennis Clark	(resigned 31 May 2016)	Managing Director
Jamie Cullen		Director (non-executive)
Anthony Gray		Director (non-executive)

Except as noted, the named persons held their current positions for the whole of the financial year and since the financial year.

Remuneration Philosophy

The Remuneration Committee consists of Mr Jamie Cullen as Chairman, Mr Anthony Gray and Mr Dale Rogers. The remuneration policy of A1 Consolidated Gold Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long term incentives. The board of A1 Consolidated Gold Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Company.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the Company is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the board. The board reviews executive packages annually and determines policy recommendations by reference to executive performance and comparable information from industry sectors and other listed companies in similar industries.

The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract and retain the highest calibre of executives and reward them for performance that results in long term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

Where required, the executive directors and executives receive a superannuation guarantee contribution required by statutory legislation, which from 1 July 2014 is 9.5%, and do not receive any other retirement benefits.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed. Options are valued using an option pricing methodology depending on the terms of the options.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently $300,000). Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

Performance Based Remuneration

No performance related compensation was granted to key management personnel during the year ended 30 June 2016 as the Company has not developed such a compensation scheme.

Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration

No relationship exists between shareholder wealth, director and executive remuneration and Company performance as the Company has not yet developed an incentive scheme to link shareholder wealth, director and executive remuneration and Company performance.

The table below shows the gross revenue, losses and earnings per share for the last two years for the listed entity.

	2016 **$**	**2015** **$**
Revenue	193,575	24,658
Net loss	(1,436,383)	(14,071,900)
Loss per share (cents)	(0.3)	(5.9)
Share price at year end (cents)	2.1	3.2

No dividends have been paid.

Use of Remuneration Consultants

The Company did not employ the services of any remuneration consultants during the financial year ended 30 June 2016.

Details of Remuneration

Details of the remuneration of the directors and other key management personnel of the Company are set out in the following table. The key management personnel of the Company include the directors as set out on pages 12 and 13.

Given the size and nature of operations of the Company, there are no other employees who are required to have their remuneration disclosed in accordance with the Corporations Act 2001.

Remuneration of Key Management Personnel

Key Management Personnel Remuneration for the Year Ended 30 June 2016

	Short-Term Employee Benefits		Post-employment benefits		Equity		
30 June 2016	**Salary & Fees $**	**Non-Monetary Benefits $**	**Termination Payment $**	**Superannuation $**	**Share Options $**	**Total $**	**Percentage Performance Related %**
Directors							
Dale Rogers	112,808	-	-	8,090	23,195	144,093	16.1%
Dennis Clark (Resigned 31/05/2016)	247,500	-	-	17,363	-	264,863	-%
Jamie Cullen	40,000	-	-	3,800	17,397	61,197	28.4%
Anthony Gray	40,000	-	-	3,800	17,397	61,197	28.4%
Total Key Management Compensation	**440,308**	**-**	**-**	**33,053**	**57,989**	**531,350**	

Remuneration of Key Management Personnel

Key Management Personnel Remuneration for the Year Ended 30 June 2015

	Short-Term Employee Benefits		Post-Employment Benefits		Equity		
30 June 2015	**Salary & Fees $**	**Non-Monetary Benefits $**	**Termination Payment $**	**Superannuation $**	**Share Options $**	**Total $**	**Percentage Performance Related %**
Directors							
Dale Rogers (Appointed 24/11/14)	39,954	-	-	3,796	-	43,750	-
Dennis Clark	270,000	-	-	18,110	-	288,110	-
Jamie Cullen (Appointed 1/05/15)	6,667	-	-	633	-	7,300	-
Anthony Gray (Appointed 25/06/15)	667	-	-	63	-	730	-
Ashok Parekh (Resigned 24/11/14)	-	-	-	-	-	-	-
Morrie Goodz (Resigned 24/11/14)	-	-	-	-	-	-	-
Dennis Wilkins (Appointed 24/11/14) (Resigned 11/05/15)	15,221	-	-	1,446	-	16,667	-
Total Key Management Compensation	**332,509**	**-**	**-**	**24,048**	**-**	**356,557**	**-**

No member of key management personnel appointed during the year received a payment as part of their consideration for agreeing to hold the position.

Key Management Personnel Equity Holdings

Fully Paid Ordinary Shares

30 June 2016	Balance at beginning of year (Number)	Granted as compensation (Number)	Received on exercise of options (Number)	Net change other (Number)	Balance at end of year or at date of resignation (Number)	Balance held nominally (Number)
Directors						
D C Rogers	-	-	-	1,788,464	1,788,464	-
D J Clark (resigned 31/5/16)	24,149,154	-	-	865,334	25,014,488	6,710,002
J Cullen	1,129,760	-	-	1,788,464	2,918,224	-
A R Gray	-	-	-	716,315	716,315	1
Total	**25,278,914**	**-**	**-**	**5,158,577**	**30,437,491**	**6,710,003**

30 June 2015	Balance at beginning of year (Number)	Granted as compensation (Number)	Received on exercise of options (Number)	Net change other (Number)	Balance at end of year or at date of resignation (Number)	Balance held nominally (Number)
Directors						
D C Rogers	-	-	-	-	-	-
D J Clark	9,762,226	-	-	14,386,928	24,149,154	6,710,002
J Cullen	-	-	-	1,129,760	1,129,760	-
A R Gray	-	-	-	-	-	-
D Wilkins (resigned 11/5/15)	-	-	-	-	-	-
A A Parekh (resigned 24/11/14)	7,776,784	-	-	3,702,002	11,478,786	-
M D Goodz (resigned 24/11/14)	2,442,805	-	-	-	2,442,805	-
Total	**19,981,815**	**-**	**-**	**19,218,690**	**39,200,505**	**6,710,002**

All equity transactions with key management personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

Convertible Note Holding

As at 30 June 2016, Mr J Cullen held 1,428,571 convertible notes issued at 3.5 cents per note. These notes were not granted as compensation.

Key Management Personnel Equity Holdings (continued)

Share Options

30 June 2016	Balance at beginning of year (Number)	Granted as compens-ation (Number)	Exercised (Number)	Net change other (Number)	Balance at end of year or at date of resignation (Number)	Vested but not exer-cisable (Number)	Vested & exer-cisable (Number)	Options vested during year (Number)
Directors								
D C Rogers	-	6,000,000	-	972,222	6,972,222	-	972,222	972,222
D J Clark*	9,989,497	9,000,000	-	277,778	19,267,275	-	10,267,275	277,778
J Cullen	1,575,000	4,500,000	-	972,222	7,047,222	-	2,547,222	972,222
A R Gray	-	4,500,000	-	-	4,500,000	-	-	-
Total	**11,564,497**	**24,000,000**	-	**2,222,222**	**37,786,719**	**-**	**13,786,719**	**2,222,222**

* 9,000,000 Unlisted Options were cancelled on the 9 August 2016 per the Appendix 3B lodged with ASX.

30 June 2015	Balance at beginning of year (Number)	Granted as compens-ation (Number)	Exercised (Number)	Net change other (Number)	Balance at end of year (Number)	Vested but not exer-cisable (Number)	Vested & exer-cisable (Number)	Options vested during year (Number)
Directors								
D C Rogers	-	-	-	-	-	-	-	-
D J Clark	3,333,334	-	-	6,656,163	9,989,497	-	9,989,497	9,989,497
J Cullen	-	-	-	1,575,000	1,575,000	-	1,575,000	1,575,000
A R Gray	-	-	-	-	-	-	-	-
D Wilkins	-	-	-	-	-	-	-	-
A A Parekh	3,333,333	-	-	-	3,333,333	-	3,333,333	-
M D Goodz	2,000,000	-	-	-	2,000,000	-	2,000,000	-
Total	**8,666,667**	-	**-**	**8,231,163**	**16,897,830**	**-**	**16,897,830**	**11,564,497**

For details of the employee share option plan and of share options granted during the 2016 financial year, please refer to Note 17.

Details of Employee Share Options Plans Granted as Compensation for the Current Financial Year

Terms and conditions of share based plans in existence affecting key management personal during the financial year or future financial years.

	Grant Date	Granted during the Year Number	Grant Date Fair Value $	Exercise Price $	Expiry Date	Vesting Date
Unlisted Director Options	11 November 2015	24,000,000	334,400	0.045	30 November 2019	(Note 1)
D C Rogers		6,000,000				
D J Clark		9,000,000				
J Cullen		4,500,000				
A R Gray		4,500,000				
Total		24,000,000				

Note 1: Options vest on satisfaction of performance conditions, the satisfaction of which shall be determined by the Board at its sole discretion. The options will vest in three tranches upon the achievement of each performance goal set by the company.

No options vested during the year. Mr Dennis Clark's options have been forfeited due to his resignation during the year.

Employment Contracts

Mr Rogers has entered into a verbal employment agreement with the Company with respect to his engagement as Executive Chair. Pursuant to that agreement, Mr Rogers is paid a salary of $270,000 per annum, exclusive of superannuation. It is the Company's intention to formalise this arrangement with a written agreement on normal arm's length terms.

Share-based compensation

Options are issued to directors as part of their remuneration. The options are issued to the directors of A1 Consolidated Gold Limited to increase goal congruence between executives, directors and shareholders but will only vest on the meeting of performance criteria. The Company does not have a formal policy in relation to the key management personnel limiting their exposure to risk in relation to the securities, but the board actively discourages key personnel management from obtaining mortgages in securities held in the Company.

During the year 24,000,000 unlisted options were granted to directors and none have vested. However, due to the resignation of a director 9,000,000 unlisted options have been forfeited.

Amounts owing to directors

As at 30 June 2016 the below amounts were owing to directors:

Director	Amounts Owing for	Total $
Dennis Clark	Salary, superannuation & employee entitlements	320,308
Dale Rogers	Directors Fees	125,585
Jamie Cullen	Directors Fees	51,100
Anthony Gray	Directors Fees	48,983

Other related parties – amounts owing to entities related to directors of the company:

- A1Consolidated Mining Pty Ltd $14,100
  Mr Dennis Clark – a Director during the year, has a significant influence over this company

This concludes the remuneration report, which has been audited.

Directors' Meetings

The directors held ten board meetings and two audit committee meetings during the year ended 30 June 2016. The attendance of directors at these meetings was:

	Board Meetings		Audit Committee	
Directors	**A**	**B**	**A**	**B**
Dale Rogers	9	10	1	2
Dennis Clark (Resigned 31/05/16)	9	9	2	2
Jamie Cullen	10	10	2	2
Anthony Gray	10	10	2	2

A: Number of meetings attended.

B: Number of meetings held during the time the director held office during the year.

The full board performs the role of the Nomination Committee and considered all the matters required by the Nomination Committee Charter once during the year. There was one Remuneration Committee meeting held during the year.

Proceedings on behalf of the Company

There were no proceedings on behalf of the Company.

Shares under option

At the date of this report there are 312,557,651 unissued ordinary shares in respect of which options are outstanding.

		Number of options
Balance at the beginning of the year		232,750,389
Movements of share options during the year:		
Issued, exercisable at 4.5 cents, on or before 30 November 2019		24,000,000
Issued, exercisable at 3 cents, on or before 30 November 2019		13,888,887
Total number of options outstanding as at 30 June 2016		**270,639,276**
Movements subsequent to the reporting date:		
9 August 2016, cancellation of options exercisable at 4.5 cents on or before 30 November 2019 following cessation of directorship.		(9,000,000)
7 September 2016, issue of options exercisable at 2.938 cents *** on or before 30 November 2019.		50,918,375
Total number of options outstanding as at the date of this report		**312,557,651**
The balance is comprised of the following:		
Expiry date	**Exercise price (cents)**	**Number of options**
30 November 2019	2.938 ***	288,557,651
30 November 2019	4.938 ***	9,000,000
30 November 2019	4.438 ***	15,000,000
Total number of options outstanding at the date of this report		**312,557,651**

*** After the adjustment under listing rule 6.22.2 announced on ASX 19 September 2016

No person entitled to exercise any option referred to above have or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

There have been no options granted over unissued shares or interests of any controlled entity within the Group during or since the end of the financial period.

There have been no ordinary shares issued by the Company during or since the end of the financial period as a result of the exercise of an option.

There are no unpaid amounts on the shares issued.

Non-Audit Services

There were no non-audit services provided by the Company's auditor, HLB Mann Judd, or associated entities during the year.

Auditor Independence

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on page 59 and forms part of this Directors' Report for the year ended 30 June 2016.

Auditor

HLB Mann Judd continues in office as auditors in accordance with section 327 of the Corporations Act 2001.

Corporate Governance

In recognizing the need for the highest standards of corporate behaviour and accountability, the directors of A1 Consolidated Gold Limited support and have adhered to the principals of corporate governance and have established a set of policies for the purpose of managing this governance. A1 Consolidated Gold Limited's Corporate Governance Statement approved by the board of the Company and current at 30 June 2016 is presented on the Company's website at:

http://www.a1consolidated.com.au/corporate/corporate-governance/

This report is made in accordance with a resolution of the directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

Dale Rogers

Executive Chairman

Goulburn, New South Wales

30 September 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Notes	Consolidated 2016 $	Consolidated 2015 $
Revenue	2(a)	193,575	24,658
Accounting and taxation services		(134,190)	(80,340)
Auditor's remuneration	23	(56,500)	(42,500)
Company secretary fees		(99,999)	(141,578)
Directors' fees		(146,975)	(37,857)
Finance costs	2(b)	(33,166)	(18,523)
Impairment of development costs	10	-	(12,842,007)
Insurance		(265,541)	(114,455)
Loss on disposal of fixed assets		(74,940)	(80,414)
Maldon operating expenses		(222,529)	(451,361)
Other expenses		(478,090)	(246,560)
Share based payment expense	17(b)+(c)	(65,845)	(4,664)
Share registry and listing fees		(52,183)	(36,299)
Loss before income tax expense		(1,436,383)	(14,071,900)
Income tax expense	3	-	-
Loss for the year		(1,436,383)	(14,071,900)
Other comprehensive income		-	-
Total comprehensive loss for the year		(1,436,383)	(14,071,900)
Basic and diluted loss per share	4	(0.3) cents	(5.9) cents

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

		Consolidated	
		2016	2015
	Notes	$	$
Assets			
Current Assets			
Cash and cash equivalents	5	334,922	2,013,371
Trade and other receivables	6	436,397	131,455
Inventories	7	907,649	102,643
Other current assets	8	297,885	165,913
Total Current Assets		1,976,853	2,413,382
Non-Current Assets			
Property, plant and equipment	9	7,364,775	8,254,291
Exploration, evaluation and development assets	10	28,520,476	22,018,618
Other non-current assets	8	996,500	1,006,500
Total Non-Current Assets		36,881,751	31,279,409
Total Assets		38,858,604	33,692,791
Liabilities			
Current Liabilities			
Trade and other payables	11	3,979,593	1,143,445
Borrowings	12	308,705	173,441
Provisions	14	35,092	-
Total Current Liabilities		4,323,390	1,316,886
Non-Current Liabilities			
Borrowings	12	2,247,471	1,561,220
Provisions	14	1,232,710	1,050,554
Total Non-Current Liabilities		3,480,181	2,611,774
Total Liabilities		7,803,571	3,928,660
Net Assets		31,055,033	29,764,131
Equity			
Issued capital	15	45,177,830	42,606,668
Reserves	16	5,609,728	5,453,605
Accumulated losses		(19,732,525)	(18,296,142)
Total Equity		31,055,033	29,764,131

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Notes	Issued Capital $	Option Premium on Convertible Notes $	Share Based Payments Reserve $	Accumulated Losses $	Total Equity $
Balance as at 1 July 2015		**42,606,668**	**66,853**	**5,386,752**	**(18,296,142)**	**29,764,131**
Total comprehensive loss for the year		-	-	-	(1,436,383)	(1,436,383)
Shares issued during the year net of costs	15	2,661,440	-	-	-	2,661,440
Share based payments relating to share issues	17	(90,278)	-	90,278	-	-
Share based payment expense	17	-	-	65,845	-	65,845
Balance at 30 June 2016		**45,177,830**	**66,853**	**5,542,875**	**(19,732,525)**	**31,055,033**
Balance as at 1 July 2014		**35,279,194**	-	**2,213,682**	**(4,224,242)**	**33,268,634**
Total comprehensive loss for the year		-	-	-	(14,071,900)	(14,071,900)
Shares issued during the year net of costs	15	2,458,852	-	-	-	2,458,852
Share based payments relating to share issues	17	(1,239,596)	-	1,239,596	-	-
Share based payment – shares and options issued on Maldon acquisition	17	6,108,218	-	1,357,382	-	7,465,600
Share based payment – Options issued to convertible noteholders	17	-	-	571,428	-	571,428
Share based payment expense		-	-	4,664	-	4,664
Issue of convertible notes	13	-	66,853	-	-	66,853
Balance at 30 June 2015		**42,606,668**	**66,853**	**5,386,752**	**(18,296,142)**	**29,764,131**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Notes	Consolidated 2016 $	Consolidated 2015 $
		Inflows/(Outflows)	
Cash flows from operating activities			
Receipts from customers		122,750	-
Payments to suppliers and employees		(1,393,463)	(954,554)
Interest received		15,550	11,145
Finance costs		(17,841)	(4,925)
Net cash used in operating activities	5(iii)	(1,273,004)	(948,334)
Cash flows from investing activities			
Proceeds from sale of non-current assets		332,714	-
Purchase of non-current assets		(81,572)	(11,717)
Exploration and evaluation expenditure		(310,400)	(241,614)
Development expenditure		(1,080,443)	(1,044,219)
Loan to Maldon Resources Pty Limited (pre-acquisition)		-	(519,724)
Purchase shares in subsidiary companies, net of cash acquired	5(v)	(55,498)	(225,233)
Refund of bond		-	80
Net cash used in investing activities		(1,195,199)	(2,042,427)
Cash flows from financing activities			
Proceeds from issue of shares		1,000,000	2,498,025
Proceeds from issue of convertible notes		-	2,445,443
Payments for share issue costs		(91,008)	(541,149)
Convertible note expenses		(254,502)	-
Loans from directors and others		-	295,000
Proceeds from borrowings		367,645	199,464
Repayment of borrowings		(232,381)	(124,678)
Net cash provided by financing activities		789,754	4,772,105
Net increase / (decrease) in cash and cash equivalents		(1,678,449)	1,781,344
Cash and cash equivalents at beginning of year		2,013,371	232,027
Cash and cash equivalents at end of year	5(i)	334,922	2,013,371

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and comply with other requirements of the law.

The financial statements comprise the consolidated statements for the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

The accounting policies detailed below have been consistently applied to all of the periods presented unless otherwise stated. The financial statements are for the Group consisting of A1 Consolidated Gold Limited and its subsidiaries.

The financial statements have been prepared on a historical cost basis. Historical cost is based on the fair values of the consideration given in exchange for goods and services.

The financial statements are presented in Australian dollars.

The company is a listed public company, incorporated in Australia and operating in the state of Victoria. The entity's principal activity is the underground evaluation and development of the A1 Gold Mine.

Going concern

The Group had a working capital deficiency of $2,346,532 at 30 June 2016 and incurred a loss for the year of $1,436,383. The net cash outflow from operating and investing activities was $2,468,203. At 30 June 2016 the Group had cash and cash equivalents of $334,922. Notwithstanding this, the directors are of the opinion that the company is a going concern for the following reasons:

- Subsequent to the end of the reporting period the company has undertaken a successful capital raising of $3,666,136 before costs from its renounceable entitlement offer share placement. The additional funds raised will be applied to pay existing creditors and past Director fees and remuneration. The balance of approximately $1.0m will be used for working capital and will provide the company with the flexibility to bring forward plans to add to the geological team so as to augment the skills and capacity not only to drive production and extend mine life at the A1 Mine but to apply additional capacity and resources to the company's Maldon assets.
- Ore is being extracted from the A1 Mine, processed at the company's gold processing facility at Maldon, Victoria and gold sales being made.
- PYBAR has commenced remobilising their mechanised development and mining crews to the A1 Mine and had mostly completed their remobilisation by the end of August 2016.

The directors are of the opinion that the continued mining, processing and sale of gold will be successful and will enable the Group to continue as a going concern. However, if funds derived are not sufficient, then other options to raise additional funds will need to be considered.

If the Group is unable to raise sufficient funds when required, and/or should the quantity, grade and timing of gold production differ materially from that expected, there exists a material uncertainty that may cast significant doubt whether the Group will be able to continue as a going concern and, therefore, whether it will realise its assets (especially its exploration, evaluation and development assets and its property, plant and equipment) and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

(b) Adoption of new and revised standards

Standards and Interpretations applicable to 30 June 2016

In the year ended 30 June 2016, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

As a result of this review, the directors have determined that there is no material impact of any new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted

The directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2016. As a result of this review the directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no change is necessary to Group accounting policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Statement of compliance

The financial report was authorised for issue on 30 September 2016.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(d) Significant accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Pre-production phase

The Group is currently accounting for preproduction costs and revenues in accordance with note 1(ab). The Directors have assessed the physical operating parameters in relation to the transition from preproduction and determined that once throughput capacity of the plant has reached 10,000 tonnes per month that the Group will transition into full production status.

Share-based payment transactions:

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black and Scholes model, using the assumptions detailed in Note 17.

Exploration and evaluation costs carried forward

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

Mine development expenditure carried forward

The recoverability of the carrying amount of mine development expenditure carried forward has been reviewed by the directors. In conducting the review, the recoverable amount has been assessed by reference to the higher of "fair value less costs to sell' and "value in use". In determining value in use, future cash flows are based on:

- Estimates of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction;
- Estimated production and sales levels;
- Estimated future commodity prices;
- Future costs of production;
- Future capital expenditure; and/or
- Future exchange rates

Variations to expected future cash flows, and timing thereof, could result in significant changes to the impairment test results, which in turn could impact future financial results.

(e) Basis of consolidation

The consolidated financial statements incorporate the financial statements of A1 Consolidated Gold Limited ('Company' or 'Parent') and entities controlled by the Company (the 'Group'). As Company owns 100% of the share capital of all its subsidiaries it has full control of each entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Basis of consolidation (cont'd)

Investments in subsidiaries held by A1 Consolidated Gold Limited are accounted for at cost in the financial statements of the parent entity less any impairment charges.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquired. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

(f) Segment reporting

Since incorporation the Company has been engaged in the minerals industry at one location in Victoria and accordingly there are currently no separate segments to the Company's operations.

(g) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. The main revenue is interest received which is recognised on an accrual basis.

(h) Leases – operating

Operating lease payments are recognised as an expense on a straight line basis over the lease term.

(i) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- when the taxable temporary difference is associated with investments in subsidiaries, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- When the deductible temporary difference is associated with investments in subsidiaries in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

No deferred tax assets have been recognised and included as an asset because recovery is not considered probable in the next few years.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Income tax (cont'd)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(j) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(k) Impairment of assets

The Group assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(l) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Trade and other receivables

Trade and other receivables are stated at their cost. At year end they represented refunds due for Goods & Services Tax and other taxes due for settlement approximately 30 days after lodgement of returns, accrued interest receivable and various refunds due to the Group.

(n) Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(o) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

With the exception of Maldon Mill, depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Motor vehicles – over 8 years

Office equipment – over 3 to 10 years

Plant & equipment – over 5 to 20 years

Maldon Mill is depreciated on a units of production basis being based on tonnes processed relevant to the estimated total indicated and inferred resource of the A1 mine and Union Hill mine.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(p) Financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Financial assets (cont'd)

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

(q) Impairment of financial assets

The Group assesses at each balance date whether a financial asset or Group of financial assets is impaired.

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a Group of financial assets with similar credit risk characteristics and that Group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

(iii) Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the statement of comprehensive income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(s) Interest-bearing loans and borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholder's equity, net of income tax effects.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(t) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

(u) Employee entitlements

Annual leave and sick leave

Liabilities accruing to employees in respect of annual leave and sick leave expected to be settled within 12 months of the balance date are recognised in trade & other payables in respect of employees' services up to the balance date. They are measured at the amounts expected to be paid when the liabilities are settled.

Liabilities accruing to employees in respect of annual leave and sick leave not expected to be settled within 12 months of the balance date are recognised in non-current liabilities in respect of employees' services up to the balance date. They are measured as the present value of the estimated future outflow to be made by the Group.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the balance date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the balance date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(v) Share-based payment transactions

Equity settled transactions:

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model, further details of which are given in Note 17. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of A1 Consolidated Gold Limited (market conditions) if applicable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Share-based payment transactions (continued)

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant persons become fully entitled to the award.

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings/loss per share (see Note 4).

Where the company acquires some form of interest in an exploration tenement or an exploration area of interest and the consideration comprises share based payment transactions, the fair value of the equity instruments granted is measured at the grant date. The cost of equity securities is recognised within capitalised mineral exploration and evaluation expenditure, together with a corresponding increase in equity.

(w) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(x) Earnings/loss per share

Basic earnings/loss per share is calculated as net profit or loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings/loss per share is calculated as net profit or loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(y) Provision for restoration and rehabilitation

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of development activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of abandoning sites, removing facilities and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the balance date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each balance date.

The initial estimate of the restoration and rehabilitation provision is capitalised into the cost of the related asset and amortised on the same basis as the related asset, unless the present obligation arises from the production of inventory in the period, in which case the amount is included in the cost of production for the period. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) Exploration and evaluation

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

(a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or

(b) exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

(aa) Development expenditure

Development expenditure is recognised at cost less accumulated amortisation and any impairment losses. Exploration and evaluation expenditure is reclassified to development expenditure once the technical feasibility and commercial viability of extracting the related mineral resource is demonstrable. Where commercial production in an area of interest has commenced, the associated costs together with any forecast future capital expenditure necessary to develop proved and probable reserves are amortised over the estimated economic life of the mine on a units-of-production basis.

Changes in factors such as estimates of proved and probable reserves that affect unit-of-production calculations are dealt with on a prospective basis.

(ab) Treatment of pre-production revenues and expenditures

The Company is currently capitalising pre-production costs and revenues until production has reached a commercial level. Upon attainment of set operating criteria all future costs and revenues from production will be accounted for through the statement of comprehensive income. The balance resulting from the pre-production phase will then be amortised on a units of production basis.

(ac) Parent entity financial information

The financial information for the parent entity, A1 Consolidated Gold Limited, disclosed in Note 21 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the parent entity's financial statements. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 2: REVENUE AND EXPENSES

	Consolidated	
	2016	2015
	$	$
(a) Revenue		
Other revenue		
Ore processing income for third parties	122,750	-
Bank interest received	35,369	10,756
Fuel tax credits received	32,678	13,902
Profit on sale of fixed assets	2,778	-
	193,575	24,658
(b) Expenses		
Depreciation		
Maldon mill	36,120	-
Other expenses	9,020	12,908
	45,140	12,908
Employee entitlements		
Maldon mill	66,088	-
Other expenses	238,343	100,460
	304,431	100,460
Finance costs		
Interest expense		
Bank interest paid	17,841	5,899
Other	-	8,560
	17,841	14,459
Bank charges	15,325	4,064
Total finance costs	33,166	18,523
Operating lease rental expenses	7,196	35,864

NOTE 3: INCOME TAX

The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:

	2016	2015
Accounting loss before income tax	(1,436,383)	(14,071,900)
Income tax expense / (benefit) calculated at 30%	(430,915)	(4,221,570)
Add / (Less) tax effect of:		
Share based payments and minor amounts	19,754	1,399
Unused tax losses not recognised as deferred tax asset	670,836	505,305
Other deferred tax assets and tax liabilities not recognised	(259,675)	3,714,866
Income tax expense reported in the statement of comprehensive income	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 3: INCOME TAX (continued)	Consolidated 2016 $	2015 $
a) Unrecognised deferred tax balances:		
The following deferred tax assets and liabilities have not been brought to account:		
Deferred tax assets comprise:		
Losses available for offset against future taxable income – revenue	3,043,071	2,385,839
Losses available for offset against future taxable income – capital	21,721	
Share issue costs	132,965	229,444
Borrowing costs	-	2,131
Accrued expenses and liabilities	26,019	15,814
Employee entitlements	16,814	40,887
Provision for rehabilitation	265,050	220,200
	3,505,640	2,894,315
Deferred tax liabilities comprise:		
Depreciation timing differences	1,898,076	2,109,747
Exploration expenditure capitalised	3,305,902	3,225,628
Borrowing costs	24,479	-
	5,228,457	5,335,375
b) Unrecognised deferred tax assets in equity during the year:		
Share-issue costs	27,302	162,345

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable at balance date that future taxable profit will be available against which the Company can utilise the benefits thereof.

The deductible temporary differences on tax losses are subject to testing under taxation loss testing rules. Detailed testing of these carried forward tax losses has not been undertaken.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 4: EARNINGS/LOSS PER SHARE

	2016	2015
	Cents per share	Cents per share
Basic and diluted loss per share	(0.3)	(5.9)

Basic and diluted loss per share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted loss per share is as follows:

	$	$
Earnings (loss) (refer (i))	(1,436,383)	(14,071,900)

	Number	Number
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	484,537,033	238,659,887

(i) Earnings used in the calculation of total basic and diluted loss per share equals the net loss in the statement of comprehensive income as no adjustments were required.

(ii) The weighted average number of ordinary shares for the purposes of diluted loss per share equals the weighted average number of ordinary shares used in the calculation of basic earnings per share as no adjustments were required.

(iii) The following potential ordinary shares are not dilutive and are therefore excluded from the calculation in (ii) above:

	Number	Number
Options to purchase ordinary shares	270,639,276	232,750,389

(iv) On 7 September 2016, following the completion of the recent renounceable rights issue and share placement, the Company issued 152,755,647 ordinary shares and 50,918,375 listed options.

NOTE 5: CASH AND CASH EQUIVALENTS

	Consolidated	
	2016	2015
	$	$
Cash at bank and on hand	334,922	2,013,371
	334,922	2,013,371

As at 30 June 2016 and 30 June 2015, the Group did not have any undrawn financing facilities available.

(i) Reconciliation to the Statement of Cash Flows:

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank and investments in money market instruments, net of outstanding bank overdrafts.

Cash and cash equivalents as shown in the statement of cash flows are reconciled to the related items in the statement of financial position as follows:

Cash and cash equivalents	334,922	2,013,371
	334,922	2,013,371

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 5: CASH AND CASH EQUIVALENTS (cont'd)

(ii) Non-cash financing and investing activities

During the March 2016 quarter PYBAR Mining Services Pty Limited was issued a total of 56,850,030 ordinary shares at a value of $1,458,203. These shares were issued as consideration for services performed by PYBAR at the A1 Gold Mine in developing the main decline.

	Consolidated	
	2016	2015
	$	$
(iii) Reconciliation of loss for the year to net cash flows from operating activities:		
(Loss) for the year	(1,436,383)	(14,071,900)
Non-cash flows in loss:		
Depreciation	51,807	12,908
Net (Profit) / Loss on disposal of non-current assets	72,162	80,414
Loss on forfeited deposit on plant	-	6,000
Equity settled share based payment	65,845	4,664
Provisions for employee entitlements	20,917	5,704
Impairment of development costs	-	12,842,007
Expenses paid by issue of shares	-	24,109
Change in net assets and liabilities:		
Decrease / (Increase) in assets:		
Current receivables	(315,462)	(59,436)
Inventories	(30,257)	-
Other current assets	(119,672)	(111,594)
Increase /(Decrease) in liabilities:		
Current payables	418,039	318,790
Net cash (used in) operating activities	(1,273,004)	(948,334)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 5: CASH AND CASH EQUIVALENTS (continued)

(iv) Acquisition of Entities:

On 25 June 2015 A1 Consolidated Gold Limited (A1 Gold) completed an asset acquisition whereby A1 Gold acquired 100% of the issued capital in three subsidiary companies holding the Victorian assets of Octagonal Resources Limited. Details of the transaction are:

	Consolidated	
	2016 $	2015 $
Purchase consideration	$	
Satisfied in equity		
Ordinary shares	-	6,108,218
Options	-	1,357,382
Acquisition costs ($310,419 paid prior to and $55,498 paid after 30 June 2015)	-	365,917
Total consideration	-	7,831,517
Assets and liabilities acquired:		
Assets		
Cash and cash equivalents	-	85,186
Other receivables	-	31,555
Inventories	-	102,643
Property, plant and equipment	-	6,668,722
Development assets	-	1,472,559
Environmental bonds	-	883,500
Liabilities		
Trade and other payables	-	(71,954)
Loan A1 Consolidated Gold Limited	-	(375,422)
Provisions	-	(965,272)
Net assets and liabilities	-	7,831,517
(v) Cash flow effect		
Acquisition costs paid	55,498	310,419
Less: cash acquired	-	(85,186)
Net cash outflow	55,498	225,233
(vi) Non-cash investing activities:		
Expenditure via the issue of shares		
Acquisition of shares in subsidiaries		
Ordinary shares	-	6,108,218
Options	-	1,357,382
Plant, equipment and development expenditure	-	241,096
Plant, equipment and expenses	-	-
	-	7,706,696

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 6: CURRENT TRADE AND OTHER RECEIVABLES

	Consolidated	
	2016	2015
	$	$
GST recoverable	408,474	121,033
Other receivables	27,923	10,422
	436,397	131,455

NOTE 7: INVENTORIES

	2016	2015
	$	$
At cost		
Gold in transit and in circuit	800,960	-
Consumables	106,689	102,643
	907,649	102,643

NOTE 8: OTHER ASSETS

	2016	2015
	$	$
Current		
Prepayments	284,665	164,993
Rental bonds	3,220	920
Term deposit	10,000	-
	297,885	165,913
Non-Current		
Environmental bonds	996,500	1,006,500

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	2016	2015
	$	$
Property		
Freehold land – at cost	62,299	432,299
Net carrying amount	62,299	432,299
Plant and equipment		
Plant and equipment – at cost	10,267,015	10,284,219
Accumulated depreciation	(3,073,708)	(2,608,550)
Net carrying amount	7,193,307	7,675,669
Office equipment		
Office equipment – at cost	98,001	97,538
Accumulated depreciation	(77,818)	(68,798)
Net carrying amount	20,183	28,740
Motor vehicles		
Motor vehicles – at cost	259,034	285,434
Accumulated depreciation	(170,048)	(167,851)
Net carrying amount	88,986	117,583
Total plant and equipment net carrying amount	7,364,775	8,254,291

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 9: PROPERTY, PLANT AND EQUIPMENT (continued)

	Consolidated	
	2016	2015
	$	$
Reconciliation of property		
Carrying amount at 1 July 2015	432,299	62,299
Addition on acquisition of subsidiary	-	370,000
Disposals	(370,000)	-
Carrying amount at 30 June 2016	62,299	432,299
Reconciliation of plant and equipment		
Carrying amount at 1 July 2015	7,675,669	1,793,581
Additions	74,093	16,596
Additions on acquisition of subsidiary	-	6,273,404
Disposals	(33,874)	(85,323)
Depreciation	(522,581)	(322,589)
Carrying amount at 30 June 2016	7,193,307	7,675,669
Reconciliation of office equipment		
Carrying amount at 1 July 2015	28,740	32,050
Additions	463	-
Additions on acquisition of subsidy	-	12,619
Disposals	-	(5,970)
Depreciation	(9,020)	(9,959)
Carrying amount at 30 June 2016	20,183	28,740
Reconciliation of motor vehicles		
Carrying amount at 1 July 2015	117,583	125,967
Additions	-	-
Additions on acquisition of subsidiary	-	12,699
Disposals	(1,040)	-
Depreciation	(27,557)	(21,083)
Carrying amount at 30 June 2016	88,986	117,583

Assets pledged as security:

A1 Consolidated Gold Limited (the company) has granted a Personal Property Securities Act security interest over all of the present and future property of the company and a mortgage over the mining licence covering the company's A1 Mine as security for the issue of $2,500,000 of convertible notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 10: EXPLORATION, EVALUATION AND DEVELOPMENT ASSETS

	Consolidated	
	2016 $	2015 $
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation phases – at cost		
Balance at beginning of year	1,717,461	1,348,658
Acquisition costs (Walhalla)	911,674	50,000
Exploration and evaluation costs incurred during the year	280,973	318,803
Balance at end of year	2,910,108	1,717,461
Development phase – at cost		
Balance at beginning of year	20,301,157	30,137,242
Additions on acquisition of subsidiary	-	1,472,559
Development costs incurred during the year	2,804,516	1,533,363
Pre-production costs (net) capitalised (refer note 1)	2,504,695	-
Impairment of development costs	-	(12,842,007)
Balance at end of year	25,610,368	20,301,157
Total Exploration, evaluation and development assets	28,520,476	22,018,618

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

Development assets will be recouped through the successful production and sale of gold from the respective properties.

NOTE 11: TRADE AND OTHER PAYABLES

	2016 $	2015 $
Trade payables (i)	2,799,373	596,414
Accrued expenses	521,784	176,145
Related party payables (ii)	452,626	170,354
Employee benefits	165,010	159,732
Share application funds pending allotment	40,800	40,800
	3,979,593	1,143,445

(i) Trade payables are non-interest bearing and are normally settled on 30-day terms.
(ii) Related party payables are unsecured, interest free and settlement occurs in cash. Refer Note 20.
Information regarding the liquidity and interest rate risk exposure is set out in Note 18.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 12: BORROWINGS

	Interest Rate	Maturity	Consolidated 2016 $	Consolidated 2015 $
CURRENT				
Unsecured				
Insurance premium funding	6.1859%	15/03/2017	308,705	42,056
	8.15%	30/05/2016	-	131,385
Total current unsecured borrowings			308,705	173,441
NON-CURRENT				
Unsecured				
Part consideration Walhalla tenement acquisition	Nil	11/08/2018	372,183	-
Secured				
Convertible Notes (refer Note 13)	12.5%	25/06/2018	1,875,288	1,561,220
Total non-current secured borrowings			2,247,471	1,561,220
Total borrowings			2,556,176	1,734,661

Assets pledged as security.

A1 Consolidated Gold Limited (the company) has granted a Personal Property Securities Act security interest over all of the present and future property of the company and a mortgage over the mining licence covering the company's A1 Mine as security for the issue of $2,500,000 of convertible notes.

Financing facilities available

As at 30 June 2016 and 30 June 2015, the Group did not have any undrawn finance facilities.

NOTE 13: CONVERTIBLE NOTES

71,428,571 convertible notes were issued by the Group on 25 June 2015 at an issue price of 3.5 cents per note. Each note entitles the holder to convert to one ordinary share.

Conversion may occur at any time between 25 June 2015 and 25 June 2018. If the notes have not been converted, they will be redeemed on 25 June 2018 at 3.5 cents per note. Interest of 12.5% will be paid quarterly in arrears up until that settlement date.

The net proceeds received from the issue of the convertible notes have been split between the financial liability and an equity component, representing the residual attributable to the option to convert the financial liability into equity of the Company as follows:

	$
Gross face value of notes	2,500,000
Less:	
Transaction costs	(309,059)
Share based payment – options granted	(571,428)
Net proceeds	1,619,513
Liability component at date of issue	1,552,660
Equity component	66,853

The equity component of $66,853 has been credited to equity (option premium on convertible note –see note 16).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 13: CONVERTIBLE NOTES (continued)

The liability component is measured at amortised cost. The interest expense for the period to 30 June 2016 of $635,128 is calculated by applying an effective interest rate of 26.1% to the liability component for the period since the loan notes were issued. Interest paid in the period since issue is $312,500. The difference between the carrying amount of the liability component at the date of issue and the amount reported in the statement of financial position at 30 June 2016 represents the effective interest rate less interest paid to that date.

NOTE 14: PROVISIONS

	Employee benefits (i) $	Restorative obligations (ii) $	Total $
Balance at beginning of year	44,054	1,006,500	1,050,554
Arising during the year	50,521	180,000	230,521
Unused amounts reversed	(13,273)	-	(13,273)
Balance at the end of year	81,302	1,186,500	1,267,802
Current	35,092	-	35,092
Non-current	46,210	1,186,500	1,232,710
	81,302	1,186,500	1,267,802

i) The provision for employee benefits represents accrued long service leave.

ii) The provision for restorative obligations relates to the estimated cost of rehabilitation work to be carried out in relation to the removal of facilities, closure of sites and restoring the affected areas. The provision represents the best estimate of the expenditure required to settle the restoration obligation at the reporting date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date.

NOTE 15: ISSUED CAPITAL

	2016 $	2015 $
552,689,252 Ordinary shares issued and fully paid (2015 – 446,356,265)	45,177,830	42,606,668

Ordinary shares entitle the holder to participate in dividends in proportion to the number of and amounts paid on the shares held and the proceeds on winding up of the Company in proportion to the number of shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll one vote for each fully paid share and a fraction of one vote for each partly paid up share.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 15: ISSUED CAPITAL (continued)

	Consolidated			
	2016		2015	
	No.	$	No.	$
Movement in ordinary shares on issue				
Balance at beginning of financial year	446,356,265	42,606,668	176,683,522	35,279,194
Shares issued during the year for cash				
November 2014	-	-	56,576,476	1,697,295
December 2014	-	-	17	1
January 2015	-	-	16,666,666	500,000
February 2015	-	-	10,000,000	300,000
November 2015	12,083,336	290,000	-	-
January 2016	29,583,336	710,000	-	-
Shares issued as part consideration of Walhalla tenement	7,816,285	300,000	-	-
Shares issued as consideration for mining services rendered by PYBAR Mining Services Pty Ltd	56,850,030	1,458,203	-	-
Shares issued on acquisition of shares in subsidiary companies	-	-	169,672,726	6,108,218
Shares issued in lieu of shareholder liabilities	-	-	16,756,858	502,705
Share based payments relating to share issues	-	(90,278)	-	(1,239,596)
Share issue costs	-	(96,763)	-	(541,149)
Balance at end of financial year	552,689,252	45,177,830	446,356,265	42,606,668

	2016		2015	
	No.	Weighted average exercise price	No.	Weighted average exercise price
Movement in options over ordinary shares on issue:				
At start of year	232,750,389	$0.031	28,666,667	$0.041
Granted	37,888,887	$0.040	232,750,406	$0.031
Exercised	-	-	(17)	$0.030
Expired	-	-	(28,666,667)	$0.041
At end of year	270,639,276	$0.032	232,750,389	$0.031

All options are exercisable on or before 30 November 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 16: RESERVES

Share based payments reserve

The share based payments reserve is used to record the value of equity benefits provided to directors and employees as part of their remuneration and to other parties for services rendered and in connection with raising capital and acquisition of subsidiaries. Refer to Note 17 for further details.

Option premium on convertible notes
The option premium on convertible notes represents the equity component (conversion right) of the $2,500,000 of convertible notes issued during the year ended 30 June 2015. Refer to Note 13.

NOTE 17: SHARE BASED PAYMENTS

a) On 8 January, 2016 A1 Gold completed the Share Purchase Plan. As part consideration for partially underwriting the Share Purchase Plan, A1 Gold issued 9,027,778 underwriter options which were subsequently listed. These options are exercisable at $0.03 each on or before 30 November 2019 and have been valued at $90,278 by reference to the market value of $0.01 each at the date of issue.

b) On 4 December 2015 A1 Gold issued 24,000,000 unlisted options to directors as mid to long term performance incentives. These options are exercisable at $0.045 on or before 30 November 2019 and vest in three tranches on delivery of three performance milestones. They have been valued at $334,400 at the grant date of 11 November 2015 using the Monte-Carlo simulation model, Hoadley's Hybrid ESO Single Share Price Target, based on the following assumptions.

Underlying value of shares	$0.029
Exercise price	$0.045
Risk free rate of return	2.29%
Volatility factor	81%

An amount of $57,989 has been recognised to date and shown as a share based payment expense based on the probability of meeting the non-market conditions.

c) On 14 January, 2015 A1 Gold issued 9,000,000 unlisted Executive Options to employees and contractors of the company as performance incentives. These options are exercisable at $0.05 each on or before 30 November 2019, and vest in three tranches on delivery of three performance milestones. They have been valued at $117,684 at the grant date using the Black-Scholes option pricing model based on the following assumptions.

Underlying value of shares	$0.0309
Exercise price	$0.03
Risk free rate of return	2.71%
Volatility factor	86%

An amount of $12,520 has been recognised to date. An amount of $7,856 (2015 $4,664) has been shown as a share based payment expense based on the probability of meeting the non-market vesting conditions.

d) By a prospectus lodged on 2 October 2014, A1 Consolidated Gold Limited (A1 Gold) made a 7 for 8 renounceable Entitlement Offer to shareholders. As part consideration for underwriting the Entitlement Offer, A1 Gold issued 51,532,693 underwriter options at no consideration which were subsequently listed. These options are exercisable at $0.03 each on or before 30 November 2019 and have been valued at $1,239,596 using the Black-Scholes option pricing model based on the following assumptions:

Number of Options Issued	21,484,177	30,048,516
Underlying value of shares	$0.0388	$0.0309
Exercise price	$0.03	$0.03
Risk free rate of return	2.77%	2.71%
Volatility factor	83%	86%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 17: SHARE BASED PAYMENTS (continued)

e) On 25 June, 2015 A1 Gold completed the Share Sale Agreement whereby A1 Gold acquired 100% of the issued capital in three subsidiary companies holding the Victorian assets of Octagonal Resources Limited. Part of the consideration for the acquisition was the issue of 56,557,576 listed options exercisable at $0.03 each on or before 30 November, 2019. The options have been valued at $1,357,382 by reference to the market value of $0.024 each at the date of issue.

f) On 25 June, 2015 A1 Gold completed a $2,500,000 convertible note placement. The terms of the placement included the issue of 23,809,520 listed options exercisable at $0.03 each on or before 30 November 2019. The options have been valued at $571,428 by reference to the market value of $0.024 each at the date of issue.

For details of options issued to key management personnel, refer to the Directors' Report.

Employee Share Option Plan

The Board has adopted an employee share option plan which it believes will provide employees with the opportunity to participate in the success of the Company and encourage employees to actively participate in growing the wealth of the Group for the benefit of all shareholders. When issued each Employee Option shall entitle the optionholder to acquire one fully paid ordinary share upon payment of the exercise price specified in the offer. The exercise price will be not less than 80% of the average closing sale price of the Group's share on ASX over the five days immediately preceding the date of the offer.

The Employee Options will not be listed on ASX. Application will be made for official quotation of the shares issued upon exercise of the Employee Options.

As at 30 June 2016 and 30 June 2015 no Employee Options had been issued.

NOTE 18: FINANCIAL INSTRUMENTS

(a) Capital risk management

The Group manages its capital to maintain a low debt to equity ratio and ensure that the Group will be able to continue as a going concern. This strategy has remained unchanged since 2015.

The capital structure of the Group consists of debt, cash and cash equivalents and equity comprising issued capital and reserves reduced by accumulated losses.

None of the Group's entities are subject to externally imposed capital requirements.

(b) Categories of financial instruments

	2016 $	2015 $
Financial assets		
Cash and cash equivalents	334,922	2,013,371
Receivables	436,397	131,455
Rental bonds	3,220	920
Term deposit	10,000	-
Environmental bonds	996,500	1,006,500
Total financial assets	1,781,039	3,152,246
Financial liabilities		
Trade and other payables	3,979,593	1,143,445
Borrowings	2,556,176	1,734,661
Total financial liabilities	6,535,769	2,878,106

All the above financial assets and liabilities are carried at amortised cost and the carrying amount is equivalent to fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 18: FINANCIAL INSTRUMENTS (continued)

(c) Financial risk management objectives

The Group is exposed to credit risk, liquidity risk and interest rate risk as a normal course of the Group's business.

i) Credit Risk

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The credit risk of liquid funds is limited because the counterparty is a bank with high credit ratings assigned by international credit rating agencies. Apart from credit risk on liquid funds the Group does not have any significant risk exposure to any single counterparty or any group of counterparties having similar characteristics.

ii) Liquidity Risk

The Group manages liquidity risk by maintaining adequate banking facilities by continuously monitoring forecast and actual cash flows.

The contractual maturity for the Group's financial liabilities, including estimated interest payments, is as follows:

2016	**Less than 1 Month $**	**1 – 3 Months $**	**3 Months – 1 Year $**	**1 – 5 Years $**	**5+ Years $**
Non-interest bearing	1,479,432	1,970,918	529,243	-	-
Fixed interest rate instruments	39,400	156,925	443,976	3,312,500	-
	1,518,832	2,127,843	973,219	3,312,500	-
2015					
Non-interest bearing	616,336	283,841	83,537	-	-
Fixed interest rate instruments	18,002	114,128	368,220	3,125,000	-
	634,338	397,969	451,757	3,125,000	-

iii) Interest Rate Risk

At the reporting date the interest rate profile of the Group's interest bearing financial instruments was:

	2016 $ Carrying Amount	2015 $ Carrying Amount
Variable rate instruments		
Financial assets	1,286,394	3,007,926
Fixed rate instruments		
Financial liabilities	2,556,176	1,734,661

Interest rate risk sensitivity analysis

The sensitivity analysis below has been determined on the exposure to interest rates for non-derivative instruments at the balance date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

At balance date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's net loss would decrease by $6,432 and increase by $6,432 (2015: $15,040). There would be a corresponding effect on equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 19: COMMITMENTS AND CONTINGENCIES

Exploration commitments

Future minimum commitments in relation to exploration and mining tenements as at the balance date are as follows:

Payable	2016 $	2015 $
Within one year	1,489,960	1,439,400
After one but no more than five years	4,474,310	1,858,650
More than five years	12,904,000	978,000
	18,868,270	4,276,050

Future minimum commitments have been calculated based on the term of the licences. However, licences can be handed back at any time with no further commitment.

Capital commitments and contingencies

There were no capital commitments or contingencies as at 30 June 2016 or 30 June 2015.

Operating lease commitments – Company as lessee

The Company has entered into commercial leases on certain software, equipment and house rental. These leases have an average life of between 6 months and 2 years. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	2016 $	2015 $
Within one year	18,611	8,465
After one year but not more than five years	-	-
More than five years	-	-
	18,611	8,465

NOTE 20: RELATED PARTY DISCLOSURE

The consolidated financial statements include the financial statements of A1 Consolidated Gold Limited and the subsidiaries listed in the following table.

	% Equity interest		Investment	
	2016	2015	2016 $	2015 $
Maldon Resources Pty Limited	100%	100%	6,813,410	6,813,410
Highlake Resources Pty Limited	100%	100%	48	48
Matrix Gold Pty Limited	100%	100%	23	23

A1 Consolidated Gold Limited is the ultimate Australian parent entity and ultimate parent of the Group. All subsidiaries are incorporated in Australia.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and not disclosed in this note. Details of transactions between the Group and other related entities are disclosed below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 20: RELATED PARTY DISCLOSURE (continued)

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year.

Related party		Income from Related Parties $	Expenditure Related Parties $	Amounts Owed by Related parties $	Amounts Owed to Related parties $
Director related parties					
Amounts owing to directors for:					
- Salary, superannuation and employee entitlements					
D J Clark (resigned 31 May 2016)	2016	-	-	-	320,308
	2015	-	-	-	96,934
- Directors fees and superannuation					
D Rogers	2016	-	-	-	125,585
(appointed 24 November 2014)	2015	-	-	-	34,375
J Cullen	2016	-	-	-	51,100
(appointed 1 May 2015)	2015	-	-	-	8,030
A Gray	2016	-	-	-	48,983
(appointed 25 June 2015)	2015	-	-	-	803
Other related parties					
Mining and related goods and services were provided by A1 Consolidated Mining Pty Ltd. In addition, a house for mine site accommodation was rented during the year from the company. Mr D Clark a director during the year of A1 Consolidated Gold Limited, has a significant influence over A1 Consolidated Mining Pty Ltd.	2016	-	9,500	-	14,100
	2015	-	21,068	-	11,600
Company secretarial services were supplied by DW Corporate Pty Ltd. Mr D Wilkins, company secretary of A1 Consolidated Gold Limited; is the principal of DW Corporate Pty Limited.	2016	-	114,100	-	23,033
	2015	-	407,514	-	18,612

Related party

Terms and conditions of transactions with related parties

Purchases from related parties are made at arm's length and at normal market prices and on normal commercial terms.

Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 21: PARENT ENTITY DISCLOSURES

Financial position

	2016 $	2015 $
Assets		
Current assets	2,013,529	2,436,741
Non-current assets	35,752,659	30,089,180
Total assets	37,766,188	32,525,921
Liabilities		
Current liabilities	4,125,086	1,077,570
Non-current liabilities	2,586,069	1,684,220
Total liabilities	6,711,155	2,761,790
Equity		
Issued capital	45,177,830	42,606,668
Reserves		
• Option premium on convertible notes	66,853	66,853
• Share-based payments	5,542,876	5,386,752
Accumulated losses	(19,732,526)	(18,296,142)
Total equity	31,055,033	29,764,131

Financial performance

	2016 $	2015 $
(Loss) for the year	(1,436,383)	(14,071,900)
Other comprehensive income	-	-
Total comprehensive loss for the year	(1,436,383)	(14,071,900)

There were no capital commitments or contingencies as at 30 June 2016 or 30 June 2015.

NOTE 22: EVENTS AFTER THE REPORTING PERIOD

On 27 July 2016, A1 Consolidated Gold Limited (A1 Gold) announced that it will be conducting a pro-rata renounceable entitlement offer to shareholders of approximately 138,172,313 new shares on the basis of 1 new share for every 4 shares held at the record date at $0.024 each. In addition, one free attaching new option for every 3 new shares subscribed for will be issued. The renounceable entitlement offer was targeting to raise approximately $3,316,136 before costs.

On 5 September 2016, A1 Gold announced that it had received applications from eligible shareholders to subscribe for 97,064,700 new shares, totalling $2,329,553 leaving an underwritten shortfall of 41,107,613 new shares to be placed by the underwriter, Patersons Securities Ltd.

On 7 September 2016, A1 Gold announced that following significant demand from shareholders and sub-underwriters for the shortfall that they elected to satisfy most of the additional demand by taking an additional $350,000 by way of an exempt placement of shares and options.

The total number of shares issued under the rights issue totalled 138,172,313 (Options 46,057,263), raising a total of $3,316,136. The placement resulted in the issue of 14,583,334 new shares (Options 4,861,112), raising a total of $350,000. Total funds raised equalled $3,666,136 before costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 23: AUDITOR'S REMUNERATION

The auditor of A1 Consolidated Gold Limited group is HLB Mann Judd.

	2016 $	2015 $
Amounts received or due and receivable by HLB Mann Judd for:		
Audit of the financial statements – current period	32,000	27,500
– over/under accrual from prior period	4,500	1,000
Review of half yearly financial statements	20,000	14,000
	56,500	42,500

NOTE 24: KEY MANAGEMENT PERSONNEL

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report. The totals of remuneration paid to key management personnel during the year are as follows:

	2016 $	2015 $
Short-term employee benefits	440,308	332,509
Post-employment benefits	33,053	24,048
Share-based payment	57,989	-
Termination Benefit	-	-
	531,350	356,557

NOTE 25: SEGMENT REPORTING

The Group has operated in one segment being the mineral exploration sector in Victoria and accordingly no further disclosure is required in the notes to the consolidated financial statements.

DIRECTORS' DECLARATION

1. In the opinion of the directors of A1 Consolidated Gold Limited (the 'Company'):
   a. the accompanying consolidated financial statements and notes are in accordance with the Corporations Act 2001 including:
      i. giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the year then ended; and
      ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
   b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
   c. the consolidated financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2016.

This declaration is signed in accordance with a resolution of the board of directors.

Dale Rogers
Executive Chairman

30 September 2016

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of A1 Consolidated Gold Limited for the year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
30 September 2016

M R W Ohm
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of A1 Consolidated Gold Limited

Report on the Financial Report

We have audited the accompanying financial report of A1 Consolidated Gold Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

In Note 1(c), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's and its controlled entities' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au
Liability limited by a scheme approved under Professional Standards Legislation
HLB Mann Judd (WA Partnership) is a member of HLB International, a worldwide organisation of accounting firms and business advisers.

HLB Mann Judd

Auditor's opinion

In our opinion:

(a) the financial report of A1 Consolidated Gold Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Group's financial position as at 30 June 2016 and its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(c).

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1(a) in the financial report which indicates that the Group had a working capital deficiency of $2,346,532 at 30 June 2016 and incurred a loss for the year of $1,436,383. The net cash outflow from operating and investing activities was $2,468,203. At 30 June 2016 the Group had cash and cash equivalents of $334,922. These conditions, along with other matters as set forth in Note 1(a), indicate the existence of a material uncertainty that may cast significant doubt whether the Group will be able to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the Remuneration Report of A1 Consolidated Gold Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

M R W Ohm
Partner

Perth, Western Australia
30 September 2016

ASX Additional Information

Additional information required by Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 22 September 2016.

Distribution of Equity Securities AYC

Analysis of number of equity security holders by size of holding:

			Ordinary shares Number of holders	Number of shares
1	-	1,000	37	4,846
1,001	-	5,000	101	322,475
5,001	-	10,000	191	1,458,691
10,001	-	100,000	647	28,270,560
100,001		and over	476	675,388,327
			1,452	**705,444,899**
The number of shareholders holding less than a marketable parcel of shares are:			**399**	**2,675,056**

Twenty Largest Shareholders AYC

The names of the twenty largest holders of quoted ordinary shares are:

		Listed ordinary shares	
		Number of shares	**Percentage of ordinary shares**
1	OCTAGONAL RESOURCES LTD	132,142,265	18.73%
2	PYBAR MINING SERVICES PTY LTD	34,852,473	4.94%
3	GAFFNEYS CREEK GOLD MINE	30,366,666	4.73%
4	HERON RESOURCES LTD	23,000,000	3.26%
5	BOND STREET CUSTS LTD	20,186,782	2.86%
6	ROGERS CHRISTOPHER W	19,001,531	2.69%
7	BOND STREET CUSTS LTD	13,829,429	1.96%
8	JASPER HILL RES PL	13,554,048	1.92%
9	T T NICHOLLS PL	11,483,546	1.63%
10	ALLIAN RES LTD	11,000,000	1.56%
11	AUSTRALIAN EXECUTOR TTEES LTD	10,988,444	1.56%
12	A1 CONSOLIDATED MINING PL	10,620,006	1.51%
13	ABBOTSLEIGH PL	9,587,385	1.36%
14	BAHEN MARK JOHN + M P	8,937,500	1.27%
15	ORION GOLD NL	6,800,000	0.96%
16	KAHALA HLDGS PL	6,624,887	0.94%
17	CLARK DJ & CROKER PF	6,564,376	0.93%
18	WELCH BRYAN	6,250,000	0.89%
19	BOND STREET CUSTS LTD	6,000,000	0.85%
20	BOND STREET CUSTS LTD	5,925,000	0.84%
		390,681,005	55.39%

ASX Additional Information (continued)

Distribution of Equity Securities AYCO

Analysis of number of equity security holders by size of holding:

			3.0 cent Options expiring 30 November 2019	
			Number of holders	Number of options
1	-	1,000	37	18,578
1,001	-	5,000	210	569,108
5,001	-	10,000	101	753,243
10,001	-	100,000	306	10,718,906
100,001		and over	162	276,497,816
			816	**288,557,651**

Twenty Largest Shareholders AYCO

The names of the twenty largest holders of Listed 3.0 cent Options are:

		3.0 cent Options	
		Number of Options	Percentage of Options
1	OCTAGONAL RESOURCES LTD	63,502,020	22.01%
2	JASPER HILL RES PL	21,179,970	7.34%
3	SQUADRON RESOURCES PL	19,047,620	6.60%
4	GAFFNEYS CREEK GOLD MINE	11,111,111	3.85%
5	HERON RESOURCES LTD	10,955,556	3.80%
6	PATERSONS SECURITIES LTD	10,827,782	3.75%
7	BOND STREET CUSTS LTD	6,728,927	2.33%
8	T T NICHOLLS PL	6,066,614	2.10%
9	MANFORD MICHAEL FRANK	6,000,000	2.08%
10	BOND STREET CUSTS LTD	5,882,652	2.04%
11	ROGERS CHRISTOPHER W	5,043,244	1.75%
12	EVANS SIMON ROBERT & K M	5,000,000	1.73%
13	ABBOTSLEIGH PL	3,972,492	1.38%
14	AUSTRALIAN EXECUTOR TTEES LTD	3,662,815	1.27%
15	A1 CONSOLIDATED MINING PL	3,540,002	1.23%
16	KAHALA HLDGS PL	3,161,408	1.10%
17	CHEETAH HOLDINGS PL	2,747,925	0.95%
18	A1 CONSOLIDATED MINING PL	2,603,305	0.90%
19	PYBAR MINING SERVICES PTY LTD	2,323,498	0.81%
20	TECCA PL	2,275,622	0.79%
		195,632,563	67.81%

ASX Additional Information

Substantial Shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the *Corporations Act 2001* are:

	Number of Shares
Ian Jeffrey Gandel	119,078,840
Pybar Mining Services Pty Ltd	27,881,978
Dennis Clark	23,730,325

Voting Rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

Unquoted Securities

Class	Number of Securities	Number of Holders	Holders of 20% or more of the class	
			Holder Name	Number of Securities
Unlisted 4.438 cent options expiry 30 November 2019	15,000,000	3	Christopher Rogers	6,000,000
			Kahala Holdings Pty Ltd	4,500,000
			Anthony Robert Gray	4,500,000
Unlisted 4.938 cent options expiry 30 November 2019	9,000,000	3	N/A	N/A