



A1 Consolidated Gold

ASX Release – 30th January 2015

Quarterly Activities Report

A1 Consolidated Gold Ltd
ABN 50 149 308 921

ASX:AYC

Investment Highlights:

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

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

Board of Directors:

Chairman
Dale Rogers

Managing Director
Dennis Clark

Non-Executive Director
Dennis Wilkins

Company Secretary
Dennis Wilkins

Capital Structure:

266,683,538 Ordinary Shares
134,494,407 Listed Options
9,000,000 Executive Options

Contact:

Dennis Wilkins
Tel: +61 8 9389 2111
admin@a1consolidated.com

A1 Consolidated Gold Limited (ASX: AYC) is pleased to report its activities for the Quarter ending 31 December 2014.

Highlights:

- ❖ **Agreement to Acquire Maldon Gold Operation**
 - A1 Consolidated Gold executes Share Sale Agreement. Assets include:
 - 150k tpa Maldon Treatment Plant;
 - operational Union Hill Mine;
 - high grade ore available for immediate mining; and
 - central Victorian tenement package.
- ❖ **Successful Capital Raising**
 - Entitlements Offer raises \$2.2 million
 - Bonus Issue of Loyalty Options on a 1:3 basis completed
- ❖ **Events Subsequent to the End of the Quarter**
 - Further \$0.5 million placed
 - Updated Stage 1 Scoping Study announced

Managing Directors Comments

Managing Director Dennis Clark said "During the December 2014 Quarter, the Company has entered into an Agreement with Octagonal Resources (ASX:ORS) to acquire the Maldon Gold Operation, including a fully permitted 150,000 tpa gold processing facility. Following completion of this acquisition, AYC will have certainty of ore processing with reduced treatment costs and increased recoveries. The nearby Union Hill Mine is at ore and is ready for mining whilst the decline development at the A1 Mine is completed to the first planned production area and once upgrades are completed to the Maldon Treatment Plant".

"With the AUD gold price hovering around \$1600 per oz and the Updated Stage 1 Scoping Study projected All in Sustaining Cost (C3) of \$849/oz, the Company looks forward to moving into the production phase".





Agreement to Acquire Maldon Gold Operation

Share Sale Agreement

A1 Consolidated Gold Limited (ASX:AYC) (**A1 Consolidated Gold** or the **Company**) announced on 29 December 2014 that the Company has executed a Share Sale Agreement with Octagonal Resources Limited (ASX:ORS) (**Octagonal**) to acquire Octagonal's Victorian assets, which includes a fully permitted 150,000 tpa gold processing facility at Maldon.

Terms

Under the terms of the Share Sale Agreement, A1 Consolidated Gold will acquire a 100% interest in three subsidiary companies holding the Victorian assets. Consideration for the purchase will be the issue to Octagonal of 169.7m A1 Consolidated Gold shares at 3.0 cents each (valued at \$5,090,182) and 56.5m listed options (ASX: AYCO).

Octagonal has advised that it intends to distribute approximately 50% of the A1 Consolidated Gold shares and options to Octagonal shareholders via an in specie distribution on a pro rata basis. All shares and options retained by Octagonal will be subject to a voluntary six (6) month escrow period.

Mr Anthony Gray, (Octagonal MD), will join A1 Consolidated Gold's Board as a Non-Executive Director.

Settlement under the Share Sale Agreement is subject to (amongst other conditions):

- shareholder approval by both A1 Consolidated Gold and Octagonal Shareholders; and
- A1 Consolidated Gold raising \$2.4m,

by 31 March 2015 (or such other date as agreed between the parties). Preparations are well underway to ensure these conditions are satisfied prior to completion.

Transaction Benefits

Highlights of the benefits of the transaction include:

- certainty for treatment of ore from the A1 Gold Mine;
- 150,000 tpa Maldon Treatment Plant matches the planned production profile for the A1 Gold Mine;
- Maldon Treatment Plant is fully permitted and has been operating since November 2012;
- significant reduction in ore processing costs by owning a gold processing facility (see the Company's ASX announcement dated 13 January 2015 for full details of the changes to the results of the Stage 1 Scoping Study arising from the assumed completion of the transaction) ;
- increased gold recoveries using a carbon in leach mill with gravity circuit; and
- potential for cash flow generated by mining and processing high grade ore from the Alliance South Deposit.





Capital Raising

Entitlements Offer

On 2 October 2014, the Company issued a prospectus for a renounceable entitlements offer to issue up to 154,598,081 New Shares on the basis of 7 New Shares for every 8 Shares held on the record date, at an issue price of \$0.03 per New Share (**Entitlements Offer**) to raise up to \$4.63 million.

The Company announced the completion of the Entitlements Offer on 5 November 2014 and issued 73,333,334 fully paid ordinary shares pursuant to the Entitlements Offer raising \$2.2 million before costs of the issue.

The Company also announced that, in accordance with the terms of the Entitlements Offer, the Company (in consultation with the underwriter) was able to issue 81,264,747 shares as shortfall within 3 months of the closing date of 27 October 2014.

Loyalty Options

On 10 December 2014, the Company issued a prospectus for the bonus issue of 82,961,731 Loyalty Options. The purpose of the bonus issue was to reward the loyalty of longstanding and new shareholders and to allow them the opportunity to participate in the continued growth of the Company.

The Loyalty Options are exercisable at 3.0 cents with an expiry date of 30 November 2019. The options are listed on the Australian Stock Exchange (ASX:AYCO).

Placement of Shortfall

Subsequent to the end of the December 2014 Quarter, on 23 January 2015, the Company announced the placement of 16,666,666 shortfall shares (the **Shortfall Placement**) from its recent Entitlements Offer, adding \$0.5 million to working capital.

In addition, the Company continues to have ongoing discussions with an investment fund in respect to placing \$1m of the remaining shortfall. Shareholders will be advised, by way of a subsequent announcement, if an agreement is reached.

The Shortfall Placement was managed by Paterson Securities Limited.





Updated Stage 1 Scoping Study

Subsequent to the end of the December 2014 Quarter, on 13 January 2015, the Company announced an Updated Stage 1 Scoping Study for its flagship A1 Gold Mine in North-eastern Victoria. Mining One prepared the update on the assumption that the acquisition of Octagonal's Victorian gold assets is completed (see ASX announcement 29 December 2014). The assets to be acquired include a fully permitted 150,000 tpa treatment facility at Maldon which complements A1 Consolidated Gold's planned production profile.

Table 1. Updated Stage 1 Scoping Study Financial Assumptions and Outcomes

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

For further information, see ASX announcement 13 January 2015 or the Company's website www.a1consolidated.com

Cautionary Statement

The figures presented in the Updated Stage 1 Scoping Study assume the Company completes the acquisition of ORS's Victorian gold assets (which includes the Maldon Treatment Plant). The completion of the acquisition is conditional upon, amongst other things, the Company raising additional equity capital in the sum of \$2.4 million and shareholder approval before the sunset date (31 March 2015 or such other date agreed by the parties). The Scoping Study referred to in this announcement is based on low-level technical and economic assessments, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic production mining case at this stage or to provide certainty that the conclusions of the Scoping Study will be realised. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the conversion of Inferred Mineral Resources to Indicated Mineral Resources or that the production target itself will be realised. This production target equates to 67% of the JORC Code 2012 compliant Mineral Resource Estimate between the 1420 RL and the 1310 RL and is made up of approximately 37% Indicated Mineral Resource and 63% Inferred Mineral Resource. During the critical first 2 years, 42% of production is from Indicated Mineral Resources.





A1 Gold Mine (MIN5294)

There were no lost time injuries during the quarter.

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

1400 Stockwork Resource Block

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

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

Table 2. 1400 Stockworks Mineral Resource

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

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

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





Competent Person Statements

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

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

The information in this announcement that relates to the Updated Stage 1 Scoping Study is extracted from the summary report entitled 'A1 Gold Mine, Stage 1 Scoping Study (Update)' prepared by Mining One Pty Ltd included in the Company's ASX announcement dated 13 January 2015 (**January Announcement**) and is available to view on the Company's website. The Company confirms that it is not aware of any new information or data that materially affects the information included in the January Announcement and that all material assumptions and technical parameters underpinning the estimates in the January Announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the January Announcement.





Tenement Holdings and Movements

Below is a schedule to mining tenements and beneficial interests held as at the end of the December 2014 Quarter: (exclusive of the tenements to be acquired from ORS).

Mining Tenements

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

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

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

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





About the Company

A1 Consolidated Gold Ltd is a junior gold exploration company focused on developing the A1 Gold Project in the Woods Point – Walhalla Goldfield located in north-eastern Victoria (Figure 1). The Company has a further mineral tenement to the north of the A1 Gold Mine for further exploration. A1 Consolidated Gold is currently undertaking underground development at the A1 Gold Mine. The mining design is for a bulk mineable block.

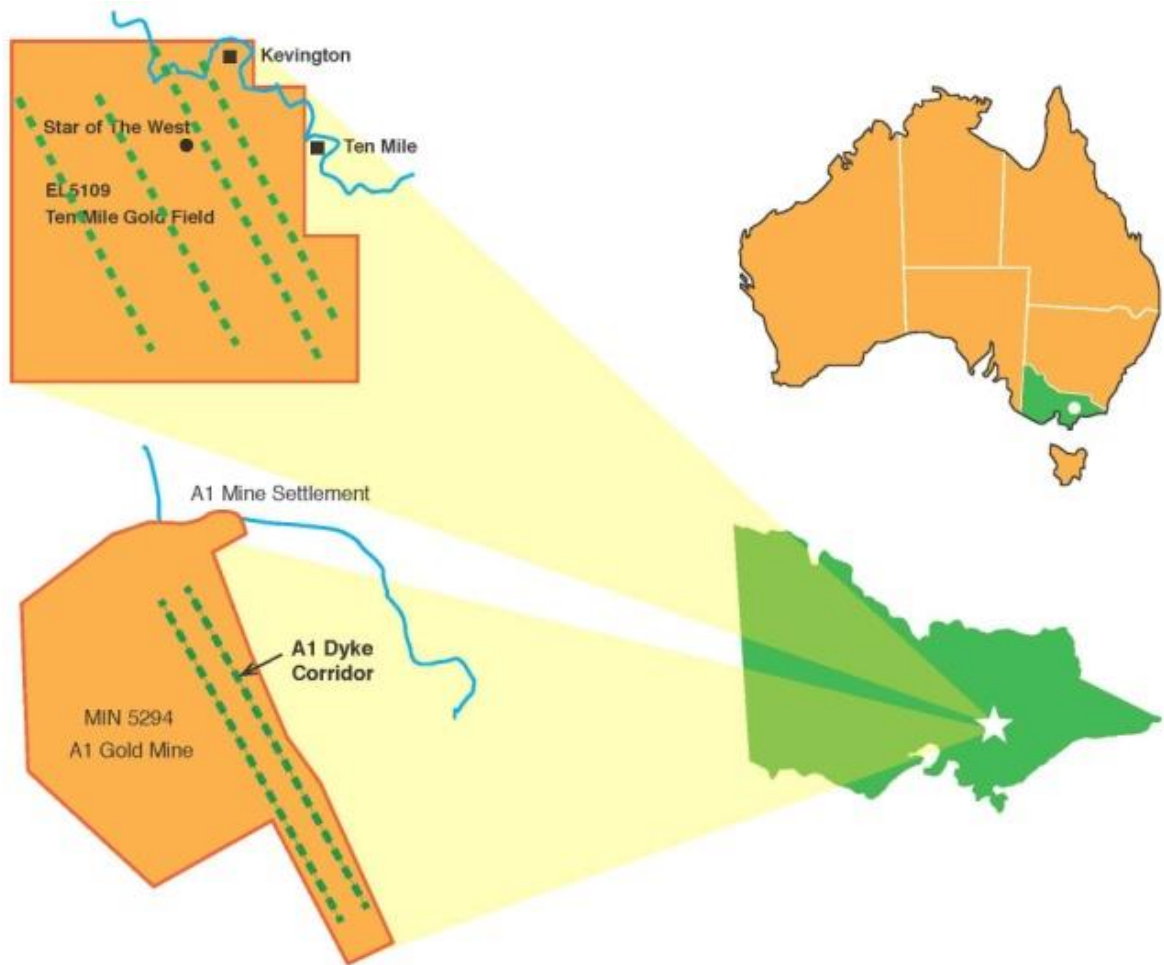


Figure 1: Location of Tenements

