



A1 Consolidated Gold
Mining & Development

A1 Consolidated Gold Limited

ABN 50 149 308 921

Annual Report

30 June 2014



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CORPORATE INFORMATION

A1 Consolidated Gold Limited

ABN 50 149 308 921

Directors

Ashok Parekh – Non-Executive Chairman

Dennis Clark – Managing Director

Morrie Goodz – Non-Executive Director

Company Secretary

Dennis Wilkins

Registered Office

C/- Herries Davidson & Co

32 Clifford Street

GOULBURN NSW 2580

Telephone: (02) 4821 1011

Principal Place of Business

A1 Gold Mine

Woods Point Road

MANSFIELD VIC 3722

Telephone: (03) 5777 8125

Share Register

Security Transfer Registrars Pty Ltd

770 Canning Highway

APPLECROSS WA 6153

Telephone: (08) 9315 2333

Facsimile: (08) 9315 2233

Bankers

ANZ Bank

190 Auburn Street

GOULBURN NSW 2580

Auditors

HLB Mann Judd

Level 4,

130 Stirling Street

PERTH WA 6000

DIRECTORS' REPORT

Your directors submit the annual financial report of A1 Consolidated Gold Limited (**Company**) for the financial year ended 30 June 2014. 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:

Ashok Parekh (Non-Executive Chairman)

BBUS FCA, AIMM, FTIA

Mr Ashok Parekh is a chartered accountant who owns a large Accounting Practice in Kalgoorlie, which he has operated for 27 years. He was awarded the Centenary Medal in 2003 by the Governor General of Australia, and was recently awarded the Meritorious Service Award by the Institute of Chartered Accountants, the highest award granted by the Institute in Australia.

Mr Parekh has over 30 years' experience in providing advice to mining companies and service providers to the mining industry. He has spent many years negotiating with public listed companies and prospectors on mining deals which have resulted in new IPOs and the commencement of new gold mining operations. He has also been involved in the management of gold mining and milling companies in the Kalgoorlie region, and has been the Managing Director of some of these companies. He is well known in the West Australian mining industry and has a very successful background in the ownership of numerous businesses in the Goldfields. Mr Parekh is the Executive Chairman for West Australian-based listed Company, MacPhersons Resources Ltd (ASX: MRP).

Other than this, Mr Parekh has not held any other listed company directorships in the last three years.

Dennis Clark (Managing Director)

Cert Mine Manager (VIC)

Mr Dennis Clark has 40 years' experience in underground mining, with extensive knowledge of mine development, installation of surface infrastructure and treatment plants. He is the holder of a Mine Managers Certificate of Competency (Vic) and has managed and operated several narrow vein gold projects.

For the past 26 years, Mr Clark has been a mining contractor and has undertaken mine development projects in Victoria and NSW. Mr Clark has been the driving force behind the re-development of the A1 Gold Mine and is intimately familiar with the mine workings and geology.

Mr Clark has not held any other listed company directorships in the last three years.

Morrie Goodz (Non-Executive Director)

MSc (Mining Geol), MBA, Cert Mine Manager (VIC), FAusIMM, MCanIMM, MAICD

Mr Morrie Goodz is a mining geologist and a Fellow of the Australasian Institute of Mining and Metallurgy. He has 36 years' industry experience including nine years' experience in international mineral exploration in North America and Africa. Since 1985, he has been based in Australia with operational and strategic management roles at the A1, Morning Star, Daisy Milano and Kalgoorlie Consolidated Gold Mines. Since 1987, Mr Goodz has been the Principal Consultant of Goodz & Associates GMC, providing geological and mine planning services.

Since 2009, Mr Goodz has been the Managing Director for Western Australian-based ASX listed Company, MacPhersons Resources Ltd (ASX: MRP).

Other than this, Mr Goodz has not held any other listed company directorships in the last three years.

Dennis Wilkins (Company Secretary)

B.Bus, AICD, ACIS

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. Mr Wilkins is a director of Key Petroleum Limited (ASX:KEY) and a director of Duketon Mining Limited (ASX:DKM).

Darren Russell-Croucher (Executive Director)

Resigned 30 September 2013

Mr Darren Russell-Croucher, a founding Director of the Company, resigned as an Executive Director as part of a Board re-structure on 30 September 2013. Darren holds a part time position with the Company as Technical Manager and undertakes project works as and when required.

Glenn Wardle (Executive Director)

Resigned 30 September 2013

Mr Glenn Wardle, resigned as a Non-Executive Director as part of a Board re-structure on 30 September 2013.

Jeffrey Williams (Non-Executive Director)

Resigned 30 September 2013

Mr Jeff Williams, resigned as a Non-Executive Director as part of a Board re-structure on 30 September 2013.

Peter Chen (Non-Executive Director)

Appointed 30 September 2013

Resigned 12 June 2014

Mr Peter Chen, resigned as a Non-Executive Director on 12 June 2014.

Emma Walczak (Joint Company Secretary)

Resigned 8 May 2014

Ms Emma Walczak, resigned as Joint Company Secretary on 8 May 2014.

Interests in the shares and options of the Company and related bodies corporate

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

Directors	Number of options over ordinary shares	Number of fully paid ordinary shares
Ashok Parekh	3,333,333	7,776,784
Dennis Clark	3,333,334	9,762,226
Morrie Goodz	2,000,000	2,442,805

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.

Principal Activities

The principal activities of the Company during the year were underground evaluation and development of the A1 Gold Mine. Apart from the decision to proceed with mine development there have been no significant changes in the nature of those activities during the year.

Review of Operations

Summary of Operations for the year

A1 Consolidated Gold Ltd (ASX:AYC) (the Company) is a junior gold exploration company focused on developing the A1 Gold Project (MIN5294) in the Woods Point – Walhalla Goldfield located in north-eastern Victoria. The Company also has an Exploration Licence (EL5109) to the north of the A1 Gold Mine for further exploration. A1 Consolidated Gold is currently developing an underground decline to the 1400 Stockwork Zone at the A1 Gold Mine.

A1 Consolidated Gold Limited is pleased to report its activities for the year ended 30 June 2014.

AYC is focussed on advancing the underground Decline towards the 1400 Stockwork Zone at the A1 Gold Mine. Works completed include mine development, surface and underground diamond drilling programs.

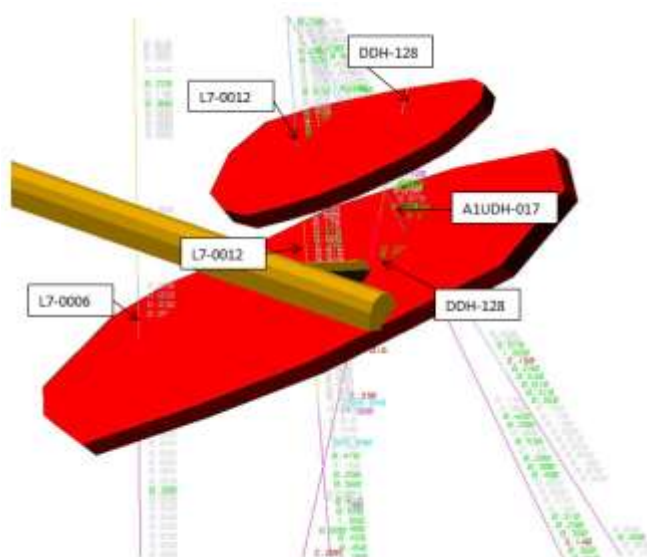
Development of the Underground Decline is currently at the 1477RL with circa 120 metres of Decline development required to access the mining area.

The mining design is for a combination of traditional narrow vein high grade stopes and the Stockwork Zone as a bulk mineable ore body. Work to date has confirmed that the 1400 Stockworks contain both gold bearing quartz veins and Stockwork mineralization. The Company has prepared a Mine Plan to bring forward some mine development / production options.

Subsequent to the end of the reporting period the Company has announced the release of a Stage 1 Scoping Study for the A1 Gold Mine.

The Company has continued the development of the Decline towards the planned initial two stopes in the 1400 Stockwork Zone.

These first two planned stopes have a series of high grade diamond drill intersections and the mine design is targeting this area for production mining.



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

Figure 1: Isometric View of Planned stopes and Drill Intercepts

Intercept Highlights

- ◆ L7-0006
1.0m @ 103.2 g/t
- ◆ L7-0012
0.5m @ 148.9 g/t
- ◆ DDH-128
0.2m @ 85.5 g/t
0.2m @ 569.6 g/t
0.3m @ 71.6 g/t
- ◆ A1UDH-017
1.0m @ 6.5 g/t

(Drill Highlight Data Table Below)

Drill Highlights Table

Hole ID	Azimuth	Dip	From (m)	To (m)	Interval (m)	Grade g/t Au
L7-0006	183.3	- 87.9	241.00	242.00	1.00	103.2
L7-0007	244.9	- 85.0	218.00	218.50	0.50	148.9
DDH-128	351.0	+ 60.0	57.66	57.86	0.20	85.5
DDH-128	351.0	+ 60.0	58.93	59.13	0.20	569.6
DDH-128	351.0	+ 60.0	79.83	80.14	0.31	71.6
A1UDH-017	290.6	- 63.9	215.00	216.00	1.00	6.56

Other operational items during the year include:

Safety

- There were no lost time injuries during the year.
- The Company has achieved in excess of 200,000 hours lost time injury free (LTI) as at 30 June 2014.

Underground Development

- The Decline development is ongoing and at year's end was at the 1477 level.
- Lateral development of stockpiles, service and ventilation cuddies have been completed.
- Lateral development to the 1550 level.
- A series of Secondary Egress rises have been developed.

Mine Definition Drilling

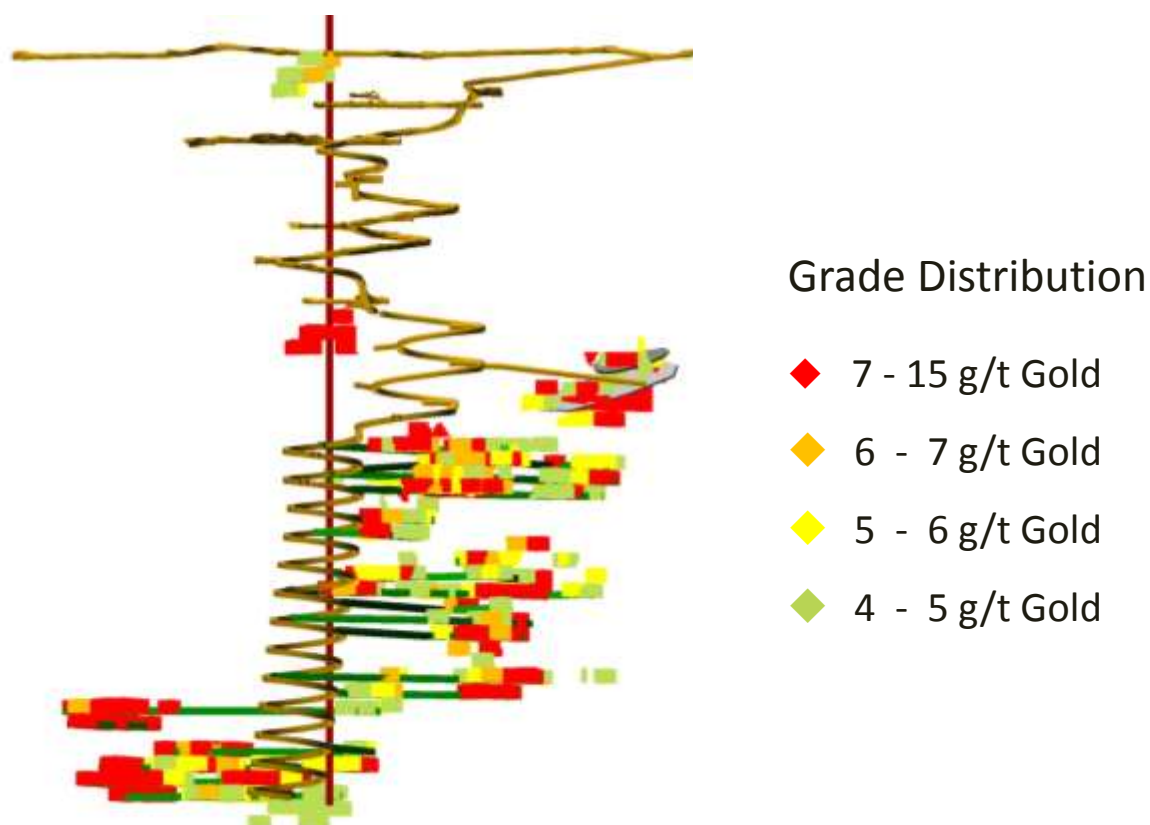
- During the year the Company has undertaken mine definition drilling to assist with the design and extraction sequence for the resource blocks. A total of 617.6 metres of diamond drilling was undertaken for the 2013-14 year.

Mining Studies

- Mining consultants, Mining One were engaged to produce a Mine Plan and Geotechnical Studies. The Mine Plan has been refined and developed to produce a LOM Cost Model and Scoping Study. Subsequent to the end of the reporting period, (5 September 2014), the Company announced the Stage 1 Scoping Study to the ASX.

Ten Mile Goldfield (EL5109)

- The Company has continued compiling a data base for the tenement. Work completed includes preparation of a 3D Geological Model for the Star of the West Mine, sampling programs and preparing to undertake a surface drilling program.



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

Figure 2: Long Section View of Resource Grade Distribution

A1 Gold Mine MRE compliant with the JORC Code (2012)

- The Company announced to the ASX on 12 May 2014 that the Mineral Resource Estimate for the A1 Gold Mine is compliant with the JORC Code (2012).
- 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:

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.

Table 1. 1400 Stockworks Mineral Resource estimate, A1 Gold Mine, February 2013

⁽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 Statement

The information in this report that relates to Mineral Resources is extracted from the summary report entitled 'A1 Consolidated Gold, Mineral Resource Estimate' prepared by CSA Global Pty Ltd included in the Company's ASX announcement dated 12 May 2014 (**May Announcement**) and is available to view on the Company's website. The Company confirms that it is not aware of any new information or data that materially affects the information included in the May Announcement and that all material assumptions and technical parameters underpinning the estimates in May Announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original May Announcement.

Competent Person Statements

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

The information in this report that relates to Mineral Resources is extracted from the summary report entitled 'A1 Consolidated Gold, Mineral Resource Estimate' prepared by CSA Global Pty Ltd included in the Company's ASX announcement dated 12 May 2014 (**May Announcement**) and is available to view on the Company's website. The Company confirms that it is not aware of any new information or data that materially affects the information included in the May Announcement and that all material assumptions and technical parameters underpinning the estimates in May Announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original May Announcement.

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.

Operating results for the year

The operating loss after income tax of the Company for the year ended 30 June 2014 was \$997,491 (2013: \$1,231,238). Summarised operating results are as follows:

	2014		2013	
	Revenue	Results	Revenue	Results
Revenues and (loss) before income tax expense	\$78,721	\$(997,491)	\$202,175	\$(1,231,238)

Shareholder returns

There were no shareholder returns for the year ended 30 June 2014 (2013: Nil).

Significant changes in the state of affairs

During the year ended 30 June 2014, the Company entered into two funding arrangements and a standby line of credit. Neither of these funding arrangements was completed and left the Company's cash reserve depleted as announced to the ASX on 17 June 2014 and clarified on 18 June 2014. The funding arrangements are as follows;

- ◆ Placement Agreement with LionGold Australia Pty Ltd (wholly owned subsidiary of LionGold Corp Ltd) as announced to the ASX on 24 September 2013.
 - The Placement transaction was intended to see 34,482,759 fully paid ordinary shares issued to raise \$4 million. The funding was to have come into A1 Consolidated Gold in two tranches. The first tranche of \$2.8 million was completed with the issue of 24,137,931 new fully paid ordinary shares. The second tranche was partially completed with a subscription of \$200,000 leaving an outstanding amount of \$1 million.
 - As announced to the ASX on 20 August 2014, the Company has entered into a Toll Treatment Offset Agreement to offset the outstanding amount with Balmaine Gold Pty Ltd (a wholly owned subsidiary of Castlemaine Goldfields Ltd). Castlemaine Goldfields Ltd is a wholly owned subsidiary of LionGold Corp Ltd.
- ◆ Underwritten Renounceable Rights Issue as announced to the ASX on 14 November 2013.
 - That in conjunction with underwriters FSS Advisory Pty Ltd, it will conduct a fully underwritten non-renounceable rights issue to shareholders on the basis of 1 new share for every 11 held at the record date at \$0.116 each to raise approximately \$1.7m. A shortfall amount of \$927,053 is currently outstanding.
 - The Company continues to work with FSS Advisory Pty Ltd to rectify the underwriting breach.
- ◆ Standby Line of Credit as announced to the ASX on 17 June 2014 and clarified on 18 June 2014.
 - A Line of Credit to the amount of \$300,000 has been agreed to be supplied by the Company's Directors. The Line of Credit is unsecured and may be drawn down in multiple tranches. There are no fees or interest payable on this Line of Credit.

Significant events after balance date

Subsequent to the end of the 30 June 2014 reporting period, the Company has announced the following significant events;

- ◆ On 29 August 2014, the Company announced that it has entered into an option agreement with Orion Gold NL (ASX:ORN) to acquire Orion's Walhalla Tenements. An amount of \$50,000 is payable in respect of the option. If the option is exercised (prior to 31 July 2015), consideration of \$500,000 will be paid together with the issue of \$500,000 worth of shares to Orion.
 - The Walhalla Tenements cover circa 80km of nearly continuous strike along the goldfield, including tenements covering the major gold mines of Cohen's Reef (1.5 million oz) and Long Tunnel (440,000 ounces). Within the Walhalla Tenement package there is a current Mining Licence, MIN5487.
- ◆ Stage 1 Scoping Study as announced to the ASX on 5 September 2014.
 - The Stage 1 Scoping Study has been completed by independent mining consultants, Mining One, with assistance from A1 Gold management. The Stage 1 Scoping Study highlights the robust nature of the A1 Gold Mine LOM Cost Model with an estimated All in Sustaining Cost of AUD \$860 per oz Au.
- ◆ Renounceable Rights Issue as announced to the ASX on 23 September 2014.
 - The Company announced that it intends to undertake a capital raising of up to \$4.6 million (before costs) through a pro rata renounceable rights issue of 7 fully paid shares for every 8 fully paid shares held on the record date and will result in the issue of up to 154,598,522 new shares. (See Note 18 for more details).

Apart from the above items there has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

Likely developments and expected results

The Company expects to continue its activities at the A1 Gold Mine.

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 program.

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 wilful breach of duty; or
- 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 \$7,715.

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 2014. 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

A A Parekh		Chairman (non-executive)
D J Clark		Managing Director
M D Goodz		Director (non-executive)
D Russell-Croucher	(resigned 30 September 2013)	Director (executive)
G L Wardle	(resigned 30 September 2013)	Director (executive)
J W Williams	(resigned 30 September 2013)	Director (non-executive)
P Chen	(appointed 30 September 2013 – resigned 12 June 2014)	Director (non-executive)

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

Remuneration philosophy

The Remuneration Committee consists of the full board of the Company. 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 the government, which from 1 July 2013 is 9.25%, 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

The employment agreements the Company has entered into with the executive directors allow for the payment of bonuses as determined by the board from time to time. No bonus payments were made during the year ended 30 June 2014.

Company performance, shareholder wealth and key management personnel remuneration

No relationship exists between shareholder wealth, key management personnel remuneration and Company performance due to the infant stage of the Company's operations.

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

	2014 \$	2013 \$
Revenue	78,721	202,175
Net loss	(997,491)	(1,231,238)
Loss per share (cents)	(0.61)	(0.89)
Share price at year end (cents)	5.5	12.5

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 2014.

Details of remuneration

Details of the remuneration of the directors and the 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 3 and 4.

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 2014

		Short-term employee benefits			Post-employment benefits		Equity			
	Salary & fees	Amount Waived (i)	Non-monetary benefits	Termination Payment	Superannuation	Amount Waived (i)	Share options	Share Based Payment Premium (ii)	Total	Percentage Performance Related
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Directors										
Ashok Parekh	102,412	(122,714)	-	-	-	-	-	31,728	11,426	-
Dennis Clark	270,000	(270,000)	-	-	17,774	(16,470)	-	-	1,304	-
Morrie Goodz	46,431	(10,925)	-	-	-	-	-	5,468	40,974	-
Peter Chen (Appointed 1/10/13) (Resigned 12/6/14)	28,000	-	-	-	2,590	-	-	-	30,590	-
Darren Russell- Coucher (Resigned 30/9/13)	55,000	-	-	-	4,117	-	-	-	59,117	-
Glenn Wardle (Resigned 30/9/13)	25,000	-	-	25,000	4,625	-	-	-	54,625	-
Jeffrey Williams (Resigned 30/9/13)	12,500	-	-	-	1,156	-	-	10,576	24,232	-
Total Key Management Compensation	539,343	(403,639)	-	25,000	30,262	(16,470)	-	47,772	222,268	-

(i) Amount Waived – To place the company into an improved financial position the Directors waived outstanding salary, superannuation, directors' fees and technical fees, including amounts owing from the previous financial year.

(ii) Part of the outstanding amounts owed for directors' fees, superannuation and technical fees were settled by the issue of shares in the Company at a value of \$0.116 per share. As the fair value of the shares was \$0.152 per share at the grant date there was in effect a share based payment premium of \$0.036 per share. The total amount for each director is shown above.

No member of key management personnel appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

Remuneration of Key Management Personnel

Key Management Personnel remuneration for the year ended 30 June 2013

	Short-term employee benefits			Post-employment benefits		Equity		Total	Percentage Performance Related
	Salary & fees	Amount Waived	Non-monetary benefits	Termination Payment	Superannuation	Amount Waived	Share options		
	\$	\$	\$	\$	\$	\$	\$	\$	
Directors									
Ashok Parekh	150,000	-	-	-	13,500	-	-	163,500	-
Dennis Clark	270,000	-	5,654	-	16,470	-	-	292,124	-
Darren Russell-Croucher	220,000	-	5,087	-	16,470	-	-	241,557	-
Morrie Goodz	86,382	-	-	-	4,500	-	-	90,882	-
Glenn Wardle	69,038	-	-	-	6,213	-	132,115	207,366	-
Jeffrey Williams	50,000	-	-	-	4,500	-	-	54,500	-
Total Key Management Compensation	845,420	-	10,741	-	61,653	-	132,115	1,049,929	-

No member of key management personnel appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

Key Management personnel equity holdings
Fully paid ordinary shares

	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
30 June 2014						
Directors						
A A Parekh	6,030,566	881,331	-	864,887	7,776,784	2,600,000
D J Clark (i)	37,921,059	-	-	(28,158,833) (ii)	9,762,226	3,578,668
M D Goodz	2,100,000	151,895	-	190,910	2,442,805	-
D Russell- Croucher (i)	37,226,724	-	-	-	37,226,724	3,001,000
G L Wardle	673,667	-	-	-	673,667	7,000
J W Williams	2,000,000	-	-	-	2,000,000	-
P Chen	-	-	-	-	-	-
	85,952,016	1,033,226	-	(27,103,036)	59,882,206	9,186,668
30 June 2013						
Directors						
A A Parekh	5,633,331	-	-	397,235	6,030,566	-
D J Clark (i)	37,651,001	-	-	270,058	37,921,059	3,578,668
M D Goodz	2,100,000	-	-	-	2,100,000	-
D Russell- Croucher (i)	37,134,333	-	-	92,391	37,226,724	3,001,000
G L Wardle	671,667	-	-	2,000	673,667	7,000
J W Williams	2,000,000	-	-	-	2,000,000	-
	85,190,332	-	-	761,684	85,952,016	6,586,668

- (i) Shareholdings include 33,333,333 ordinary shares held by Gaffney's Creek Gold Mine Pty Limited which is wholly owned by the A1 Consolidated Unit Trust (A1 Unit Trust). A1 Unit Trust has 10 unit holders, each holding a 10% interest and Mr Clark and Mr Russell-Croucher are unit holders and also directors of its Trustee Company, A1 Consolidated Pty Limited.
- (ii) Mr Clark retains an indirect interest in the 33,333,333 ordinary shares held by Gaffney's Creek Gold Mine Pty Limited as trustee for the A1 Consolidated Unit Trust. However, he is not of the view that that interest constitutes a relevant interest within the meaning of Section 9 of the Corporations Act 2001. Mr Clark's holding has been amended to reflect this change.

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.

Key Management personnel equity holdings (continued)

Share Options

30 June 2014	Balance at beginning of year Number	Granted as compensation Number	Exercised Number	Net change Other Number	Balance at end of year or at date of resignation Number	Vested but not exercisable Number	Vested and exercisable Number	Options vested during year Number
Directors								
A A Parekh	3,333,333	-	-	-	3,333,333	-	3,333,333	-
D J Clark	3,333,334	-	-	-	3,333,334	-	3,333,334	-
M D Goodz	2,000,000	-	-	-	2,000,000	-	2,000,000	-
D Russell-Croucher	3,000,000	-	-	-	3,000,000	-	3,000,000	-
G L Wardle	2,000,000	-	-	-	2,000,000	-	2,000,000	-
J W Williams	2,000,000	-	-	-	2,000,000	-	2,000,000	-
P Chen	-	-	-	-	-	-	-	-
Total	15,666,667	-	-	-	15,666,667	-	15,666,667	-

30 June 2013	Balance at beginning of year Number	Granted as compensation Number	Exercised Number	Net change Other Number	Balance at end of year Number	Vested but not exercisable Number	Vested and exercisable Number	Options vested during year Number
Directors								
A A Parekh	3,333,333	-	-	-	3,333,333	-	3,333,333	-
D J Clark	3,333,334	-	-	-	3,333,334	-	3,333,334	-
M D Goodz	2,000,000	-	-	-	2,000,000	-	2,000,000	-
D Russell-Croucher	3,000,000	-	-	-	3,000,000	-	3,000,000	-
G L Wardle	-	2,000,000	-	-	2,000,000	-	2,000,000	2,000,000
J W Williams	2,000,000	-	-	-	2,000,000	-	2,000,000	-
Total	13,666,667	2,000,000	-	-	15,666,667	-	15,666,667	2,000,000

For details of the employee share option plan and of share options granted during the 2014 and 2013 financial years, please refer to Note 14.

Employment Contracts

Details of employment contracts currently in place with respect to the Directors' engagement with the Company are as follows:

Dennis Clark, Managing Director

- Term of agreement is 4 years from conditional approval for quotation by ASX (19 June 2012), unless otherwise terminated in accordance with the agreement.
- Annual salary of \$270,000 plus statutory superannuation, a reasonable vehicle allowance, and a performance based cash bonus as determined by the board from time to time.
- Either party may terminate the agreement without cause by providing the other party no less than three months notice in writing. Where the Company terminates the agreement without cause or the Managing Director terminates the agreement by reason of non-payment of funds due to the Managing Director for a period of 30 days or more or a material breach of the Company which remains un-remedied for a period of 14 business days after written notice is provided by the Managing Director, the Managing Director shall have no entitlement to any termination payment related to the unexpired term of the agreement unless shareholder approval is obtained (where required) in accordance with section 200B of the Corporations Act 2001.

Share-based compensation

Options are issued to directors and executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to the majority of directors and executives of A1 Consolidated Gold Limited to increase goal congruence between executives, directors and shareholders. 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.

There were no options granted to or vesting with key management personnel during the year; there were no options forfeited during the year.

Amounts owing to directors

		Amounts Owed to Directors
Salary and superannuation		
D J Clark	2014	-
	2013	286,470
Directors fees and superannuation		
A A Parekh	2014	-
	2013	163,500
M D Goodz	2014	-
	2013	9,082
J W Williams (resigned 30 September 2013)	2014	-
	2013	54,500
P H W Chen (appointed 1 October 2013)		
(resigned 12 June 2014)	2014	30,590

End of remuneration report

Directors' Meetings

The directors held eight board meeting during the year ended 30 June 2014. The attendance of directors at meetings of the board were:

			A	B
Ashok Parekh			8	8
Dennis Clark			8	8
Morrie Goodz			8	8
Darren Russell-Croucher	Resigned 30 September 2013		-	-
Jeffrey Williams	Resigned 30 September 2013		-	-
Glenn Wardle	Resigned 30 September 2013		-	-
Peter Chen	Appointed 30 September 2013	Resigned 12 June 2014	6	8

A: Number of meetings attended.

B: Number of meetings held during the time the director held office 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 28,666,667 unissued ordinary shares in respect of which options are outstanding.

		Number of options
Balance at the beginning of the year		28,666,667
Movements of share options during the year:		
No movements in options during the year		-
Total number of options outstanding as at 30 June 2014		28,666,667
Movements subsequent to the reporting date:		Nil
Total number of options outstanding as at the date of this report		28,666,667
The balance is comprised of the following:		
Expiry date	Exercise price (cents)	Number of options
31 December 2014	40	26,666,667
31 December 2014	42	2,000,000
Total number of options outstanding at the date of this report		28,666,667

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

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 entity'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 49 and forms part of this directors' report for the year ended 30 June 2014.

Signed in accordance with a resolution of the directors.



Dennis Clark

Managing Director
Goulburn, New South Wales
30 September 2014

CORPORATE GOVERNANCE STATEMENT

The Board of Directors

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- (a) create an environment for employees, other contributors and stakeholders which engenders trust, confidence, faith, loyalty and dedication to the interests and affairs of the Company;
- (b) increase shareholder value within an appropriate framework which safeguards the rights and interests of the Company's shareholders; and
- (c) ensure the Company is properly managed and operated with integrity.

Consistent with these goals, the Board assumes the following responsibilities:

- (a) supervising the Company's framework of control and accountability systems to enable risk to be assessed and managed;
- (b) ensuring the Company is properly managed;
- (c) approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- (d) approving the annual budget;
- (e) monitoring the financial performance of the Company;
- (f) providing overall corporate governance of the Company, including conducting regular reviews of the balance of responsibilities within the Company to ensure division of functions remain appropriate to the needs of the Company;
- (g) appointing the external auditor (where applicable, based on recommendations of the Audit Committee) and the appointment of a new external auditor when any vacancy arises, provided that any appointment made by the Board must be ratified by shareholders at the next annual general meeting of the Company;
- (h) liaising with the Company's external auditors and Audit Committee (where there is a separate Audit Committee); and
- (i) monitoring and ensuring compliance with all of the Company's legal obligations, in particular those obligations relating to the environment, social responsibility, cultural heritage and occupational health and safety.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully informed basis.

Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting. However, subject thereto, the Company is committed to the following principles:

- (a) the Board is to comprise persons with a blend of skills, experience and attributes appropriate for the Company and its business; and
- (b) the principal criterion for the appointment of new directors is their ability to add value to the Company and its business.

It is a priority of the Board to achieve an appropriate balance between independent and non-independent representation on the Board. In determining whether or not directors are independent, the Board applies the criteria as set out in the ASX recommendations.

Where the Chair is not an independent director, the Company will appoint an independent director (or a director who does not have a conflict of interest) to take over the role of the Chair when the Chair is unable to act in that capacity as a result of his or her lack of independence.

Appointments to Other Boards

Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other boards.

Independent Professional Advice

The board has determined that individual directors have the right in connection with their duties and responsibilities as directors, to seek independent professional advice at the Company's expense. With the exception of expenses for legal advice in relation to director's rights and duties, the engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably.

Continuous Review of Corporate Governance

Directors consider, on an ongoing basis, how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as directors of the Company. Such information must be sufficient to enable the directors to determine appropriate operating and financial strategies from time to time in light of changing circumstances and economic conditions. The directors recognise that gold exploration is an inherently risky business and that operational strategies adopted should, notwithstanding, be directed towards improving or maintaining the net worth of the Company.

ASX Principles of Good Corporate Governance

The board has reviewed its current practices in light of the revised ASX Corporate Governance Principles and Recommendations with a view to making amendments where applicable after considering the Company's size and the resources it has available.

As the Company's activities develop in size, nature and scope, the size of the board and the implementation of any additional formal corporate governance committees will be given further consideration.

The board has adopted the revised ASX Recommendations and the following table sets out the Company's present position in relation to each of the revised Principles.

	ASX Principle	Status	Reference/comment
Principle 1: Lay solid foundations for management and oversight			
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions	A	The Company's Corporate Governance Manual includes a Board Charter, which discloses the specific responsibilities of the Board.
1.2	Companies should disclose the process for evaluating the performance of senior executives	N/A	No formal process has been adopted for evaluating performance of senior executives however the Board will monitor the performance of the Executive Directors against meeting the Company's strategic objectives. The Company has a Remuneration Policy which establishes a Remuneration Committee to review and make decisions in relation to senior executive remuneration and incentive policies. The Board concurs with the full implementation of this Principle and will review appropriate ways of compliance as and when further senior executives are engaged.
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1	A	
Principle 2: Structure the board to add value			
2.1	A majority of the board should be independent directors	N/A	The board comprises three (formerly six directors), however none are classified as independent. The Board believes that this is both appropriate and acceptable at this stage of the Company's development.
2.2	The chair should be an independent director	N/A	The Chair, Ashok Parekh, is not an independent director, however, given the nature and stage of the Company's development, the Board considers this to be appropriate.
2.3	The roles of chair and chief executive officer should not be exercised by the same individual	A	
2.4	The board should establish a nomination committee	A	The nomination committee is comprised of the full board. A copy of the nomination committee charter is available on the Company's website. The nomination committee has not met during the reporting period, however all matters that might properly be dealt with by the nomination committee are subject to regular scrutiny at full board meetings.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors	A	This is disclosed in the Nomination Committee Charter which can be accessed from the Company's website.

	ASX Principle	Status	Reference/comment
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2	A	The skills and experience of Directors are set out in the Company's Annual Report (Directors' Report) and on its website. The Corporate Governance Manual, which includes the Nomination Committee Charter, is posted on the Company's website.
Principle 3: Promote ethical and responsible decision-making			
3.1	Companies should establish a code of conduct and disclose the code	A	The Company's Corporate Governance Manual includes a 'Code of Conduct', which provides a framework for decisions and actions in relation to ethical conduct in employment.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them	N/A	The Company has established a Diversity Policy, however, the policy does not include requirements for the board to establish measurable objectives for achieving gender diversity. Given the Company's size and stage of development as an exploration company, the board does not think it is yet appropriate to include measurable objectives in relation to gender. As the Company grows and requires more employees, the Company will review this policy and amend as appropriate.
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them	N/A	Given the Company's size and stage of development as an exploration company, the board does not think it is yet appropriate to include measurable objectives in relation to gender. As the Company grows and requires more employees, the Company will review this policy and amend as appropriate.
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	A	The proportion of women employees in the whole organisation is 1 woman for every 6 employees. There are currently no women in senior executive positions. There are currently no women on the board.
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3	A	The Corporate Governance Manual, which includes the Code of Conduct and Diversity Policy, is posted on the Company's website.
Principle 4: Safeguard integrity in financial reporting			
4.1	The board should establish an audit committee	A	The audit committee met twice during the reporting period to consider the end of year and half yearly accounts.
4.2	The audit committee should be structured so that it:		
	• consists only of non-executive directors	A	The audit committee is comprised of the two non-executive directors and the company secretary. A copy of the audit committee charter is available on the Company's website.
	• consists of a majority of independent directors	N/A	
	• is chaired by an independent chair, who is not chair of the board	N/A	
	• has at least three members	A	
4.3	The audit committee should have a formal charter	A	The Audit Committee operates under the Audit Committee Charter which lists the main responsibilities of the Committee and is available on the Company's website.

	ASX Principle	Status	Reference/comment
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4	A	
Principle 5: Make timely and balanced disclosure			
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies	A	The Company has adopted a Continuous Disclosure Policy which can be accessed from the Company's website.
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5	A	
Principle 6: Respect the rights of shareholders			
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy	A	The Company has a Shareholder Communication Policy. The Policy specifically encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals and outlines the various ways in which the Company communicates with shareholders. The Shareholder Communication Policy can be downloaded from the Company's website.
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6	A	
Principle 7: Recognise and manage risk			
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies	A	
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks	N/A	Management has not reported to the Board as to the effectiveness of the Company's management of its material business risks given the early stages of the Company and its operations. Whilst the Board recognises the benefit of the discipline of documenting such matters, the Board has deployed its resources to other endeavours in priority to the preparation of a written report on the matter of risk given the Company has risk management procedures in place and the board has 1 executive directors and 2 non-executive directors who are supported by the Company Secretary which are well versed in the day to day affairs of the Company and know what measures are in place.

	ASX Principle	Status	Reference/comment
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act 2001 is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks	A	Assurance received.
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7	A	
Principle 8: Remunerate fairly and responsibly			
8.1	The board should establish a remuneration committee	A	A remuneration committee has been formed with the remuneration policy available on the Company's website. The remuneration committee has not met during the reporting period, however all matters that might properly be dealt with by the remuneration committee are subject to regular scrutiny at full board meetings.
8.2	The remuneration committee should be structured so that it: <ul style="list-style-type: none"> consists of a majority of independent directors 	N/A	The Company has established a Remuneration Committee consisting of the full Board. Sourcing alternate directors to comply with this Principle is considered expensive with costs outweighing potential benefits.
	<ul style="list-style-type: none"> is chaired by an independent chair 	A	
	<ul style="list-style-type: none"> has at least three members. 	A	
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives	A	Refer to the Remuneration Report in the Company's Annual Report.
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8	A	
A = Adopted N/A = Not adopted			

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014**

	Notes	2014 \$	2013 \$
Revenue	2a	78,721	202,175
Accounting and taxation services		(56,150)	(85,232)
Auditor's remuneration	19	(35,850)	(42,050)
Company secretary fees		(78,407)	(73,770)
Consulting fees		(34,672)	(76,453)
Depreciation expense		(17,526)	(26,470)
Directors' fees		(59,450)	(313,375)
Employee benefits expense		(132,023)	(220,129)
Finance costs	2b	(70,107)	(11,494)
Insurance		(121,899)	(95,443)
Loss on sale of fixed assets		(5,126)	(33,460)
Other expenses		(171,414)	(270,306)
Share based payment expense	14	(222,876)	(132,115)
Share registry and listing fees		(70,712)	(53,116)
Loss before income tax expense		(997,491)	(1,231,238)
Income tax expense	3	-	-
Loss for the year		(997,491)	(1,231,238)
Other comprehensive income		-	-
Total comprehensive loss for the year		(997,491)	(1,231,238)
Basic and diluted loss per share	4	(0.61) cents	(0.89) cents

The accompanying notes form part of these financial statements

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014**

	Notes	2014 \$	2013 \$
Assets			
Current Assets			
Cash and cash equivalents	5	232,027	920,252
Trade and other receivables	6	40,766	128,142
Other	7	54,899	166,497
Total Current Assets		327,692	1,214,891
Non-Current Assets			
Property, plant and equipment	8	2,013,897	2,374,638
Exploration, evaluation and development assets	9	31,485,900	27,912,170
Other	7	123,000	173,000
Total Non-Current Assets		33,622,797	30,459,808
Total Assets		33,950,489	31,674,699
Liabilities			
Current Liabilities			
Trade and other payables	10	526,726	1,889,267
Borrowings	11	41,155	40,574
Employee entitlements		73,903	52,599
Share application funds pending allotment		40,071	-
Total Current Liabilities		681,855	1,982,440
Total Liabilities		681,855	1,982,440
Net Assets		33,268,634	29,692,259
Equity			
Issued capital	12	35,279,194	30,928,204
Reserves	13	2,213,682	1,990,806
Accumulated losses		(4,224,242)	(3,226,751)
Total Equity		33,268,634	29,692,259

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014**

	Notes	Issued Capital \$	Accumulated Losses \$	Share Based Payments Reserve \$	Total Equity \$
Balance as at 1 July 2013		30,928,204	(3,226,751)	1,990,806	29,692,259
Total comprehensive loss for the year		-	(997,491)	-	(997,491)
Shares issued during the year net of costs	12	4,350,990	-	-	4,350,990
Share based payment expense		-	-	222,876	222,876
Balance at 30 June 2014		35,279,194	(4,224,242)	2,213,682	33,268,634
Balance as at 1 July 2012		30,932,684	(1,995,513)	1,858,691	30,795,862
Total comprehensive loss for the year		-	(1,231,238)	-	(1,231,238)
Share issue costs	12	(4,480)	-	-	(4,480)
Share-based payment expense	14	-	-	132,115	132,115
Balance at 30 June 2013		30,928,204	(3,226,751)	1,990,806	29,692,259

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014**

	Notes	2014 \$	2013 \$
		<hr/> Inflows/(Outflows) <hr/>	
Cash flows from operating activities			
Payments to suppliers and employees		(704,673)	(630,267)
Interest received		33,578	164,023
Finance costs		(4,731)	(4,336)
Net cash (used in) operating activities	5(ii)	(675,826)	(470,580)
Cash flows from investing activities			
Proceeds from sale of non-current assets		45,963	4,000
Purchase of non-current assets		(41,567)	(442,143)
Exploration and evaluation expenditure		(359,822)	(4,234,102)
Development expenditure		(3,439,459)	(1,992,608)
Loan repaid by related party		109,000	-
Payment of bonds		-	(124,500)
Net cash (used in) investing activities		(3,685,885)	(6,789,353)
Cash flows from financing activities			
Proceeds from issue of shares		3,744,897	-
Share application funds pending allotment		40,071	-
Payments for share issue and listing costs		(112,063)	(15,727)
Proceeds from borrowings		54,933	54,158
Repayment of borrowings		(54,352)	(59,353)
Net cash provided by / (used in) financing activities		3,673,486	(20,922)
Net (decrease) in cash and cash equivalents		(688,225)	(7,280,855)
Cash and cash equivalents at beginning of year		920,252	8,201,107
Cash and cash equivalents at end of year	5(i)	232,027	920,252

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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 complies with other requirements of the law.

The accounting policies detailed below have been consistently applied to all of the periods presented unless otherwise stated.

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 report is 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 Company had a working capital deficiency of \$354,163 at 30 June 2014 and incurred a loss for the year of \$997,491. Notwithstanding this, the directors are of the opinion that the company is a going concern for the following reason.

As disclosed in Note 18, the Company announced on 23 September 2014 that it intends to undertake a capital raising of up to \$4.6 million (before costs) through a 7:8 renounceable rights issue at an issue price of \$0.03 per new share. In addition, the Company has resolved to provide shareholders with a bonus issue of options (Loyalty Options) during November 2014, on the basis of 1 option for every 3 shares held, exercisable at \$0.03 with an expiry date of 30 November 2019.

The Rights issue is to be underwritten by Patersons Securities Limited to \$2.2 million. The funds raised will be used by the Company for further exploration and development of the A1 Gold Mine and for working capital purposes.

The directors are of the opinion that the rights issue will be successful and will enable the Company to continue as a going concern. However, if the funds are not received, then other options to raise additional funds will need to be considered.

If the Company is unable to raise sufficient funds from the rights issue or other sources, there exists a material uncertainty that may cast significant doubt whether the Company 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 2014

In the year ended 30 June 2014, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company's 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 Company 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 2014. 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 Company accounting policies.

(c) Statement of compliance

The financial report was authorised for issue on 30 September 2014.

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).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Critical 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.

Share-based payment transactions:

The Company 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 14.

Exploration and evaluation costs carried forward

The Company 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;
- Estimate 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) 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.

(f) 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.

(g) Leases – operating

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) 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

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.

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.

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.

(i) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of assets

The Company 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 Company 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.

(k) 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.

(l) 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 Company.

(m) 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.

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) 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 Company 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 Company 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 Company 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 Company 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Impairment of financial assets

The Company 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 Company 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 Company of financial assets with similar credit risk characteristics and that Company 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.

(p) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company 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.

(q) 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.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) 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 current liabilities 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 Company.

(s) Share-based payment transactions

Equity settled transactions:

The Company provides benefits to employees (including senior executives) of the Company 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 14.

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.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity on the date on which the relevant employees become fully entitled to the award.

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.

(t) 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.

(u) Earnings/loss per share

Basic earnings/loss per share is calculated as net profit or loss attributable to members of the Company, 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 Company, 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) 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.

(w) 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.

(x) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 2: REVENUE AND EXPENSES

	2014 \$	2013 \$
(a) Revenue		
<i>Other revenue</i>		
Bank interest received	32,060	158,165
Fuel tax credits received	26,792	44,010
Profit on sale of fixed assets	19,869	-
	<u>78,721</u>	<u>202,175</u>
(b) Expenses		
<i>Finance costs</i>		
Interest expense		
Related party	60,810	-
Bank interest paid	4,731	4,336
	<u>65,541</u>	<u>4,336</u>
Bank charges	4,566	7,158
Total finance costs	<u>70,107</u>	<u>11,494</u>
Operating lease rental expenses	<u>48,628</u>	<u>21,460</u>

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:

Accounting loss before income tax	(997,491)	(1,231,238)
Income tax expense / (benefit) calculated at 30%	(299,247)	(369,371)
Add / (Less) tax effect of:		
Share based payments and minor amounts	66,863	39,819
Unused tax losses not recognised as deferred tax asset	414,092	1,427,582
Other deferred tax assets and tax liabilities not recognised	(181,708)	(1,098,030)
Income tax expense reported in the statement of comprehensive income	<u>-</u>	<u>-</u>

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	9,106,647	8,692,555
Business related costs	189,648	247,315
Accrued expenses and liabilities	10,023	36,086
Employee entitlements	10,722	8,467
	<u>9,317,040</u>	<u>8,984,423</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 3 – INCOME TAX (CONTINUED)

	2014 \$	2013 \$
Deferred tax liabilities comprise:		
Depreciation timing differences	473,475	572,698
Exploration expenditure capitalised	7,690,922	7,600,769
Accrued interest	1	81
	8,164,398	8,173,548

b) Unrecognised deferred tax assets in equity during the year:

Share-issue costs	33,619	1,344
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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.

NOTE 4: EARNINGS/LOSS PER SHARE

	2014 Cents per share	2013 Cents per share
Basic and diluted loss per share	(0.61)	(0.89)

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))	(997,491)	(1,231,238)
	Number	Number
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	163,433,549	138,208,921

(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	28,666,667	28,666,667

(iv) The Company has not issued any shares since the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 5: CASH AND CASH EQUIVALENTS

	2014 \$	2013 \$
Cash at bank and on hand	232,027	920,252
	232,027	920,252

As at 30 June 2014, the Company had available a \$300,000 (2013 \$Nil) undrawn Line of Credit supplied by the Company's directors. The Line of Credit is unsecured, interest free with repayment by 31 December 2014 but this may be varied to suit the Company's cash flow position.

(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	232,027	920,252
	232,027	920,252

	2014 \$	2013 \$
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(ii) Reconciliation of loss for the year to net cash flows from operating activities:

(Loss) for the year	(997,491)	(1,231,238)
Non-cash flows in loss:		
Depreciation	17,526	26,470
Net (Profit) / Loss on disposal of non-current assets	(14,743)	33,460
Equity settled share based payment	222,876	132,115
Provisions for employee entitlements	5,971	6,750
Amounts paid by issue of shares		
Directors fees and expenses	193,447	-
Interest expense	60,810	-
Tolling termination fee	50,000	-
Change in net assets and liabilities:		
Decrease / (Increase) in assets:		
Current receivables	88,672	254,331
Other current assets	2,598	(2,427)
Increase /(Decrease) in liabilities:		
Current payables	(305,492)	309,959
Net cash (used in) operating activities	(675,826)	(470,580)

(iii) Non-cash investing activities:

Acquisition of plant and equipment and payment of expenses via the issue of shares	463,899	-
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 6: CURRENT TRADE AND OTHER RECEIVABLES

	2014 \$	2013 \$
GST recoverable	31,450	114,573
Other receivables	9,316	13,569
	<u>40,766</u>	<u>128,142</u>

NOTE 7: OTHER ASSETS

	2014 \$	2013 \$
<u>Current</u>		
Prepayments	53,399	55,997
Rental bond	1,500	1,500
Unsecured loan to related party (Note 17)	-	109,000
	<u>54,899</u>	<u>166,497</u>
<u>Non-Current</u>		
Environmental bonds	123,000	123,000
Treatment bond	-	50,000
	<u>123,000</u>	<u>173,000</u>

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

	2014 \$	2013 \$
Property		
Freehold land – at cost	62,299	62,299
Net carrying amount	<u>62,299</u>	<u>62,299</u>
Plant and equipment		
Plant and equipment – at cost	2,486,623	2,466,500
Accumulated depreciation	(693,042)	(361,653)
Net carrying amount	<u>1,793,581</u>	<u>2,104,847</u>
Office equipment		
Office equipment – at cost	67,985	106,630
Accumulated depreciation	(35,935)	(39,778)
Net carrying amount	<u>32,050</u>	<u>66,852</u>
Motor vehicles		
Motor vehicles – at cost	167,295	161,326
Accumulated depreciation	(41,328)	(20,686)
Net carrying amount	<u>125,967</u>	<u>140,640</u>
Total plant and equipment net carrying amount	<u>2,013,897</u>	<u>2,374,638</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 8: PROPERTY, PLANT AND EQUIPMENT (continued)

	2014 \$	2013 \$
Reconciliation of property		
Carrying amount at 1 July 2013	62,299	-
Additions	-	62,299
Carrying amount at 30 June 2014	62,299	62,299
Reconciliation of plant and equipment		
Carrying amount at 1 July 2013	2,104,847	2,131,365
Additions	33,780	337,563
Disposals	(12,126)	(8,165)
Depreciation	(332,920)	(319,916)
Transfer to motor vehicles	-	(36,000)
Carrying amount at 30 June 2014	1,793,581	2,104,847
Reconciliation of office equipment		
Carrying amount at 1 July 2013	66,852	82,309
Additions	1,818	40,308
Disposals	(19,094)	(29,295)
Depreciation	(17,526)	(26,470)
Carrying amount at 30 June 2014	32,050	66,852
Reconciliation of motor vehicles		
Carrying amount at 1 July 2013	140,640	110,905
Additions	5,969	13,636
Transfer from plant and equipment	-	36,000
Depreciation	(20,642)	(19,901)
Carrying amount at 30 June 2014	125,967	140,640

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 9: EXPLORATION, EVALUATION AND DEVELOPMENT ASSETS

	2014 \$	2013 \$
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation phases – at cost		
Balance at beginning of year	1,048,148	21,734,864
Exploration and evaluation costs incurred during the year	300,510	3,601,032
Transferred to development costs	-	(24,287,748)
Balance at end of year	1,348,658	1,048,148
Development phase – at cost		
Balance at beginning of year	26,864,022	-
Transferred from exploration and evaluation costs	-	24,287,748
Development costs incurred during the year	3,273,220	2,576,274
Balance at end of year	30,137,242	26,864,022
Total Exploration, evaluation and development assets	31,485,900	27,912,170

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.

NOTE 10: TRADE AND OTHER PAYABLES

	2014 \$	2013 \$
Trade payables (i)	95,331	303,343
Accrued expenses	133,709	368,482
Related party payables (ii)	297,686	1,217,442
	526,726	1,889,267

(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 17.

Information regarding the liquidity and interest rate risk exposure is set out in Note 15.

NOTE 11: BORROWINGS

	Interest Rate	Maturity	2014 \$	2013 \$
Unsecured				
Insurance premium funding	8.97%	30/03/2015	41,155	40,574
Total unsecured borrowings			41,155	40,574

Financing facilities available

As at balance date, the Company had negotiated an unused Line of Credit from the directors of \$300,000 (2013 \$Nil). The Line of Credit is unsecured, interest free and repayable by 31 December 2014 but this may be varied to suit the Company's cash flow position.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 12: ISSUED CAPITAL

	2014 \$	2013 \$
176,683,522 Ordinary shares issued and fully paid (2013 – 138,208,921)	35,279,194	30,928,204

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.

	2014		2013	
	No.	\$	No.	\$
<i>Movement in ordinary shares on issue</i>				
Balance at beginning of financial year	138,208,921	30,928,204	138,208,921	30,932,684
Shares issued during the year for cash				
September 2013	24,137,931	2,800,000	-	-
December 2013	3,781,881	438,698	-	-
February 2014	4,070,687	472,199	-	-
March 2014	206,896	24,000	-	-
June 2014	86,200	9,999	-	-
Shares issued in lieu of Directors' Fees and other amounts owing				
December 2013	6,191,006	718,157	-	-
Share issue costs	-	(112,063)	-	(4,480)
Balance at end of financial year	176,683,522	35,279,194	138,208,921	30,928,204

	2014		2013	
	No.	\$	No.	\$
<i>Movement in options over ordinary shares on issue:</i>				
At start of year	28,666,667	1,990,806	26,666,667	1,858,691
November 2012 *	-	-	2,000,000	132,115
At end of year	28,666,667	1,990,806	28,666,667	1,990,806

* These options were issued to a director as disclosed in Note 14 and are exercisable at 42 cents.

All options are exercisable on or before 31 December 2014.

NOTE 13: 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. Refer to Note 14 for further details.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 14 : SHARE BASED PAYMENT PLANS

As at 30 September, 2013 a total of \$1,589,598 was owing to directors and related parties for salary, director fees, superannuation, plant and equipment and mining expenses. At the annual general meeting on 19 November 2013 it was agreed that \$718,156 of the liabilities would be settled by the issue of shares at \$0.116 per share. As the fair value of the shares at the grant date (AGM date) was \$0.152 per share it was necessary to recognise the difference of \$222,876 as a share based payment expense.

On 28 November 2012, the Company issued 2,000,000 unlisted options over ordinary shares to a director, Mr G Wardle. These options are exercisable at 42 cents on or before 31 December 2014, and have been valued at \$132,115 using the Black & Scholes option pricing model based on the following assumptions:

• Underlying value of shares	27 cents
• Exercise price	42 cents
• Risk free rate of return	3.08%
• Volatility factor	83%
• Discount for lack of marketability	30%

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 Company 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 Company'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 2014 and 30 June 2013 no Employee Options had been issued.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 15: FINANCIAL INSTRUMENTS

(a) Capital risk management

The Company manages its capital to maintain a low debt to equity ratio and ensure that the Company will be able to continue as a going concern. This strategy has remained unchanged since 2013.

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

There are no externally imposed capital requirements.

(b) Categories of financial instruments

	2014 \$	2013 \$
Financial assets		
Cash and cash equivalents	232,027	920,252
Receivables	40,765	128,142
Unsecured loan to related party	-	109,000
Rental bond	1,500	1,500
Environmental bonds	123,000	123,000
Treatment Bond	-	50,000
Total financial assets	397,292	1,331,894
Financial liabilities		
Trade and other payables	526,726	1,889,267
Borrowings	41,155	40,574
Share application funds pending allotment	40,071	-
Total financial liabilities	607,952	1,929,841

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

(c) Financial risk management objectives

The Company is exposed to credit risk, liquidity risk and interest rate risk as a normal course of the Company'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 Company. The Company 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 Company does not have any significant risk exposure to any single counterparty or any group of counterparties having similar characteristics.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 15: FINANCIAL INSTRUMENTS (continued)

ii) Liquidity Risk

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

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

	Less than 1 Month \$	1 – 3 Months \$	3 Months – 1 Year \$	1 – 5 Years \$	5+ Years \$
2014					
Non-interest bearing	140,138	47,702	338,886	-	-
Fixed interest rate instruments	4,983	9,966	29,898	-	-
	<u>145,121</u>	<u>57,668</u>	<u>368,784</u>	<u>-</u>	<u>-</u>
2013					
Non-interest bearing	356,435	294,295	1,238,532	-	-
Fixed interest rate instruments	4,897	9,794	29,384	-	-
	<u>361,332</u>	<u>304,089</u>	<u>1,267,916</u>	<u>-</u>	<u>-</u>

iii) Interest Rate Risk

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

	2014 \$	2013 \$
	<u>Carrying Amount</u>	<u>Carrying Amount</u>
Variable rate instruments		
Financial assets	<u>327,808</u>	<u>1,006,096</u>
Fixed rate instruments		
Financial liabilities	<u>41,155</u>	<u>40,574</u>

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 Company's net loss would decrease by \$1,639 and increase by \$1,639 (2013: \$5,595). There would be a corresponding effect on equity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 16: COMMITMENTS AND CONTINGENCIES

Exploration commitments

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

	2014 \$	2013 \$
Payable		
Within one year	117,600	115,400
After one but no more than five years	169,600	278,400
More than five years	-	-
	287,200	393,800

Contingencies

There were no contingencies as at 30 June 2014 or 30 June 2013.

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:

	2014 \$	2013 \$
Within one year	44,740	54,003
After one year but not more than five years	3,494	26,759
More than five years	-	-
	48,234	80,762

NOTE 17: RELATED PARTY DISCLOSURE

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 \$
Entities with significant influence over the Company:				
Gaffney's Creek Gold Mine Pty Limited	2014	-	-	-
	2013	-	109,000	-

Gaffney's Creek Gold Mine Pty Limited owns 18.86% of the ordinary shares in A1 Consolidated Gold Limited (2013: 24.12%).

The Company advanced \$109,000 as a rehabilitation bond in respect to mining tenements previously owned by Gaffney's Creek Gold Mine Pty Limited. This bond has been refunded to the Company following finalisation of the transfer of the mining tenements to the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 17: RELATED PARTY DISCLOSURE (continued)

<i>Related party</i>		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 and superannuation					
D J Clark	2014	-	-	-	-
	2013	-	-	-	286,470
- Directors fees and superannuation					
A A Parekh	2014	-	-	-	-
	2013	-	-	-	163,500
M D Goodz	2014	-	-	-	-
	2013	-	-	-	9,082
J W Williams (resigned 30 September 2013)	2014	-	-	-	-
	2013	-	-	-	54,500
P H W Chen (appointed 1 October 2013 resigned 12 June 2014)	2014	-	-	-	30,590
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 and Mr D Russell-Croucher, directors of A1 Consolidated Gold Limited, have a significant influence over A1 Consolidated Mining Pty Ltd.					
	2014	-	102,910	-	265,206
	2013	-	119,946	-	695,651
Fees received by Goodz & Associates GMC Pty Limited on behalf of other consultants for services provided for geological consulting and technical service fees. Mr M D Goodz, a director of A1 Consolidated Gold Limited, has control of Goodz & Associates GMC Pty Limited.					
	2014	-	23,332	-	-
	2013	-	36,382	-	-
Company secretarial services were supplied by DW Corporate Pty Ltd. Mr D Wilkins is a principal and Ms E G Walczak (resigned 7 May 2014), was an employee of DW Corporate Pty Ltd. They acted as joint Company Secretaries of A1 Consolidated Gold Limited.					
	2014	-	79,407	-	1,890
	2013	-	80,526	-	7,239

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 17: RELATED PARTY DISCLOSURE (continued)

<i>Related party</i>	Income from Related Parties \$	Expenditure Related Parties \$	Amounts Owed by Related parties \$	Amounts Owed to Related parties \$
A house for mine site accommodation was rented during the year from Mrs J Russell-Croucher who is the partner of Mr D Russell-Croucher, a director of A1 Consolidated Gold Limited, who resigned on 30 September 2013.	2014	-	3,000	-
	2013	-	12,000	1,000

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.

NOTE 18: EVENTS AFTER THE REPORTING PERIOD

Other than the following the directors are not aware of any significant events since the end of the reporting period.

- ◆ On 29 August 2014, the Company announced that it has entered into an option agreement with Orion Gold NL (ASX:ORN) to acquire Orion's Walhalla Tenements. An amount of \$50,000 is payable in respect of the option. If the option is exercised (prior to 31 July 2015), consideration of \$500,000 will be paid together with the issue of \$500,000 worth of shares to Orion.
 - The Walhalla Tenements cover circa 80km of nearly continuous strike along the goldfield, including tenements covering the major gold mines of Cohen's Reef (1.5 million oz) and Long Tunnel (440,000 ounces). Within the Walhalla Tenement package there is a current Mining Licence, MIN5487.
- ◆ Stage 1 Scoping Study as announced to the ASX on 5 September 2014.
 - The Stage 1 Scoping Study has been completed by independent mining consultants, Mining One, with assistance from A1 Gold management. The Stage 1 Scoping Study highlights the robust nature of the A1 Gold Mine LOM Cost Model with an estimated All in Sustaining Cost of AUD \$860 per oz Au.
- ◆ Renounceable Rights Issue as announced to the ASX on 23 September 2014
 - The Company announced that it intends to undertake a capital raising of up to \$4.6 million (before costs) through a pro rata renounceable rights issue of 7 fully paid shares for every 8 fully paid shares held on the record date and will result in the issue of up to 154,598,522 new shares. In addition, the Company has resolved to provide shareholders with a bonus issue of options (Loyalty Options) during November 2014, on the basis of 1 option for every 3 shares then held, exercisable at \$0.03 with an expiry date of 30 November 2019.

The Rights issue is to be underwritten by Patersons Securities Limited to \$2.2 million. The funds raised will be used by the Company for further exploration and development of the A1 Gold Mine and for working capital purposes

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 19: AUDITOR'S REMUNERATION

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

	2014 \$	2013 \$
Amounts received or due and receivable by HLB Mann Judd for:		
Audit of the financial statements – current period	23,000	22,650
– over/under accrual from prior period	350	7,650
Review of half yearly financial statements	12,500	11,750
	35,850	42,050

NOTE 20: 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:

	2014 \$	2013 \$
Short-term employee benefits	135,704	856,161
Post-employment benefits	13,792	61,653
Share-based payment	47,772	132,115
Termination Benefit	25,000	-
	222,268	1,049,929

NOTE 21: SEGMENT REPORTING

Since incorporation the Company has operated in one segment being the mineral exploration sector in Victoria and accordingly no further disclosure is required in the notes to the financial statements.

DIRECTORS' DECLARATION

1. In the opinion of the directors of A1 Consolidated Gold Limited (the 'Company'):
 - a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
 - i. giving a true and fair view of the Company's financial position as at 30 June 2014 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 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 2014.

This declaration is signed in accordance with a resolution of the Board of Directors.

A handwritten signature in blue ink, appearing to read 'Dennis Clark', is written over a horizontal line.

Dennis Clark
Managing Director

Dated this 30th day of September, 2014.

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of A1 Consolidated Gold Limited for the year ended 30 June 2014, 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 2014**

**L Di Giallonardo
Partner**

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 statement of financial position as at 30 June 2014, the statement of comprehensive income, the statement of changes in equity and the 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 for A1 Consolidated Gold Limited.

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 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*, that the financial report complies 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 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 company's preparation and fair presentation of the financial report 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 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*.

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 company's financial position as at 30 June 2014 and of 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) to the financial report, which indicates that the company is dependent on the success of the recently announced rights issue to ensure that the company can continue as a going concern. Should the company be unable to raise sufficient funds from the rights issue or other sources, there exists a material uncertainty that may cast significant doubt whether the company 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 discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2014. 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 2014 complies with section 300A of the *Corporations Act 2001*.



HLB Mann Judd
Chartered Accountants



L Di Giallonardo
Partner

Perth, Western Australia
30 September 2014

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 27 September 2014.

Distribution of Equity Securities

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

		Ordinary shares	
		Number of holders	Number of shares
1	- 1,000	4	1,835
1,001	- 5,000	17	63,474
5,001	- 10,000	141	1,064,645
10,001	- 100,000	189	7,607,137
100,001	and over	91	167,946,431
		455	138,208,921

Twenty Largest Shareholders

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

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
1	GAFFNEYS CREEK GOLD MINE	33,333,333	18.87%
2	HERON RESOURCES LTD	26,200,000	14.83%
3	LIONGOLD AUSTRALIA PTY LTD	25,862,069	14.64%
4	BOND STREET CUSTS LTD	6,672,728	3.78%
5	BOND STREET CUSTS LTD	6,309,804	3.62%
6	BOND STREET CUSTS LTD	5,573,333	3.15%
7	A1 CONSOLIDATED MINING PTY LTD	4,864,003	2.75%
8	BOND STREET CUSTS LTD	4,181,476	2.37%
9	WRITE FAMILY INVESTMENTS PTY LTD	4,153,334	2.35%
10	CHRIS ROY TOIFL	4,000,000	2.26%
11	ASHOK & MARIE PAREKH	3,636,361	2.06%
12	CLARK DJ & CROKER PF	3,501,001	1.98%
13	RUSSELL-CROUCHER DB	3,000,000	1.70%
14	MERRILL LYNCH AUST NOM PL	2,775,490	1.57%
15	PAREKH ASHOK AARON	2,600,000	1.47%
16	GOODZ & ASSOC GMC PL	2,442,805	1.38%
17	WILLIAMS J W + R H	2,000,000	1.13%
18	COLBERN FIDUCIARY NOM PL	1,530,000	0.87%
19	BLUE GUM INTNL PL	1,000,000	0.57%
20	ARABO NOM PL	1,000,000	0.57%
		144,716,737	81.92%

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
Gaffney's Creek Gold Mine	33,333,333 ⁽ⁱ⁾
Heron Resources Limited	26,200,000
Dennis Clark	37,914,392 ⁽ⁱ⁾
Darren Russell-Croucher	37,226,724 ⁽ⁱ⁾

- (i) Shareholdings include 33,333,333 ordinary shares held by Gaffney's Creek Gold Mine Pty Limited which is wholly owned by the A1 Consolidated Unit Trust (A1 Unit Trust). A1 Unit Trust has 10 unit holders, each holding a 10% interest and Mr Clark and Mr Russell-Croucher are unit holders and also directors of its Trustee Company, A1 Consolidated Pty Limited.

Mr Clark and Mr Russell-Croucher retain an indirect interest in the 33,333,333 ordinary shares held by Gaffney's Creek Gold Mine Pty Limited as trustee for the A1 Consolidated Unit Trust. However, they are not of the view that that interest constitutes a relevant interest within the meaning of Section 9 of the *Corporations Act 2001*.

Voting Rights

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

Schedule of Interests in Mining Tenements

Location	Tenement	Percentage held / earning
A1 Gold Project	MIN 5294	100%
Ten Mile Goldfield (Incorporating Star of the West Mine previously MIN4636)	EL 5109	100%

Restricted Securities

The number of restricted securities on issue are:

Class	Number of Restricted Securities	Date Escrow Period Ends
Ordinary Fully Paid Shares	Nil	Not applicable
Unlisted 40 cent Options, expiry 31 December 2014	Nil	Not applicable

Unquoted Securities

Class	Number of Securities	Number of Holders	Holder Name	Number of Securities
Unlisted 40 cent options, expiry 31 December 2014	28,666,667	10	Nil	N/A

Tenement Holdings and Movements

Below is a schedule to mining tenements and beneficial interests held.

Mining Tenements

Tenement Reference	Location	Interest held
MIN 5294	A1 Gold Project, Victoria	100%
EL 5109	Ten Mile Goldfield, Victoria (incorporating Star of the West Mine, previously MIN4636)	100%

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

Tenement Reference	Location	Interest held
MIN5487	Walhalla, Victoria	*
EL3311	Walhalla, Victoria	*
EL4660	Walhalla, Victoria	*
ELA5042	Walhalla, Victoria	*
EL5043	Walhalla, Victoria	*
EL5077	Walhalla, Victoria	*
EL5340	Walhalla, Victoria	*
EL5348	Walhalla, Victoria	*
RLA2004	Walhalla, Victoria	*
RLA2012	Walhalla, Victoria	*

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