



A1 Consolidated Gold

ASX Release – 24 April 2015

AYC to raise A\$2.5M via Convertible Note Placement

A1 Consolidated Gold Ltd
ABN 50 149 308 921

ASX:AYC

Investment Highlights:

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

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

Board of Directors:

Chairman
Dale Rogers

Managing Director
Dennis Clark

Non-Executive Director
Dennis Wilkins

Company Secretary
Dennis Wilkins

Capital Structure:

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

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Highlights:

- ❖ Term sheet and commitments received for a total of \$2.5m
- ❖ Funds to be used to fast track development at A1 Mine
- ❖ Receipt of funds will satisfy funding condition precedent for acquisition of Maldon Gold Operation
- ❖ Appoints Mr Jamie Cullen as a Non Executive Director

A1 Consolidated Gold Limited (ASX:AYC) (**A1 Consolidated Gold** or the **Company**) is pleased to announce that the Company has executed a term sheet and received commitments for a placement of convertible notes (with attaching AYCO options on a 1:3 basis) to raise approximately \$2.5 million ("**Placement**"). The convertible notes will be issued to qualifying sophisticated and professional investor clients of Patersons Securities Limited ("**Patersons**") who acted as Lead Manager to the Placement.

The raising is more than the amount of \$1,600,000 required to satisfy the funding condition precedent in the Share Sale Agreement with Octagonal Resources Limited ("**Octagonal**") to acquire the Maldon Gold Operation.

Commitments for an initial \$450,000 have been provided via unsecured loans from clients of Patersons which will convert into the convertible notes at the same time as the balance of the funds (\$2,050,000) are provided, following the satisfaction of conditions precedent including receipt of shareholder approval, completion of documentation and will settle concurrently with the completion of the acquisition of the Maldon Gold Operation from Octagonal Resources Limited ("**Octagonal**").

Managing Director, Mr Dennis Clark commented "I am delighted that we have been able to close off the funding loop for the Octagonal transaction and look forward to working with the investor group to finalise this funding package".

"The Company plans to fast track the development at the A1 Gold Mine immediately following receipt of the funds. This is our primary objective which, with our Updated Stage 1 Scoping Study projecting All in Sustaining Cost (C3) of \$849/oz, will establish A1 Consolidated Gold as a profitable junior gold producer".

(Refer to ASX announcement dated announcement dated 13 January 2015 for detailed information on the Updated Stage 1 Scoping Study.)

"The funds received in excess of the condition precedent being circa \$900,000 provides A1 with the opportunity to strategically review the production potential of the Union Hill Mine which offers the potential to build on the A1 production profile".





\$A2.5 million fund raising

An initial \$450,000 will be provided via unsecured loans from clients of Patersons which will convert into the convertible notes at the same time as the balance of the funds (\$2,050,000) are provided.

The convertible notes and attaching options are subject to shareholder approval. The Company is working with the Lead Manager and the investor group to work through the terms of the agreement and finalise a convertible note agreement and security package.

Under the term sheet the convertible notes have an issue price of \$0.035 and mature 3 years from the date of issue. The convertible notes will be convertible at the option of the holder, in whole or in part, at any time after issue and up to the maturity date on a one for one basis. Each convertible note accrues interest at a rate of 12.5% pa and interest is payable quarterly in arrears by the Company (with an option for interest to be paid through the issue of shares in the Company at the election of the holder). The convertible notes may be transferred to another person so long as such transfer is made to a professional or sophisticated investor (as those terms are defined in the Corporations Act). Otherwise, the transfer will require the consent of the Company, such consent not to be unreasonably withheld.

The Company may, subject to the holders' rights to convert the Convertible Notes, elect to redeem all (but not some) of the outstanding convertible notes after 18 months by paying an early redemption premium of an additional 50% of the face value of the convertible notes and any accrued and unpaid interest. At maturity, A1 Consolidated Gold will redeem all outstanding convertible notes at 100% of the issue price plus any accrued and unpaid interest.

The convertible notes will be secured by a first ranking general security agreement over all the assets of the Company together with a first ranking mortgage over all the tenements of the Company. The Company will make minimum quarterly repayments into a debt service reserve account out of cash flow from operations, once in positive cash flow from the end of year one after the convertible notes are issued. The amount of those payments is to be agreed between A1 Consolidated Gold and the investor group, but will be at least 20% of free operating cash flow (as defined in the AASB accounting standards) until such time as the accumulated reserve is equal to all future interest payments and the amount required to repay the convertible notes at maturity.

Pursuant to the term sheet the issue of the convertible notes is subject to conditions precedent, as follow:

- completion of due diligence;
- the finalisation of legal, binding and formal documentation in respect of the transaction;
- absence of a material adverse change to the financial condition, results of operations, assets, regulatory status, business or prospects of the Company;
- no breach by the Company of the terms sheet or the formal documentation prior to the issue of the Notes;
- a total of A\$2.5 million is raised by the Company;
- the Company receives shareholder approvals for the issue of the convertible notes, the options, and any shares issued on conversion or payment of interest; and
- the Company receives shareholder approval and satisfies all other conditions precedent (apart from the funding condition precedent) under the Share Sale Agreement with Octagonal.





The above conditions need to be satisfied or waived by 30 June 2015. To the extent that the Company's shareholders do not approve the placement of the convertible notes, or the shareholder meeting is postponed past 30 June 2015 without the consent of the parties, then the Company shall pay a fee of 10% payable by issuing ordinary shares in the Company at the convertible notes issue price.

The Company has agreed pursuant to the term sheet to offer to the proposed noteholders, the right to invest another A\$1m in the Company on the same terms ahead of any issue of securities by the Company or the Company incurring any further liabilities in respect of borrowings or financial accommodation for a period of 18 months.

In the event that the issue of the convertible notes does not complete, the unsecured loans mentioned above (\$450,000) will be repayable by the Company.

Fast tracking of development at A1 Gold Mine

Upon receipt of all funding, the Company plans to accelerate the development of the decline at the A1 Gold Mine towards the planned initial two stopes with the aim of feeding ore from the mine into the Maldon Treatment Plant within three months.

Funding Condition Precedent met for Maldon Acquisition

Since taking control of the Maldon Gold Operation in February 2015, A1 Consolidated Gold has completed pre-operational maintenance on the Maldon Treatment Plant and commenced ore processing, whilst at the same time narrow vein mining between the 1080 and 1100 levels of the Alliance South Deposit.

The Share Sale Agreement with Octagonal is still subject to conditions precedent, including:

- shareholder approval by both A1 Consolidated Gold and Octagonal shareholders, and
- A1 Consolidated Gold raising \$2.4 million (of which \$800,000 has already been raised, see announcement 23 January 2015 and 11 February 2015).

The completion of the funding announced today will allow A1 Consolidated Gold to meet the funding condition precedent of the Share Sale Agreement with Octagonal.

Board Changes

Currently the Board of A1 Consolidated Gold comprises Messers Dale Rogers, Dennis Clark and Dennis Wilkins. As the company transitions from a developer to a producer the addition of skill sets, complimentary to the growth in operations will be implemented.





The Board is pleased to advise that Jamie Cullen has agreed to join as a Non Executive Director. Jamie is a Qualified Chartered Accountant who has spent last 20 years as CEO of two listed companies in PHC Group and Resource Equipment Limited. Each commenced as a Microcap growing significantly in market capitalisation before being taken over (PCH Group Ltd from \$1m to \$260m; Resource Equipment Ltd from less than \$5m to \$115m). Jamie has extensive acquisition and due diligence experience, commercial and practical experience in growing businesses domestically and internationally, strong financial and governance background and strategic development and implementation skills.

Chairman Dale Rogers said “we are delighted that Jamie is joining us at this pivotal moment in the Company’s development where Jamie’s previous experience will be invaluable in executing A1’s strategy and communicating that to shareholders and the broader market place”.

About the Company

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

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

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

Figure 1: Location of Projects





Listing Rules Compliance Statement

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

