



A1 Consolidated Gold

ASX Release – 29th April 2015

Quarterly Activities Report

A1 Consolidated Gold Ltd
ABN 50 149 308 921

ASX:AYC

Investment Highlights:

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

Mineral Resources in accordance with the JORC Code (2012)

Indicated – 250,000 t @ 5.1 g/t for 41,200 oz Au

Inferred – 1,170,000t @ 6.4 g/t for 240,000 oz Au

Board of Directors:

Chairman

Dale Rogers

Managing Director

Dennis Clark

Non-Executive Director & Company Secretary

Dennis Wilkins

Capital Structure:

276,683,539 Ordinary Shares

143,383,293 Listed Options

9,000,000 Unlisted Options

Contact:

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A1 Consolidated Gold Limited (ASX: AYC) (A1 Consolidated Gold or the Company) is pleased to report its activities for the Quarter ending 31st March 2015.

Highlights:

- ❖ Release of Updated Stage 1 Scoping Study
- ❖ Early Management Agreement with Octagonal
- ❖ Ore Processing Commences at Maldon
- ❖ Maiden Gold Pour
- ❖ Narrow Vein Stopping at Maldon

Significant Events Subsequent to the Quarter End:

- ❖ Raising \$2.5M via Convertible Note Placement
- ❖ Appointment of Mr Jamie Cullen to AYC Board

Managing Director, Mr Dennis Clark, commented, “the March Quarter has been a very busy and productive time for our Company”.

“We have released an Updated Stage 1 Scoping Study with a projected All in Sustaining Cost (C3) of \$849/oz”.

“Entered into management control of the Maldon Gold Operation and completed a mill repair and improvement program on time and on budget, developed the first narrow vein stope at the Alliance South Deposit, and produced our first gold bar”.

“Subsequent to the end of the quarter, 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”.

“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 to acquire the Maldon Gold Operation”.

“I would also like to welcome Mr Jamie Cullen to our Board as a Non-executive Director and look forward to working with him and growing our Company”.





Release of Updated Stage 1 Scoping Study

On 13 January 2015, the Company announced an Updated Stage 1 Scoping Study for the A1 Mine. The Updated Stage 1 Scoping Study has been completed by independent mining consultants, Mining One, with assistance from A1 Gold management. The Updated 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 \$849 per oz Au.

Following completion of decline development to the 1420 RL, stoping has been scheduled to be mined at an annual rate of 150,000 tpa @ 6.52 g/t Au, containing 30,000 oz of Gold.

The Updated Stage 1 Scoping Study has a mine life of 3 years, with a production target of 378,000 tonnes. This production target equates to 67% of the JORC Code 2012 compliant Mineral Resource Estimate between the 1420 RL and 1310 RL and is made up of approximately 37% Indicated Mineral Resource and 63% Inferred Mineral Resource. During the critical first 2 years, 42% of production is from Indicated Mineral Resources.

Cautionary Statement

The figures presented in the Updated Stage 1 Scoping Study assume the Company completes the acquisition of ORS's Victorian gold assets (which includes the Maldon Treatment Plant). The completion of the acquisition is conditional upon, amongst other things, the Company raising additional equity capital in the sum of \$2.4 million and shareholder approval before the sunset date (30 June 2015 or such other date agreed by the parties). The Scoping Study referred to in this announcement is based on low-level technical and economic assessments, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic production mining case at this stage or to provide certainty that the conclusions of the Scoping Study will be realised. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the conversion of Inferred Mineral Resources to Indicated Mineral Resources or that the production target itself will be realised. This production target equates to 67% of the JORC Code 2012 compliant Mineral Resource Estimate between the 1420 RL and the 1310 RL and is made up of approximately 37% Indicated Mineral Resource and 63% Inferred Mineral Resource. During the critical first 2 years, 42% of production is from Indicated Mineral Resources.

For further information, refer to the Company's ASX announcement dated 13 January 2015 and the Company's website www.a1consolidated.com.au





Early Management Agreement with Octagonal

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

As also announced on 9 February 2015, the Company and Octagonal have entered into a Management Agreement and Deed of Variation to the Share Sale Agreement, whereby A1 Consolidated Gold has taken management control of the Maldon Gold Operations whilst both companies work towards completion of the Share Sale Agreement, which is expected to occur in June 2015.

Under the terms of the Management Agreement and Deed of Variation to Share Sale Agreement, pending completion of the Share Sale Agreement, A1 Consolidated Gold has taken operational control of the Maldon Gold Operations and use of the assets and receive the business revenue in consideration for the Company agreeing to pay the business expenses.

A1 Consolidated Gold and Octagonal agreed on an approved mining plan for the Maldon Gold Operation and during the March Quarter work completed included:

- Maintenance and improvements to the Maldon Treatment Plant;
- Airleg mining of ore from the Alliance South Deposit;
- Processing of the 5,200 tonne low grade ore stockpile already crushed at the mill commenced; and
- Processing of airleg mined ore from the Alliance South Deposit.

Placement

A Company associated with Mr Ian Gandel, the Chairman of Octagonal, subscribed for 10,000,000 ordinary shares in A1 Consolidated Gold at 3.0 cents per share to raise \$300,000. In conjunction with this placement the Company also issued 3,333,333 listed options (ASX:AYCO). The options are exercisable at 3.0 cents with an expiry date of 30 November 2019.

The shares issued under the placement were issued pursuant to the Company's 15% placement capacity under ASX Listing Rule 7.1.





Ore Processing Commences at Maldon

The Company announced on 3 March 2015 the commencement of ore processing activities at the Maldon Gold Operation.

Improvements to Maldon Treatment Plant

Prior to re-commencing ore processing operations at the Maldon Treatment Plant, A1 Consolidated Gold has completed a mill improvement and maintenance program.

This program has focussed on repairs to the grinding circuit, with the main item of work being the replacement of the mill trunnion and pinion bearings. These repairs and maintenance have been completed on-time and within budget. The mill grinding circuit was wet commissioned in the week prior to 2 March 2015 and ore processing activities have commenced.



Figure 1. Operating Maldon Treatment Plant
Monday 2nd March 2015





Maiden Gold Pour

On 25 March 2015, and less than two months after taking management control of the Maldon Gold Operation, A1 Consolidated Gold completed its first gold pour at the Maldon treatment plant to produce a 146.3 ounce (4.552 kg) gold doré bar numbered AYC001 (Figure 2).

This inaugural gold pour follows the recently completed mill improvement program that upgraded and repaired several areas of the mill in anticipation of increased tonnage and gold production when first ore is delivered from the A1 Gold Mine. The primary area of work focused on the grinding circuit where the mill trunnion and pinion bearings were replaced.

The Company has commenced ore processing using low-grade stockpiled ore at the Maldon treatment plant and is pleased to advise that the recommissioning of the mill has occurred without incident and that the mill is operating as designed and meeting forecast throughput and recovery rates.

In the two months since AYC took management control of the Maldon Gold Operation, the Company has implemented a mill improvement program on time and on budget, developed the first narrow vein stope at the Alliance South Deposit, and produced our first gold bar.

Subsequent to the end of the quarter, the Company has continued ore processing and produced a further two gold doré bars, AYC002 (4.537 kg) and AYC003 (6.882 kg) for a total gross weight of 11.419kg.

Gold bars AYC001 and AYC002 have been sold at the spot gold price and all funds have been deposited to Maldon Resources bank account. AYC003 is awaiting outturn from the Perth Mint.

The revenue received for the first two gold bars was \$1555.25/fine oz (AYC001) and \$1568.20/fine oz (AYC002) which is well in excess of the AUD\$1300/oz Gold Price used in the Updated Stage 1 Scoping Study.



Figure 2: Pouring Doré Gold Bar AYC 001





Narrow Vein Stoping at Maldon

Since taking management control of the Maldon Gold Operation the Company has commenced narrow vein underground mining at the Alliance South Deposit. Two airleg rises developed between the 1080 and 1100 level of the mine have allowed the first narrow vein 1080 Stope to be mined (Figure 3). This stope is between 1.0 metres and 1.5 metres wide and was developed on gold-bearing reef over its full distance. Strong reef remains at the southern end of the stope and is currently being developed.

Three airleg rises have been developed above the 1100 level of the Alliance South Deposit, with stoping currently underway.

Processing of narrow vein stope ore is being used to supplement the low-grade crushed ore stockpile currently being treated.

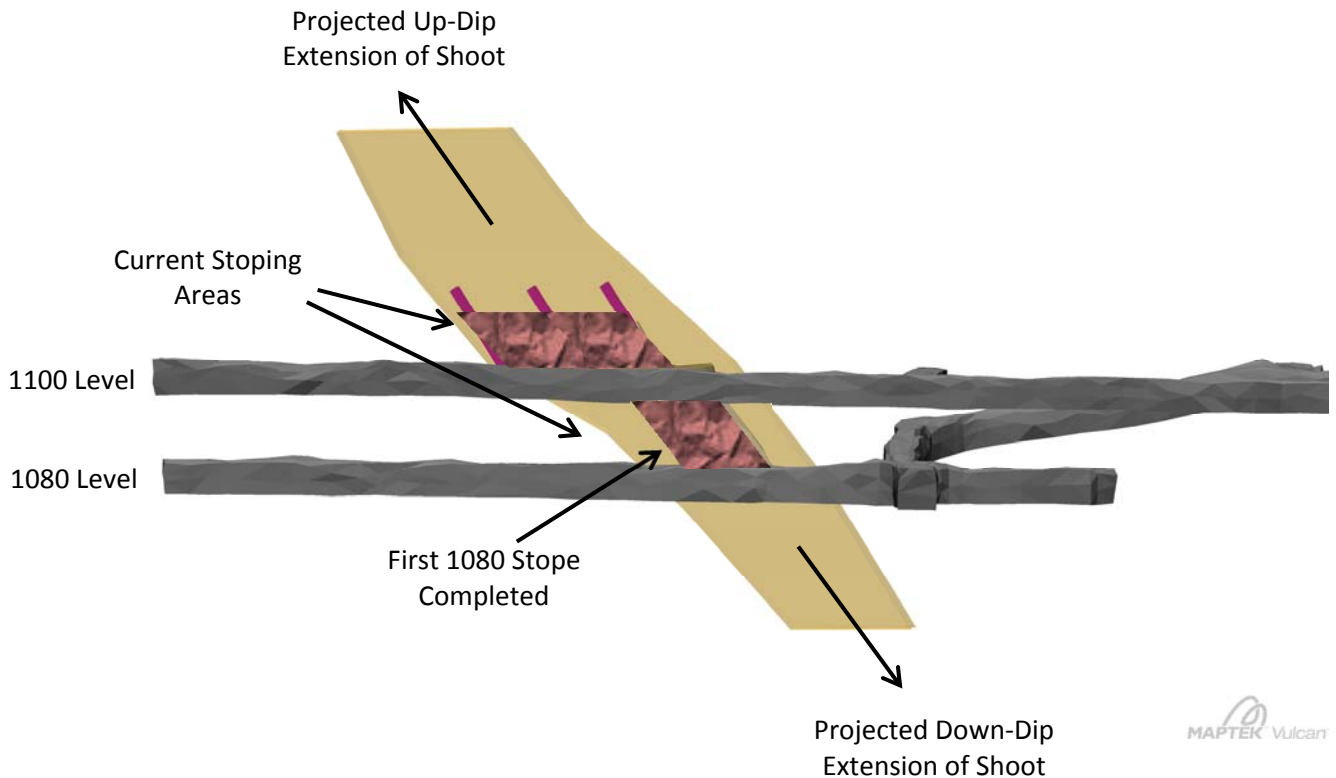


Figure 3. Alliance South Deposit Western Reef
Long section of the 1100 Level and 1080 Level Stopping Areas





Raising \$2.5M via Convertible Note Placement

On the 24th April 2015, the Company announced that it had 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**”).

For further details, refer to the Company’s ASX announcement dated 24 April 2015 and the Company’s website www.a1consolidated.com.au.

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 convertible note placement will allow A1 Consolidated Gold to meet the funding condition precedent of the Share Sale Agreement with Octagonal.





Appointment of Mr Jamie Cullen to AYC Board

Currently the Board of A1 Consolidated Gold comprises Messer's 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 the 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".

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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 4: Location of Projects



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Competent Person Statements

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

The information in this announcement that relates to the Updated Stage 1 Scoping Study (ASX Announcement 13 January 2015) (**January Announcement**) is based on, and fairly represents, information compiled by Mr Bill Frazer who is a member of The Australasian Institute of Mining and Metallurgy. Mr Frazer is a full time employee of Mining One Pty Ltd and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original January Announcement.

Listing Rules Compliance Statement

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

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