

A1 CONSOLIDATED GOLD LIMITED
ACN 149 308 921

NOTICE OF GENERAL MEETING

AND

EXPLANATORY STATEMENT

AND

PROXY FORM

Date of Meeting

6 January 2016

Time of Meeting

11:00am (WST)

Place of Meeting

Ground Floor
20 Kings Park Road
West Perth WA 6005

This Notice of General Meeting should be read in its entirety.

If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

For personal use only

A1 CONSOLIDATED GOLD LIMITED
ACN 149 308 921
NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Shareholders of A1 Consolidated Gold Limited (**Company**) will be held at Ground Floor, 20 Kings Park Road, West Perth WA 6005 on 6 January 2016 at 11:00am (WST) (**Meeting**) for the purpose of transacting the following business as more particularly described in the Explanatory Statement accompanying this Notice.

Capitalised terms and abbreviations used in this Notice and Explanatory Statement are defined in the Glossary.

RESOLUTION 1 – ISSUE OF SHARES AND LISTED OPTIONS TO A DIRECTOR – DALE ROGERS

To consider and, if thought fit, to pass, with or without amendment, the following **ordinary resolution**:

"That, for the purpose of Listing Rule 10.11, section 195(4) of the Corporations Act, and for all other purposes, approval is given to issue up to 833,334 Placement Shares and 277,778 Listed Options to Mr Dale Rogers, or his nominees, on the terms and conditions set out in the Explanatory Statement."

Note: If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

Voting Exclusion: For the purposes of Listing Rule 10.13, the Company will disregard any votes cast on this Resolution by Dale Rogers and any of his Associates, unless it is cast:

- (a) by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form);
or
- (b) by the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

RESOLUTION 2 – ISSUE OF SHARES AND LISTED OPTIONS TO A DIRECTOR – JAMES CULLEN

To consider and, if thought fit, to pass, with or without amendment, the following **ordinary resolution**:

"That, for the purpose of Listing Rule 10.11, section 195(4) of the Corporations Act, and for all other purposes, approval is given to issue up to 833,334 Placement Shares and 277,778 Listed Options to Mr James Cullen, or his nominees, on the terms and conditions set out in the Explanatory Statement."

Note: If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

Voting Exclusion: For the purposes of Listing Rule 10.13, the Company will disregard any votes cast on this Resolution by James Cullen and any of his Associates, unless it is cast:

- (a) by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form);
or
- (b) by the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

RESOLUTION 3 – ISSUE OF SHARES AND LISTED OPTIONS TO A DIRECTOR – DENNIS CLARK

To consider and, if thought fit, to pass, with or without amendment, the following **ordinary resolution**:

"That, for the purpose of Listing Rule 10.11, section 195(4) of the Corporations Act, and for all other purposes, approval is given to issue up to 833,334 Placement Shares and 277,778 Listed Options to Mr Dennis Clark, or his nominees, on the terms and conditions set out in the Explanatory Statement."

Note: If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

Voting Exclusion: For the purposes of Listing Rule 10.13, the Company will disregard any votes cast on this Resolution by Dennis Clark and any of his Associates, unless it is cast:

- (a) by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form);
or
- (b) by the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

RESOLUTION 4 – ISSUE OF SECURITIES TO A DIRECTOR AS SUB-UNDERWRITER – DALE ROGERS

To consider and, if thought fit, to pass, with or without amendment, the following **ordinary resolution**:

"That, for the purpose of Listing Rule 10.11, and for all other purposes, approval is given to issue up to 2,083,334 Sub-Underwriter Shares and 694,444 Underwriter Options to Mr Dale Rogers, or his nominees, on the terms and conditions set out in the Explanatory Statement."

Note: If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

Voting Exclusion: For the purposes of Listing Rule 10.13, the Company will disregard any votes cast on this Resolution by Dale Rogers and any of his Associates, unless it is cast:

- (a) by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- (b) by the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

RESOLUTION 5 – ISSUE OF SECURITIES TO A DIRECTOR AS SUB-UNDERWRITER – JAMES CULLEN

To consider and, if thought fit, to pass, with or without amendment, the following **ordinary resolution**:

"That, for the purpose of Listing Rule 10.11, and for all other purposes, approval is given to issue up to 2,083,334 Sub-Underwriter Shares and 694,444 Underwriter Options to Mr James Cullen, or his nominees, on the terms and conditions set out in the Explanatory Statement."

Note: If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

Voting Exclusion: For the purposes of Listing Rule 10.13, the Company will disregard any votes cast on this Resolution by James Cullen and any of his Associates, unless it is cast:

- (a) by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- (b) by the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

RESOLUTION 6 – RATIFICATION OF ISSUE OF SHARES AND LISTED OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following **ordinary resolution**:

"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue of 12,083,336 Shares and 4,027,775 Listed Options to clients of Patersons, for the purposes and on the terms set out in the Explanatory Statement."

Voting Exclusion: For the purposes of Listing Rule 7.5, the Company will disregard any votes cast on this Resolution by any person who participated in the issue and any of their Associates, unless it is cast:

- (a) by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- (b) by the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

RESOLUTION 7 – APPROVAL OF GRANT OF UNDERWRITER OPTIONS

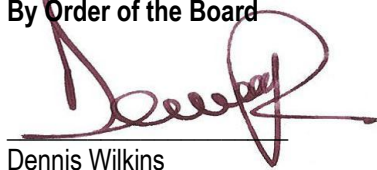
To consider and, if thought fit, to pass, with or without amendment, the following **ordinary resolution**:

“That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Company to issue up to 7,638,890 Underwriter Options to the parties, for the purposes and on the terms set out in the Explanatory Statement.”

Voting Exclusion: For the purposes of Listing Rule 7.3, the Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and any of their Associates, unless it is cast:

- (a) by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- (b) by the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

By Order of the Board



Dennis Wilkins
Company Secretary

Date: 2 December 2015

OTHER BUSINESS

To deal with any other business that may be brought forward in accordance with the Constitution and the Corporations Act.

EXPLANATORY STATEMENT

The accompanying Explanatory Statement forms part of this Notice and should be read in conjunction with it.

Shareholders are specifically referred to the Glossary in the Explanatory Statement which contains definitions of capitalised terms used in this Notice and the Explanatory Statement.

PROXIES

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (**proxy**) to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions on the form. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- a proxy need not be a member of the Company;
- a member may appoint a body corporate or an individual as its proxy; and
- a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms. To be valid, properly completed Proxy Forms must be received by the Company's share registry no later than 11:00am (WST) on 4 January 2016 by:

1. post to Security Transfer Registrars Pty Ltd, PO Box 535, Applecross, Western Australia 6953; or
2. facsimile to Security Transfer Registrars Pty Ltd at (08) 9315 2233 (International: +61 8 9315 2233); or
3. email at registrar@securitytransfer.com.au; or
4. online at www.securitytransfer.com.au.

If you are a beneficial Shareholder and receive these materials through your broker or through another intermediary, please complete and return the form of proxy or voting instruction form in accordance with the instructions provided to you by your broker or by the other intermediary.

ENTITLEMENT TO VOTE

For the purposes of regulation 7.11.37 of the Corporations Regulations 2001, the Board has determined that a person's entitlement to vote at the Meeting will be the entitlement of that person set out in the register of Shareholders as at 11:00am (WST) on 4 January 2016. Accordingly, transactions registered after that time will be disregarded in determining Shareholders' entitlements to attend and vote at the Meeting.

CORPORATE REPRESENTATIVE

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company or its share registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

ELECTRONIC COMMUNICATION

All Shareholders may elect to receive communications from the Company's share registry electronically. To provide or update your email address, please contact the Company's share registry.

REVOCAION OF PROXIES

A Shareholder executing and delivering a proxy has the power to revoke it in accordance with the provisions of the Corporations Act, which provides that every proxy may be revoked by an instrument in writing executed by the Shareholder or by his or her attorney authorised in writing and delivered either to the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof at

which the proxy is to be used, or to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, or in any other manner permitted by law.

VOTING OF PROXIES

The Proxy Form accompanying this Explanatory Statement confers discretionary authority upon the proxy with respect to any amendments or variations to the matters identified in the Notice of Meeting and any other matters that may properly come before the Meeting.

Shareholders must mark the boxes directing its proxy how to vote. If no voting instructions are indicated on the appointment of proxy form, the proxy will be voted as recommended by management or as the proxyholder sees fit (in the latter case, if management is not appointed as proxy).

For personal use only

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the general meeting of the Company to be held on 6 January 2016.

The purpose of this Explanatory Statement is to provide Shareholders with all the information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice.

The Explanatory Statement should be read in conjunction with the accompanying Notice. Capitalised terms in this Explanatory Statement are defined in the Glossary.

1 OVERVIEW OF CAPITAL RAISING

1.1 General

As announced to the ASX on 20 November 2015, the Company is undertaking the Placement and the Share Purchase Plan (together, the **Capital Raising**) to raise up to \$1,350,000 to provide additional working capital to continue development of the decline towards 1400 Level Access Drive at the A1 Gold Mine.

A review of the Company's recent operational performance and future activities has confirmed ground conditions at the A1 Gold Mine are more difficult than anticipated, which requires additional ground support and shotcreting with slowed rates of decline development. Given the unpredictable ground conditions, the Company decided to seek additional working capital to allow for unforeseen variability in the Company's cash flow.

1.2 Key terms of the Capital Raising

Pursuant to the Placement, the Company is issuing 14,583,334 Placement Shares at an issue price of \$0.024 to raise \$350,000, with 4,861,111 attaching Listed Options on the basis of one Listed Option for every 3 Placement Shares issued.

Dale Rogers, James Cullen and Dennis Clark have agreed to participate in the Placement to the value of \$20,000 each, subject to receipt of Shareholder approval. The balance of the Placement was settled on 23 November 2015, with 12,083,336 Placement Shares and 4,027,775 Listed Options issued and \$290,000 in funds received by the Company.

The Share Purchase Plan will allow eligible Shareholders to purchase up to \$15,000 worth of Shares in the Company (subject to scale back if oversubscribed) without incurring brokerage or other transaction costs.

The offer price of the shares under the Share Purchase Plan is \$0.024.

The right to participate in the Share Purchase Plan is available exclusively to eligible Shareholders who were registered as holders of fully paid ordinary shares in the Company on 19 November 2015, being the record date.

The Directors reserve the right to top-up the amount raised in the event of oversubscriptions from eligible shareholders or to parties associated with the sub-underwriting of the Share Purchase Plan.

The Company entered into a mandate with Patersons to act as lead manager to the Placement and lead manager and Underwriter to the Share Purchase Plan. The Share Purchase Plan will be partially underwritten to the value of \$650,000 (subject to Shareholder approval pursuant to Resolutions 4 and 5). Refer to section 1.5 of the Explanatory Statement for further information on the key terms of the Underwriting Agreement.

Patersons will be paid fees of 6.5% of the total amount raised in the Placement, the total amount underwritten and any amounts raised by the Underwriter over and above the underwritten amount, with up to 9,027,778 Underwriter Options to be granted on the basis of one Underwriter Option for every three Shares underwritten under the Share Purchase Plan.

The Underwriter has entered into various sub-underwriting agreements with various parties, including companies associated with each of Mr Dale Rogers and Mr James Cullen. Refer to section 1.6 of the Explanatory Statement for further information on the key terms of the Sub-Underwriting Agreements.

1.3 Effect on capital structure

Assuming that:

- (a) Resolutions 1 through 5 are approved and implemented;
- (b) 14,583,338 Placement Shares and 4,861,109 Listed Options are issued pursuant to the Placement;
- (c) 41,666,667 Shares are issued under the Share Purchase Plan;

- (d) 9,027,778 Underwriter Options are issued under the Share Purchase Plan pursuant to the Underwriting Agreement; and
- (e) no other Shares are issued, including on exercise of existing Options,
- the capital structure of the Company will be as follows:

	Shares (AYC)	Listed Options (AYCO)	Unlisted Options (\$0.042, expire 31/12/2019)	Convertible Notes (\$0.0035, mature 25/06/2018)	\$ Raised
Securities on issue prior to the Capital Raising	446,356,265	223,750,389	9,000,000	71,428,565	N/A
Securities issued pursuant to the Placement	14,583,338	4,861,109	0	0	350,000
Shares issued pursuant to the Share Purchase Plan	41,666,667	0	0	0	1,000,000
Underwriter Options issued pursuant to the Underwriting Agreement	0	9,027,778	0	0	0
Total	502,606,270	237,639,276	9,000,000	71,428,565	1,350,000

1.4 Pro-forma statement of financial position

Based on the Company's consolidated balance sheet (unaudited) as at 30 September 2015, the effects of the Capital Raising on the consolidated balance sheet are set out below.

	Consolidated Balance Sheet Actual 30 Sep 2015 Unaudited \$	Consolidated Balance Sheet Pro-forma 30 Sep 2015 Unaudited \$
Current assets		
Cash and cash equivalents	365,696	1,640,696
Trade and other receivables	87,896	87,896
Inventory	102,643	102,643
Other	117,628	117,628
Total current assets	673,863	1,948,863
Non-current assets		
Property, plant and equipment	8,032,605	8,032,605
Exploration, evaluation and development assets	22,930,283	22,930,283
Other	1,006,500	1,006,500
Total non-current assets	31,969,388	31,969,388
Total assets	32,643,251	33,918,251
Current liabilities		
Trade and other payables	839,934	839,934
Borrowings	123,690	123,690
Provisions	180,076	180,076
Other	40,800	40,800
Total current liabilities	1,184,500	1,184,500
Non-current liabilities		
Borrowings	1,640,593	1,640,593
Provisions	1,037,282	1,037,282
Total non-current liabilities	2,677,875	2,677,875

	Consolidated Balance Sheet Actual 30 Sep 2015 Unaudited \$	Consolidated Balance Sheet Pro-forma 30 Sep 2015 Unaudited \$
Total liabilities	3,862,375	3,862,375
Net assets	28,780,876	30,055,876
Equity		
Issued capital	42,606,668	43,782,362
Reserves	5,453,605	5,552,911
Accumulated losses	(19,279,397)	(19,279,397)
Total equity	28,780,876	30,055,876

The Pro-Forma Statement of Financial Position assumes the following:

- (a) Resolutions 1 through 5 are passed and implemented;
- (b) 14,583,338 Placement Shares and 4,861,109 Listed Options are issued pursuant to the Placement;
- (c) \$350,000 cash is received as consideration for the Placement Shares;
- (d) 41,666,667 Shares are issued pursuant to the SPP;
- (e) \$1,000,000 cash is received as consideration for Shares issued pursuant to the Share Purchase Plan;
- (f) A fee of \$65,000 is paid to Patersons as consideration for acting as lead manager of the Placement and as Underwriter and lead manager of the Share Purchase Plan;
- (g) 9,027,778 Underwriter Options are issued pursuant to the Underwriting Agreement, valued using the closing price of Listed Options on 20 November 2015 for a total cost of \$99,306; and
- (h) other costs of Capital Raising amounting to \$10,000 are paid.

1.5 Key terms of Underwriting Agreement

The Company and Patersons (the Underwriter) entered into the Underwriting Agreement on 25 November 2015. Pursuant to the Underwriting Agreement, the Underwriter has agreed to underwrite subscriptions to the Share Purchase Plan to \$650,000, subject to Shareholder approval (refer to Resolutions 4 and 5). In the event that Shareholder approval is not received for Resolutions 4 and 5, the Underwriter has agreed to underwrite subscriptions to the Share Purchase Plan to \$550,000. The Underwriter will receive a fee of 6.5% of the total amount underwritten and any amounts raised by the Underwriter over and above the underwritten amount and up to 9,027,778 Underwriter Options on the basis of one Underwriter Option for every three Shares underwritten. All sub-underwriting and selling fees to third parties will be met from this fee by the Underwriter.

The Underwriting Agreement contains representations, warranties and indemnities considered to be customary for agreements of this nature.

The Underwriting Agreement also contains rights of termination considered to be customary for agreements of this nature including, but not limited to:

- (a) any of the S&P/ASX200 or the S&P/ASX300 Metals and Mining indices as published by the ASX is at any time after the date of the Underwriting Agreement fall 10% or more below its respective level as at the close of business on the business day prior to the date of the Underwriting Agreement;
- (b) the closing price of the Shares quoted on the ASX (trading under the ASX code: AYC) after the date of the Underwriting Agreement is less than the issue price under the Share Purchase Plan of \$0.024;
- (c) there is a change in the composition of the Board or a change in the senior management of the Company, other than in respect of the appointment of a new CEO, before the date on which the allotment of the last of the shortfall shares under the Share Purchase Plan occurs, without the prior approval of the Underwriter (if the change is likely to have a material adverse effect on the Company or could give rise to a liability of the Underwriter under the Corporations Act or otherwise); and

- (d) other than any change in Shareholdings brought about by the distribution in specie by Octagonal Resources Limited, there is a material change in the major or controlling Shareholdings of the Company or its subsidiaries or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to the Company or its subsidiaries (if the change is likely to have a material adverse effect on the Company or could give rise to a liability of the Underwriter under the Corporations Act or otherwise).

1.6 Key terms of Sub-Underwriting Agreements

The Underwriter has entered into various sub-underwriting agreements with a number of parties, including the Sub-Underwriting Agreements with companies associated with each of Mr Dale Rogers and Mr James Cullen. Under the Sub-Underwriting Agreements, the companies associated with each of Mr Rogers and Mr Cullen have agreed, subject to Shareholder approval, to sub-underwrite an amount of \$50,000, where each will be obliged to subscribe for their proportionate share of the shortfall under the Share Purchase Plan, if any, for a fee of 1.5% of the amount sub-underwritten and the grant of 694,444 Underwriter Options (on the basis of one Underwriter Option for every three Shares sub-underwritten). The Sub-Underwriting Agreements contain representations, warranties and indemnities considered to be customary for agreements of this nature.

2 RESOLUTIONS 1 TO 3 – PLACEMENT TO DIRECTORS

2.1 General

Pursuant to Resolutions 1 to 3, the Company is seeking approval for each of Mr Dale Rogers, Mr James Cullen and Mr Dennis Clark, all Directors, to participate in the Placement. Resolutions 1 to 3 are required to be approved under Listing Rule 10.11 to issue securities to Directors, being related parties of the Company. If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

Under section 208 of the Corporations Act, for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company (such as a director of the company), the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act. Section 210 of the Corporations Act provides that shareholder approval for the purposes of section 208 of the Corporations Act is not needed to give a financial benefit on the terms that would be unreasonable in the circumstances if the public company and the related party were dealing at arms' length.

It is the view of the Directors that the issue of the Placement Shares and Listed Options to Directors under Resolutions 1 to 3 falls under the arms' length exception in section 210 of the Corporations Act, as any participation in the Placement will be on the same terms as those offered to other investors who are not related parties of the Company. Accordingly, Shareholder approval is only being sought under Listing Rule 10.11.

Shareholder approval is also being sought under section 195 of the Corporations Act, which provides that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a "material personal interest" are being considered, except in certain circumstances or unless non-interested directors pass a resolution approving the interested director's participation.

Section 195(4) relevantly provides that if there are not enough directors to form a quorum for a directors meeting because of this restriction, one or more of the directors may call a general meeting and the general meeting may pass a resolution to deal with the matter. It might be argued (but it is neither conceded nor, indeed, is it thought by the Board to be the case) that three of the four Directors comprising the Board have a material personal interest in the outcome of Resolutions 1 to 3. If each does have such an interest, then a quorum could not be formed to consider the matters contemplated by Resolutions 1 to 3 at Board level. For the avoidance of any doubt, and for the purpose of transparency and best practice corporate governance, the Directors have exercised their right under section 195(4) of the Corporations Act to put the issue to Shareholders to resolve. This will authorise the Directors to effect the transactions and carry out related matters contemplated in this Notice of Meeting even if one or more of the Directors has a material personal interest in the transaction.

2.2 Information required by Listing Rule 10.13

Listing Rule 10.13 contains certain requirements as to the contents of a notice sent to Shareholders for the purposes of Listing Rule 10.11.

The following information is included in this Explanatory Statement for the purpose of Listing Rule 10.13.

- (a) The Placement Shares and Listed Options the subject of Resolutions 1 to 3 will be granted to Dale Rogers, James Cullen and Dennis Clark (or their nominees), all Directors of the Company.
- (b) The maximum number of Placement Shares to be issued pursuant to each of Resolutions 1, 2 and 3 is 833,334 (a total of 2,500,002 Placement Shares). The maximum number of Listed Options to be issued pursuant to each of Resolutions 1, 2 and 3 is 277,778 (a total of 833,334 Listed Options).
- (c) The Placement Shares and Listed Options will be allotted and issued on a date which will be no later than 1 month after the date of the Meeting.
- (d) The Placement Shares the subject of Resolutions 1 to 3 will rank equally in all respects with the Company's existing Shares on issue. The Placement Shares will be issued at an issue price of \$0.024 per Placement Share. The Listed Options the subject of Resolutions 1 to 3 will rank equally in all respects with the Company's existing Listed Options on issue, the terms of which are set out in Annexure A. The Listed Options will be issued at no cost.
- (e) A voting exclusion statement is included in this Notice.
- (f) A total of \$60,000 will be raised by the issue of Placement Shares pursuant to Resolutions 1 to 3. The funds are intended to be used to continue development of the decline towards 1400 Level Access Drive at the A1 Gold Mine. No funds will be raised by the issue of the Listed Options the subject of Resolutions 1 to 3.

2.3 Directors' recommendation

Based on the information available, including the information contained in this Explanatory Statement, all of the Directors consider that Resolutions 1 to 3 are in the best interests of the Company as the Resolutions will ensure that the Company receives the full amount of funds under the Placement of \$350,000.

All the Directors, other than Mr Dale Rogers, recommend that Shareholders vote in favour of Resolution 1. Mr Rogers has abstained from making a recommendation to Shareholders in respect of Resolution 1 due to his material personal interest in the issue of the Placement Shares the subject of Resolution 1.

All the Directors, other than Mr James Cullen, recommend that Shareholders vote in favour of Resolution 2. Mr Cullen has abstained from making a recommendation to Shareholders in respect of Resolution 2 due to his material personal interest in the issue of the Placement Shares the subject of Resolution 2.

All the Directors, other than Mr Dennis Clark, recommend that Shareholders vote in favour of Resolution 3. Mr Clark has abstained from making a recommendation to Shareholders in respect of Resolution 3 due to his material personal interest in the issue of the Placement Shares the subject of Resolution 3.

Each Director has indicated that he intends to vote the Shares he owns or controls in favour of Resolutions 1 to 3, save to the extent that he has a material personal interest in the outcome of the Resolution. The Chair intends to vote all undirected proxies in favour of the Resolutions.

3 RESOLUTIONS 4 AND 5 – SUB-UNDERWRITING BY DIRECTORS

3.1 General

Pursuant to Resolutions 4 and 5, the Company is seeking approval for each of Mr Dale Rogers and Mr James Cullen (or their nominees), Directors of the Company, to be issued Sub-Underwriter Shares and Underwriter Options as sub-underwriters to the Share Purchase Plan. Resolutions 4 and 5 are required to be approved under Listing Rule 10.11 to issue securities to a Director, being a related party of the Company. If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

Under section 208 of the Corporations Act, for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company (such as a director of the company), the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and

(b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act. Section 210 of the Corporations Act provides that shareholder approval for the purposes of section 208 of the Corporations Act is not needed to give a financial benefit on the terms that would be unreasonable in the circumstances if the public company and the related party were dealing at arms' length.

It is the view of the Directors that the issue of Sub-Underwriter Shares and Underwriter Options to Directors under Resolutions 4 and 5 falls under the arms' length exception in section 210 of the Corporations Act, as any participation by a Director as a sub-underwriter will be on the same terms as those agreed with other sub-underwriters to the Share Purchase Plan (other than the requirement to obtain Shareholder approval). Accordingly, Shareholder approval is only being sought under Listing Rule 10.11.

3.2 Information required by Listing Rule 10.13

Listing Rule 10.13 contains certain requirements as to the contents of a notice sent to Shareholders for the purposes of Listing Rule 10.11.

The following information is included in this Explanatory Statement for the purpose of Listing Rule 10.13.

- (a) The Sub-Underwriter Shares and Underwriter Options will be granted to Mr Dale Rogers and Mr James Cullen (or their nominees), Directors of the Company.
- (b) The maximum number of Sub-Underwriter Shares to be granted pursuant to Resolutions 4 and 5 is 4,166,668. The maximum number of Underwriter Options to be granted pursuant to Resolutions 4 and 5 is 1,388,888.
- (c) The Sub-Underwriter Shares and Underwriter Options will be allotted and issued on a date which will be no later than 1 month after the date of the Meeting.
- (d) The Sub-Underwriter Shares the subject of Resolutions 4 and 5 will rank equally in all respects with the Company's existing Shares on issue. The Sub-Underwriter Shares will be issued at an issue price of \$0.024 per Sub-Underwriter Share. The Underwriter Options the subject of Resolutions 4 and 5 will rank equally in all respects with the Company's existing Listed Options on issue, the terms of which are set out in Annexure A. The Underwriter Options will be issued for no cost.
- (e) A voting exclusion statement is included in this Notice.
- (f) Up to \$100,000 will be raised by the issue of Sub-Underwriter Shares pursuant to Resolutions 4 and 5. The funds are intended to be used to continue development of the decline towards 1400 Level Access Drive at the A1 Gold Mine. No funds will be raised by the issue of the Underwriter Options.

3.3 Directors' recommendation

Based on the information available, including the information contained in this Explanatory Statement, all of the Directors consider that Resolutions 4 and 5 are in the best interests of the Company as the Resolutions will ensure that the Share Purchase Plan is underwritten to the full amount of \$650,000.

All the Directors, other than Mr Dale Rogers, recommend that Shareholders vote in favour of Resolution 4. Mr Rogers has abstained from making a recommendation to Shareholders in respect of Resolution 4 due to his material personal interest in the issue of the Sub-Underwriter Shares the subject of Resolution 4.

All the Directors, other than Mr James Cullen, recommend that Shareholders vote in favour of Resolution 5. Mr Cullen has abstained from making a recommendation to Shareholders in respect of Resolution 5 due to his material personal interest in the issue of the Sub-Underwriter Shares the subject of Resolution 5.

Each Director has indicated that he intends to vote the Shares he owns or controls in favour of Resolutions 4 and 5, save to the extent that he has a material personal interest in the outcome of the Resolution. The Chair intends to vote all undirected proxies in favour of the Resolutions.

4 RESOLUTION 6 – RATIFICATION OF ISSUE OF SHARES AND OPTIONS

4.1 General

The Company has undertaken a Placement, as set out in section 1 of the Explanatory Statement. A portion of the Placement (other than Placement Shares to be issued to Directors under Resolutions 1 to 3) was settled on 23 November 2015, with the Company issuing 12,083,336 Placement Shares at an issue price of \$0.024 per Placement Share and 4,027,775 Listed Options to sophisticated and professional investor clients of Patersons who are not related parties of the Company. The Company received funds of \$290,000.

This portion of the Placement was made under the Company's Listing Rule 7.1 placement capacity and the Company now seeks, pursuant to Resolution 6 of the Notice, to ratify the allotment and issue of the Placement Shares and Listed Options issued on 23 November 2015.

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval provided the issue did not breach the threshold set by Listing Rule 7.1. The purpose and effect of such a ratification is to restore a company's discretionary power to issue further shares pursuant to Listing Rule 7.1 without requiring shareholder approval.

The Company proposes Resolution 6 to ratify a previous issue of securities in accordance with Listing Rule 7.4. The Company confirms that the issue and allotment of the securities the subject of Resolution 6 did not breach Listing Rule 7.1.

4.2 Information required by Listing Rule 7.5

The following information is provided in accordance with Listing Rule 7.5.

- (a) 12,083,336 Placement Shares and 4,027,775 Listed Options were allotted and issued by the Company.
- (b) The issue price per Placement Share was \$0.024. The Listed Options were issued for nil consideration.
- (c) The Placement Shares allotted were fully paid ordinary shares which rank equally with all other Shares on issue. The Listed Options allotted were Listed Options which rank equally with existing Listed Options on issue.
- (d) The Placement Shares and Listed Options were allotted as a private placement to sophisticated and professional investor clients of Patersons who are not related parties of the Company.
- (e) \$290,000 was raised by the issue of the Placement Shares and Listed Options the subject of Resolution 6. The funds are intended to be used to continue development of the decline towards 1400 Level Access Drive at the A1 Gold Mine.
- (f) A voting exclusion statement is included in the Notice.

4.3 Directors' recommendation

Based on the information available, including the information contained in this Explanatory Statement, all of the Directors consider that Resolution 6 is in the best interests of the Company and recommend that Shareholders vote in favour of Resolution 6. The Directors have formed this view as the passing of this Resolution will provide greater flexibility when considering future capital raising opportunities. The passing of Resolution 6 will increase the Directors' ability to issue new Shares permitted by the Listing Rules without requiring Shareholder approval.

Each Director has indicated that he intends to vote the Shares he owns or controls in favour of Resolution 6. The Chair intends to vote all undirected proxies in favour of the Resolution.

5 RESOLUTION 7 – APPROVAL OF GRANT OF UNDERWRITER OPTIONS

5.1 General

Resolution 7 seeks the approval of Shareholders for the Company to issue up to 7,638,890 Underwriter Options to Patersons or its nominees as part consideration for the partial underwriting of the Share Purchase Plan.

Listing Rule 7.1 prohibits a company from issuing securities representing more than 15% of its issued capital in any 12 month period, without the prior approval of its shareholders (subject to certain exceptions). The terms of the capital raising mandate between the Company and Patersons and the Underwriting Agreement require the Company to obtain shareholder approval before the issue of the Underwriter Options. Accordingly, Shareholder approval is being sought under Listing Rule 7.1 for the issue of up to 7,638,890 Underwriter Options.

5.2 Information required by Listing Rule 7.3

The following information is provided in accordance with Listing Rule 7.3.

- (a) The maximum number of securities that will be issued is 7,638,890 Underwriter Options.
- (b) Any Underwriter Options issued in accordance with Resolution 7 will be issued and allotted within 3 months from the date of the Meeting (or such later date as approved by ASX).
- (c) The Underwriter Options will be issued to Patersons or its nominees (who are not related parties of the Company). The offer of the Underwriter Options made by the Company to any nominees will be offers that do not need disclosure under Chapter 6D of the Corporations Act.

- (d) The Underwriter Options the subject of Resolution 7 will rank equally in all respects with the Company's existing Listed Options on issue, the terms and conditions of which are set out in Annexure A.
- (e) The Underwriter Options are to be issued as part consideration for the underwriting of the Share Purchase Plan, so no funds will be raised by the issue of the Underwriter Options.
- (f) The issue of the Underwriter Options will occur progressively.
- (g) A voting exclusion statement is included in the Notice.

5.3 Directors' recommendation

Based on the information available, including the information contained in this Explanatory Statement, all of the Directors consider that Resolution 7 is in the best interests of the Company and recommend that Shareholders vote in favour of Resolution 7. The Directors have formed this view as the passing of this Resolution will provide greater flexibility when considering future capital raising opportunities (the passing of Resolution 7 will increase the Directors' ability to issue new Shares permitted by the Listing Rules without requiring Shareholder approval) and as Shareholder approval to issue the Underwriter Options is required under the Underwriting Agreement.

Each Director has indicated that he intends to vote the Shares he owns or controls in favour of Resolution 7. The Chair intends to vote all undirected proxies in favour of the Resolution.

GLOSSARY

In this Explanatory Statement and the Notice, the following terms have the following meanings unless the context otherwise requires:

A1 Gold Mine means A1 Gold's flagship gold mine near Woods Point, Victoria;

Associate has the same meaning as defined in section 11 and sections 13 to 17 of the Corporations Act;

ASX means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited;

Board means the board of Directors;

Capital Raising has the meaning set out in section 1.1 of the Explanatory Statement;

Chair means the chair of the Board;

Company or **A1 Gold** means A1 Consolidated Gold Limited (ACN 149 308 921);

Constitution means the Company's constitution, as amended from time to time;

Corporations Act means Corporations Act 2001 (Cth);

Director means a director of the Company;

Explanatory Statement means the explanatory statement accompanying this Notice;

Listed Options means the Company's existing listed Options (AYCO) with an exercise price of \$0.03, expiring on 30 November 2019 and otherwise on the terms and conditions set out in Annexure A;

Listing Rules means the Listing Rules of the ASX;

Meeting has the meaning in the introductory paragraph of the Notice;

Notice means this notice of general meeting;

Option means an option to acquire a Share;

Patersons means Patersons Securities Limited (ABN 69 008 896 311) (AFSL No. 239 052);

Placement means the share placement as announced by the Company on 20 November 2015 at an issue price of \$0.024 per Share;

Placement Share means a Share issued pursuant to the Placement;

Proxy Form means the proxy form attached to this Notice;

Resolution means a resolution contained in this Notice;

Share means a fully paid ordinary share in the capital of the Company;

Shareholder means the holder of a Share;

Share Purchase Plan means the share purchase plan as announced by the Company on 20 November 2015 to allow eligible shareholders to purchase up to \$15,000 worth of Shares (subject to scale-back if oversubscribed) with a record date of 19 November 2015;

Sub-Underwriter Shares means Shares issued pursuant to the Sub-Underwriting Agreements at an issue price of \$0.024 per Share;

Sub-Underwriting Agreements means the sub-underwriting agreements between Patersons and each of Mr Dale Rogers and Mr James Cullen, each dated 19 November 2015, as amended;

Underwriter means Patersons, being the underwriter of the Share Purchase Plan pursuant to the Underwriting Agreement;

Underwriter Options means Listed Options to be issued pursuant to the Underwriting Agreement;

Underwriting Agreement means the underwriting agreement between Patersons and the Company dated 25 November 2015, as amended; and

WST means Australian Western Standard Time.

ANNEXURE A
TERMS AND CONDITIONS

3 CENT LISTED OPTIONS EXPIRING 30 NOVEMBER 2019

1. Entitlement

- (a) Subject to option terms 6, 7 and 8, each option entitles the registered option holder to subscribe for and be allotted one ordinary share in the capital of A1 Consolidated Gold Limited (**Company**), credited as fully paid, at an exercise price of \$0.03 per share (**Exercise Price**).
- (b) The Company must, as soon as it is reasonably practicable to do so, allot shares on exercise of the option in accordance with the listing rules of ASX (**Listing Rules**) (if the Company is listed at the time of exercise of the Option) and register the option holder or its nominee as a shareholder in the register of members in respect of the shares so allotted. No option may be exercised if to do so would contravene the Corporations Act or the Listing Rules.
- (c) Shares issued on the exercise of options will rank pari passu with all existing ordinary shares in the capital of the Company from the date of issue.

2. Exercise of Options

- (a) An option is exercisable by the registered option holder lodging the notice of exercise of option together with, subject to option terms 6, 7 and 8, the Exercise Price for each share to be issued on exercise and the relevant option holding statement, at any office of the Company's share registrar. The options may be exercised in whole or in part and, if exercised in part, multiples of 1,000 must be exercised on each occasion. The exercise of some options only does not affect the registered option holder's right to exercise other options at a later time.
- (b) Remittances must be made payable to the Company and cheques should be crossed "not negotiable".
- (c) Options may be exercised at any time on or before 5:00 pm WST on 30 November 2019.
- (d) An option not exercised by 5:00 pm WST on 30 November 2019 lapses.

3. Transfer

Subject to any restrictions imposed by ASX, options may be transferred at any time before lapsing.

4. Quotation

The Company will apply to the ASX for official quotation of the options.

The Company will apply to the ASX for official quotation of the shares issued on any exercise of an option within 10 business days after the allotment of those shares.

5. Dividends

Shares issued on any exercise of an option will rank pari passu with all existing ordinary shares in the capital of the Company from the date of issue and will be entitled to each dividend for which the books closing date for determining entitlements falls after the date of issue.

6. Bonus issue

If the Company makes a bonus issue of shares or other securities pro rata to holders of ordinary shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) at a time when:

- (a) an option has not been exercised in full; or
- (b) an option has been exercised, but shares the subject of the exercise have not been issued in fulfilment of the Company's obligation in that regard, before the record date for determining entitlements to the bonus issue,

then the number of shares over which the option is exercisable or has been exercised (as the case may be) will be increased by the number of securities which the holder of the option would have received if the option had been exercised before the record date for the bonus issue.

7. Rights issue

If the Company makes an offer of ordinary shares pro rata to all or substantially all holders of ordinary shares (other than a bonus issue or an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment), the exercise price of the options will be adjusted in accordance with the formula set out in Listing Rule 6.22.2.

8. Reconstruction

The rights of an option holder will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

9. Advice

The Company must give notice to the option holder of any adjustment to the number of shares which the option holder is entitled to subscribe for or be issued on exercise of the option or the exercise price per share in accordance with the Listing Rules.

10. Right to participate in future issues

The option holder may only participate in new issues of securities to holders of shares to the extent the option has been exercised, if that is permitted by its terms, and the shares allotted in respect of the option before the record date for determining entitlements to the issue. The Company must give notice to the option holder of any new issue before the books closing date for determining entitlements to the issue in accordance with the Listing Rules.

For personal use only

For personal use only

This page has been left blank intentionally.

For personal use only

This page has been left blank intentionally.

For personal use only

This page has been left blank intentionally.