

ASX Release – 29th July 2016

June Quarterly Activities Report

A1 Consolidated Gold Limited (ASX: AYC) (A1 Consolidated Gold or the Company) is pleased to report its activities for the Quarter ending 30th June 2016.

Highlights:

- ❖ **Significant Drilling Programme, Drill Target 1, completed, better results include;**
 - 20.4m at 47.29g/t
 - 10.95m at 24.47 g/t, and
 - 19.8m at 13.26 g/t
- ❖ **Drill Target 1 Resource grade +200% more than previous estimates***
- ❖ **First ever Measured Resource at A1**
- ❖ **Crew of air leg miners mobilised to site in May**
- ❖ **Recent mining focussed on optimising grades**
- ❖ **Milled grades increased five (5) fold during the Quarter**
- ❖ **Ongoing upgrades to mine services and networks, including;**
 - Ventilation Network
 - Compressed Air System
 - Primary Pumping System
 - Emergency Escape Ways, and
 - Ground support of permanent excavations
- ❖ **A1 mine was cash positive for the Quarter**
 - Increased expenditure on drilling
 - Increased expenditure on mine services
 - Creditors reduced during the Quarter
 - Company cash flow neutral for Quarter

* Using a 0.0 g/t Au lower cut-off grade and 80.0 g/t Au upper cut-off grade

A1 Consolidated Gold Ltd

ABN 50 149 308 921

ASX:AYC

Investment Highlights:

A1 Gold Mine

Operating mine site including underground development and 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

Maldon Gold Operations

Operational 150,000tpa gold processing facility, Union Hill Mine, including underground development & infrastructure

Executive Chairman

Dale Rogers

Non-Executive Directors

Jamie Cullen

Anthony Gray

Company Secretary

Dennis Wilkins

Capital Structure:

552,689,252 Ordinary Shares

237,639,276 Listed Options

33,000,000 Unlisted Options

71,428,565 Convertible

Notes

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Safety and Environment

There were no Lost Time Injuries and no reportable environmental incidents during the Quarter. The Company had achieved over 285,000 hours Lost Time Injury Free by the end of the Quarter.

Drill Target 1, Drilling Programme

As announced in late April, development was paused to enable diamond drilling from the newly developed 1410 Hanging Wall Drill Drive, located to the west of the mineralisation and also from the Decline, located to the east of the mineralisation.

The Drilling Campaigns outlined in the March Quarterly Report consisted of Four Phases representing four target areas within the mine. The first of these campaigns, Drill Target 1, was focussed on an area immediately below the 1410 Crosscut area.

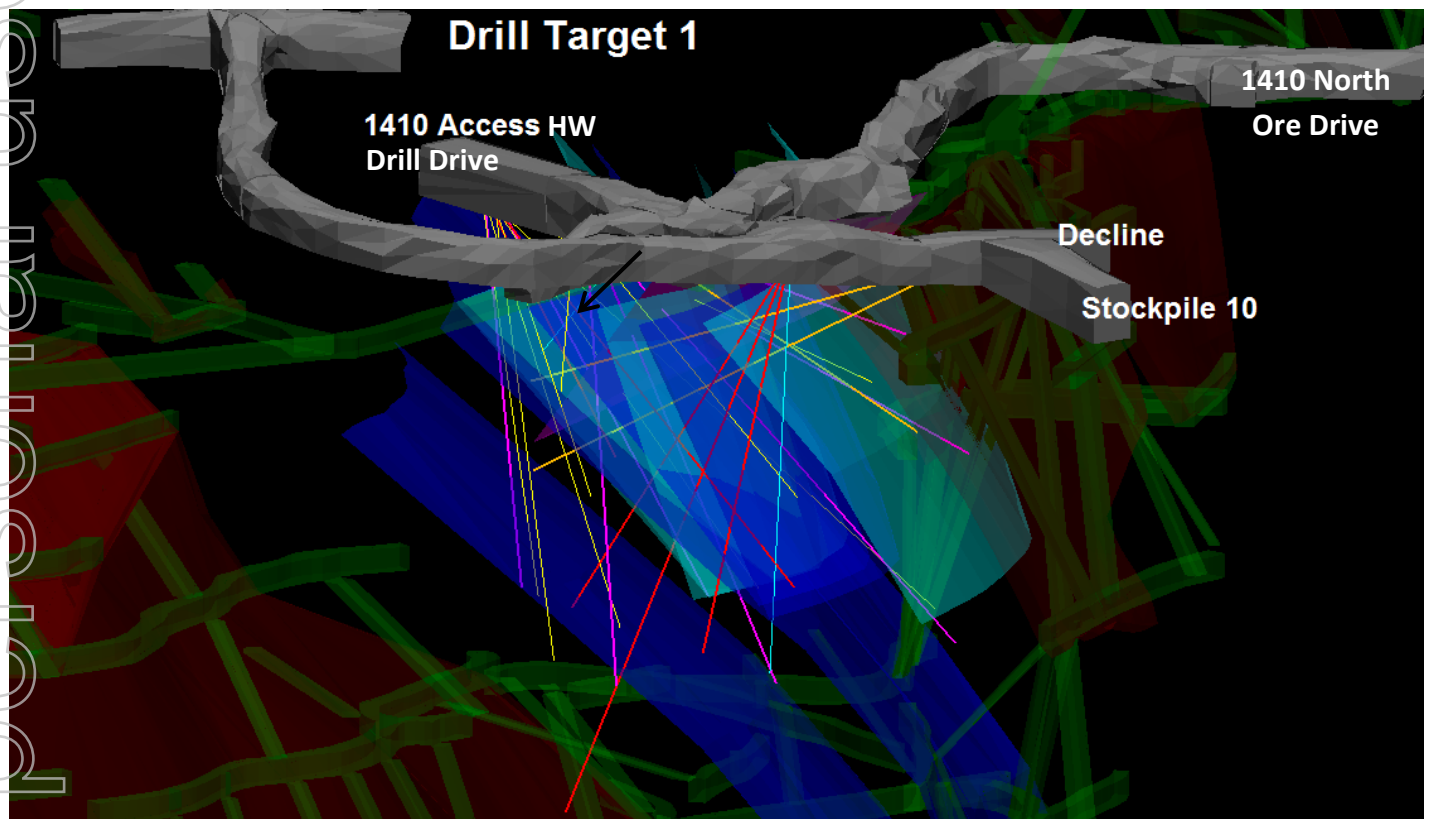


Figure 1. Isometric View of 1410 area (North to right) showing the Drill Target 1 planned drilling from the Decline, positioned to the East, and 1410 Access Hanging Wall Drill Drive, positioned to the West

Infill drilling was required to accurately define ore outlines and stoping shapes for the next 4 to 6 months of mining. The drilling pattern was very close spaced and used an 8 metre by 8 metre spaced grid in most areas, with some areas tested with an 8 metre by 10 metre spaced grid.

A total of 32 holes were drilled for a total of 1,792.3 metres of drilling. **Every hole drilled in this campaign intercepted gold mineralisation.**

The better results included;

- 20.4m at 47.29 g/t Au
- 10.95m at 24.47 g/t Au
- 19.8m at 13.26 g/t Au including
- (9.8m at 25.6 g/t) Au
- 3.95m at 71.60 g/t Au
- 15m at 10.35 g/t Au including
- (8m at 15.57 g/t) Au
- 3.3m at 35.44 g/t Au
- 1.2m at 113.42 g/t Au
- 4.26m at 14.4 g/t Au
- 4.95m at 13.6 g/t Au
- 6.0m at 13.1 g/t Au
- 2.0m at 17.54 g/t Au

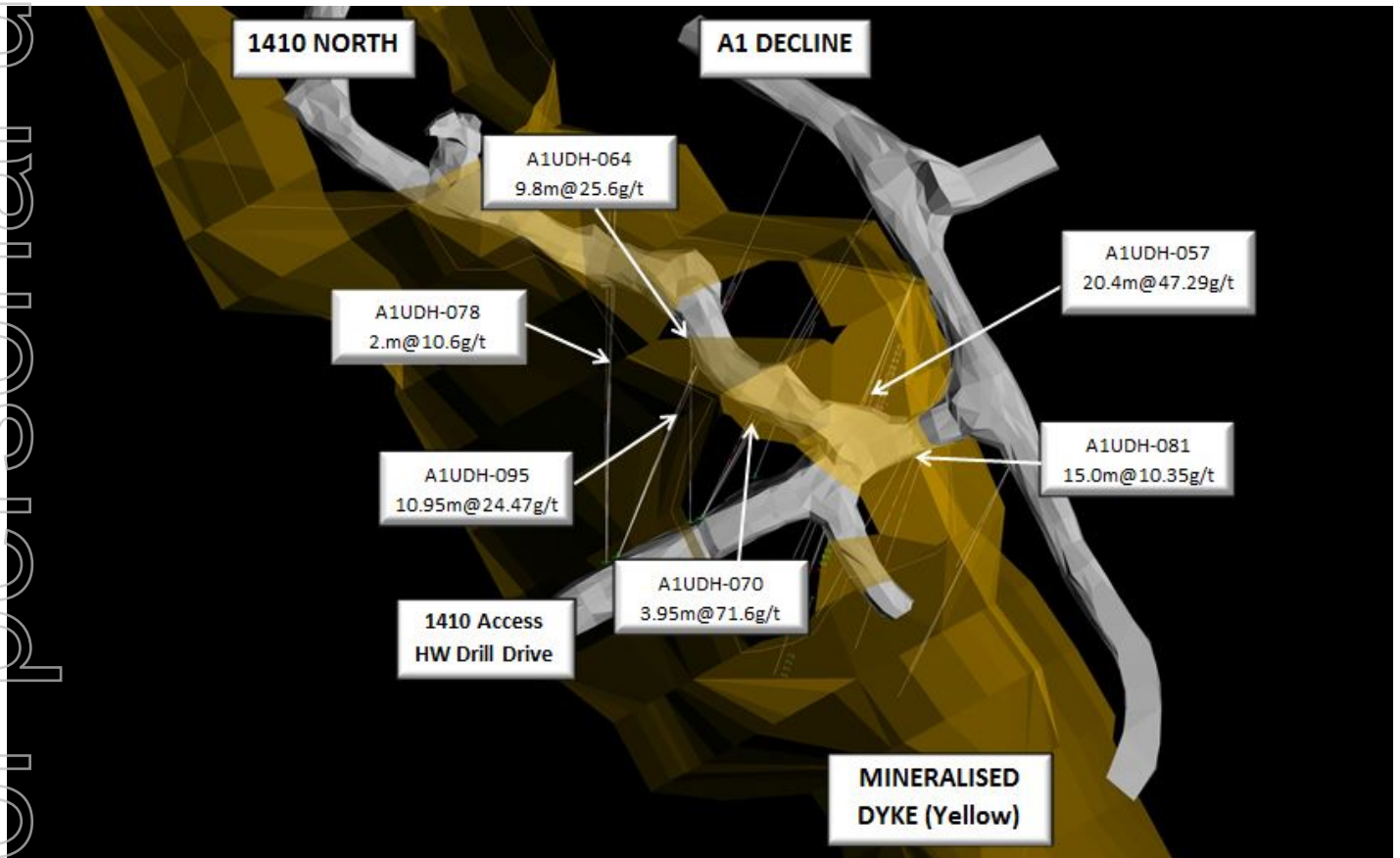


Figure 2. Plan view of 1410 area (North to the top of image) showing the drill hole traces below the level and some intercepts from the recent drilling campaign

This recently completed Phase of drilling covers a very small area of the total mineralised dyke at the A1 mine. Figure 3, below, highlights the area recently tested with drilling and the remaining area of mineralised dyke that comprises the current Indicated and Inferred Resource extending at depth below the 1410. The Phase 1 Target drilling only tested an area 20 to 30 metres below the 1410 level over a short strike length of only 60 metres.

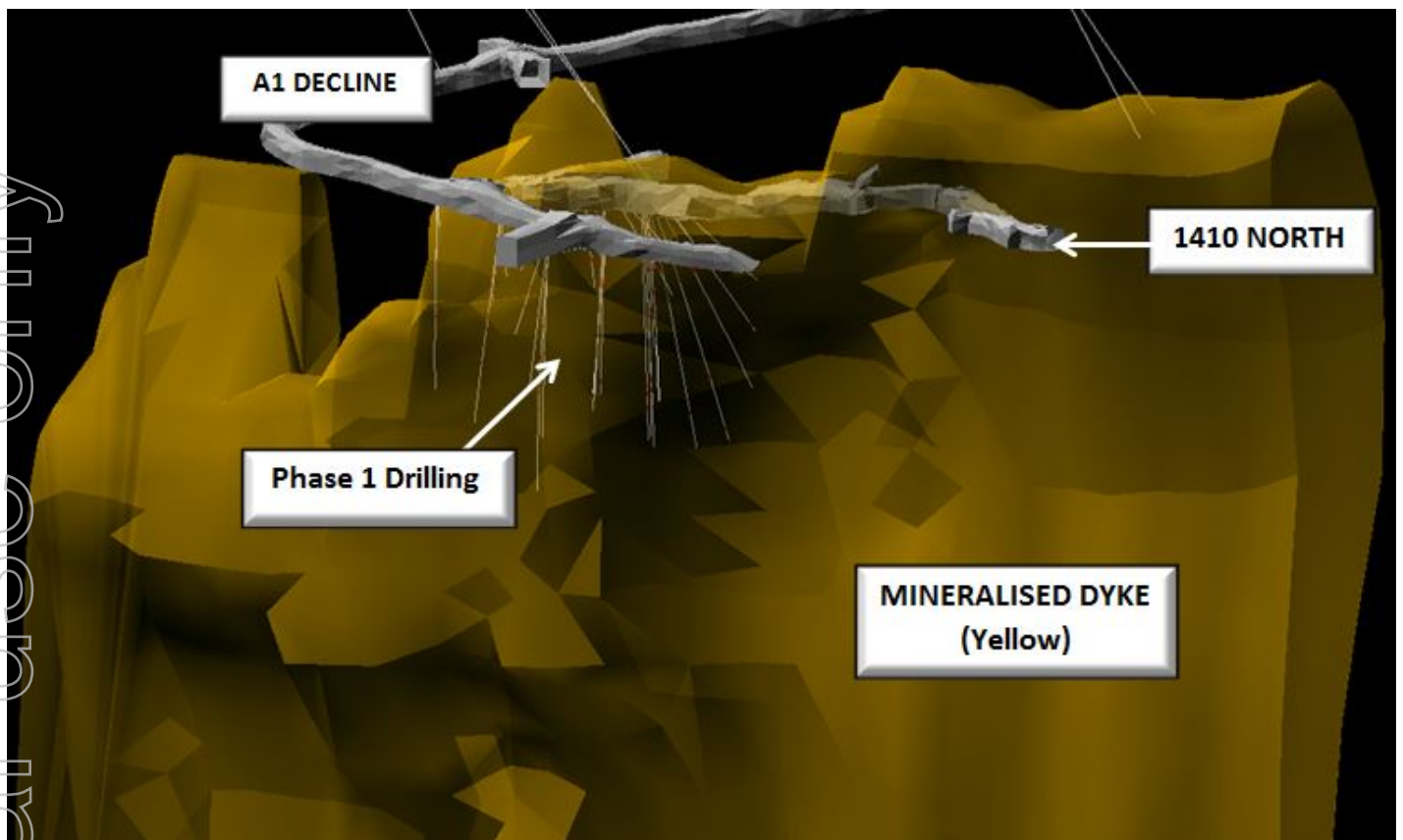


Figure 3. Isometric View of 1410 area (North to right) showing the drill hole traces from Drill Target 1 drilling

Drill Target 1, Resource Upgrade

Following on from the Drill Target 1 campaign a Resource calculation was completed, as announced on 8th July, 2016. That Resource update was only for the portion of A1 Resource that was recently drilled in the Phase 1 drilling campaign and is a sub-set of the much larger Resource at A1 of 281,200 ounces.

The highlights of this Resource upgrade were;

- Drill Target 1 Resource grade 200% more than previous estimates for that area
- 5,000 tonnes at 15.53g/t Au* Measured
- 23,000 tonnes at 9.44g/t Au* Indicated
- Total of 28,000 tonnes at 10.50g/t Au*
- First ever Measured Resource at A1

All of the Resource estimated was classified as either Indicated or Measured, as defined by the JORC Code 2012.

This is the first Measured Resource, as defined by the JORC Code 2012, ever achieved at the A1 Mine.

* Using a 0.0 g/t Au lower cut-off grade and 80.0 g/t Au upper cut-off grade

A1 Mineral Resource – Phase 1 Target Area - as at 1 July 2016			
0.0 g/t Au lower cut-off grade 80.0 g/t Au upper cut-off grade			
Category	Tonnage	Grade g/t Au	Contained Gold ounces
Measured	5,000	15.53	2,500
Indicated	23,000	9.44	7,100
Total	28,000	10.50	9,600

The grade estimated for the Phase 1 Target Area is 200% higher than the previous Resource estimate for this area of the mine. The significant increase in grade is a direct result of the intercepts returned from the Phase 1 drilling programme, which confirmed that the orebody is more accurately described as “gold mineralisation associated with dilationally brecciated shear zones” rather than a “stockwork zone”. The implication of this characterisation is that with infill drilling the Inferred Resource for the total A1 Mine area will more likely convert into an Indicated Resource with lower tonnes, but at a higher grade.

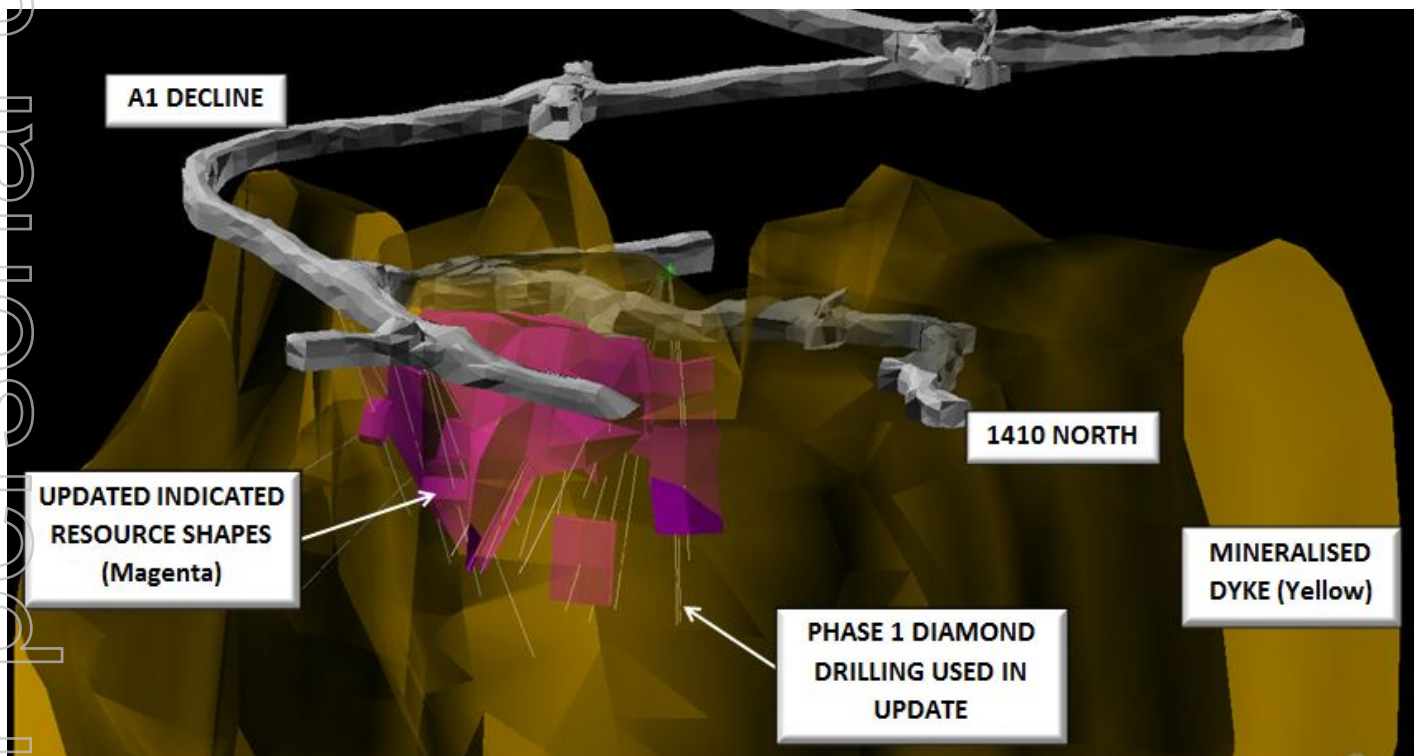


Figure 4. Oblique view of 1410m RL area. The Inferred Resource shape which corresponds to the diorite dyke is shown in yellow, the West Dipping reef and East Dipping reefs forming the Indicated section of the resource are Magenta, the A1 decline is grey, diamond drill holes into the reefs are white. North is to the right; for scale the decline is 5m x 5m in cross-section; the end of the decline is at about 1400m RL.

This recently completed First Phase of drilling covers a relatively small area at the top of the presently interpreted mineralised dyke at the A1 Gold Mine. Figure 4, above, highlights the area recently tested with drilling and the remaining area of mineralised dyke, extending at depth below the Phase 1 Target area, which comprises the current Indicated and Inferred Resource. The Phase 1 drilling campaign only tested an area 20 to 30 metres below the 1410 level over a short strike length of only 60 metres.

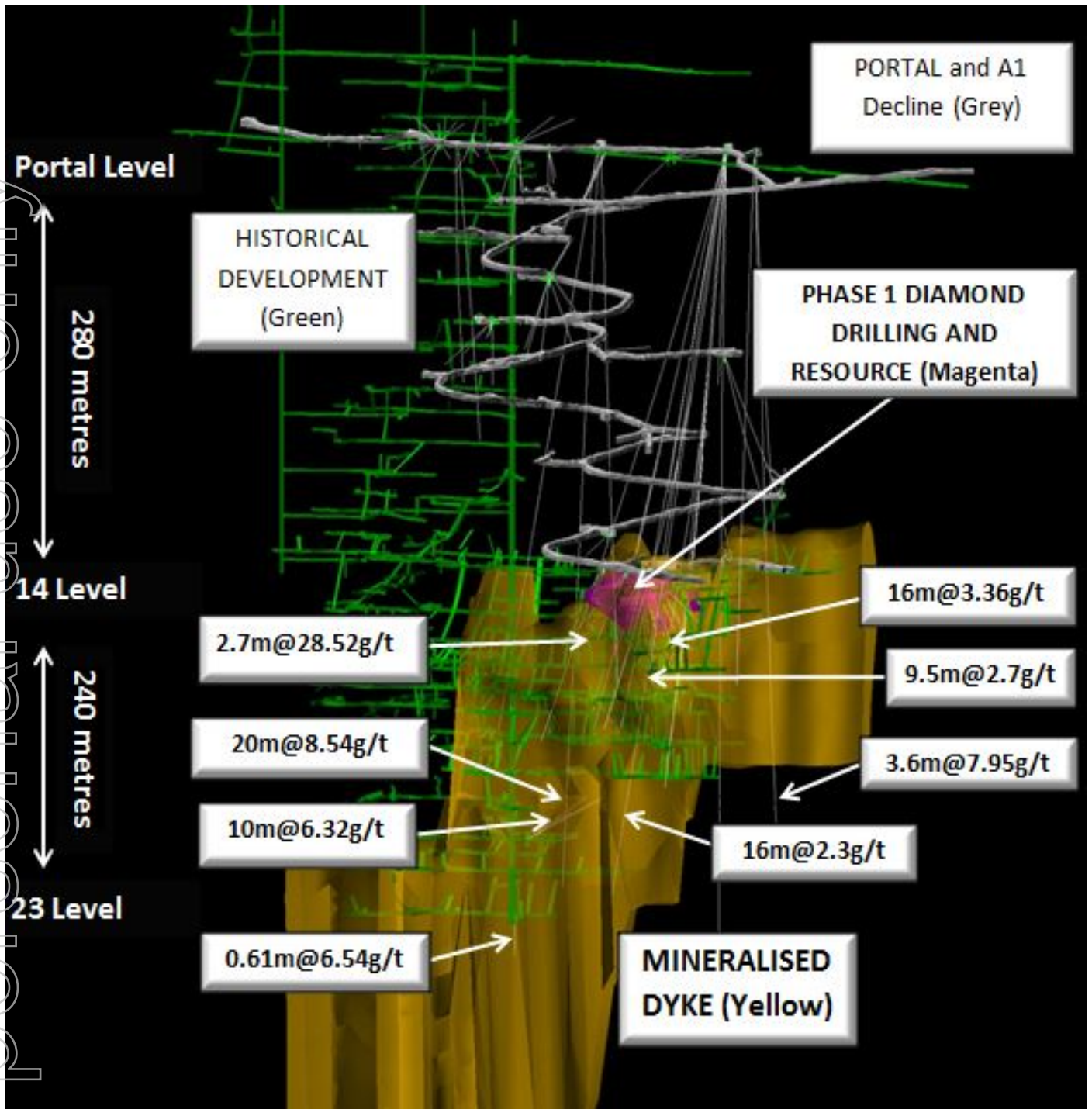


Figure 5. Long Section of A1 showing recent Decline development (Grey) and Phase 1 Drilling Resource at the top of the larger Mineralised Dyke (Yellow).

As shown in Figure 5, the Phase 1 Drilling Resource Update is located at the very top of the interpreted Mineralised Dyke. The total Resources at A1 extend a further 240 metres below, at depth, to the old 23 level of the mine. Some significant intercepts are included on the Figure to demonstrate mineralisation continues at depth.

Production Update

During the Quarter drilling and resource definition were prioritised. While that was occurring there was an increased focus on quality rather than quantity.

In anticipation of reduced tonnes being mined over the past 10 weeks due to the pause in development and mechanised mining during the drilling programme, a small team of air leg miners was mobilised to site in May to focus on mining higher grade gold to off-set the lower production tonnes. The area being mined is located approximately 30 – 50m North of the recently announced Resource upgrade and extending above the 1410 North drive (Figure 5).

As a result of this focus **the gold grades reported at the mill increased five (5) fold during the June Quarter**. During the first month of the Quarter production was derived from the mechanised crews. The milled grade during that month was less than 5 g/t gold. A milled grade of over 24 g/t gold or 0.8 ounces per tonne was achieved in June.

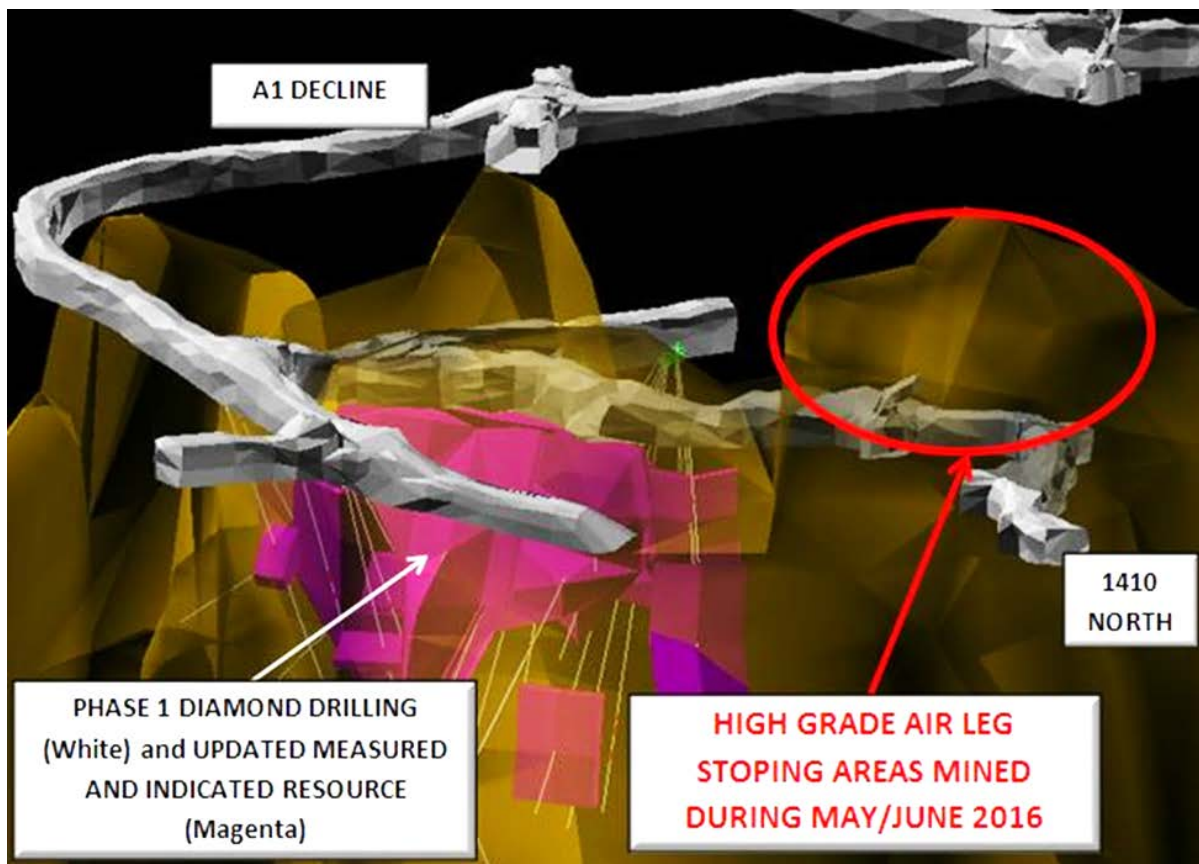


Figure 6. Oblique view of 1410m RL area showing area being mined above the 14 level.

During June the Porcupine Flat processing Plant near Maldon milled 1,558 tonnes at 24.9 g/t Au and achieved 97.8% recovery. There was a considerable increase to the Gold In Circuit (GIC) at the end of June as a result of processing the very high grade ore.

In the same period there has also been considerable work undertaken to upgrade and improve the mine's services and networks in preparation for the resumption of mechanised mining. This work has included;

- Upgrades to the Primary ventilation network, including moving Primary fans and stripping out constrictions hampering the flow of air through the underground workings:
- Upgrades to the compressed air circuit, including running over 2km of larger diameter pipe to reduce restrictions on the air leg miners, who require compressed air to run their equipment:
- Development has commenced on Emergency Escape Ways from the 11 level to the 14 level to evacuate mine workers in the event of an emergency:

- Improving the primary pumping system to dewater the mine in advance of increased Decline development, and
- Ground support maintenance, including shotcreting and meshing in the Decline and ventilation return airway, to ensure long term stability of these excavations.

This work and investment in the future continued into July and will add to the overall long term viability of the A1 Gold Mine.

Cash Flow

Cash flow for the Company, on the accompanying 5B, shows the Company's cash position remained relatively unchanged for the Quarter. These numbers include the Company's administration and exploration costs outside the A1 mine.

The A1 mine was cash flow positive for the Quarter, to the tune of \$558,000. All of the gold revenue receipts have been deducted for the Production number 1.2 (b) as the mine is still classified as being in pre-production.

The gold and silver sales for the June 2016 quarter are as follows:

- Gold Sales - \$2,341,872.15* for 1,382.9 ounces, and
- Silver Sales - \$1,215.63* for 97.369 ounces.

*These revenues are net of smelting and refining charges.

In addition to the gold poured and delivered to the Perth Mint during the Quarter the Gold in Circuit (GIC), which is the gold contained within the Porcupine Flat mill's loaded carbon and elution circuits, increased by more than 350 ounces. These gold stocks represent a further +\$500,000 in value.

This is an encouraging result as costs for drilling and improvements to the mine services and infrastructure for the Quarter were considerable. This improved production enabled the Company to reduce the large number and quantum of creditors that had accrued prior to April 2016. Liabilities, apart from the Convertible Notes (\$2.5m), at the end of the Quarter were largely limited to the mining contractor PYBAR, who are expected to resume mechanical mining within a month, and outstanding emoluments largely relating to a former Director.

The Company anticipates that ore tonnes mined and milled will increase during next Quarter with the resumption of the mechanised mining and development crews.

Board Changes

Mr Dennis Clark's employment contract expired on 31 May 2016 and was not extended, as announced in the last Quarterly report. During the Quarter Mr Dale Rogers assumed the role of Executive Chairman.

Significant Events after the end of Quarter

The company announced A1 a renounceable rights issue to raise up to approximately \$3.3 million (before costs) on 27th July, 2016. The rights issue is fully underwritten by Patersons Securities Limited.

Funds raised will be used to ensure that PYBAR, the mining contractor at the A1 Gold Mine, recommence mining with a clean slate, past director emoluments are cleared and there is sufficient working capital to:

- recommence production with mechanised development and ore development;
- support the "flying squad" to optimise air leg operations to enhance production;
- complete improvements to the A1 mines services and networks; and
- continue the accelerated drilling campaigns seeking to add more confidence to the 6-12 month schedule.

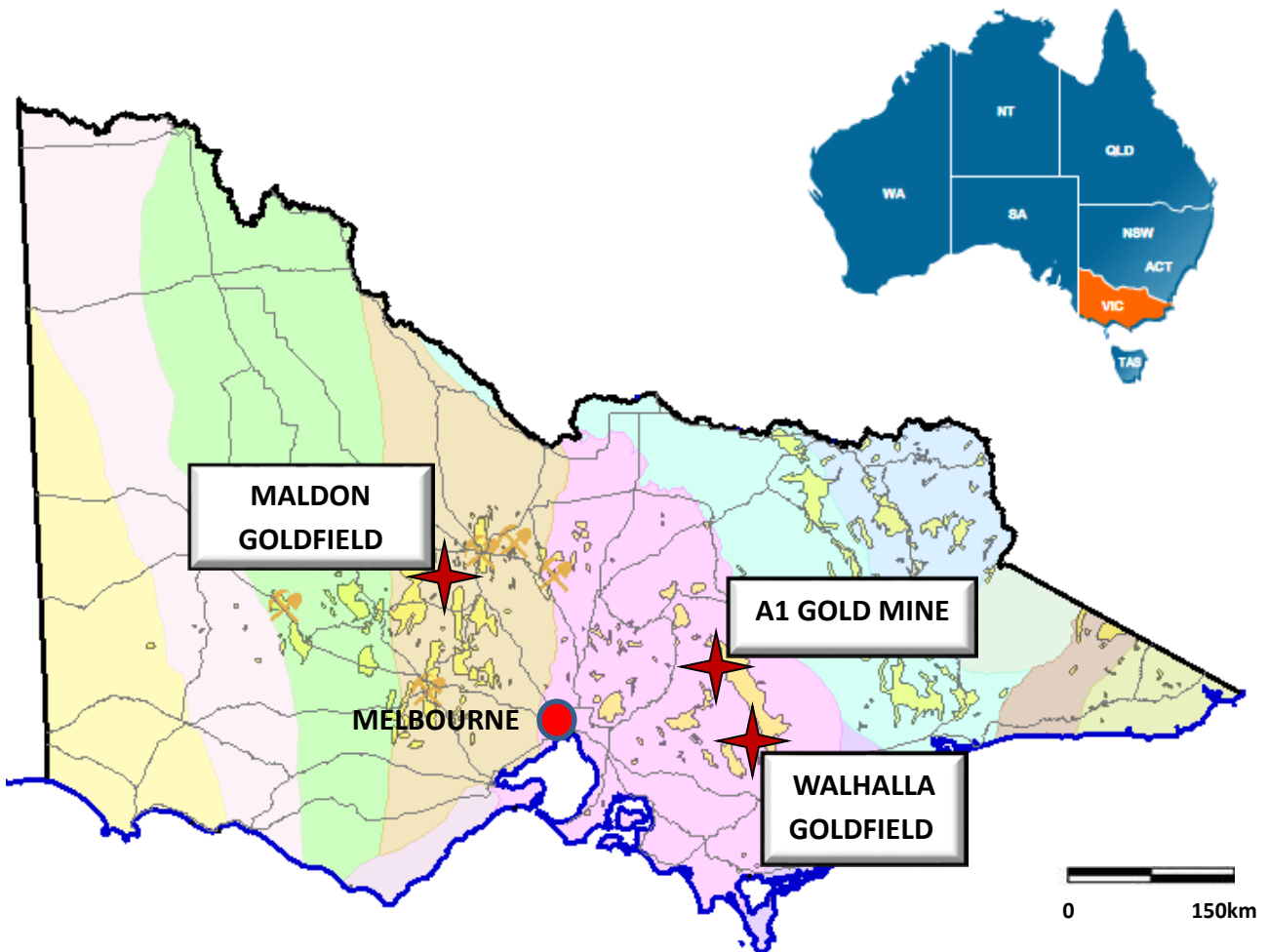
All Directors of the Company are supporting the raising by participating as sub-underwriters to the rights issue. Further details will be set out in the prospectus which is expected to be lodged with ASIC and ASX in early August 2016.

About the Company

A1 Consolidated Gold Limited is an emerging junior Victorian gold producer that is developing and producing from the A1 Gold Mine near Woods Point, Victoria. Ore mined from A1 is trucked to the Company's fully permitted and operations processing facility at Porcupine Flat, near Maldon.

The Company also owns the Union Hill Mine at Maldon and the Eureka and Tubal Cain deposits near Walhalla. Both of these locations are being assessed with the aim of adding to the expected production profile from A1 in the medium term.

Location of Projects



Caution Regarding Forward Looking Information

This document contains forward looking statements concerning A1 Consolidated Gold Limited. Forward looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward looking statements as a result of a variety of risks, uncertainties, and other factors. Forward looking statements are inherently subject to business, economic, competitive, political, and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward looking information provided by the Company, or on behalf of, the Company. Such factors include, among other things, risks relating to additional funding requirements, metal prices, exploration, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential title disputes. Forward looking statements in this document are based on A1 Gold's beliefs, opinions and estimates of A1 Gold's as of the dates the forward looking statements are made, and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future development.

Competent Persons Statement

The information in this report that relates to Exploration Results and Mineral Resources 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. Information that relates to exploration and production targets refers to targets that are conceptual in nature, where there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.