



# A1 Consolidated Gold

ASX Release – 29<sup>th</sup> January 2016

## Quarterly Activities Report

**A1 Consolidated Gold Ltd**

ABN 50 149 308 921

ASX:AYC

### Investment Highlights:

#### A1 Gold Mine :

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 :

Fully operational 150,000tpa gold processing facility, Union Hill Mine, including underground development and infrastructure

### Board of Directors:

#### Chairman

Dale Rogers

#### Managing Director

Dennis Clark

#### Non-Executive Directors

Jamie Cullen

Anthony Gray

#### Company Secretary

Dennis Wilkins

### Capital Structure:

488,022,937 Ordinary Shares

237,639,276 Listed Options

9,000,000 Unlisted Options

24,000,000 Unlisted Options

71,428,565 Convertible Notes

### Contact:

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A1 Consolidated Gold Limited (ASX: AYC) ("A1 Gold" or the "Company") is pleased to report its activities for the Quarter ending 31<sup>st</sup> December 2015.

### Highlights:

#### ❖ PYBAR Awarded A1 Gold Mine Mining Contract

- PYBAR to invest \$1.0m in A1 Gold via equity drawdown facility
- Payment to be in A1 Gold shares @ 2.4 cents per share

#### ❖ A1 Gold Mine Development

- Rapid Decline development to 1400 Stockwork Zone
- Mining and Ore Processing Scheduled @ 150,000 tpa<sup>(1)</sup>
- Gold Production Forecast @ 30,000 ounces pa<sup>(1)</sup>

#### • Placement and Share Purchase Plan

- Placement and Share Purchase Plan Announced
- Placement raises \$350,000
- Share Purchase Plan raises \$650,000 (closed 8 January 2016)

#### ❖ Walhalla Project Acquisition

- Company enters into binding agreement to acquire Walhalla Project

Managing Director Dennis Clark commented:

“The December Quarter has seen the Company put in place plans for the rapid development of the A1 Gold Mine. Subsequent to the end of the quarter, PYBAR have commenced work at the A1 Mine site and are achieving above forecast development rates.”

“The recent Placement and Share Purchase Plan combined with PYBAR’s equity for services investment, has placed the Company in an excellent position to bring the A1 Gold Mine into full time production by the end of the first quarter of 2016.”

(1) Updated Scoping Study ASX Announcement 13 Jan 2015





## **A1 Gold teams with PYBAR to Develop the A1 Gold Mine**

A two year contract awarded to a highly experienced underground mining contractor with staged rapid development planned.

- Phase 1. Labour Hire of operating and management personnel, including supply of underground mining equipment. A1 Gold's existing workforce integrated into PYBAR's team with 24/7 mining operations commenced 11 January 2016.
- Phase 2. Supply of mining services, including labour and equipment on a contract basis for the ongoing development and mining at the A1 Gold Mine.

## **\$1.0 million Equity for Services Investment**

PYBAR has a strategy of selectively aligning its interests with its clients by acquiring direct equity in high quality mining operations and companies where it is to provide contract underground mining services.

- PYBAR to invest \$1.0m in A1 Gold via equity drawdown facility
- Payment to be in A1 Gold shares @ 2.4 cents per share

## **Work Commenced 11 January 2016**

Subsequent to the end of the December Quarter, PYBAR commenced contract works at the A1 Mine on January 11<sup>th</sup> 2016.

Mobilisation and personnel site inductions have been completed and the planned staged rapid development is underway.





## Safety & Environment

There were no lost time injuries (LTI's) during the quarter and no reportable environmental incidents.

The Company has achieved in excess of 270,000 hours LTI free at the end of the December Quarter.

## A1 Gold Mine Plan

The appointment of PYBAR as underground mining contractor will see the Company's objectives of rapidly bringing the A1 Gold Mine into full time production achieved in Q1 2016.

The Scoping Study has a forecast gold production of 30,000 ounces per annum at a C3 cost of \$849 per oz and the appointment of PYBAR as underground mining contractor is consistent with the Company's budgeted cost structures and outcomes.<sup>(1)</sup>

With recent increases in the spot gold price to more than A\$1550 per oz, the project economics are progressively more attractive.

(1) Updated Scoping Study ASX Announcement 13 Jan 2015

- Months 1 & 2  
Decline development and ore access drives;
- Month 3  
Production mining of 1400 Stockworks;
- Ongoing Production and ore extensions  
Mining scheduled @ 150,000 tpa  
Diamond drilling program of 6,000 metres per annum with 2 full time rigs funded from cashflow





## A1 Mine Decline Development

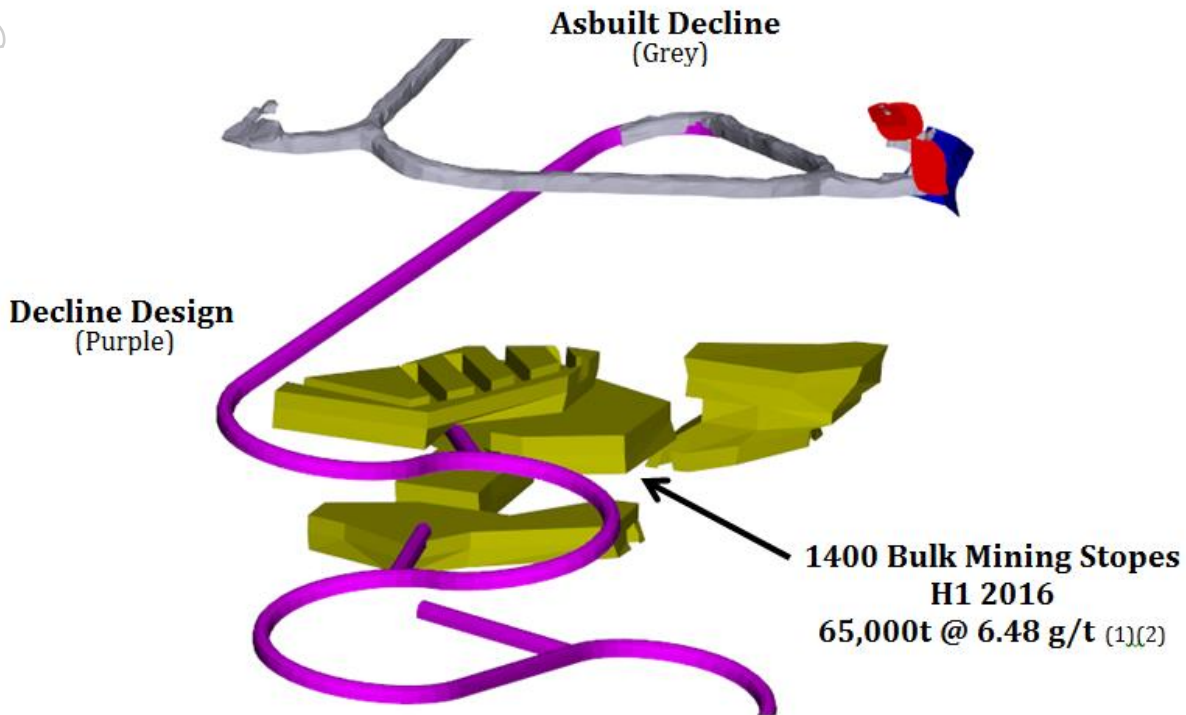


Figure 1. Isometric view of the A1 Mine Decline

- (1) September Quarterly ASX Announcement 30 Sept 2015  
(2) Updated Scoping Study ASX Announcement 13 Jan 2015

## Ore Mining and Processing

Ore processed during the Quarter was sourced from the A1 Mine 1460 level and Union Hill Mine 1080 level.

Gold sales were \$822,311 during the quarter from the sale of 529.46 ounces of gold at an average gold price of AUD\$1,553 per oz.

Revenue from the gold sales was allocated to development works at the A1 Mine.

Production (ore) mining from the A1 Mine 1460 level was put on hold during the December Quarter whilst Decline development progressed through difficult ground conditions and the access drive was used as a waste stockpile. Subsequent to the end of the December Quarter, the Decline development has successfully passed through these poor ground conditions and production mining from the 1460 Level is planned to resume in February.





## Completion of Underwritten Share Purchase Plan & Placement

As announced subsequent to the end of the December Quarter, the Company advised Share Purchase Plan (SPP) was completed on Friday 8 January 2016. The SPP provided eligible shareholders the opportunity to purchase up to \$15,000 worth of fully paid shares in the Company with no associated brokerage at an issue price of \$0.024 per share (capped at \$1,000,000) and was conditionally and partially underwritten by Patersons Securities Limited.

The Company received applications from eligible shareholders to subscribe for 14,666,648 shares, totalling \$352,000. Holder statements were issued on 12 January 2016. Together with the underwritten shortfall of 12,416,686 shares placed by the Underwriter, Patersons Securities Limited and completing on 15 January 2016, the SPP raised a total of \$650,000.

|                                      |            |
|--------------------------------------|------------|
| Total number of SPP shares offered:  | 41,666,667 |
| Number of SPP shares underwritten:   | 27,083,334 |
| Number of SPP shares applied for:    | 14,666,648 |
| Shortfall placed by the Underwriter: | 12,416,686 |

9,027,778 listed options (AYCO) were issued to the Underwriter and its nominees as part consideration for the underwriting of the SPP.

The \$350,000 placement to sophisticated investors and directors has also been finalised, bringing the total raised from recent capital raising activities to \$1,000,000.

As recently announced, Pybar Mining Services has commenced contract mining works under a \$1,000,000 equity for services arrangement that will see decline development and ore access drives to allow production from the 1400 stockworks to commence.

These initiatives place the Company in an excellent position to bring the A1 gold mine into full time production by the end of the first quarter of 2016.

## Annual General Meeting

At the Company's Annual General Meeting on 11 November, all resolutions detailed in the Notice of Meeting were passed on a show of hands. Resolution 4, Approval of 10% Placement Facility and Resolution 5, Approval of Financial Assistance, were Special Resolutions, and were passed with the requisite 75% majority.





## Purchase of Walhalla Mining Tenement

During August 2014 A1 Gold entered into an Option Agreement with Orion to acquire its Walhalla tenements (refer to ASX Announcement dated 29 August 2014). This agreement expired on 31 July 2015, however on 11 August 2015 A1 Gold announced that it had entered into a binding Terms Sheet with Orion to acquire mining licence MIN 5487 for a reduced consideration of \$850,000.

Mining licence MIN 5487 is located in the Woods Point – Walhalla Goldfield, 150 kilometres east of Melbourne, and overlies both the Eureka and Tubal Cain gold deposits.

Staged payment terms for the purchase include \$50,000 cash paid on execution of the Terms Sheet (already paid), \$300,000 paid through the issue of shares at 3.838 cents each on completion of the sale and a 2% net smelter royalty on the sale of gold recovered from the tenement to a value of \$500,000 (with any unpaid amount becoming payable after 36 months).

The Tubal Cain and Eureka gold deposits are predominantly dyke-hosted, with visible and disseminated gold associated with parallel ladder veins similar to the A1 Gold Mine. Eureka was mined from 1867 to 1915 to a depth of approximately 150 metres and produced 70 kilograms of gold. Tubal Cain was worked from 1866 to 1911 to a depth of 100 metres and produced 120 kilograms of gold.

The deposits have a combined Inferred Mineral Resource of **1,085,000 tonnes grading 4.93 g/t Au for 172,100 ounces** of gold (Table 1).

| Table 1.   |                  |             |                |
|--|------------------|-------------|----------------|
| MIN 5487 - Mineral Resource Estimate (January 2014) <sup>1</sup> |                  |             |                |
| Deposit  | Inferred         |             |                |
|  | Tonnes           | Au g/t      | Ounces Au      |
| Tubal Cain   | 932,000          | 4.10        | 122,900        |
| Eureka   | 153,000          | 9.90        | 49,200         |
| <b>Total</b>   | <b>1,085,000</b> | <b>4.93</b> | <b>172,100</b> |

Note 1. Refer to Orion Gold NL (ASX: ORN) ASX Announcement dated 31 January 2014. The Company is not aware of any new information or data that materially affects the information provided in the previous announcement and that all of the previous assumptions and technical parameters underpinning the estimates in the previous announcement have not materially changed.

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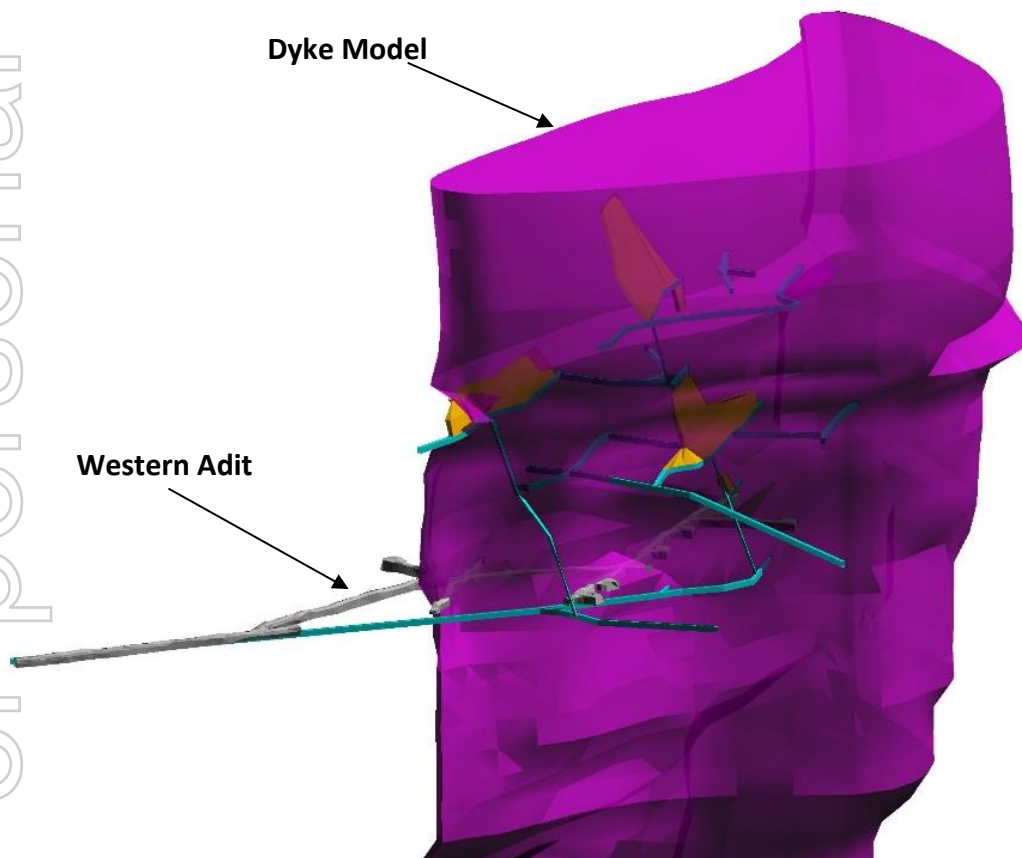


## Diamond Drilling 2015

Two diamond holes (EUSDH-001 and EUSDH-001W1) were drilled to test for gold-bearing quartz reefs above the Western Adit Level, adjacent to the historic mine workings (refer to ASX Announcement dated 11 August 2015). A total of 9 reefs were intersected in EUSDH-001 and 4 reefs in EUSDH-001W1 including the E3 reef in EUSDH-001 that returned 3.2 metres @ 10 g/t Au within the main target zone on the Western Adit Level.

These holes intersected gold-bearing quartz reef within the targeted zone, along with many other mineralised reefs structures. This drilling confirmed the Company's view on the potential for extensions to the identified Mineral Resource at the Eureka Mine.<sup>(1)</sup>

A1 Gold views the Eureka Deposit as a medium-term mining opportunity and plans to develop and mine narrow-vein high-grade gold at the Eureka Deposit to supplement ore from the A1 Mine for processing at its Maldon gold processing plant. Upon completion of the purchase of the mining licence a Mining Work Plan will be lodged with the Victorian Government to provide for the commencement of underground mining in the already developed Western Adit area.



**Figure 1. Isometric View of the Western Adit and Eureka Dyke Model**

(This figure is a screen capture and not to scale. It is provided for illustration purposes only.)

(1) ASX Announcement 11 August 2015





## About the Company

A1 Consolidated Gold Ltd is an emerging junior Victorian gold producer that is developing the A1 Gold Mine near Woods Point and the Union Hill Mine at Maldon to mine ore for processing at the Company's fully permitted 150,000tpa Maldon gold processing facility.

As announced on 11 August 2015, the Company has also agreed to purchase the Eureka and Tubal Cain deposits near Walhalla, southeast of the A1 Gold Mine.

### Location of Projects



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