



A1 Consolidated Gold

ASX Release – 30th December 2015

PYBAR Awarded A1 Gold Mine Underground Mining Contract

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:

458,439,601 Ordinary Shares
227,778,164 Listed Options
9,000,000 Unlisted Options
24,000,000 Unlisted Options
71,428,565 Convertible Notes

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A1 Consolidated Gold Limited (ASX:AYC) ("A1 Gold" or the "Company") is pleased to announce that it has awarded a two year underground mining services contract for its A1 Gold Mine in north-eastern Victoria to PYBAR Mining Services ("PYBAR").

Highlights:

- ❖ **A1 Gold teams with PYBAR to Develop the A1 Gold Mine**
 - Two year contract awarded to experienced underground mining contractor
- ❖ **Staged Rapid Development**
 - Phase 1. Labour Hire of operating and management personnel who will be integrated into A1 Gold's existing workforce to commence 24/7 mining operations.
 - 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 to invest \$1.0m in A1 Gold via equity drawdown facility
 - Payment to be in A1 Gold shares @ 2.4 cents per share

"We are delighted by the confidence shown in the A1 Gold Mine by one of the most experienced underground mining contractors in Australia" commented Dennis Clark, A1 Gold's Managing Director. "The ramping up of underground mining operations to 24 hours a day / 7 days a week will allow us to rapidly bring the mine into full time gold production".

PYBAR's CEO, Mr Paul Rouse commented "With our proven and comprehensive range of services, PYBAR is perfectly aligned to assist A1 Gold in the delivery of the works at the A1 Gold Mine. We look forward to working with A1 Gold to bring the project into ore production"





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 production of 30,000 oz 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.⁽¹⁾

With a spot gold price more than \$1450 per oz, the project economics are attractive.

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

Phase 1 – Rapid Decline Development to Stockwork Zone

Labour hire of PYBAR operating and management personnel, (including the supply of any required plant and equipment), who will be integrated into A1 Gold's existing workforce to provide for the commencement of 24/7 mining operations. It is expected that Phase 1 will extend from the start of January 2016 through to the commencement of ore production in March 2016.

Phase 2 – Production Mining

Supply of mining services, including labour and equipment on a contract basis for the ongoing operation of the A1 Gold Mine. 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. Phase 2 will initially be limited to a 2 year contract and may be extended by mutual consent. PYBAR will be offered preferred contractor status and an exclusive right to bid on any contract extensions.

(1) September Quarterly ASX Announcement 30 Sept 2015





Rationale

The transition from owner operator to underground mining contractor at the A1 Gold Mine will deliver a number of benefits to the Company.

- The commencement of 24/7 mining operations will allow the Company to commence full scale gold production at the A1 Mine earlier than expected.
- The equity placement facility provides certainty of funding for A1 Gold to complete the c.250 metres of development required to generate revenue and commence a steady state of gold production at the A1 Mine.
- The Company will acquire the services and expertise of one of the most experienced underground mining contractors in Australia.
- The Company will no longer require capital to maintain and acquire new mining equipment as the A1 Gold Mine moves into full scale production.

About PYBAR

PYBAR is a nationwide provider with core competencies in metalliferous underground hard rock mining. Founded in 1993, PYBAR's success to date is based on safe, rapid underground infrastructure development and consistent reliable production, delivering on projects from large established mining operations to greenfield developments. Headquartered in Orange, Central NSW, and privately owned, the PYBAR Group has established infrastructure and operations across Australia. The PYBAR Group provides a comprehensive service offering to the mining industry through a number of businesses including PYBAR Mining Services as underground mining contractors, HMR Drilling Services (exploration drilling) and JTMEC (mining electrical). PYBAR has achieved a position of third largest underground hard rock mining contractor in Australia by focusing on productivity and the needs of their clients. PYBAR has a strong solutions-based culture backed by long-standing operational teams, hands-on and experienced senior management and industry-leading systems in both safety and performance reporting.

For more info go to www.PYBAR.com.au





Stage 1 Scoping Study

In January 2015 A1 Gold released the results of a Stage 1 Scoping Study for the A1 Gold Mine with ore processing being carried out at the Maldon gold processing plant (refer to AYC ASX Announcement dated 13 January 2015).

The Scoping Study was completed by independent mining consultants, Mining One, and targets 378,000 tonnes of production over a three year period. This production target equates to 67% of the Mineral Resource Estimate between the 1420 RL and 1310 RL and is made up of approximately 37% Indicated Mineral Resource and 63% Inferred Mineral Resource¹.

A1 Gold have developed the A1 Mine Decline to within 250 metres of the Stage 1 mining area. Once the Decline reaches the 1400 Level, stoping has been scheduled to be mined at an annual rate of 150,000 tonnes per annum grading 6.52 g/t Au to produce 30,000 ounces of gold.

The A1 Gold Mine has a current total JORC (2012) Mineral Resource of 1,420,000 tonnes grading 6.2 g/t Au for 281,200 ounces of gold (Table 1.)

Table 1.								
A1 Gold Mine: Mineral Resource Statement ^{2,3}								
Indicated			Inferred			Total		
kt	g/t Au	koz	kt	g/t Au	koz	kt	g/t Au	koz
250	5.1	41.2	1,170	6.4	240	1,420	6.2	281.2

Note 1. Cautionary Statement: The Scoping Study referred to in this report 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.

Note 2. Mineral Resources which are not Ore Reserves do not have demonstrated economic viability. The estimate of Mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, operational cost, metal price, mining control, dilution or other relevant issues. There has been insufficient exploration at this date to define these Mineral Resources as a Measured Mineral Resources or an Ore Reserve. It is uncertain if further exploration will result in upgrading the Mineral Resources to a Measured Mineral Resource category or to an ore Reserve.

Note 3. Refer to ASX Announcement dated 12 May 2014. The Company is not aware of any new information or data that materially affects the information included 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.





A1 Mine Decline Development

The Company is also pleased to report that it has successfully developed through a section of the Decline which had poor ground conditions, associated with a series of flat-dipping faults and shears, which slowed development and required additional ground support. This work was completed incident free and in a safe manner.

A series of three geotechnical diamond holes were drilled to identify the optimum position for Decline development and provide data to assist with ground support planning. The most recent geotechnical hole A1UGT-006 showed significantly improved ground conditions, which have been confirmed by recent Decline development.

A geotechnical review of the area has also been completed by mining consultants, Mining One, who advise the Company on its ground support management plan.

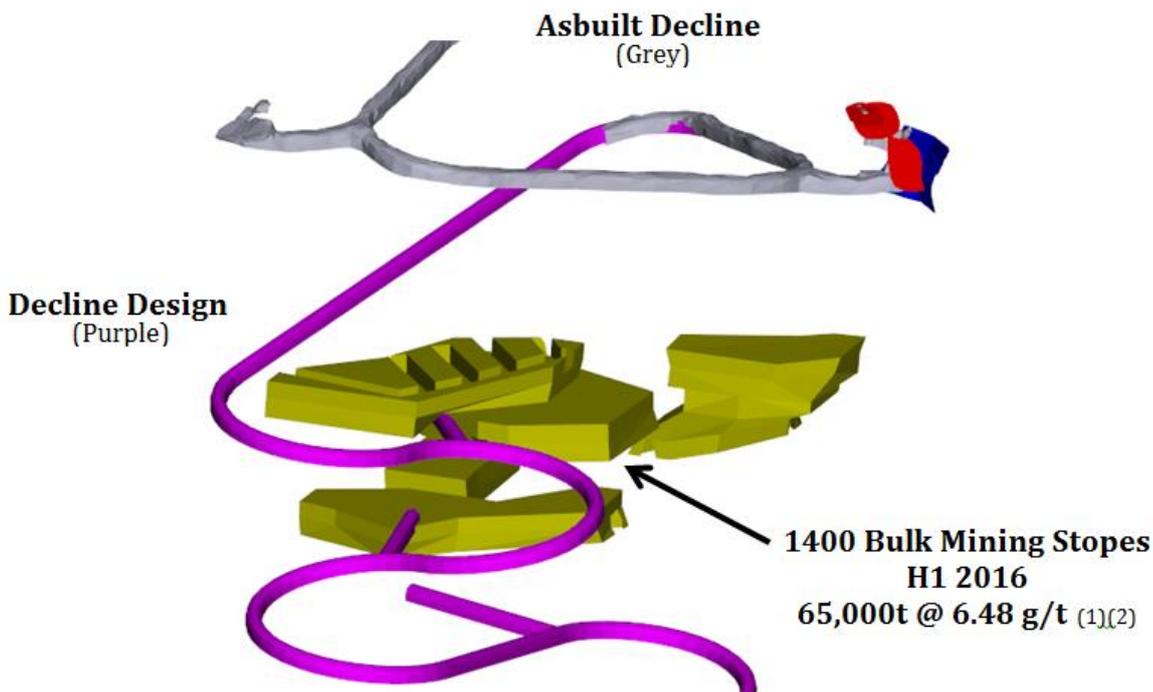


Figure 1. Isometric view of the A1 Mine Decline

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



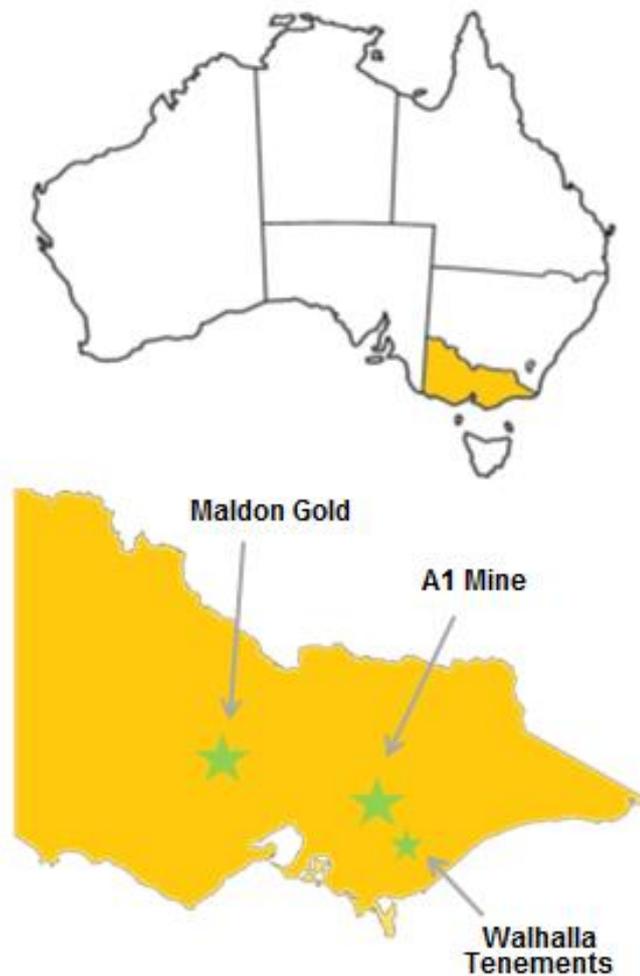


About the Company

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





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.

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.

