



A1 Consolidated Gold

ASX Release – 11th August 2015

Purchase of Walhalla Mining Tenement

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:

446,356,265 Ordinary Shares
223,750,389 Listed Options
9,000,000 Unlisted Options
71,428,565 Convertible Notes

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Highlights:

- ❖ **Purchase of Mining Licence MIN 5487 from Orion Gold NL**
- ❖ **MIN 5487 overlies Eureka & Tubal Cain Deposits**
 - **Inferred Mineral Resources¹**
Tubal Cain: 932,000t @ 4.10 g/t Au for 122,900 oz Au
Eureka: 153,000t @ 9.90 g/t Au for 49,200 oz Au
- ❖ **\$850,000 consideration in staged payments**
 - **\$50,000 upfront payment**
 - **\$300,000 payable in AYC shares at completion 30 November 2015**
7,816,285 shares at \$0.03838 (10 day VWAP prior to 7 August 2015)
 - **\$500,000 payable as a 2% net smelter royalty on gold produced, with any unpaid amount becoming payable after 3 years**
- ❖ **Acquisition increases A1 Gold's Mineral Resource base in Victoria to +500,000 ounces of gold**
 - **Indicated Mineral Resources:**
A1 Gold Mine: 250,000t @ 5.1 g/t Au for 41,200 oz Au²
 - **Inferred Mineral Resources:**
A1 Gold Mine: 1,170,000t @ 6.4 g/t Au for 240,000 oz Au²
Pearl Croydon: 571,000t @ 2.9 g/t Au for 53,000 oz Au³
Tubal Cain: 932,000 tonnes @ 4.10 g/t Au for 122,900 oz Au¹
Eureka: 153,000 tonnes @ 9.90 g/t Au for 49,200 oz Au¹

1. Refer to 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.

2. Refer to AYC ASX Announcement dated 12 May 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.

3. Refer to ORS ASX Announcement dated 20 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.





A1 Consolidated Gold Limited (ASX: AYC) (**A1 Gold** or the **Company**) is pleased to announce that it has entered into a binding term sheet (**Term Sheet**) with Orion Gold NL (ASX: ORN) (**Orion**) for A1 Gold to acquire Orion's Walhalla Project mining tenement MIN 5487 (**Tenement**) in Victoria, which includes the Eureka and Tubal Cain deposits, for total consideration of \$850,000.

Managing Director, Mr Dennis Clark commented, "the acquisition of the Eureka and Tubal Cain deposits at Walhalla helps meet our objective of developing a long-term and sustainable gold mining operation in Victoria. We now have over 500,000 ounces of gold resources within viable cartage distance of our Maldon mill and expect that narrow-vein high-grade gold mined from Walhalla Goldfield will supplement ore currently being mined at the A1 Gold Mine, near Woods Point, and the Union Hill Mine at Maldon".

Key Terms

Key terms of the Term Sheet are:

- \$50,000 cash payment on execution of the Term Sheet;
- \$300,000 consideration through the issue of 7,816,285 fully paid ordinary A1 Gold shares (**Shares**) at the volume weighted average price (**VWAP**) of the Shares as traded on the ASX in the ten trading days prior to 7 August 2015 (\$0.03838). The Shares will be issued to Orion on the Completion Date (being no later than 30 November 2015) and shall not be subject to escrow;
- 2% royalty on net smelter returns from the sale of gold recovered and sold by A1 Gold from the Tenement (**NSR**) to a value of \$500,000. In addition, A1 Gold has granted Orion a put option whereby Orion can, at any time following a period of 36 months from the date of the Term Sheet, require A1 Gold to purchase the NSR at a price equal to \$500,000 less any NSR paid in accordance with the Term Sheet (**NSR Consideration**). Orion can elect to receive the NSR Consideration as cash or Shares issued to Orion at the VWAP of the Shares as traded on the ASX in the ten trading days prior to the date of issue; and
- on or prior to the Completion Date, A1 Gold is required to replace the \$180,000 rehabilitation bond that Orion has on deposit with the Department of Economic Development, Jobs, Transport and Resources, Victoria;

The acquisition of the Tenement is subject to conditions precedent, including the grant of consents required under the Mineral Resources (Sustainable Development) Act.

On 29 August 2014, A1 Gold announced that it had entered into an agreement with Orion where A1 Gold had an option to acquire Orion's Walhalla Project tenements in Victoria, with Orion retaining certain rights to known platinum group element (**PGE**) prospects and any further PGE deposits discovered. The agreement expired unexercised on 31 July 2015.





During the option period, A1 Gold undertook a comprehensive review of the historic data and completed an initial diamond drill hole (refer to the Company's announcement dated 11 August 2015 for results of that exploration). The Company determined that mining licence MIN 5487, which contains the Eureka and Tubal Cain gold deposits, presents the best near-term mining opportunity within the Walhalla Goldfield. The Company plans to develop and mine narrow-vein high-grade gold at the Eureka Deposit for processing at its 150,000tpa Maldon gold processing facility. This ore will supplement the stockwork ore from the A1 Gold Mine, near Woods Point, that is expected to commence production later this year and will complement the narrow-vein high-grade gold currently being mined at the A1 Gold Mine and Union Hill Mine at Maldon.

The consideration price of \$850,000 averages ~\$5 per inferred resource ounce and payment terms negotiated preserve the Company's short-term cash for funding the development of the A1 Gold Mine decline to access and commence mining of the 1400 Stockwork Zone.

Walhalla Goldfield

Walhalla is located 150 kilometres east of Melbourne, with first gold discovered in the area in 1862.

The Walhalla-Woods Point Goldfield is one of the largest goldfields in Victoria, with past production exceeding 4 million ounces of gold at a reported head grade of 25 g/t gold. The Goldfield lies within the Late Devonian Walhalla Synclinorium, near the eastern margin of the Western Lachlan Orogen. Mineralisation is hosted by dykes from the Woods Point Dyke Swarm, a series of ultramafic to felsic dykes occurring over a 75 kilometre long belt with over 400 reef and alluvial gold deposits identified within the Goldfield.

The Tubal Cain and Eureka gold deposits (located within MIN 5487) are predominantly dyke-hosted. Visible and disseminated gold in these deposits is 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.

Exploration (for further information see AYC ASX Announcement dated 11 August 2015)

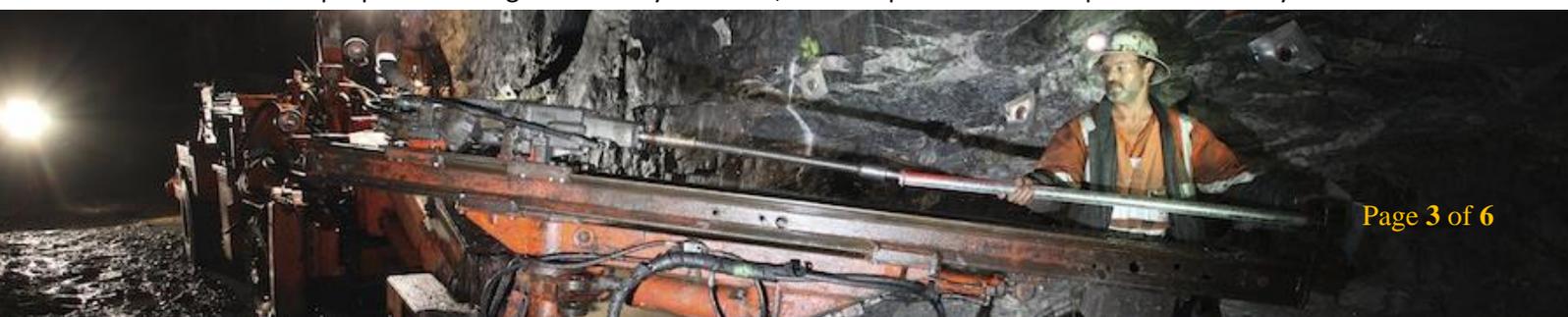
Recent exploration on MIN 5487 has been conducted by several companies and concentrated on the Tubal Cain and Eureka gold deposits, with continued success enabling current Inferred Mineral Resources to be reported on these deposits.

A significant proportion of recent exploration has been conducted with diamond drilling, allowing for accurate geological and structural modelling of the deposits. Extensive underground sampling has also been conducted by several companies which have identified significant mineralisation within existing mine development.

Goldstar Resources NL (now Orion Gold NL) conducted a bulk-sampling project at the Eureka Mine in 2007 – 2008 which included jumbo development of the Western Adit plus additional strike driving on reef deposits.

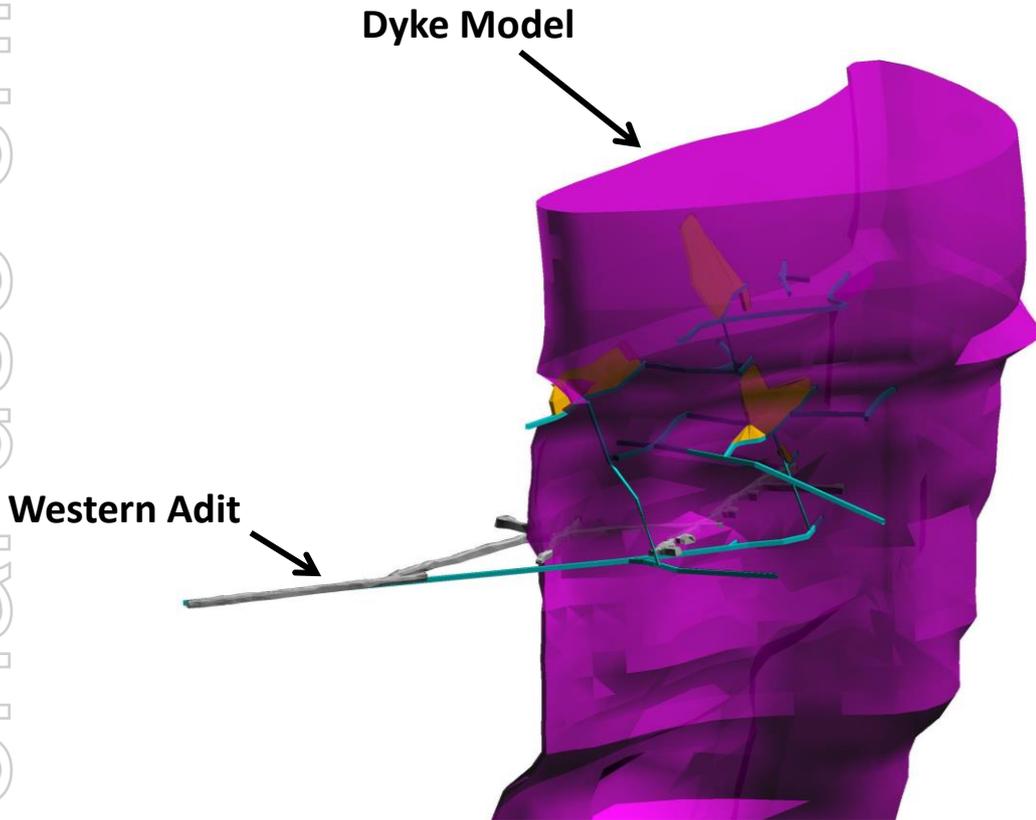
A1 Gold intends to lodge a mining work plan with the Victorian Government to provide for the commencement of narrow-vein underground mining in the already developed Western Adit area at the Eureka Mine.

With access to the proposed mining area readily available, initial capital costs are expected to be very low.





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

Figure 1: Isometric View of Western Adit and Eureka Dyke Model

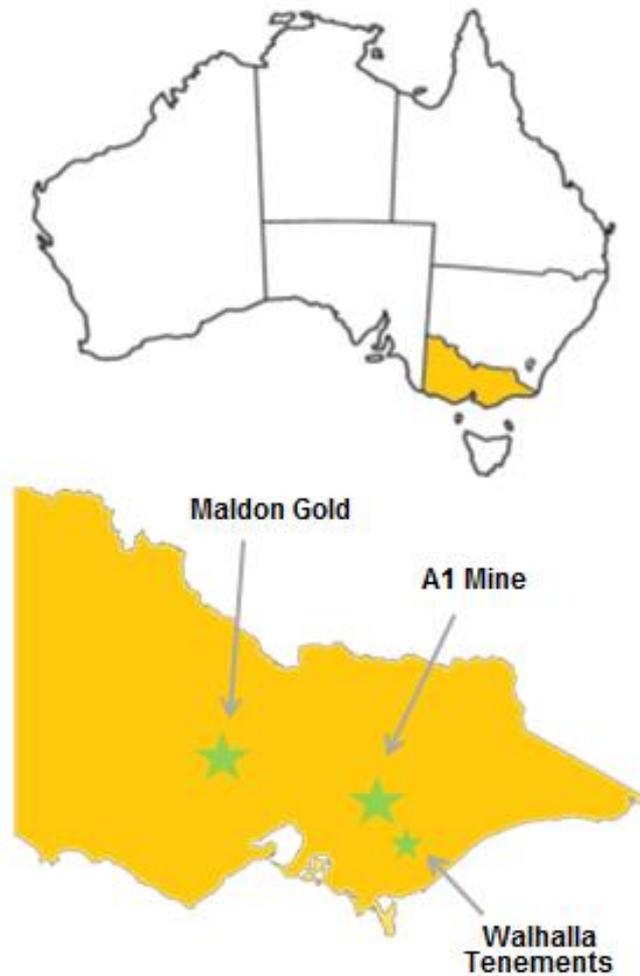




About the Company

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 150,000 tpa Maldon gold processing facility.

Figure 2: Location of Projects



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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 that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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.

