



# A1 Consolidated Gold

ASX Release – 29<sup>th</sup> April 2015

## Quarterly Activities Report

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 and infrastructure

**Executive Chairman**  
Dale Rogers

**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

#### Contact:

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

### Highlights:

- ❖ **Mine Development at A1 Reaches 1410 Level**
- ❖ **Pybar complete Phase 1 Rapid Decline Development**
- ❖ **Ore Processing Continues at Maldon**
- ❖ **Completion of Underwritten SPP and Placement and Ian Gandel welcomed as significant Shareholder**
- ❖ **Walhalla Project Acquisition Completed and A1's Resources increased to +500,000 ounces**

### Significant Events Subsequent to the Quarter End:

- ❖ **Company received \$758,154 in revenue from Gold sales**
- ❖ **Significant Drilling Campaign Commenced and Board Changes**

### Safety and Environment

There were no Lost Time Injuries and no reportable environmental incidents during the Quarter. The Company had achieved over 275,000 hours Lost Time Injury Free by the end of the Quarter.

### A1 Gold Mine

As announced on 30 December, 2015 a mining contract was awarded to PYBAR Mining Services ("PYBAR") an experienced and well regarded contractor in the mining industry.

During the Quarter PYBAR mobilised to site and commenced underground development in mid-January. As a result of PYBAR's performance underground development rates at the A1 mine improved significantly.

As announced on 6 January, 2016 the objective of **Phase 1 Rapid Decline Development** of the PYBAR scope of work was to reach the 1410 Level drives before the end of March, 2016. This target was achieved and announced on March 1, 2016.



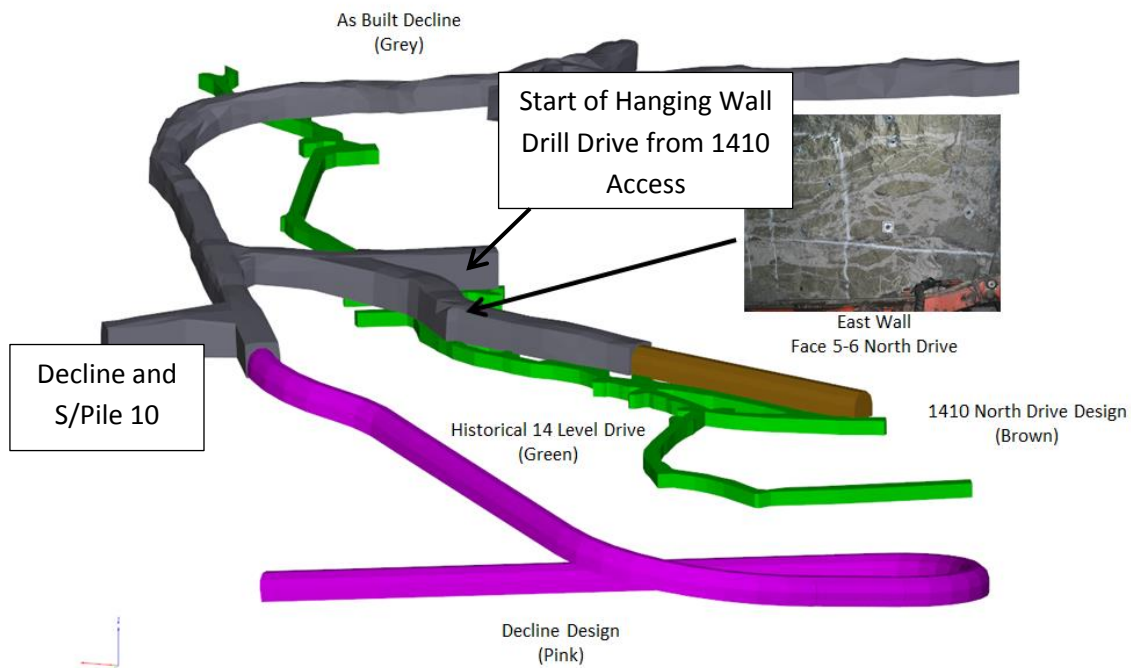


Between early March and mid-April development work completed by PYBAR consisted of construction of ore drives on the 14 Level, extension of the Decline along the Eastern side of the deposit and completion of a hanging wall drill drive from the 1410 Access in preparation for diamond drilling.

As expected, several small voids associated with the historical 14 Level development were intersected with some impact on ore drive development. Ground conditions within the mineralised dyke are competent, with good rates of advance being achieved. Gold mineralisation on the 1410 Level is concentrated within dilational breccia zones, with higher grades located near the intersection of shear zones.

As part of the ongoing mine development, the 1410 South primary vent drive was completed and stockpile 10 established in the Decline, ready for development towards the 1380 Level.

Subsequent to the end of the Quarter, as announced on 22 April 2016, development was paused to enable diamond drilling from the newly developed hanging wall drill drive, to the west of the mineralisation and from the Decline to the east.



**Figure 1. Isometric view Looking South of the A1 Mine Decline and 1410 North Ore Development (now completed)**

During the Quarter A1 Gold issued 41,666,667 fully paid ordinary shares to PYBAR at \$0.024 per share as consideration for services rendered to the value of \$1 million in accordance with an initial agreement with PYBAR announced on 30 December 2015. In addition to this, and at PYBAR's request, the Company agreed to issue a further 15,183,363 fully paid ordinary shares at \$0.026 per share for the balance of \$394,767.44, being the total cost of mining services provided by PYBAR during January and February 2016 (refer to ASX Announcement dated 31 March 2016).





## Ore Processing Continues at Maldon

Ore mined from the 1410 Drive is being trucked to the Company's Maldon Treatment Plant. The mill has operated on a single shift, four days per week since milling operations recommenced towards the end of the Quarter. No significant downtime was recorded at the Treatment Plant during the reporting period. The Maldon plant is achieving forecast throughput rates and availability.



**Figure 2. Operating Maldon Treatment Plant**

Milling recommenced on 15 March to process ore from the 1410 Level. A total of 1,958 dry tonnes was processed in March (during the quarter) at a reconciled head grade of 4.47g/t, with a recovery of 87.5% to produce 246 ounces of gold. There was a net increase to the gold in circuit during the quarter as loaded carbon grades returned to normal operating levels.

Subsequent to the end of the Quarter milling continued with a further 348 ounces of gold poured in April. During April the Company received revenue, net of refining charges, of \$758,154 from sales of 463.5 ounces of gold and 56.7 ounces of silver. The average sale price of gold of AUD\$1,633 per ounce was well in excess of the gold price used in Scoping Studies for the A1 Mine (AUD\$1,300 per ounce).

The Company will continue ore processing activities and pouring gold doré bars to generate revenue during the June Quarter.





Figure 3. Gold Pour at Maldon Treatment Plant

### **Completion of Underwritten SPP and Placement**

The Company's Share Purchase Plan (SPP), which completed on 8 January 2016 together with the placement of Shortfall Shares and subsequent Placement, resulted in additional working capital of approximately \$1 million being raised during the quarter.

### **Mr Ian Gandel welcomed as significant Shareholder**

During the Quarter Mr Ian Gandel was welcomed as a significant Shareholder in the Company after lodging an initial notice of interests of substantial holder (refer ASX announcement 24 February 2016) for approximately 24% of the Company's shares. Mr Gandel was previously a significant shareholder in Octagonal, the former owner of the Maldon Mill and Union Hill Mine site, and is a very highly regarded and experienced investor in the mining industry.



## Diamond Drilling Campaign

Development of a hanging wall Drill Drive, from the 1410 Access, was prioritised in March and subsequently completed in April.

Diamond Drilling commenced in late April, from the Decline to define east dipping breccia zones within the dyke and from the recently completed Hanging Wall Drill Drive (positioned to the west) to define west dipping breccia zones and veins within the dyke.

The Drilling Campaign will consist of Four Phases representing four target areas within the mine.

- **Drill Target 1 - Below 1410 Crosscut area**

Infill drilling is required to accurately define ore outlines and stoping shapes for the next 4 – 6 months of mining. This drilling is targeting the down dip extension of high grade ore mined (see photo of Face 5-6 in Figure 1 above) in the 1410 Ore Drive during March and April.

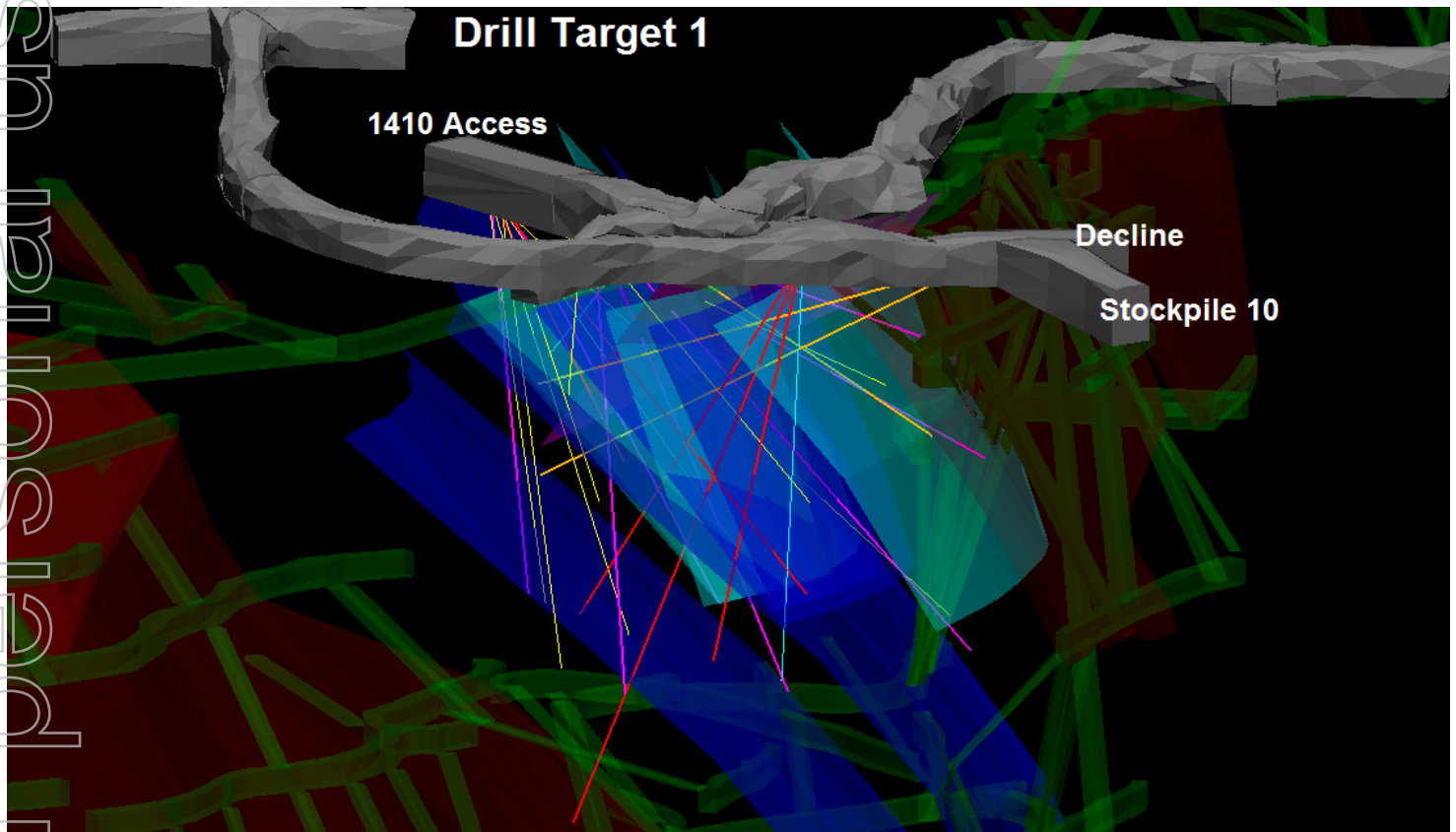


Figure 4. Isometric View of 1410 area (North to right) showing some of the Drill Target 1 planned drilling from the Decline, to the East, and Hanging Wall Drill Drive from 1410 Access to the West



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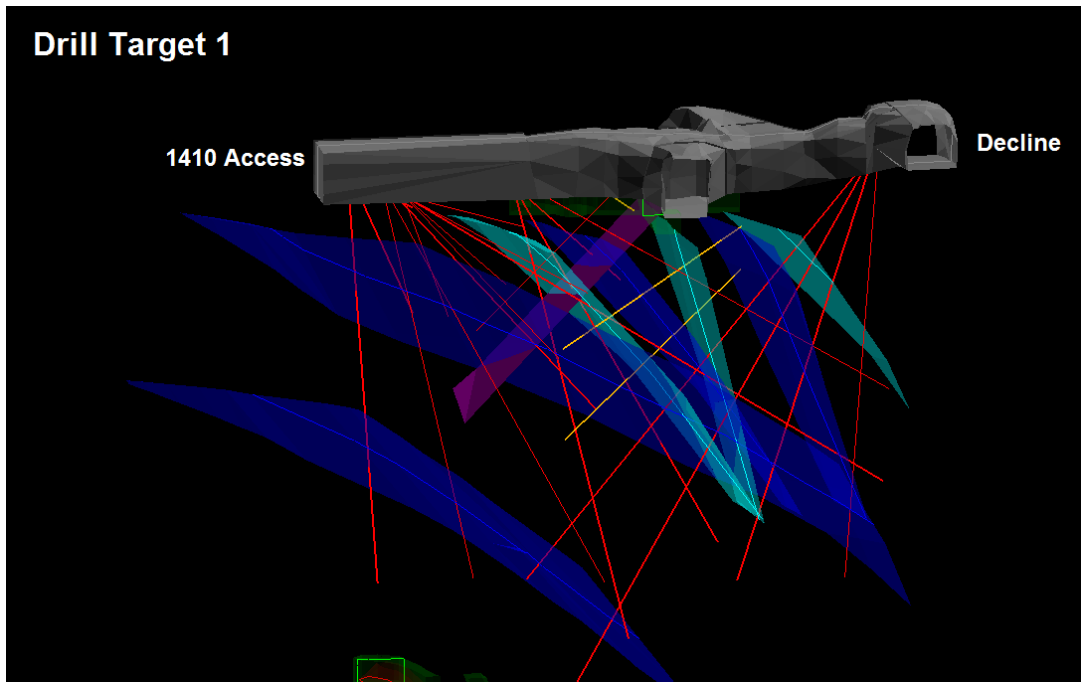


Figure 5. Isometric View of 1410 area showing some of the Drill Target 1 planned drilling from the Decline (to East) and Hanging Wall Drill Drive (1410 Access to West). Interpreted Reefs/Breccia's in Blue and Purple.

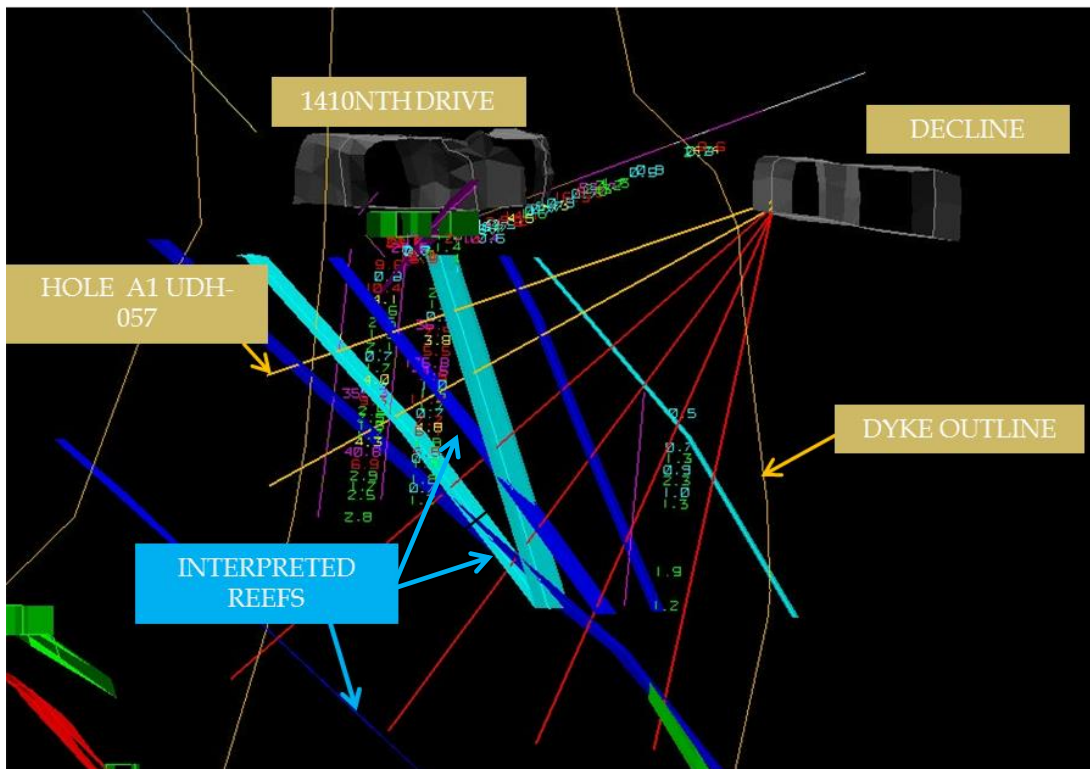


Figure 6. Cross Section (looking North) showing first fan of holes being drilled from Decline





The first hole drilled at Drill Target 1 was hole A1 UDH-057. This is the top hole in a fan of holes shown on the cross section in Figure 6, above.

Assay results for this hole are still pending, however the logging of breccia zones in the drill core closely aligned with the blue shaded breccia zones shown in Figure 5 and 6, above.

Figures 7 and 8 below show the complete run of core for hole A1 UDH-057 between approximately 13 metres and 36 metres depth.

This drill hole intersected numerous breccia zones (typically white due to quartz) containing visible gold in many. The core in Figures 7 and 8 shows these breccia zones in yellow boxes. Areas with visible gold are indicated by the red circles.

The diorite dyke between the dilational breccia zones has been altered by hydrothermal, gold-bearing fluids that travelled along the conduits the breccia zones provided through the Dyke. This core displays a distinctive green-grey to green-yellow colour with up to 10% disseminated and coarse sulphide minerals.

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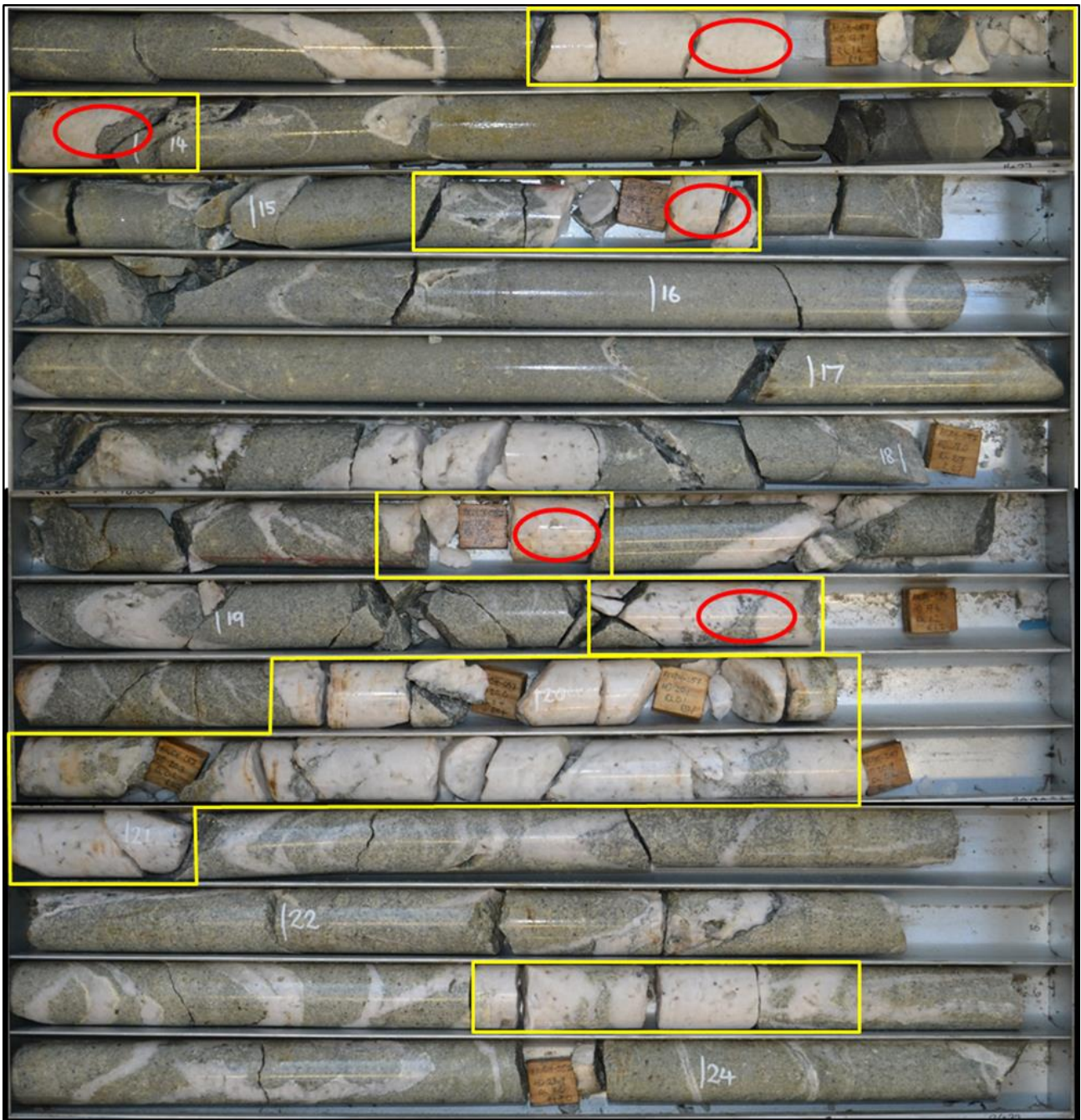


Figure 7. Diamond Drill Core from Hole A1UDH-057 13m to 24m. Visible Gold occurrences (Red Circles) within Dilational Breccia Zones (Yellow Boxes). Down-Hole depth (m) marked on Core.





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Figure 8. Diamond Drill Core from Hole A1UDH-057 24m to 35m. Visible Gold occurrences (Red Circles) within Dilational Breccia Zones (Yellow Boxes). Down-Hole depth (m) marked on Core.



- **Drill Target 2 – Follys Reef**

Drill Target 2 is located to the north of Drill Target 1, with drilling to be completed from the 1410 North Drive to test several levels beneath the 14 Level.

Level mapping of strike drives on the historic 16 Level (Maldon, North & No2. Reefs) and drill intersections within the resource model in this area support a series of 50-65° east dipping reefs between the footwall of Burns Reef and the hanging wall of Victory Reef.

Drill Target 2 has a larger tonnage potential than Drill Target 1 however, as more drilling is required to test this target area it will be drilled second to better fit with the mine schedule.

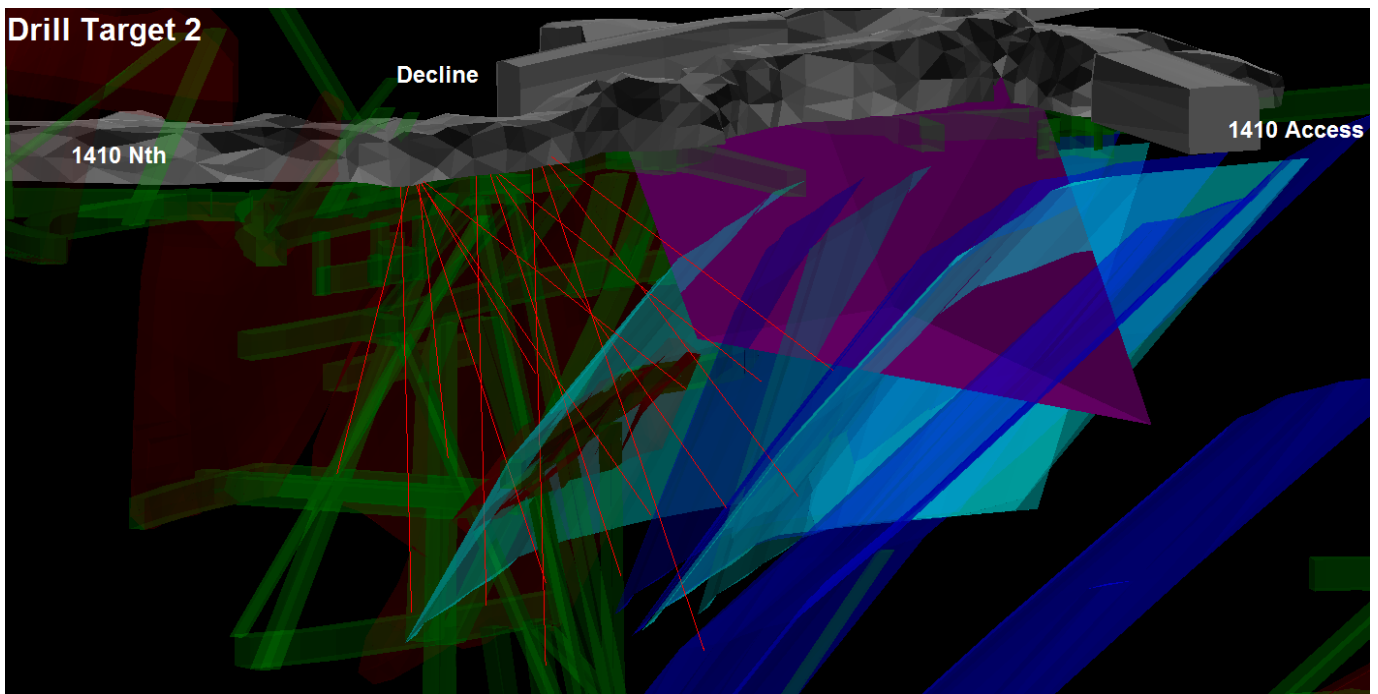


Figure 9. Isometric View of 1410 Level (looking South East) showing Drill Target 2 planned holes.

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- **Drill Target 3 – Wrights-Goodz reefs area 1410 North Drive**

This drilling program will consist of relatively short holes to locate reefs and ore shoots adjacent to the high grade areas being mined from the 1410 Level. Shoots are likely to be higher grade and narrow. This target is located to the North of the existing Resource and although supported by current high grade mining being undertaken there is little drilling in the area and therefore has been ranked as the third priority target.



Figure 10. Isometric View of 1410 North Drive (looking East) showing Drill Target 3 planned holes.

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- **Drill Target 4 – Hanging wall of Victory Reef south**

This target area is located to the south of Drill Target 1. The hanging wall of the Victory Reef south can be drilled from the old 14 Level, coloured green, both above and below the level.

With many eastern dipping breccia zones identified in drilling to the north of this area there is a reasonable likelihood of high grade reefs in this area. This drilling will also test the 15 Level Victory shaft pillar.

High grade gold intersections returned from Drill Target 4 will be relatively easy to access as it is located to the south of Drill Target 1 area. Development in this area would also provide a platform to infill drill the existing Resource at depth between the historic 15-21 levels.

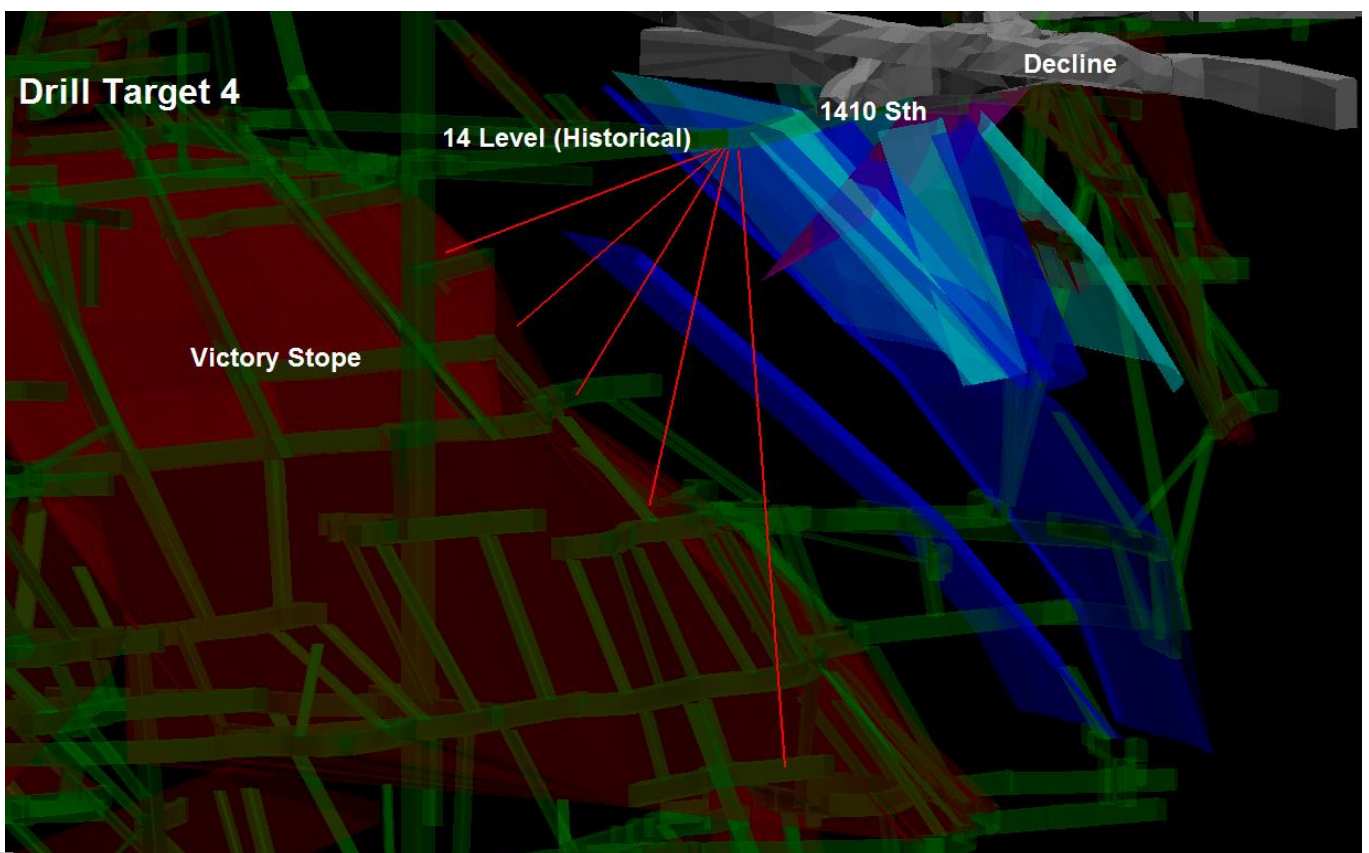


Figure 11. Isometric View of 14 Level (looking North West) showing one fan of holes from Drill Target 4.

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## Purchase of Walhalla Project

During the quarter the Company announced that it had completed a purchase agreement (Agreement) with Orion Gold NL (ASX:ORN) (Orion) to acquire MIN5487 (Walhalla Project) (refer ASX announcement 1 February 2016).

The highlights of this acquisition were;

- Purchase of Mining Licence MIN 5487 which overlies the Eureka & Tubal Cain Deposits
- Inferred Mineral Resources
  - 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

### The acquisition increases A1 Gold's Mineral Resource base in Victoria to +500,000 ounces of gold

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 (already issued) 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).

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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.

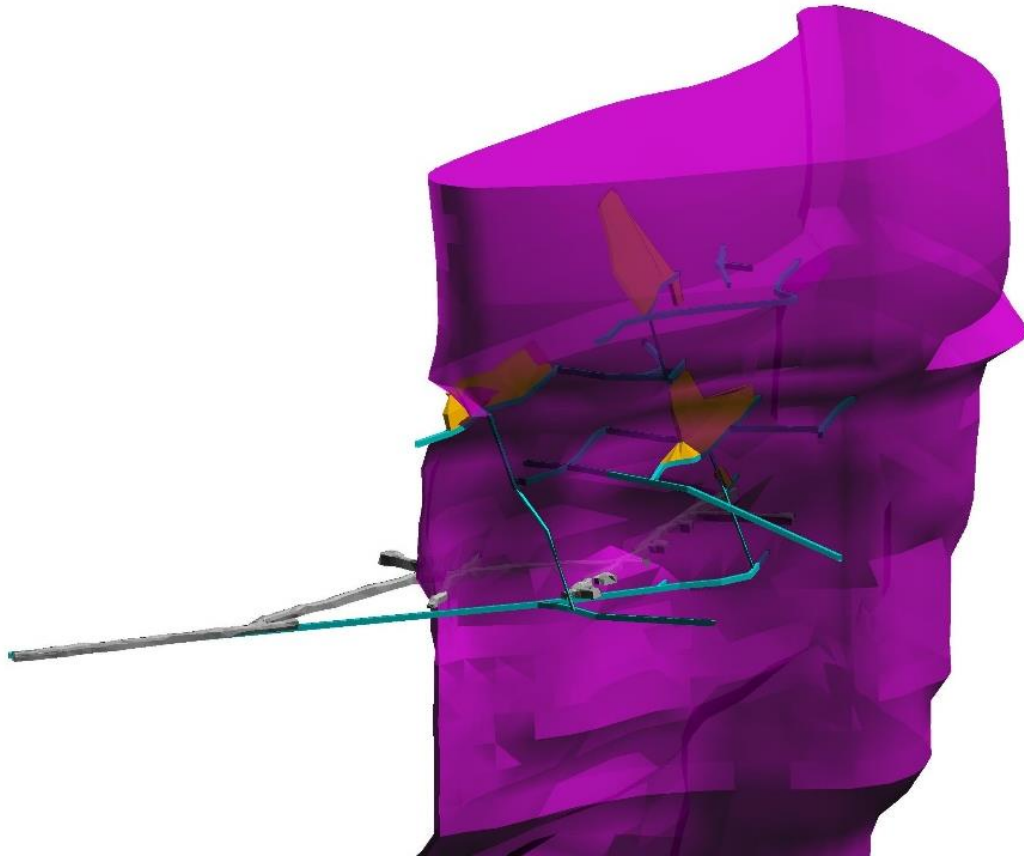
## Diamond Drilling 2015

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.

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.





**Figure 12. 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.)

### **Board Changes**

Following discussions between A1 Gold and Mr Dennis Clark, the Company wishes to advise that upon expiry of Mr Clark's employment contract on 31 May 2016, Mr Clark's contract will not be extended. The Company also advises that Mr Dale Rogers has assumed the role of Executive Chairman.

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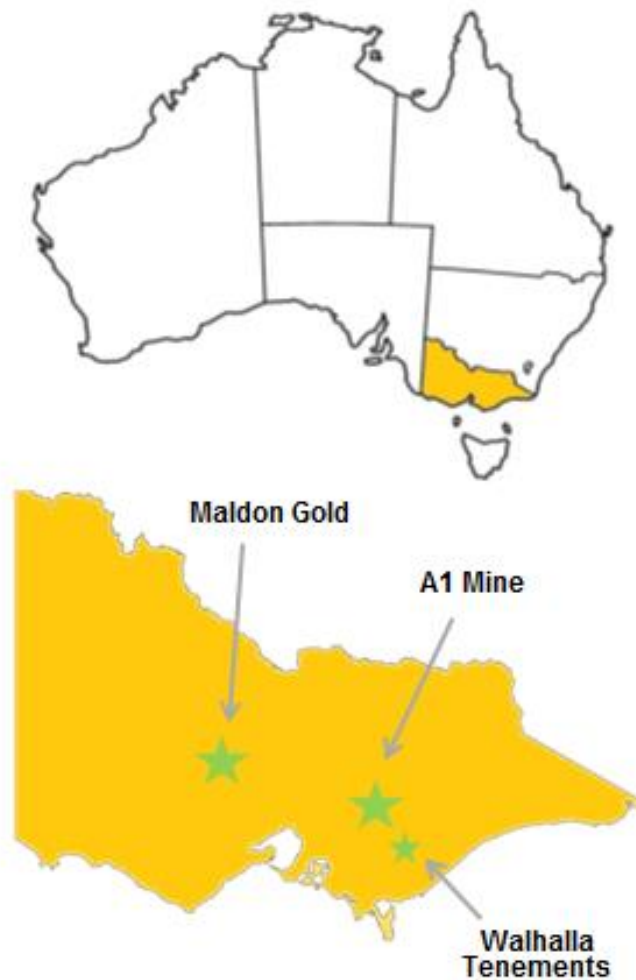


## About the Company

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

The Company is also developing the Union Hill Mine at Maldon and the Eureka and Tubal Cain deposits near Walhalla to provide high-grade ore to supplement the A1 Mine production.

### 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, 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.

