



A1 Consolidated Gold

ASX Release – 31st October 2013

Quarterly Activities Report

A1 Consolidated Gold Ltd

ABN 50 149 308 921

ASX:AYC

Investment Highlights:

Advanced project on granted mining lease – fully operational mine site including underground development & infrastructure

Mineral Resources in accordance with the JORC Code (2004)

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

Developing decline at approx 100 metres per month

Board of Directors:

Chairman

Ashok Parekh

Managing Director

Dennis Clark

Non-Executive Directors

Morrie Goodz

Peter Chen

Joint Company Secretary

Emma Walczak

Dennis Wilkins

Capital Structure:

162,346,852 ordinary shares

28,666,667 unlisted options

Contact:

Emma Walczak

Dennis Wilkins

Tel: +61 8 9389 2111

info@a1consolidated.com.au

A1 Consolidated Gold Limited (ASX: AYC) is pleased to report its activities for the Quarter ending 30th September 2013.

Highlights:

- ❖ **Placement of \$4 million in two tranches**
- ❖ **Toll Treatment Agreement for 150,000 tpa**
- ❖ **Mine Plan Review completed by Mining One**

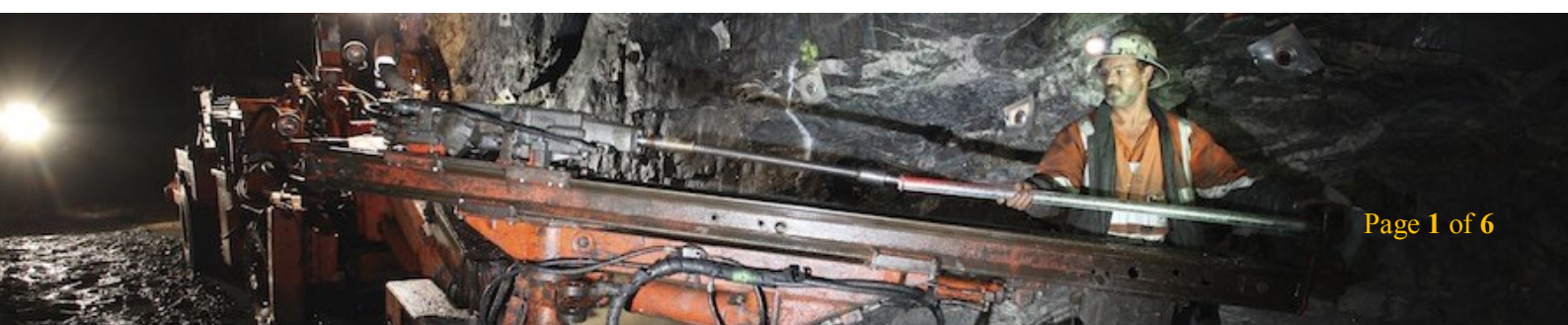
Tranche 1 of the Placement transaction has been completed with the placement of 24,137,931 fully paid ordinary shares to LionGold Australia Pty Ltd, a wholly owned subsidiary of LionGold Corp Ltd (SGX:A78). Further information on LionGold Corp Ltd can be found on their website at www.liongoldcorp.com.

As part of the Company's Mine Plan, AYC has entered into a Toll Treatment Agreement with Balmaine Pty Ltd. The terms of the Ore Tolling Agreement have been designed to meet consultants, Mining One's planned schedule for the mining of the 1400 Stockwork Zone at a peak extraction rate of 150,000 tpa.

Mining One has undertaken a review of the Mine Plan for the development and scheduling of the production mining of the 1400 Stockwork Zone at the A1 Gold Mine. The scope of the review includes Mine Design, Stope Design using Mining Shape Optimisation software (MSO), Mining Inventory and a Financial Model.

Managing Directors Comments

Managing Director Dennis Clark said "The Company has continued to work hard developing its 100% owned A1 Gold Mine during the last quarter and continues to be focussed on bringing the 1400 Stockwork Zone production."





Placement

The Placement transaction will see 34,482,759 fully paid ordinary shares issued to raise \$4 million. The funding will come into A1 Consolidated Gold in two tranches. The first tranche of \$2.8 million with the issue of 24,137,931 new fully paid ordinary shares will give LionGold Corp Ltd approximately 14.87% of the enlarged capital of A1 Consolidated Gold Ltd. The first tranche of shares will be issued to LionGold under the Company's 15% capacity pursuant to ASX Listing Rule 7.1 and under the Company's further 10% capacity pursuant to ASX Listing Rule 7.1A.

Following the satisfaction of the conditions precedent, which include AYC shareholder approval and approval from any necessary government agency (including the Foreign Investment and Review Board for LionGold to acquire more than 15% of the Company), a second tranche of 10,344,828 shares to raise \$1.2 million will be issued giving LionGold Corp Ltd a further holding of approximately 5.05% for a total holding of approximately 19.92%.

Completion of Tranche 1 Share Placement

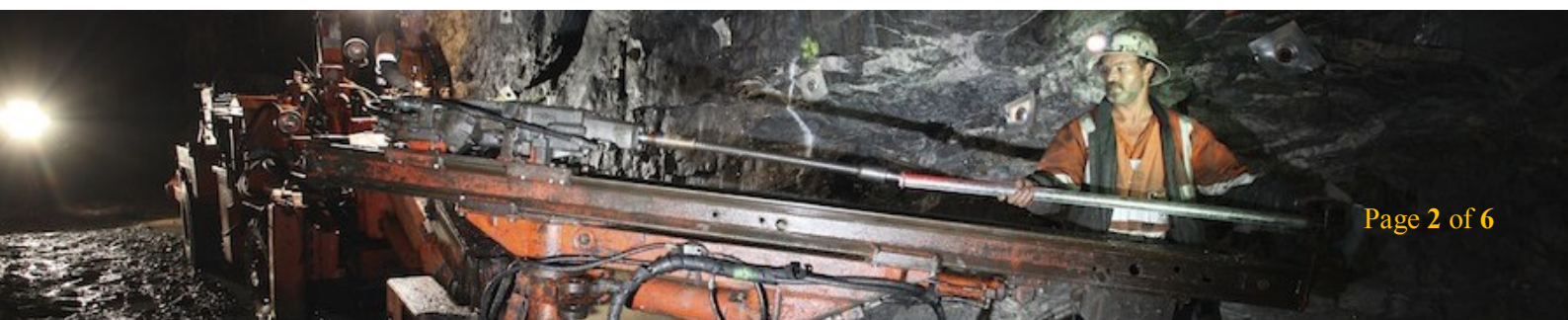
Tranche 1 of the Placement transaction has been completed with the placement of 24,137,931 fully paid ordinary shares to LionGold Australia Pty Ltd, a wholly owned subsidiary of LionGold Corp Ltd (SGX:A78). The Company issued 20,731,338 shares under Listing Rule 7.1 and 3,406,593 under Listing Rule 7.1A. An Appendix 3B and Section 708A(5) of the Corporations Act Notice relating to the allotment was lodged with ASX on 27th September 2013.

In accordance with the requirements of ASX Listing Rule 3.10.5A, the following information is provided:

- The dilution to existing shareholders as a result of:
- The issue under Listing Rule 7.1 is 12.77%;
- The issue under Listing Rule 7.1A is 210%; and
- The total placement is 14.87%.

No existing security holders participated in the Tranche 1 Placement Shares.

The issue of the Tranche 1 Placement Shares was made as it was considered a more efficient mechanism for raising money for the Company. The placement did not expose the Company to market volatility that might have been experienced over a more protracted capital raising process such as that experienced in other capital raising avenues. There were no underwriting arrangements and there were no fees payable to brokers in connection with the issue.





Toll Treatment Agreement

A1 Consolidated Gold has entered into an Ore Tolling Agreement with Balmaine Gold Pty Ltd (A wholly owned subsidiary of Castlemaine Goldfields Ltd). Castlemaine Goldfields Ltd is a wholly owned subsidiary of LionGold Corp Ltd

The terms of the Ore Tolling Agreement have been designed to meet consultants, Mining One's planned schedule for the mining of the 1400 Stockwork Zone at a peak extraction rate of 150,000 tpa.

The Ore Tolling Agreement is for up to 150,000 tpa for a total of 450,000 tonnes over 3 years and may be extended by agreement to align with the December 2019 timeframe of the current mining design.

Safety

A1 Gold Mine (MIN5294)

There were no lost time injuries during the quarter.

The Company has achieved in excess of 160,000 hours lost time injury free (LTI) at the end of the September Quarter.

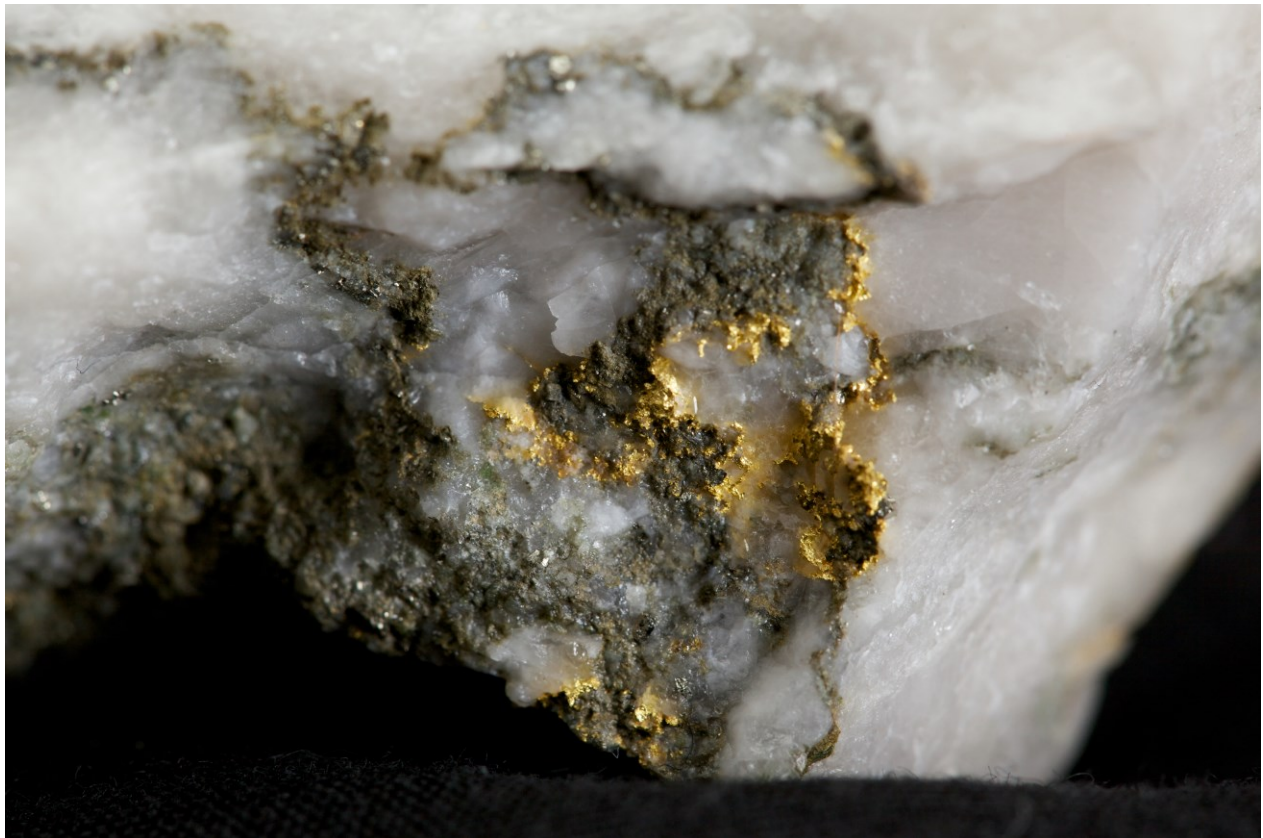
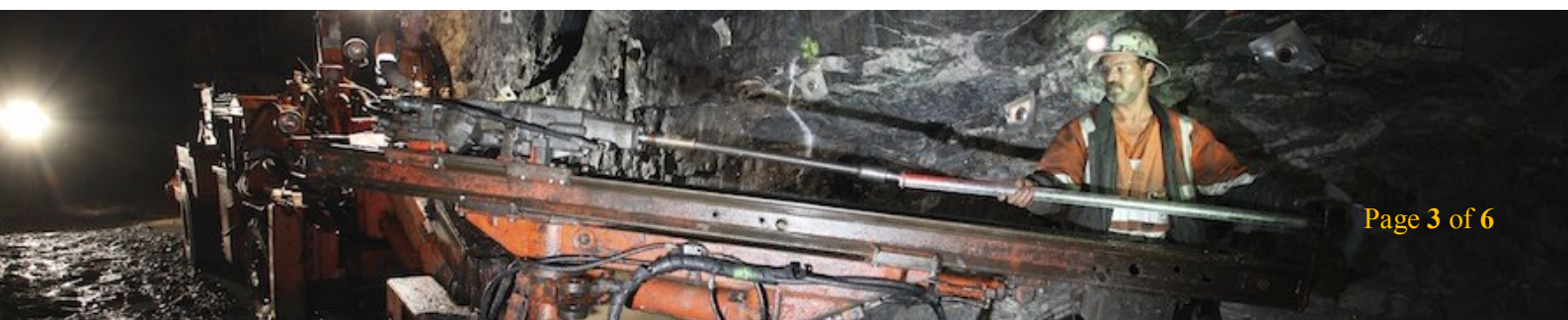


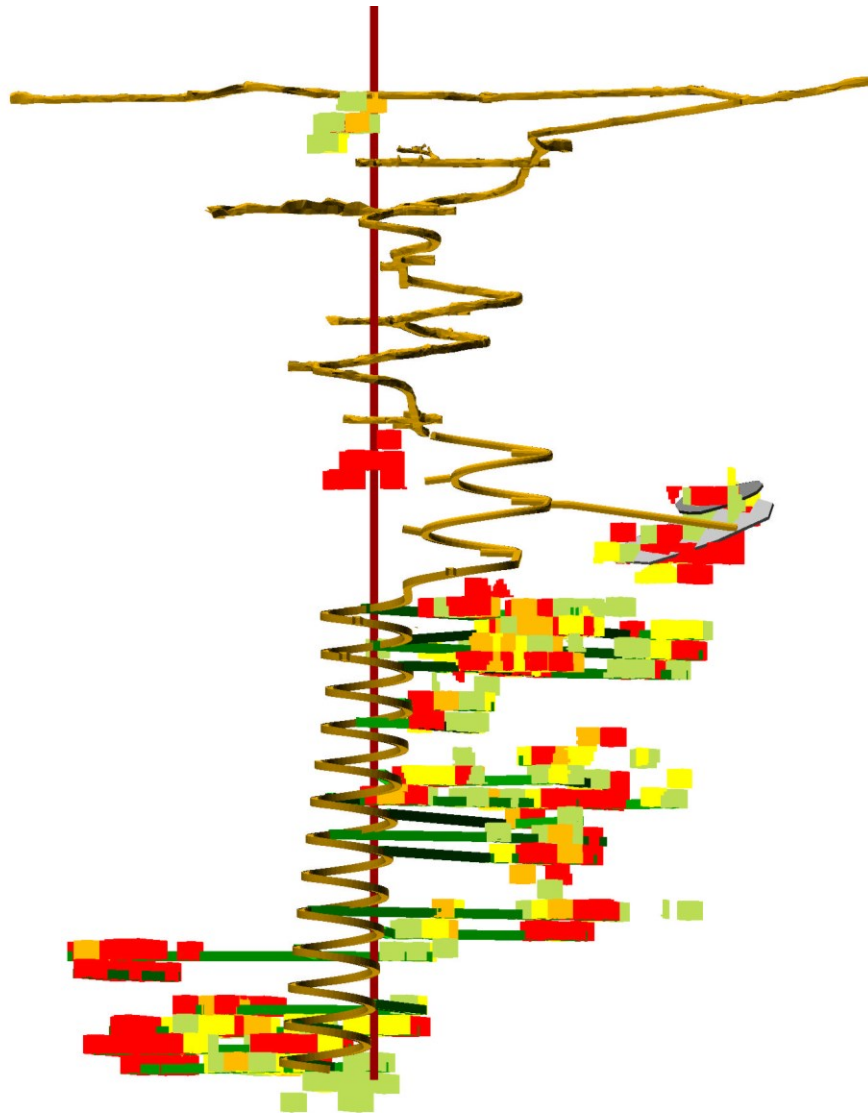
Figure 1: Gold Specimen from A1 Gold Mine





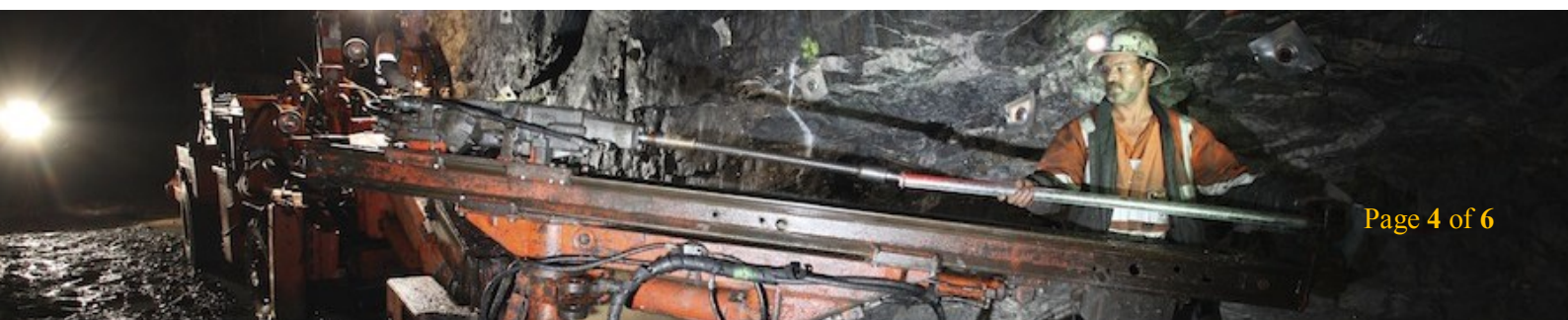
Mine Plan Review

As part of the Mine Plan Review by consultants Mining One, the mine scheduling and method was designed using Mining Shape Optimisation software (MSO). The mining design is for a combination of bulk mineable blocks and narrow vein high grade mining.



(Figure is a screen capture and not to be scaled, but for illustration purposes only)

Figure 2: Isometric View of Decline Development and MSO Stopes





1400 Stockwork Resource Block

The 1400 Stockwork Zone represents a bulk mineable block located below the 1500mRL at the A1 Gold Mine in North-eastern Victoria.

The JORC Mineral Resource has been upgraded in both size and classification to:-

135% increase in total resources to 1.4Mt @ 6.2 g/t Gold for 281,200 oz Gold ^(1,2), as follows:

- Indicated Mineral Resource 250,000t @ 5.1 g/t Gold
- Inferred Mineral Resource 1,170,000t @ 6.4 g/t Gold

Reported in accordance with The JORC Code (2004), the resource is classified as an **Indicated and Inferred Mineral Resource** ⁽¹⁾ as follows:

Class	Tonnes	Au g/t	Au Ounces
Indicated	250,000	5.1	41,200
Inferred	1,170,000	6.4	240,000
Total	1,420,000	6.2	281,200

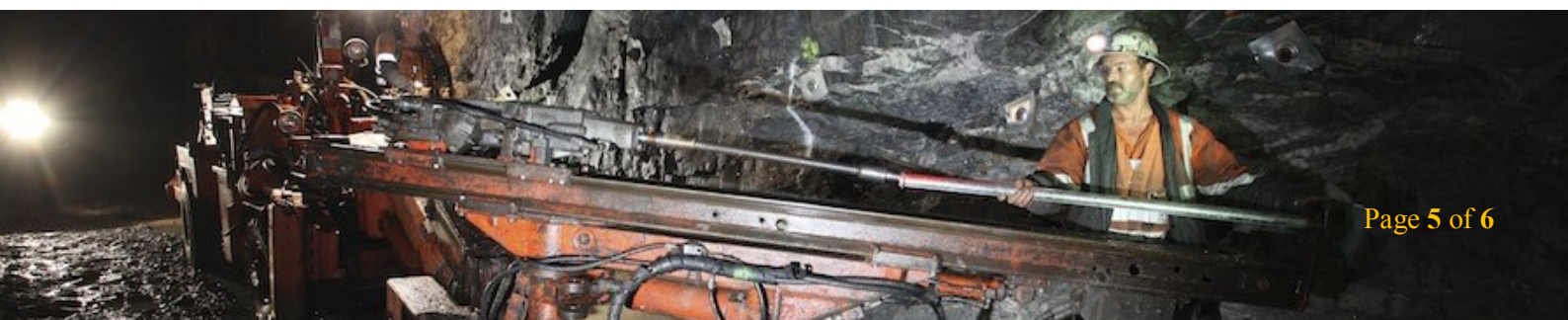
Note: Blocks reported where Au \geq 3.0g/t, between 1000mRL and 1500mRL. Datamine model a1_113md. The model has been depleted due to underground mining. Differences may occur due to rounding.

Table 1: 1400 Stockworks Mineral Resource

⁽¹⁾ 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 Resource 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.

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 2004 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.





About the Company

A1 Consolidated Gold Ltd is a junior gold exploration company focused on developing the A1 Gold Project in the Woods Point – Walhalla Goldfield located in north-eastern Victoria (Figure 4). The Company has also acquired two mineral tenements to the north of the A1 Gold Mine for further exploration. A1 Consolidated Gold is currently undertaking underground development at the A1 Gold Mine. The mining design is for a bulk mineable block.

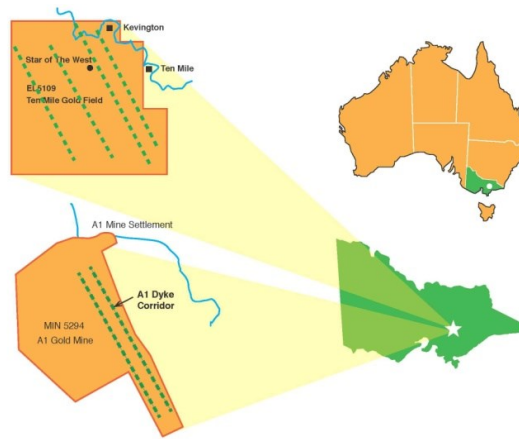


Figure 4: Location of Tenements

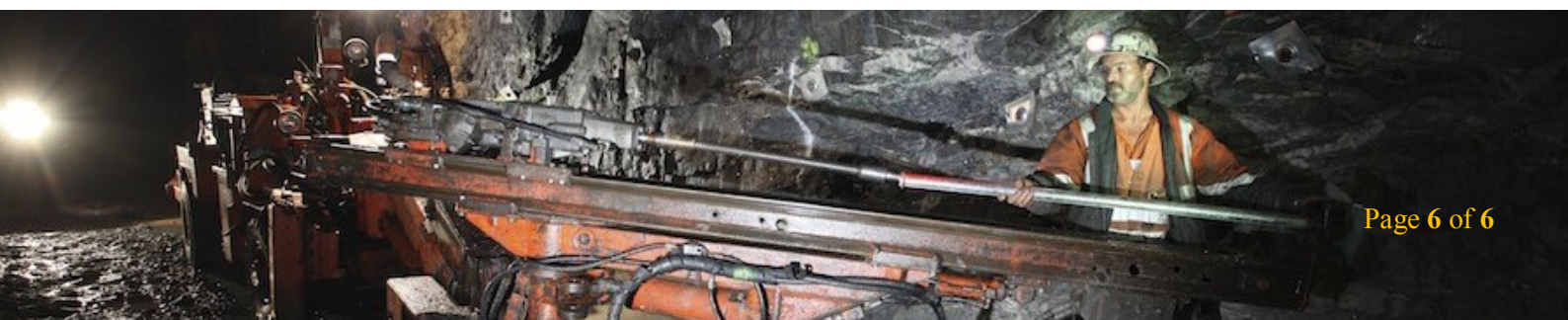
Competent Persons Statement

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 2004 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.

Forward Looking Statements

Certain statements made during or in connection with this communication, including, without limitation, those concerning the economic outlook for the mining industry, expectations regarding gold prices, exploration costs, production costs and other operating results, growth prospects and the outlook of A1 Consolidated Gold Limited's operations contain or comprise certain forward looking statements regarding A1 Consolidated Gold Limited's exploration & development operations, economic performance and financial condition. Although A1 Consolidated Gold Limited believes that the expectations reflected in such forward-looking statements are reasonable; no assurance can be given that such expectations will prove to have been correct.

Accordingly, results could differ materially from those set out in the forward looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes that could result from future acquisitions of new exploration properties, the risks and hazards inherent in the mining business (including industrial accidents, environmental hazards or geologically related conditions), changes in the regulatory environment and other government actions, mine development and operating risks, delays in obtaining governmental approvals or financing or in the completion of development or construction activities, discrepancies between actual and estimated production, risks inherent in the ownership, exploration and operation of or investment in mining properties, fluctuations in gold prices and exchange rates and business and operations risks management, as well as generally those additional factors set forth in our periodic filings with ASX. A1 Consolidated Gold Limited undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.



Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

A1 CONSOLIDATED GOLD LIMITED

ABN

50 149 308 921

Quarter ended ("current quarter")

30 SEPTEMBER 2013

Consolidated statement of cash flows

		Current quarter	Year to date (3 months)
		\$A'000	\$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(191)	(191)
	(b) development	(609)	(609)
	(c) production	-	-
	(d) administration	(157)	(157)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	4	4
1.5	Interest and other costs of finance paid	(1)	(1)
1.6	Income taxes paid	-	-
1.7	Other – GST	35	35
	Net Operating Cash Flows	(919)	(919)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	46	46
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other – Bonds refunded	109	109
	Net investing cash flows	(155)	(155)
1.13	Total operating and investing cash flows (carried forward)	(764)	(764)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(764)	(764)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	2,800	2,800
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(14)	(14)
1.18	Dividends paid	-	-
1.19	Other	-	-
	Net financing cash flows	2,786	2,786
	Net increase (decrease) in cash held	2,022	2,022
1.20	Cash at beginning of quarter/year to date	920	920
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,942	2,942

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	28
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Payments to related entities for:	\$A'000
Mine operating goods and services	3
Company secretary fees	12
Salaries	10
Minor Other	3

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

NIL

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

NIL

Financing facilities available

Add notes as necessary for an understanding of the position.

+ See chapter 19 for defined terms.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	NIL	NIL
3.2 Credit standby arrangements	NIL	NIL

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	75
4.2 Development	1,050
4.3 Production	-
4.4 Administration	195
Total	1,320

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	33	30
5.2 Deposits at call	2,909	890
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,942	920

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	MIN4636	- Star of the West – This tenement was incorporated into the Ten Mile Goldfield - Tenement Reference EL5109	100%	100%
6.2 Interests in mining tenements acquired or increased	EL5109	- Ten Mile Goldfield – was increased by incorporation for Star of the West – Tenement reference MIN4636. The company has applied for renewal of the combined EL5109 during the quarter.	100%	100%

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

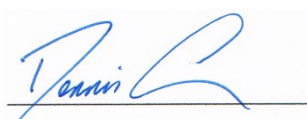
		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities (description)	Not applicable			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	162,346,222	58,992,251	Fully paid	Fully paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	24,137,931 -	- -	11.6 cents -	11.6 cents -
7.5	+Convertible debt securities (description)	Not applicable			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	26,666,667 2,000,000	- -	Exercise price 40 cents 42 cents	Expiry date 31 December 2014 31 December 2014
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	Debentures (totals only)	Not applicable			

+ See chapter 19 for defined terms.

7.12	Unsecured notes (<i>totals only</i>)	Not applicable	
------	---	----------------	--

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act [or other standards acceptable to ASX \(see note 5\)](#).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 31/10/2013
(Director/Company secretary)

Print name: Dennis Clark
.....

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==

+ See chapter 19 for defined terms.

For personal use only