



A1 Consolidated Gold Ltd

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15 February 2016

Anjuli Sinniah
Adviser, Listings Compliance (Perth)
ASX Limited
Level 40, Central Park
152-158 St Georges Terrace
PERTH WA 6000

Dear Anjuli,

A1 CONSOLIDATED GOLD LIMITED – ASX APPENDIX 5B QUERY

A1 Consolidated Gold Limited (ASX: AYC) (**AYC** or the **Company**) refers to your letter dated 10 February 2016 regarding the Company's Appendix 5B for the period ended 31 December 2015, released to ASX on 29 January 2016.

The Company would like to clarify the following excerpts from your letter of 10 February 2016;

1. ASX: Receipts from product sales of \$Nil.
AYC: Receipts from product sales of \$822,000 were reported.
4. ASX: Estimated cash outflows for the next quarter of \$1,920,000 on exploration & administration.
AYC: Estimated cash outflows for the next quarter of \$1,920,000 were allocated as follows:

Item 4.1	Exploration and valuation	\$ 64,000
Item 4.2	Development	\$ 1,226,000
Item 4.3	Production	\$ 443,000
Item 4.4	Administration	\$ 187,000

In specific response to your questions, the Company provides the following:

1. ASX: It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 5B, the Company may not have sufficient cash to fund its activities. Is this the case or are there other factors that should be taken into account in assessing the Company's position?

AYC: Recently, the Company implemented successful capital raising initiatives structured around the funding requirements to complete mine decline development to reach its primary production target and commence ore processing. Consequently, AYC anticipates being cash flow positive from operations as a result of its gold mining activities. As released to the ASX during January 2016, the Company concluded a capital raising via placement and SPP (refer ASX announcement 18 January 2016). The Company continues to take steps to augment its cash flow. This is evidenced by the \$1,000,000 equity for services investment entered into with major supplier PYBAR as noted in the 31 December 2015 Quarterly Activities Report.



A1 Consolidated Gold Ltd

2. ASX: Does the Company expect that in future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?

AYC: The Company does not expect to have ongoing negative operating cash flows and has planned for gold production in the current quarter. Continual assessment of cash requirements is undertaken by the Board and any determinations in relation to any capital management initiatives will be notified to the ASX in accordance with the Listing Rules.

3. ASX: What steps has the Company taken, or what steps does it propose to take, to enable it to meet its business objectives?

AYC: The Company is of the opinion that it is in a position to continue to meet its business objectives and to fund its development, production and exploration activities. As the Company moves towards commercial production it is expected that the Company will have capacity to fund its future expansionary objectives from internally generated positive cash flow. As part of its internal processes, the Company continually reviews its expenditure commitments and in the event that additional funds are required, the Company will actively pursue further fundraising initiatives.

4. ASX: Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?

AYC: The Company confirms that it is in compliance with the Listing Rules and in particular Listing Rule 3.1.

5. ASX: Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

AYC: The Company believes its financial position to be adequate to warrant continued quotation on the ASX, primarily due to having sufficient cash to meet its immediate obligations, the equity for services investment arrangement and a reasonable expectation that it will be able to fund its planned future activities from its gold mining operations.

If you require further clarification please do not hesitate to contact me.

Yours faithfully

Dennis Wilkins
Company Secretary



10 February 2016

Mr Dennis Wilkins
Company Secretary
c/- Herries Davidson & Co
32 Clifford Street
GOULBURN NSW 2580

By Email: dennis@dwcorporate.com

Dear Mr Wilkins

A1 Consolidated Gold Limited ("Company") – Appendix 5B

I refer to the Company's Quarterly Report in the form of Appendix 5B for the period ended 31 December 2015 released to ASX Limited ("ASX") on 29 January 2016 (the "Appendix 5B").

ASX notes that the Company has reported the following.

1. Receipts from product sales of \$Nil.
2. Net negative operating cash flows for the quarter of \$503,000.
3. Cash at end of quarter of \$251,000.
4. Estimated cash outflows for the next quarter of \$1,920,000 on exploration and administration.

In light of the information contained in the Appendix 5B, please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 5B, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?

5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **12.00 pm WST on Monday 15 February 2016**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at anjuli.sinniah@asx.com.au. It should **not** be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

If you have any queries regarding any of the above, please let me know.

Yours sincerely,

[sent electronically without signature]

Anjuli Sinniah

Adviser, Listings Compliance (Perth)