

**A1 CONSOLIDATED GOLD LIMITED  
ACN 149 308 921**

**NOTICE OF ANNUAL GENERAL MEETING**

**AND**

**EXPLANATORY MEMORANDUM**

**AND**

**PROXY FORM**

**Date of Meeting**

12 November 2012

**Time of Meeting**

4.00 pm EST

**Place of Meeting**

The Boathouse Floating Restaurant  
194 Gympie Terrace  
NOOSAVILLE QLD 4566

*This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.*

*The 2012 Annual Report may be viewed on the Company's website at [www.a1consolidated.com.au](http://www.a1consolidated.com.au)*

**A1 CONSOLIDATED GOLD LIMITED  
ACN 149 308 921  
NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Annual General Meeting of Shareholders of A1 Consolidated Gold Limited (**Company**) will be held at The Boathouse Floating Restaurant, 194 Gympie Terrace, Noosaville, Queensland on 12 November 2012 at 4.00 pm (EST) (**Meeting**) for the purpose of transacting the following business.

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the meeting. The Explanatory Memorandum and the Proxy Form are part of this Notice.

Terms used in this Notice will, unless the context otherwise requires, have the same meaning given to them in the glossary contained in the Explanatory Memorandum.

**2012 Financial Statements**

To receive the financial statements of the Company for the year ended 30 June 2012, consisting of the annual financial report, the Directors' report and the auditor's report.

**Resolution 1 – Adoption of Remuneration Report**

To consider and, if thought fit, to pass, with or without amendment, the following **advisory only resolution**:

*"That, for the purposes of Section 250R(2) of the Corporations Act, and for all other purposes, the Remuneration Report forming part of the Company's 2012 Annual Report be and is hereby adopted."*

**Short Explanation:** Section 250R of the Corporations Act requires a listed company to put to Shareholders at each AGM a resolution adopting the report on the remuneration of the Company's Directors, executives and senior managers included in the Company's Annual Report. The above Resolution is being proposed to comply with this requirement. The vote on this Resolution is advisory and neither binds the Company's Directors nor the Company. A reasonable opportunity will be provided to Shareholders for discussion of the Remuneration Report at the AGM.

**Voting Prohibition:** The Company will, in accordance with the Corporations Act, disregard any votes cast on Resolution 1 by a member of the key management personnel or a Closely Related Party of such a member. However, the Company will not disregard a vote if it is cast by such a person if:

- (a) the person is acting as proxy and the proxy form specifies how the proxy is to vote, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
- (b) the person is the Chair voting an undirected proxy which expressly authorises the Chair to vote the proxy on a resolution connected with the remuneration of a member of the key management personnel.

**Resolution 2 – Re-election of Ashok Parekh as a Director**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That Ashok Parekh, having retired as a Director of the Company in accordance with the Company's Constitution and, being eligible, having offered himself for re-election, be re-elected a Director of the Company."*

**Short Explanation:** Pursuant to the Company's Constitution, one-third of the Directors of the Company (other than the Managing Director) must retire at each AGM and, being eligible, may offer themselves for re-election at that AGM.

**Resolution 3 – Re-election of Morrie Goodz as a Director**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That Morrie Goodz, having retired as a Director of the Company in accordance with the Company's Constitution and, being eligible, having offered himself for re-election, be re-elected a Director of the Company."*

**Short Explanation:** Pursuant to the Company's Constitution, one-third of the Directors of the Company (other than the Managing Director) must retire at each AGM and, being eligible, may offer themselves for re-election at that AGM.

#### Resolution 4 – Approval of 10% Placement Facility

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

*"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum."*

**Short Explanation:** Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the AGM. The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7. Please refer to the Explanatory Memorandum for details.

**Voting Exclusion:** The Company will, in accordance with the Listing Rules of the ASX, disregard any votes cast on Resolution 4 by any person who may participate in the issue and any Associate of that person. However, the Company will not disregard a vote cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

#### Resolution 5 – Grant of Options to Mr Glenn Wardle

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purpose of Listing Rule 10.11 of the Listing Rules, Section 208 of the Corporations Act and for all other purposes, the issue to Mr Glenn Wardle, or his nominees, for nil consideration, of 2,000,000 Options to acquire fully paid shares in the capital of the Company, with an exercise price being the greater of \$0.40 or 150% of the VWAP of the fully paid ordinary shares of the Company on the five days prior to the date of shareholder approval, expiring on 31 December 2014, on the terms and conditions outlined in the Explanatory Memorandum and in Annexure A, be and is hereby approved."*

**Short Explanation:** Approval is sought under Listing Rule 10.11 and Section 208 of the Corporations Act to authorise the Company to issue these securities. Please refer to the Explanatory Memorandum for details. If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

**Voting Exclusion:** The Company will, in accordance with the Listing Rules, disregard any votes cast on Resolution 5 by any of the Company's Directors and any of their Associates. However, subject to the voting prohibition below, the Company will not disregard a vote cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

**Voting Prohibition:** The Company will, in accordance with the Corporations Act, disregard any votes cast on Resolution 5 by a member of the key management personnel or a Closely Related Party of such a member. However, the Company will not disregard a vote if it is cast by such a person if:

- (a) the person is acting as proxy and the proxy form specifies how the proxy is to vote, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
- (b) the person is the Chair voting an undirected proxy which expressly authorises the Chair to vote the proxy on a resolution connected with the remuneration of a member of the key management.

**A1 CONSOLIDATED GOLD LIMITED**

Notice of Annual General Meeting 12 November 2012

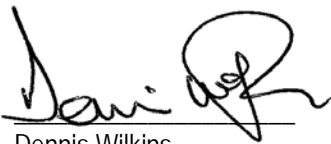
---

A Proxy Form is attached.

To be valid, properly completed Proxy Forms must be received by the Company no later than 4.00 pm (EST) on 10 November 2012:

- by post to:  
Security Transfer Registrars  
PO Box 535  
APPLECROSS WA 6953
- by facsimile on +61 8 9315 2233
- by email to [registrar@securitytransfer.com.au](mailto:registrar@securitytransfer.com.au)

By order of the Board.



Dennis Wilkins  
Company Secretary

Date: 17 September 2012

## **PROXIES**

A Shareholder entitled to attend and vote at the above meeting may appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights.

A proxy may, but need not be, a Shareholder of the Company.

The instrument appointing the proxy must be in writing, executed by the appointor or his attorney duly authorised in writing or, if such appointor is a corporation, either under seal or under hand of an officer duly authorised.

The instrument of proxy (and the power of attorney or other authority, if any, under which it is signed) must be lodged by person, post, courier or facsimile and reach the registered office of the Company at least 48 hours prior to the meeting. For the convenience of Shareholders a Proxy Form is enclosed.

## **ENTITLEMENT TO VOTE**

For the purposes of regulation 7.11.37 of the Corporations Regulations 2001, the Company determines that members holding Shares at 5.00 pm WST on 11 November 2012 will be entitled to attend and vote at the AGM.

## **CORPORATIONS**

A corporation may elect to appoint a representative in accordance with the Corporations Act, in which case the Company will require written proof of the representative's appointment, which must be lodged with, or presented to the Company before the meeting.

## EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the Shareholders of A1 Consolidated Gold Limited ACN 149 308 921 (**Company**) in connection with the business to be conducted at the AGM of the Company to be held at The Boathouse Floating Restaurant, 194 Gympie Terrace, Noosaville, Queensland, on 12 November 2012 commencing at 4.00 pm (EST).

This Explanatory Memorandum should be read in conjunction with, and form part of, the accompanying notice.

The Directors recommend that Shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Terms used in this Explanatory Memorandum will, unless the context otherwise requires, have the same meaning given to them in the glossary as contained in this Explanatory Memorandum.

At the AGM, Shareholders will be asked to consider the following Resolutions:

- adopting the Remuneration Report;
- re-electing Mr Ashok Parekh and Mr Morrie Goodz as Directors, who retire by rotation in accordance with the Company's Constitution;
- approving 10% Placement Facility; and
- approving the grant of Options to Mr Wardle.

### Financial and Other Reports

As required by Section 317 of the Corporations Act, the financial statements for the year ended 30 June 2012 and the accompanying Directors report, Directors' declaration and auditor's report will be laid before the meeting.

Neither the Corporations Act, nor the Company's Constitution, requires a vote on the reports. However, the Shareholders will have an opportunity to ask questions about the reports at the AGM.

### Resolution 1 – Remuneration Report

#### 1.1 Introduction

As required by the Corporations Act, the Board is presenting the Remuneration Report to Shareholders for consideration and adoption by a non-binding vote. The Remuneration Report contains:

- information about the Board's policy for determining the nature and amount of remuneration of the Directors and senior executives of the Company;
- a description of the relationship between the Company's remuneration policy and the Company's performance;
- a summary of performance conditions for each of the Directors and senior executives, including a summary of why they were chosen and how performance is measured against them; and
- remuneration details for each Director and for each of the Company's specified executives.

The Remuneration Report, which is part of the Annual Report, has been sent to Shareholders who have made an election to receive the Annual Report. Copies of the Annual Report are available by contacting the Company's share registry or visiting the Company's web site [www.a1consolidated.com.au](http://www.a1consolidated.com.au).

#### 1.2 Voting on the Remuneration Report

In accordance with the Corporations Act, a vote on Resolution 1 must not be cast (in any capacity) by or on behalf of either the following persons:

- a member of the key management personnel, details of whose remuneration are included in the Remuneration Report; or
- a Closely Related Party of such a member.

However, a person described above may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above and either:

- the person does so as a proxy appointed in writing that directs how the proxy is to vote on Resolution 1; or
- the person is the Chairman and the appointment of the Chairman as proxy:

- (i) does not specify the way the proxy is to vote on Resolution 1; and
- (ii) expressly authorises the Chairman to exercise the proxy even if Resolution 1 is connected directly or indirectly with the remuneration of the key management personnel.

The Chairman will cast available proxies in favour of Resolution 1.

## **Resolution 2 – Re-election of Ashok Parekh as a Director**

### **2.1 Introduction**

Mr Ashok Parekh was appointed as a Non-Executive Director on 14 February 2011.

In accordance with Listing Rule 14.4, no director of the Company may hold office (without re-election) past the third AGM following the director's appointment or 3 years, whichever period is longer. The Company's Constitution also requires that one third of the Company's directors must retire at each AGM. Accordingly, Mr Ashok Parekh will retire by rotation and, being eligible, offers himself for re-election.

Resolution 2 is an ordinary resolution, requiring it to be passed by a simple majority of votes cast by the Shareholders entitled to vote on it.

### **2.2 Director's Biography**

Mr Ashok Parekh is a chartered accountant who owns a large accounting practice in Kalgoorlie, which he has operated for 25 years. He was awarded the Centenary Medal in 2003 by the Governor General of Australia, and was recently awarded the Meritorious Service Award by the Institute of Chartered Accountants, the highest award granted by the institute in Australia.

Mr Parekh has over 25 years' experience in providing advice to mining companies and service providers to the mining industry. He has spent many years negotiating with public listed companies and prospectors on mining deals which have resulted in new IPOs and the commencement of new gold mining operations. He has also been involved in the management of gold mining and milling companies in the Kalgoorlie region, and has been the Managing Director of some of these companies. Mr Parekh is the Executive Chairman for West Australian-based listed Company, MacPhersons Reward Gold Ltd (ASX: MRP). He is well known in the West Australian mining industry and has a very successful background in the ownership of numerous businesses in the goldfields.

### **2.3 Directors' Recommendation**

All the Directors except Mr Parekh, who has an interest in the Resolution, recommend that Shareholders vote in favour of Resolution 2.

## **Resolution 3 – Re-election of Morrie Goodz as a Director**

### **3.1 Introduction**

Mr Morrie Goodz was appointed as a Non-Executive Director on 18 March 2011.

In accordance with Listing Rule 14.4, no director of the Company may hold office (without re-election) past the third AGM following the director's appointment or 3 years, whichever period is longer. The Company's Constitution also requires that one third of the Company's directors must retire at each AGM. Accordingly, Mr Morrie Goodz will retire by rotation and, being eligible, offers himself for re-election.

Resolution 3 is an ordinary resolution, requiring it to be passed by a simple majority of votes cast by the Shareholders entitled to vote on it.

### **3.2 Director's Biography**

Mr Morrie Goodz is a mining geologist and a Fellow of the Australasian Institute of Mining and Metallurgy. He has 33 years industry experience including nine years' experience in international mineral exploration in North America and Africa. Since 1985, he has been based in Australia with operational and strategic management roles at the A1, Morning Star, Daisy Milano and Kalgoorlie Consolidated gold mines. Since 1987, Mr Goodz has been the Principal Consultant of Goodz GMC, providing geological and mine planning services.

Mr Goodz was responsible for the project conception and discovery of the Daisy Milano shear zone extension where, amongst other operations, he designed and constructed the current decline and underground operations to the number 12 Level at the Daisy Milano gold mine. Mr Goodz is the Managing Director for Western Australian-based listed company, MacPhersons Resources Limited (ASX: MRP).

Mr Goodz is actively involved in promoting mining education with various professional bodies and the WA School of Mines. Mr Goodz is an active public speaker at conferences and workshops on mine design, business improvement and strategic planning.

### 3.3 Directors' Recommendation

All the Directors except Mr Goodz, who has an interest in the Resolution, recommend that Shareholders vote in favour of Resolution 3.

## Resolution 4 – Approval of 10% Placement Facility

### 4.1 General

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the AGM (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 4.2(c) below).

As previously disclosed to ASX, the Company continues to further develop the A1 Gold Project and mine site. The Company may use the 10% Placement Facility to advance these goals.

The Directors of the Company believe that Resolution 4 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

### 4.2 Description of Listing Rule 7.1A

#### (a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an AGM.

#### (b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue two classes of Equity Securities, being quoted Shares (save for those that are subject to escrow) and unlisted Options.

#### (c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an AGM may issue or agree to issue, during the 12 month period after the date of the AGM, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

**A** is the number of shares on issue 12 months before the date of issue or agreement:

- (i) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (ii) plus the number of partly paid shares that became fully paid in the 12 months;
- (iii) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- (iv) less the number of fully paid shares cancelled in the 12 months.

*Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.*



D is 10%;

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) *Listing Rule 7.1 and Listing Rule 7.1A*

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 138,208,921 Shares. The Company therefore has a capacity to issue:

(i) 20,731,338 Equity Securities under Listing Rule 7.1; and

(ii) 13,820,892 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 4.2(c) above).

(e) *Minimum Issue Price*

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days immediately before:

(i) the date on which the price at which the Equity Securities are to be issued is agreed; or

(ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) *10% Placement Period*

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the AGM at which the approval is obtained and expires on the earlier to occur of:

(i) the date that is 12 months after the date of the AGM at which the approval is obtained; or

(ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX (10% Placement Period).

**4.3 Listing Rule 7.1A**

The effect of Resolution 4 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 4 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

**4.4 Specific information required by Listing Rule 7.3A**

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

(a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days immediately before:

(i) the date on which the price at which the Equity Securities are to be issued is agreed; or

(ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(b) If Resolution 4 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. There is a risk that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

The table shows:

- (i) two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.12 50% decrease in Issue Price	\$0.24 Issue Price	\$0.48 100% increase in Issue Price
<b>Current Variable A</b> 138,208,921 Shares	<b>10% voting dilution</b>	13,820,892 Shares	13,820,892 Shares	13,820,892 Shares
	<b>Funds raised</b>	\$1,658,507	\$3,317,014	\$6,634,028
<b>50% increase in current Variable A</b> 207,313,382 Shares	<b>10% voting dilution</b>	20,731,338 Shares	20,731,338 Shares	20,731,338 Shares
	<b>Funds raised</b>	\$2,487,761	\$4,975,521	\$9,951,042
<b>100% increase in current Variable A</b> 276,417,842 Shares	<b>10% voting dilution</b>	27,641,784 Shares	27,641,784 Shares	27,641,784 Shares
	<b>Funds raised</b>	\$3,317,014	\$6,634,028	\$13,268,056

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
  - (ii) No Options are exercised into Shares before the date of the issue of the Equity Securities.
  - (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
  - (iv) The table shows only the effect of issue of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
  - (v) The issue price is \$0.24, being the closing price of the Shares on ASX on 17 September 2012.
- (c) The Company will only issue and allot the Equity Securities during the Placement Period. The approval under Resolution 4 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) cash consideration. In such circumstances, the Company intends to use the funds raised towards developing the 1400 stockworks at the A1 Gold Project, undertaking the decline and mine development at the A1 Gold Project mine site, exploring and developing extensions to the stockwork

zones, mine definition and exploration on the Company's projects and to undertake a regional exploration program and/or general working capital; or

- (ii) non-cash consideration for the acquisition of new resources, assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or Associates of a related party of the Company.

- (e) The Company has not previously obtained Shareholder approval under Listing Rule 7.1A.
- (f) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

## Resolution 5 – Grant of Options to Mr Glenn Wardle

### 5.1 General

The Company proposes to grant 2,000,000 Options to Mr Glenn Wardle, or his nominees, for nil consideration, with an exercise price being the greater of \$0.40 or 150% of the VWAP of the fully paid ordinary shares of the Company on the five days prior to the date of shareholder approval and expiring on 31 December 2014.

The full terms of the Options are set out in Annexure A to this Explanatory Memorandum.

Directors of public companies face considerable ongoing responsibilities and challenges in their roles within the Company. The grant of these Options will provide a long term incentive for outstanding performance and promote opportunities for Share ownership in the Company. The Directors consider that the incentive represented by the grant of the Options is a cost effective and efficient means for the Company to provide a reward and incentive.

In the event all the Options are exercised, Mr Wardle (or his nominees) will need to pay a total of \$800,000 to the Company. The funds raised from the exercise of the Options will be applied to general working capital.

### 5.2 Chapter 2E of the Corporations Act – Related Party Transactions

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
- (b) prior Shareholder approval is obtained to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E, Mr Wardle is a related party of the Company by virtue of Section 228(2) of the Corporations Act and the granting of Options would constitute the giving of a financial benefit. As none of the exceptions set out in the Corporations Act apply, the grant of Options to Mr Wardle requires Shareholder approval.

For the purpose of obtaining Shareholder approval, and in accordance with the requirements of Chapter 2E of the Corporations Act, and in particular Section 219, the following information is provided to Shareholders to allow them to assess whether or not to approve the grant of the Options to a Director under Resolution 5

**Identity of the related party**

The related party of the Company to which a financial benefit may be given under Resolution 5 is Mr Glenn Wardle, a Director.

**The nature of, reasons for and basis for the financial benefit**

The proposed financial benefit is the grant of 2,000,000 Options to Mr Glenn Wardle, or his nominee, for nil issue price. Each Option will allow Mr Wardle to subscribe for one ordinary fully paid Share in the Company. The exercise price of each Option is the greater of \$0.40 or 150% of the VWAP of the fully paid ordinary shares of the Company on the five days prior to the date of shareholder approval. The Options will expire on 31 December 2014.

The Options form part of the Mr Wardle's incentive for continuing and future efforts. Options are considered to be the appropriate incentive at the Company's current size and stage of development, being an exploration company with limited cash reserves. If the Mr Wardle is to derive any value from the Options, the market Share price must be in excess of the exercise price at the time of exercise. As the exercise price of the Options is at a significant premium to the most recent closing Share price prior to the date of this Notice, and the average Share price as traded over the previous 6 months, the Options represent an incentive to Mr Wardle to achieve this increase in the Share price, which would result in an increase in Shareholder value.

The Company reviewed the practices of other exploration companies of a similar size and stage of development as well as the Options already on issue to Directors to determine the number of Options to be issued to Mr Wardle. Based on that review, the Board determines the number of Options proposed in Resolution 5 to be appropriate.

**Directors' recommendation to members and reasons**

All directors except Mr Glenn Wardle recommend Shareholders vote in favour of Resolution 5 as they believe the granting of these Options to Mr Wardle will align his rewards with the long-term creation of value for Shareholders. Mr Wardle does not wish to make a recommendation about the proposed Resolution 5 as he may potentially receive a financial benefit from the passing of the Resolution in relation to the grant of Options and does not consider himself sufficiently independent to make a recommendation.

**Directors' interests in the outcome of the Resolution**

Mr Glenn Wardle has noted his interest in the approval of Resolution 5 in relation to the Options. None of the other Directors (other than Mr Wardle) have a relevant interest in the outcome of Resolution 5.

**Any other information that is reasonably required by members to make a decision and that is known to the Company or any of its officers**

- (a) The proposed Resolutions would have the effect of giving power to the Directors to grant 2,000,000 Options to Mr Glenn Wardle, or his nominees;
- (b) The exercise of the Options is subject to the terms and conditions as set out in Annexure A to this Explanatory Memorandum and as otherwise mentioned above;
- (c) The Directors, in conjunction with the Company's advisers, have provided an indicative value to the Options by reference to the Black-Scholes valuation method. The valuation cannot be finalised until the grant date of the Options;
- (d) The total value of the Options to be issued is outlined in Table 1 below. If Options granted to Mr Wardle, or his nominee, are exercised, the effect would be to dilute the Shareholdings of the existing Shareholders;
- (e) As at the date of this Notice, the issued capital of the Company comprised 138,208,921 Shares. If all Options granted as proposed above are exercised, and no other share issues proceed, the effect would be to dilute the Shareholding of existing Shareholders as per the following table:

	Existing Securities
Shares and Options	164,875,588
Resolution 5 – Options to be granted	2,000,000
<b>New Total</b>	<b>166,875,588</b>
Dilutionary Effect	1.2%

- (f) Mr Wardle's current interests in securities of the Company are set out in Table 2;
- (g) The market price of the Company's Shares during the term of the Options will normally determine whether or not the Option holder exercises the Options. At the time any Options are exercised and Shares are issued

pursuant to the exercise of the Options, the Company's Shares may be trading at a price which is higher than the exercise price of the Options;

- (h) The Options will not be quoted on the ASX and, as such, have no actual market value. The fully paid ordinary Shares of the Company have been traded on the ASX since 21 June 2012. In the 3 months since listing, the Shares have traded in the range of \$0.20 cents to \$0.30 cents and the most recent closing price prior to the date of this Notice was \$0.24. The Options are capable of being converted to Shares by payment of the exercise price;
- (i) Mr Wardle currently receives director fees of \$50,000, plus superannuation;
- (j) Under the Australian equivalent of IFRS, the Company is required to expense the value of the Options in its statement of financial performance for the current financial year. Other than as disclosed in this Explanatory Memorandum, the Directors do not consider that from an economic and commercial point of view, there are any costs or detriments, including opportunity costs or taxation consequences, for the Company or benefits foregone by the Company in granting the Options to Mr Wardle or his nominees pursuant to Resolution 5; and
- (k) Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by this Resolution.

### 5.3 Listing Rule Notice Requirements

Listing Rule 10.13 contains certain requirements as to the contents of a notice sent to Shareholders for the purposes of Listing Rule 10.11 and the following information is included in this Explanatory Memorandum for that purpose:

- (a) the Options will be granted to Mr Wardle, or his nominees, as noted above;
- (b) the maximum number of Options to be granted pursuant to Resolution 5 is 2,000,000;
- (c) the Options will be allotted and granted on a date which will be no later than 1 month after the date of the AGM;
- (d) the exercise price and other terms and conditions of the Options are set out in Annexure A to this Explanatory Memorandum;
- (e) the Options will be granted for no consideration and accordingly no funds will be raised by the grant of the Options; and
- (f) a voting exclusion statement is included in this Notice.

**Table 1 - Details of options to be issued to Related Parties**

Name	Relationship	Number of options	Exercise price	Expiry date	Vesting	Value as determined by Black-Scholes valuation
Glenn Wardle	Director	2,000,000	The greater of \$0.40 or 150% of the VWAP of the shares of the Company on the 5 days prior to the date of shareholder approval	31 December 2014	On issue	\$205,800

**Table 2 - Details of current holdings of securities in the Company**

Director	Share Holding	Option Holding
Glenn Wardle	671,667	Nil

Table 3 - Option Valuation details

Details	Input
Share price	\$0.24
Exercise Price	\$0.40*
Risk Free Rate (RBA Cash Rate)	2.86%
Volatility (Annualised)	100%
Start Date	12 November 2012
Expiry Date	31 December 2014
<b>Value per Option</b>	<b>\$0.1029</b>

\*Based on the greater of \$0.40 and the 5 day VWAP of the fully paid ordinary share 5 days prior to the date of this Notice

#### 5.4 Voting on the Resolution

In accordance with the Corporations Act, a vote on Resolution 5 must not be cast (in any capacity) by or on behalf of either the following persons:

- (a) a member of the key management personnel; or
- (b) a Closely Related Party of such a member.

However, a person described above may cast a vote on Resolution 5 as a proxy if the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above and either:

- (c) the person does so as a proxy appointed in writing that directs how the proxy is to vote on Resolution 5; or
- (d) the person is the Chairman and the appointment of the Chairman as proxy:
  - (i) does not specify the way the proxy is to vote on Resolution 5; and
  - (ii) expressly authorises the Chairman to exercise the proxy even if Resolution 5 is connected directly or indirectly with the remuneration of the key management personnel.

## GLOSSARY

In this Explanatory Memorandum and the Notice, the following terms have the following meanings unless the context otherwise requires:

<b>10% Placement Facility</b>	has the meaning given in Section 4.1.
<b>10% Placement Period</b>	has the meaning given in Section 4.2.
<b>AGM</b>	means an Annual General Meeting
<b>Annual Report</b>	means the Directors' report, the annual financial report and auditors report in respect of the financial year ended 30 June 2012.
<b>Associate</b>	has the same meaning as defined in Section 11 and Sections 13 to 17 of the Corporations Act.
<b>ASX</b>	means ASX Ltd ABN 98 008 624 691 and, where the context requires, the Australian Securities Exchange operated by ASX Ltd.
<b>Board</b>	means the board of Directors of the Company.
<b>Closely Related Party</b>	has the same meaning as defined in Section 9 of the Corporations Act.
<b>Company</b>	means A1 Consolidated Gold Limited ACN 149 308 921.
<b>Constitution</b>	means the Company's constitution, as amended from time to time.
<b>Corporations Act</b>	means Corporations Act 2001 (Cth).
<b>Director</b>	means a director of the Company.
<b>Equity Securities</b>	has the same meaning as in the Listing Rules.
<b>EST</b>	means Australian Eastern Standard Time.
<b>Explanatory Memorandum</b>	means this information attached to the Notice, which provides information to Shareholders about the Resolutions contained in the Notice.
<b>Listing Rules</b>	means the listing rules of ASX.
<b>Meeting</b>	has the meaning in the introductory paragraph of the Notice.
<b>Notice or Notice of Meeting</b>	means the Notice of Annual General Meeting accompanying this Explanatory Memorandum.
<b>Option</b>	means an option to acquire a Share in the Company.
<b>Proxy Form</b>	means the proxy form attached to this Notice.
<b>Remuneration Report</b>	means the remuneration report of the Company outlined in the Annual Report.
<b>Resolution</b>	means a resolution contained in the Notice.
<b>Share</b>	means a fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	means the holder of a share.
<b>Trading Day</b>	means a day determined by ASX to be a trading day in accordance with the Listing Rules.
<b>WST</b>	means Australian Western Standard Time.

ANNEXURE A

TERMS AND CONDITIONS OF 40 CENT OPTIONS EXPIRING 31 DECEMBER 2014

1. Entitlement

- (a) Subject to option terms 6, 7 and 8, each option entitles the registered option holder to subscribe for and be allotted one ordinary share in the capital of A1 Consolidated Gold Limited ("**Company**"), credited as fully paid, at an exercise price being the greater of \$0.40 or 150% of the VWAP of the fully paid ordinary shares of the Company on the five days prior to the date of shareholder approval per share ("**Exercise Price**").
- (b) The Company must, as soon as it is reasonably practicable to do so, allot shares on exercise of the option in accordance with the listing rules ("**Listing Rules**") of ASX (if the Company is listed at the time of exercise of the Option) and register the option holder or its nominee as a shareholder in the register of members in respect of the shares so allotted. No option may be exercised if to do so would contravene the Corporations Act or the Listing Rules.
- (c) Shares issued on the exercise of options will rank pari passu with all existing ordinary shares in the capital of the Company from the date of issue.

2. Exercise of Options

- (a) An option is exercisable by the registered option holder lodging the notice of exercise of option in the form set out below together with, subject to option terms 7, 8 and 9, the Exercise Price for each share to be issued on exercise and the relevant option holding statement, at any office of the Company's share registrar. The exercise of some options only does not affect the registered option holder's right to exercise other options at a later time.
- (b) Remittances must be made payable to the Company and cheques should be crossed "not negotiable".
- (c) Options may be exercised at any time on or before 5.00pm on 31 December 2014.
- (d) An option not exercised by 5.00pm on 31 December 2014 lapses.

3. Transfer

Subject to this term 3 and any restrictions imposed by ASX, options may not be transferred at any time before lapsing.

4. Quotation

The Company must apply to the ASX for official quotation of the shares issued on any exercise of an option.

5. Dividends

Shares issued on any exercise of an option will rank pari passu with all existing ordinary shares in the capital of the Company from the date of issue and will be entitled to each dividend for which the books closing date for determining entitlements falls after the date of issue.

6. Bonus issue

If the Company makes a bonus issue of shares or other securities pro rata to holders of ordinary shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) at a time when:

- (a) an option has not been exercised in full; or
- (b) an option has been exercised, but shares the subject of the exercise have not been issued in fulfilment of the Company's obligation in that regard, before the record date for determining entitlements to the bonus issue,

then the number of shares over which the option is exercisable or has been exercised (as the case may be) will be increased by the number of securities which the holder of the option would have received if the option had been exercised before the record date for the bonus issue.

7. Rights issue

If the Company makes an offer of ordinary shares pro rata to all or substantially all holders of ordinary shares (other than a bonus issue or an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) where (S + D) (as defined below) exceeds P (as defined below) at a time when:

- (a) an option has not been exercised in full; or



- (b) the option has been exercised, but shares the subject of the exercise have not been issued in fulfilment of the Company's obligation in that regard, before the record date for determining entitlements to the rights issue,

then the Exercise Price per option will be reduced according to the following formula:

$$O^1 = \frac{O - E(P - S + D)}{N + 1}$$

Where:

- $O^1$  = the new Exercise Price per option
- $O$  = the old Exercise Price per option
- $E$  = the number of shares into which one option is exercisable
- $P$  = the average market price of fully paid ordinary shares (weighted by reference to volume) sold in the ordinary course of trading on the ASX during the 5 trading days before the ex rights date or ex entitlements date
- $S$  = the subscription price (application money plus calls) for new shares issued under the rights issue
- $D$  = if the ordinary shares are trading on the ASX on an ex dividend basis, the (if any) dividends (on a per share basis) which have been declared but not yet paid on existing shares (except those to be issued under the rights issue)
- $N$  = number of shares required to be held to receive a right on one new share.

The number of shares which the option holder is entitled to subscribe for on exercise of the option is to remain unchanged.

#### 8. Reconstruction

The rights of an option holder will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

#### 9. Advice

The Company must give notice to the option holder of any adjustment to the number of shares which the option holder is entitled to subscribe for or be issued on exercise of the option or the exercise price per share in accordance with the Listing Rules.

#### 10. Right to participate in future issues

The option holder may only participate in new issues of securities to holders of shares to the extent the option has been exercised, if that is permitted by its terms, and the shares allotted in respect of the option before the record date for determining entitlements to the issue. The Company must give notice to the option holder of any new issue before the books closing date for determining entitlements to the issue in accordance with the Listing Rules.

# PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

## A1 CONSOLIDATED GOLD LIMITED

REGISTERED OFFICE:  
PO BOX 1153  
WEST PERTH WA 6872

ABN: 50 149 308 921

**SHARE REGISTRY:**  
Security Transfer Registrars Pty Ltd  
**All Correspondence to:**  
**PO BOX 535,**  
**APPLECROSS WA 6953 AUSTRALIA**  
770 Canning Highway,  
APPLECROSS WA 6153 AUSTRALIA  
T: +61 8 9315 2333 F: +61 8 9315 2233  
E: registrar@securitytransfer.com.au  
W: www.securitytransfer.com.au

Code: AYC

Holder Number:

### SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

☐

OR

The meeting Chairperson  
(mark with an "X")

The name of the person you are appointing  
(if this person is someone other than the Chairperson of the meeting).

or failing the person named, or if no person is named, the Chairperson of the Meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the Proxy sees fit) at the Annual General Meeting of the Company to be held at 4.00pm (EST) on Monday 12 November 2012 at The Boathouse Floating Restaurant, 194 Gympie Terrace, NOOSAVILLE QLD 4566 and at any adjournment or postponement of that meeting.

The Chairman intends to vote all available proxies in favour of the resolutions.

**Important - if the Chairman of the meeting is your proxy or is appointed as your proxy by default**

The Chairman of the Meeting intends to vote all available proxies in favour of Resolutions 1 & 5. If the Chairman of the meeting is your proxy or is appointed your proxy by default, unless you indicate otherwise by ticking either the 'for', or 'against' or 'abstain' box in relation to Resolutions 1 & 5, you will be authorising the Chairman to vote in accordance with the Chairman's voting intentions on Resolutions 1 & 5 even if Resolutions 1 & 5 are connected directly or indirectly with the remuneration of a member of key management personnel.

### SECTION B: Voting Directions to your Proxy

Please mark "X" in the box to indicate your voting directions to your Proxy.

#### Resolution

For Against Abstain\*

1. Adoption of Remuneration Report

☐
☐
☐

2. Re-electing Ashok Parekh as a Director

☐
☐
☐

3. Re-electing Morrie Goodz as a Director

☐
☐
☐

4. Approval of 10% Placement Facility

☐
☐
☐

5. Issue of Options to Mr Glenn Wardle

☐
☐
☐

**If no directions are given my proxy may vote as the proxy thinks fit or may abstain.**

\* If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

☐

**If you wish to appoint the Chairperson as your proxy and you do not wish to direct the Chairperson how to vote, please mark "X" in the box.**

By marking this box, you acknowledge that the Chairperson may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him/her other than as a proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution.

### SECTION C: Please Sign Below

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Security Holder 2

Security Holder 3




Sole Director and Sole Company Secretary

Director

Director / Company Secretary

9893483161

Reference Number:

1

AYC

1

NAME \_\_\_\_\_

[illegible] $(\begin{array}{|c|} \hline \\ \hline\end{array})$ 

**1. Name and Address**

## 2. Appointment of a Proxy

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a Shareholder of A1 CONSOLIDATED GOLD LIMITED.

### 3. Directing your Proxy how to vote

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

#### 4. Appointment of a Second Proxy

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by telephoning the Company's share registry +61 8 9315 2333 or you may photocopy this form.

To appoint a second Proxy you must:

- (a) On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- (b) Return both forms in the same envelope.

## 5. Signing Instructions

Individual: where the holding is in one name, the Shareholder must sign.

**Joint Holding:** where the holding is in more than one name, all of the Shareholders must sign.

**Power of Attorney:** to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

## 6. Lodgement of Proxy

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Registrars Pty Ltd no later than 4.00pm (EST) on Saturday 10th November 2012, being 48 hours before the time for holding the meeting. Any Proxy form received after that time will not be valid for the scheduled meeting.

**Security Transfer Registrars Pty Ltd**  
**PO BOX 535**  
**Applecross, Western Australia 6953**

**Street Address:**  
**Alexandrea House, Suite 1**  
**770 Canning Highway**  
**Applecross, Western Australia 6153**

**Telephone** +61 8 9315 2333

**Facsimile** +61 8 9315 2233

**Email** registrar@securitytransfer.com.au

## PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.