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A1 CONSOLIDATED GOLD LIMITED

ACN 149 308 921

**Interim Financial Report
31 December 2012**

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DIRECTORS' REPORT

Your directors submit the financial report of the Company for the half-year ended 31 December 2012. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors who held office during or since the end of the interim period and until the date of this report are noted below. Directors were in office for the entire period unless otherwise stated.

Ashok Parekh	Chairman
Dennis Clark	Managing Director
Darren Russell-Croucher	Executive Director
Morrie Goodz	Non-Executive Director
Jeffrey Williams	Non-Executive Director
Glenn Wardle	Non-Executive Director

The Company's activities during the first half of the 2013 financial year were focussed on progressing the underground development to the 1400 Stockwork Zone. The decline development is scheduled to reach the 1400 Stockwork Zone in June 2013.

Highlights achieved during the half year were:

Decline Development

- The decline was extended 478 metres and, as at the end of 2012, was at the 1545 level.
- Lateral development was completed for 134 metres.
- The mine dewatering system was upgraded and is working efficiently. The Company purchased two new mono-pumps capable of a 300.0m vertical lift.
- The mine ventilation system was upgraded and is working effectively.

Maiden JORC inferred Mineral Resource

- The Company announced a maiden Mineral Resource estimate for the 1400 Stockwork Zone at its wholly owned A1 Gold Mine. Reported in accordance with The JORC Code (2004), the resource is classified as an Inferred Mineral Resource and totals 750,000 tonnes at 5.5 g/t gold for 133,000 oz contained gold (reported at a 3 g/t gold cut-off).
- Subsequent to the end of the period, the Company announced a significant upgrade to the A1 Gold Mine Resource estimates (refer to the Company's ASX announcements dated 11 February 2013 & 18 February 2013).

First Gold Production

- The Company had its first gold pour of 2030g fine gold from the 1650 bulk sample. The initial bulk sample delivered to Octagonal Resources Limited's (ASX:ORS) Maldon Plant for processing demonstrated that the ore from the A1 Gold Mine requires a gravity circuit. The Company is now implementing the installation of a gravity circuit to improve treatment and recoveries.

Metallurgical Testwork

- Independent metallurgy analyst Gekko Systems Pty Ltd completed analysing the metallurgy of test material from the A1 Gold Mine. The purpose of the test work was to determine the amenability of the samples sent from material mined from the A1 Gold Mine to gravity recovery, followed by leaching and flotation of the gravity tails samples.
- Three samples were tested by Gekko. Sample 1 included a head grade of 3.03 g/t Au, Sample 2 included 3.72 g/t Au and Sample 3 included 4.60 g/t Au. The three samples tested gave combined recoveries of 93% for sample 1, 97% for sample 2 and 98% for sample 3.
- Gekko concluded that the ore is well suited for a combined gravity and flotation recovery circuit to maximize overall gold recovery. Due to the positive results received from Gekko, the Company is satisfied to proceed with the installation of a gravity circuit to process the ore from the A1 Gold Mine.

Exploration Drilling

- The Company commenced a program of underground diamond drilling utilising a new compact drilling rig owned by the Company. The drill program is aimed at identifying further targets, which could be developed and economically extracted as the decline is developed to the 1400 Stockworks.
- The current mine definition drill program is concentrated on the area immediately to the north of the decline development, (5848800N, 429500E).
- A surface drilling program commenced on the A1 Dyke Northern Extension.

- The first two holes, A1SDH001 and A1SDH002, intersected the dyke corridor at 30.0m of down-hole width, (expected true width of upon logging to be >25.0m).
- Geological modelling and a recent study identified a possible repetition of the main central dyke bulge to the south of the historical workings.
- A surface drilling program was designed to commence testing this area in January 2013, with an initial program of 1200 metres of diamond drilling. The drill site and access earthworks have been completed, with the drilling contractor due to mobilise to site in February 2013.

Competent Persons Statements

Information in this document which relates to Mineral Resources is based on information compiled by Dr Simon Dominy and Ms Cindy-Lee Cox, both full-time employees of Snowden Mining Industry Consultants Pty Ltd. Dr Dominy is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM) and Ms Cox a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM). Both Dr Dominy and Ms Cox are AusIMM Chartered Professional Geologists. Both Dr Dominy and Ms Cox have the relevant experience to act as a Competent Person, as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code)'. Dr Dominy and Ms Cox have given and have not withdrawn prior to lodgement, their written consent to be named in any Announcement as the person responsible for the Mineral Resources statements and to the inclusion of these statements in the form and context in which they appear.

The information in this report that relates to Exploration is based on information compiled by Mr Morrie Goodz who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Goodz is a Director 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 Goodz 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.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 3 and forms part of this directors' report for the half-year ended 31 December 2012.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.



Dennis Clark
Managing Director

11 March 2013



Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of A1 Consolidated Gold Limited for the half-year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink, appearing to read 'L Di Giallonardo'.

Perth, Western Australia
11 March 2013

L DI GIALLONARDO
Partner, HLB Mann Judd

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**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

	Notes	31 December 2012 \$	31 December 2011 \$
Continuing operations			
Revenue	2	128,546	33,086
Accounting and taxation services		(44,012)	(26,300)
Auditor's remuneration		(7,650)	-
Company secretary fees		(36,635)	(20,392)
Consulting fees		(34,500)	-
Depreciation expense		(12,983)	(11,714)
Directors' fees		(168,759)	-
Employee benefits expense		(91,658)	-
Finance costs		(5,610)	(1,920)
Insurance		(54,184)	(20,748)
Loss on sale of fixed assets		(4,165)	-
Other expenses		(141,131)	(21,090)
Share based payment expense		(132,115)	(1,858,691)
Share registry and listing fees		(42,255)	-
Loss before income tax		(647,111)	(1,927,769)
Income tax expense		-	-
Loss for the period after income tax expense		(647,111)	(1,927,769)
Other comprehensive income for the period		-	-
Total comprehensive loss for the period		(647,111)	(1,927,769)
Basic and diluted loss per share		(0.47) cents	(4.58) cents

The accompanying notes form part of these financial statements

**CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012**

	Notes	31 December 2012 \$	30 June 2012 \$
Assets			
Current assets			
Cash and cash equivalents		4,053,703	8,201,107
Trade and other receivables		117,410	406,199
Other		151,121	53,571
Total current assets		4,322,234	8,660,877
Non-current assets			
Property, plant and equipment	3	2,389,102	2,324,579
Exploration and evaluation assets	4	24,908,748	21,734,864
Other		163,000	159,000
Total non-current assets		27,460,850	24,218,443
Total assets		31,783,084	32,879,320
Liabilities			
Current liabilities			
Trade and other payables		1,440,028	2,042,583
Borrowings		13,625	40,875
Employee entitlements		53,045	-
Total current liabilities		1,506,698	2,083,458
Total liabilities		1,506,698	2,083,458
Net assets		30,276,386	30,795,862
Equity			
Issued capital	5	30,928,204	30,932,684
Reserves	5	1,990,806	1,858,691
Accumulated losses		(2,642,624)	(1,995,513)
Total equity		30,276,386	30,795,862

The accompanying notes form part of these financial statements

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**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

	Notes	Issued capital \$	Share Based Payment Reserve \$	Accumulated Losses \$	Total equity \$
Balance at 1 July 2011		1,939,148	-	(58,697)	1,880,451
Total comprehensive loss for the period		-	-	(1,927,769)	(1,927,769)
Shares issued during the half-year	5	5,437,500	-	-	5,437,500
Share-based payment expense	5	-	1,858,691	-	1,858,691
Balance at 31 December 2011		7,376,648	1,858,691	(1,986,466)	7,248,873
Balance at 1 July 2012		30,932,684	1,858,691	(1,995,513)	30,795,862
Total comprehensive loss for the period		-	-	(647,111)	(647,111)
Share issue costs		(4,480)	-	-	(4,480)
Share-based payment expense	5	-	132,115	-	132,115
Balance at 31 December 2012		30,928,204	1,990,806	(2,642,624)	30,276,386

The accompanying notes form part of these financial statements

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**CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

	31 December 2012	31 December 2011
	\$	\$
	Inflow / (Outflows)	
Cash flows from operating activities		
Payments to suppliers and employees	(262,980)	(44,361)
Interest received	123,495	37,182
Interest paid	(2,112)	(1,750)
Net cash (outflow) from operating activities	(141,597)	(8,929)
Cash flows from investing activities		
Payments for property, plant and equipment	(231,808)	(311,068)
Payment for environmental bonds	(113,000)	(109,000)
Payments for exploration and evaluation expenditure	(3,611,016)	(1,832,617)
Net cash (outflow) from investing activities	(3,955,824)	(2,252,685)
Cash flows from financing activities		
Proceeds from the issue of shares	-	5,437,500
Payment for share issue and listing costs	(15,727)	-
Repayment of borrowings	(34,256)	(19,998)
Share application monies received	-	25,000
Net cash inflow/(outflow) from financing activities	(49,983)	5,442,502
Net increase/(decrease) in cash held	(4,147,404)	3,180,888
Cash and cash equivalents at the beginning of the period	8,201,107	913,540
Cash and cash equivalents at the end of the period	4,053,703	4,094,428

The accompanying notes form part of these financial statements

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012****NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES****Statement of compliance**

These interim financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2012 and any public announcements made by A1 Consolidated Gold Limited and during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of preparation

The interim report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2012, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company's operations and effective for annual reporting periods beginning on or after 1 July 2012.

It has been determined by the directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Company and, therefore, no change is necessary to Company accounting policies.

The directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2012. As a result of this review the directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Company and, therefore, no change is necessary to Company accounting policies.

Significant accounting judgments and key estimates

The preparation of interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2012.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

NOTE 2: REVENUE

	31 December 2012	31 December 2011
	\$	\$
Bank interest received	117,787	33,086
Fuel tax credits received	10,759	-
	128,546	33,086

NOTE 3: PROPERTY, PLANT AND EQUIPMENT

	31 December 2012	30 June 2012
	\$	\$
Property, plant and equipment – at cost	2,626,920	2,381,168
Accumulated depreciation	(237,818)	(56,589)
Total property, plant and equipment net carrying amount	2,389,102	2,324,579

Reconciliation of property, plant and equipment

Carrying amount at 1 July 2012	2,324,579	56,322
Additions	253,971	2,323,649
Disposals	(8,165)	-
Depreciation	(181,283)	(55,392)
Carrying amount at 31 December 2012	2,389,102	2,324,579

NOTE 4: EXPLORATION AND EVALUATION ASSETS

	31 December 2012	30 June 2012
	\$	\$
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation phase – at cost		
Balance at beginning of period	21,734,864	1,112,390
Expenditure incurred	3,173,884	20,622,474
Total exploration and evaluation assets	24,908,748	21,734,864

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent upon the successful development and commercial exploitation or sale of the respective areas.

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**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

NOTE 5: ISSUED CAPITAL

<i>Ordinary shares</i>	31 December 2012	30 June 2012
	\$	\$
Issued and fully paid	30,928,204	30,932,684

	31 December 2012		30 June 2012	
	No.	\$	No.	\$
Movement in ordinary shares on issue				
Balance at beginning of financial period	138,208,921	30,932,684	32,116,491	1,939,148
Shares issued during the year for cash				
August 2011	-	-	2,333,334	350,000
September 2011	-	-	4,083,333	612,500
October 2011	-	-	3,166,667	475,000
November 2011	-	-	13,333,333	4,000,000
February 2012	-	-	166,667	25,000
June 2012 – Initial Public Offering	-	-	26,975,763	8,092,729
Shares issued as consideration for acquisition of mining tenements and plant and equipment				
June 2012	-	-	56,033,333	16,810,000
Share issue costs	-	(4,480)	-	(1,371,693)
Balance at end of financial period	138,208,921	30,928,204	138,208,921	30,932,684

Movement in options over ordinary shares on issue:

At start of period	26,666,667	1,858,691	-	-
November 2011 *	-	-	20,000,000	1,858,691
January 2012 **	-	-	6,666,667	-
November 2012 ***	2,000,000	132,115	-	-
At end of period	28,666,667	1,990,806	26,666,667	1,858,691

All options are exercisable on or before 31 December 2014.

* These options were issued to management on 23 November 2011 as disclosed in the annual financial report for the year ended 30 June 2012, and are exercisable at 40 cents.

** These options were free attaching options issued as part of the November 2011 capital raising and are exercisable at 40 cents.

*** On 28 November 2012, the Company issued 2,000,000 unlisted options over ordinary shares to a director, Mr G Wardle. These options are exercisable at 42 cents on or before 31 December 2014, and have been valued at \$132,115 using the Black & Scholes option pricing model based on the following assumptions:

- | | |
|--------------------------------------|----------|
| • Underlying value of shares | 27 cents |
| • Exercise price | 42 cents |
| • Risk free rate of return | 3.08% |
| • Volatility factor | 83% |
| • Discount for lack of marketability | 30% |

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 6: SEGMENT REPORTING

AASB 8 "Operating Segments" requires operating segments to be identified on the basis of internal report about components of the Company that are reviewed by the chief operating decision maker (considered to be the Board of Directors) in order to allocate resources to the segment and assess its performance. The chief operating decision maker of the Company reviews internal reports prepared as financial statements and strategic decisions of the Company are determined upon analysis of these internal reports. During the period, the Company operated predominantly in one segment being the mineral exploration sector in Victoria. Accordingly, under the "management approach", only one operating segment has been identified and no further disclosure is required in the notes to the financial statements.

NOTE 7: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

NOTE 8: RELATED PARTY TRANSACTIONS

The following table provides the total amount of transactions that were entered into with related parties for the six months to 31 December 2012 and six months to 31 December 2011. For details of the relationship of the related parties refer to the annual report for the year ended 30 June 2012.

Related Party	31 December	Income from Related Parties \$	Expenditure Related Parties \$	Amounts Owed by Related Parties \$	Amounts Owed to Related Parties \$
Entities with significant influence over the Company:					
Gaffney's Creek Gold Mine Pty Ltd	2012	-	-	109,000	-
	2011	-	-	109,000	-
Other related parties					
A1 Consolidated Mining Pty Ltd	2012	-	105,872	-	708,222
	2011	-	2,208,464	-	667,477
Until 30 June 2012 all mining and related services used by the Company were purchased from A1 Consolidated Mining Pty Ltd. Purchases have significantly reduced as the Company has undertaken its own operations from 1 July 2012.					
Goodz & Associates GMC Pty Ltd	2012	-	53,632	-	16,405
	2011	-	5,067	-	-
D W Corporate Pty Ltd	2012	-	43,391	-	-
	2011	-	78,359	-	-

NOTE 9: EVENTS SUBSEQUENT TO REPORTING DATE

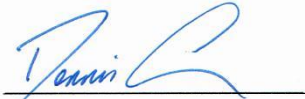
No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs in future financial years.

DIRECTORS' DECLARATION

In the opinion of the directors of A1 Consolidated Gold Limited ('the Company'):

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the Company's financial position as at 31 December 2012 and of its performance for the half-year then ended; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.



Dennis Clark
Director

11 March 2013

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of A1 Consolidated Gold Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of A1 Consolidated Gold Limited ("the company"), which comprises the condensed statement of financial position as at 31 December 2012, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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Matters relating to the electronic presentation of the reviewed half-year financial report

This review report relates to the half-year financial report of the company for the half-year ended 31 December 2012 included on the company's website. The company's directors are responsible for the integrity of the company's website. We have not been engaged to report on the integrity of this website. The review report refers only to the half-year financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the half-year financial report. If users of the half-year financial report are concerned with the inherent risks arising from publication on a website they are advised to refer to the hard copy of the reviewed half-year financial report to confirm the information contained in this website version of the half-year financial report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of A1 Consolidated Gold Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

HLB Mann Judd

HLB MANN JUDD
Chartered Accountants

L Di Giallonardo

L DI GIALLONARDO
Partner

Perth, Western Australia
11 March 2013

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