A1 Consolidated Gold Limited

ABN 50 149 308 921

Annual Financial Report

30 June 2011

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CORPORATE INFORMATION

A1 Consolidated Gold Limited
ABN 50 149 308 921

Directors

Ashok Parekh – Non Executive Chairman

Dennis Clark – Managing Director

Darren Russell-Croucher – Executive Director

Morrie Goodz – Non Executive Director

Jeffrey Williams – Non Executive Director

Company secretary

Emma Walczak

Registered office

C/- Herries Davidson & Co
32 Clifford Street
GOULBURN NSW

Principal place of business

A1 Gold Mine
Woods Point Road
MANSFIELD VIC

Share register

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA

Solicitors

Price Sierakowski Corporate
Level 24, 44 St Georges Terrace
PERTH WA

Bankers

ANZ Bank
190 Auburn Street
GOULBURN NSW

Auditors

HLB Mann Judd
Level 4, 130 Stirling Street
Perth WA

DIRECTORS' REPORT

Your directors submit the annual financial report of A1 Consolidated Gold Limited (**Company**) for the financial period ended 30 June 2011. In order to comply with the provisions of the Corporations Act, the directors report as follows:

Directors

The names of directors who held office during or since the end of the year and until the date of this report are as follows:

Names, qualifications, experience and special responsibilities

Ashok Parekh (Non-Executive Chairman) ***Appointed on 14 February 2011***

BBUS FCA, AIMM, FTIA

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.

Dennis Clark (Managing Director) ***Appointed on 14 February 2011***

Cert Mine Manager (VIC)

Mr Dennis Clark has 38 years' experience in underground mining, with extensive knowledge of mine development, installation of surface infrastructure and treatment plants. He is the holder of a Mine Managers Certificate of Competency (Vic) and has managed and operated several narrow vein gold projects.

For the past 25 years, Mr Clark has been a mining contractor and has undertaken mine development projects in Victoria and NSW. Mr Clark has been the driving force behind the re-development of the A1 Gold Mine and is intimately familiar with the mine workings and geology.

Darren Russell-Croucher (Executive Director) ***Appointed on 14 February 2011***

Mr Darren Russell-Croucher has over 20 years' experience in the exploration, construction and development of narrow vein gold projects. He has been involved in the management teams of gold projects in Victoria and Western Australia, taking the projects from the construction phase through to production.

More recently Mr Russell - Croucher has been a partner in a contract mining Company which has undertaken the installation of the surface infrastructure at the A1 Gold Mine. This was followed by ~1km of mechanised underground development. Mr Russell - Croucher is highly experienced in the re-vegetation and rehabilitation of disturbed areas, having worked on projects in Australia, South Eastern Asia and the South Pacific.

Morrie Goodz (Non-Executive Director) ***Appointed on 18 March 2011***

MSc (Mining Geol), MBA, Cert Mine Manager (VIC), FAusIMM, MCanIMM

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 Reward Gold Ltd (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.

Jeffrey Williams (Non-Executive Director) ***Appointed on 5 May 2011***

BSc (Mining Eng), MBA, FAusIMM

Mr Jeffrey Williams has 16 years' experience as a professional mining engineer in Australia and seven years in the stockbroking industry and is a Fellow of the Australasian Institute of Mining and Metallurgy. His mining experience ranges from mine planning, underground management and feasibility studies through to mine development. From 1972 to 1984, he held various positions with CRA Ltd at Broken Hill in New South Wales. Following completion of his Masters of Business Administration (MBA) programme in 1987, he played a major role as a Senior Project Engineer with North Ltd. From 1989 to 1996, he specialised in gold mining research in the stock broking industry. Prior to establishing Nimbus Resources in 1997, he was the Head of Resources Research at James Capel Australia. Mr Williams is currently Managing Director of Mineral Deposits Ltd and Non-Executive Director of Western Australian-based listed Company, MacPhersons Reward Gold Ltd (ASX: MRP).

Mr Williams established Nimbus Resources (now Mineral Deposits Ltd) in 1997 and acquired mineral sands assets from BHP-Billiton near Hawks Nest on the New South Wales coast in 1998. He has since secured the Sabodala gold and Grande Cote zircon projects in Senegal in West Africa, and commenced gold production in March 2009. The market capitalisation of Mineral Deposits Ltd has increased from AUD$6 million in 2003 to over AUD$700 million.

Company Secretary

Emma Walczak ***Appointed on 4 March 2011***

LLB, BICT

Ms Emma Walczak is a lawyer specialising in corporate law with the majority of her legal experience revolved around advising companies in respect of capital raisings (including IPOs and convertible security arrangements), acquisitions, farm-in and joint venture transactions, project due diligence and reconstructions with a focus on the energy and resources sector.

Ms Walczak currently works at DWCorporate Pty Ltd as in house legal counsel advising the team on ASX Listing Rule compliance and Corporations Act compliance matters and as assistant Company secretary to a number of Company secretaries of ASX-listed companies.

Interests in the shares and options of the Company and related bodies corporate

The following relevant interests in shares and options of the Company or a related body corporate were held by the directors as at the date of this report.

Directors	Number of options over ordinary shares	Number of fully paid ordinary shares
Ashok Parekh	Nil	3,833,333
Dennis Clark	Nil	3,501,001
Darren Russell-Croucher	Nil	3,001,000
Morrie Goodz	Nil	2,000,000
Jeffrey Williams	Nil	2,000,000

There have been no ordinary shares issued by the Company during or since the end of the financial period as a result of the exercise of an option.

There are no unpaid amounts on the shares issued.

At the date of this report there are no unissued ordinary shares of the Company under option.

Dividends

No dividends have been paid or declared since the start of the financial period and the directors do not recommend the payment of a dividend in respect of the financial period.

Principal Activities

The principal activities of the entities of the Company during the period were underground development at the A1 Gold Mine.

There have been no significant changes in the nature of those activities during the period.

Review of operations

Summary of Operations for the year

Surface operations

The Company undertook a number of surface operations at the A1 Gold Mine, including but not limited to:

- the front gate and fencing were relocated to allow vehicle turning space at the worksite;
- the access road was sheeted with gravel and graded;
- a car parking area was selected and is in operation;
- the portal bench was widened and a lay-down area for mine stores was set-up;
- a 350 cfm compressor has been purchased and commissioned;
- an annex building was fabricated for the storage of mines rescue equipment and radio system; and
- 100 metres of 450mm concrete pipe has been installed to effect surface drainage past the worksite.

Underground

The Company undertook a number of underground operations at the A1 Gold Mine, including but not limited to:

- a pumping system has been installed for the mine water;
- 45 vertical metres has been dewatered;
- decline development of 150 linear metres has been completed;
- development of the 1650 level over a distance of 100 metres has been completed for return ventilation;
- a 50 metre strike length of the 1650 drive was through mineralized stockworks with coarse visible gold; and
- the electrical reticulation system has been upgraded and the ventilation circuit commissioned.

Operating results for the year

The operating loss after income tax of the Company for the year ended 30 June 2011 was $ 58,697. Summarised operating results are as follows:

2011		
	Revenue	Results
Revenues and (loss)/profit before income tax expense	$ 8,812	$ (58,697)

Shareholder returns

There were no shareholder returns for the period ended 30 June 2011.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Company to the date of this report.

Significant events after balance date

Since 30 June 2011, the Company has raised a further $850,000 by way of issue of 5,666,666* ordinary shares at 15 cents each.

*The Company has received funds for 5,666,666 Shares however it has not issued 800,000 of those to one applicant as the Company is still to receive the necessary application form and documentation to evidence whether the shareholder falls within section 708(8) or Section 708(10) of the Corporations Act. The Company will issue the 800,000 shares to the applicant upon receiving the requisite documentation.

The Company is also in the process of preparing to raise additional capital through an initial public offering by offering up to 80 million fully paid ordinary shares at 30 cents each to raise $24 million with a minimum subscription of 60 million shares at 30 cents each to raise $18 million (before costs of the offer).

Likely developments and expected results

The Company expects to continue its operations and, subject to successful completion of its proposed initial public offering, it will accelerate the level of contract mining being undertaken at the A1 Gold Mine.

Environmental legislation

The Company's operations must be conducted in accordance with the Mineral Resources (Sustainable Development) Act 1990 (**MRSDA**). To the best of the directors' knowledge, the Company has complied with the MRSDA.

As part of the process for obtaining a registered mine plan under the MRSDA, there is a section on Environmental Management which requires the following matters to be addressed:

- cultural heritage management;
- surface and groundwater management;
- air blast and vibration;
- noise;
- dust;
- waste management;
- recording of data; and
- monitoring program.

The Company has complied with all of the above-mentioned requirements in accordance with the registered mine plan.

Indemnification and insurance of Directors and Officers

The Company has agreed, by entering into deeds of access, indemnity and insurance with each of the directors and the Company secretary, to indemnify all the directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The Company will take out comprehensive directors' and officers' insurance prior to the Company's initial public offering and admission to the Australian Securities Exchange.

Remuneration report

This report outlines the remuneration arrangements in place for the key management personnel of the Company for the financial period ended 30 June 2011. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

For the financial period ended 30 June 2011, no directors were paid any remuneration for their services given the early stages of the Company. The remuneration packages for the directors will be determined as and when appropriate.

Employment Contracts

There are no employment contracts currently in place with respect to the directors' engagement with the Company.

Directors' Meetings

The directors held three board meetings for the period ended 30 June 2011.

The attendance record of the directors for each of the directors' meetings is as follows:

- meeting held on 28 February 2011: all three appointed directors at the time attended, being Mr Parekh, Mr Clark and Mr Russell – Croucher;
- meeting held on 29 March 2011: all four appointed directors at the time attended, being Mr Parekh, Mr Clark, Mr Russell – Croucher and Mr Goodz; and
- meeting held on 4 April 2011: all four appointed directors at the time attended, being Mr Parekh, Mr Clark, Mr Russell – Croucher and Mr Goodz.

Corporate Governance

Given the nature and size of the Company as a public unlisted company, it has not formally adopted a corporate governance statement. However, the Company intends to adopt a corporate governance statement prior to its proposed listing on the Australian Securities Exchange which will follow the guidelines set by The Corporate Governance Principles and Recommendations (2nd edition, ASX Corporate Governance Council).

Proceedings on behalf of the Company

There were no proceedings on behalf of the Company.

Auditor Independence and Non-Audit Services

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 audit of the financial report. This Independence Declaration is set out on page 9 and forms part of this directors' report for the period ended 30 June 2011.

Non-Audit Services

There were no amounts paid or payable to the auditor for non - audit services provided during the period by the auditor.

Signed in accordance with a resolution of the directors.

Dennis Clark

Managing Director
Goulburn, New South Wales
22 September 2011

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HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of A1 Consolidated Gold Limited for the period ended 30 June 2011, 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 audit; and

b) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of A1 Consolidated Gold Limited.

Perth, Western Australia
22 September 2011

L DI GIALLONARDO
Partner, HLB Mann Judd

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
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Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD 14 FEBRUARY 2011 TO 30 JUNE 2011

	Notes	2011 $
Interest income	2a	8,812
Accounting and taxation services		(2,550)
Auditor's remuneration	18	(15,000)
Company secretary fees	19d	(22,395)
Depreciation expense	8	(1,197)
Finance costs	2b	(1,001)
Insurance		(10,116)
Legal fees		(12,954)
Computer expenses		(1,604)
Formation expenses		(692)
Loss before income tax expense		**(58,697)**
Income tax expense	3	-
Loss for the period		**(58,697)**
Other comprehensive income		**-**
Total comprehensive loss for the period attributable to owners		**(58,697)**
Basic and diluted loss per share (cents per share)	4	(0.0027)

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Notes	2011 $
Current Assets		
Cash and cash equivalents	5	913,540
Trade and other receivables	6	134,821
Other assets	7	91,269
Total Current Assets		**1,139,630**
Non-Current Assets		
Plant and equipment	8	56,322
Deferred exploration and evaluation expenditure	9	1,112,390
Total Non-Current Assets		1,168,712
Total Assets		**2,308,342**
Current Liabilities		
Trade and other payables	10	397,880
Borrowings	11	30,011
Total Current Liabilities		**427,891**
Total Liabilities		**427,891**
Net Assets		**1,880,451**
Equity		
Issued capital	12	1,939,148
Accumulated losses	13	(58,697)
Total Equity		**1,880,451**

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 14 FEBRUARY 2011 TO 30 JUNE 2011

	Issued Capital	Accumulated Losses	Total
	$	$	$
Balance as at 14 February 2011	-	-	-
Total comprehensive loss for the period	-	(58,697)	(58,697)
Shares issued during the period	1,939,148	-	1,939,148
Balance at 30 June 2011	**1,939,148**	**(58,697)**	**1,880,451**

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE PERIOD 14 FEBRUARY 2011 TO 30 JUNE 2011

	Notes	2011 $ Inflows/(Outflows)
Cash Flows from Operating Activities		
Payments to suppliers and employees		(156,224)
Interest received		4,716
Finance costs		(875)
Net cash (used in) operating activities	3(ii)	(152,383)
Cash Flows from Investing Activities		
Purchase of non-current assets		(57,519)
Exploration and development expenditure		(788,368)
Net cash (used in) investing activities		(845,887)
Cash Flows from Financing Activities		
Proceeds from issue of shares		1,939,148
Payments for proposed capital raising and listing costs		(57,349)
Proceeds from borrowings		40,075
Repayment of borrowings		(10,064)
Net cash provided by financing activities		1,911,810
Net increase in cash and cash equivalents		913,540
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at end of period	3(i)	**913,540**

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 14 FEBRUARY 2011 TO 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law.

The accounting policies detailed below have been consistently applied unless otherwise stated.

The financial report has also been prepared on a historical cost basis. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars.

The Company is a public company, incorporated in Australia and operating in the State of Victoria. The entity's principal activity is mining for gold.

(b) Incorporation and Comparative Figures

The Company was incorporated on 14 February 2011. Accordingly the financial report covers the period from 14 February 2011 to 30 June 2011 and there are no comparative figures to include in the report.

(c) Adoption of new and revised standards

Changes in accounting policies on initial application of Accounting Standards

In the period ended 30 June 2011, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current reporting period.

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

The Company has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2011. 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 its business and, therefore, no change necessary to accounting policies.

(d) Statement of Compliance

The financial report was authorised for issue on 22 September 2011.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(e) Critical Accounting Estimates and Judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Exploration and evaluation expenditure carried forward

The Company capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 14 FEBRUARY 2011 TO 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Segment Reporting

Since incorporation the Company has been engaged in the minerals industry at one location in Victoria and accordingly there are currently no separate segments to the Company's operations.

(g) Revenue Recognition

Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, duties and taxes paid. The main revenue is interest received which is recognised on an accrual basis.

(h) Income Tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The resulting deferred tax assets are not recognised and included as an asset because recovery is considered not probable in the next few years.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxation authority.

(i) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 14 FEBRUARY 2011 TO 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of Assets

The Company assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(k) Cash and Cash Equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(l) Trade and Other Receivables

Trade and other receivables are stated at their cost. At period end they represented refunds due for Goods & Services Tax and other taxes due for settlement approximately 30 days after lodgement of returns.

(m) Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Plant and equipment – over 4 to 5 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial period end.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 14 FEBRUARY 2011 TO 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Financial Assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Company determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

If the Company were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 14 FEBRUARY 2011 TO 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Impairment of financial assets

The Company assesses at each balance date whether a financial asset or group of financial assets is impaired.

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

(iii) Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the statement of comprehensive income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(p) Trade and Other Payables

Trade payables and other payables are carried at cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(q) Interest-Bearing Loans and Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(r) Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 14 FEBRUARY 2011 TO 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Earnings per share

Basic earnings per share is calculated as net profit or loss attributable to members of the Company, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit or loss attributable to members of the Company, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(t) Exploration and Evaluation Expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

(a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or

(b) exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

(u) Development Expenditure

Development expenditure is recognised at cost less accumulated amortisation and any impairment losses. Exploration and evaluation expenditure is reclassified to development expenditure once the technical feasibility and commercial viability of extracting the related mineral resource is demonstrable. Where commercial production in an area of interest has commenced, the associated costs together with any forecast future capital expenditure necessary to develop proved and probable reserves are amortised over the estimated economic life of the mine on a units-of-production basis.

Changes in factors such as estimates of proved and probable reserves that affect unit-of-production calculations are dealt with on a prospective basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 14 FEBRUARY 2011 TO 30 JUNE 2011

NOTE 2: REVENUE AND EXPENSES

	2011 $
(a) Revenue	
Other revenue	
Bank interest receivable	8,812
	8,812
(b) Expenses	
Interest expense	875
Bank Charges	126
	1,001

NOTE 3: INCOME TAX

	2011 $
Income tax recognised in profit or loss	
The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:	
Accounting loss before income tax	(58,697)
Income tax expense calculated at 30%	(17,609)
Tax effect of tax losses and temporary differences not recognised	17,609
Income tax expense	-

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	2011 $
Deductible temporary differences	4,199
Tax losses	13,410
	17,609

The tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits thereof.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 14 FEBRUARY 2011 TO 30 JUNE 2011

NOTE 4: EARNINGS PER SHARE

	2011 Cents per share
Basic and diluted loss per share	(0.0027)

Basic and diluted loss per share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted loss per share is as follows:

Earnings (loss) (refer (i))	(58,697)
	Number
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	22,025,577

(i) Earnings used in the calculation of basic and diluted loss per share equals the net loss in the statement of comprehensive income as no adjustments were required.

(ii) The weighted average number of ordinary shares for the purposes of diluted loss per share equals the weighted average number of ordinary shares used in the calculation of basic loss per share as no adjustments were required.

(iii) The following potential ordinary shares are not dilutive and are therefore excluded from the calculation of diluted loss per share:

	Number
Shares that would be issued upon satisfaction of conditions resulting from contractual arrangements – refer Note 16	56,033,000

(iv) Since the end of the reporting period the Company has issued 5,666,666 million shares.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 14 FEBRUARY 2011 TO 30 JUNE 2011

NOTE 5: CASH AND CASH EQUIVALENTS

	2011 $
Cash at bank and on hand	242,668
Short-term deposits	670,872
	913,540

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

(i) Reconciliation to the Statement of Cash Flows:

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank and investments in money market instruments, net of outstanding bank overdrafts.

Cash and cash equivalents as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash and cash equivalents	913,540
	913,540

(ii) Reconciliation of Loss for the Period to Net Cash Flows from Operating Activities

(Loss) for the period	(58,697)
Non-cash flow in loss – depreciation	1,197
Change in net assets and liabilities	
(Increase) in assets	
Current receivables	(134,821)
Other current assets	(33,920)
Increase in liabilities:	
Current payables	73,858
Net cash used in operating activities	(152,383)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 14 FEBRUARY 2011 TO 30 JUNE 2011

NOTE 6: CURRENT TRADE AND OTHER RECEIVABLES

	2011 **$**
GST recoverable	130,725
Other receivables	4,096
	134,821

NOTE 7: OTHER ASSETS

	2011 **$**
<u>Current</u>	
Prepayments	33,920
Prepaid capital raising costs	57,349
	91,269

NOTE 8: PLANT AND EQUIPMENT

	Plant and Equipment **$**
Period ended 30 June 2011	
At 14 February 2011, net of accumulated depreciation and impairment	-
Additions	57,519
Disposals	-
Depreciation charge for the period	(1,197)
At 30 June 2011, net of accumulated depreciation and impairment	56,322
At 14 February 2011	
Cost or fair value	-
Accumulated depreciation and impairment	-
Net carrying amount	-
At 30 June 2011	
Cost or fair value	57,519
Accumulated depreciation and impairment	(1,197)
Net carrying amount	56,322

The useful life of the assets was estimated as follows for 2011:

Plant and Equipment	4 to 5 years

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 14 FEBRUARY 2011 TO 30 JUNE 2011

NOTE 9: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	2011 $
Costs carried forward in respect of:	
Exploration and evaluation phase – at cost	
Balance at beginning of period	-
Expenditure incurred	1,112,390
Balance at end of period	1,112,390

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

NOTE 10: TRADE AND OTHER PAYABLES (CURRENT)

	2011 $
Trade payables (i)	24,956
Accrued expenses	16,500
Related party payables (ii) – accrued expenses	356,424
	397,880

(i) Trade payables are non-interest bearing and are normally settled on 30-day terms.
(ii) Related party payables at period end are unsecured, interest free and settlement occurs in cash.

NOTE 11: INTEREST-BEARING LOANS AND BORROWINGS

	Interest Rate	Maturity	2011 $
Unsecured			
Insurance premium funding	8.7%	12/03/2012	30,011
Total unsecured borrowings			30,011

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 14 FEBRUARY 2011 TO 30 JUNE 2011

NOTE 12: ISSUED CAPITAL

	2011 $
32,116,491 Ordinary shares issued and fully paid	1,939,148

Ordinary shares entitle the holder to participate in dividends in proportion to the number of and amounts paid on the shares held and the proceeds on winding up of the Company in proportion to the number of shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll one vote for each fully paid share and a fraction of one vote for each partly paid up share.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

	2011	
	No.	$
Movement in ordinary shares on issue		
Balance at beginning of financial period	-	-
Shares issued during the period for cash		
February 2011	1,000	1,000
March 2011	16,001,000	481,000
April 2011	7,900,001	345,000
May 2011	6,281,157	942,148
June 2011	1,933,333	170,000
Balance at end of financial period	32,116,491	1,939,148

All ordinary shares issued to 30 June 2011 have been issued under the conditions that they will not be on-sold for a period of 12 months from date of issue and that the holders will enter into a Restriction Agreement in accordance with Chapter 9A of the Listing Rules of the ASX if required. The number of Restricted Shares will be determined in accordance with Appendix 9B of the Listing Rules.

NOTE 13: ACCUMULATED LOSSES

Movements in accumulated losses were as follows:

	2011 $
Balance at beginning of financial period	-
Net (loss) for the period	(58,697)
Balance at end of financial period	(58,697)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 14 FEBRUARY 2011 TO 30 JUNE 2011

NOTE 14: FINANCIAL INSTRUMENTS

Capital risk management

The Company manages its capital to maintain a low debt to equity ratio and ensure that the Company will be able to continue as a going concern. This strategy has remained unchanged since incorporation.

The capital structure of the Company consists of debt, cash and cash equivalents and equity comprising issued capital reduced by accumulated losses.

There are no externally imposed capital requirements.

	2011 $
Categories of financial instruments	
Financial assets	
Cash and cash equivalents	913,540
Total financial assets	**913,540**
Financial liabilities	
Trade and other payables	397,880
Borrowings	30,011
Total financial liabilities	**427,891**

All the above financial assets and liabilities are carried at amortised cost and the carrying amount is equivalent to fair value.

Credit Risk

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparty is a bank with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets as noted above represents the Company's maximum exposure to credit risk.

Liquidity Risk

The Company manages liquidity risk by maintaining adequate banking facilities by continuously monitoring forecast and actual cash flows.

The contractual maturity for the Company's financial liabilities, including estimated interest payments, is as follows:

	Less than 1 Month $	1 – 3 Months $	3 Months - 1 Year $	1 – 5 Years $	5+ Years $
Non-interest bearing	24,956	367,424	5,500	-	-
Fixed interest rate instruments	3,626	7,252	21,758	-	-
	28,582	374,676	27,258	-	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 14 FEBRUARY 2011 TO 30 JUNE 2011

NOTE 14: FINANCIAL INSTRUMENTS (continued)

Interest Rate Risk

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

	2011 $ Carrying Amount
Variable rate instruments	
Financial assets	$670,872
Fixed rate instruments	
Financial liabilities	$30,011

NOTE 15: COMMITMENTS

There were no capital or other expenditure commitments as at 30 June 2011.

NOTE 16: CONTINGENCIES

The Company has entered into 3 option agreements for the acquisition of mining tenements. In the case of the A1 Gold Mine Agreement with Heron Resources Ltd the Company will also be acquiring plant and equipment. Completion under each of the option agreements is conditional upon written conditional approval from the Australian Securities Exchange (ASX) for admission of the Company to the official list of the ASX. The consideration payable for the acquisition of the tenements upon exercise of the respective options is shares in A1 Consolidated Gold Ltd as follows:

Entity	**Number of Ordinary Shares**
A1 Gold Mine Agreement	
Gaffney's Creek Gold Mine Pty Ltd (i)	33,333,000
Heron Resources Ltd (i)	20,700,000
Blue Gum International Pty Ltd – (Option fee paid $20,000) (ii)	1,000,000
Mr C Toifl – (Option fee to be paid $1,000) (ii)	1,000,000

(i) Deemed issue price of $0.30 per share
(ii) Issue price of shares offered at the Company's initial public offering

NOTE 17: EVENTS AFTER THE REPORTING PERIOD

Since the end of the financial year the Company has issued 5,666,666 million shares at an issue price of $0.15 per share raising additional capital of $850,000.

The Company is also in the process of preparing to raise additional capital through an initial public offering by offering up to 80 million fully paid ordinary shares at 30 cents each to raise $24 million with a minimum subscription of 60 million shares at 30 cents each to raise $18 million (before costs of the offer).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 14 FEBRUARY 2011 TO 30 JUNE 2011

NOTE 18: AUDITOR'S REMUNERATION

The auditor of A1 Consolidated Gold Limited is HLB Mann Judd.

	2011
	$
Amounts received or due and receivable by HLB Mann Judd for:	
An audit or review of the financial report of the Company	15,000

NOTE 19: RELATED PARTY, DIRECTORS AND EXECUTIVES DISCLOSURES

(a) Details of Key Management Personnel

(i) Directors

A A Parekh	Chairman (non-Executive)
D J Clark	Managing Director
M D Goodz	Director (non-Executive)
D Russell-Croucher	Director (Executive)
J W Williams	Director (non-Executive)

(ii) Executives

E G Walczak	Company Secretary

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

(b) No remuneration was paid to key management personnel of the Company during the period.

(c) Shareholdings of Key Management Personnel

Ordinary shares held in A1 Consolidated Gold Limited

30 June 2011	Balance at Beginning of Period	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance at End of Period
Directors					
D J Clark	-	-	-	3,501,001	3,501,001
M D Goodz	-	-	-	2,000,000	2,000,000
A A Parekh	-	-	-	3,833,333	3,833,333
D Russell-Croucher	-	-	-	3,001,000	3,001,000
J W Williams	-	-	-	2,000,000	2,000,000
Executive					
E G Walczak	-	-	-	-	-
	-	-	-	14,335,334	14,335,334

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 14 FEBRUARY 2011 TO 30 JUNE 2011

NOTE 19: RELATED PARTY, DIRECTORS AND EXECUTIVES DISCLOSURES (continued)

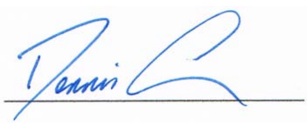
(d) Other Transactions and Balances with Key Management Personnel

	2011 $
All mining and related services used by the Company were purchased from A1 Consolidated Mining Pty Ltd. Mr D Clark and Mr D Russell-Croucher, directors, have a significant influence over A1 Consolidated Mining Pty Ltd	1,109,446
Preparation of geological documentation was supplied by Goodz & Associates GMC Pty Ltd. Mr M D Goodz, a director, has control of Goodz & Associates GMC Pty Ltd	18,182
Company secretarial services were supplied by DWCorporate Pty Ltd. Ms E G Walczak, Company secretary, is an employee of DWCorporate Pty Ltd	22,395

DIRECTORS' DECLARATION

1. In the opinion of the directors of A1 Consolidated Gold Limited (the 'Company'):
   a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
      i. giving a true and fair view of the Company's financial position as at 30 June 2011 and of its performance for the period then ended; and
      ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
   b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
   c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial period ended 30 June 2011.

This declaration is signed in accordance with a resolution of the Board of Directors.



Dennis Clark

Managing Director

Dated this 22nd day of September 2011

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of A1 Consolidated Gold Limited

Report on the Financial Report

We have audited the accompanying financial report of A1 Consolidated Gold Limited, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for A1 Consolidated Gold Limited.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error.

In Note 1(d), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial report of A1 Consolidated Gold Limited complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration report of A1 Consolidated Gold Limited for the financial period ended 30 June 2011 included on A1 Consolidated Gold Limited's

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website. The company's directors are responsible for the integrity of the A1 Consolidated Gold Limited website. We have not been engaged to report on the integrity of this website. The auditor's report refers only to the financial report and remuneration report identified in this report. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of the 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 audited financial report and remuneration report to confirm the information contained in this website version of the financial report.

Independence

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

Auditor's Opinion

In our opinion:

(a) the financial report of A1 Consolidated Gold Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the period ended on that date; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(d).

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the period ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of A1 Consolidated Gold Limited for the period ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB MANN JUDD
Chartered Accountants

Perth, Western Australia
22 September 2011

L DI GIALLONARDO
Partner