

Form 603
Corporations Act 2001
Section 671B

Notice of initial substantial holder

To: Company Name/Scheme A1 Consolidated Gold Limited ("Company")

ACN/ARSN ACN: 149 308 921

1. Details of substantial holder (1)

Name A1 Consolidated Mining Pty Ltd ("A1 Mining")

ACN/ARSN (if applicable) ACN 139 359 952

The holder became a substantial holder on 03 / 11 / 14

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Ordinary shares	14,696,588	14,696,588	5.88% (based on 250,016,856 ordinary shares on issue)

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
A1 Mining	Direct holding	14,696,588 ordinary shares

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holders of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
A1 Mining	A1 Mining	A1 Mining	14,696,588 ordinary shares

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
A1 Mining	03/11/2014		Satisfaction of the outstanding amount of \$265,205.82 owed to A1 Mining by the Company (\$0.03 per share)	8,840,194 ordinary shares

6. Associates

The reasons the person named in paragraph 3 above and associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
N/A	N/A

7. Addresses

The addresses of persons named in this form are as follows:

Name	Address
A1 Mining	32 Clifford Street Goulburn NSW 2580

Signature

print name DENNIS CLARK

capacity DIRECTOR

sign here Dennis Clark

Digitally signed by Dennis Clark
DN: cn=Dennis Clark, o=A1 Consolidated Gold
Limited, ou=Managing Director,
email=dennis@a1consolidated.com, c=AU
Date: 2014.11.19 20:53:48 +11'00'

date 19 / 11 / 14

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in Section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
- (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).
- See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown".
- (9) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

Form 603
Corporations Act 2001
Section 671B

Notice of initial substantial holder

To: Company Name/Scheme A1 Consolidated Gold Limited

ACN/ARSN ACN: 149 308 921

1. Details of substantial holder (1)

Name Gaffney's Creek Gold Mine Pty Ltd ("Gaffneys")

ACN/ARSN (if applicable) ACN 004 758 141

The holder became a substantial holder on 14 / 06 / 12

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Ordinary shares	33,333,333	33,333,333	24.12% (based on 138,208,921 ordinary shares on issue)

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
Gaffneys	Direct holding acquired pursuant to the terms of the A1 Gold Mine Agreement dated 27 February 2011 attached as Annexure A.	33,333,333 ordinary shares

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holders of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
Gaffney's	Gaffney's	A1 Consolidated Unit Trust	33,333,333 ordinary shares

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
Gaffney's	14/06/2012		See Annexure A.	33,333,333 ordinary shares

6. Associates

The reasons the person named in paragraph 3 above and associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
N/A	N/A

7. Addresses

The addresses of persons named in this form are as follows:

Name	Address
Gaffney's	32 Clifford Street Golburn NSW 2580

Signature

print name DENNIS CLARK

capacity DIRECTOR

sign here



date 19 / 11 / 14

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in Section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
- (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).
- See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown".
- (9) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

This Annexure A is a true and correct copy of the original.

[Signature]
24/11/14

ALLION 

A1 GOLD MINE AGREEMENT

Gaffney's Creek Gold Mine Pty Ltd

Heron Resources Limited

A1 Consolidated Gold Ltd

Ref: 103597
Doc Ref.: 761645v1

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50 Kings Park Road
West Perth WA 6005
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A1 GOLD MINE AGREEMENT

27 February 2011
vmm, ts

DETAILS:

Name:	Gaffney's Creek Gold Mine Pty Ltd	Gaffney
ACN:	004 758 141	
Incorporated in:	Commonwealth of Australia	
Address:	32 Clifford Street Goulburn, NSW 2580	
Fax:	(02) 4849 4244	
Attention:	Managing Director	

Name:	Heron Resources Limited	Heron
ACN:	068 263 098	
Incorporated in:	Commonwealth of Australia	
Address:	Level 1 37 Ord Street West Perth, WA 6005	
Fax:	08 9215 4490	
Attention:	Managing Director	

Name:	A1 Consolidated Gold Ltd	ACG
ACN:	149 308 921	
Incorporated in:	Commonwealth of Australia	
Address:	32 Clifford Street Goulburn, NSW 2580	
Fax:	(02) 4849 4244	
Attention:	Managing Director	

RECITALS:

- A. Gaffney is the sole legal and beneficial owner of the Assets.
- B. Heron has an option to acquire Gaffney's interest in the Assets under and in accordance with the terms of the Mining Asset Sale Agreement. Heron is also the owner of the Associated Assets.
- C. ACG is a public company which has been incorporated with a view to acquiring the Assets and the Associated Assets, conducting an initial public offering of its shares and having such shares quoted on the official list of ASX. As at the date of this agreement, ACG has

neither traded nor had any assets or liabilities (other than in respect of its subscriber shares), and its issued capital comprises:

Shareholder	Shares	% of total issued Shares
Dennis Clark	1000	50
Darren Russell- Croucher	1000	50

- D. Heron intends assigning its interest under the Mining Asset Sale Agreement, and selling the Associated Assets, to ACG on the terms and conditions set out in this agreement.

GENERAL TERMS:

1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

These meanings apply unless the contrary intention appears:

A1 Gold Mine means the mine of that name located 120 kilometres east north east of Melbourne in the Woods Point district and situated on the Mining Tenements.

ACG Shares means fully paid ordinary shares in the capital of ACG.

ACG Warranties means the warranties set out in Part C of schedule 3.

ASIC means Australian Securities and Investments Commission.

Assets has the meaning given to it in the Mining Asset Sale Agreement.

Asset Sale Completion has the meaning given to it in clause 5.5.

Assignment and Assumption Deed means an assignment and assumption deed substantially and materially in the form set out in schedule 2, providing for the assignment and assumption in clauses 4.1(a) and 4.1(b).

Associated Assets means all of the plant and equipment on the Mining Tenements as at the date of this agreement (including those items listed in schedule 1 of this agreement) and any plant and equipment brought on to the Mining Tenements by ACG pursuant to the licence in clause 3 to repair, replace or reinstate any item of plant and equipment on the Mining Tenements as at the date of this agreement, but does not include the Retained Items.

Assumed Obligations has the meaning given to it in clause 2.1(b).

ASX means ASX Limited or Australian Securities Exchange as appropriate.

Authorised Officer means, in respect of a party, a director or secretary of the party or any other person appointed by a party to act as an Authorised Officer under this agreement.

Business Day means a day other than a Saturday, Sunday or public holiday in Perth, Western Australia or Melbourne, Victoria.

Claim includes any allegation, debt, cause of action, Liability, claim, proceeding, suit or demand of any nature howsoever arising and whether present or future, fixed or unascertained, actual or contingent, whether at law, in equity, under statute or otherwise.

Completion means completion of the assignment and assumption contemplated in clauses 4.1(a) and 4.1(b) of this agreement and of the sale and purchase contemplated in clause 4.1(c) of this agreement in accordance with clause 6 and **Complete** has a corresponding meaning.

Completion Date means the date which is 7 Business Days after the satisfaction or waiver of the last Condition or any other date agreed by the parties.

Conditions means the conditions set out in clause 5.

Confidential Information means all Information disclosed to the Receiving Party or any Related Body Corporate or Representative of the Receiving Party, under or in connection with this agreement, including:

- (a) this agreement and its terms;
- (b) the Mining Information;
- (c) information which, either orally or in writing, is designated or indicated as being the proprietary or confidential information of the Disclosing Party or any of its Related Bodies Corporate;
- (d) information derived or produced partly or wholly from the Information including any calculation, conclusion, summary or computer modelling; and
- (e) information which is capable of protection at law or equity as confidential information,

whether the Information was disclosed:

- (f) orally, in writing or in electronic or machine readable form;
- (g) before, on or after the date of this agreement; or
- (h) by the Disclosing Party or any of its Representatives, any of its Related Bodies Corporate, any Representatives of its Related Bodies Corporate or by any third person.

Corporations Act means the *Corporations Act 2001* (Cth).

Cut-Off Date has the meaning given to it in clause 5.3.

Details means the section of this agreement headed "Details".

Disclosing Party means the party disclosing Confidential Information.

Dispose means to sell, transfer, assign, swap or otherwise dispose of or deal with any legal or equitable interest in the Assets.

Duty means any stamp, transaction or registration duty or similar charge which is imposed by any Government Agency and includes but is not limited to, any interest, fine, penalty, charge or other amount which is imposed in that regard.

Effective Date means the date of this agreement.

Encumbrance has the meaning given to it in the Mining Asset Sale Agreement.

Excluded Information means Confidential Information which:

- (a) is in or becomes part of the public domain other than through breach of this agreement or an obligation of confidence owed to the Disclosing Party or any Related Body Corporate of the Disclosing Party;

- (b) the Receiving Party can prove was already known to it at the time of disclosure by the Disclosing Party or its Related Bodies Corporate or Representatives (unless such knowledge arose from disclosure of information in breach of an obligation of confidentiality); or
- (c) the Receiving Party acquires from a source other than the Disclosing Party or any Related Body Corporate or Representative of the Disclosing Party where such source is entitled to disclose it.

Gaffney Warranties means the warranties set out in Part B of schedule 3.

Government Agency has the meaning given to it in the Mining Asset Sale Agreement.

Heron Consideration Shares has the meaning given in clause 6.3(c) of this agreement.

Heron Warranties means the warranties set out in Part A of schedule 3.

Information means all information, regardless of its Material Form, relating to or developed in connection with:

- (a) the business, technology or other affairs of the Disclosing Party or any Related Body Corporate of the Disclosing Party; or
- (b) any systems, technology, ideas, concepts, know-how, techniques, designs, specifications, blueprints, tracings, diagrams, models, functions, capabilities and designs (including computer software, manufacturing processes or other information embodied in drawings or specifications), intellectual property or any other information which is marked "confidential" or is otherwise indicated to be subject to an obligation of confidence owned or used by or licensed to the Disclosing Party or a Related Body Corporate of the Disclosing Party.

IPO Price means the price at which ACG Shares are offered to investors under an initial public offering of ACG Shares, being \$0.30 per ACG Share.

Liability means any liability or obligation (whether actual, contingent or prospective), including for any Loss irrespective of when the acts, events or things giving rise to the liability occurred.

Licence Term means the period commencing on the Effective Date and ending on the earlier of Completion or the Cut-Off Date.

Listing Rules means the listing rules of ASX.

Loss means all damage, loss, cost, Claim, liability or expense (including legal costs and expenses of whatsoever nature or description).

Manager means a manager contemplated by section 47A of the Mineral Resources Act.

Material Form includes any form (whether visible or not) of storage from which reproductions can be made.

Mineral Resources Act means the *Mineral Resources (Sustainable Development) Act 1990* (Vic).

Mineral Resources Regulations means the *Mineral Resources Development Regulations 2002* (Vic).

Mining Asset Sale Agreement means the agreement of that name dated 13 August 2009 between Gaffney and Heron.

Mining Information has the meaning given to it in the Mining Asset Sale Agreement.

Mining Securities has the meaning given to it in the Mining Asset Sale Agreement.

Mining Tenements has the meaning given to it in the Mining Asset Sale Agreement.

Option has the meaning given to it in the Mining Asset Sale Agreement.

Option Completion has the meaning given to the term "Completion" in the Mining Asset Sale Agreement.

Option Exercise Period has the meaning given to it in the Mining Asset Sale Agreement.

Option Notice has the meaning given to it in the Mining Asset Sale Agreement.

PPS Act means the *Personal Property Securities Act 2009* (Cth).

Proposed IPO means the proposed initial public offering of ACG Shares referred to in Recital C.

Receiving Party means the recipient of Confidential Information.

Related Body Corporate has the meaning it has in the Corporations Act.

Representative of a party includes an employee, agent, officer, director, auditor, adviser, partner, consultant, joint venturer or sub-contractor of that party.

Restriction Agreement means a restriction agreement in the form prescribed by the Listing Rules.

Retained Items means those items listed in schedule 4 located at the A1 Gold Mine as at the date of this agreement.

Security Interest includes a security agreement as defined in section 12 of the PPS Act.

1.2 Interpretation

- (a) Clauses 1.2(a) to (e) and 1.2(h) to (q) of the Mining Asset Sale Agreement apply in interpreting this agreement.
- (b) Unless the contrary intention appears, a reference in this agreement to:
 - (i) a document (including this agreement) includes any variation or replacement of it;
 - (ii) a clause, annexure or schedule is a reference to a clause in or annexure or schedule to this agreement; and
 - (iii) except in the definition of "Related Body Corporate", a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.

2 INITIAL STEPS

2.1 Actions on execution

With effect from the Effective Date:

- (a) Gaffney releases Heron from its obligations under clause 3.6 of the Mining Asset Sale Agreement;
- (b) ACG assumes all of the obligations of Heron under clause 3.6 of the Mining Asset Sale Agreement (**Assumed Obligations**);

- (c) subject to clause 3.5, Heron's rights under clause 3.5(c) of the Mining Asset Sale Agreement are suspended;
- (d) Gaffney grants ACG equivalent rights to those in clause 3.5(c) of the Mining Asset Sale Agreement; and
- (e) the Option Exercise Period is extended to 31 January 2012.

2.2 Agreement not to exercise Option

Heron agrees that it will not exercise the Option before the Cut-Off Date.

2.3 Mining Information and Retained Items

Heron must:

- (a) deliver the Mining Information into the possession, custody and control of ACG (in accordance with the directions of ACG) as soon as practicable following the Effective Date and in any event by no later than 25 February 2011; and
- (b) remove the Retained Items from the Mining Tenements as soon as practicable following the Effective Date and in any event by no later than the date which is two weeks after the Effective Date.

2.4 Replacement of Manager

Gaffney must appoint a replacement Manager in relation to the A1 Gold Mine as soon as practicable following the Effective Date and in any event by no later than the date which is two weeks after the Effective Date.

2.5 Application for renewal of Mining Tenements

If Completion has not occurred by 13 July 2011, Gaffney must, by no later than 18 July 2011, apply for and take all reasonably required steps to seek the amalgamation and renewal of each of the Mining Tenements in accordance with the requirements of the Mineral Resources Act and the Mineral Resources Regulations.

2.6 Founders Capital

Heron agrees that within 7 Business Days of receiving notice from ACG requesting Heron to do so, it will offer to subscribe for 4,000,000 ACG Shares (or such lesser number of ACG Shares as the parties may agree having regard to clause 12.4) at an issue price of \$0.03 per ACG Share.

2.7 Initial seed capital

Heron agrees that within 7 Business Days of receiving a notice from ACG requesting Heron to do so, it will offer to subscribe for 1,500,000 ACG Shares (or such lesser number of ACG Shares as the parties may agree having regard to clause 12.4) at an issue price of \$0.15 per ACG Share.

2.8 Use of funds

ACG agrees that the subscription funds received from Heron in consideration for the issue of the ACG Shares contemplated by clauses 2.6 and 2.7 may only be used to assist ACG in covering the costs of the Proposed IPO and satisfying the Assumed Obligations.

2.9 Covenants

Except as expressly provided for in this agreement or in the Mining Asset Sale Agreement (as varied by this agreement), during the Option Exercise Period (as extended by clause 2.1(e)) neither Gaffney nor ACG may:

- (a) grant an Encumbrance over, assign or otherwise Dispose of the Assets, or any of its rights in respect of the Assets, or agree to do any of those things; or
- (b) provide any Mining Information to any third party other than:
 - (i) to a Government Agency; or
 - (ii) in the ordinary course of presentations to advisors, brokers, portfolio investors or analysts relating to the proposed IPO.

2.10 Indemnity

ACG indemnifies Heron and Gaffney against any Loss arising directly or indirectly from, or incurred in connection with, the performance or non-performance by ACG of the Assumed Obligations.

2.11 Utility Services

- (a) Heron is responsible for the cost of all utilities (including electricity, telephone, fax and private postal bag (**Utilities**) provided to the A1 Gold Mine during the period from date of execution of the Mining Asset Sale Agreement to the Effective Date and must ensure that any invoices for such Utilities are promptly paid.
- (b) ACG is responsible for the cost of all Utilities provided to the A1 Gold Mine on and from the Effective Date must ensure that any invoices for such Utilities are promptly paid.
- (c) Heron must assist ACG by executing the necessary forms and consents to enable the Utilities provided to the A1 Gold Mine to be transferred to ACG as soon as practicable following the Effective Date.

2.12 Acknowledgement

Each of Gaffney and Heron acknowledges and agrees that, as at the Effective Date, the other party has fully and satisfactorily performed and discharged all of the obligations required to be performed or discharged by it under the Mining Asset Sale Agreement prior to the Effective Date.

3 ACG'S LICENCE AND PERFORMANCE OF ASSUMED OBLIGATIONS

3.1 Grant of licence

With effect from the Effective Date, Heron grants to ACG a licence to use the Associated Assets during the Licence Term to perform the Assumed Obligations and ACG agrees to hold the Associated Assets in accordance with, and subject to the terms and conditions set out in, this clause 3.

3.2 Licence limits

Without the prior written approval of Heron, ACG must not during the Licence Term:

- (a) destroy, Dispose of, or otherwise part with possession of, the Associated Assets;
- (b) remove the Associated Assets from the Mining Tenements, unless such removal is incidental to the ordinary performance of the Assumed Obligations;
- (c) claim any interest in the Associated Assets in priority to the interest of Heron; or
- (d) grant an Encumbrance over, or otherwise permit a Security Interest to exist in, the Associated Assets in favour of any person other than Heron.

3.3 ACG's obligations

During the Licence Term, ACG must at its own cost:

- (a) maintain the Associated Assets in good condition and repair (taking into account reasonable wear and tear);
- (b) maintain up to date records regarding the Mining Tenements and ACG's performance of the Assumed Obligations;
- (c) keep Heron and Gaffney reasonably informed about the material operations and activities on the Mining Tenements and any other material matters coming to ACG's attention which relate to the Assets or the Associated Assets; and
- (d) forward to Heron and Gaffney a copy of all material communications received from any third party or from any Government Agency which relates to the Assets or the Associated Assets.

3.4 Insurance

ACG must, as soon as practicable following the Effective Date, take out and thereafter maintain during the Licence Term, insurance of the Associated Assets covering such risks and for such amounts as would be maintained in accordance with prudent business practice with a reputable and properly authorised licensed insurer. Each contract of insurance must be endorsed to show the interest of Heron in the Associated Assets.

3.5 Right of access

ACG agrees to give Heron and its Representatives full and free access to the Mining Tenements on reasonable notice and at all reasonable times during the Licence Term to enable Heron to inspect the Associated Assets.

3.6 Indemnity

ACG indemnifies Heron against any Loss arising directly or indirectly from, or incurred in connection with, any breach by ACG of its obligations under this clause 3 or the Assumed Obligations, or from Heron having to pay any fines or penalties arising from the use of the Associated Assets by ACG or any of its Representatives.

3.7 Operation of PPS Act

- (a) This clause 3.7 applies to any Security Interest that is created by or otherwise subject to the terms of this agreement.
- (b) For the purposes of section 275(6) or any other provision of the PPS Act Heron and ACG agree that no information may be disclosed in accordance with section 275(1) of the PPS Act.
- (c) ACG agrees to make such amendments to this agreement, and to do such other things, as Heron may require from time to time (whether before or after the registration commencement time) to:
 - (i) register the interest of Heron in the Associated Assets as a Security Interest; and
 - (ii) protect Heron's position as owner of the Associated Assets in the context of the PPS Act,

from the point in time immediately before the registration commencement time or any later time as Heron may decide.

- (d) Heron may, at ACG's cost, do anything which ACG should have done under this clause 3.7 if ACG does not do so promptly and properly.
- (e) Terms used in this clause 3.7 and which are not otherwise defined in this agreement have the meanings given to them in the PPS Act.

4 ASSIGNMENT AND SALE

4.1 Assignment of Option and sale of Associated Assets

On Completion:

- (a) Heron agrees to assign to ACG and ACG agrees to take an assignment of all of Heron's rights, title and interests under the Mining Asset Sale Agreement;
- (b) ACG agrees to assume all of the liabilities and obligations of Heron under, and agrees to be bound by the terms, conditions and covenants of, the Mining Asset Sale Agreement; and
- (c) Heron agrees to sell and ACG agrees to purchase all of Heron's right, title and interest in the Associated Assets,

on the terms and conditions of this agreement.

4.2 Consideration

In consideration for Heron assigning its rights, title and interests under the Mining Asset Sale Agreement and transferring the Associated Assets to ACG under clause 4.1, ACG agrees to issue and allot and Heron agrees to subscribe for the Heron Consideration Shares on the terms and conditions of this agreement.

4.3 Consent

Gaffney consents to the assignment and assumption contemplated by clauses 4.1(a) and 4.1(b) of this agreement for the purposes of clause 4 of the Mining Asset Sale Agreement.

5 CONDITIONS

5.1 Conditions

Completion is conditional on:

- (a) **(Admission)** ACG having received in principle approval from the ASX for admission of ACG's securities to the official list of the ASX and having satisfied any conditions to such approval (other than a condition that Completion have occurred under this agreement and that the Assets and the Associated Assets have been transferred to ACG); and
- (b) **(Approvals)** each of Heron and ACG having received any necessary approvals from its shareholders under the Corporations Act or Listing Rules (if applicable) for the transactions contemplated by this agreement.

5.2 Reasonable endeavours

Each party must use its reasonable endeavours to obtain the satisfaction of the Conditions, including procuring performance by a third party. Each party must keep each other party informed of any circumstances which may result in any Condition not being satisfied in accordance with its terms.

5.3 Cut Off Date

The Conditions must be satisfied by 31 December 2011 (or such later date as the parties may agree) (**Cut Off Date**).

5.4 Consequences of non-fulfillment

If any of the Conditions are not fulfilled by the Cut-Off Date then Heron shall be entitled to exercise the Option at any time prior to the expiry of the Option Exercise Period (as extended under clause 2.1(e)) in accordance with clause 3.3 of the Mining Asset Sale Agreement.

5.5 Steps on exercise of Option

If Heron exercises the Option prior to the expiry of the Option Exercise Period as contemplated by clause 5.4 then completion of the sale and purchase of the Assets will occur in accordance with clause 5 of the Mining Asset Sale Agreement (**Asset Sale Completion**) and in addition:

- (a) ACG's rights under clause 2.1(d) and obligations under clause 2.1(b) will automatically terminate;
- (b) ACG must deliver up control of the Associated Assets to Heron at Asset Sale Completion; and
- (c) ACG must deliver to Heron all of the Mining Information in its possession, power or control at Asset Sale Completion.

6 COMPLETION

6.1 Time and place of Completion

Completion will take place at 10am on the Completion Date at the offices of Allion Legal, Level 2, 50 Kings Park Road, West Perth, Western Australia or any other time and place agreed between the parties.

6.2 Heron's obligations on Completion

On Completion Heron must deliver to ACG:

- (a) the Assignment and Assumption Deed duly executed by Heron and Gaffney;
- (b) executed instruments of transfer or assignment that are required to vest the Associated Assets in ACG;
- (c) all documents of title relating to the Associated Assets; and
- (d) completed transfer of ownership forms for the motor vehicles which are specified in schedule 1.

6.3 ACG's obligations on Completion

On Completion ACG must:

- (a) deliver to Heron and Gaffney the Assignment and Assumption Deed duly executed by ACG;
- (b) establish to the reasonable satisfaction of the other parties that the Condition Precedent set out in clause 5.1(a) has been satisfied;
- (c) allot and issue to Heron ACG Shares to the value \$6,210,000, calculated at a deemed issue price equal to the IPO Price but credited as fully paid up (being 20.7

million ACG Shares at a deemed issue price of \$0.30 per ACG share) (*Heron Consideration Shares*);

- (d) deliver an executed Restriction Agreement relating to certain of the ACG Shares to be issued pursuant to clauses 2.6, 2.7, and 6.3(c) if and to the extent required by ASX; and
- (e) register Heron as the holder of the Heron Consideration Shares.

6.4 Simultaneous actions at Completion

In respect of Completion:

- (a) the obligations of the parties under this agreement are interdependent; and
- (b) unless otherwise stated, all actions required to be performed by a party at Completion are taken to have occurred simultaneously on the Completion Date.

6.5 Deemed exercise of Option

Immediately on Completion occurring, ACG will be deemed to have given Gaffney a completed and executed Option Notice in accordance with clause 3.3 of the Mining Asset Sale Agreement, exercising the Option and specifying the Completion Date as the "Option Completion Date" for the purposes of the Mining Asset Sale Agreement, with Option Completion to take place immediately following, and at the same location as, Completion.

6.6 Variations to Mining Asset Sale Agreement

The parties agree that on the deemed exercise of the Option in accordance with clause 6.5:

- (a) the Mining Asset Sale Agreement will be varied:
 - (i) to delete the definitions of "Sale Shares" and "Cash Payment"; and
 - (ii) to replace the definition of "Option Exercise Price" with the following:

"33.333 million ACG Shares at a deemed issue price of \$0.30 per share but credited as fully paid up"; and
- (b) clauses 7 to 10 of this agreement will apply in relation to Option Completion in substitution for clauses 5 to 8 of the Mining Asset Sale Agreement.

6.7 No in specie distribution

Heron undertakes to ACG and Gaffney that it will not make an in specie distribution to its shareholders of the Heron Consideration Shares it receives under clause 6.3(c).

7 OPTION COMPLETION

7.1 Gaffney's obligations

On Option Completion, Gaffney must deliver to ACG:

- (a) any Mining Information held by Gaffney which is not already in the custody and control of ACG;
- (b) unstamped transfers of the Mining Tenements executed by Gaffney in the form prepared by ACG and delivered to Gaffney at least 2 Business Days before the Option Completion Date, in favour of ACG in registerable form, together with all issued instruments of title; and
- (c) a tax invoice in accordance with clause 14(f) of the Mining Asset Sale Agreement,

and any Assets present on the Mining Tenement will be deemed to be delivered to ACG for the purposes of clause 7.1(a).

7.2 ACG's obligations

On Option Completion, ACG must:

- (a) allot and issue to Gaffney 33.333 million ACG Shares at a deemed issue price of \$0.30 per share but credited as fully paid up (**Gaffney Consideration Shares**); and
- (b) register Gaffney as the holder of the Gaffney Consideration Shares.

7.3 Mining Securities

(a) Subject to clause 7.3(b), ACG must, prior to Option Completion, make arrangements satisfactory to Gaffney to ensure that the liability of Gaffney under, or in connection with, the Mining Securities, will be released and assumed by ACG at Option Completion. If ACG is unable to effect the release under this clause 7.3(a), ACG must:

- (i) pay Gaffney an amount equal to any Claim which Gaffney may pay, suffer, incur or be liable for in relation to any Mining Security referred to in clause 7.3(a) which is paid, suffered or incurred, or relates to, the Mining Tenements after the Option Completion Date; and
- (ii) indemnify Gaffney against all the Claims.

(b) ACG acknowledges that the Mining Securities issued in favour of any Government Agency by Gaffney or Gaffney's bankers will be withdrawn with effect from Option Completion and ACG will take all necessary steps to ensure that acceptable replacement Mining Securities relating to the Mining Tenements will be provided.

7.4 Simultaneous actions at Option Completion

In respect of Option Completion:

- (a) the obligations of the parties under this agreement are interdependent; and
- (b) unless otherwise stated, all actions required to be performed by a party at Option Completion are taken to have occurred simultaneously on the Option Completion Date.

7.5 Insurance

Effective as and from Option Completion:

- (a) Gaffney may cancel all insurances effected by it or its Related Bodies Corporate in relation to the Assets without being liable for any losses that might arise as a result; and
- (b) ACG will be responsible for procuring all necessary insurances in relation to the Assets.

7.6 Revoke appointments

Effective as at Option Completion, Gaffney must revoke all appointments of any of itself, its Related Bodies Corporate, or their respective Representatives under any legislation, rule or regulation in relation to the Assets.

8 PERIOD AFTER OPTION COMPLETION

8.1 Registration and lodgement

After Option Completion, ACG must promptly:

- (a) register the transfer of the Mining Tenements delivered by Gaffney at Option Completion; and
- (b) procure that relevant ASIC forms are lodged to reflect the actions taken under clause 7.2.

8.2 Notification

ACG must:

- (a) use its best endeavours (including lodging the transfers for assessment of Duty within the statutory period) to procure registration of the transfers of the Mining Tenements in the name of ACG as soon as practicable after Option Completion;
- (b) notify Gaffney in writing immediately on the registration of the transfers of the Mining Tenements in the name of ACG; and
- (c) comply with all requirements relating to appointments required to be made under the Mineral Resources Act with respect to the Mining Tenements.

8.3 Approvals

Gaffney must use reasonable endeavours to assist ACG to become the proponent of any approvals or consents in respect of any of the Assets which, by reason of the transactions set out in this agreement, are not valid in the name of ACG or which, in the reasonable opinion of ACG, should be reapplied for to ensure their validity.

9 ASSUMPTION OF OBLIGATIONS

- (a) With effect from Option Completion, ACG must assume and duly observe, perform, discharge and be bound by all of the obligations and liabilities accruing to the registered holder or beneficial owner of the Assets.
- (b) Gaffney must, as soon as reasonably practicable after the Option Completion Date, use reasonable endeavours to novate Gaffney's rights and obligations under the "Electricity Retail Offer" between Gaffney and TRUenergy Pty Ltd, in favour of ACG.

10 LIABILITIES

- (a) Gaffney indemnifies ACG and Heron against all Claims (except those relating solely to the Assumed Obligations) in respect of the Assets whenever arising that relate to the period before Option Completion.
- (b) ACG indemnifies Gaffney and Heron against all Claims in respect of the Assets whenever arising that relate to the period after Option Completion.

11 WARRANTIES AND INDEMNITIES

11.1 Accuracy

- (a) Heron represents and warrants to Gaffney and ACG that each Heron Warranty is correct and not misleading in any material respect on the date of this agreement.
- (b) Gaffney represents and warrants to Heron and ACG that each Gaffney Warranty is correct and not misleading in any material respect on the date of this agreement.
- (c) ACG represents and warrants to Heron and Gaffney that each ACG Warranty is correct and not misleading in any material respect on the date of this agreement.

11.2 Separate warranties

Each warranty in clause 11.1 is to be treated as a separate representation and warranty. The interpretation of any statement made may not be restricted by reference to or inference from any other statement.

11.3 Indemnities

- (a) Heron indemnifies each of Gaffney and ACG against all Loss arising directly or indirectly from or incurred in connection with any incorrect or misleading Heron Warranty;
- (b) Gaffney indemnifies each of Heron and ACG against all Loss arising directly or indirectly from or incurred in connection with any incorrect or misleading Gaffney Warranty; and
- (c) ACG indemnifies each of Heron and Gaffney against all Loss arising directly or indirectly from or incurred in connection with any incorrect or misleading ACG Warranty.

11.4 Acknowledgements

- (a) Heron acknowledges that:
 - (i) it has made and given the Heron Warranties with the intention of inducing the other parties to enter into this agreement; and
 - (ii) the other parties have entered into this agreement in full reliance on the Heron Warranties.
- (b) Gaffney acknowledges that:
 - (i) it has made and given the Gaffney Warranties with the intention of inducing the other parties to enter into this agreement; and
 - (ii) the other parties have entered into this agreement in full reliance on the Gaffney Warranties.
- (c) ACG acknowledges that:
 - (i) it has made and given the ACG Warranties with the intention of inducing the other parties to enter into this agreement; and
 - (ii) the other parties have entered into this agreement in full reliance on the ACG Warranties.

12 IPO

12.1 Management of Proposed IPO

The parties agree that it is intended that Ashok Parekh and Co Pty Ltd (ACN 061 110 432) will co-ordinate and manage the process for the Proposed IPO on terms to be agreed with ACG following consultation with (and having regard to the comments of) Gaffney and Heron.

12.2 Consultation

Each party must use its reasonable endeavours to consult in good faith with the others regarding the capital structure, timing and terms of the Proposed IPO.

12.3 Capital Structure

As at the Effective Date, the parties acknowledge and agree that it is intended that the capital structure of ACG, upon completion of the Proposed IPO, will be as follows:

	Minimum Subscription of \$20,000,000	At Full Subscription of \$30,000,000
Offer Price per ACG Share under Proposed IPO	\$0.30	\$0.30
Options on issue	Nil	Nil
ACG Share on issue as at Effective Date (@\$1/share)	2,000	2,000
Management ACG Shares (@ 3cents/share raising \$600,000)	20,000,000	20,000,000
Founders ACG Shares (@ 3cents/share issued to Heron)	4,000,000	4,000,000
Seed ACG Shares (up to 20M shares @ 15 cents/share raising up to \$3,000,000) (Heron to take 1.5M ACG Shares)	20,000,000	20,000,000
ACG Shares to Vendors		
Gaffneys Creek Gold Mine Pty Ltd	33,333,333	33,333,333
Heron Resources Limited	20,700,00	20,700,000
Total	54,033,333	54,033,333
Shares pursuant to Proposed IPO	66,666,667	100,000,000
Total ACG Shares on issue on listing on the ASX	164,702,000	198,035,333
Total Heron percentage of ACG Shares (on a fully diluted basis)	15.9%	13.2%
Total Gaffney percentage of ACG Shares on listing on ASX (on a fully diluted basis)	20.2%	16.8%

12.4 Variation to Capital Structure

The parties acknowledge and agree that the capital structure of ACG for the Proposed IPO may vary from that set out in the table in clause 12.3 depending on broker and investor feedback, market conditions and the review of geological data by ACG. The parties

acknowledge and agree that if the capital structure varies from that set out in the table in 12.3, Gaffney and Heron's percentage shareholding in ACG on listing on ASX as set out in the table in clause 12.3 shall not change.

12.5 Balancing issues

The parties agree that in the event that the capital structure of ACG for the Proposed IPO varies from that set out in the table in clause 12.3, ACG must allot and issue to Heron (prior to allotting and issuing any ACG Shares to applicants under the Proposed IPO) such number of ACG Shares at an issue price of 3 cents per ACG Share as may be necessary to ensure that Heron's minimum percentage shareholding in ACG on its listing on ASX is not less than that set out in the table in clause 12.3 (being 13.2% assuming the proposed maximum amount is raised under the Proposed IPO, 15.9% assuming the proposed minimum amount is raised under the Proposed IPO, or, in the event that an amount between the minimum and maximum subscription is raised, 15.9% scaled back on a pro-rata basis).

13 GST

13.1 Consideration does not include GST

The consideration specified in this agreement does not include any amount for GST.

13.2 Recovery of GST

If a supply under this agreement is subject to GST, the recipient must pay to the supplier an additional amount equal to the Amount of the Consideration multiplied by the applicable GST rate.

13.3 Time of payment

The additional amount is payable at the same time as the consideration for the supply is payable or is to be provided. However, the additional amount need not be paid until the supplier gives the recipient a Tax Invoice.

13.4 Adjustment of additional amount

If the additional amount differs from the amount of GST payable by the supplier, the parties must adjust the additional amount accordingly.

13.5 Reimbursement

If a party is entitled to be reimbursed or indemnified under this agreement, the amount to be reimbursed or indemnified does not include any amount for GST for which the party is entitled to an Input Tax Credit.

13.6 Definitions

The following words have the following meanings in this clause 13:

Amount of the Consideration means:

- (a) the amount of any payment in connection with a supply; and
- (b) in relation to non-monetary consideration in connection with a supply, the GST Exclusive Market Value of that consideration as reasonably determined by the supplier.

GST means a goods and services or similar tax imposed in Australia.

GST Act means the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

GST Exclusive Market Value, Input Tax Credit, Tax Invoice, Supply and Supplier have the meanings given to them in the GST Act.

14 CONFIDENTIAL INFORMATION

14.1 Confidential Information

Subject to clause 14.4, no Confidential Information may be disclosed by the Receiving Party to any person except:

- (a) to Representatives of the Receiving Party or its Related Bodies Corporate requiring the information for the purposes of this agreement or the Mining Asset Sale Agreement;
- (b) with the consent of the Disclosing Party;
- (c) if the Receiving Party is required to do so by law, a stock exchange or any regulatory authority; or
- (d) if the Receiving Party is required to do so in connection with legal proceedings relating to this agreement or the Mining Asset Sale Agreement.

14.2 Disclosure of Confidential Information

If the Receiving Party discloses Confidential Information under clause 14.1(a) or 14.1(b), the Receiving Party must use its reasonable endeavours to ensure that recipients of the Confidential Information do not disclose the Confidential Information except in the circumstances permitted in clause 14.1.

14.3 Use of Confidential Information

The Receiving Party must not use any Confidential Information, except for the purpose of performing its obligations under this agreement or the Mining Asset Sale Agreement, or as otherwise required by operation of law.

14.4 Excluded Information

Clauses 14.1, 14.2 and 14.3 do not apply to the Excluded Information.

14.5 Use and disclosure of information related to the Assets from Asset Sale Completion

On and from Asset Sale Completion, all Confidential Information relating to the Assets is deemed to be the Confidential Information of Heron for the purposes of this agreement and the Mining Asset Sale Agreement. The provisions of this agreement then apply to such information as though that information was disclosed by Heron to the other parties under or in connection with this agreement. Such information is not taken to be Excluded Information only because it was known to the other parties immediately prior to Asset Sale Completion.

14.6 Use and disclosure of information related to the Assets from Option Completion

On and from Option Completion, all Confidential Information relating to the Assets is deemed to be the Confidential Information of ACG for the purposes of this agreement and the Mining Asset Sale Agreement. The provisions of this agreement then apply to such information as though that information was disclosed by ACG to the other parties under or in connection with this agreement. Such information is not taken to be Excluded Information only because it was known to the other parties immediately prior to Asset Sale Completion.

15 ANNOUNCEMENTS

15.1 Public announcements

Subject to clause 15.2, no party may make or send a public announcement, communication or circular concerning the transactions referred to in this agreement unless it has first obtained the written consent of the other parties (including as to the form and content of that disclosure), which consent is not to be unreasonably withheld or delayed.

15.2 Public announcements required by law

Clause 15.1 does not apply to a public announcement, communication or circular required by law or a regulation of a stock exchange, if the party required to make or send it has:

- (a) provided the other parties with sufficient notice to enable them to seek a protective order or other remedy; and
- (b) provided all assistance and co-operation that the other parties consider necessary to prevent or minimise that disclosure.

16 COSTS AND STAMP DUTY

16.1 Legal costs

Each party agrees to pay its own legal and other costs and expenses in connection with the negotiation, preparation, execution and completion of this agreement and of other related documentation, except for Duty.

16.2 Duty

- (a) Subject to clause 16.2(c) below, ACG must pay any Duty payable in connection with this agreement or any transaction entered into in connection with this agreement.
- (b) Subject to clause 16.2(c) below, ACG indemnifies Heron against any liability for any Duty payable by Heron in connection with this agreement or any transaction entered into in connection with this agreement, including the assignment and assumption contemplated by clauses 4.1(a) and 4.1(b), the sale and purchase contemplated by clause 4.1(c) and the exercise of the Option.
- (c) Nothing in clauses 16.2(a) and 16.2(b) above requires ACG to indemnify Heron or pay any Duty payable at law by Heron if Heron is the party who exercises the Option and acquires the Assets.

17 NOTICES AND OTHER COMMUNICATIONS

17.1 Form - all communications

Unless expressly stated otherwise in this agreement, all notices, certificates, consents, approvals, waivers and other communications (**Notices**) in connection with this agreement or the or the Mining Asset Sale Agreement must be:

- (a) in writing;
- (b) signed by the sender (if an individual) or an Authorised Officer of the sender; and
- (c) marked for the attention of the person identified in the Details or, if the recipient has notified otherwise, then marked for attention in the way last notified.

17.2 Delivery

Notices must be:

- (a) left at the address set out or referred to in the Details;
- (b) sent by prepaid ordinary post (airmail if appropriate) to the address set out or referred to in the Details; or
- (c) sent by fax to the fax number set out or referred to in the Details.

However, if the intended recipient has notified a changed address or fax number, then Notices must be to that address or fax number.

17.3 When effective

Notices take effect from the time they are received or taken to be received under clause 17.4 (whichever happens first) unless a later time is specified.

17.4 When taken to be received

Notices are taken to be received:

- (a) if sent by post, three days after posting (or seven days after posting if sent from one country to another); or
- (b) if sent by fax, at the time shown in the transmission report as the time that the whole fax was sent.

17.5 Receipt outside business hours

Despite clause 17.3 and 17.4, if a Notice is received or taken to be received under clause 17.4 after 5.00pm in the place of receipt or on a non-Business Day, it is taken to be received at 9.00am on the next Business Day and take effect from that time unless a later time is specified.

18 ASSIGNMENT

No party may assign or otherwise deal with its rights under this agreement or allow any interest in them to arise or be varied, in each case without the consent of the other parties.

19 INCONSISTENCY

If there is any inconsistency between this agreement and the Mining Asset Sale Agreement, this agreement prevails as between the parties to the extent of the inconsistency.

20 MISCELLANEOUS

20.1 Discretion in exercising rights

A party may exercise a right or remedy or give or refuse its consent in any way it considers appropriate (including by imposing conditions), unless this agreement expressly states otherwise.

20.2 Partial exercising of rights

If a party does not exercise a right or remedy fully or at a given time, the party may still exercise it later.

20.3 No liability for loss

A party is not liable for any loss caused by the exercise or attempted exercise of, failure to exercise, or delay in exercising a right or remedy under this agreement.

20.4 Approvals and consents

By giving its approval or consent a party does not make or give any warranty or representation as to any circumstance relating to the subject matter of the consent or approval.

20.5 Remedies cumulative

The rights and remedies provided in this agreement are in addition to other rights and remedies given by law independently of this agreement.

20.6 Rights and obligations are unaffected

Rights given to the parties under this agreement and the parties' liabilities under it are not affected by anything which might otherwise affect them by law.

20.7 Variation and waiver

A provision of this agreement or a right created under it, may not be waived or varied except in writing, signed by the party or parties to be bound.

20.8 No merger

The undertakings and indemnities in this agreement do not merge and are not extinguished on Completion or Asset Sale Completion (as applicable) and will survive after Completion or Asset Sale Completion (as applicable).

20.9 Indemnities

Subject to this agreement, the indemnities in this agreement are continuing obligations, independent from the other obligations of the parties under this agreement and continue after this agreement ends. It is not necessary for a party to incur expense or make payment before enforcing a right of indemnity under this agreement.

20.10 Further steps

Each party agrees, at its own expense, to do anything the other party asks (such as obtaining consents, signing and producing documents and getting documents completed and signed) as may be necessary or desirable to give full effect to the provisions of this agreement and the transactions contemplated by it.

20.11 Construction

No rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of, or seeks to rely on, this agreement or any part of it.

21 GOVERNING LAW, JURISDICTION AND SERVICE OF PROCESS

21.1 Governing law

This agreement is governed by the law in force in Western Australia. Each party submits to the non-exclusive jurisdiction of the courts of Western Australia.

21.2 Serving documents

Without preventing any other method of service, any document in an Action may be served on a party by being delivered to or left at that party's address in the Details.

22 COUNTERPARTS

This agreement may be executed in counterparts. All counterparts when taken together are to be taken to constitute one instrument.

For personal use only

SCHEDULE 1 – ASSOCIATED ASSETS

Mobile Equipment

- Tamrock Jumbo drill
- Elphinstone R1700 Bogger
- Elphinstone R1500 Bogger
- Elimco IT Loader 912

Mine Equipment

- Royal Wolf Trading Magazine
- 1000V Step-up Transformer
- U/G Mine Radio System
- Pump Engineers Australia Dewatering Pump (2 off)
- Air compressor
- Bulk fuel tank
- Mine water tanks (2x)

Light Vehicles

- Mitsubishi Pajero (reg XFS 961)
- Mitsubishi Pajero (reg XFS 962)
- Triton 4x4 Trayback (reg XMJ 994)

Emergency/Safety Equipment

- Self Rescuers (20)
- Breathing Apparatus and associated equipment
- Ropes
- Stretchers
- NOWA Fire & Rescue Slip-on fire fighting appliance
- First aid equipment (Heartstart first aid defibrillator)

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Hydraulic rescue equipment

- Chain saw

Office Equipment

- Printer/copier
- Plotter (HP T770)
- Deeptech satellite data communications system
- Deeptech phone system handsets
- Office Furniture
- White board - electronic
- Plan Storage Holders

Crib Room/Miscellaneous Equipment

- Fridges
- Microwaves
- Washing machines & Dryers

Sample Prep Area

- Core roller racks
- Core saw
- Jaw crusher
- Hammer mill
- Screen
- Hopper/feeder
- Gekko Spinner
- Auto Sampler
- Filter
- Oven
- Diaphragm pump
- Dust Extractor
- Air tools - geo sampling (1x tex 05/CP12 5.5kg chipping hammer + grinder and accessories)
- Scales

Buildings & Services

- Office 6x12
- Crib room 3x12
- Change house 3x12

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- Water storage tanks (2x)
- Bio-septic system (Taylex ClearwaterCompact)
- Workshop building
- Washdown oil separator
- Backup Generator (60kva Kohler Model KD66 DI)
- Air conditioners

1

For personal use only

SCHEDULE 2 – FORM OF DEED OF ASSIGNMENT AND ASSUMPTION

**DEED OF ASSIGNMENT
AND ASSUMPTION**

Heron Resources Limited

A1 Consolidated Gold Ltd

Gaffney's Creek Gold Mine Pty Ltd

Ref: 103597
Doc Ref.: 766305_1

Level 2
50 Kings Park Road
West Perth WA 6005
T: +61 8 216 7100

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DEED OF ASSIGNMENT AND ASSUMPTION**DETAILS:**

Name: Heron Resources Limited *Heron*
ACN: 068 263 098
Incorporated in: Commonwealth of Australia
Address: Level 1
37 Ord Street
West Perth, WA 6005
Fax: 08 9215 4490
Attention: Managing Director

Name: A1 Consolidated Gold Ltd *ACG*
ACN: 149 308 921
Incorporated in: Commonwealth of Australia
Address: 32 Clifford Street
Goulburn, NSW 2580
Fax: (02) 4849 4244
Attention: Managing Director

Name: Gaffney's Creek Gold Mine Pty Ltd *Gaffney*
ACN: 004 758 141
Incorporated in: Commonwealth of Australia
Address: 32 Clifford Street
Goulburn, NSW 2580
Fax: (02) 4849 4244
Attention: Managing Director

RECITALS:

- A. Gaffney and Heron are parties to the Mining Asset Sale Agreement.
- B. Gaffney, Heron and ACG are parties to the A1 Gold Mine Agreement, pursuant to which, amongst other things, Heron agreed to assign its interest under the Mining Asset Sale Agreement to ACG on the terms and conditions set out in the A1 Gold Mine Agreement.
- C. Heron wishes to assign all of its rights, title, interest and obligations under the Mining Asset Sale Agreement (as varied by the A1 Gold Mine Agreement) to ACG with effect from Completion.

- D. ACG has agreed to acquire and take an assignment of all of Heron's rights, title and interest, and to assume all of Heron's obligations, under the Mining Asset Sale Agreement (as varied by the A1 Gold Mine Agreement) with effect from Completion.
- E. Gaffney consents to the assignment and assumption referred to in Recitals C and D on the terms and conditions set out in this Deed.

GENERAL TERMS:

1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Deed these meanings apply unless the contrary intention appears:

A1 Gold Mine Agreement means the agreement of that name dated [*] between Gaffney, Heron and ACG.

Authorised Officer means, in respect of a party, a director or secretary of the party or any other person appointed by a party to act as an Authorised Officer under this Deed.

Completion has the meaning given to it in the A1 Gold Mine Agreement.

Deed means this deed.

Details means the section of this Deed headed "Details".

Mining Asset Sale Agreement means the agreement of that name dated 13 August 2009 between Gaffney and Heron.

1.2 Interpretation

- (a) Clauses 1.2(a) to (e) and 1.2(h) to (q) of the Mining Asset Sale Agreement apply in interpreting this Deed.
- (b) Unless the contrary intention appears, a reference in this Deed to:
- (i) a document (including this Deed) includes any variation or replacement of it;
 - (ii) a clause is a reference to a clause in this Deed; and
 - (iii) a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.

2 ASSIGNMENT

With effect from Completion, Heron assigns, and ACG accepts the assignment of, all of Heron's rights, title and interests under the Mining Asset Sale Agreement (as varied by the A1 Gold Mine Agreement), subject to the terms of the A1 Gold Mine Agreement and this Deed.

3 ASSUMPTION

With effect from Completion, ACG agrees to assume all the liabilities and obligations of Heron under, and to be bound by all the terms, conditions, restrictions and covenants of, the Mining Asset Sale Agreement (as varied by the A1 Gold Mine Agreement), subject to the terms of the A1 Gold Mine Agreement and this Deed.

4 CONSENT AND RELEASE BY GAFFNEY

4.1 Covenant and consent

Gaffney:

- (a) consents to the assignment and assumption referred to in **clauses 2 and 3** of this Deed for the purposes of clause 4 of the Mining Asset Sale Agreement; and
- (b) covenants with ACG to observe the terms and conditions of the Mining Asset Sale Agreement (as varied by the A1 Gold Mine Agreement) which are on its part required to be observed on or after Completion.

4.2 Release

On and from Completion, Gaffney releases Heron from any obligation under the Mining Asset Sale Agreement (as varied by the A1 Gold Mine Agreement) to be performed on or after Completion.

4.3 Accrued rights unaffected

The assumption under **clause 3** and the release under **clause 4.2** does not prejudice any accrued rights, obligations, claims or liabilities arising under the Mining Asset Sale Agreement (as varied by the A1 Gold Mine Agreement) in connection with the performance of the Mining Asset Sale Agreement (as varied by the A1 Gold Mine Agreement) before Completion which Heron and Gaffney may have against each other.

5 INDEMNITIES

5.1 Indemnity from ACG

ACG indemnifies Heron on demand against any claim, liability or loss arising from, and any costs and expenses arising out of, any act or omission by ACG in connection with the Mining Asset Sale Agreement (as varied by the A1 Gold Mine Agreement) which occurs on or after Completion (including all legal costs and expenses on the higher of a solicitor and own client basis or full indemnity basis).

5.2 Indemnity from Heron

Heron indemnifies ACG on demand against any claim, liability or loss arising from, and any costs and expenses arising out of, any act or omission by Heron in connection with the Mining Asset Sale Agreement (as varied by the A1 Gold Mine Agreement) which occurs before Completion (including all legal costs and expenses on the higher of a solicitor and own client basis or full indemnity basis).

5.3 Continuing indemnities

The indemnities in this Deed are continuing obligations.

6 NOTICES

6.1 Form – all communications

Unless expressly stated otherwise in this Deed, all notices, certificates, consents, approvals, waivers and other communications in connection with this Deed (**Notices**) must be:

- (a) in writing;
- (b) signed by the sender (if an individual) or an Authorised Officer of the sender; and

- (c) marked for the attention of the person identified in the Details or, if the recipient has notified otherwise, then marked for attention in the way last notified.

6.2 Delivery

Notices must be:

- (a) left at the address set out or referred to in the Details;
- (b) sent by prepaid ordinary post (airmail if appropriate) to the address set out or referred to in the Details; or
- (c) sent by fax to the fax number set out or referred to in the Details.

6.3 When effective

Notices take effect from the time they are received or taken to be received under **clause 6.4** (whichever happens first) unless a later time is specified.

6.4 When taken to be received

Notices are taken to be received:

- (a) if sent by post, three days after posting (or seven days after posting if sent from one country to another); or
- (b) if sent by fax, at the time shown in the transmission report as the time that the whole fax was sent,

whichever happens first.

7 GENERAL

7.1 Governing law

- (a) This Deed is governed by and must be constructed in accordance with the laws of Western Australia.
- (b) The parties submit irrevocably to the non-exclusive jurisdiction of the courts of Western Australia and all courts competent to hear appeals from those courts.

7.2 Further steps

Each party agrees, at its own expense, to do anything the other party asks (such as obtaining consents, signing and producing documents and getting documents completed and signed) as may be necessary or desirable to give full effect to the provisions of this Deed and the transactions contemplated by it.

7.3 Inconsistency

If there is any inconsistency between this Deed and the A1 Gold Mine Agreement, the A1 Gold Mine Agreement prevails as between the parties to the extent of the inconsistency.

7.4 Counterparts

This Deed may consist of a number of copies, each signed by one or more parties to the Deed. If so, the signed copies are treated as making up the one document and the date on which the last counterpart is executed will be the date of the Deed. This Deed will be effective upon the exchange of facsimiles of executed signatures.

7.5 Waiver and variation

A provision of this Deed or a right created under it, may not be waived or varied except in writing signed by the party or parties to be bound.

7.6 Costs

- (a) The parties agree to pay their own legal and other costs in connection with the preparation, execution and completion of this Deed.
- (b) All duties and registration fees relating to the execution, registration and performance of this Deed must be paid by ACG.

EXECUTED as a deed.

DATED:

EXECUTED by **HERON RESOURCES LIMITED (ACN 068 263 098)** in accordance with section 127 of the Corporations Act 2001 (Cth) by authority of its directors:

Director/Secretary

Director

Name of Director/Secretary (print)

Name of Director (print)

EXECUTED by **A1 CONSOLIDATED GOLD LTD (ACN 149 308 921)** in accordance with section 127 of the Corporations Act 2001 (Cth) by authority of its directors:

Director/Secretary

Director

Name of Director/Secretary (print)

Name of Director (print)

EXECUTED by **GAFFNEY'S CREEK GOLD MINE PTY LTD (ACN 004 758 141)** in accordance with section 127 of the Corporations Act 2001 (Cth) by authority of its directors:

Director/Secretary

Director

Name of Director/Secretary (print)

Name of Director (print)

For personal use only

SCHEDULE 3 – WARRANTIES

PART A – HERON WARRANTIES

1.1 Incorporation

Heron is validly incorporated, organised and subsisting in accordance with all applicable laws.

1.2 Compliance with constituent documents

The business and affairs of Heron have at all times been and continue to be conducted in accordance with its Constitution, the Corporations Act and the Listing Rules.

1.3 Power

Heron has the power to enter into and perform this agreement and has obtained all necessary consents and authorisations to enable it to do so.

1.4 Binding obligations

This agreement constitutes valid and binding obligations upon Heron enforceable in accordance with its terms by appropriate legal remedy.

1.5 No breach

This agreement and the transactions contemplated by it do not conflict with or result in a breach of any obligation (including any statutory, contractual or fiduciary obligation) or constitute or result in any default under any provision of Heron's Constitution or any material provision of any agreement, deed, writ, order, injunction, judgment, law, rule or regulation to which Heron is a party or is subject or by which it is bound.

PART B – GAFFNEY WARRANTIES

1.6 Incorporation

Gaffney is validly incorporated, organised and subsisting in accordance with all applicable laws.

1.7 Compliance with constituent documents

The business and affairs of Gaffney have at all times been and continue to be conducted in accordance with its Constitution and the Corporations Act.

1.8 Power

Gaffney has the power to enter into and perform this agreement and has obtained all necessary consents and authorisations to enable it to do so.

1.9 Binding obligations

This agreement constitutes valid and binding obligations upon Gaffney enforceable in accordance with its terms by appropriate legal remedy.

1.10 No breach

This agreement and the transactions contemplated by it do not conflict with or result in a breach of any obligation (including any statutory, contractual or fiduciary obligation) or constitute or result in any default under any provision of Gaffney's Constitution or any material provision of any agreement, deed, writ, order, injunction, judgment, law, rule or regulation to which Gaffney is a party or is subject or by which it is bound.

PART C – ACG WARRANTIES

1.11 Incorporation

ACG is validly incorporated, organised and subsisting in accordance with all applicable laws.

1.12 Compliance with constituent documents

The business and affairs of ACG have at all times been and continue to be conducted in accordance with its Constitution and the Corporations Act.

1.13 Power

ACG has the power to enter into and perform this agreement and has obtained all necessary consents and authorisations to enable it to do so.

1.14 Binding obligations

This agreement constitutes valid and binding obligations upon ACG enforceable in accordance with its terms by appropriate legal remedy.

1.15 No breach

This agreement and the transactions contemplated by it do not conflict with or result in a breach of any obligation (including any statutory, contractual or fiduciary obligation) or constitute or result in any default under any provision of ACG's Constitution or any material provision of any agreement, deed, writ, order, injunction, judgment, law, rule or regulation to which ACG is a party or is subject or by which it is bound.

SCHEDULE 4 – RETAINED ITEMS

The following items located at the A1 Gold Mine as at the date of this agreement:

- All personnel records relating to employees or contractors of Heron or its Related Bodies Corporate.
- All computer hardware.
- All computer software.
- Digital Cameras x2.

Executed as an agreement on

2011.

Executed by **Gaffney's Creek Gold Mine Pty Ltd**
ACN 004 758 141 in accordance with section 127
of the Corporations Act 2001 (Cth) by authority
of its directors:


Director Signature

Secretary/Director Signature

Name of Director (print)

Name of Secretary/Director (print)

Executed by **Heron Resources Limited ACN 068**
263 098 in accordance with section 127 of the
Corporations Act 2001 (Cth) by authority of its
directors:



Director Signature



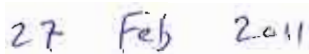
Secretary/Director Signature



Name of Director (print)

N Mathew Longworth

Name of Secretary/Director (print)



For personal use only

Executed by A1 Consolidated Gold Ltd ACN 149 308 921 in accordance with section 127 of the Corporations Act 2001 (Cth) by authority of its directors:

Director Signature

Secretary/Director Signature

Name of Director (print)

Name of Secretary/Director (print)



Executed as an agreement on

2011.

Executed by Gaffney's Creek Gold Mine Pty Ltd
ACN 004 758 141 in accordance with section 127
of the Corporations Act 2001 (Cth) by authority
of its directors:

A handwritten signature in black ink, appearing to read "Darren Croucher".

Director Signature

A handwritten signature in black ink, appearing to read "Dennis Clark".

Secretary/Director Signature

A handwritten name in black ink, appearing to read "Darren Croucher".

Name of Director (print)

A handwritten name in black ink, appearing to read "Dennis Clark".

Name of Secretary/Director (print)

Executed by Heron Resources Limited ACN 068
263 098 in accordance with section 127 of the
Corporations Act 2001 (Cth) by authority of its
directors:

Director Signature

Secretary/Director Signature

Name of Director (print)

Name of Secretary/Director (print)



Executed by A1 Consolidated Gold Ltd ACN 149 308 921 in accordance with section 127 of the Corporations Act 2001 (Cth) by authority of its directors:

A handwritten signature in blue ink, appearing to read "Darren Croucher", written over a horizontal line.

Director Signature

A handwritten signature in blue ink, appearing to read "Dennis Clark", written over a horizontal line.

Secretary/Director Signature

A handwritten name in blue ink, "Darren Croucher", written over a horizontal line.

Name of Director (print)

A handwritten name in blue ink, "Dennis Clark", written over a horizontal line.

Name of Secretary/Director (print)