



# A1 Consolidated Gold

**A1 Consolidated Gold Ltd**  
ABN 50 149 308 921

**ASX:AYC**

## Investment Highlights:

Advanced project on granted mining lease – fully operational mine site including underground development & infrastructure

Mineral Resources in accordance with the JORC Code (2012)  
Indicated – 250,000 t @ 5.1 g/t for 41,200 oz Au  
Inferred – 1,170,000t @ 6.4 g/t for 240,000 oz Au

## Board of Directors:

**Chairman**  
Dale Rogers

**Managing Director**  
Dennis Clark

**Non-Executive Director**  
Dennis Wilkins

**Company Secretary**  
Dennis Wilkins

## Capital Structure:

250,016,856 ordinary shares  
51,532,693 listed options  
28,666,667 unlisted options

## Contact:

Dennis Wilkins  
Tel: +61 8 9389 2111  
admin@a1consolidated.com

## ASX Release – 10 December 2014

### Bonus Issue Prospectus

A1 Consolidated Gold Limited (ASX:AYC) (the **Company**) is pleased to release its prospectus for the non-renounceable bonus issue of Loyalty Options (**Bonus Issue**) and Appendix 3B.

The timetable for the Bonus Issue is as follows:

Lodgement of Prospectus with ASIC	10 December 2014
Lodgement of Prospectus and Appendix 3B with ASX	10 December 2014
Loyalty Options quoted on a deferred settlement basis	15 December 2014
Record Date to determine entitlements under the Bonus Issue	17 December 2014
Issue date	22 December 2014
Despatch of holder statements	22 December 2014
Loyalty Options trading date	23 December 2014

All dates, other than the date of lodgement of the Prospectus with ASIC, are indicative only. The Company reserves the right to amend any of the important dates without prior notice but subject to the Corporations Act and ASX Listing Rules.

The Loyalty Options will be in the same class of securities as the currently quoted AYCO.

-END-



For personal use only

# A1 CONSOLIDATED GOLD LTD

ABN 50 149 308 921

## PROSPECTUS

For a non-renounceable pro rata Bonus Issue of options to Eligible Shareholders on the basis of 1 Loyalty Option (exercisable at \$0.03 each on or before 30 November 2019) for every 3 Shares held at 5.00pm (WST) on the record date of 17 December 2014

The Loyalty Options are being issued for nil consideration. Eligible Shareholders are not required to take any action in relation to the Bonus Issue of Loyalty Options pursuant to this Prospectus.

### IMPORTANT NOTICE

THIS IS AN IMPORTANT DOCUMENT AND SHOULD BE READ IN ITS ENTIRETY (INCLUDING THE RISK FACTORS IN SECTION 2 OF THE PROSPECTUS). THIS PROSPECTUS IS A TRANSACTION-SPECIFIC PROSPECTUS ISSUED IN ACCORDANCE WITH SECTION 713 OF THE *CORPORATIONS ACT 2001*. IF YOU HAVE ANY QUERIES ABOUT ANY PART OF THE PROSPECTUS, PLEASE CONTACT YOUR PROFESSIONAL ADVISER WITHOUT DELAY.

THE SECURITIES OFFERED BY THIS PROSPECTUS ARE OF A SPECULATIVE NATURE.

<b>CORPORATE DIRECTORY</b>	<b>3</b>
<b>IMPORTANT NOTICES</b>	<b>4</b>
<b>INVESTMENT OVERVIEW</b>	<b>6</b>
<b>PROPOSED TIMETABLE</b>	<b>8</b>
<b>1. DETAILS OF THE BONUS ISSUE</b>	<b>9</b>
1.1. The Bonus Issue	9
1.2. Purpose of the Bonus Issue	9
1.3. Effect of the Bonus Issue on the Control of the Company	9
1.4. ASX quotation	9
1.5. Issue Outside Australia and New Zealand	10
1.6. Ineligible Shareholders	10
1.7. Notice to nominees and custodians	10
1.8. Market price of Shares and Options	10
1.9. CHES	11
1.10. Rights and Liabilities attaching to the Loyalty Options and Shares	11
1.11. Heads of Agreement with Octagonal Resources Limited	11
1.12. Proposed Directors	11
1.13. Risk factors	12
1.14. Taxation implications	12
1.15. Major activities and financial information	12
1.16. Enquiries concerning Prospectus	12
<b>2. RISK FACTORS</b>	<b>13</b>
2.1 Specific Risks associated with the Company	13
2.2 General Risks	17
<b>3. EFFECT OF THE BONUS ISSUE</b>	<b>19</b>
3.1 Principal effect of the Bonus Issue	19
3.2 Effect of the Bonus Issue on the Capital Structure	19
3.3 Statement of Financial Position	19
3.4 Dividend policy	21
<b>4. ADDITIONAL INFORMATION</b>	<b>22</b>
4.1 Rights attaching to Shares	22
4.2 Rights attaching to the Loyalty Options	23
4.3 Nature of this Prospectus	24
4.4 Company is a disclosing entity	25
4.5 Copies of documents	25
4.6 Information excluded from continuous disclosure notices	26
4.7 Determination by the ASIC	26
4.8 Directors' interests	26
4.9 Interests of Named Parties	28
4.10 Consents	28
4.11 Expenses of issue	29
<b>5. AUTHORISATION</b>	<b>30</b>
<b>6. GLOSSARY OF TERMS</b>	<b>29</b>

---

## CORPORATE DIRECTORY

<b>Directors</b>	Dale Rogers – Non-Executive Chairman Dennis Clark – Managing Director Dennis Wilkins – Non-Executive Director
<b>Company Secretary</b>	Dennis Wilkins
<b>Registered Office</b>	C/- Herries Davidson & Co 32 Clifford Street GOULBURN NSW 2580
<b>Website</b>	<a href="http://www.a1consolidated.com.au">www.a1consolidated.com.au</a>
<b>*Share Registry</b>	Security Transfer Registrars Pty Ltd 770 Canning Highway APPLECROSS WA 6153
<b>Solicitors</b>	Price Sierakowski Corporate Level 24, 44 St Georges Terrace PERTH, WA 6000
<b>*Auditors</b>	HLB Mann Judd Level 4, 130 Stirling Street PERTH WA 6000
<b>ASX Code</b>	AYC

**\*These parties are included for information purposes only. They have not been involved in the preparation of this Prospectus.**

## IMPORTANT NOTICES

### General

This Prospectus is dated 10 December 2014 and a copy of this Prospectus was lodged with the ASIC on that date. ASIC and ASX take no responsibility for the contents of this Prospectus, or the merits of the investment to which this Prospectus relates.

No Loyalty Options will be allotted or issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus, being the expiry date of this Prospectus. The Company will apply to the ASX within 7 days of the date of this Prospectus for quotation of the Loyalty Options offered by this Prospectus.

A copy of this Prospectus is available for inspection at the office of the company secretary (Ground Floor, 20 Kings Park Road, West Perth WA 6005) during normal office hours and can be downloaded from the Company's website at [www.a1consolidated.com.au](http://www.a1consolidated.com.au) or the ASX website.

No person is authorised to give any information or to make any representation in connection with the Bonus Issue which is not contained in this Prospectus or inconsistent with the information in this Prospectus. Any information or representation not so contained, or inconsistent with the information in this Prospectus, may not be relied on as having been authorised by the Company in connection with the Bonus Issue.

### Continuously Quoted Securities

In preparing this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult. This Prospectus is issued pursuant to section 713 of the Corporations Act. Section 713 allows the issue of a more concise prospectus in relation to an offer of continuously quoted securities or options to acquire continuously quoted securities. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to the ASX and does not include all information that would be included in a prospectus for an initial public offering.

### Speculative Investment

This Prospectus should be read in its entirety prior to making an investment decision. If you do not fully understand this Prospectus or are in doubt as to how to deal with it, you should consult your professional adviser. The Loyalty Options offered by this Prospectus should be considered speculative. Please refer to Section 2 for details relating to investment risks. Investors should consult their stockbroker, lawyer, accountant or other professional advisers regarding an investment in the Company if necessary.

Some words and expressions used in this Prospectus have defined meanings which are explained in Section 6 of this Prospectus. Unless otherwise indicated, all references to currency are to Australian dollars and all references to time are to Perth, Western Australian time.

### Forward Looking Statements

Some of the statements in this Prospectus may be in the nature of forward looking statements which incorporate an element of uncertainty or risk, including statements of current intention, statements of opinion and predictions as to possible future events. You should be aware that such statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate.

Forward looking statements are subject to many inherent risks and uncertainties before actual outcomes are achieved. Those risks and uncertainties include factors and risks specific to the industry in which the Company operates as well as general economic conditions, interest rates, exchange rates and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and any variation may be materially positive or negative. The forward looking statements in this Prospectus reflect views held only as at the date of this Prospectus.

### Overseas Shareholders

This Prospectus does not constitute an offer or invitation in any jurisdiction where, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to permit the offer of Loyalty Options under this Prospectus in any jurisdiction other than Australia or New Zealand. The distribution of this Prospectus in jurisdictions outside Australia or New Zealand may be restricted by law and persons who come into possession of this document should seek advice on, and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Neither this document nor the Loyalty Options the subject of the Bonus Issue have been, nor will be, registered under the *US Securities Act 1933* and may only be offered, sold or resold in, or to persons in, the United States in accordance with an available exemption from registration.

### Privacy

You can access, correct and update the personal information that the Company holds about you, subject to certain exemptions at law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office. Please contact the Company or Security Transfer Registrars Pty Ltd if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1998* (Cth), the Corporations Act and the ASX Settlement Operating Rules.

## INVESTMENT OVERVIEW

Question	Response	Where to find more information
What is the Bonus Issue?	<p>The Company is issuing Loyalty Options to Eligible Shareholders by a pro-rata Bonus Issue on the basis of one Loyalty Option for every three Shares held at the Record Date.</p> <p>Eligible Shareholders are not required to take any action in relation to the Bonus Issue of Loyalty Options pursuant to this Prospectus.</p>	Section 1.1
What is the issue price for the new securities?	The issue price is nil for the Loyalty Options, so no application money is payable by Shareholders.	Section 1.1
What are the terms of the Loyalty Options?	The Loyalty Options have an exercise price of \$0.03 and an expiry date of 30 November 2019. The full terms and conditions of the Loyalty Options are set out in Section 4.2 of this Prospectus. The Loyalty Options are being issued on the same terms and conditions as the Company's existing listed options trading on ASX Code AYCO.	Section 4.2
Who is an Eligible Shareholder?	The Bonus Issue is made to Eligible Shareholders only. An Eligible Shareholder is a Shareholder with a registered address in Australia or New Zealand at the Record Date.	Section 1.1(b)
How many Loyalty Options will be issued?	<p>Approximately 83,338,952 Loyalty Options will be issued based on the number of shares on issue at the date of this Prospectus.</p> <p>If existing Options are exercised or shortfall from the Entitlements Offer is placed before the Record Date, they will be entitled to participate in the Bonus Issue. This will increase the maximum number of Loyalty Options that may be issued under the Bonus Issue.</p>	Section 1.1
What is the amount that will be raised under the Bonus Issue?	No funds will be raised under the Bonus Issue.	Section 1.1
What are the purposes of the Bonus Issue?	<p>The purpose of the Bonus Issue is to reward the loyalty of long standing Shareholders and others who participated in the Entitlements Offer and to give those Shareholders the opportunity to participate in the continued growth of the Company.</p> <p>It also provides the Company with a mechanism to raise funds in the future should the Loyalty Options be exercised before their expiry date.</p>	Section 1.2
What is the effect of the Bonus Issue?	The effect of the Bonus Issue is to increase the number of Options on issue and to reduce the cash on hand by the amount of the costs of the issue.	Section 3.1 and 3.2
What are the risks of a further investment in the Company?	Exercising the Loyalty Options the subject of this Prospectus should be considered highly speculative. Before deciding to exercise your Loyalty Options, you should consider the risk factors set out in this Prospectus and all other relevant material including the Company's public announcements and reports. Some of the specific risks relevant to an investment in the Company are as follows.	Section 2



Question	Response	Where to find more information
	<p>Additional funding requirements – the agreement to acquire the Maldon Gold Operation from Octagonal Resources Limited is conditional on the Company raising \$2,400,000 prior to Shareholders approving the transaction. If the Company fails to raise this amount the Company will require further funding to enable it to commence Stage 1 mining at the A1 Gold Mine. The Company's ability to raise further capital varies according to a number of factors and cannot be guaranteed.</p> <p>Completion risk - the agreement to acquire the Maldon Gold Operation remains subject to various conditions precedent to completion including due diligence and documentation. There is a risk that the transaction will not complete, whether as a result of unsatisfactory due diligence, being unable to agree the transaction documentation, failing to satisfy conditions precedent or otherwise.</p> <p>Production and plant commissioning risks - the Company is currently undertaking due diligence enquiries into the Maldon Gold Operation and the entities which own it, including the operational status of the gold processing plant. Those due diligence enquiries are incomplete and there is therefore a risk that the gold processing plant may require repairs, maintenance or capital expenditure to process ore from the A1 Gold Mine or elsewhere as well as a risk that the condition of the gold processing facility may give rise to costs and delays in it being operational.</p> <p>Gold price and exchange rate risk – if the Company achieves success leading to gold production, the Company's potential income will be exposed to gold price and exchange rate risk.</p> <p>Exploration costs risk – the Company's estimated exploration costs are based on assumptions and subject to significant uncertainties.</p>	Section 1.11
What do Eligible Shareholders have to do to be issued their Loyalty Options?	Eligible Shareholders are not required to do anything to be issued Loyalty Options under the Bonus Issue. Holding statements for the Loyalty Options will be dispatched to Eligible Shareholders on or about 22 December 2014.	Section 1.1(f)
Will Ineligible Shareholders' be issued Loyalty Options?	It is not practicable for the Company to comply with the securities laws of overseas jurisdictions (other than New Zealand) having regard to the number of overseas Shareholders, the number and value of Loyalty Options these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Bonus Issue is not being extended and Loyalty Options will not be issued to Ineligible Shareholders.	Section 1.6



**PROPOSED TIMETABLE**

Prospectus lodged with the ASIC and the ASX and Appendix 3B	10 December 2014
Notice sent to Option holders	10 December 2014
Loyalty Options quoted on a deferred settlement basis	15 December 2014
Shares trade ex-Loyalty Option entitlements <sup>1</sup>	15 December 2014
Record Date (5:00pm WST) for determining entitlements	17 December 2014
Allotment and issue of Loyalty Options and despatch of holding statements	22 December 2014
Normal trading of Loyalty Options expected to commence	23 December 2014
Loyalty Options expire	30 November 2019

1. The date on which Shares commence trading with the entitlement to participate in the Bonus Issue

This timetable is indicative only and subject to change. The Company reserves the right, subject to the Corporations Act and the Listing Rules, to vary the above dates without prior notice including delaying or withdrawing the Bonus Issue at any time. As such, the date the Loyalty Options are expected to commence trading on the ASX may vary.

## 1. Details of the Bonus Issue

### 1.1. The Bonus Issue

#### (a) Overview

The Company is making a non-renounceable pro rata bonus issue of Loyalty Options (exercisable at \$0.03 each on or before 30 November 2019) to Eligible Shareholders on the basis of 1 Loyalty Option for every 3 Shares held at 5:00pm (WST) on the Record Date for no consideration (**Bonus Issue**). Based on the capital structure of the Company as at the date of this Prospectus (assuming no existing Options are exercised or shortfall Shares under the Entitlements Offer are placed between the lodgement date of this Prospectus and the Record Date), a maximum of approximately 83,338,952 Loyalty Options will be issued under the Bonus Issue.

#### (b) Eligible Shareholders

Eligible Shareholders will participate in the Bonus Issue. Eligible Shareholders are those persons who:

- (i) are registered as a holder of Shares as at 5:00pm (WST) on the Record Date; and
- (ii) have a registered address in Australia or New Zealand.

Please refer to Sections 1.5 to 1.6 regarding the treatment of overseas Shareholders.

#### (c) Minimum Subscription

There is no minimum subscription for the Bonus Issue.

#### (d) Underwriting

The Bonus Issue is not underwritten.

#### (e) Fractional entitlements

Fractional entitlements of the Bonus Issue will be rounded up to the nearest whole number of Loyalty Options. For this purpose, holdings in the same name are aggregated for calculation of entitlements.

#### (f) Action required by Eligible Shareholders

Eligible Shareholders who are on the Company's share register at 5:00pm (WST) on the Record Date, being 17 December 2014, will be issued with Loyalty Options under the Bonus Issue. Eligible Shareholders are not required to do anything to be issued with Loyalty Options under the Bonus Issue.

The Company has taken advantage of ASIC Class Order 00/1092, which exempts it from the requirements that:

- (i) this Prospectus must include or be accompanied by an application form; and
- (ii) it may only issue Loyalty Options pursuant to this Prospectus to a person who has used an application form distributed with this Prospectus.

#### (g) Rights trading

The entitlement to the Loyalty Options is non-renounceable, which means that Eligible Shareholders cannot dispose or trade any part of their entitlement to receive the Loyalty Options under the Bonus Issue.

### 1.2. Purpose of the Bonus Issue

The purpose of the Bonus Issue is to reward the loyalty of long standing and new Shareholders and to give those Shareholders the opportunity to participate in the continued growth of the Company. It also provides the Company with a mechanism to raise funds in the future should the Loyalty Options be exercised before their expiry date. There is no certainty that all or any of the Loyalty Options will be exercised. If all of the Loyalty Options are exercised, the maximum amount that will be raised by the Company is approximately \$2,500,168.

### 1.3. Effect of the Bonus Issue on the Control of the Company

There will be no change to the percentage holdings of Shareholders as a result of the Bonus Issue as no Shares are being issued.

### 1.4. ASX quotation

The Company will apply to the ASX within 7 days after the date of this Prospectus for the Loyalty Options to be

granted Official Quotation. If permission is not granted by the ASX for the official quotation of the Loyalty Options offered by this Prospectus within 3 months after the date of this Prospectus (or such period as the ASX allows), the Company will not issue the Loyalty Options. The Loyalty Options will trade under ASX Code AYCO upon being granted Official Quotation.

The fact that the ASX may agree to grant Official Quotation of the Loyalty Options is not to be taken in any way as an indication of the merits of the Company or the Loyalty Options. The ASX takes no responsibility for the contents of this Prospectus.

#### 1.5. Issue Outside Australia and New Zealand

The Prospectus does not constitute an offer in any jurisdiction where, or to any person to whom, it would not be lawful to issue this Prospectus or make such an offer. No action has been taken to register or qualify the Loyalty Options or the Bonus Issue or otherwise to permit an offering of the Loyalty Options in any jurisdiction outside of Australia and New Zealand.

Where the Prospectus has been dispatched to Shareholders domiciled outside Australia or New Zealand and where that country's securities code or legislation prohibits or restricts in any way the making of the Bonus Issue contemplated by this Prospectus, then the Prospectus is provided for information purposes only.

The Bonus Issue made to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand)*.

#### 1.6. Ineligible Shareholders

Shareholders who are not Eligible Shareholders are Ineligible Shareholders.

The Company has determined, in reliance of Listing Rule 7.7.1, that it would be unreasonable to extend the Bonus Issue to Ineligible Shareholders, having regard to:

- the small number of Ineligible Shareholders;
- the small number and value of the Loyalty Options which would be offered to Ineligible Shareholders if they were Eligible Shareholders; and
- the cost of complying with the legal and regulatory requirements in the respective overseas jurisdictions.

Accordingly, the Bonus Issue is not being extended to any Shareholder outside Australia and New Zealand unless that Shareholder would be eligible under all applicable securities laws to receive an offer of, and be issued, Loyalty Options under the Bonus Issue.

#### 1.7. Notice to nominees and custodians

Nominees and custodians that hold Shares should note that the Bonus Issue is available only to Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of securities. If any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Bonus Issue is compatible with applicable foreign laws.

#### 1.8. Market price of Shares and Options

The highest and lowest market sale price of the Company's existing quoted Shares and Options during the three months immediately preceding the lodgement of this Prospectus with the ASIC, and the last market sale price on the date before the date of lodgement of this Prospectus, are set out below.

	3 month high	3 month low	Last market sale price
Existing Shares	\$0.041 on 3 October 2014	\$0.026 on 11 November 2014	\$0.036 on 9 December 2014
Existing Options <sup>(1)</sup>	\$0.01 on 26 November 2014	\$0.004 on 18 November 2014	\$0.009 on 5 December 2014

<sup>(1)</sup> Listed Options have only been trading since 5 November 2014.

## 1.9. CHESS

The Company participates in the Clearing House Electronic Subregister System, known as CHESS operated by ASX Settlement Pty Ltd (a wholly owned subsidiary of the ASX), in accordance with the Listing Rules and ASX Settlement Operating Rules.

Under CHESS, Shareholders will not receive a certificate but will receive a statement of their holding of Loyalty Options.

If you are broker sponsored, ASX Settlement Pty Ltd will send you a CHESS statement. The CHESS statement will set out the number of Loyalty Options issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Loyalty Options.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by 22 December 2014 and will contain the number of Loyalty Options issued to you and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their securities holding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

It is the responsibility of Shareholders to determine their allocation before trading in the Loyalty Options. Shareholders who sell Loyalty Options before they receive their statement do so at their own risk.

## 1.10. Rights and Liabilities attaching to the Loyalty Options and Shares

The Loyalty Options will be exercisable at \$0.03 on or before 30 November 2019 and will rank equally in respect of their terms as the Company's existing listed Options. A summary of the rights and liabilities attaching to the Loyalty Options is set out in Section 4.2.

The Shares issued upon exercise of the Loyalty Options will rank equally in respect of their terms as the Company's existing Shares. A summary of the rights and liabilities attaching to Shares is set out in Section 4.1.

## 1.11. Heads of Agreement with Octagonal Resources Limited

As announced to the ASX on 24 November 2014, the Company has entered into a heads of agreement with Octagonal Resources Limited to purchase the Maldon Gold Operation, subject to due diligence and documentation (which must be completed by 23 December 2014) and certain conditions precedent, including the raising of \$2,400,000 prior to obtaining Shareholder approval for the transaction (which must be satisfied by 28 February 2015)..

The Company will issue to Octagonal Resources Limited 169,672,726 Shares at an issue price of \$0.03 per Share and 56,557,575 listed Options on the same terms of the Loyalty Options.

If the Company issues new Shares prior to completion of the acquisition of the Maldon Gold Operation and the issue price is less than \$0.003 per Share (**Pre Completion Shares**), the consideration securities to be issued to Octagonal Resources Limited will be equal to:

- (i) a number of Shares equal to \$5,090,182 divided by the lowest price at which any of the Pre Completion Shares are issued; and
- (ii) a number of listed options equal to one third of the number of Shares to be issued to Octagonal Resources Limited.

Following completion of the transaction, Octagonal Resources Limited may procure that an in specie distribution of up to 50% of the consideration securities be made on a pro rata basis to Octagonal Resources Limited shareholders. Remaining Shares that are held by Octagonal Resources Limited will be subject to a six month voluntary escrow period.

## 1.12. Proposed Directors

Upon completion of the acquisition of the Maldon Gold Operation from Octagonal Resources Limited, Anthony Gray, a current director of Octagonal Resources Limited will be appointed to the Board as a representative of Octagonal Resources Limited.

Mr Dennis Wilkins has notified the Company of his intention to resign from his position as a Director when an

additional non-executive Director is appointed to the Board.

**1.13. Risk factors**

An investment in the Company carries certain risks that may impact on the future profitability of the Company and the value of the Company's securities. The Loyalty Options should be regarded as speculative. The Directors recommend that investors carefully read the risk factors set out in Section 2.

**1.14. Taxation implications**

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of the issue of Loyalty Options under this Prospectus as it is not possible to provide a comprehensive summary of the possible taxation positions of Shareholders.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders. As a result, Shareholders should consult their professional tax adviser in connection with the issue of Loyalty Options under this Prospectus.

**1.15. Major activities and financial information**

A summary of the major activities and financial information relating to the Company for the financial year ended 30 June 2014 is in the Annual Financial Report which was lodged with the ASX on 30 September 2014.

The Company's continuous disclosure notices (i.e. ASX announcements) since 30 September 2014 are listed in Section 4.5.

Copies of these documents are available free of charge from the Company. Directors strongly recommend that Shareholders review these and all other announcements.

**1.16. Enquiries concerning Prospectus**

Enquiries relating to this Prospectus should be directed to the Company Secretary by telephone on +61 (0)8 9389 2111.

You can also contact your stockbroker or professional adviser with any queries in relation to the Bonus Issue.

## 2. Risk Factors

Activities in the Company, as in any business, are subject to risks, which may impact on the Company's future performance. The Company has implemented appropriate strategies, actions, systems and safeguards for known risks, however, some are outside its control.

The Directors consider that the following summary, which is not exhaustive, represents some of the major risk factors which Shareholders need to be aware of in evaluating the Company's business and risks of increasing your investment in the Company. Shareholders should carefully consider the following factors in addition to the other information presented in this Prospectus.

The principal risks include, but are not limited to, the following:

### 2.1 Specific Risks associated with the Company

(a) Completion Risk Regarding the Acquisition of Octagonal Resources Limited's Maldon Gold Operation

As announced to the ASX on 24 November 2014, the Company has entered into a heads of agreement with Octagonal Resources Limited to purchase the Maldon Gold Operation, which includes a gold processing plant. The transaction remains subject to due diligence and documentation (which must be completed by 23 December 2014) and conditions precedent (which must be satisfied by 28 February 2015). The Company will incur transaction expenses prior to completion, however, there is a risk that the transaction will not complete, whether as a result of unsatisfactory due diligence, being unable to agree the transaction documentation, failing to satisfy the conditions precedent or otherwise.

(b) Resource Estimates

Mineral Resource estimates are expressions of judgment based on drilling results, past experience with mining properties, knowledge, experience, industry practice and many other factors. Estimates which are valid when made may change substantially when new information becomes available. Ore estimation is an interpretive process based on available data and interpretations and thus estimations may prove to be inaccurate.

The actual quality and characteristics of ore deposits cannot be known until mining takes place, and will almost always differ from the assumptions used to develop resources. Further, values of ore deposits are based on future costs and future prices and consequently, the actual Mineral Resources may differ from those estimated, which may result in either a positive or negative effect on operations.

(c) Additional Requirements for Funding

The agreement to acquire the Maldon Gold Operation is conditional on the Company raising \$2,400,000 prior to Shareholders approving the transaction. If the Company fails to raise this amount or if this condition is not waived, then the Company will not acquire the Maldon Gold Operation and the Company will require further funding to enable it to commence Stage 1 mining at the A1 Gold Mine. The Company has not yet received sufficient funds to enable the Company to commence Stage 1 mining at the A1 Gold Mine and the Company will require additional funding.

In general, the Company's funding requirements depend on numerous factors including the Company's ability to generate income from its mine development project, future exploration and work programs, meeting its future obligations and the acquisition of new projects. It may require further funding in addition to current cash reserves to fund exploration and mine development activities.

The Company's ability to raise further capital, either equity or debt, within an acceptable time, of sufficient quantum and on terms acceptable to the Company will vary according to a number of factors, including:

- prospectivity of projects (existing and/or future);
- the results of exploration, development and mining;
- stock market and industry conditions; and
- the price of relevant commodities and exchange rates.



Additional equity financing, if available, may be dilutive to Shareholders and at lower prices than the current market price. Debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion.

(d) Ore Tolling Treating

The Company has executed an Ore Tolling Treating Agreement with Balmaine Gold Pty Ltd, a wholly owned subsidiary of Castlemaine Goldfields Limited.

Castlemaine Goldfields Limited is a gold explorer and producer located in Australia's historic central Victoria gold belt. Castlemaine Goldfields Limited was acquired by LionGold Corp Ltd in August 2012 following a successful takeover offer.

In September 2013, LionGold Australia Pty Ltd agreed to subscribe to new Shares at A\$0.116 in two tranches.

In October 2013 the Company completed the placement of a total of 24,137,931 Shares to LionGold Australia Pty Ltd, a wholly owned subsidiary of LionGold Corp Ltd from Tranche 1, raising \$2.8M. The Company issued 20,731,338 Shares. The completion of Tranche 2 shares was unsuccessful with only \$200,000 being received from a total \$1.2M. LionGold is currently in default of the placement agreement. The Company believes there may be a potential contracting risk from Balmaine Gold Pty Ltd providing essential services as a result of the failed capital raising with the Company. However, the Company believes that this risk has been mitigated by the Company having varied the Ore Tolling Treating Agreement to allow for it to be terminated on 2 months' notice and also to offset an amount of \$1,000,000 in ancillary service fees payable to Balmaine Gold Pty Ltd.

Further, in contemplation of the Company completing the acquisition of the Maldon Gold Project (which includes a 150,000 tonnes per annum gold processing facility), the Company will review its ore processing options in relation to the A1 Gold Mine.

(e) Production and Plant Commissioning Risks

The Company has agreed to acquire the Maldon Gold Operation, which includes a gold processing plant. The Company is currently undertaking due diligence enquiries into the Maldon Gold Operation and the entities which own it. This includes enquiries as to the operational status of the gold processing plant, including whether it requires any material repairs, maintenance or expenditure of a capital nature. Those due diligence enquiries are incomplete and there is therefore a risk that the gold processing plant may require repairs, maintenance or capital expenditure to process ore from the A1 Gold Mine or elsewhere, as well as a risk that the condition of the gold processing facility may give rise to costs and delays in it being operational.

(f) Geotechnical Risks

Geotechnical risks arise from the movement of the ground during and following mining activity. Risks may relate to slope failures and slippages, to changes to flows in water courses and surface water bodies or they may relate to movements of structures and infrastructure adjacent to or within the mine.

This may result in temporary or permanent access to ore being cut off. The loss of access to ore may have a significant impact on the economics of the ore body. Additionally, significant additional costs may result from designing and constructing alternative access drives which will also impact the economics of the mining operation, potentially making the mine uneconomic.

Prior assessment of the extent and magnitude of ground movements that could take place and to examine the potential impact of any ground movements within the mine and surrounding area should be evaluated within the mine and surrounding area. If risks are identified appropriate action must be taken and adequate controls implemented to ensure risk levels are maintained at a level which is reasonably practical.

(g) Title and Tenure

Exploration tenements are subject to periodic renewal. The renewal of the term of a granted tenement



is also subject to the discretion of the relevant Minister. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements comprising the Company's projects. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company. The relevant legislation governing the title and tenure of the Company's tenements is the Mining Act. A number of changes to the Mining Act became effective in February 2012 one of which specifies that an exploration licence may not be renewed more than once unless exceptional circumstances apply.

The initial grant of exploration licence EL 5109 was granted less than 5 years ago and as such will be subject to the amended renewal and relinquishment provisions. The amendments to the Mining Act introduced a limit on the number of renewals available for an exploration licence. Subsequent to the initial 5 year grant of an exploration licence, one renewal of up to a further 5 years is permitted. If there are exceptional circumstances a second renewal may be permitted, following which no further renewals will be permitted. Further relinquishment requirements apply, being a 20% reduction at the end of the seventh year of grant, and 10% at the end of the tenth year of grant.

The Company has an interest in one mining licence which has been granted under the Mining Act. The amendments to the Mining Act will require that the grant of a new mining licence is subject to the identification of a Mineral Resource. Pursuant to the Mining Act, existing mining licences will continue without the requirement to identify a JORC Code indicated resource or provide a mineralisation report during the current term of the mining licence. Upon renewal of the mining licence, MIN 5294 will be subject to the amended renewal and relinquishment provisions including the requirement that a Mineral Resource be identified on the tenements.

(h) Reliance on Key Personnel

Mr Dennis Clark has intimate knowledge of the A1 Gold Mine site. Under the terms of Mr Clark's employment agreement, he may provide 3 months' notice in writing to terminate the employment agreement without cause. The responsibility of overseeing the Company's day to day operations and setting the Company's strategic direction and policy is substantially the responsibility of managing director, Mr Clark. If Mr Clark was to terminate his employment agreement by providing 3 months' written notice to the Company, there is a risk that this would have a materially adverse effect on the Company and its operations.

(i) Exploration Risk

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions.

Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(j) Gold Price Volatility and Exchange Rate Risks

If the Company achieves success leading to gold production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for commodities, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(k) Operating Risks

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, unfavourable

geological conditions, receiving the necessary approvals from all relevant authorities and parties, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, and plant and equipment and contracting risk from third parties providing essential services.

In the event that the Company commences production:

- its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions and fires, explosions and other accidents;
- assumptions in the mining models may prove to be wrong including because of changes in economic circumstances or fluctuations in the unitary parameters referred to above,

accordingly, for these and other reasons, no assurances can be given that the Company will achieve commercial viability through the development and/or mining of its projects. Until the Company is able to realise value from its projects, it is likely to incur on-going operating losses.

(l) Failure to Satisfy Expenditure Commitments

Each licence or lease carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in its tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

Currently, the minimum annual expenditure commitments for each of the Company's granted tenements have been met.

(m) Environmental Risks

The Company's exploration programs and any mining operations will, in general, be subject to approval by governmental authorities. Development of any of the Company's properties will be dependent on the project meeting environmental guidelines and, where required, being approved by governmental authorities. As with most mineral exploration and development projects, the Company's activities are expected to have an impact on the surrounding environment, particularly if advanced exploration or mine development proceeds.

It is the Company's intention to conduct its activities to the highest standard of environmental obligations required, including compliance with the relevant environmental laws.

(n) Aboriginal Sites and Native Title Claims

The Company's tenements are subject to the provisions of the Commonwealth Heritage Act. The Commonwealth Heritage Act contains provisions designed to preserve and protect from injury or desecration areas and objects which are of particular significance to Aboriginal people in accordance with Aboriginal tradition. An area or object is found to be desecrated if it is used or treated in a manner inconsistent with aboriginal tradition.

The Company's tenements are also subject to the Victorian Heritage Act which makes it an offence to commit an act which harms Aboriginal culture or heritage. There is a requirement for an Aboriginal site to be registered under the Victorian Heritage Act, by following which consent from the DPCD is required where any use of the land is likely to result in harm to Aboriginal culture or heritage.

The Company must ensure that any interference with such sites is in strict conformity with the provisions of the Commonwealth Heritage Act and the Victorian Heritage Act. Additionally, the Mining Act provides that the holder of a tenement must not conduct work within any land that is located 100 metres laterally of any land protected by the Victorian Heritage Act.

The Company's tenements do not overlap any registered Aboriginal Heritage Sites, however, search results from the DPCD indicate that the tenements are overlapped by an area of cultural sensitivity. There remains a risk that the Company's tenements may contain areas or objects which are of significance to Aboriginal people and the discovery of such an area or object may disrupt the Company's plans for mining its tenements.

(o) Regulatory Risk

The Company's potential mining operations and exploration and development activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, conditions including environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities.

Obtaining necessary permits can be a time consuming process and there is a risk that the Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Company from proceeding with the development of a project or the operation or further development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Company's activities or forfeiture of one or more of the tenements.

## 2.2 General Risks

(a) Economic Risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- interest rates and inflation rates;
- currency fluctuations;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

(b) Taxation Risk

Any change in the Company's tax status or the tax applicable to holding Shares or in taxation legislation or its interpretation, could affect the value of the investments held by the Company, affect the Company's ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders.

(c) Changes in Government Policy

Adverse changes in Federal or Victorian government policies or legislation may affect ownership of mineral interests, taxation, royalties, land access, labour relations, and mining and exploration activities of the Company. It is possible that the current system of exploration and mine permitting in Victoria may change, resulting in impairment of rights and possibly expropriation of the Company's properties without adequate compensation.

(d) Insurance Risks

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance against all risks associated with mining exploration and production is not always available and, where available, the costs can be prohibitive.

(e) Competition Risk

The industry in which the Company will be involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

(f) Trading Risks

The price at which the Company's Shares trade on the ASX may be higher or lower than the exercise price of the Loyalty Options pursuant to the Bonus Issue and could be subject to fluctuations in response to variations in operating performance and general operations and business risk, as well as external operating factors over which the Directors and the Company have no control, such as movements in commodity prices and exchange rates, changes to government policy, legislation or regulation and other events or factors.

There can be no guarantee that an active market in the Company's Shares will develop or that the price of the Shares will increase.

There may be relatively few or many potential buyers or sellers of the Shares on the ASX at any given time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is above or below the price that Shareholders paid.

(g) Force Majeure

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(h) Litigation Risks

The Company is exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the securities offered under this Prospectus. Therefore, the securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that an investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for securities pursuant to this Prospectus.

### 3. Effect of the Bonus Issue

#### 3.1 Principal effect of the Bonus Issue

The principal effects of the Bonus Issue will be to:

- (a) increase the number of Options on issue by a maximum of approximately 83,338,952; and
- (b) decrease the Company's cash reserves by approximately \$36,615, being the costs of the Bonus Issue.

The pro-forma Statement of Financial Position summarising the effects of the Bonus Issue is set out in Section 3.3.

#### 3.2 Effect of the Bonus Issue on the Capital Structure

A comparative table of changes in the capital structure of the Company as a consequence of the Bonus Issue is set out below (assuming no Options are exercised by the Record Date):

	Number of Shares
Shares quoted on ASX as at date of Prospectus	250,016,856
Shares issued pursuant to this Prospectus	Nil
<b>Total issued Shares after completion of Bonus Issue</b>	<b>250,016,856</b>

	Unlisted Options (\$0.40, 31/12/2014)	Unlisted Options (\$0.42, 31/12/2014)	Unlisted Options (\$0.05, 30/11/2019)	Listed Options (\$0.03, 30/11/2019)
Options as at date of Prospectus	26,666,667	2,000,000	Nil	51,532,693
Executive Options to be issued pursuant Shareholder approval obtained at the 2014 AGM	Nil	Nil	9,000,000	Nil
Options issued pursuant to this Prospectus	Nil	Nil	Nil	83,338,952
<b>Total issued Options</b>	<b>26,666,667</b>	<b>2,000,000</b>	<b>9,000,000</b>	<b>134,871,645</b>

The Company has 26,666,667 unlisted Options and 51,532,693 listed Options on issue at the date of this Prospectus. The holders of these Options are not entitled to participate in the Bonus Issue unless the Options are exercised into Shares prior to the Record Date. If all of the Options currently on issue are exercised prior to the Record Date an additional 26,733,120 Loyalty Options may be issued pursuant to the Bonus Issue.

The Company has agreed to issue 169,672,726 Shares to ORS and 56,557,575 listed Options on the same terms as the Loyalty Options, subject to the adjustments set out at Section 1.11 of this Prospectus.

The above capital structure assumes no existing Options are exercised or shortfall Shares are issued under the Entitlements Offer between the lodgement date of this Prospectus and the Record Date.

#### 3.3 Statement of Financial Position

Set out below is the Statement of Financial Position of the Company as at 23 November 2014 unaudited and the Pro-Forma Statement of Financial Position as at 23 November 2014 unaudited after the completion of the Bonus Issue. The significant accounting policies upon which the Statement of Financial Position and the Pro-Forma Statement of Financial Position are based on are contained in the audited financial report for the 12 months ended 30 June 2014.

### Unaudited Statement of Financial Position as at 23 November 2014

The Pro-Forma Statement of Financial Position assumes the following:

- (a) the issue of 83,338,952 Loyalty Options offered pursuant to this Prospectus on the basis of 1 Loyalty Option for every 3 Shares held has been completed; and
- (b) the estimated costs of the Bonus Issue are approximately \$36,615.

The Pro-Forma Statement of Financial Position does not take into consideration the impact of the acquisition of the Maldon Gold Operation from Octagonal Resources Limited, which will be advised to Shareholders prior to completion (if the transaction completes – see Section 1.11 for further details in relation to the transaction).

#### A1 Consolidated Gold Ltd Statement of Financial Position

	UNAUDITED 23 November 2014 \$	UNAUDITED PROFORMA 23 November 2014 \$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	895,193	858,578
Trade and other receivables	38,760	38,760
Other	23,733	23,733
<b>TOTAL CURRENT ASSETS</b>	<b>957,686</b>	<b>921,071</b>
<b>NON-CURRENT ASSETS</b>		
Plant and equipment	1,797,634	1,797,634
Exploration, evaluation and development assets	32,141,743	32,141,743
Other	123,000	123,000
<b>TOTAL NON-CURRENT ASSETS</b>	<b>34,062,377</b>	<b>34,062,377</b>
<b>TOTAL ASSETS</b>	<b>35,020,063</b>	<b>34,983,448</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	209,288	209,288
Borrowings	22,864	22,864
Employee entitlements	73,903	73,903
Other	40,071	40,071
<b>TOTAL CURRENT LIABILITIES</b>	<b>346,126</b>	<b>346,126</b>
<b>TOTAL LIABILITIES</b>	<b>346,126</b>	<b>346,126</b>
<b>NET ASSETS</b>	<b>34,673,937</b>	<b>34,637,322</b>
<b>EQUITY</b>		
Issued capital	36,602,458	36,565,843
Reserves	2,646,522	2,646,522
Accumulated losses	(4,575,043)	(4,575,043)
<b>TOTAL EQUITY</b>	<b>34,673,937</b>	<b>34,637,322</b>

### 3.4 Dividend policy

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

For personal use only



## 4. Additional information

### 4.1 Rights attaching to Shares

The Company is incorporated in Australia and is subject to the Corporations Act. As a company listed on the ASX, the Company is also regulated by the Listing Rules.

The rights attaching to ownership of Shares are:

- (a) described in the Company's Constitution; and
- (b) regulated by the Corporations Act, Listing Rules and the general law (applicable law).

Full details of the rights attaching to Shares are set out in the Company's Constitution, a copy of which can be inspected, free of charge, at the Company's registered office during normal business hours.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of rights and liabilities of Shareholders. All Shares issued on exercise of Loyalty Options will, from the time they are issued, rank equally in all respects with the Company's existing Shares.

#### (a) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares (at present there are none), at meetings of Shareholders of the Company:

- i each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- ii on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- iii on a poll, every holder of Shares who is present in person or by proxy, attorney or representative has one vote for every fully paid Share held by him or her, and a proportionate vote for every partly paid Share, registered in such Shareholder's name on the Company's share register.

#### (b) Dividends

Dividends are payable out of the Company's profits and are declared by the Directors. Subject to the rights of holders of shares issued with special, preferential or qualified rights (at present there are none), dividends declared will be paid according to the amounts paid on the shares for which the dividends are paid.

#### (c) Winding Up

Subject to the rights of holders of shares with special rights in a winding up (at present there are none), on a winding up of the Company all assets that may be legally distributed among members will be distributed in proportion to the number of Shares held by them, irrespective of the amount paid-up or credited as paid up on the Shares.

#### (d) Transfer of Shares

Subject to the Constitution, the Corporations Act, the ASX Settlement Operating Rules and Listing Rules, Shares are freely transferable.

#### (e) Issue of further Shares

The allotment and issue of any Shares is under the control of the Directors. Subject to restrictions on the allotment of Shares to Directors or their associates, the Listing Rules, the Constitution and the Corporations Act, the Directors may allot or otherwise dispose of Shares on such terms and conditions as they see fit.

#### (f) General Meetings

Each Shareholder is entitled to receive notice of and to attend general meetings for the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution or the Corporations Act.

(g) **Variation of Rights**

Subject to the terms of issue of shares in a particular class, the Company, with the sanction of a special resolution passed at a meeting of Shareholders or with the consent in writing of members who are entitled to at least three quarters of the votes that may be cast in respect of Shares in that class, may vary or cancel the rights attached to shares in that class or convert shares from one class to another class.

(h) **Shareholder Liability**

As the Shares issued on exercise of the Loyalty Options will be fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(i) **Alteration to the Constitution**

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. At least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given

(j) **Listing Rules**

As long as the Company is admitted to the Official List, then despite anything in the Constitution, no act may be done that is prohibited by the Listing Rules, and authority is given for acts required to be done by the Listing Rules. If as a result of an amendment to the Listing Rules, there is an inconsistency between the Constitution and the Listing Rules, the Company shall, subject to the Corporations Act, do all things necessary to change the Constitution to remove the inconsistency as soon as possible and in any event, at the first general meeting of the Company held after the date on which the relevant amendment the Listing Rules comes into operation.

## 4.2 **Rights attaching to the Loyalty Options**

The Loyalty Options issued pursuant to this Prospectus will be issued on the following terms and conditions.

(a) **Entitlement**

Subject to Option terms (f), (g) and (h), each Option entitles the registered Option holder to subscribe for and be allotted one Share in the capital of the Company, credited as fully paid, at an exercise price of \$0.03 per Share.

The Company must, as soon as it is reasonably practicable to do so, allot Shares on exercise of the Option in accordance with the Listing Rules (if the Company is listed at the time of exercise of the Option) and register the Option holder or its nominee as a Shareholder in the register of members in respect of the Shares so allotted. No Option may be exercised if to do so would contravene the Corporations Act or the Listing Rules.

Shares issued on the exercise of Options will rank *pari passu* with all existing ordinary Shares in the capital of the Company from the date of issue.

(b) **Exercise of Options**

An Option is exercisable by the registered Option holder lodging notice of exercise of option together with the exercise price for each Share to be issued on exercise and the relevant option holding statement, at any office of the Company's share registrar. The Options may be exercised in whole or in part and, if exercised in part, multiples of 1,000 must be exercised on each occasion. Subject to the expiry date, the exercise of some Options only does not affect the registered Option holder's right to exercise other Options at a later time.

Remittances must be made payable to the Company and cheques should be crossed "not negotiable".

Options may be exercised at any time on or before 5.00pm WST on 30 November 2019.

An Option not exercised by 5.00pm WST on 30 November 2019 lapses.

(c) **Transfer**

Subject to any restrictions imposed by ASX, Options may be transferred at any time before lapsing.

(d) **Quotation**

The Company will apply to the ASX for Official Quotation of the Options within 7 days.

The Company will apply to the ASX for Official Quotation of the Shares issued on any exercise of an option within 10 business days after the allotment of those Shares.

(e) **Dividends**

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

(f) **Bonus issue**

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

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

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

(g) **Rights issue**

If the Company makes an offer of ordinary Shares pro rata to all or substantially all holders of ordinary Shares (other than a bonus issue or an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment), the exercise price of the Options will be adjusted in accordance with the formula set out in Listing Rule 6.22.2.

(h) **Reconstruction**

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

(i) **Advice**

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

(j) **Right to participate in future issues**

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

### 4.3 Nature of this Prospectus

This Prospectus is a "transaction specific prospectus" issued under the special content rules for continuously quoted securities set out in section 713 of the Corporations Act. This enables listed disclosing entities, such as the Company, to issue a prospectus for continuously quoted securities and options to acquire continuously quoted securities with modified disclosure requirements if they satisfy certain requirements. Shares issued on exercise of the Loyalty Options will be in the same class of Shares that have been quoted on the Official List during the 3 months prior to the issue of this Prospectus.

The information in this Prospectus principally concerns the terms and conditions of the Bonus Issue and the information reasonably necessary to make an informed assessment of:

- (a) the effect of the Bonus Issue on the Company; and

- (b) the rights and liabilities attaching to the Loyalty Options offered pursuant to this Prospectus and the underlying Shares.

This Prospectus is intended to be read in conjunction with publicly available information in relation to the Company which has been notified to the ASX and does not include all of the information included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Shareholders should therefore also have regard to the other publicly available information in relation to the Company before making a decision on whether or not to invest in the Company.

#### 4.4 Company is a disclosing entity

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules. The Company is required to continuously disclose to the market any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the general and specific requirements of the ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify the ASX of information about specified events or matters as they arise for the purpose of the ASX making that information available to the stock market conducted by the ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

Copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, the office of the company secretary (Ground Floor, 20 Kings Park Road, West Perth WA 6005) during normal office hours (see Section 4.5 below).

#### 4.5 Copies of documents

Copies of documents lodged with the ASIC in connection with the Company’s reporting and disclosure obligations may be obtained from, or inspected at, an office of the ASIC. The Company will provide free of charge to any person who requests it, a copy of:

- (a) the financial statements of the Company for the financial year ended 30 June 2014, being the last financial statements for a financial year of the Company lodged with the ASIC before the issue of this Prospectus; and
- (b) the following continuous disclosure notices given by the Company to notify the ASX of information relating to the Company during the period from the date of lodgement of the financial statements referred to in paragraph (a) above until the issue of this Prospectus are as follows:

Date	Description of the Announcement
03 Dec 2014	Form 604 from HRR
03 Dec 2014	Change in substantial holding
25 Nov 2014	Appendix 3B
25 Nov 2014	Results of Meeting
25 Nov 2014	AGM Presentation
24 Nov 2014	Initial Director’s Interest Notice
24 Nov 2014	Initial Director’s Interest Notice
24 Nov 2014	Change in substantial holding notices x3
24 Nov 2014	Becoming a substantial holder notices x2
24 Nov 2014	Withdrawal of Resolution from 2014 AGM
24 Nov 2014	Final Director’s Interest Notice
24 Nov 2014	Final Director’s Interest Notice
24 Nov 2014	ORS: AYC to purchase Maldon Gold Operation
24 Nov 2014	Director Appointments and Resignations

Date	Description of the Announcement
13 Nov 2014	Open Briefing A1 Gold Mine Development Update
07 Nov 2014	Appendix 3B
05 Nov 2014	Change of Director's Interest Notices
03 Nov 2014	Appendix 3B
30 Oct 2014	Notification of Shortfall
28 Oct 2014	Addendum to Annual Report
28 Oct 2014	Quarterly Activities and Cashflow Report
22 Oct 2014	Notice of Annual General Meeting / Proxy Form
17 Oct 2014	Entitlements Offer – Confirmation of Dispatch
08 Oct 2014	Letter to Shareholders – Entitlement Offer
03 Oct 2014	Notice to Option holders
02 Oct 2014	Disclosure Documents
1 Oct 2014	Updated Indicative Timetable – Entitlement Offer
1 Oct 2014	Annual Financial Report

The following documents are available for inspection throughout the application period of this Prospectus during normal business hours at the office of the company secretary (Ground Floor, 20 Kings Park Road, West Perth WA 6005):

- (i) this Prospectus;
- (ii) Constitution; and
- (iii) the consents referred to in Section 4.10 and the consents provided by the Directors to the issue of this Prospectus.

#### 4.6 Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules, and which is required to be set out in this Prospectus.

#### 4.7 Determination by the ASIC

The ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the Loyalty Options under this Prospectus.

#### 4.8 Directors' interests

Other than as set out below or elsewhere in this Prospectus, no Director has or had within two years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the issue of Loyalty Options pursuant to this Prospectus; or
- (c) the issue of Loyalty Options pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director:

- (a) to induce him or her to become, or to qualify him, as a Director; or
- (b) for services rendered by him or her in connection with the promotion or formation of the Company or the offer of Loyalty Options pursuant to this Prospectus.

## Directors' Holdings

Set out in the table below are details of Directors' relevant interests in the securities of the Company as at the date of this Prospectus.

Director	No of Shares Held <sup>(1)</sup>	Entitlement to Loyalty Options (approximately) <sup>(2)</sup>	No. of Options Held
Dale Rogers	Nil	Nil	Nil
Dennis Clark	23,730,325 <sup>(3)</sup>	7,910,109	3,333,334 Options exercisable at \$0.40 before 31 Dec 2014 <sup>(4)</sup> 1,744,444 listed Options exercisable at \$0.03 before 30 Nov 2019 <sup>(5)</sup>
Dennis Wilkins	Nil	Nil	Nil

- (1). Held directly or indirectly by the Director or a related party of the Director.
- (2). Entitlement to Loyalty Options that will be held directly or indirectly assuming no existing Options held are exercised before the Record Date.
- (3). 6,710,002 Shares held directly by Mr Clark, 2,323,735 Shares held indirectly through Grenfeeld Pty Ltd and 14,696,588 held indirectly through A1 Consolidated Mining Pty Ltd.
- (4). Held directly by Mr Clark.
- (5). 200,000 Options held directly by Mr Clark, 300,000 Options held indirectly through Grenfeeld Pty Ltd and 1,244,444 held indirectly through A1 Consolidated Mining Pty Ltd.

Mr Anthony Gray, a proposed Director (see Section 1.11 for further details), does not currently hold any Shares in the Company in his own name, or have a relevant interest in any Shares.

## Remuneration of Directors

No person has paid or agreed to pay any amount or has given any benefit to any Director to induce them to become, or qualify as a Director or for services provided by the Director, in connection with:

- (a) the formation or promotion of the Company; or
- (b) the offer of Loyalty Options under this Prospectus, except as set out below or elsewhere in this Prospectus.

The maximum aggregate amount of fees that can be paid to non-executive Directors is subject to approval by shareholders at a general meeting. Total directors' fees paid to all non-executive Directors is not to exceed \$300,000 per annum.

Remuneration (inclusive of superannuation) is currently \$75,000 per annum for the Chairman, Mr Rogers and \$40,000 per annum for Mr Wilkins.

Mr Clark has entered into an employment agreement with the Company with respect to his engagement as managing director. Pursuant to that services agreement, Mr Clark is paid a salary of \$270,000, exclusive of superannuation.

The Company has not discussed, or reached any agreement as to, remuneration with Mr Anthony Gray, a proposed Director (see Section 1.11 for further details).

Information regarding the remuneration received by Directors for the preceding two financial years can be found in the 2014 Annual Report.

## Other interests

The Company has entered into Deeds of Indemnity, Access and Insurance on standard terms with each of its current Directors. Those deeds indemnify these Directors in respect of certain liabilities and legal expenses incurred by them whilst acting as Directors and insure them against certain risks they are exposed to as Directors. The Company has paid insurance premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings while acting in the capacity of a



Director.

#### 4.9 Interests of Named Parties

Other than as set out below or elsewhere in this Prospectus, all persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, do not have, and have not had in the two years before the date of this Prospectus any interests in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the offer of Loyalty Options under this Prospectus; or
- (c) the offer of Loyalty Options pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in Shares or otherwise) and no other benefit has been given or agreed to be given to any of those persons in connection with the formation or promotion of the Company or the offer of Loyalty Options under this Prospectus.

DWCorporate Pty Ltd is entitled to be paid approximately \$12,500 (plus GST) for advice and assistance in relation to the due diligence and other compliance services related to the Prospectus. In the two years prior to the date of this Prospectus, DWCorporate Pty Ltd has provided company secretarial and compliance services to the Company to a total value of approximately \$267,921 (excluding GST).

Price Sierakowski Corporate will be paid fees of approximately \$10,000 (plus GST) in relation to the review of this Prospectus. In the past two years Price Sierakowski has provided legal advice to the Company to a total value of approximately \$87,566 (including GST).

Security Transfer Registrars Pty Ltd conducts the Company's share registry functions and also provides administrative services in respect to the processing of applications received pursuant to this Prospectus, and will be paid for these services on standard industry terms and conditions.

#### 4.10 Consents

The following parties have given their written consent to be named in this Prospectus and for the inclusion of statements made by that party (as described below in the form and context in which they are included), and has not withdrawn such consent before lodgement of this Prospectus with the ASIC.

DWCorporate Pty Ltd has consented to being named as a provider of company secretarial services to the Company and the inclusion in the Prospectus of all statements referring to it.

Price Sierakowski Corporate has consented to being named as solicitor to the Company and the inclusion in the prospectus of all statements referring to it.

The parties referred to above in this Section:

- do not make, or purport to make any statement in this Prospectus, or on which a statement made in this Prospectus is based other than as specified in this Section;
- make no express or implied representation or warranty in relation to the Company, this Prospectus or the Bonus Issue;
- to the maximum extent permitted by law, expressly disclaim and takes no responsibility for any material in, or omission from, this Prospectus other than a reference to its name and a statement included in the Prospectus with the consent of that party as specified in this Section; and
- have not caused or authorised the issue of this Prospectus.

References to HLB Mann Judd appear for information purposes only. HLB Mann Judd has not been involved in, authorised or caused the issue of, this Prospectus.

References to Security Transfer Registrars Pty Limited appear for information purposes only. Security Transfer Registrars Pty Limited has not been involved in, authorised or caused the issue of, this Prospectus.



#### 4.11 Expenses of issue

The estimated expenses of the Bonus Issue (exclusive of GST) are estimated as follows:

	<b>\$</b>
ASIC lodgement fee	2,290
ASX quotation fee	8,825
Compliance documentation	12,500
Legal expenses	10,000
Printing, mailing and other expenses	3,000
<b>\$ Total</b>	<b>36,615</b>

For personal use only

## 5. Authorisation

Each of the Directors of the Company has consented to the lodgement of this Prospectus in accordance with section 720 of the Corporations Act. This Prospectus is signed for and on behalf of the Company by:

Mr Dennis Wilkins  
**Director**

Date: 10 December 2014

For personal use only

## 6. Glossary of Terms

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

**AGM** means an annual general meeting.

**Annual Financial Report** means the financial report lodged by the Company with the ASIC in respect to the year ended 30 June 2014 and includes the corporate directory, Shareholder information, Directors' declaration, financial statements and the notes thereto, of the Company and its controlled entities for the year ended 30 June 2014, together with a Directors' report in relation to that financial year and the auditor's report for the year to 30 June 2014.

**ASIC** means Australian Securities and Investments Commission.

**ASX** means ASX Limited ACN 008 624 691 or Australian Securities Exchange (as the context requires).

**Board** means the Directors meeting as a board.

**Bonus Issue** has the meaning set out in Section 1.1.

**Business Day** means Monday to Friday inclusive, other than a day that the ASX declares is not a business day.

**CHESS** means ASX Clearing House Electronic Subregister System.

**Commonwealth Heritage Act** means the *Aboriginal and Torres Strait Islander Heritage Act 1984* (Cth).

**Company** means A1 Consolidated Gold Ltd ACN 149 308 921.

**Constitution** means the constitution of the Company as at the date of this Prospectus.

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

**Directors** mean the directors of the Company as at the date of this Prospectus.

**DPCD** means the Victorian Department of Planning and Communities Development.

**Eligible Shareholder** means a Shareholder as at the Record Date that has a registered address in Australia or New Zealand.

**Entitlements Offer** means the pro-rata renounceable entitlements offer made by the Company pursuant to a prospectus dated 2 October 2014 and lodged with the ASIC and the ASX on that date.

**Ineligible Shareholders** has the meaning given to that term in Section 1.6.

**Issuer Sponsored** means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

**JORC Code** means the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' which comprises Appendix 5A of the Listing Rules.

**Listing Rules** means the Listing Rules of the ASX.

**Loyalty Option** means a listed Option with an exercise price of \$0.03 and expiring on 30 November 2019 proposed to be issued pursuant to the Bonus Issue.

**Maldon Gold Operation** means the gold processing facility and underground mines and open pit resources owned by Maldon Resources Pty Ltd, Highlake Resources Pty Ltd and Matrix Gold Pty Ltd, subsidiaries of Octagonal Resources Limited.

**Mineral Resource** has the meaning given to that term in the JORC Code.

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

**Official List** means the official list of the ASX.

**Official Quotation** means quotation of securities on the Official List.

**Option** means the right to acquire one Share in the capital of the Company.

**Prospectus** means this prospectus dated 10 December 2014.

**Record Date** means the date specified in the timetable set out at the commencement of this Prospectus.

**Section** means a section of this Prospectus.

**Shareholder** means the holder of Shares.

**Share** means a fully paid ordinary share in the capital of the Company.

**\$** means Australian dollars.

**Victorian Heritage Act** means the *Aboriginal Heritage Act 2006* (Vic).

**WST** means Western Standard Time, being the time in Perth, Western Australia.

For personal use only

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

## Appendix 3B

### New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

A1 Consolidated Gold Limited

ABN

50 149 308 921

We (the entity) give ASX the following information.

#### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |                                                                                                                                                                                                                                               |                                                        |
|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|
| 1 | +Class of +securities issued or to be issued                                                                                                                                                                                                  | Listed options exercisable at \$0.03 expiry 30/11/2019 |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued                                                                                                                                                 | Up to 83,338,952                                       |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Listed options exercisable at \$0.03 expiry 30/11/2019 |

+ See chapter 19 for defined terms.

## Appendix 3B

### New issue announcement

4	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"><li>• the date from which they do</li><li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li><li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li></ul>	Yes
5	Issue price or consideration	Nil
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Bonus issue to reward the loyalty of long standing and new shareholders and to give those shareholders the opportunity to participate in the continued growth of the Company.
6a	<p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h <i>in relation to the +securities the subject of this Appendix 3B</i>, and comply with section 6i</p>	Yes
6b	The date the security holder resolution under rule 7.1A was passed	25 November 2014
6c	Number of +securities issued without security holder approval under rule 7.1	Nil
6d	Number of +securities issued with security holder approval under rule 7.1A	Nil

+ See chapter 19 for defined terms.

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Nil						
6f	Number of +securities issued under an exception in rule 7.2	Up to 83,338,952 Listed options, exception 1						
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A						
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A						
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	7.1: 37,502,528 7.1A: 25,001,685						
7	+Issue dates  Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.  Cross reference: item 33 of Appendix 3B.	On or around 22 December 2014						
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	<table><tr><th>Number</th><th>+Class</th></tr><tr><td>250,016,856</td><td>Fully paid ordinary shares</td></tr><tr><td>134,871,645</td><td>Listed options exercisable at \$0.03 expiry 30/11/2019</td></tr></table>	Number	+Class	250,016,856	Fully paid ordinary shares	134,871,645	Listed options exercisable at \$0.03 expiry 30/11/2019
Number	+Class							
250,016,856	Fully paid ordinary shares							
134,871,645	Listed options exercisable at \$0.03 expiry 30/11/2019							

+ See chapter 19 for defined terms.



## Appendix 3B

### New issue announcement

	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	26,666,667  2,000,000
		Unlisted options exercisable at \$0.40 expiry 31/12/2014  Unlisted option exercisable at \$0.42 expiry 31/12/2014
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A

## Part 2 - Pro rata issue

11	Is security holder approval required?	No
12	Is the issue renounceable or non-renounceable?	Non-renounceable
13	Ratio in which the +securities will be offered	One option for every 3 shares held on the record date
14	+Class of +securities to which the offer relates	Listed options exercisable at \$0.03 expiry 30/11/2019
15	+Record date to determine entitlements	5:00pm (WST) 17 December 2014
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	Fractional entitlements will be rounded up to the nearest whole number
18	Names of countries in which the entity has security holders who will not be sent new offer documents  <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	All countries except Australia and New Zealand
19	Closing date for receipt of acceptances or renunciations	N/A

+ See chapter 19 for defined terms.

20	Names of any underwriters	The offer is not underwritten
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	None
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	10 December 2014
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A

+ See chapter 19 for defined terms.

## Appendix 3B

### New issue announcement

---

- 32 How do security holders dispose of their entitlements (except by sale through a broker)? N/A
- 33 +Issue date 22 December 2014

## Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

- 34 Type of +securities  
(tick one)

(a) ☒ +Securities described in Part 1

(b) ☐ All other +securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

- 35 ☐ If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over
- 37 ☐ A copy of any trust deed for the additional +securities

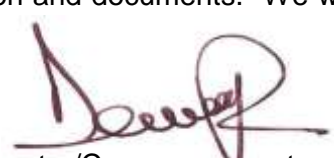
---

+ See chapter 19 for defined terms.

### Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  - There is no reason why those +securities should not be granted +quotation.
  - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.  
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
  - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
  - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:

  
(Director/Company secretary)

Date: 10 December 2014

Print name: Dennis Wilkins

== == == == ==

---

+ See chapter 19 for defined terms.

# Appendix 3B – Annexure 1

## Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

### Part 1

Rule 7.1 – Issues exceeding 15% of capital	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>Insert</b> number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	162,346,852
<b>Add</b> the following: <ul style="list-style-type: none"> <li>Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2</li> <li>Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval</li> <li>Number of partly paid +ordinary securities that became fully paid in that 12 month period</li> </ul> <p><b>Note:</b></p> <ul style="list-style-type: none"> <li>Include only ordinary securities here – other classes of equity securities cannot be added</li> <li>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</li> <li>It may be useful to set out issues of securities on different dates as separate line items</li> </ul>	<ul style="list-style-type: none"> <li>3,781,881 fully paid ordinary shares issued on 17/12/2013</li> <li>73,333,334 fully paid ordinary shares issued on 3/11/2014</li> <li>6,191,006 fully paid ordinary shares issued 13/12/2013</li> <li>1,724,138 fully paid ordinary shares issued on 19/2/2014</li> <li>2,146,549 fully paid ordinary shares issued on 21/02/2014</li> <li>200,000 fully paid ordinary shares issued on 25/02/2014</li> <li>206,896 fully paid ordinary shares issued on 24/03/2014</li> <li>86,200 fully paid ordinary shares issued on 27/06/2014</li> </ul> <p>Nil</p>
<b>Subtract</b> the number of fully paid +ordinary securities cancelled during that 12 month	Nil

+ See chapter 19 for defined terms.

period	
<b>"A"</b>	250,016,856
<b>Step 2: Calculate 15% of "A"</b>	
<b>"B"</b>	0.15 <i>[Note: this value cannot be changed]</i>
<b>Multiply "A" by 0.15</b>	37,502,528
<b>Step 3: Calculate "C", the amount of placement capacity under rule 7.1 that has already been used</b>	
<p><b>Insert</b> number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> <li>Under an exception in rule 7.2</li> <li>Under rule 7.1A</li> <li>With security holder approval under rule 7.1 or rule 7.4</li> </ul> <p><b>Note:</b></p> <ul style="list-style-type: none"> <li><i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i></li> <li><i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li><i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	Nil
<b>"C"</b>	Nil
<b>Step 4: Subtract "C" from ["A" x "B"] to calculate remaining placement capacity under rule 7.1</b>	
<p><b>"A" x 0.15</b></p> <p><i>Note: number must be same as shown in Step 2</i></p>	37,502,528
<p><b>Subtract "C"</b></p> <p><i>Note: number must be same as shown in Step 3</i></p>	Nil
<b>Total ["A" x 0.15] – "C"</b>	37,502,528  <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

## Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>“A”</b>  <i>Note: number must be same as shown in Step 1 of Part 1</i>	250,016,856
<b>Step 2: Calculate 10% of “A”</b>	
<b>“D”</b>  <i>Note: this value cannot be changed</i>	0.10
<b>Multiply “A” by 0.10</b>	25,001,685
<b>Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used</b>	
<b>Insert</b> number of *equity securities issued or agreed to be issued in that 12 month period under rule 7.1A  <b>Notes:</b> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities – not just ordinary securities</i></li> <li>• <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	Nil
<b>“E”</b>	Nil

+ See chapter 19 for defined terms.



<b>Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A</b>	
<b>“A” x 0.10</b>  <i>Note: number must be same as shown in Step 2</i>	25,001,685
<b>Subtract “E”</b>  <i>Note: number must be same as shown in Step 3</i>	Nil
<b>Total [“A” x 0.10] – “E”</b>	25,001,685  <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.