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A1 CONSOLIDATED GOLD LIMITED
ACN 149 308 921

PROSPECTUS

For an offer of 26,666,667 Shares at an issue price of \$0.30 each to raise approximately \$8,000,000 with the ability to accept oversubscriptions of up to a further 6,666,667 Shares to raise up to an additional \$2,000,000.

Proposed ASX Code: AYC

Lead Manager: Patersons Securities Limited

IMPORTANT INFORMATION

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay.

The Shares offered by this Prospectus should be considered highly speculative.

A1 CONSOLIDATED GOLD LIMITED
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IMPORTANT NOTICE

This Prospectus is dated 3 April 2012 and was lodged with the ASIC on that date. ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. The expiry date of this Prospectus is at 5.00pm WST on that date which is 13 months after the date this Prospectus was lodged with the ASIC ("**Expiry Date**"). No Shares may be issued on the basis of this Prospectus after the Expiry Date.

Application will be made to ASX within seven (7) days after the date of this Prospectus for Official Quotation of the Shares the subject of this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

Certain abbreviations and other defined terms are used throughout this Prospectus. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations used are set out in section 15(Glossary) of this Prospectus and also within its body.

WEBSITE – ELECTRONIC PROSPECTUS

A copy of this Prospectus can be downloaded from the website of the Company at www.a1consolidated.com.au. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

RISKS

Before deciding to invest in the Company, potential investors should read the entire Prospectus and in particular, in considering the prospects for the Company, investors should consider the risk factors that could affect the financial performance and assets of the Company. Investors should carefully consider these factors in light of personal circumstances (including financial and taxation issues). The Shares offered by this Prospectus should be considered speculative. Refer to Section 7 of this Prospectus for details relating to risk factors.

EXPOSURE PERIOD

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. Potential investors should be aware that this examination may result in the identification of deficiencies in this Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act.

Applications for Shares under this Prospectus will not be processed by the Company until after the expiry of the Exposure Period. No preference will be conferred on persons who lodge applications prior to the expiry of the Exposure Period.

1. Corporate Directory

<p>DIRECTORS</p> <table border="0"> <tr> <td>Dennis Clark</td> <td>Managing Director</td> </tr> <tr> <td>Darren Russell-Croucher</td> <td>Executive Director</td> </tr> <tr> <td>Ashok Parekh</td> <td>Non-Executive Chairman</td> </tr> <tr> <td>Jeffrey Williams</td> <td>Non-Executive Director</td> </tr> <tr> <td>Morrie Goodz</td> <td>Non-Executive Director</td> </tr> <tr> <td>Glenn Wardle</td> <td>Non-Executive Director</td> </tr> </table> <p>COMPANY SECRETARY Emma Walczak</p>	Dennis Clark	Managing Director	Darren Russell-Croucher	Executive Director	Ashok Parekh	Non-Executive Chairman	Jeffrey Williams	Non-Executive Director	Morrie Goodz	Non-Executive Director	Glenn Wardle	Non-Executive Director	<p>REGISTERED OFFICE C/- Herries Davidson & Co 32 Clifford Street, Goulburn, NSW 2580</p> <p>Website : www.a1consolidated.com.au</p> <p>Email: info@a1consolidated.com.au Tel: +61 8 9389 2111 Fax: +61 8 9389 2199</p>
Dennis Clark	Managing Director												
Darren Russell-Croucher	Executive Director												
Ashok Parekh	Non-Executive Chairman												
Jeffrey Williams	Non-Executive Director												
Morrie Goodz	Non-Executive Director												
Glenn Wardle	Non-Executive Director												
<p>IPO CO-ORDINATOR</p> <p>DWCorporate Pty Ltd Ground Floor, 20 Kings Park Road West Perth WA 6005</p> <p>Email: dw@dwcorporate.com Tel: +61 8 9389 2111 Fax: +61 8 9389 2199</p>	<p>SHARE REGISTRY</p> <p>Security Transfer Registrars Pty Ltd 770 Canning Highway Applecross WA 6153</p> <p>Email: registrar@securitytransfer.com.au Tel: +61 8 9315 2333 Fax: +61 8 9315 2233</p>												
<p>INVESTIGATING ACCOUNTANT</p> <p>HLB Mann Judd Level 4, 130 Stirling Street Perth, WA 6000</p> <p>Email: hlb@hlbwa.com.au Tel: +61 8 9227 7500 Fax: +61 8 9227 7533</p>	<p>AUDITOR</p> <p>HLB Mann Judd Level 4, 130 Stirling Street Perth, WA 6000</p> <p>Email: hlb@hlbwa.com.au Tel: +61 8 9227 7500 Fax: +61 8 9227 7533</p>												
<p>INDEPENDENT GEOLOGIST</p> <p>Mining One Consultants Level 9, 50 Market Street Melbourne, VIC 3000</p> <p>Email: info@miningone.com.au Tel: +61 3 9600 3588 Fax: +61 8 9600 3944</p>	<p>SOLICITORS</p> <p>Price Sierakowski Corporate Level 24, 44 St. Georges Terrace Perth, WA 6000</p> <p>Email: info@pricesierakowski.com.au Tel: +61 8 6211 5000 Fax: +61 8 6211 5055</p>												

2. Key Information

2.1 Key Highlights

- The Company has entered into option agreements to acquire the A1 Gold Project, the Star of the West Mine and the Ten Mile Goldfield which are located 120km north east of Melbourne and collectively cover an area of 45 square kilometres.
- Based on historical development, bulk & face sampling and diamond drilling, the Company has identified three exploration targets¹ at the A1 Gold Project site in north eastern Victoria (as defined in the JORC Code), further details of which are provided in the Independent Geologist's Report in section 11 of this Prospectus.
- 1400 upper stockworks: An initial exploration target² of 1.0 to 1.3 million tonnes at 5-11g/t Au is based on more than 77 diamond drill hole intersections in excess of 8.0g/t Au, exposure of the stockworks in underground development and face sampling & bulk sampling.
- More than \$4 million has been spent at the A1 Gold Project site since April 2011, with development activities focused on decline development and lateral development of the 1650 and 1625 stockworks. The decline is currently at the 1620 level.
- At the 1650 level, the dyke has been strike driven for approximately 100m. The dyke exposures consist predominantly of stockwork material and several faces have contained coarse visible gold. Based on previous development, this zone has a possible strike length of 100m, a width of 4m and a vertical extent of 85m. Given the possible extent of the 1650 Level and the similarities to the 1400 level stockworks, there is an exploration target³ with a range of 70,000-100,000 tonnes with a grade range of 5-11g/t Au. The Company is undertaking development mining on the 1625 Level and is stockpiling the stockworks for a bulk sample. The stockpile is currently in excess of 5,000 tonnes.
- The Company has entered into a toll treatment agreement with Maldon Resources Pty Ltd for the processing of up to 50,000 tonnes per annum. Haulage of the bulk sample to the treatment plant at Maldon in central Victoria commenced on the 27th of February 2012.
- The management team has a diversified spread of professional attributes and extensive experience in mineral and resource exploration in Australia and abroad.

2.2 Key Risks

An investment in the Company under this Prospectus has similar general risks associated with any share market investment associated with the minerals industry. In addition, there are a number of business risks specific to an investment in the Company and these include the following:

- There is no assurance that funds expended by the Company on development activities on its Projects will result in development prospects that will be commercially viable.

¹References to exploration target size and Target Mineralisation in this Prospectus are conceptual in nature and should not be construed as indicating the existence of a JORC Code compliant mineral resource. There is insufficient information to establish whether further exploration will result in the determination of a mineral resource within the meaning of the JORC Code.

²ibid

³ibid

- Geological conditions, the availability of plant and equipment and unexpected shortages or increases in the costs of plant and equipment may affect the Company's current and future operations.
- Liquidity risk associated with a significant portion of the Company's Share capital being escrowed for a period of time.
- There is no guarantee that if one or more of the Company's Directors or key personnel cease their association with the Company, there will not be a detrimental effect on the Company given the significant reliance on the key personnel to oversee the day-to-day operations of the Company.
- Changes to government regulations, policy and royalty regimes may have adverse impacts upon the development options available to the Company at any of its projects.
- Additional funding will be required for further exploration, appraisal and development and there is no assurance that the Company will be able to raise such funding or such additional funding may be only available at prices which results in a high level of equity dilution to existing shareholders.
- Fluctuations in gold prices may adversely impact on the Company's exploration and future development.
- Environmental laws and regulations may impact adversely on exploration and future development at any one of its projects.

The above information is only a selective overview of the Company. Investors should read the Prospectus in full and consider the risk factors as set out in Section 7 of this Prospectus.

2.3 Important Dates

Lodgement of Prospectus with the ASIC	3 April 2012
Opening Date	11 April 2012
Closing Date	8 May 2012
Despatch of Holding Statements	28 May April 2012
Expected date for listing on ASX	31 May 2012

The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offer early without notice.

A1 CONSOLIDATED GOLD LIMITED
KEY INFORMATION

2.4 Offer Statistics

Offer Price	\$0.30 per Share		
	Full Subscription (\$8 million)	Over-Subscription (up to \$10 million)	Section
Number of Shares currently on issue	55,199,825*	55,199,825*	5.2
Number of Vendor Shares to be issued	56,033,333**	56,033,333**	5.2, 8
Number of Shares available under the Prospectus	26,666,667	33,333,334	5.1, 5.2
Total number of Shares on issue following the Offer	137,899,825	144,566,492	5.2
Total proceeds from the Offer (before costs)	\$8,000,000	\$10,000,000	5.1

*Of this amount, 5,500,000 Shares were subscribed for by Heron Resources Limited as seed capital under the A1 Gold Option Agreement. Refer to section 8.1 (Material Contracts) for further details. **Refer to 8.1 for further details of the Vendor Shares to be issued.

3. Investment Overview

This information is a selective overview only. Investors should read the Prospectus in full, including the experts' reports in this Prospectus before deciding whether to invest in Shares in the Company.

Question	Response	Further Information
Who is issuing this Prospectus?	A1 Consolidated Gold Limited – ACN 149 308 921 (" A1 Consolidated " or the " Company ")	
Who is A1 Consolidated and what does it do?	<p>A1 Consolidated holds interests in three mineral exploration and development projects 120 kilometres north east of Melbourne, Victoria, located between Mansfield and Woods Point ("Tenements").</p> <p>The Tenements are:</p> <ul style="list-style-type: none"> • Mining Licence 5294 which covers the A1 Gold Project; • Mining Licence 4636 which covers the Star of the West Mine; and • Exploration Licence 5109 which covers the Ten Mile Goldfield. 	Section 6 and Section 11
What are the benefits of investing in the Company?	<p>The benefits of investing in the Company include:</p> <ul style="list-style-type: none"> • More than \$4 million has been spent on the Company's tenements since April 2011 with the majority of the work focused on decline development and lateral development of the 1650 and 1625 stockworks. The decline is currently at the 1620 level; • Based on historical development, bulk & face sampling and diamond drilling, the Company has identified three exploration targets⁴ at the A1 Gold Project site in north eastern Victoria (as defined in the JORC Code), further details of which are provided in the Independent Geologist's Report in section 11 of this Prospectus; • the Company has an interest in advanced gold exploration and development assets and as a result, investors will have exposure to gold markets; and • the Board is a highly experienced management and technical team. 	Section 2.1

⁴References to exploration target size and Target Mineralisation in this Prospectus are conceptual in nature and should not be construed as indicating the existence of a JORC Code compliant mineral resource. There is insufficient information to establish whether further exploration will result in the determination of a mineral resource within the meaning of the JORC Code.

A1 CONSOLIDATED GOLD LIMITED
INVESTMENT OVERVIEW

Question	Response	Further Information
What is the Business Model?	The Company's business model is to undertake geological exploration programmes on its mineral interests in order to provide a greater understanding of the geological setting which should lead to increased predictability of the presence of precious minerals. This should then allow the Company to accurately quantify the extent of mineral occurrences existing on its mineral properties.	Section 6
What are the key risks of investing in the Company?	<p>The key risks of investing in the Company include:</p> <ul style="list-style-type: none"> the Company's projects do not contain a JORC resource. Exploration is a high risk undertaking and there can be no assurance that the Company's activities will result in the delineation or discovery of a mineral resource and, if delineated or discovered, that it can be economically exploited; the Company's exploration and development programs may take longer and be more costly than budgeted; liquidity risk associated with a significant portion of the Company's Share capital being escrowed for a period of time; falling gold and other commodity, and general market prices; and additional requirements for capital which may be unobtainable or obtainable only on terms adverse to the Company. 	Section 7
Is there an Independent Technical Report by a geologist?	The Company engaged Mining One Consultants to prepare an Independent Geologist's Report on the Company's Projects. This report provides information on the location of the Projects, the geology, mineralisation and exploration history for each of the projects and the Company's development and exploration strategy and budget.	Section 11
Is there a report on the Tenements?	The Company engaged Price Sierakowski Corporate to prepare a report on the Company's Tenements. This report provides information on the Tenements, relevant law and native title.	Section 12
What is the financial position of the Company?	<p>A1 Consolidated was formed on 14 February 2011 and has limited financial history. In November 2011, the Company undertook a seed capital raising by issuing 13,333,333 shares at \$0.30 each to raise approximately \$4 million with one free attaching Option for every two shares subscribed for, exercisable at \$0.40 each on or before 31 December 2014. As at the date of this Prospectus, the Company has a cash balance of \$2.8 million.</p> <p>This Prospectus contains financial information including a pro forma balance sheet which is set out in the Investigating Accountant's Report.</p> <p>The Prospectus also contains information on how the Company intends to spend the money it raises under this Prospectus. Refer</p>	<p>Section 10</p> <p>Section 5</p>

A1 CONSOLIDATED GOLD LIMITED
INVESTMENT OVERVIEW

Question	Response	Further Information
	to the Development Program and Budget in Section 6.12.	Section 6.12
Who are the Directors of the Company?	<p>The Directors of the Company are:</p> <ul style="list-style-type: none"> • Dennis Clark, Managing Director; • Darren Russell-Croucher, Executive Director; • Ashok Parekh, non-executive Chairman; • Morrie Goodz, non-executive Director; • Jeffrey Williams, non-executive Director; and • Glenn Wardle, non-Executive Director. <p>For further information on the Directors previous employment history and qualifications please refer to Section 9.</p>	Section 9.1
What benefits are being paid to Directors?	<p>The Directors will be paid directors' fees for operating the Company following the successful listing of the Company on the ASX.</p> <ul style="list-style-type: none"> • As Managing Director, Mr Dennis Clark will be paid \$270,000 plus statutory superannuation and a reasonable vehicle allowance. • As Technical Director of mining, Mr Russell-Croucher will be paid \$220,000 plus statutory superannuation and a reasonable vehicle allowance. • As Non-Executive Chairman, Mr Parekh will be paid \$150,000 plus statutory superannuation. • The remaining non-executive Directors (Mr Morrie Goodz, Mr Jeffrey Williams and Mr Glenn Wardle) will each be paid an annual fee of \$50,000 plus superannuation. <p>For further information on the Directors' interests, please refer to Sections 8 and 9.</p>	Sections 8, 9.3, 9.4 & 9.5
What benefits are being paid to other persons?	<p>The Company will pay various service providers who have assisted with the preparation of the documentation required to enable the Company to prepare this Prospectus. These persons will include accountants, solicitors and the IPO Co-ordinator. Full details of the amounts paid, or to be paid are included at section 13.1.</p>	Section 13.1
How will the Company comply with the Corporations law and other corporate governance policies?	<p>Some of the Company's Directors are experienced in the management and administration of listed exploration companies and have a general working knowledge of the laws and regulations affecting public companies. The Company has engaged DWCorporate Pty Ltd, a specialist provider of governance advice, to provide Ms Emma Walczak to assist with the monitoring and compliance with the regulations which may affect the Company from time to time.</p> <p>For further information on the Company's corporate governance policies and practices as at the date of this Prospectus, please refer to Section 9.</p>	Section 9

A1 CONSOLIDATED GOLD LIMITED
INVESTMENT OVERVIEW

Question	Response	Further Information
What important contracts has the Company entered into?	<p>The Company is a party to the following material contracts:</p> <ul style="list-style-type: none"> • Mandate with respect to Patersons Securities Limited's engagement as Lead Manager to the Offer. • A1 Option Agreement dated 27 February 2011 with Heron Resources Limited and Gaffney's Creek Gold Mine Pty Ltd under which the Company has agreed to acquire an option to purchase the A1 Gold Project. • Option Agreement with Blue Gum International Pty Ltd where the Company has been granted an option to purchase EL5109 which covers most of the Ten Mile Goldfield. • Option Agreement with Mr Chris Toifl where the Company has been granted an option to purchase MIN 4636 which covers the Star of the West Mine. • Sale Agreement with A1 Consolidated Mining Pty Ltd for the purchase of plant and equipment that the Company will utilise in continuing the exploration and development being undertaken on the Company's projects. • Employment Agreement with Dennis Clark for the performance of Mr Clark's services as managing director of the Company. • Employment Agreement with Darren Russell-Croucher for the performance of Mr Russell-Croucher's services as technical mining director of the Company. • Ore Tolling Agreement with Maldon Resources Pty Ltd ("Maldon") where Maldon has agreed to process a total quantity of ore from MIN 5294 of 50,000 tonnes per year, with a maximum quantity of 150,000 tonnes during the 3 year term. <p>For further information on Directors' interests in the material contracts, please refer to Section 8.</p>	Sections 8 & 9
What is being offered and what rights and liabilities are attached to the Shares?	<p>The Company is offering 26,666,667 Shares at \$0.30 each to raise \$8,000,000 (before costs of the Offer) with the ability to take oversubscriptions of a further 6,666,667 Shares at \$0.30 each to raise approximately an additional \$2,000,000 (before costs of the Offer).</p> <p>The rights and liabilities attaching to the Shares are described at section 13 this Prospectus.</p>	<p>Section 5.1</p> <p>Section 13.7</p>
What are the objectives of the Offer and how will the funds raised be	<p>The objectives of the Offer are (assuming the Full Subscription of \$8,000,000 is raised) to:</p> <ul style="list-style-type: none"> • Develop the 1400 stockworks at the A1 Gold Project. 	Sections 6 and 8

A1 CONSOLIDATED GOLD LIMITED
INVESTMENT OVERVIEW

Question	Response	Further Information
used?	<ul style="list-style-type: none"> • Explore and further develop the extensions to the stockwork zones at the A1 Gold Project. • Provide for administrative costs and general working capital of costs. • Provide funds for further mine definition and exploration on the Company's projects at a cost of \$1.10 million over 2 years. • Fund the decline and mine development at the A1 Gold Project site of \$6.10 million over 2 years. • Fund regional exploration and development on the Company's projects in the amount of \$0.43 million over 2 years. • To facilitate the listing of the Company's Shares on the ASX. • To allow the Company to purchase the plant and equipment from A1 Consolidated Mining Pty Ltd so that the Company will own the equipment necessary to continue the exploration and development on the Company's projects in its own right, rather than to engage sub-contractors. • Allow access to equity markets to assist funding future development of the Company's projects and pursuing other complementary resource opportunities. <p>This is a statement of the Company's intentions as at the date of this Prospectus. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the ultimate way funds will be applied. The Board reserves the right to vary the way funds are applied on this basis.</p>	
Is the Offer underwritten?	The Offer is not underwritten. The Company has appointed Patersons Securities Limited to act as the Lead Manager to the Offer. The Company has also reserved the right to pay a fee of up to 5% of the value of the Shares to holders of an AFS (Australian Financial Services) license in respect of Shares placed to their clients under the Offer.	Section 8.2
What is the effect of the IPO on the Company?	<p>The IPO will provide the Company with cash reserves with which to undertake geological exploration programmes.</p> <p>The capital structure of the Company will be impacted by the number of Shares issued. Control of the Company will remain with the major shareholders.</p> <p>The future of the Company will be dependent on many things, some of which are outside of the control of the Company but specifically in relation to the funds raised pursuant to the Prospectus, the future of the Company will be dependent on the</p>	Sections 5, 8 & 13.3

A1 CONSOLIDATED GOLD LIMITED
INVESTMENT OVERVIEW

Question	Response	Further Information
	success of the exploration programmes.	
Will the Company pay dividends?	Payment of future dividends will depend on matters such as the future profitability and financial position of the Company. The Directors intend to give priority to the development of the Company's assets. Accordingly, the Directors do not anticipate paying any dividends in the short term.	
Where will the Shares be quoted?	An application will be made to the ASX for quotation of the Shares under the trading symbol " AYC ".	Section 5.12
How do I apply for Shares under the Offer?	Applications can be made by completing an Application Form and sending it to the Company.	Application Form
Are any shares escrowed?	Subject to the Company being admitted to the Official List, certain Shares and Options on issue prior to the Offer will be classified by ASX as restricted securities and will be required to be held in escrow	Section 5.15
When will I know if my Application was successful?	A holding statement confirming your allocation under the Offer will be sent to you if your Application is successful. Holding statements are expected to be issued on about 28 May 2012.	Section 5.3
How can I obtain further advice?	By speaking to your accountant, stockbroker or other professional advisor. If you require assistance or additional copies of this Prospectus, please contact the Company Secretary on (08) 9389 2111.	
Contact details	For further details, see the Corporate Directory at the beginning of this Prospectus.	Section 1

4. Chairman's Letter

3 April 2012

Dear Investor

On behalf of the Directors of A1 Consolidated Gold Limited ("**A1 Consolidated Gold**"), I am pleased to invite you to become a shareholder of A1 Consolidated Gold.

The Company has secured a portfolio of Gold exploration projects, including the A1 Gold Project which is located 120km north east of Melbourne, Victoria.

The Company is seeking to raise \$8 million by issuing 26,666,667 shares at an issue price of \$0.30 per share with the ability to accept oversubscriptions of a further 6,666,667 shares to raise an additional \$2,000,000.

The Board of Directors have a wealth of experience totalling over 150 years in the mining industry and also have intimate knowledge of the A1 Gold Project, having being involved with the mining operations there for several years.

The main project is the A1 Gold Project which has historically produced more than 620,000 oz and since 2009 a decline has been developed some 700 metres and is currently at the 1620 level. A1 Consolidated Gold has established infrastructure throughout the site since 2009.

The other projects consist of the Ten Mile Goldfield and The Star of the West project. I recommend that you read the Independent Geologist's Report to gain a full understanding of the Company's projects.

This Prospectus includes information surrounding the risks associated with investing in the Company and accordingly, I strongly recommend each investor reads the Prospectus in its entirety. Investors should contact their independent professional advisors as required if they do not understand any of the risks or other content in the Prospectus.

On behalf of the Board, I commend this investment opportunity to you and look forward to welcoming you as a shareholder of A1 Consolidated Gold Limited.

Yours faithfully



Ashok Parekh

Non-Executive Chairman

A1 CONSOLIDATED GOLD LIMITED

INVESTMENT AND OFFER DETAILS

5. Investment and Offer Details

5.1 The Offer

Pursuant to the Offer, the Company invites applications for up to 26,666,667 Shares at an issue price of \$0.30 each to raise \$8,000,000 ("**Full Subscription**"). The Company may accept oversubscriptions of a further 6,666,667 Shares at an issue price of \$0.30 each to raise an additional \$2,000,000 ("**Oversubscription**").

The Shares offered under this Prospectus will rank equally with the existing Shares on issue.

5.2 Pro Forma Capital Structure

The pro forma capital structure of the Company following completion of the Offer is summarised below:

Offer Price	\$0.30 per Share			
	Full Subscription (\$8 million)	Full Subscription (%)	Over-Subscription (up to \$10 million)	Over-Subscription (%)
Number of Shares currently on issue	55,199,825*	40.03	55,199,825*	38.18
Number of Vendor Shares to be issued	56,033,333**	40.63	56,033,333**	38.76
Number of Shares available under the Prospectus	26,666,667	19.34	33,333,334	23.06
Total on issue upon Admission	137,899,825	100	144,566,492	100

*Of this amount, 5,500,000 Shares were subscribed for by Heron Resources Limited as seed capital under the A1 Gold Option Agreement. Refer to section 8.1 (Material Contracts) for further details.

**Refer to 8.1 for further details of the Vendor Shares to be issued.

Options	Number	%
Options on issue as at the date of this Prospectus (exercisable at \$0.40 on or before 31 December 2014)	6,666,667	25.00
Management Options on issue as at the date of this Prospectus (exercisable at \$0.40 on or before 31 December 2014)	20,000,000	75.00
Total Options upon Admission	26,666,667	100

5.3 Indicative Timetable

Lodgement of Prospectus with the ASIC	3 April 2012
Opening Date	11 April 2012
Closing Date	8 May 2012
Despatch of Holding Statements	28 May 2012
Expected date for listing on ASX	31 May 2012

The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offer early without notice. Applicants are therefore encouraged to submit Applications as soon as possible after the Opening Date.

5.4 Expenses of the Offer

The total expenses of the Offer are expected to be applied towards the items set out in the table below (exclusive of GST):

Item of Expenditure	Full Subscription	Oversubscription
	\$8 million	\$10 million
ASIC fees	2,137	2,137
ASX fees	68,718	70,313
Broker Commissions (6%)	480,000	600,000
Adviser Fees (accounting, legal and other)	185,000	185,000
Printing, Design and Miscellaneous	30,000	30,000
TOTAL	\$765,855	\$887,450

5.5 Purpose of the Offer

The purpose of the Offer is to provide A1 Consolidated with funding to:

- Undertake further exploration and development on the Company's projects which includes:
 - developing the 1400 stockworks at the A1 Gold Project;
 - undertaking the decline and mine development at the A1 Gold Project mine site at a cost of \$6.1 million over 2 years (Full Subscription);
 - exploring and developing extensions to the stockwork zones;
 - further mine definition and exploration on the Company's projects at a cost of \$1.10 million over 2 years (Full Subscription); and
 - undertaking a regional exploration program at the A1 Gold Mine.

A1 CONSOLIDATED GOLD LIMITED

INVESTMENT AND OFFER DETAILS

- To purchase the plant and equipment to conduct further exploration and development on the Company's projects, pursuant to the A1 Mining Sale Agreement, summarised in Section 8.2.
- To facilitate the listing of the Company's Shares on the ASX.
- Provide for administrative costs and general working capital of costs.
- Allow access to equity markets to assist funding future development of the Company's projects and pursuing other complementary resource opportunities.

5.6 Application of Funds

The Company intends to apply the funds raised from the Offer together with the Company's existing cash resources as follows:

	Full Subscription			Oversubscription		
	(\$8 million)			(\$10 million)		
Sources/Use of funds	Year 1 (\$M)	Year 2 (\$M)	Total (\$M)	Year 1 (\$M)	Year 2 (\$M)	Total (\$M)
Cash currently on hand	2.80		2.80	2.80		2.80
Total raised under the Offer	8.00		8.00	10.00		10.00
Less: Cost of Offer	(0.77)		(0.77)	(0.89)		(0.89)
Total Available Funds	10.03		10.03	11.91		11.91

Allocation of funds	Year 1 (\$M)	Year 2 (\$M)	Total (\$M)	Year 1 (\$M)	Year 2 (\$M)	Total (\$M)
Decline and mine development*	4.80	1.30	6.10	4.80	2.70	7.50
Mine definition and exploration	0.75	0.35	1.10	0.75	0.83	1.58
Regional exploration and development	0.23	0.20	0.43	0.23	0.20	0.43
Administration and working capital costs	1.20	1.20	2.40	1.20	1.20	2.40
Total Funds Used	6.98	3.05	10.03	6.98	4.93	11.91

*This includes the payment to be made to A1 Consolidated Mining Pty Ltd for the purchase of plant and equipment of \$608,100. A summary of the material terms of this agreement is in section 8.2.

If oversubscriptions are accepted by the Company, it is anticipated that the additional funds will be used for further decline development at the A1 Gold Project, meaning that the Company will be able to progress the decline to explore the lower level stockworks and spend an additional \$480,000 on mine definition and exploration by conducting further drilling on the Company's projects. Additional details regarding the Company's budget and strategy can be found in the project overview in section 6 of this Prospectus.

5.7 Capital Adequacy

The Directors are satisfied that, subject to receipt of the Full Subscription (as detailed above), the Company will have sufficient working capital to meet its stated objectives, including implementation of its

exploration in full as described above. The Company has budgeted on the basis of its exploration and development programs operating over two years.

5.8 Minimum Subscription

If the Full Subscription (minimum subscription) to the Offer of \$8,000,000 has not been raised within 4 months after the date of this Prospectus, the Company will not issue any Shares and will repay all application monies for the Shares, without interest, within the time prescribed under the Corporations Act.

5.9 Applications

Applications for Shares under the Offer must be made using the Application Form.

Payment for the Shares must be made in full at the issue price of \$0.30 per Share. Applications for Shares must be for a minimum of \$2,000, being 6,667 Shares. Completed Application Forms and accompanying cheques must be delivered to:

A1 Consolidated Gold Limited

c/- Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153

or mailed to:

A1 Consolidated Gold Limited

c/- Security Transfer Registrars Pty Ltd
PO Box 535
Applecross WA 6953

Cheques should be made payable to "A1 Consolidated Gold Limited – Share Offer Account" and crossed "Not Negotiable". Completed Application Forms must reach one of the above addresses by no later than the Closing Date.

The Company reserves the right to close the Offer early.

5.10 Applicants outside Australia

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify the Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia.

It is the responsibility of applicants outside Australia to obtain all necessary approvals for the allotment and issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the applicant that all relevant approvals have been obtained.

5.11 Allotment

Subject to ASX granting approval for the Company to be admitted to the Official List, allotment of Shares offered by this Prospectus will take place as soon as practicable after the Closing Date. Prior to allotment, all application monies shall be held by the Company on trust. The Company, irrespective of whether the allotment of Shares takes place, will retain any interest earned on the application monies.

The Directors reserve the right to allot Shares in full for any application or to allot any lesser number or to decline any application. Where the number of Shares allotted is less than the number applied for, or where no allotment is made, the surplus application monies will be returned by cheque to the applicant within seven (7) days of the allotment date.

5.12 ASX Listing

The Company will apply to ASX within seven (7) days after the date of this Prospectus for admission to the Official List and for Official Quotation of the Shares offered under this Prospectus. If the Shares are not admitted to quotation on ASX within three (3) months after the date of this Prospectus, or such longer period as is permitted by the Corporations Act, none of the Shares offered by this Prospectus will be allotted or issued. In that circumstance, the Offer will not proceed and all application monies will be returned to Applicants (without interest).

5.13 Not Underwritten

The Offer is not underwritten. The Company has appointed Patersons Securities Limited to act as the Lead Manager to the Offer. The terms of the Lead Manager engagement are outlined in Section 8.2 of the Prospectus.

The Directors have reserved the right to pay a fee of up to 5% of the value of the Shares to holders of an AFS (Australian Financial Services) license in respect of Shares placed to their clients under the Offer.

5.14 CHESS

The Company will apply to participate in the Clearing House Electronic Subregister System ("**CHESS**"). CHESS is operated by ASX Settlement Pty Ltd ("**ASX Settlement**"), a wholly owned subsidiary of ASX, in accordance with the Listing Rules and the ASX Settlement Operating Rules.

Under CHESS, the Company will not issue certificates to investors. Instead, holders of Shares will receive a statement of their holdings in the Company. If an investor is broker sponsored, ASX Settlement will send a CHESS statement.

5.15 Restricted Securities

Subject to the Company being admitted to the Official List, certain Shares and Options on issue prior to the Offer will be classified by ASX as restricted securities and will be required to be held in escrow.

The Company expects that certain securities held by the Promoters, Directors and the Vendors, will be escrowed in accordance with ASX Listing Rules.

5.16 Forecast Financial Information

Given the speculative nature of mineral exploration and development, there are significant uncertainties associated with forecasting future revenues and expenses of the Company. On this basis and after considering ASIC Regulatory Guide 170, the Directors believe that reliable financial forecasts for the Company cannot be prepared and accordingly have not included financial forecasts in this Prospectus.

5.17 Privacy Statement

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers; regulatory bodies, including the Australian Taxation Office; authorised securities brokers; print service providers; mail houses and the Share Registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the Share Registry at the relevant contact number set out in this Prospectus. Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

5.18 Queries

Any queries regarding the Offer should be directed to Ms Emma Walczak, Company Secretary on +61 8 9389 2111.

Any queries regarding the Application Form should be directed to Security Transfer Registrars on 8 9315 2333.

6. Company and Project Overview

6.1 Company Background

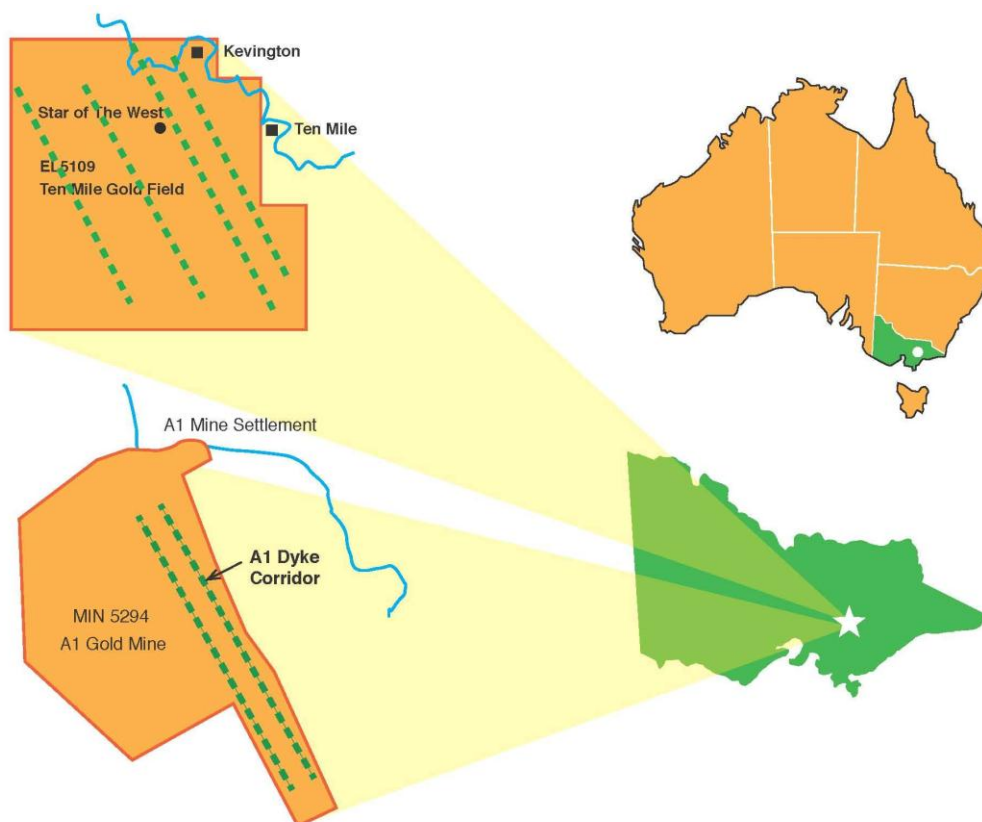
The Company was incorporated on 14 February 2011 in the State of New South Wales as a public company limited by Shares. A1 Consolidated Gold Ltd was incorporated for the purpose of entering into an agreement to acquire 100% ownership of the A1 Gold Project, the terms of which are summarised in Section 8.1. Since incorporation it has also secured a further two mineral tenements in the Woods Point – Walhalla Goldfield located in north eastern Victoria.

The Company's objective is to operate as a junior resources company focused on developing its gold projects and in particular, the A1 Gold Project.

6.2 Project Summary

The three exploration and development projects in which the Company has an interest are summarised in Table 6.2.1 below. These tenements cover an aggregate area of 45 km² between Mansfield and Woods Point, some 120 km north east of Melbourne, Victoria. The locations of the three projects are illustrated below (Figure 1). The A1 Gold Project is within Mining Licence MIN 5294 and the mine site is in a valley extending above the Mansfield-Woods Point Road about 14 km northwest of Woods Point.

Further details in relation to each project are outlined in the Independent Geologist's Report in Section 11 of the Prospectus.



Location of A1 Consolidated Gold Projects (Figure 1)

Project	Interest	Licence Type	Status	Expiry Date
A1 Gold Project MIN 5294	100%	Mining Licence	Current	17/08/2016
Star of the West MIN4636	100%	Mining Licence	Current	23/02/2013
Ten Mile Goldfield EL5109	100%	Exploration Licence	Current	09/09/2013

Table 6.2.1 Summary of Projects

6.3 Background and Tenement Status

(a) A1 Gold Project

The Company has entered into an option agreement with Heron Resources Limited (“**Heron**”) and Gaffney’s Creek Gold Mine Pty Ltd (“**GCC**”) for the acquisition of the option granted to Heron by GCC to acquire the A1 Gold Project. Further details with respect to the A1 Gold Option Agreement are provided in Section 8.1 (Refer to Figure 2 for the location of the A1 Gold Project). The A1 Gold Project mine workings are contained within Mining Licence MIN 5294. This Mining Licence follows the historical tenement boundary and contains almost a 2 kilometre strike extension of the corridor containing the A1 dyke. Mining Licence MIN 5294 has been granted for a further 5 years, expiring on 17 August 2016 (Refer to the Independent Solicitors’ Report in Section 12 for further details on the title of this tenement).

(b) Star of the West Mine

The Company has entered into an option agreement to acquire Mining Licence MIN 4636 from Mr Chris Toifl. Further details with respect to the terms of this option agreement are provided in Section 8.1 (Refer to Figure 3 for the location of the Star of the West Mine).

(c) The Ten Mile Goldfield

The Company has entered into an option agreement to acquire Exploration Licence EL 5109 from Blue Gum International Pty Ltd. Further details with respect to the terms of this option agreement are provided in Section 8.1 (Refer to Figure 3 for the location of the Ten Mile Goldfield).

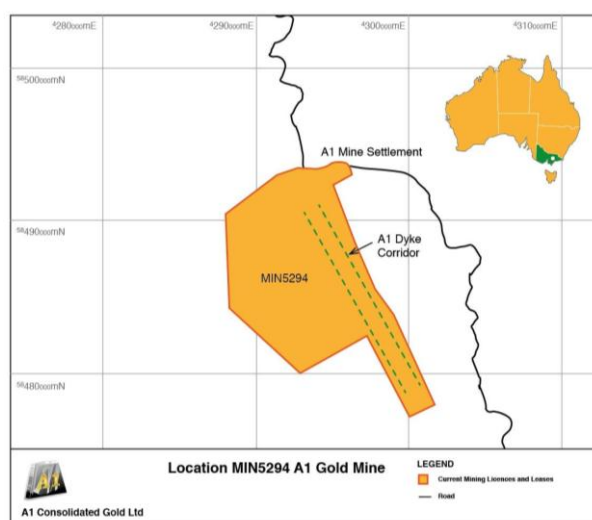


Figure 2 A1 Gold Project MIN5294

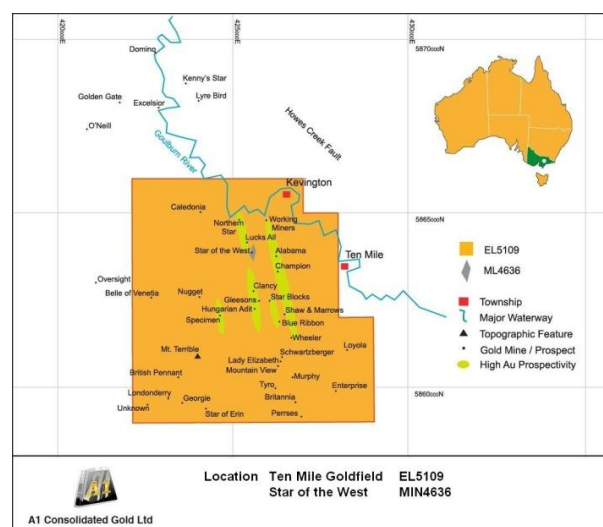


Figure 3 Ten Mile Goldfield EL5109

6.4 Exploration Targets – A1 Gold Project (MIN5294)

Introduction

The Company has identified three zones which are classified as exploration targets under the JORC Code based on historical development, drilling results and current development of the A1 mine⁵.

In the early 1980's, following bulk samples from a development drive on the 1400 level in 1982, several members of the board and management first recognised the potential of the magnitude of the 1400 level stockworks. In 1982, a bulk sample returned a recovered grade of 10 g/t Au and in 1987, two rises (inclined development) from the 1330 level to the 1400 level recovered 17 g/t Au. This in conjunction with drill information from Diamond Drill Holes DDH128 and DDH GC1 led to a radial drilling program on the 1400 level during 1989-90, (Figure 4) . The above works were the catalyst that led to the development and exploration of the A1 Gold Project from 2008 to date.

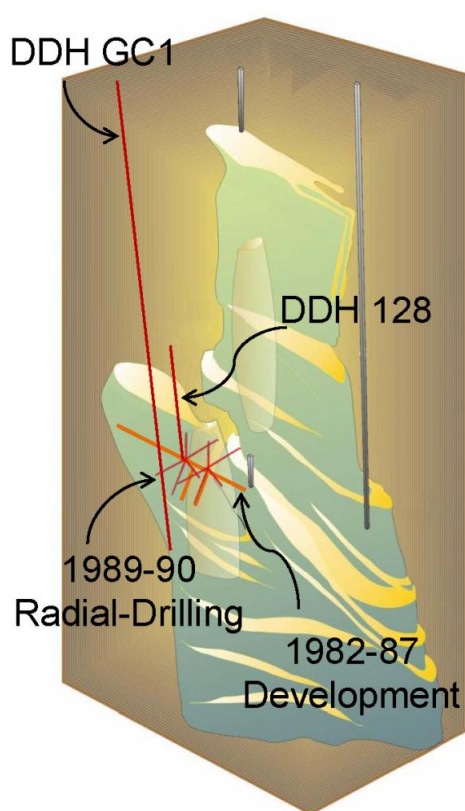


Figure 4 Development and Exploration 1982-90

Drawing for illustration purposes only and not to scale

6.5 Development and Exploration: 2009-2011

The development of the A1 Gold Project commenced in November 2009 with civil works and construction of the surface infrastructure. The surface infrastructure was completed in early 2010.

Underground works were commenced with the establishment of the decline portal and ongoing development of the decline ramp on 7 December 2009. In early 2010, upon suitable underground drill positions having been established on the 1685 level, a program of diamond drilling was undertaken to delineate the 1400 level stockworks, (Figure 5) . A program of 69 diamond drill holes was completed for

⁵References to exploration target size and Target Mineralisation in this Prospectus are conceptual in nature and should not be construed as indicating the existence of a JORC Code compliant mineral resource. There is insufficient information to establish whether further exploration will result in the determination of a mineral resource within the meaning of the JORC Code.

a total of 11,665 metres. The results from this drilling program and the 1989-90 underground drilling formed the basis for the block model of the 1400 level stockworks (Refer to section 6.14 for the tables of the drill data).

Blocks 1, 2, 3, 4 & 6 have an exploration target of 1.0 to 1.3 million tonnes at a grade range of 5 to 11 g/t Au⁶.

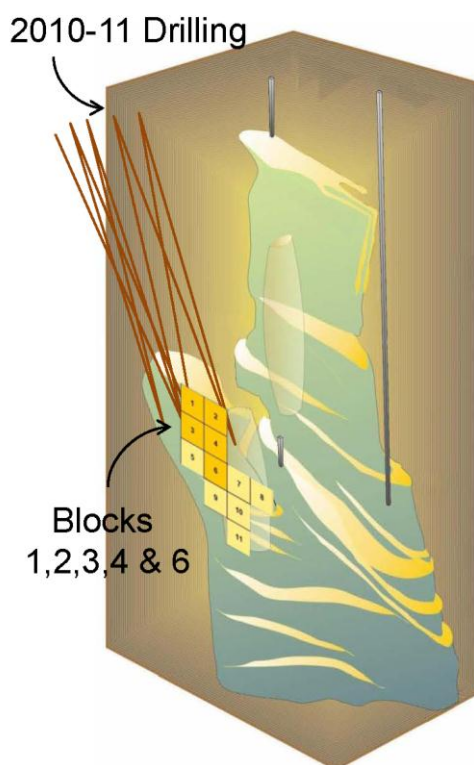


Figure 5 2010-11 Drilling & Block Model

Drawing for illustration purposes only and not to scale

6.6 Current Development

Development has commenced and is ongoing at the A1 Gold Project site. The decline development is currently at the 1620 Level and there has also been more than 700 metres of lateral development completed. The Company is actively developing down towards the 1400 level (Figure 6).

The Company is fully equipped to undertake mine development and has a sub-contractor who has employed experienced management, technical and mining staff. As part of the decline development design, the path of the decline first intersected the dyke at the 1650 level and a further 100 metres of lateral development along strike has been completed. The development along strike on the 1650 level is on stockwork dyke and during the development coarse visible gold was encountered. The decline development to access the 1625 Level has been completed and to date 120 metres of development

⁶References to exploration target size and Target Mineralisation in this Prospectus are conceptual in nature and should not be construed as indicating the existence of a JORC Code compliant mineral resource. There is insufficient information to establish whether further exploration will result in the determination of a mineral resource within the meaning of the JORC Code.

mining along the strike of the dyke structure has also been completed. The dyke structure is mineralised and visible gold is present.

Given the possible extent of the dyke at the 1650 Level and the similarities with the 1400 Level Stockworks, there is an exploration target of 70,000 - 100,000 tonnes at a grade range of 5 - 11 g/t Au⁷.

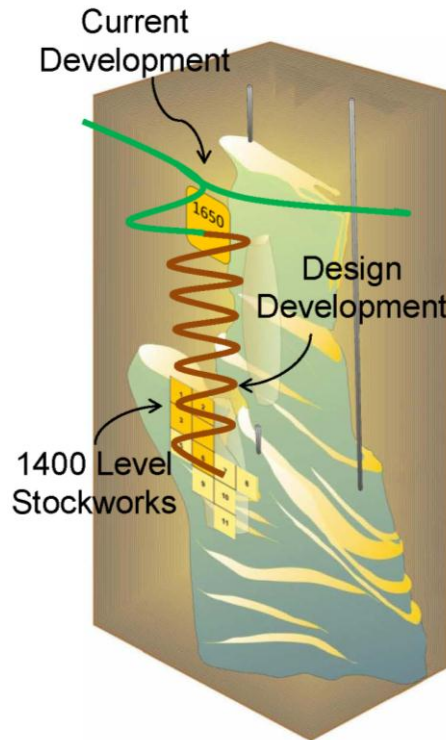


Figure 6 Current Development (completed indicated in green)

Drawing for illustration purposes only and not to scale

6.7 1400 Stockworks

The decline is currently being developed toward the 1400 stockwork level (see Figure 6), where a JORC exploration target⁸ of 1.0-1.3 million tonnes at a grade of 5-11 g/t Au⁹ has been defined as indicated by Blocks 1, 2, 3, 4 and 6 (Figure 7). These blocks contain 77 drill intersections in excess of 8 g/t Au (Table 3 (Summary) in Section 6.14) and there has been bulk sampling undertaken from development around them.

The decline is currently at the 1620 Level and requires about a further 1500 metres of development to reach the 1400 level. Approximately 500 metres of additional lateral driving will also be required. The Board estimates that this work program will take 14 months to complete.

⁷References to exploration target size and Target Mineralisation in this Prospectus are conceptual in nature and should not be construed as indicating the existence of a JORC Code compliant mineral resource. There is insufficient information to establish whether further exploration will result in the determination of a mineral resource within the meaning of the JORC Code..

⁸References to exploration target size and Target Mineralisation in this Prospectus are conceptual in nature and should not be construed as indicating the existence of a JORC Code compliant mineral resource. There is insufficient information to establish whether further exploration will result in the determination of a mineral resource within the meaning of the JORC Code.

⁹ibid.

An exploration target of 1.0-1.3 million tonnes at 5-11 g/t Au based on¹⁰:

- More than 77 diamond drill hole intersections in excess of 8.0 g/t Au;
- Exposure of the stockworks in underground development; and
- Face sampling and bulk sampling.

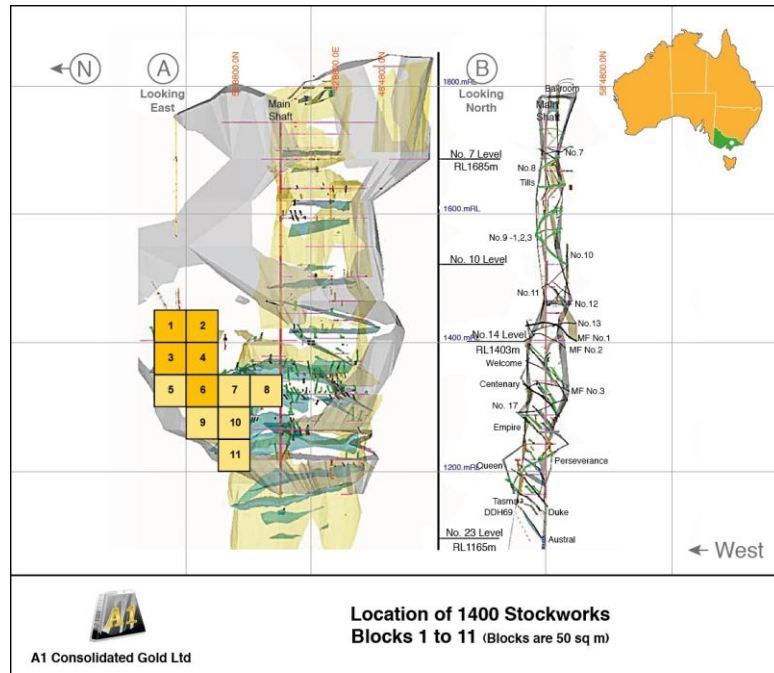


Figure 7: Location of 1400 Stockworks

6.8 1650 Stockworks

As part of the decline design, the 1650 Level has been driven in the dyke along strike for a distance of approximately 100 metres. The dyke predominantly contains stockworks and several faces have contained coarse visible gold. Based on the development to date, this stockwork zone has a strike length of about 100 metres, a width of 4 metres and a vertical extent of about 85 metres. Given the possible extent of the dyke at the 1650 Level and the similarities to the 1400 Level stockworks, there is an exploration target of 70,000 – 100,000 tonnes with a grade range of 5-11 g/t Au¹¹. Recent bulk sampling for metallurgical test-work has returned an average grade of 8.4 g/t Au.

A resource definition diamond drilling program will commence post-IPO and will be designed to test both the up-dip and down-dip potential of this zone.

¹⁰ibid.

¹¹References to exploration target size and Target Mineralisation in this Prospectus are conceptual in nature and should not be construed as indicating the existence of a JORC Code compliant mineral resource. There is insufficient information to establish whether further exploration will result in the determination of a mineral resource within the meaning of the JORC Code.

6.9 Northern Extension

A surface diamond drilling program in 2008 successfully intersected the dyke at the 1550 level and increased the known strike length of the dyke to 400 metres north of any previous development. This drilling indicates a minimum thickness of the dyke corridor at approximately 15 metres and from data from historical shaft development we can assume a vertical extent of at least 500 metres (Figure 9).

Recent underground mine development has intersected stockwork dyke in the northern extension, at the 1685 and 1650 levels. These intersections are in a section of the A1 Dyke Corridor that has never been previously drilled or mined.

Based on historical sampling of similar areas of the mine and the assumed extent of the dyke, an exploration target in this Northern Extension zone of 4-6 million tonnes at 3-11 g/t Au has been identified¹². It is estimated that a drilling program to further test this zone will begin within 6 months of the Company's admission to the Official List.

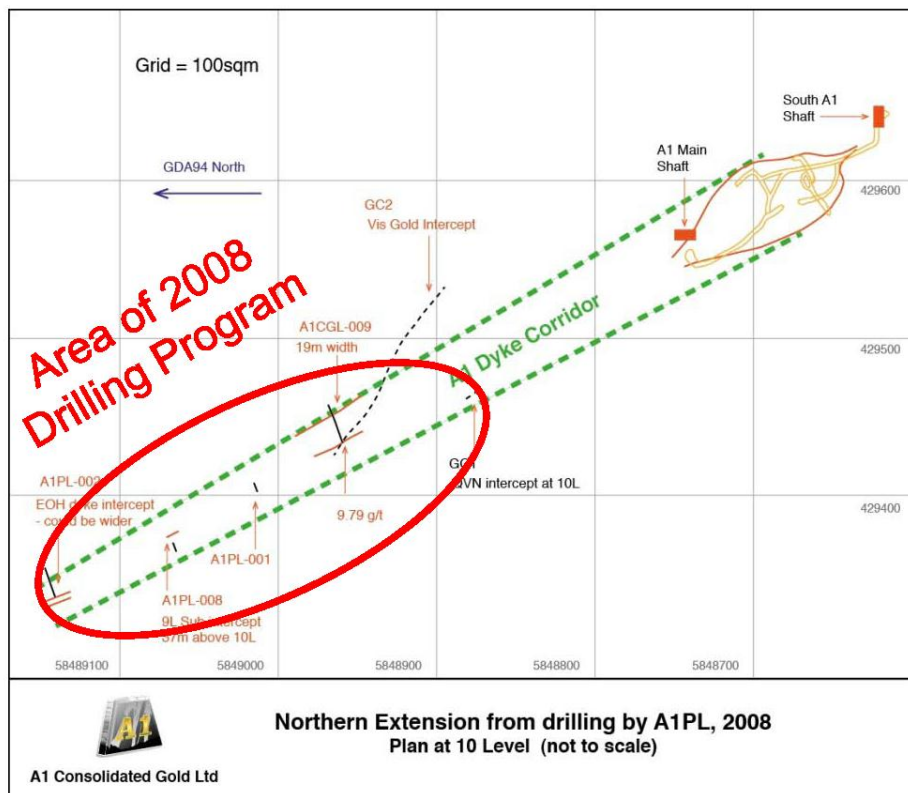


Figure 9: Location of Northern Extension

¹²References to exploration target size and Target Mineralisation in this Prospectus are conceptual in nature and should not be construed as indicating the existence of a JORC Code compliant mineral resource. There is insufficient information to establish whether further exploration will result in the determination of a mineral resource within the meaning of the JORC Code.

6.10 Southern Extension

Most of the mining south of the South A1 Shaft (Southern Extension) was carried out before 1910 and above the 1685 level. No mining was undertaken after the two adjoining Mining Licences were amalgamated in 1910 as work was concentrated on the 150 metre strike length of dyke between the two shafts and the Southern Extension was ignored.

Production records from the Southern Extension zone for the period 1880 to 1910 show 6,404 tonnes for 4,463 oz, a grade of approximately 21 g/t Au.

A shallow surface diamond drilling program south of the South A1 Shaft during 1987 intersected the dyke down to 150 metres from the surface. Interpretation of the available data indicates that the dyke in the Southern Extension could be up to 30 metres wide and should contain both stockworks and ladder veining between both dyke contacts.

During 2010, lateral underground development to the south of the SA1 Shaft (MGA_N 5848550), was completed in the hanging wall of the dyke corridor to allow for testing of the southern extension.

The first underground drill chamber has been cut and is ready to allow exploration drilling to commence. An underground diamond drilling program will be undertaken during Year 2 following the Company's admission to the Official List.

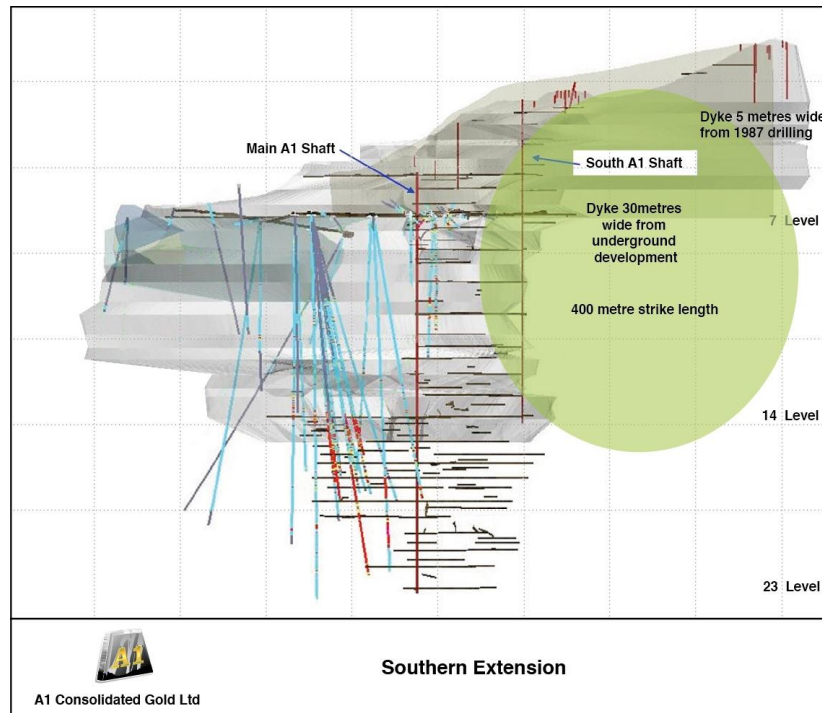


Figure 10: Location of Southern Extension

6.11 Ten Mile Goldfield and Star of the West

EL5109 (which overlaps and includes MIN4636) covers most of the Ten Mile Goldfield. More than 30 known mines are present on the Ten Mile Goldfield and records show a production history of 83,654 oz from 162,168 tonnes at a grade of 16 g/t Au. The Star of the West group of mines produced 25,671 oz from 35,447 tonnes at a recovered grade of 22.5 g/t Au. During 1987-88 an eight hole diamond drilling program to a maximum depth of 106.7 metres was completed. There were 11 visible gold intersections. It is the Company's intention to twin some of these drill holes to validate the drill data.

A regional exploration program will be undertaken at both EL5109 and MIN4636 commencing in mid 2012 following the Company's admission to the Official List.

6.12 Development Program and Budget

The Company's budget over the two years following Admission to the Official List is as follows:

	Full Subscription (\$8 million)			Oversubscription (\$10 million)		
Sources/Use of funds	Year 1 (\$M)	Year 2 (\$M)	Total (\$M)	Year 1 (\$M)	Year 2 (\$M)	Total (\$M)
Cash currently on hand	2.80		2.80	2.80		2.80
Total raised under the Offer	8.00		8.00	10.00		10.00
Less: Cost of Offer	(0.77)		(0.77)	(0.89)		(0.89)
Total Available Funds	10.03		10.03	11.91		11.91
Allocation of funds	Year 1 (\$M)	Year 2 (\$M)	Total (\$M)	Year 1 (\$M)	Year 2 (\$M)	Total (\$M)
Decline and mine development*	4.80	1.30	6.10	4.80	2.70	7.50
Mine definition and exploration	0.75	0.35	1.10	0.75	0.83	1.58
Regional exploration and development	0.23	0.20	0.43	0.23	0.20	0.43
Administration and working capital costs	1.20	1.20	2.40	1.20	1.20	2.40
Total Funds Used	6.98	3.05	10.03	6.98	4.93	11.91

*This includes the payment to be made to A1 Consolidated Mining Pty Ltd for the purchase of plant and equipment of \$608,100. A summary of the material terms of this agreement is in section 8.2.

If oversubscriptions are accepted by the Company, the additional funds will be used for further decline development at the A1 Gold Project, meaning that the Company will be able to progress the decline to explore the lower level stockworks and spend an additional \$480,000 on mine definition and exploration by conducting further drilling on the Company's projects.

The Company's two year development and exploration strategy assuming Full Subscription is as follows:

Year 1 Development Strategy

- Develop the decline ramp to access the 1400 stockworks

- Mine a bulk sample from 1650 and 1625 stockworks
- Validate the existing data which includes the drill data through channel sampling and bulk sampling data for the purpose of obtaining a JORC classified resource
- Explore extensions to the known stockwork zones
- Undertake a regional exploration program on the Ten Mile Goldfield and Star of the West tenements.

Year 2 Development Strategy

- Complete the development works to the 1400 stockworks (if oversubscription are accepted, the development works will be completed to the lower level stockworks)
- Continue the exploration and development of the known stockwork zones (further extensions will be explored in the known stockwork zones if Oversubscription is accepted)
- Continue the regional exploration program on the Ten Mile Goldfield and Star of the West tenements

6.13 Competent Persons' Statement

The information in this Prospectus that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Morrie Goodz who is a Fellow of The Australasian Institute of Mining and Metallurgy. Morrie Goodz is a non-executive Director of the Company. Morrie Goodz has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Morrie Goodz consents to the inclusion in the Prospectus of the matters based on his information in the form and context in which it appears.

6.14 Exploration Target Block Calculations – 1400 Stockworks

Classification of the drill data led to the construction of the block models below (see Tables 1 and 2) and although this is an exploration target¹³ and conceptual in nature it is based on 77 diamond drill holes. Table 3 provides a summary of blocks 1 – 11 in relation to the exploration target at the 1400 stockworks level. Table 4 provides a summary of the upper exploration target blocks (being blocks 1 to 4 and 6). Tables 5 to 15 describe individual drill intercepts for each block upon which the exploration target for the 1400 stockworks has been based and which after weighted compositing are greater than 8 g/t Au. Further drilling may not produce a mineral resource, however historical development and underground diamond drilling provide a high level of confidence.

¹³ References to exploration target size and Target Mineralisation in this Prospectus are conceptual in nature and should not be construed as indicating the existence of a JORC Code compliant mineral resource. There is insufficient information to establish whether further exploration will result in the determination of a mineral resource within the meaning of the JORC Code.

A1 CONSOLIDATED GOLD LIMITED
COMPANY AND PROJECT OVERVIEW

Block Data Long Section

Block Data Long Section

	MGA_N				
	5848900	5848850	5848800	5848750	5848700
RL m					
1450					
1400		1	2		
1350		3	4		
1300		5	6	7	8
1250			9	10	
1200				11	

Exploration Target Blocks in 1400 Stockworks

1.0-1.3 million tonnes at 5-11 g/t
in upper exploration target

0.8-1.0 million tonnes at 3-9 g/t
in lower exploration target

	MGA_N				
	5848900	5848850	5848800	5848750	5848700
L m	3		1	1	5
450		21	22	1	3
400		4	18	1	1
350		5	12	5	6
300		1	4	3	2
250			2	5	2
200					

No of Drill Intersections + 8 g/t Au

Table 1. Exploration Target Blocks

Table 2. Drill Intersections plus 8 g/t Au

Summary Sheet – Exploration Target Blocks – 1400 Stockworks

Block Summary						
BLOCK_No	INTERSECTIONS	LENGTH (m)	HEIGHT (m)	TRUE WIDTH (m)	VOLUME (m3)	TONNES
1	21	50.00	50.00	34.17	85425	222105
2	22	50.00	50.00	40.87	102175	265655
3	4 + Dev'ment	50.00	50.00	36.18	90450	235170
4	18	50.00	50.00	57.62	144050	374530
5	5	50.00	50.00	36.85	92125	239525
6	12	50.00	50.00	36.85	92125	239525
7	5	50.00	50.00	32.16	80400	209040
8	6	50.00	50.00	19.43	48575	126295
9	4	50.00	50.00	14.74	36850	95810
10	3	50.00	50.00	28.81	72025	187265
11	5	50.00	50.00	27.47	68675	178555
						2,373,475

Table 3. Summary of Blocks 1 to 11

A1 CONSOLIDATED GOLD LIMITED
COMPANY AND PROJECT OVERVIEW

Upper Exploration Target Blocks – 1400 Stockworks						
BLOCK_No	INTERSECTIONS	LENGTH (m)	HEIGHT (m)	WIDTH (m)	VOLUME (m3)	TONNES
1	21	50.00	50.00	34.17	85425	222105
2	22	50.00	50.00	40.87	102175	265655
3	4 + Dev'ment	50.00	50.00	36.18	90450	235170
4	18	50.00	50.00	57.62	144050	374530
6	12	50.00	50.00	36.85	92125	239525
						1,336,985

Table 4. Summary of Blocks
1 to 4 and 6 – 1400
Stockworks

Block 1 MGA_N 5848850 mRL 1400								
BLOCK_No	HOLE-ID	FROM (m)	TO (m)	DOWNHOLE INTERVAL (m)	GRADE (g/t Au)	MGA_E	MGA_N	mRL
1	DDH-086	113.39	115.98	2.59	20.6	429513.61	5848849.95	1404.70
1	DDH-086	117.88	125.88	7.70	9.5	429511.89	5848854.11	1404.70
1	DDH-096	9.91	10.67	0.76	15.6	429509.19	5848863.46	1406.10
1	DDH-098	4.57	4.65	0.08	Visible Gold	429480.07	5848858.66	1401.42
1	DDH-128	5.36	5.56	0.20	99.1	429468.48	5848873.14	1412.52
1	DDH-128	38.25	38.38	0.13	928.9	429465.91	5848889.39	1441.03
1	DDH-128	42.47	42.52	0.05	17.6	429465.58	5848891.48	1444.69
1	DDH-128	43.61	44.18	1.20	170.0	429465.49	5848892.04	1445.67
1	DDH-160	2.60	4.75	2.15	9.0	429473.39	5848872.93	1408.50
1	DDH-160	19.90	20.00	0.10	Visible Gold	429471.30	5848887.77	1417.15
1	DDH-161	9.55	9.80	0.25	Visible Gold	429472.37	5848880.16	1406.50
1	DDH-162	1.25	1.35	0.10	8.9	429474.34	5848871.58	1408.53
1	DDH-162	2.80	3.40	0.60	15.7	429475.13	5848872.67	1409.31
1	GC-01	347.15	347.18	0.03	Visible Gold	429465.14	5848875.49	1415.58
1	GC-01	349.00	349.20	0.20	Visible Gold	429465.24	5848875.48	1413.73
1	GC-01	355.00	356.00	1.00	30.4	429465.58	5848875.45	1407.73
1	GC-01	358.70	360.50	1.80	14.4	429465.78	5848875.43	1404.06
1	L7_0006	241.00	242.00	1.00	103.2	429478.07	5848870.81	1447.88
1	L7_0006	280.00	280.60	0.60	33.7	429477.60	5848870.09	1408.89
1	L7_0012	275.00	278.00	3.00	12.3	429462.89	5848897.95	1414.51
1	L7_0013	284.40	286.30	1.90	47.8	429496.79	5848858.41	1405.41

Table 5 Diamond Drill Core Intersections
(Half sawn core fire assayed core Gold)
Block 1

Selected drill intercepts of varying lengths which after weighted compositing, are > 8 g/t Au

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These intercepts may contain up to 1 metre of material less than < 8 g/t Au.

Block 2 MGA_N 5848800 mRL 1400								
BLOCK No	HOLE-ID	FROM (m)	TO (m)	DOWNHOLE INTERVAL (m)	GRADE (g/t Au)	MGA_E	MGA_N	mRL
2	DDH-086	85.95	86.56	0.61	110.4	429524.13	5848824.55	1404.70
2	DDH-086	89.76	90.22	0.46	118.2	429522.65	5848828.13	1404.70
2	DDH-091	1.52	2.08	0.56	14.8	429508.96	5848816.50	1405.70
2	DDH-140	8.55	14.00	5.45	13.1	429519.47	5848829.86	1408.92
2	DDH-141	18.05	18.55	0.50	21.5	429634.71	5848816.84	1412.18
2	DDH-141	22.60	23.05	0.45	10.8	429538.92	5848816.25	1413.73
2	DDH-142	1.55	4.10	2.55	17.9	429519.73	5848819.50	1405.73
2	DDH-142	5.80	11.05	5.25	14.6	429523.69	5848818.94	1407.18
2	DDH-142	13.70	15.30	1.60	12.4	429531.07	5848817.91	1409.89
2	DDH-142	17.90	17.95	0.05	130.8	429534.96	5848817.36	1411.32
2	DDH-142	41.15	42.60	1.45	79.7	429556.60	5848814.32	1419.28
2	DDH-143	2.15	4.40	2.25	12.7	429524.69	5848826.58	1405.94
2	DDH-143	8.31	11.90	3.59	12.4	429527.48	5848831.62	1408.04
2	DDH-195	0.00	3.60	3.60	164.1	429516.41	5848820.31	1407.60
2	DDH-195	6.30	7.20	0.90	100.4	429517.35	5848820.85	1413.81
2	DDH-195	11.40	12.40	1.00	11.6	429518.11	5848821.29	1418.83
2	L7_0010A	262.80	263.20	0.40	147.2	429507.49	5848841.26	1429.83
2	L7_0010A	279.80	292.00	12.20	21.1	429509.17	5848838.58	1413.14
2	L7_0023W1	278.00	281.10	3.10	11.8	429515.40	5848829.66	1417.09
2	L7_0046	278.00	278.60	0.60	10.7	429495.48	5848833.96	1414.70
2	L7_0055	282.50	288.30	5.80	Visible Gold	429535.38	5848826.31	1406.32
2	SA-16	349.00	350.00	1.00	38.3	429502.73	5848833.98	1418.67

Table 6. Diamond Drill Core Intersections (Half sawn core fire assayed core Gold) Block 2

Selected drill intercepts of varying lengths which after weighted compositing, are > 8 g/t Au.

These intercepts may contain up to 1 metre of material less than < 8 g/t Au.

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Block 3 MGA_N 5848850 mRL 1350								
BLOCK_No	HOLE-ID	FROM (m)	TO (m)	DOWNHOLE INTERVAL (m)	GRADE (g/t Au)	MGA_E	MGA_N	mRL
3	DDH-138	39.80	40.55	0.75	28.1	429531.70	5848854.36	1387.55
3	L7_0006	293.00	295.80	2.80	19.3	429477.42	5848869.81	1395.89
3	L7_0013W1	292.00	293.00	1.00	33.2	429503.65	5848855.49	1398.69
3	L7_0013W1	319.00	320.00	1.00	13.3	429507.36	5848853.13	1372.07

Table 7. Diamond Drill Core Intersections (Half sawn core fire assayed core Gold) Block 3

Selected drill intercepts of varying lengths which after weighted compositing, are > 8 g/t Au.
These intercepts may contain up to 1 metre of material less than < 8 g/t Au.

Block 4 MGA_N 5848800 mRL 1350								
BLOCK_No	HOLE-ID	FROM (m)	TO (m)	DOWNHOLE INTERVAL (m)	GRADE (g/t Au)	MGA_E	MGA_N	mRL
4	DDH-041	30.86	31.17	0.31	24.9	429498.35	5848845.81	1358.33
4	DDH-057	43.13	43.33	0.20	15.6	429451.27	5848843.93	1385.00
4	DDH-095	7.39	7.54	0.15	17.0	429497.28	5848845.91	1399.43
4	DDH-138	17.20	22.90	5.70	10.0	429524.09	5848835.53	1397.46
4	DDH-138	26.70	26.90	0.20	Visible Gold	429527.29	5848843.45	1393.30
4	DDH-138	27.40	29.25	1.85	13.8	429527.53	5848844.05	1392.98
4	DDH-138	32.35	33.40	1.05	16.7	429529.19	5848848.15	1390.82
4	DDH-165	37.50	39.50	2.00	45.9	429569.49	5848815.30	1387.47
4	DDH-165	42.50	43.00	0.50	151.9	429571.59	5848819.25	1385.20
4	L7_0010A	316.00	319.00	3.00	9.5	429512.72	5848832.75	1377.56
4	L7_0023	303.00	307.00	4.00	35.2	429516.16	5848821.00	1393.21
4	L7_0023	308.70	316.00	7.30	9.5	429516.93	5848819.84	1387.67
4	L7_0023	331.50	332.00	0.50	26.4	429519.82	5848815.09	1365.59
4	L7_0023W1	298.05	303.00	4.95	41.3	429518.13	5848826.10	1397.59
4	L7_0023W1	304.50	305.00	0.50	11.4	429519.02	5848824.92	1391.28
4	L7_0027W1	293.70	300.20	6.50	Visible Gold	429485.54	5848848.32	1396.69
4	L7_0046	320.00	320.50	0.50	18.9	429496.23	5848826.55	1373.37
4	L7_0055	306.70	307.30	0.60	27.2	429537.51	5848829.56	1382.42

Table 8. Diamond Drill Core Intersections (Half sawn core fire assayed core Gold) Block 4

Selected drill intercepts of varying lengths which after weighted compositing, are > 8 g/t.
These intercepts may contain up to 1 metre of material less than < 8 g/t.

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Block 5 MGA_N 5848850 mRL 1300								
BLOCK_No	HOLE-ID	FROM (m)	TO (m)	DOWNHOLE INTERVAL (m)	GRADE (g/t Au)	MGA_E	MGA_N	mRL
5	DDH-133	28.80	29.00	0.20	8.7	429525.56	5848854.55	1322.30
5	GC-01	432.50	433.35	0.85	36.9	429470.39	5848875.75	1330.40
5	GC-01	442.80	443.90	1.10	78.0	429471.09	5848875.78	1320.13
5	L7_0006	340.50	341.00	0.50	Visible Gold	429476.81	5848868.68	1348.41
5	L7_0006	359.30	359.70	0.40	72.6	429476.62	5848868.28	1329.61

Table 9. Diamond Drill Core Intersections Block 5 (Half sawn core fire assayed core Gold)

Selected drill intercepts of varying lengths which after weighted compositing, are > 8 g/t Au.

These intercepts may contain up to 1 metre of material less than < 8 g/t Au.

Block 6 MGA_N 5848800 mRL 1300								
BLOCK_No	HOLE-ID	FROM (m)	TO (m)	DOWNHOLE INTERVAL (m)	GRADE (g/t Au)	MGA_E	MGA_N	mRL
6	DDH-089	26.21	27.89	1.68	102.6	429481.63	5848823.24	1317.30
6	DDH-106	19.58	19.89	0.31	12.6	429524.52	5848831.99	1323.20
6	DDH-108	15.70	15.85	0.15	14.8	429487.86	5848841.35	1322.90
6	DDH-108	19.51	21.34	1.83	8.6	429488.56	5848845.09	1322.90
6	DDH-133	7.25	7.45	0.20	8.1	429505.32	5848847.18	1322.30
6	DDH-184	18.43	19.37	0.94	73.7	429507.87	5848846.87	1311.98
6	DDH-187	27.62	28.58	0.96	Visible Gold	429510.00	5848846.40	1347.32
6	DDH-189	9.23	13.84	4.61	12.4	429536.30	5848841.80	1322.00
6	DDH-190	9.53	10.72	1.19	54.3	429531.90	5848842.57	1331.67
6	DDH-191	23.40	23.50	0.10	Visible Gold	429522.87	5848829.48	1343.66
6	DDH-191	25.30	27.14	1.84	Visible Gold	429522.70	5848828.54	1345.31
6	L7_0027W1	376.85	377.15	0.30	45.7	429489.39	5848838.56	1314.21

Table 10. Diamond Drill Core Intersections (Half sawn core fire assayed core Gold) Block 6

Selected drill intercepts of varying lengths which after weighted compositing, are > 8 g/t Au.

These intercepts may contain up to 1 metre of material less than < 8 g/t Au.

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Block 7 MGA_N 5848750 mRL 1300								
BLOCK_No	HOLE-ID	FROM (m)	TO (m)	DOWNHOLE INTERVAL (m)	GRADE (g/t Au)	MGA_E	MGA_N	mRL
7	DDH-015	17.93	18.01	0.08	101.7	429549.44	5848785.85	1321.20
7	DDH-134	29.85	31.00	1.15	21.7	429501.65	5848781.54	1300.96
7	DDH-135	10.60	11.75	1.15	5218.2	429516.90	5848789.12	1314.08
7	DDH-137B	3.20	4.85	1.65	12.0	429525.87	5848787.04	1320.61
7	L7_0025	386.70	387.40	0.70	18.2	429545.81	5848783.29	1319.51

Table 11. Diamond Drill Core Intersections (Half sawn core fire assayed core Gold) Block 7

Selected drill intercepts of varying lengths which after weighted compositing, are > 8 g/t Au.

These intercepts may contain up to 1 metre of material less than < 8 g/t Au.

Block 8 MGA_N 5848700 mRL 1300								
BLOCK_No	HOLE-ID	FROM (m)	TO (m)	DOWNHOLE INTERVAL (m)	GRADE (g/t Au)	MGA_E	MGA_N	mRL
8	DDH-001	10.41	10.92	0.51	14.6	429566.86	5848733.92	1330.24
8	DDH-001	29.85	30.45	0.60	11.0	429569.95	5848735.27	1311.11
8	DDH-002	9.68	10.13	0.45	Visible Gold	429582.32	5848740.68	1337.29
8	DDH-008	27.46	27.58	0.12	19.3	429582.38	5848749.34	1335.43
8	DDH-009	8.71	9.07	0.36	Visible Gold	429574.60	5848736.70	1331.89
8	Shaft_A1 Main	376.64	376.94	0.30	8.1	429553.82	5848741.78	1309.30

Table 12. Diamond Drill Core Intersections (Half sawn core fire assayed core Gold) Block 8

Selected drill intercepts of varying lengths which after weighted compositing, are > 8 g/t Au.

These intercepts may contain up to 1 metre of material less than < 8 g/t Au.

Block 9 MGA_N 5848800 mRL 1250								
BLOCK_No	HOLE-ID	FROM(m)	TO (m)	DOWNHOLE INTERVAL (m)	GRADE (g/t Au)	MGA_E	MGA_N	mRL
9	DDH-110	45.57	46.79	1.22	14.0	429508.19	5848821.82	1295.41
9	DDH-110	63.09	63.32	0.23	87.2	429493.74	5848823.21	1285.63
9	DDH-121	18.59	19.05	0.46	155.5	429486.49	5848830.82	1253.15
9	DDH-186	34.52	35.43	0.91	Visible Gold	429506.15	5848847.18	1291.32

Table 13. Diamond Drill Core Intersections (Half sawn core fire assayed core Gold) Block 9

Selected drill intercepts of varying lengths which after weighted compositing, are > 8 g/t Au.

These intercepts may contain up to 1 metre of material less than < 8 g/t Au.

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Block 10 MGA_N 5848750 mRL 1250								
BLOCK_No	HOLE-ID	FROM (m)	TO (m)	DOWNHOLE INTERVAL (m)	GRADE (g/t Au)	MGA_E	MGA_N	mRL
10	DDH-173	10.40	10.50	0.10	Visible Gold	429506.90	5848779.71	1257.49
10	L7_0008	430.00	451.00	21.00	8.3	429527.64	5848775.77	1257.52
10	L7_0025	411.25	411.35	0.10	Visible Gold	429549.91	5848776.35	1296.31

Table 14. Diamond Drill Core Intersections (Half sawn core fire assayed core Gold)
Block 10

Selected drill intercepts of varying lengths which after weighted compositing, are > 8 g/t Au.

These intercepts may contain up to 1 metre of material less than < 8 g/t Au.

Block 11 MGA_N 5848750 mRL 1200								
BLOCK_No	HOLE-ID	FROM (m)	TO (m)	DOWNHOLE INTERVAL (m)	GRADE (g/t Au)	MGA_E	MGA_N	mRL
11	DDH-030	17.63	18.90	1.27	9.2	429530.78	5848750.45	1206.31
11	DDH-125	53.64	54.13	0.49	8.4	429526.72	5848787.37	1239.18
11	DDH-125	58.27	58.52	0.25	8.7	429529.64	5848787.99	1242.74
11	DDH-175	35.20	35.70	0.50	10.1	429496.74	5848760.31	1245.11
11	DDH-182	13.54	14.52	0.98	10.6	429537.47	5848752.00	1226.36

Table 15. Diamond Drill Core Intersections (Half sawn core fire assayed core Gold)
Block 11

Selected drill intercepts of varying lengths which after weighted compositing, are > 8 g/t Au.

These intercepts may contain up to 1 metre of material less than < 8 g/t Au.

7. Risk Factors

7.1 Introduction

An investment in the Company is not risk free and prospective new investors should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Shares. The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

There are specific risks which relate directly to the Company's business. In addition, there are general risks, many of which are largely beyond the control of the Company and Directors. The risks identified in this section, or other risks factors, may have a material impact on the financial performance of the Company and the market price of the shares.

7.2 Risks Specific to the Company

(a) Exploration risk

The exploration costs of the Company noted in section 6.12 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.

(b) Liquidity Risk

There are currently 55,199,825 Shares on issue, with between 19.34% and 23.06% of the total Shares on issue following Admission being offered to the public pursuant to this Prospectus. Upon Admission, a significant portion of the Shares on issue will be subject to the escrow restrictions imposed by the ASX Listing Rules. Some investors may consider that there is an increased liquidity risk as a large portion of the issued capital may not be able to be traded freely for a period of time.

(c) No JORC compliant resource

As stated in this Prospectus, there is no JORC compliant resource in relation to any of the Company's assets and there is no guarantee that a JORC compliant resource in relation to any of the Company's assets will be achieved in the future.

(d) Reliance on Key Management Personnel

As stated in this Prospectus, several of the Directors have intimate knowledge of the A1 Gold Project site, including executive directors Mr Dennis Clark and Mr Darren Russell-Croucher. Under the terms of Mr Clark and Mr Russell-Croucher's respective employment agreements (further details of which are provided in section 8.2), they 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 executive directors Mr Clark and Mr Russell-Croucher. If either (or both) Mr Clark or Mr Russell-Croucher were to terminate their employment agreements by providing 3 months' written notice to the Company, there is a risk that the Company and its operations would be detrimentally affected by this.

(e) Resource Estimates

In the event that the Company successfully delineates a JORC compliant resource on any of the tenements in which it has an interest, that resource estimate will be an expression of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

(f) 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.

(g) 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, 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.

No assurances can be given that the Company will achieve commercial viability through the successful exploration of its mineral interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(h) 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 Mineral Resources (Sustainable Development) Act 1990 (Vic) ("the Act"). A number of changes to the 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 therefore it will be subject to the amended renewal and relinquishment provisions.

The Company has an interest in two Mining Licences which have been granted under the Act. The amendments to the Act will require that the grant of a new Mining Licence is subject to the identification of a JORC indicated mineral resource. The renewal of Mining Licences MIN 5294 and MIN 4636 in 2016 and 2013 respectively, will be subject to the requirement that a JORC indicated mineral resource be identified on the tenements. Further details with respect to the amendments to the Act are provided in the Solicitors Report on the tenements in section 12 of this Prospectus.

(i) 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 the 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 granted Tenements have been met. Details are set out in the Solicitor's Report on Tenements in Section 12 of this Prospectus.

(j) Environmental Risks

The Company's exploration programs 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.

(k) Limited history

The Company was incorporated on 14 February 2011 and therefore has a limited operating history on which an evaluation of its prospects can be made. The prospects of the Company must be considered in light of the risks, expenses and difficulties frequently encountered by companies in the early stages of their development, particularly in the mineral exploration sector, which has a high level of inherent risk and uncertainty. Furthermore, to date no JORC resources have been proven on the tenements in which the Company has an interest.

(l) Additional Requirements for Capital

The funds raised under the Offer are considered sufficient to meet the exploration and evaluation objectives of the Company. Additional funding may be required in the event exploration costs exceed the Company's estimates. To effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur, additional financing will be required.

The Company may seek to raise further funds through equity or debt financing, joint ventures, production sharing arrangements or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of exploration, development or production on the Company's properties or even loss of a property interest. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

(m) Conflicts of Interest

The Company's Directors are also Directors and officers of other companies engaged in mineral exploration and development and mineral property acquisitions. Accordingly, mineral exploration opportunities or prospects of which such persons become aware will not necessarily be made available to the Company. The Directors intend, however, to allocate these to such companies on the basis of prudent business and judgement and the relative financial abilities and needs of the companies to participate. Although such persons have been advised of their fiduciary duties to the Company, there exist actual and potential conflicts of interest among these persons and situations could arise in which their obligations to, or interests in, other companies could detract from their efforts on behalf of the Company. The Directors have adopted a Conflicts Policy to minimise the risk of a conflict of interest arising.

7.3 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 (including, but not limited to, the mineral resource rent tax and carbon tax) 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) Regulatory Risk

The Company's 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.

(g) Trading Risks

The price at which the Company's Shares trade on ASX after listing may be higher or lower than the Offer price 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 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.

(h) 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.

(i) 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.

(j) Investment Speculative

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.

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8. Material Contracts

8.1 Agreements to acquire the Tenements

The consideration payable to each of the Vendors is Shares in the Company. The voting power of each of the Vendors upon Admission is as follows:

Vendor name	Number of shares currently held	Number of Shares	Voting power (Full Subscription)	Voting power (Oversubscription)
Gaffney's Creek Gold Mine Pty Ltd*	Nil	33,333,333	24.17%	23.06
Heron Resources Limited	5,500,000	20,700,000	19.00%	18.12%
Chris Toifl	3,000,000	1,000,000	0.73%	0.69%
Blue Gum International Pty Ltd	Nil	1,000,000	0.73%	0.69%

*Gaffney's Creek Gold Mine Pty Ltd is associated with directors Dennis Clark, Darren Russell-Croucher and Ashok Parekh. Refer to section 9.39.3 for further details on the nature of their interests.

- (a) A1 Gold Option Agreement: Gaffney's Creek Gold Mine Pty Ltd, Heron Resources Limited and A1 Consolidated Gold Ltd

On 27 February 2011 ("**Commencement Date**"), the Company entered into an agreement ("**A1 Gold Option Agreement**") for the acquisition from Heron Resources Limited ("**Heron**") of:

- the rights and obligations in relation to an option to purchase Mining Licences 5326, 5294 and 5375 (these tenements have now been amalgamated into one tenement, MIN 5294) ("**A1 Tenements**") and the accompanying mining information ("**Mining Information**") from Gaffney's Creek Gold Mine Pty Ltd ("**Gaffney**") ("**Option**") pursuant to the Mining Asset Sale Agreement (see 8.1(b) below for details of the Mining Asset Sale Agreement); and
- all plant and equipment on the A1 Tenements ("**Associated Assets**").

The A1 Gold Option Agreement has amended the Mining Asset Sale Agreement, a summary of which can be found in Section 8.1 of this Prospectus. The material terms of the A1 Gold Option Agreement are as follows:

The consideration payable to Heron is \$6,210,000 payable by way of 20,700,000 Shares at an issue price of \$0.30 per Share ("**Heron Shares**")..

Under the A1 Gold Option Agreement, Heron agrees not to exercise the Option before the earlier of either completion or 30 June 2012, or such later date as the parties agree ("**Cut-Off Date**").

From the Commencement Date, the following pre-completion rights of Heron under the Mining Asset Sale Agreement have been suspended and instead granted to the Company:

- exclusive access to conduct exploration on the A1 Tenements; and
- the right to bring any necessary plant and equipment onto the A1 Tenements.

In addition, Heron has been released from certain pre-completion obligations under the Mining Asset Sale Agreement which have instead been assumed by the Company. These obligations include:

- development of a decline to the 10 Level, 550 AHD (Australian Height Datum);
- maintenance of the A1 Tenements in good standing; and
- provision of all reasonable securities lodged with the Victorian Department of Primary Industries.

Heron grants a licence to the Company on terms considered standard to enable the Company to use the Associated Assets to perform its obligations prior to completion. Heron retains a right of access to the A1 Tenements to inspect the Associated Assets prior to completion.

The Company is responsible for the cost of all utilities (including electricity, telephone, fax and private postal bag) provided to the A1 Tenements.

Gaffney consents to the assignment of all Heron's rights and obligations under the Mining Asset Sale Agreement to the Company and the parties agree to execute a deed of assignment and assumption at completion.

Completion is subject to the following conditions being satisfied by the Cut-Off Date:

- the Company is to obtain approval from the ASX for admission of the Company's securities to the Official List; and
- the Company and Heron are to obtain any necessary approvals from shareholders under the Corporations Act or Listing Rules for the transactions contemplated by the A1 Gold Option Agreement.

If any of the conditions are not satisfied by the Cut-Off Date then Heron has until 31 July 2012 to exercise the Option pursuant to the Mining Asset Sale Agreement otherwise the Option lapses. If Heron does exercise the Option during this period, then:

- the rights and obligations assumed by the Company will automatically terminate; and
- the Company must return control of the Associated Assets and the Mining Information to Heron.

If the conditions are satisfied by the Cut-Off Date then completion is to take place within 7 Business Days, or any other date agreed by the parties. At completion the parties are required to exchange all necessary documentation to give effect to the:

- assignment of all Heron's rights, title and interests under the Mining Asset Sale Agreement to the Company;
- assumption by the Company of all the liabilities and obligations of Heron under the Mining Asset Sale Agreement and the agreement by the Company to be bound by its terms;
- transfer of all Heron's right, title and interest in the Associated Assets to the Company;

- issue of the Heron Shares by the Company to Heron; and
- delivery by the Company to Heron of an executed restriction agreement in relation to any Shares it issues to Heron, if required by ASX.

Following completion, the Company will be deemed to have given Gaffney notice exercising the Option pursuant to the Mining Asset Sale Agreement. Option completion will then take place immediately and the parties will exchange all necessary documentation to give effect to the:

- transfer of the A1 Tenements by Gaffney to the Company; and
- issue of 33,333,333 Shares by the Company to Gaffney at an issue price of \$0.30 in payment for the A1 Tenements.

The Company must make arrangements to ensure that Gaffney is released from liability under the securities it has lodged with the Victorian Department of Primary Industries in relation to the A1 Tenements ("**Mining Securities**") and that this liability is assumed by the Company on completion. If the Company is unable to obtain Gaffney's release then it must reimburse and indemnify Gaffney against any liabilities it incurs in relation to the Mining Securities after completion.

Gaffney is a related entity of Mr Dennis Clark and Mr Darren Russell-Croucher, directors of the Company. As a result, the Company sought and obtained Shareholder approval on 4 April 2011 for the issue of Shares to Gaffney under Chapter 2E of the Corporations Act.

The A1 Gold Option Agreement also contains additional provisions, including warranties and indemnities in favour of each party, considered standard in an agreement of this type.

- (b) Mining Asset Sale Agreement: Gaffney's Creek Gold Mine Pty Ltd and Heron Resources Limited and A1 Consolidated Gold Ltd

On 13 August 2009, Heron Resources Limited ("**Heron**") entered into a mining asset sale agreement ("**Mining Asset Sale Agreement**") for the option to purchase Mining Licences 5326, 5294 and 5375 (now amalgamated into MIN 5294) ("**Tenements**") and the accompanying mining information ("**Mining Information**") ("**Assets**") from Gaffney's Creek Gold Mine Pty Ltd ("**Gaffney**") ("**Option**").

A1 Consolidated Gold Ltd acquired the rights and obligations of Heron in relation to the Mining Asset Sale Agreement pursuant to the A1 Gold Option Agreement referred to in Section 8.1 above.

The material terms of the Mining Asset Sale Agreement, as amended by the A1 Gold Option Agreement, are as follows:

The Option will automatically lapse:

- on 31 July 2012; or
- upon Heron notifying Gaffney that it does not intend to exercise the Option (provided all applicable rates have been paid for the Tenements).

Under the A1 Gold Option Agreement, Heron agrees not to exercise the Option prior to 30 June 2012.

During the period prior to completion or the lapse of the Option ("**Option Period**"), Gaffney:

- grants Heron exclusive access to conduct exploration on the Tenements and the right to bring any necessary plant and equipment onto the Tenements;
- must keep Heron informed about the operations on the Tenements and any information relating to the Assets; and
- must forward to Heron copies of all correspondence received from any third party or public authority.

During the Option Period, Heron must:

- develop a decline to the 10 Level, 550 AHD (Australian Height Datum);
- keep the Tenements in good standing; and
- provide all reasonable securities lodged with the Victorian Department of Primary Securities.

Any gold recovered during the Option Period will be held on trust for Heron and Gaffney. If Heron exercises the Option then it will receive title to the gold. If the Option lapses or is terminated then Gaffney will receive title to the gold.

If Heron does not exercise the Option during the Option Period then:

- Gaffney releases Heron from its obligations except to keep the Tenements in good standing;
- Heron releases Gaffney from its obligations except to grant access and keep Heron informed about the Assets; and
- Heron must return the Mining Information.

Heron can terminate the Mining Asset Sale Agreement during the Option Period if an event occurs which would have a material or adverse effect on Gaffney's ability to transfer unencumbered title of the Assets to Heron at completion. Upon termination, Gaffney must repay Heron the Option fee of \$760,000 and release Heron from all claims in relation to its obligations except to keep the Tenements in good standing.

Either party may terminate the Mining Asset Sale Agreement by written notice if the other party suffers an insolvency event prior to completion. The following circumstances are considered insolvency events:

- convening a meeting, or proposing to enter into an agreement, with creditors;
- being wound up;
- having a receiver or receiver and manager appointed;
- where a person who holds a security interest over assets attempts to take possession of those assets; or
- having an administrator appointed.

Heron can assign its rights and obligations under the Mining Asset Sale Agreement with Gaffney's consent.

On completion of the assignment of Heron's rights and obligations to A1 Consolidated Gold Ltd pursuant to the A1 Gold Option Agreement, A1 Consolidated Gold Ltd will be deemed to have exercised the Option.

Upon the deemed exercise of the Option:

- the consideration payable to Gaffney for the Assets is 33,333,333 Shares at an issue price of \$0.30 per Share ("**Option Shares**"); and
- completion will take place immediately in accordance with the A1 Gold Option Agreement.

The Mining Asset Sale Agreement also contains additional provisions, including warranties and indemnities in favour of each party, considered standard for an agreement of this type.

(c) Option Agreement: A1 Consolidated Gold Limited and Blue Gum International Pty Ltd

On 11 May 2011 the Company entered into an Option Agreement ("**Option Agreement**") with Blue Gum International Pty Ltd ("**Blue Gum**") whereby the Company was granted an exclusive option to acquire exploration licence EL5109 ("**Tenement**") from Blue Gum ("**Option**").

The material terms of the Option Agreement are as follows:

- The grant of the Option is subject to the Company making payment of a \$20,000 option fee to Blue Gum ("**Option Fee**"), which has been paid.
- Blue Gum shall provide all mining information, including all technical information relating to the Tenement ("**Mining Information**"), to the Company on execution of the Option Agreement.
- The Option term is the period 12 months commencing on the date the Option fee was paid, being 11 April 2012. The Company and Blue Gum have agreed to extend this date to 30 June 2012 ("**Option Term**").
- The exercise of the Option is subject to the Company obtaining written conditional approval from ASX for the quotation of its shares prior to the expiration of the Option Term.
- The Company may exercise the Option by providing Blue Gum with written notice which shall nominate the completion date for acquisition of the Tenement.
- On exercise of the Option, the Company will acquire a 100% interest in the Tenement and the Mining Information in consideration for the issue of 1,000,000 fully paid ordinary shares in the Company, to be issued at a deemed issue price equivalent to the IPO issue price ("**Consideration Shares**").

- At completion Blue Gum must deliver to the Company:
 - the instrument of title to the Tenement;
 - a duly executed and registrable instrument of transfer;
 - all Mining Information not already provided; and
 - an executed Restriction Agreement relating to the Consideration Shares (as required by the ASX).
 - At completion the Company must issue the Consideration Shares to Blue Gum.
 - Blue Gum must do all things reasonably necessary to assist the Company to obtain the necessary ministerial consents and approvals required to enable the Company to become the registered legal holder of the Tenement.
 - In the event that legal right title and interest in the Tenement cannot be transferred to the Company, Blue Gum will hold all right title and interest in the Tenement on trust for the Company until transfer is achieved.
 - From the commencement of the Option Term the Company must:
 - comply with all expenditure requirements; and
 - pay all rates, rents and taxes,
 - to maintain the Tenement in good standing.
 - From the commencement of the Option Term, Blue Gum must allow the Company reasonable access to the Tenement to:
 - comply with the terms and conditions of the grant of the Tenement;
 - inform itself of matters relevant to the Tenement; and
 - commission and prepare reports in relation to the Tenement.
 - Blue Gum provides warranties in favour of the Company which are considered standard for an agreement of this type.
 - Each party indemnifies the other against all losses, liabilities and claims incurred as a result of a breach of a warranty or covenant in the Option Agreement.
 - The Option Agreement otherwise contains provisions which are considered standard for an agreement of this type.
- (d) Option Agreement – A1 Consolidated Gold Limited and Chris Toifl

On 7 October 2011 the Company entered into an Option Agreement (“**the Option Agreement**”) with Chris Toifl (“**Toifl**”) whereby the Company was granted an exclusive option to acquire mining tenement MIN 4636 (“**Tenement**”) from Toifl (“**Option**”).

The material terms of the Option Agreement are as follows:

- On execution of the Option Agreement Toifl shall provide the Company with all mining information, including all technical information, relating to the Tenement ("**Mining Information**").
- The grant of the Option is subject to the Company paying an option fee of \$1,000 ("**the Option Fee**") to Toifl, which was paid by the Company on 11 November 2011.
- The Option term is the period 12 months commencing on the date the Option fee was paid ("**Option Term**").
- The exercise of the Option is subject to the Company obtaining written conditional approval from ASX for the quotation of its shares prior to the expiration of the Option Term.
- The Company may exercise the Option by providing Toifl with written notice which shall nominate the completion date for acquisition of the Tenement.
- If Toifl is classified as a promoter and the ASX requires evidence of the Tenement's incurred developmental costs as a pre-condition to the Company's listing, Toifl agrees to:
 - provide all documentary evidence requested by ASX (to the satisfaction of the ASX); and
 - in the event that the ASX is of the opinion that the Tenement developmental costs are not equal to the Option Fee, Toifl will refund the Option Fee to the Company and instead receive the equivalent value of the Option Fee in ordinary fully paid shares in the Company.
- On exercise of the Option, the Company will acquire the Tenement and the Mining Information in exchange for the issue of 1,000,000 fully paid ordinary shares in the Company, to be issued at a deemed issue price equivalent to the IPO issue price ("**Consideration Shares**").
- During the Option Term the Company must:
 - comply with all expenditure requirements; and
 - pay all rates, rents and taxes,to maintain the Tenement in good standing.
- From the commencement of the Option Term, Toifl must allow the Company reasonable access to the Tenement for the purpose of allowing the Company to:
 - comply with the terms and conditions of the grant of the Tenement;
 - inform itself of matters relevant to the Tenement; and
 - commission and prepare reports in relation to the Tenement.
- Prior to completion the Company will be required to replace any guarantee, bond or other security ("**Mining Securities**") lodged with the Department of Primary Industries, in respect to the Tenement and ensure that Toifl is released from any such liability.

- If the Company is not able to effect the release of Toifl's liability in connection with the Mining Securities, the Company must pay Toifl an amount equal to that which Toifl may be required to pay, or may incur, in relation to the Mining Securities.
- At completion Toifl must deliver to the Company:
 - the instrument of title to the Tenement;
 - a duly executed and registrable instrument of transfer for the Tenement;
 - all Mining Information (not already provided); and
 - an executed Restriction Agreement relating to the Consideration Shares (in the form required by the ASX).
- At completion the Company must issue the Consideration Shares to Toifl.
- Toifl must do all things reasonably necessary to assist the Company to obtain the necessary ministerial consents and approvals, as required to enable the Company to be registered legal holder of the Tenement.
- In the event that legal right title and interest in the Tenement cannot be transferred to the Company, Toifl will hold all right title and interest in the Tenement on trust for the Company until transfer is achieved.
- Toifl provides warranties in favour of the Company which are considered standard for an agreement of this type.
- Each party indemnifies the other against all losses, liabilities and claim incurred as a result of a breach of a warranty or covenant of the Option Agreement.
- The Option Agreement otherwise contains provisions which are considered standard for an agreement of this type.

8.2 Other Material Contracts

(a) Patersons Mandate

On 22 September 2011 the Company entered into a mandate with Patersons Securities Limited ("**Mandate**") regarding the management and conduct of the Initial Public Offering ("**IPO**"), whereby Patersons were appointed to act as the sole and exclusive lead manager to the IPO ("**Lead Manager**").

The material terms of the Patersons Mandate are as follows:

- The Company is required to introduce demand for a minimum of \$4 million and a maximum of \$6 million of the funds under the IPO, with the balance to be sourced from clients of Patersons ("**Cornerstone Investors**").
- Patersons have the sole and exclusive right to offer all of the shares pursuant to the IPO, except those shares relating to Cornerstone Investors, to any investor in any quantum. However, this is not a commitment to underwrite the IPO and the services provided by Patersons will be on a "reasonable endeavours" basis.

The fees payable to Patersons for its role as Lead Manager include:

- a corporate fee of \$25,000 per month payable at the beginning of each month, commencing from the date of acceptance of the Mandate, to be capped at \$75,000 ("**Corporate Fee**");
- a lead manager fee equivalent to 1% of the total amount raised from all sources under the IPO ("**Lead Manager Fee**");
- a capital raising fee equivalent to 5% of the total amount raised by Patersons under the IPO; and
- costs and charges incurred by Patersons including, but not limited to, legal fees and travel expenses.

The Corporate Fee will be set off against any Lead Manager Fee payable.

If the Company terminates the Mandate the following amounts shall be payable to Patersons:

- a \$75,000 termination fee; and
- all costs incurred by Patersons as at the date of termination.

The Company undertakes not to offer, sell or otherwise dispose or announce the sale (whether directly or indirectly) of any shares in the Company, without the prior written consent of Patersons. This undertaking shall endure for a period of six months, commencing on the closing date of the IPO.

In the event that the Company wishes to raise further equity within 12 months of completion of the IPO, the Company must first offer the position of lead manager to Patersons. This first right of refusal is subject to competitive pricing, timing and fees on Patersons' behalf.

The Mandate contains warranties, indemnities, termination clauses and other provisions which are considered standard for an agreement of this type.

(b) A1 Mining Sale Agreement

On 14 February 2012 the Company entered into a plant and equipment sale agreement ("**A1 Mining Sale Agreement**") with A1 Consolidated Mining Pty Ltd ("**A1 Consolidated Mining**") whereby the Company will acquire plant and equipment located on the A1 mine settlement.

The A1 Mining Sale Agreement is conditional upon:

- the Company obtaining written conditional approval to be admitted to the official list; and
- the removal or discharge of any encumbrance over the plant and equipment prior to completion of the A1 Mining Sale Agreement.

The purchase price of the plant and equipment is \$608,100 plus GST.

The A1 Mining Sale Agreement contains warranties, indemnities and other provisions which are considered standard for an agreement of this type.

(c) Ore Tolling Agreement

On 16 February 2012, the Company entered into an Ore Tolling Agreement ("**Tolling Agreement**") with Maldon Resources Pty Ltd ("**Maldon**") whereby the Company engaged

Maldon to process ore mined from the Company's mining tenement MIN 5294 for the recovery of gold and to have the gold refined at Maldon's ore processing plant ("Plant").

The material terms of the Tolling Agreement are as follows:

- The Tolling Agreement is for a period of 3 years commencing 16 February 2012. At the expiration of the 3 year term the parties may agree to renew the Tolling Agreement upon terms and conditions acceptable to both parties.
- Maldon shall process a total quantity of ore from MIN 5294 of 50,000 tonnes per year, with a maximum quantity of 150,000 tonnes during the 3 year term.
- Maldon may in its sole discretion agree to process more than 50,000 tonnes in a contract year.
- The ore will be processed in minimum parcels of 5,000 tonnes, at the rate of 12,500 tonnes per quarter.
- Maldon will process the ore supplied by the Company at a base rate per tonne subject to the following conditions:
 - cyanide consumption remains below 1 kg per tonne and quicklime consumption remains below 2.5kg per tonne (excess consumption of either cyanide or quicklime will be charged at cost plus 15%);
 - the processing base rate will be renewed annually and increased in accordance with any change in the CPI; and
 - if the cost of power or any processing consumables in respect of the operation of the Plant increase by 5% or greater, or if costs are increased due to a change in law, Maldon may increase the processing base rate accordingly, upon providing reasonable evidence to the Company.

The Company is responsible for:

- arranging the transportation of the ore to the Plant by a qualified transportation contractor;
- the payment of all costs incurred in effecting the delivery of the ore to the Plant;
- ensuring that the ore is delivered at a location at the Plant nominated by Maldon, and delivery is effected in accordance with Plant receiving requirements; and
- all costs in relation to removing any ore rejected by Maldon.

The Company appoints Maldon as its agent for the purpose of the transportation and refining charges listed below ("Transportation and Refining Charges"):

- arranging and co-ordinating the transportation of the Company's processed ore from the Plant to the Perth Mint;
- arranging the refining of the Company's processed ore by the Perth Mint into fine metal;
- arranging the sale of the Company's processed ore to the Perth Mint via the Company's account with the Perth Mint;

- if the Company is unable to open an account with the Perth Mint, selling the Company's processed ore to the Perth Mint at outturn.

All Transportation Charges and Refining Charges incurred by Maldon will be allocated proportionally by Maldon between the processed ore refined for Maldon and the processed ore refined on behalf of the Company. All Transportation Charges and Refining Charges directly related to the refining of gold produced from the Company's ore will be payable by the Company.

In addition to the Transportation and Refining Charges, the Company will pay Maldon a fee ("**Ancillary Services Fee**") for arranging the transportation and refining of the Company's ore, and all necessary accounting and reconciliation services. The Ancillary Services Fee will be:

- the amount equivalent to 10% of the value of the Company's processed ore; or
- in the case that the Company cannot open an account with the Perth Mint, the total price paid to Maldon by the Perth Mint for processed ore sold by Maldon on behalf of the Company.

The processing base rate, Transportation and Refining Charges and Ancillary Fee are payable on a monthly basis. Maldon may sell a relevant proportion of the Company's processed ore to the Perth Mint if the Company fails to pay the Monthly Invoice.

The Company must pay a security bond to Maldon in the sum of \$50,000 to be held by Maldon as security for payment of the processing base rate, Transportation and Refining Charges, and the Ancillary Fee.

A change in control of the Company is not permitted without the prior written consent of Maldon.

The Tolling Agreement also contains additional provisions including warranties and indemnities which are considered standard for an agreement of this type.

(d) Managing Director Employment Agreement – Dennis Clark

Mr Clark is engaged as the Company's managing director pursuant to an employment agreement between the Company and Mr Dennis Clark ("**Managing Director**").

The commencement of the agreement is conditional upon the Company obtaining written conditional approval from the ASX for quotation of its Shares ("**Commencement Date**"). The term of the engagement is 4 years from the Commencement Date, unless otherwise terminated in accordance with the agreement.

The remuneration package is made up of:

- An annual salary of \$270,000 plus statutory superannuation;
- A reasonable vehicle allowance; and
- A performance-based cash bonus as determined by the Board from time to time.

The following is a list of obligations and duties to be carried out by the Managing Director:

- undertake such duties and exercise such powers in relation to the Company and its business as the Board shall from time to time assign to or vest in him;
- in the discharge of such duties and in the exercise of such powers conform to, observe and comply with all resolutions, regulations and directions from the Board;

- devote substantially the whole of his time and attention during business hours to the discharge of his duties;
- conform to such hours of work as may from time to time reasonably be required of him and not be entitled to receive any remuneration for work performed outside his normal hours.

Either party may terminate the agreement without cause by providing the other party no less than three months' notice in writing. Where the Company terminates the agreement without cause or the Managing Director terminates the agreement by reason of non-payment of funds due to the Managing Director for a period of 30 days or more or a material breach of the Company which remains un-remedied for a period of 14 business days after written notice is provided by the Managing Director, the Managing Director shall have no entitlement to any termination payment related to the unexpired term of the agreement unless shareholder approval is obtained (where required) in accordance with section 200B of the Corporations Act.

The employment agreement contains additional provisions considered standard in an agreement of this type.

(e) Technical Director Employment Agreement – Darren Russell-Croucher

Mr Russell-Croucher is engaged as the Company's technical director pursuant to an employment agreement between the Company and Mr Darren Russell-Croucher ("Technical Director").

The commencement of the agreement is conditional upon the Company obtaining written conditional approval from the ASX for quotation of its Shares. The term of the engagement is 4 years from the Commencement Date, unless otherwise terminated in accordance with the agreement.

The remuneration package is made up of:

- An annual salary of \$220,000 plus statutory superannuation;
- A reasonable vehicle allowance; and
- A performance-based cash bonus as determined by the Board from time to time.

The following is a list of obligations and duties to be carried out by the Technical Director:

- undertake such duties and exercise such powers in relation to the Company and its business as the Board shall from time to time assign to or vest in him;
- in the discharge of such duties and in the exercise of such powers conform to, observe and comply with all resolutions, regulations and directions from the Board;
- devote substantially the whole of his time and attention during business hours to the discharge of his duties;
- conform to such hours of work as may from time to time reasonably be required of him and not be entitled to receive any remuneration for work performed outside his normal hours.

Either party may terminate the agreement without cause by providing the other party no less than three months' notice in writing. Where the Company terminates the agreement without cause or the Technical Director terminates the agreement by reason of non-payment of funds due to the Technical Director for a period of 30 days or more or a material breach of the

Company which remains un-remedied for a period of 14 business days after written notice is provided by the Technical Director, the Technical Director shall have no entitlement to any termination payment related to the unexpired term of the agreement unless shareholder approval is obtained (where required) in accordance with section 200B of the Corporations Act.

The employment agreement contains additional provisions considered standard in an agreement of this type.

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9. Board and Management

9.1 Directors

Ashok Parekh (Non-Executive Chairman) BBUS FCA, AIMM, FTIA

Appointed on 14 February 2011

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

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

Dennis Clark (Managing Director) Cert Mine Manager (VIC)

Appointed on 14 February 2011

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

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

Darren Russell-Croucher (Executive Director)

Appointed on 14 February 2011

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

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

Jeffrey Williams (Non-Executive Director) BSc (Mining Eng), MBA, FAusIMM

Appointed on 5 May 2011

Mr Jeffrey Williams has 16 years' experience as a professional mining engineer in Australia and seven years in the stockbroking industry and is a Fellow of the Australasian Institute of Mining and Metallurgy. His mining experience ranges from mine planning, underground management and feasibility studies through to mine development. From 1972 to 1984, he held various positions with CRA Limited at Broken Hill in New South Wales. Following completion of his Masters of Business Administration (MBA)

programme in 1987, he played a major role as a Senior Project Engineer with North Limited. From 1989 to 1996, he specialised in gold mining research in the stockbroking industry. Prior to establishing Nimbus Resources in 1997, he was the Head of Resources Research at James Capel Australia. Mr Williams is currently a Non-Executive Director of Western Australian-based listed company, MacPhersons Resources Limited (ASX: MRP).

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

Morrie Goodz (Non-Executive Director)

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

Appointed on 18 March 2011

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

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

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

Glenn Wardle (Non-Executive Director)

Appointed on 31 October 2011

Mr Wardle has been in the Financial Services industry for 30 years, spending 20 years at Goldman Sachs as a Vice President and Executive Director in London, New York, Tokyo, Hong Kong and Sydney. He coordinated the start-up of the firm's memberships of the Stock Exchange of Hong Kong, the Shanghai Stock Exchange, the Korean Stock Exchange and the Australian Securities Exchange.

Mr Wardle has been actively involved in the investment industry, serving as Executive Committee Chairman of The Hong Kong Securities Industry Group Ltd (HKSIG) and serving on the User Working Group of the Steering Committee on the Enhancement of the Financial Infrastructure of Hong Kong (SCEFI). In addition, he has published articles in Industry publications, served as an Advisory Board member for Thomson ESG, and completed the Harvard Business School Program for Management Development (PMD).

Mr Wardle served in the Royal Navy (Operations and Communications), was the COO of Arkaccess Asia Ltd Hong Kong, and is currently the owner of Black Dog Traders, an Australian company trading Global Financial Futures, utilizing geometric trading strategies, fundamental research and Industry standard technical trading studies.

9.2 Management

Company Secretary Emma Walczak LLB, BICT

Appointed on 4 March 2011

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

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

9.3 Disclosure of Interests

As at the date of this Prospectus, the Directors have relevant interests in securities as set out below:

Shares

Director	Direct	Indirect	Total
Ashok Parekh	-	3,833,333	3,833,333 ¹
Dennis Clark	3,501,001 ⁶	33,333,333 ²	36,834,367
Darren Russell-Croucher	3,001,000	33,333,333 ²	36,334,333
Jeffrey Williams	-	2,000,000	2,000,000 ³
Morrie Goodz	-	2,000,000	2,000,000 ⁴
Glenn Wardle	-	666,667	666,667 ⁵

Notes

¹3,000,000 of the 3,833,333 Shares are held by Ashok Parekh and Marie Parekh as trustees for the Parekh Super Fund, of which Mr Parekh is a beneficiary. 833,333 of the 3,833,333 Shares are held by Goldfields Hotels Pty Ltd ("**Goldfields**") as trustee for the Palace Investment Trust. Mr Parekh is a director of Goldfields and is a beneficiary of the Palace Investment Trust. Mr Parekh is a unitholder of the A1 Unit Trust holding a 10% interest (see note 2 below).

²A1 Unit Trust

Gaffney's Creek Gold Mine Pty Ltd ("Gaffney's") will be issued 33,333,333 Shares under the A1 Gold Mine Agreement (Refer to Section 8.1 for further details) who will hold the Shares on trust for the A1 Consolidated Unit Trust ("**A1 Unit Trust**"). The A1 Unit Trust has 10 unitholders each holding a 10% interest.

Mr Clark and Mr Russell-Croucher are unitholders of the A1 Unit Trust.

Mr Clark and Mr Russell-Croucher are directors of Gaffney's and each have a relevant interest in the 33,333,333 Shares to be issued to Gaffney's.

³These Shares are held by Jeffrey Williams and Rosalyn Williams as trustees for the Park View Superannuation Fund, of which Mr Williams is a beneficiary.

⁴These Shares are held by Goodz & Associates GMC Pty Ltd ("**GMC**"). Mr Goodz is a director and shareholder of GMC.

⁵These Shares are held by Black Dog Traders Pty Ltd as trustee for the Black Dog Family Trust. Mr Wardle is a beneficiary of the Black Dog Family Trust.

⁶These Shares are held jointly with Ms Pauline Croker.

Options

The Company issued Options to Directors on 23 November 2011 in the following proportions (as approved by Shareholders at the Company's Annual General Meeting ("**AGM**") on 23 November 2011):

Director	Direct	Indirect	Total
Ashok Parekh ¹		3,333,333	3,333,333
Dennis Clark ²	3,333,333	-	3,333,333
Darren Russell-Croucher	3,000,000	-	3,000,000
Jeffrey Williams ³		2,000,000	2,000,000
Morrie Goodz ⁴		2,000,000	2,000,000
Glenn Wardle	-	-	-

¹ These Options are held by Ashok Parekh and Marie Parekh as trustees for the Parekh Super Fund, of which Mr Parekh is a beneficiary.

² These Options are held jointly with Ms Pauline Croker.

³ These Options are held by Jeffrey Williams and Rosalyn Williams as trustees for the Park View Superannuation Fund, of which Mr Williams is a beneficiary.

⁴ These Options are held by Goodz & Associates GMC Pty Ltd ("**GMC**"). Mr Goodz is a director and shareholder of GMC.

The terms of the Options issued to Directors are summarised in section 13.8 below.

9.4 Remuneration of Directors

The Company's Constitution provides that the remuneration of Directors (excluding salaries to executive Directors) will be not more than the aggregate fixed sum determined by a general meeting. The aggregate remuneration for non-executive Directors (excluding salaries to executive Directors) has been set by Shareholders at a General Meeting at an amount not to exceed \$300,000 per annum.

The remuneration of executive Directors will be determined from time to time by the Board having regard to the nature and extent of their responsibilities. Currently, once the Company has been granted Admission to the Official List, Mr Dennis Clark (Managing Director) will be paid \$270,000 plus statutory superannuation and a reasonable vehicle allowance and Mr Russell-Croucher (Technical Director) will be paid \$220,000 plus statutory superannuation and a reasonable vehicle allowance.

The Director contracts stipulate that payment of Director fees will commence once the Company has been granted Admission to the Official List. The Directors have not been paid any remuneration for their services to date as Directors.

Subject to Admission the non-executive Directors will each receive annual director's fees of \$50,000 plus statutory superannuation and the non-executive Chairman will receive annual director fees of \$150,000.

9.5 Directors Interests

Other than as set out below or elsewhere in this Prospectus, no Director or proposed Director holds at the date of this Prospectus, or held at any time during the last two years before the date of lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company; or

- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the Offer; or
- (c) the Offer;

and no amounts have been paid or agreed to be paid by any person and no benefits have been given or agreed to be given by any person:

- (d) to a Director or proposed Director to induce him or her to become, or to qualify as, a Director; or
- (e) for services provided by a Director or proposed Director in connection with the formation or promotion of the Company or the Offer.

Mr Darren Russell Croucher and Mr Dennis Clark are directors and shareholders of A1 Consolidated Mining Pty Ltd ("**A1 Mining**"). As at the date of this Prospectus, the Company has paid \$3,685,033 to A1 Mining for the provision of underground mine development work on the A1 Gold Project. A1 Mining has provided these services to the Company on normal commercial terms. The Directors (with the exception of Mr Clark and Mr Russell-Croucher who abstained from the vote given their interest in the matter) resolved in a Board meeting that the payment of the invoices to A1 Mining was on arms' length terms for the following reasons:

- A1 Mining invoiced the company on the same terms as it had invoiced other companies for similar work;
- the amount invoiced to the Company was reasonable in the circumstances and was not more than what the Company would expect to pay a contract mining company that was an un-related party; and
- it was beneficial to use A1 Mining over other contract mining companies in the area given the highly qualified team and the unique experience they have with the A1 Gold Project and the fact that A1 Mining was able to provide the necessary equipment for the contract mining.

Mr Morrie Goodz has an interest in GMC Goodz & Associates Pty Ltd ("**GMC**"), a company that provides geological consulting services to the Company. As at the date of this Prospectus the Company has paid \$47,934 to GMC for geological consulting services provided by a staff member of GMC. GMC has provided these services on normal commercial terms. The Directors resolved (with the exception of Mr Goodz who has an interest in the matter) that the payment of the invoice to GMC was on an arms' length basis as GMC invoiced the Company at the same rate that it invoices un-related parties and the amount invoiced was not more than what the Company would expect to pay for those services to an un-related party.

9.6 Corporate Governance

The primary responsibility of the Board is to represent and advance Shareholders' interests and to protect the interests of all stakeholders. To fulfil this role the Board is responsible for the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The responsibilities of the Board include:

- supervising the Company's framework of control and accountability systems to enable risk to be assessed and managed;
- ensuring the Company is properly managed, for example by:
 - appointing and, where appropriate, removing the managing director of the Company and the Company Secretary;

- input into and final approval of management's development of corporate strategy and performance objectives;
 - reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, and legal compliance; and
 - monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
 - approving the annual budget;
 - monitoring the financial performance of the Company;
 - providing overall corporate governance of the Company, including conducting regular reviews of the balance of responsibilities within the Company to ensure division of functions remain appropriate to the needs of the Company;
 - appointing the external auditor (where applicable, based on recommendations of the Audit Committee) and the appointment of a new external auditor when any vacancy arises, provided that any appointment made by the Board must be ratified by shareholders at the next annual general meeting of the Company;
 - liaising with the Company's external auditors and Audit Committee (where there is a separate Audit Committee); and
 - monitoring and ensuring compliance with all of the Company's legal obligations, in particular those obligations relating to the environment, social responsibility, cultural heritage and occupational health and safety

The Board recognises the need for the Company to operate with the highest standards of behaviour and accountability. Subject to the exceptions outlined below the Company has adopted the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations to determine an appropriate system of control and accountability to best fit its business and operations commensurate with these guidelines. The Board has adopted a number of corporate governance policies, including a securities trading policy which sets out the Company's policy and procedures regarding dealing in the Company's securities by directors, officers, employees and contractors.

Copies of corporate governance policies are accessible on the Company's website at www.a1consolidated.com.au.

As the Company's activities develop in size, nature and scope the implementation of additional corporate governance structures will be given further consideration. The Board sets out below its "if not, why not" report in relation to those matters of corporate governance where the Company's practices depart will depart from the recommendations.

ASX Guidelines	Explanation for Departure
Recommendation 1.2 Companies should disclose the process for evaluating the performance of senior executives	At the time of adoption of the Corporate Governance & Policies Manual the Company only employed two executives, being the Managing Director and Technical Director. No formal process has been adopted for evaluating performance of senior executives however the Board will monitor the performance of the Managing Director and Technical Director against meeting the Company's strategic objectives. The Company has a Remuneration Policy which establishes a Remuneration Committee to review and make decisions in relation to senior executive remuneration and incentive policies. The Board concurs with the full implementation of this Principle and will review appropriate ways of compliance as and when further senior executives are engaged.

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BOARD AND MANAGEMENT

Recommendation 2.1 A majority of the board should be independent directors	The Board comprises six directors, four of whom are non-executive, however only one director is classified as independent. The Board believes that this is both appropriate and acceptable at this stage of the Company's development.
Recommendation 2.2 The chair should be an independent director	The Chair is not an independent director however, given the nature and stage of the Company's development, the Board consider this to be appropriate.
Recommendation 3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.	The Company has established a Diversity Policy, however, the policy does not include requirements for the board to establish measurable objectives for achieving gender diversity. Given the Company's size and stage of development as an exploration company, the board does not think it is yet appropriate to include measurable objectives in relation to gender. As the Company grows and requires more employees, the Company will review this policy and amend as appropriate.
Recommendation 3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.	The Company has established a Diversity Policy, however, the policy does not include requirements for the board to establish measurable objectives for achieving gender diversity. Given the Company's size and stage of development as an exploration company, the board does not think it is yet appropriate to include measurable objectives in relation to gender.
Recommendation 4.2 The audit committee should be structured so that it consists of a majority of independent directors.	The Company has established an Audit Committee which consists of three non-executive directors, only one of which is independent.
Recommendation 7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material	<p>Management has not reported to the Board as to the effectiveness of the Company's management of its material business risks given the early stages of the Company and its operations.</p> <p>Whilst the Board recognises the benefit of the discipline of documenting such matters, the Board has deployed its resources to other endeavours in priority to the preparation of a written report on the matter of risk given the Company has risk management procedures in place and the board has 2</p>

A1 CONSOLIDATED GOLD LIMITED
BOARD AND MANAGEMENT

business risks and report to it on whether those risks are being managed effectively.	executive directors who are supported by the Company Secretary which are well versed in the day to day affairs of the Company and know what measures are in place.
Recommendation 8.2 The remuneration committee should be structured so that it consists of a majority of independent directors.	The Company has established a Remuneration Committee consisting of one executive director and two non-executive directors, one of whom is classified as independent.

The Company's full Corporate Governance Plan is available from the Company's website (www.a1consolidated.com.au).

10. Investigating Accountant's Report



Accountants | Business and Financial Advisers

3 April 2012

The Directors
A1 Consolidated Gold Limited
C/- DWCorporate Pty Ltd
20 Kings Park Road
WEST PERTH WA 6005

Dear Sirs

INVESTIGATING ACCOUNTANT'S REPORT

INTRODUCTION

This Investigating Accountant's Report ("Report") has been prepared for inclusion in a prospectus to be dated on or about 3 April 2012 ("Prospectus") for the issue by A1 Consolidated Gold Limited ("A1 Consolidated" or "Company") of up to 26,666,667 ordinary shares at an issue price of 30 cents each to raise up to \$8,000,000 before the expenses of the issue ("Offer").

The Company has the ability to accept oversubscriptions of a further 6,666,667 ordinary shares to raise an additional \$2,000,000 before additional expenses of the issues.

This Report has been included in the Prospectus to assist potential investors and their financial advisers in making an assessment of the financial position of the Company.

STRUCTURE OF REPORT

This Report has been divided into the following sections:

1. Background information;
2. Scope of report;
3. Financial information;
4. Subsequent events;
5. Statements; and
6. Declaration.

1. BACKGROUND INFORMATION

The Company was registered on 14 February 2011. Since registration, the Company has entered into option agreements to acquire the following projects:

- A1 Gold Project;
- Star of the West Mine; and
- The Ten Mile Goldfield.

A1 CONSOLIDATED GOLD LIMITED
INVESTIGATING ACCOUNTANT'S REPORT

Completion under each of the option agreements is conditional upon the successful completion of the Offer and the admission of the Company to the official list of the Australian Securities Exchange. The Company's objective is to operate as a junior resources company focused on developing its gold projects and in particular, the A1 Gold Project.

As at the date of this Report, the issued share capital of the Company is 55,199,825 ordinary fully paid shares. The following table summarises share capital movements since registration.

<i>Date</i>		<i>Number issued</i>	<i>Issue price</i>	<i>\$</i>
14 February 2011	Founder shares	2,000	\$1.00	2,000
1 April 2011	Seed capital	17,000,000	\$0.03	510,000
21 April 2011	Seed capital	6,000,000	\$0.03	180,000
16 June 2011	Seed capital	7,181,158	\$0.15	1,077,148
12 July 2011	Seed capital	500,000	\$0.15	75,000
18 July 2011	Seed capital	1,000,000	\$0.03	30,000
18 July 2011	Seed capital	433,334	\$0.15	65,000
23 August 2011	Seed capital	2,333,334	\$0.15	350,000
6 September 2011	Seed capital	2,533,332	\$0.15	380,000
20 September 2011	Seed capital	1,550,000	\$0.15	232,500
October 2011	Seed capital	3,166,667	\$0.15	475,000
November 2011	Seed capital	13,333,333	\$0.30	4,000,000
Balance at 31 December 2011		55,033,158		7,376,648
February 2012	Seed capital	166,667	\$0.15	25,000
(a)	Shares on issue at the date of this Report	55,199,825		\$7,401,648

The intended use of the funds raised by the issue of shares under the Prospectus is specified in Section 5.6 of the Prospectus.

2. SCOPE OF REPORT

You have requested HLB Mann Judd ("HLB") to prepare this Report presenting the following information:

- the historical financial information comprising the historical Statement of Financial Position as at 31 December 2011 and the historical Statement of Comprehensive Income and Statement of Changes in Equity for the period from 1 July 2011 to 31 December 2011 as set out in Appendix 1 to this Report; and
- the proforma financial information comprising the proforma Statements of Financial Position as at 31 December 2011 and the proforma Statements of Comprehensive Income and Statements of Changes in Equity for the period then ended.

The Directors have prepared and are responsible for the historical and proforma information. We disclaim any responsibility for any reliance on this Report or on the financial information

to which it relates for any purposes other than that for which it was prepared. This Report should be read in conjunction with the full Prospectus.

The historical financial information as set out in Appendix 1 has been extracted from the financial statements of the Company for the period ended at 31 December 2011, which were subject to our review carried out in accordance with the Auditing Standard on Review Engagements ASRE 2410 "Review of a Financial Report Performed by the Independent Auditor of the Entity". We performed a review of the historical financial information of the Company for the period ended 31 December 2011 in order to ensure consistency in the application of applicable Accounting Standards and other mandatory professional reporting requirements.

Our review of the historical financial information of the Company and the proforma financial information of the Company was carried out in accordance with Australian Auditing Standard ASRE 2405 "Review of Historical Financial Information Other than a Financial Report" and included such enquiries and procedures which we considered necessary for the purposes of this Report. The review procedures undertaken by HLB in our role as Investigating Accountant were substantially less in scope than that of an audit examination conducted in accordance with generally accepted auditing standards. Our review was limited primarily to an examination of the historical financial information and the proforma financial information, analytical review procedures and discussions with senior management. A review of this nature provides less assurance than an audit and, accordingly, this Report does not express an audit opinion on the historical financial information and proforma financial information included in this Report or elsewhere in the Prospectus.

In relation to the information presented in this Report:

- a) support by another person, corporation or an unrelated entity has not been assumed;
- b) the amounts shown in respect of assets do not purport to be the amounts that would have been realised if the assets were sold at the date of this Report; and
- c) the going concern basis of accounting has been adopted.

3. FINANCIAL INFORMATION

Set out in Appendix 1 (attached) are:

- a) The Statement of Financial Position of the Company as at 31 December 2011, and the Statement of Comprehensive Income and Statement of Changes in Equity for the period from 1 July 2011 to 31 December 2011;
- b) The proforma Statements of Financial Position of the Company as at 31 December 2011 and the proforma Statements of Comprehensive Income and Statements of Changes in Equity of the Company for the period then ended as they would appear after incorporating the following significant events and proposed transactions by the Company subsequent to 31 December 2011:
 - i) the issue by the Company pursuant to the Prospectus of 26,666,667 ordinary shares, issued at a price of \$0.30 per share, raising \$8,000,000; or 33,333,334 ordinary shares, issued at \$0.30 per share, raising \$10,000,000 if oversubscriptions of a further 6,666,667 ordinary shares are accepted;

- ii) the write off to the issued capital account of the estimated costs of the Offer of an estimated \$765,855; or \$887,450 if oversubscriptions of a further 6,666,667 ordinary shares are accepted. Of these amounts, \$297,922 has been prepaid as at 31 December 2011;
- iii) the cash payment of \$608,100 to A1 Consolidated Mining Pty Ltd as set out in Section 8.2 of the Prospectus in relation to the Company acquiring plant and equipment from A1 Consolidated Mining Pty Ltd;
- iv) the recording of an estimated \$1,300,000 of exploration and evaluation expenditure incurred for the period 1 January 2012 to the date of this Report;
- v) The issue by the Company in February 2012 of 166,667 ordinary shares, issued at a price of \$0.15 per share, raising \$25,000, of which all application monies had been received as at 31 December 2011; and
- vi) the issue of 56,033,333 ordinary shares to other parties, as set out in Section 8.1 of the Prospectus for the acquisition of various tenement rights by the Company, with the resulting consideration of \$16,810,000 being recorded as deferred exploration expenditure in the proforma Statements of Financial Position, as follows:

Agreement	Number of Shares	Value of Shares	Total Value
A1 Asset Sale Agreement	20,700,000	\$0.30	6,210,000
Mining Asset Sale Agreement	33,333,333	\$0.30	10,000,000
Blue Gum International Pty Ltd Option Agreement	1,000,000	\$0.30	300,000
Chris Toifl Option Agreement	1,000,000	\$0.30	300,000
Total	56,033,333		\$16,810,000

- c) Notes to the historical financial information and consolidated proforma financial information.

4. SUBSEQUENT EVENTS

In our opinion, there have been no material items, transactions or events subsequent to 31 December 2011 not otherwise disclosed in the Prospectus that have come to our attention during the course of our review that would require comment in, or adjustment to, the content of this Report or which would cause such information included in this Report to be misleading.

5. STATEMENTS

Based on our review, which was not an audit, we have not become aware of any matter that causes us to believe that:

- a) the historical financial information of A1 Consolidated Gold Limited as at 31 December 2011 as set out in Appendix 1 of this Report, does not present fairly the financial position of the Company as at that date in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory reporting requirements in Australia and its performance

as represented by its results of its operations for the period from 1 July 2011 to 31 December 2011; and

- b) the proforma financial information of the Company as at 31 December 2011 as set out in Appendix 1 of this Report, does not present fairly the financial position of the Company as at that date in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory reporting requirements in Australia and its performance as represented by its results of its operations for the period ended 31 December 2011, as if the transactions referred to in Section 3 (b) of this Report had occurred during that period.

6. *DECLARATION*

- a) HLB will be paid its usual professional fees based on time involvement, for the preparation of this Report and the review of the financial information at our normal professional rates.
- b) Apart from the aforementioned fee, neither HLB, nor any of its associates will receive any other benefits, either directly or indirectly, for or in connection with the preparation of this Report.
- c) Neither HLB, nor any of its employees or associated persons has any interest in A1 Consolidated Gold Limited or the promotion of the Company. HLB Mann Judd is the auditor of A1 Consolidated Gold Limited.
- d) Unless specifically referred to in this Report, or elsewhere in the Prospectus, HLB was not involved in the preparation of any other part of the Prospectus and did not cause the issue of any other part of the Prospectus. Accordingly, HLB makes no representations or warranties as to the completeness or accuracy of the information contained in any other part of the Prospectus.
- e) HLB has consented to the inclusion of this Report in the Prospectus in the form and context in which it appears. The inclusion of this Report should not be taken as an endorsement of the Company or a recommendation by HLB of any participation in the Company by an intending subscriber.

Yours faithfully

HLB MANN JUDD



L DI GIALLONARDO
Partner

A1 CONSOLIDATED GOLD LIMITED
INVESTIGATING ACCOUNTANT'S REPORT

Appendix 1

**A1 CONSOLIDATED GOLD LIMITED
STATEMENTS OF COMPREHENSIVE INCOME**

	Reviewed for the period ended 31 December 2011 \$	Reviewed proforma for the period ended 31 December 2011 (\$8m raising) \$	Reviewed proforma for the period ended 31 December 2011 (\$10m raising) \$
Interest income	33,086	33,086	33,086
Accounting and taxation services	(26,300)	(26,300)	(26,300)
Company secretary fees	(20,392)	(20,392)	(20,392)
Depreciation	(11,714)	(11,714)	(11,714)
Finance costs	(1,920)	(1,920)	(1,920)
Insurance	(20,748)	(20,748)	(20,748)
Legal fees	(10,938)	(10,938)	(10,938)
Computer expenses	(4,811)	(4,811)	(4,811)
Other expenses	(5,341)	(5,341)	(5,341)
Share based payment expense	(1,858,691)	(1,858,691)	(1,858,691)
Loss before income tax expense	(1,927,769)	(1,927,769)	(1,927,769)
Income tax expense	-	-	-
Loss for the period after income tax expense	(1,927,769)	(1,927,769)	(1,927,769)
Other comprehensive income for the period	-	-	-
Total comprehensive loss for the period	(1,927,769)	(1,927,769)	(1,927,769)

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INVESTIGATING ACCOUNTANT'S REPORT

**A1 CONSOLIDATED GOLD LIMITED
STATEMENTS OF FINANCIAL POSITION**

	Note	Reviewed 31 December 2011 \$	Reviewed proforma 31 December 2011 (\$8m raising) \$	Reviewed proforma 31 December 2011 (\$10m raising) \$
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	3	4,094,428	9,718,395	11,596,800
Trade and other receivables		166,103	166,103	166,103
Other assets	4	308,699	10,777	10,777
TOTAL CURRENT ASSETS		<u>4,569,230</u>	<u>9,895,275</u>	<u>11,773,680</u>
NON CURRENT ASSETS				
Plant and equipment	5	355,676	963,776	963,776
Exploration and evaluation expenditure	6	2,945,007	21,055,007	21,055,007
Other – environmental bond		109,000	109,000	109,000
TOTAL NON CURRENT ASSETS		<u>3,409,683</u>	<u>22,127,783</u>	<u>22,127,783</u>
TOTAL ASSETS		<u>7,978,913</u>	<u>32,023,058</u>	<u>33,901,463</u>
LIABILITIES				
CURRENT LIABILITIES				
Creditors and borrowings	7	730,040	705,040	705,040
TOTAL CURRENT LIABILITIES		<u>730,040</u>	<u>705,040</u>	<u>705,040</u>
TOTAL LIABILITIES		<u>730,040</u>	<u>705,040</u>	<u>705,040</u>
NET ASSETS		<u>7,248,873</u>	<u>31,318,018</u>	<u>33,196,423</u>
EQUITY				
Issued capital	8	7,376,648	31,445,793	33,324,198
Reserves	9	1,858,691	1,858,691	1,858,691
Accumulated losses		(1,986,466)	(1,986,466)	(1,986,466)
TOTAL EQUITY		<u>7,248,873</u>	<u>31,318,018</u>	<u>33,196,423</u>

A1 CONSOLIDATED GOLD LIMITED
INVESTIGATING ACCOUNTANT'S REPORT

**A1 CONSOLIDATED GOLD LIMITED
STATEMENTS OF CHANGES IN EQUITY**

	Issued Capital (\$8m raising) \$	Issued Capital (\$10m raising) \$	Reserves \$	Accumulated Losses \$
At 30 June 2011 (audited)	1,939,148	1,939,148	-	(58,697)
Issue of shares	5,437,500	5,437,500	-	-
Issue of options			1,858,691	
Loss for the period to 31 December 2011	-	-	-	(1,927,769)
At 31 December 2011 (reviewed)	7,376,648	7,376,648	1,858,691	(1,986,466)
Issue of shares pursuant to Prospectus	8,000,000	10,000,000	-	-
Estimated costs of the Offer	(765,855)	(887,450)	-	-
Issue of seed capital shares	25,000	25,000	-	-
Issue of shares for tenement rights	16,810,000	16,810,000	-	-
Proforma at 31 December 2011 (reviewed)	31,445,793	33,324,198	1,858,691	(1,986,466)

**A1 CONSOLIDATED GOLD LIMITED
NOTES TO THE FINANCIAL STATEMENTS**

Note 1 Summary of Significant Accounting Policies

The significant accounting policies adopted in the preparation of the historical financial information and the proforma financial information (collectively referred to as the "financial statements") are:

(a) Basis of Preparation

The financial statements have been prepared in accordance with the measurement requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia using the accrual basis of accounting, including the historical cost convention.

(b) Statement of Compliance

The financial statements comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS), subject to the qualification in Note 1(a) above. Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, comply with measurement requirement but not all the disclosure requirements of the International Financial Reporting Standards (IFRS).

(c) Critical accounting judgments and key sources of estimation uncertainty

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

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

Exploration and evaluation expenditure carried forward

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

(d) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

**A1 CONSOLIDATED GOLD LIMITED
NOTES TO THE FINANCIAL STATEMENTS**

Note 1 Summary of Significant Accounting Policies (continued)

(e) Income Tax

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

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

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

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

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

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

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

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

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

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

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

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

**A1 CONSOLIDATED GOLD LIMITED
NOTES TO THE FINANCIAL STATEMENTS**

Note 1 Summary of Significant Accounting Policies (continued)

(f) Other taxes

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

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

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

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

(g) Impairment of assets

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

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

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

A1 CONSOLIDATED GOLD LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Note 1 Summary of Significant Accounting Policies (continued)

(h) Cash and cash equivalents

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

(i) Trade and other receivables

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

(j) Plant and equipment

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

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

- Plant and equipment - over 4 to 5 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each balance date.

(k) Financial assets

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

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

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are

acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

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A1 CONSOLIDATED GOLD LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Note 1 Summary of Significant Accounting Policies (continued)

(ii) Held-to-maturity investments

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

For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

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

(iii) Loans and receivables

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

(iv) Available-for-sale investments

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

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

(l) Impairment of financial assets

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

**A1 CONSOLIDATED GOLD LIMITED
NOTES TO THE FINANCIAL STATEMENTS**

Note 1 Summary of Significant Accounting Policies (continued)

(i) Financial assets carried at amortised cost

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

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in

a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

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

(ii) Financial assets carried at cost

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

(iii) Available-for-sale investments

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

(m) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are

unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

**A1 CONSOLIDATED GOLD LIMITED
NOTES TO THE FINANCIAL STATEMENTS**

Note 1 Summary of Significant Accounting Policies (continued)

(n) Interest-bearing loans and borrowings

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

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

(o) Issued capital

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

(p) Exploration and evaluation expenditure

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

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
 - (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - (b) exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

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

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the

revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

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

A1 CONSOLIDATED GOLD LIMITED NOTES TO THE FINANCIAL STATEMENTS

Note 1 Summary of Significant Accounting Policies (continued)

(q) Development expenditure

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

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

Note 2 Actual and Proposed Transactions to arrive at consolidated proforma Statements of Financial Position

The proforma Statements of Financial Position as at 31 December 2011 have been included for illustrative purposes to reflect the position of the Company as it would appear after incorporating the following significant events and proposed transactions by the Company subsequent to 31 December 2011:

- i) the issue by the Company pursuant to the Prospectus of 26,666,667 ordinary shares, issued at a price of \$0.30 per share, raising \$8,000,000; or 33,333,334 ordinary shares, issued at \$0.30 per share, raising \$10,000,000 if oversubscriptions of a further 6,666,667 ordinary shares are accepted;
- ii) the write off to the issued capital account of the estimated costs of the Offer of an estimated \$765,855; or \$887,450 if oversubscriptions of a further 6,666,667 ordinary shares are accepted. Of these amounts, \$297,922 has been prepaid as at 31 December 2011;
- iii) the cash payment of \$608,100 to A1 Consolidated Mining Pty Ltd as set out in Section 8.2 of the Prospectus in relation to the Company acquiring plant and equipment from A1 Consolidated Mining Pty Ltd;
- iv) the recording of an estimated \$1,300,000 of exploration and evaluation expenditure incurred for the period 1 January 2012 to the date of this Report;
- v) The issue by the Company in February 2012 of 166,667 ordinary shares, issued at a price of \$0.15 per share, raising \$25,000, of which all application monies had been received as at 31 December 2011; and

A1 CONSOLIDATED GOLD LIMITED
INVESTIGATING ACCOUNTANT'S REPORT

- vi) the issue of 56,033,333 ordinary shares to other parties, as set out in Section 8.1 of the Prospectus for the acquisition of various tenement rights by the Company, with the resulting consideration of \$16,810,000 being recorded as deferred exploration expenditure in the proforma Statements of Financial Position, as follows:

Agreement	Number of Shares	Value of Shares	Total Value
A1 Asset Sale Agreement	20,700,000	\$0.30	6,210,000
Mining Asset Sale Agreement	33,333,333	\$0.30	10,000,000
Blue Gum International Pty Ltd Option Agreement	1,000,000	\$0.30	300,000
Chris Toifl Option Agreement	1,000,000	\$0.30	300,000
Total	56,033,333		\$16,810,000

A1 CONSOLIDATED GOLD LIMITED
NOTES TO THE FINANCIAL STATEMENTS

	Note	Reviewed 31 December 2011 \$	Reviewed proforma 31 December 2011 (\$8m raising) \$	Reviewed proforma 31 December 2011 (\$10m raising) \$
Note 3 Cash and Cash Equivalents				
Balance at 31 December 2011		4,094,428	4,094,428	4,094,428
Issue of shares per Prospectus	2(i)	-	8,000,000	10,000,000
Estimated costs of the Offer	2(ii)	-	(467,933)	(589,528)
Acquisition of plant and equipment	2(iii)	-	(608,100)	(608,100)
Exploration and evaluation expenditure incurred to date of this Report	2 (iv)	-	(1,300,000)	(1,300,000)
Balance at 31 December 2011		<u>4,094,428</u>	<u>9,718,395</u>	<u>11,596,800</u>
Note 4 Other Current Assets				
Prepayments		10,777	10,777	10,777
Capital raising costs	2(ii)	297,922	-	-
Balance at 31 December 2011		<u>308,699</u>	<u>10,777</u>	<u>10,777</u>
Note 5 Plant & Equipment				
Office Equipment		53,294	53,294	53,294
Less: accumulated depreciation		<u>(7,132)</u>	<u>(7,132)</u>	<u>(7,132)</u>
		46,162	46,162	46,162
Plant & Equipment:				
Balance at 31 December 2011		315,293	315,293	315,293

A1 CONSOLIDATED GOLD LIMITED
INVESTIGATING ACCOUNTANT'S REPORT

Acquisition of plant and equipment from A1 Consolidated Mining Pty Ltd 2(iii)	-	608,100	608,100
Less: accumulated depreciation	(5,779)	(5,779)	(5,779)
	<u>309,514</u>	<u>917,614</u>	<u>917,614</u>
Balance at 31 December 2011	<u>355,676</u>	<u>963,776</u>	<u>963,776</u>

A1 CONSOLIDATED GOLD LIMITED
INVESTIGATING ACCOUNTANT'S REPORT

**A1 CONSOLIDATED GOLD LIMITED
NOTES TO THE FINANCIAL STATEMENTS**

	Note	Reviewed 31 December 2011 \$	Reviewed proforma 31 December 2011 (\$8m raising) \$	Reviewed proforma 31 December 2011 (\$10m raising) \$
Note 6 Exploration and Evaluation Expenditure				
Balance at 31 December 2011		2,945,007	2,945,007	2,945,007
Exploration and evaluation expenditure to date of this Report	2(iv)	-	1,300,000	1,300,000
Acquisition of tenements	2(vi)	-	16,810,000	16,810,000
Balance at 31 December 2011		<u>2,945,007</u>	<u>21,055,007</u>	<u>21,055,007</u>
Note 7 Current Creditors & Borrowings				
Trade creditors		695,037	695,037	695,037
Borrowings		10,003	10,003	10,003
Application monies received	2(v)	25,000	-	-
Balance at 31 December 2011		<u>730,040</u>	<u>705,040</u>	<u>705,040</u>
Note 8 Issued Capital				
Balance at 31 December 2011 (55,033,158 shares)		7,376,648	7,376,648	7,376,648
Shares issued at 30 cents each pursuant to the Prospectus	2(i)	-	8,000,000	10,000,000
Estimated costs of the Offer	2(ii)	-	(765,855)	(887,450)
Issue of seed capital	2(v)	-	25,000	25,000
Shares issued to acquire tenement rights (56,033,333 shares)	2(vi)	-	16,810,000	16,810,000
Balance at 31 December 2011 (proforma ordinary shares - 137,899,825 fully paid; 144,566,492 fully paid if maximum oversubscriptions are accepted)		<u>7,376,648</u>	<u>31,445,793</u>	<u>33,324,198</u>

**A1 CONSOLIDATED GOLD LIMITED
NOTES TO THE FINANCIAL STATEMENTS**

	Reviewed 31 December 2011 \$	Reviewed proforma 31 December 2011 (\$8m raising) \$	Reviewed proforma 31 December 2011 (\$10m raising) \$
Note 9 Reserves			
Share based payment reserve	1,858,691	1,858,691	1,858,691

Note 10 Commitments

As outlined in Section 8.1 of the Prospectus, the Company has entered into a number of option agreements. These agreements relate to the following projects:

- A1 Gold Project;
- Star of the West Mine; and
- The Ten Mile Goldfield.

In addition to the purchase commitments, detailed in Section 3 of this Report, the Company has assumed certain pre-completion obligations, detailed below:

A1 Asset Sale Agreement	<ul style="list-style-type: none"> • Development of a decline to the 10 Level, 550 AHD; • Maintenance of the A1 tenements in good standing; • Provision of all reasonable securities lodged with the Victorian Department of Primary Securities; • Responsible for the costs of all utilities.
Mining Asset Sale Agreement	<ul style="list-style-type: none"> • Development of a decline to the 10 Level, 550 AHD; • Maintenance of the A1 tenements in good standing; • Provision of all reasonable securities lodged with the Victorian Department of Primary Securities; • Responsible for the costs of all utilities.
Blue Gum International Pty Ltd Option Agreement	<ul style="list-style-type: none"> • Comply with all expenditure requirements; • Pay all rates, rents and taxes; • To maintain the Tenement in good standing.
Chris Toifl Option Agreement	<ul style="list-style-type: none"> • Comply with all expenditure requirements; • Pay all rates, rents and taxes; • To maintain the Tenement in good standing.

The Directors are not aware of any other commitments or contingencies.

Note 11 Related Party Transactions

Refer to Section 9 of the Prospectus for details of related party transactions and shareholdings.

11. Independent Geologist's Report

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INDEPENDENT EXPERT (GEOLOGICAL) REPORT

PART OF

INITIAL PUBLIC OFFERING

BY

A1 CONSOLIDATED GOLD LTD

Job No. 1575_G
Doc No. 2830v6
Date: 23rd February
2012
Prepared by: C E Gee
T G Summons

Mining One Pty Ltd

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APPENDICES

1. Summary of Exploration Activity in the Area of EL5109

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EXECUTIVE SUMMARY

The A1 Mine and the Ten Mile Goldfields are located approximately 120 kilometres east of Melbourne in the Jamieson-Woods Point goldfield in the eastern central highlands of Victoria. Completion of A1 Consolidated Gold Ltd's ("AYC") acquisition of the mining leases around the A1 Mine, and the exploration licence over the Ten Mile Goldfield is conditional upon AYC receiving written approval from the Australian Securities Exchange ("ASX") for quotation of its securities on the official list of the ASX.

The great majority of gold mineralisation in the Jamieson-Woods Point goldfield is associated with intermediate dykes which intrude a tightly folded Siluro-Devonian age sequence of sedimentary rocks. Other, less prolific gold mineralisation is associated with saddle reef and fault structures within the sedimentary rocks. There has also been significant production of gold from alluvial deposits in the area. It is estimated that the goldfield has produced in excess of 1.6 million ounces of gold.

The A1 Mine is the second largest gold producer in the Jamieson-Woods Point goldfield, having produced more than 620,000 ounces (including alluvials) until production ceased in 1992. Several classes of gold endowment have been recognised in the goldfield and the A1 gold deposit occurs in the class with superior endowment.

At the A1 Mine, gold mineralisation occurs mainly in quartz reefs which are predominantly contained in the host dyke rocks. Mineralisation is also found in the sedimentary rocks close to boundaries of the dykes where some quartz reefs extend up to 10m into the sedimentary rocks.

The geometry of the reef systems and the host dyke in the mine area is well understood. Auriferous stockwork veining has developed in some parts of the dyke and these stockworks extend over considerable distances vertically and horizontally. In recent years, there has been extensive diamond drilling in the mine to determine the geometry of the dyke and stockwork systems in untested areas.

More recently, a decline has been developed by AYC and is currently at the 1620 Level. The decline is planned to access the stockwork which was exposed by historical development at the 1400 Level.

Based on historical development, bulk and face sampling and diamond drilling, three gold exploration targets¹⁴ have been identified by AYC. These are:

- The Upper 1400 Stockwork with an exploration target in the range of 1.0-1.3 million tonnes with a grade range of 5-11 g/t and the Lower 1400 Stockwork with a range of 0.8-1.0 million tonnes and a grade range of 3-9 g/t¹⁵;
- The 1400 Stockwork Northern Extension with an exploration target in the range of 4-6 million tonnes with a grade range of 3-11 g/t, and
- The 1650 Stockwork with an exploration target in the range of 70,000-100,000 tonnes with a grade range of 5-11 g/t.

¹⁴ References to exploration targets in this report are conceptual in nature and should not be construed as indicating the existence of a Mineral Resource as defined by the JORC Code (2004). There is insufficient information to establish whether further exploration will result in the determination of a Mineral Resource within the meaning of the JORC Code (2004).

¹⁵ Note that in this report, all references to g/t refer to grams of gold per tonne of rock.

When the decline reaches the 1400 Level, 200m of lateral development is planned to expose the stockwork and further bulk sampling of the stockwork zone will be undertaken to fully assess the actual gold grade of the auriferous mineralisation.

Additional diamond drilling will be undertaken from the decline and the lateral development for resource definition and exploration of other reefs and stockworks.

There is considerable potential for further exploration along strike of the dyke corridor, particularly to the southeast, and below the 23 Level.

AYC holds an exploration licence, EL5109, which covers the major portion of the historic Ten Mile goldfields, south of Jamieson. This exploration licence includes mining licence MIN4636 which covers the Star of the West mine, also owned by AYC.

The Ten Mile goldfield has a history of production with more than 30 mines producing in excess of 80,000 ounces of gold from about 160,000 tonnes and although production records of gold from alluvial working are very sketchy, it is likely that many thousands of ounces were won. Most of the hard rock production has been from mineralised quartz reefs in sedimentary rocks.

Only a small number of shallow holes has been drilled in EL5109 and modern exploration techniques have only been applied in a limited way. The EL has considerable potential for further discoveries of auriferous mineralisation.

1 INTRODUCTION

1.1 Commission and Scope

In March 2011 A1 Consolidated Gold Ltd (“AYC”) commissioned Mining One Pty Ltd (Mining One) to prepare an Independent Expert (Geological) Report for inclusion in a Prospectus to be lodged by AYC for an initial public offering of shares to raise approximately \$8M with the ability to accept oversubscriptions of a further \$2M. Mining One understands that AYC will apply to the ASX for admission to the official list and for the shares offered by the Prospectus to be granted quotation.

The scope of Mining One’s assignment was to prepare the report for inclusion in the Prospectus, addressing the following items:

1. Confirmation of the veracity of the available information,
2. Comment on the reasonableness of the views expressed in the AYC Prospectus in the context of available information, and
3. Express an opinion about the proposed exploration and mining strategies.

This Report has been prepared independently and in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004 (the “JORC Code”). This report has also been prepared in accordance with the requirements of the Australian Securities and Investments Commission Regulatory Guides 111 and 112 (ASIC, 2007). The report was provided to AYC in December 2011, and since then Mining One is unaware of any material changes, such that the information presented is current.

1.2 Applicability of the JORC Code (2004)

This Report refers to the JORC Code (2004), in particular to that part which refers to “exploration targets”.

Clause 18 of the JORC Code states that:

“It is recognised that it is common practice for a company to comment on and discuss its exploration in terms of target size and type. Any such information relating to exploration targets must be expressed so that it cannot be misrepresented or misconstrued as an estimate of Mineral Resources or Ore Reserves. The terms Resource(s) or Reserve(s) must not be used in this context. Any statement referring to potential quantity and grade of the target must be expressed as ranges and must include (1) a detailed explanation of the basis for the statement, and (2) a proximate statement that the potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource.”

Exploration targets¹⁶ have been identified by AYC at the A1 Mine outside the area of historic mining.

1.2.1 Mining One Competence and Independence

Mining One is an independent private company which provides consulting services to the mining and mineral exploration industries.

The information in this report that relates to exploration targets is based on information compiled by Dr C E Gee BSc (Hons), PhD, who is a Member of the AusIMM, and Mr T G Summons BSc, MSc, who is a Member of the Australian Institute of Geoscientists.

Dr Gee is an independent consultant and a part-time employee of Mining One and Mr Summons is an independent consultant to Mining One.

Both Dr Gee and Mr Summons have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code").

Whilst the JORC Code does not require a person to be "independent", there is a need for a Competent Person to fulfill their professional obligations separate from the Commissioning Entity. Neither Dr Gee nor Mr Summons have any significant pecuniary or beneficial interest in the outcome of this Report.

Mining One has previously undertaken work for Alliance Resources Ltd on the A1 gold deposit and received payment for this work.

1.2.2 Reliance on Information

AYC has given Mining One assurances that to the best of its knowledge and understanding, complete, accurate and true disclosure has been made to Mining One of all material information relevant to the projects described in this Report. Mining One makes no representation and gives no warranty as to the accuracy or completeness of the information or reports that it has relied on.

1.2.3 Consent

Mining One consents to the publication of this Independent Expert Report for inclusion in the A1 Consolidated Gold Ltd Prospectus. Neither Mining One's Report, nor any part of it, nor any reference to it, may be used for any other purpose without the written consent of Mining One.

¹⁶ References to exploration targets in this report are conceptual in nature and should not be construed as indicating the existence of a Mineral Resource as defined by the JORC Code (2004). There is insufficient information to establish whether further exploration will result in the determination of a Mineral Resource within the meaning of the JORC Code (2004).

1.2.4 Location of Projects

AYC holds Mining Licence MIN5294 (Figure 1-1), EL5109 and MIN4636 (Figure 1-2) which are located in the Jamieson-Walhalla goldfields district in the eastern central highlands of Victoria.

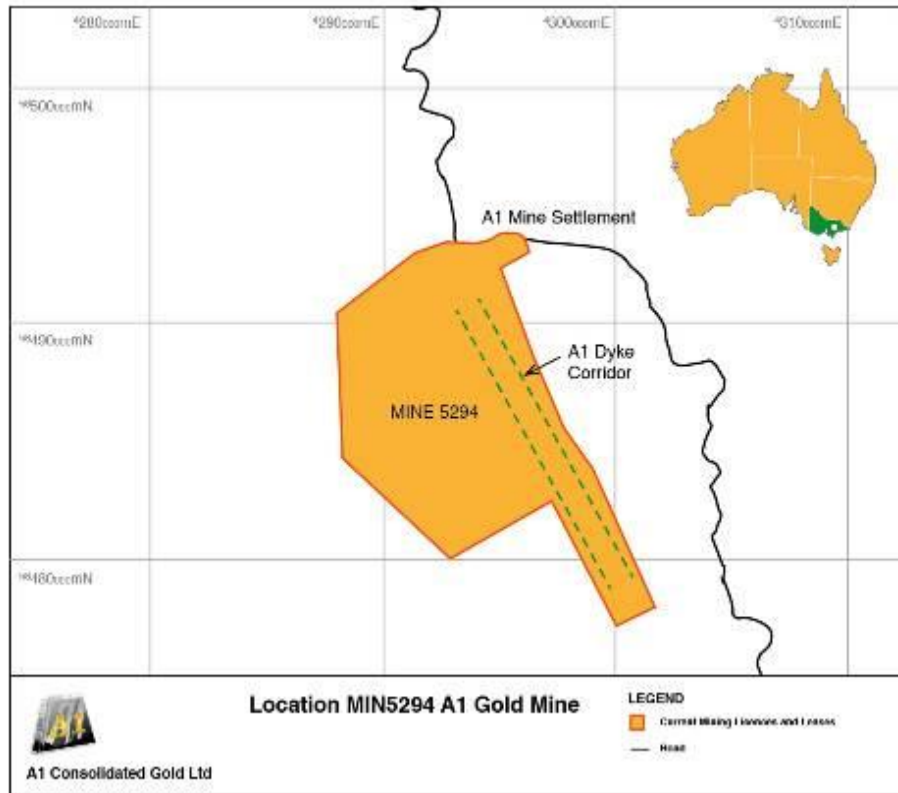


Figure 1-1: Location of the Mining Licence MIN5294 in the A1 Mine Area.

Most of the area between Jamieson and Walhalla consists of steep-sided, narrow valleys which are heavily wooded. The Great Dividing Range crosses the area to the south of Woods Point. Roads in the area are generally unsealed and the higher parts of the roads are often closed in winter due to snowfall and fallen trees. There are many four-wheel drive tracks throughout the area and these vary in condition from very poor to reasonable.

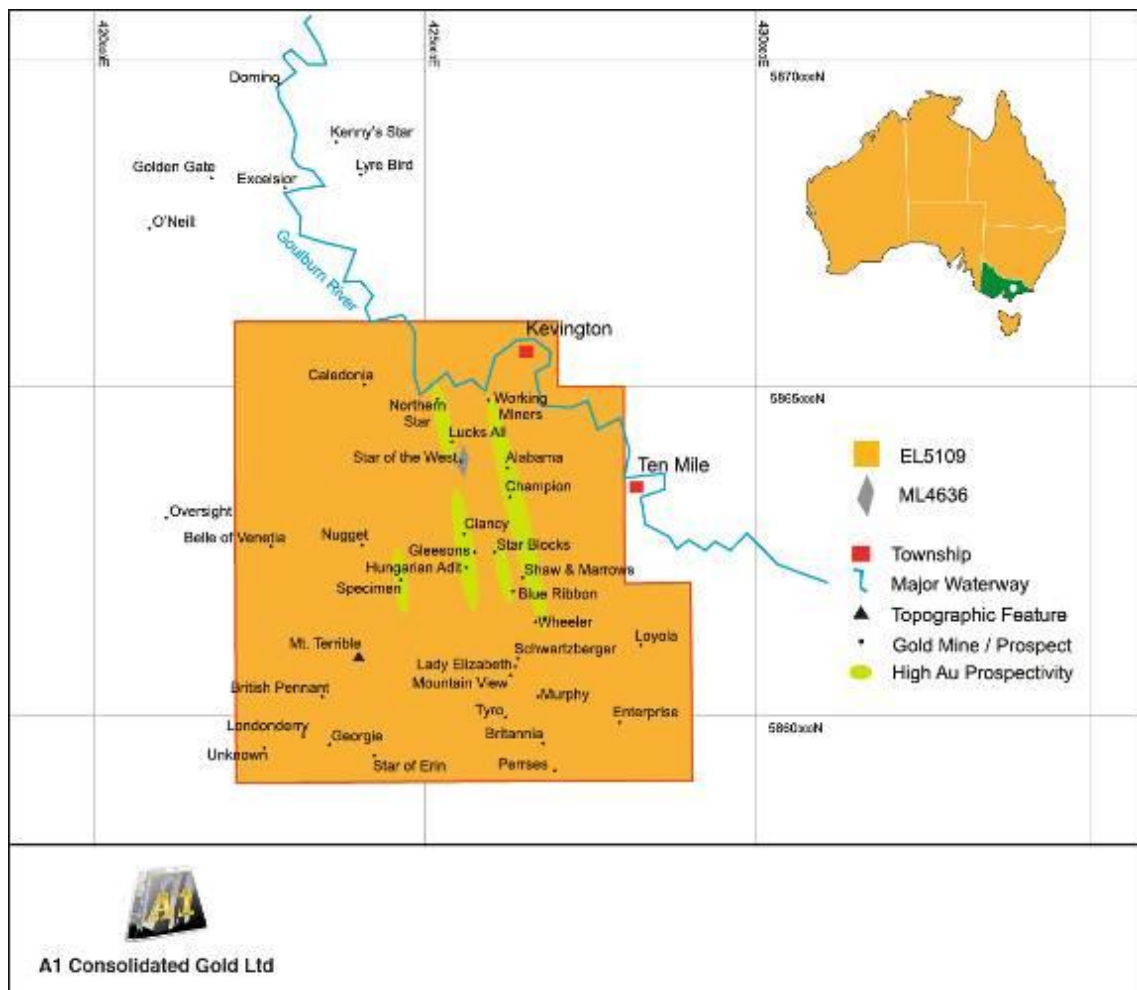


Figure 1-2: A1 Consolidated Gold Ltd Exploration Licence EL5109 and MIN4636.

2.1 The Jamieson-Walhalla District

The Jamieson-Walhalla area lies in the eastern part of the Melbourne Zone structural domain. Walhalla Group sedimentary rocks occur in a NNW trending synclinorium structure. The Walhalla Synclinorium is about 180km long and 10-15km wide, and is bounded in the west by the Enochs Point Fault and in the east by the Howes Creek Fault (Figures 2-1, 2-2).

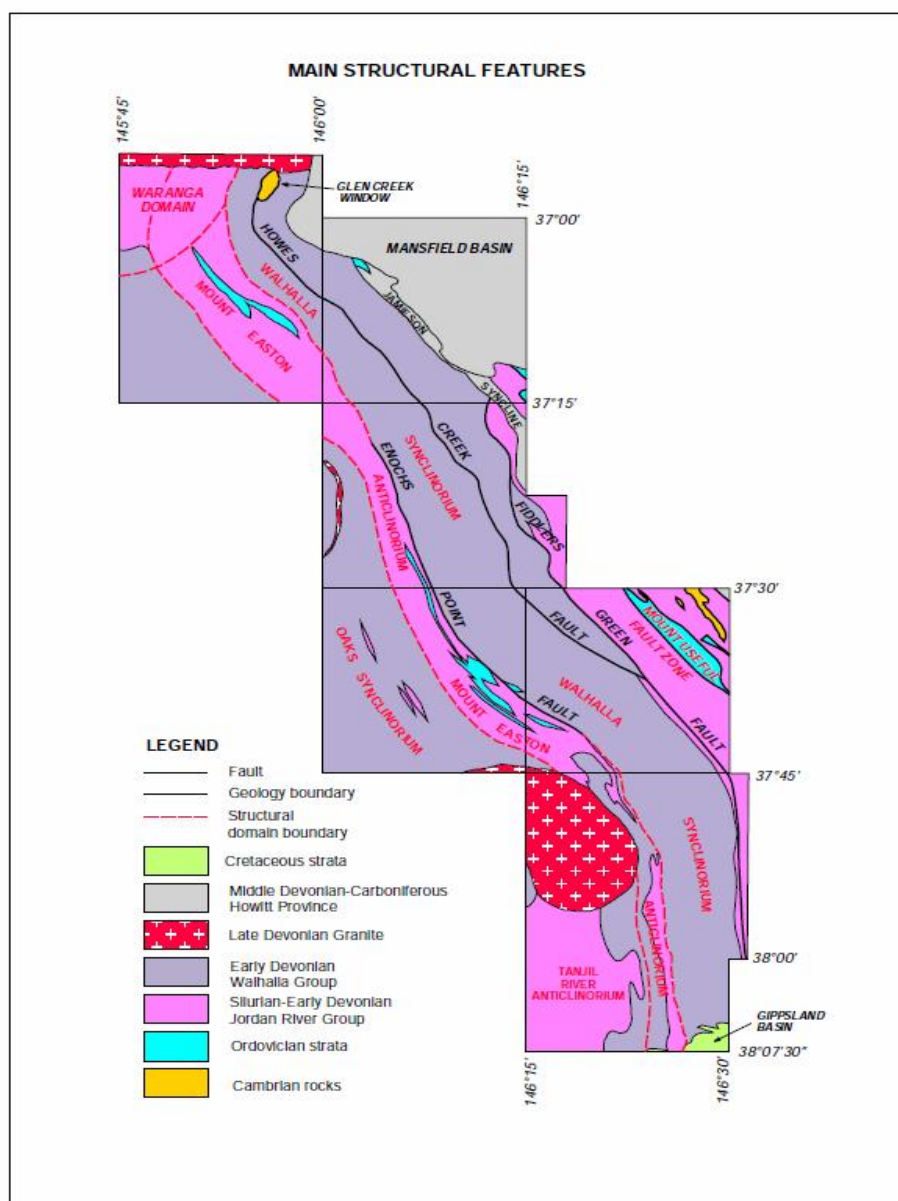


Figure 2-1: Structural Elements of the Jamieson-Walhalla Area (from Vandenberg *et al.*, 2006).

These faults are possible detachment-related splay structures potentially controlling both the Woods Point Dyke Swarm and the subsequent auriferous hydrothermal fluids (VandenBerg *et al.*, 2006).

The largest and most productive gold mines occur along the western flank of an inferred Cambrian age basement high. Most of the gold mineralisation in the Jamieson-Woods Point goldfield occurs as structurally controlled quartz ladder-veins in dioritic dykes (Figure 2-2). These dykes are generally tabular bodies <2m wide, which may form bulges <100m over strike extents of up to 600m.

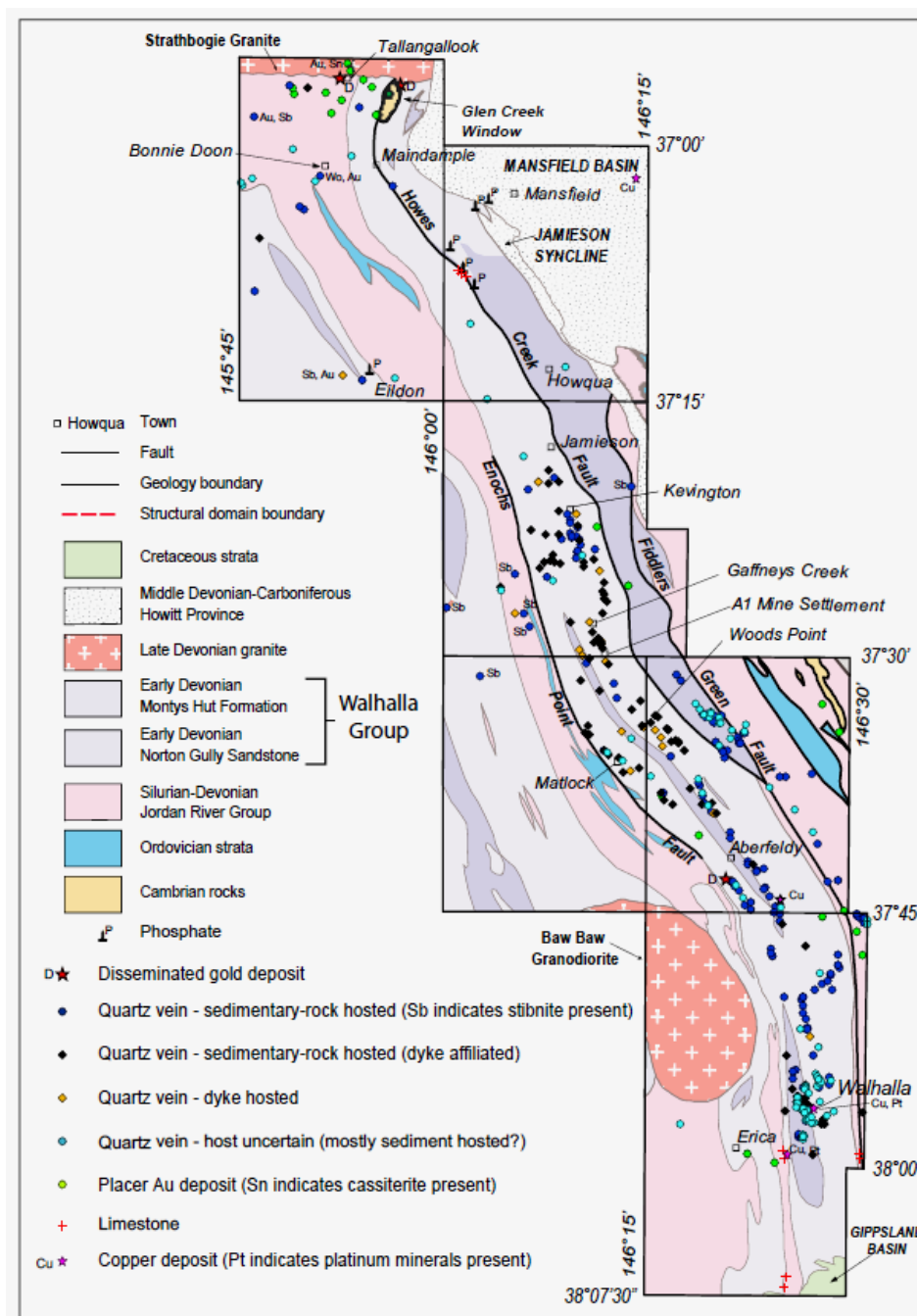


Figure 2-2: Geology of the Jamieson-Walhalla Area (from VandenBerg *et al.*, 2006).

The rocks of the Walhalla Synclinorium are tightly folded and vertical in some places. The anticlinal axes are less weather-resistant than synclinal axes; hence streams in the area tend to follow anticlinal axes (Whitelaw, 1905). This folding was the result of the Tabberabberan Orogeny (Middle to Late Devonian) toward the end of which, several hundred ultramafic to intermediate composition dykes, the Woods Point Dyke Swarm, intruded the Walhalla Group rocks (Figure 2-3).

The dykes are sub-parallel to the regional strike, dip steeply east or west and can be up to several kilometres long. The dykes vary in thickness from several centimeters up to 100m. In places dilational fault jogs thought to be associated with transform faults are the focus of episodic intrusions which cause the dykes to bulge with the bulges up to 100m wide and up to 450m long.

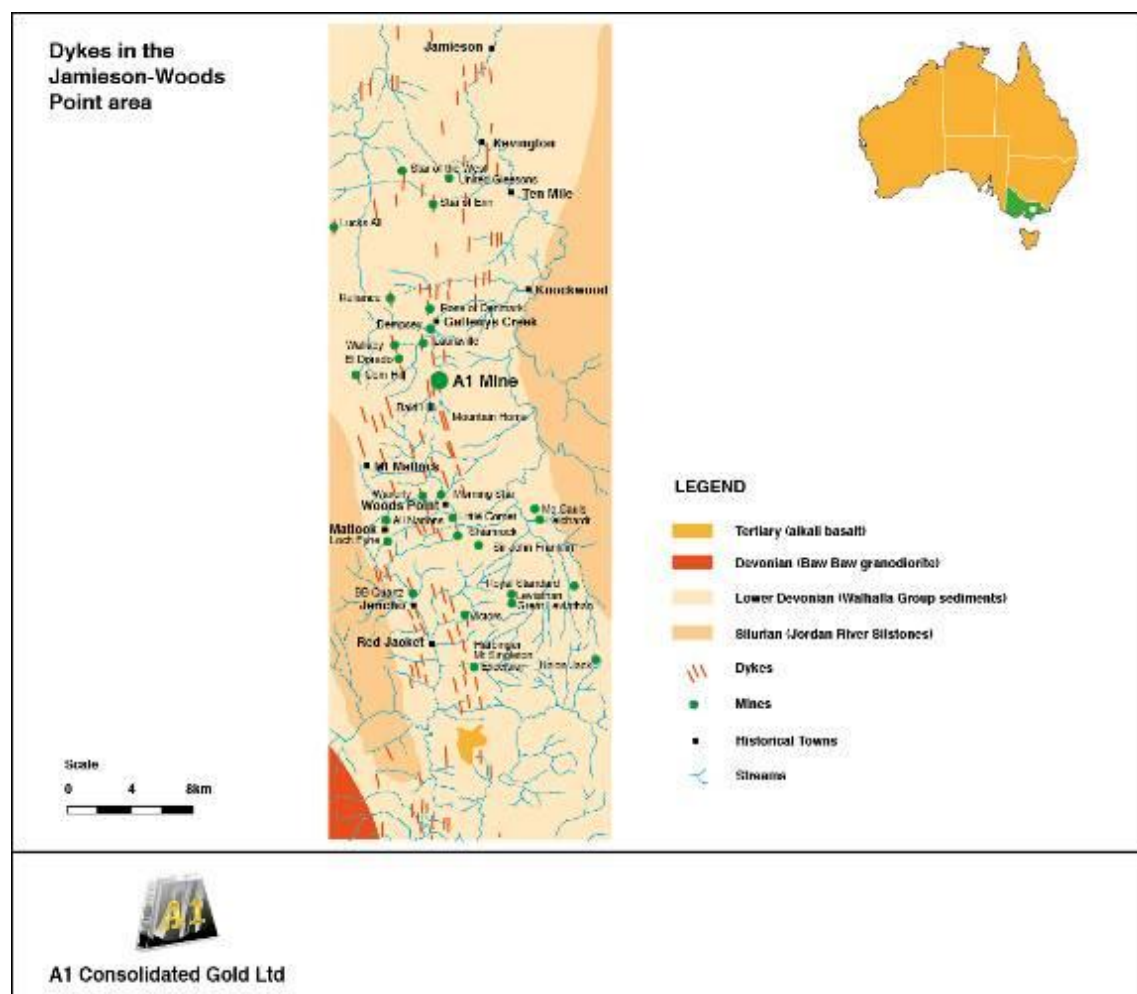


Figure 2-3: Woods Point Dyke Swarm (after Jackson, 2010b).

All of the dykes show evidence of deuteric alteration that is similar to propylitic alteration (Jackson, 2010a).

3 GOLD MINERALISATION JAMIESON-WOODS POINT GOLDFIELD

3.1 Introduction and Setting

The great majority of the gold mineralisation is associated with dykes which intrude the Siluro-Devonian sedimentary sequence. More than 90% of the gold mineralisation in the Jamieson-Woods Point area occurs in quartz veins (reefs) in the dykes or within about 20m of the dyke/sediment contact (Goodz *et al.*, 2009).

The association of major gold producing areas with dyke locations is shown in Figure 3-1. The largest gold concentrations are associated with dyke bulges such as at the Morning Star Mine (Woods Point) and the A1 Mine.

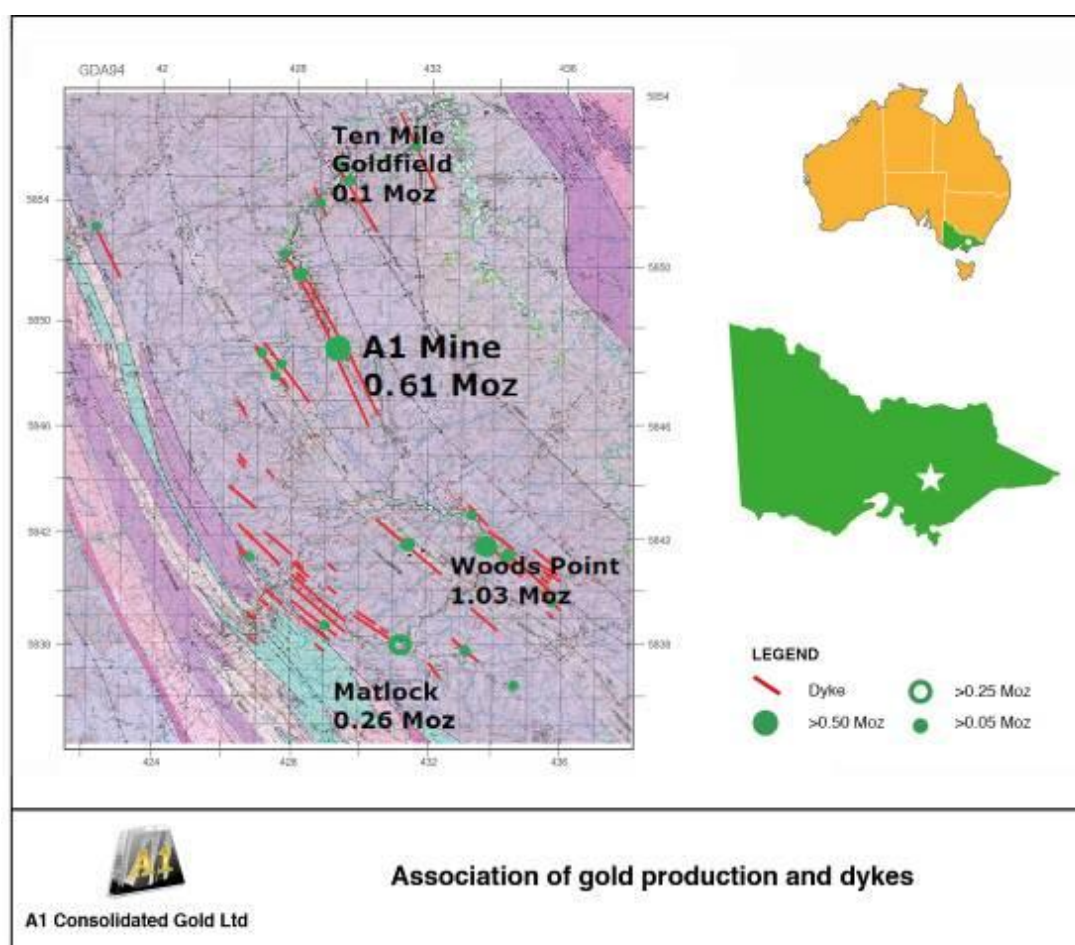


Figure 3-1: Association of Gold Production and Dykes (A1 Consolidated Gold Ltd, 2011).

Note that in this report, all references to g/t refer to grams of gold per tonne of rock.

3.2 Structural Character of Quartz Veins/Reefs

The gold-bearing quartz reefs are moderately to shallowly dipping and up to several metres thick. Where the veins occur as stacked sets they are referred to as ladder veins or in some instances where they are more closely stacked and/or more irregular, as stockworks. These reefs infill reverse faults, commonly extending across the entire width of the dyke and offsetting it, but do not persist for any great distance into the sediments (Jackson, 2010a).

At the A1 Mine, the reefs are quartz-carbonate-sulphide veins 0.1-1.5m thick striking 15° to 90° to the strike of the dyke and dipping 10° to 75° in both directions and have a strike length of 50-200m (Goodz *et al.*, 2009). Similarly, at the Morning Star Mine, the reefs strike at 30° to 70° to the strike of the dyke and have strike lengths of 100-700m (Goodz *et al.*, 2008). In both cases the dykes trend 310° - 325° .

Where steeply dipping laminated veins occur along the dyke contacts, these contain gold mineralisation. Where a dyke bulge occurs, one side is generally preferentially mineralized compared to the other. A favourable site for gold deposition is where a reverse fault in the dyke causes the hanging wall of a quartz reef to overlie sediments in the footwall.

3.3 Mineral Assemblage

In the quartz reefs, free gold occurs (Figure 3-2) together with subordinate pyrite and ankerite and minor amounts of arsenopyrite, boulangerite and tetrahedrite. At the A1 Mine, the presence of galena is used as an indicator of gold mineralisation.

Generally the sulphide content of the veins is less than 5%. The wallrock around the veins is commonly altered for up to several metres and pyrite along with ankerite and sericite is abundant. Gold may also be associated with this alteration.

3.4 Dyke-Hosted Reef Types

Jackson (2010a) recognizes five common reef types in the dykes:

- Massive, vuggy reefs which are comprised of quartz with subordinate ankerite and numerous vugs. Such veins normally have sub-economic gold grades;
- Laminated reefs which consist of interlaminated quartz together with minor ankerite and sulphides and sulphidised wallrock. These reefs are usually the highest grade and may display visible gold (Figure 3-2);
- Coarse stockwork reefs which consist of closely stacked quartz veins or an irregular network of quartz veins, particularly in the hanging wall or footwall of some reverse faults (Figure 3-3). These stockworks are generally low grade but at the A1 Mine, there is a much more extensive stockwork zone which may be of economic grade;
- Breccia reefs which are an advanced stage of coarse, stockwork reefs, where angular clasts of altered wallrock are enclosed by vuggy quartz. These reefs normally carry low grade, and
- Composite reefs which contain components of the above four types and have vein envelopes which are strongly bleached and contain abundant carbonate and sulphides.



Figure 3-2: Gold in the Moon Reef, 18 Level A1 Mine (A1 Consolidated Gold Ltd, 2011).



Figure 3-3: Ladder veins tending to stockworks at the 7 Level, A1 Mine. The dyke is the paler rock at the centre and right of the photo. Dark grey rocks are sediments. Note the stockwork development towards the bottom left-hand corner where a reverse fault has thrust the dyke over the sediments. Face is approximately 2m across.

3.5 Other Reef Types

The remainder of the gold mineralisation in the area is in mineralized quartz veins in sedimentary rocks or is in veins associated with faults and fissure veins that do not appear dyke-related. Some of the reefs in the slates and shales appear to be saddle reefs or stacked saddle reefs as at the Star of the West Mine in MIN4636 within EL5109 (C. Toifl, *pers. comm.*, 2011).

Figure 3-4 shows the distribution of sediment- and dyke-hosted gold deposits in the Jamieson-Walhalla area.

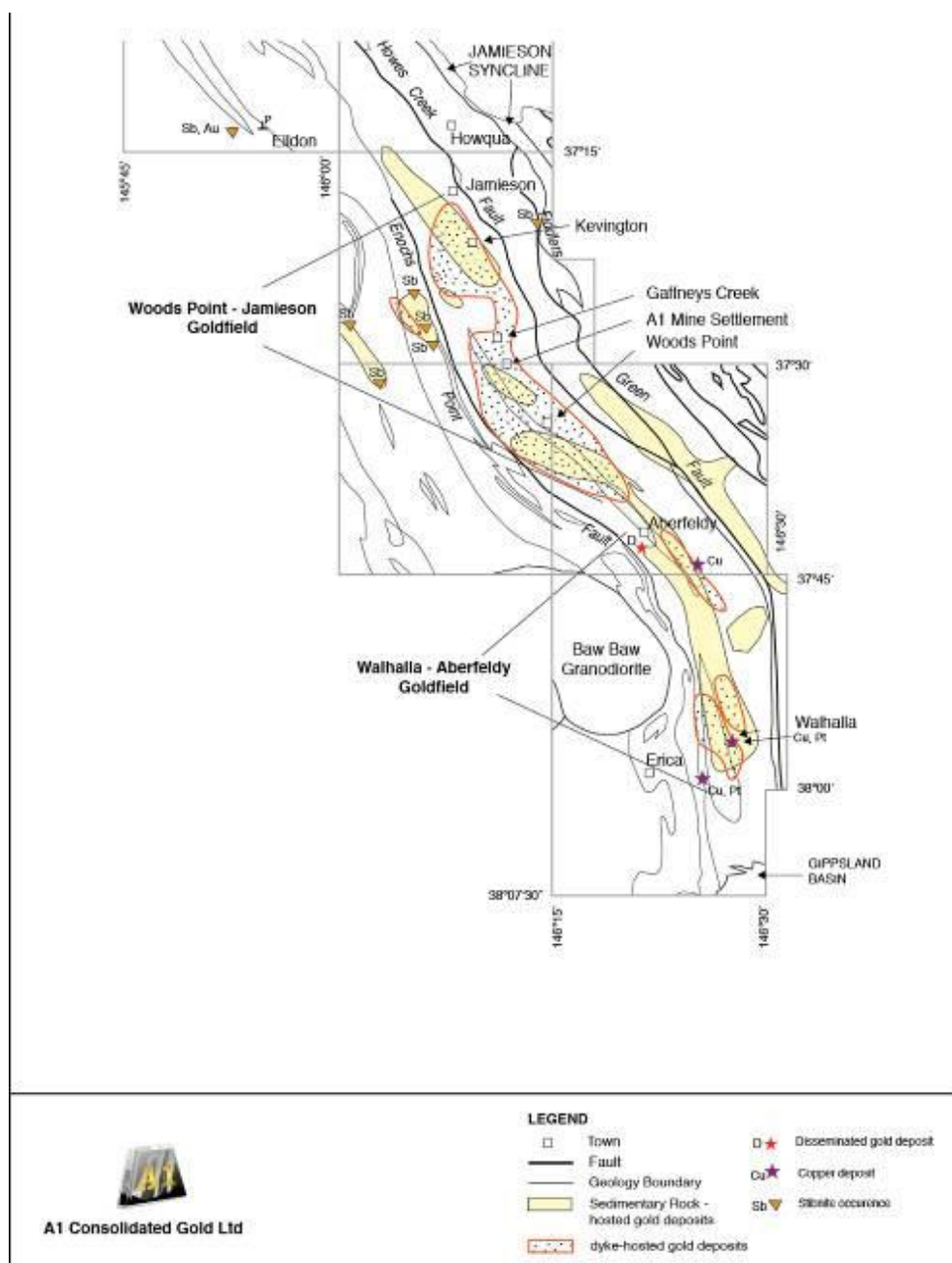


Figure 3-4: Distribution of Gold Deposits in the Jamieson-Walhalla Area
(after VandenBerg *et al.*, 2006).

4 GOLD PRODUCTION

4.1 Jamieson-Walhalla District

The goldfields of the Jamieson-Walhalla district are located within the rugged central highlands of Victoria, approximately 120km east of Melbourne.

The Jamieson-Woods Point and the Aberfeldy-Walhalla goldfields produced approximately 5 million ounces of gold during the period 1861-1992 (Goodz *et al.*, 2009, Lloyd, 2009) from hard rock mines. In addition, considerable quantities of gold have been won from alluvial workings but accurate figures are not possible to determine as alluvial production records are sketchy and incomplete.

The district contains one of the largest single mineralized structures in Victoria, Cohens Reef at Walhalla which has produced 1.4 million ounces of gold (VandenBerg *et al.*, 2006). Other large producers in the district include the Morning Star Mine at Woods Point (880,000 ounces) and the A1 Mine near Gaffneys Creek (620,000 ounces) as shown in Table 4-1.

There are more than 1000 old gold mines in this area (Goodz *et al.*, 2009) and the great majority of these occur within the Walhalla Synclinorium.

Major producers in the Jamieson-Walhalla region are shown in Table 4-1.

Table 4-1: Major Gold Producers in the Jamieson-Walhalla region (from Goodz *et al.*, 2009)

Long Tunnel-Cohens Reef (Walhalla)	1.4 million oz
Morning Star (Woods Point)	0.88 million oz
A1 Mine (Gaffneys Creek)	0.62 million oz
All Nations (Matlock)	0.13 million oz
Loch Fyne (Matlock)	0.11 million oz
Other Gaffneys Creek mines	0.12 million oz

4.2 Jamieson- Woods Point Goldfield

The Jamieson-Woods Point goldfield has produced approximately 1.9 million ounces of gold from hard rock mining, and this amounts to nearly 2% of all the gold produced in Victoria.

In addition to this, Phillips and Hughes (1996) estimate about 400,000 ounces of gold have been won from alluvial mining in the Gaffneys Creek and Raspberry Creek areas.

Data for other alluvial mining in the area are incomplete but alluvial production is likely to have been significant. Lloyd (2009) reports 4,000 ounces from the Jamieson goldfields in 1871 and Whitelaw (1916) reports nuggets up to 80 ounces from workings in the Jordan Valley.

5 THE A1 GOLD DEPOSIT

5.1 Introduction

The A1 Mine is located in the eastern highlands of Victoria about 120km east of Melbourne (Figure 5-1). From 1865-1992 the mine has produced approximately 440,000 ounces from 530,000 tonnes at an average grade of 27g/t from high grade quartz reef mining and an estimated 100,000 ounces from alluvial workings. In addition, approximately 60,000 ounces were lost in tailings from the mine site (Goodz *et al.*, 2009).

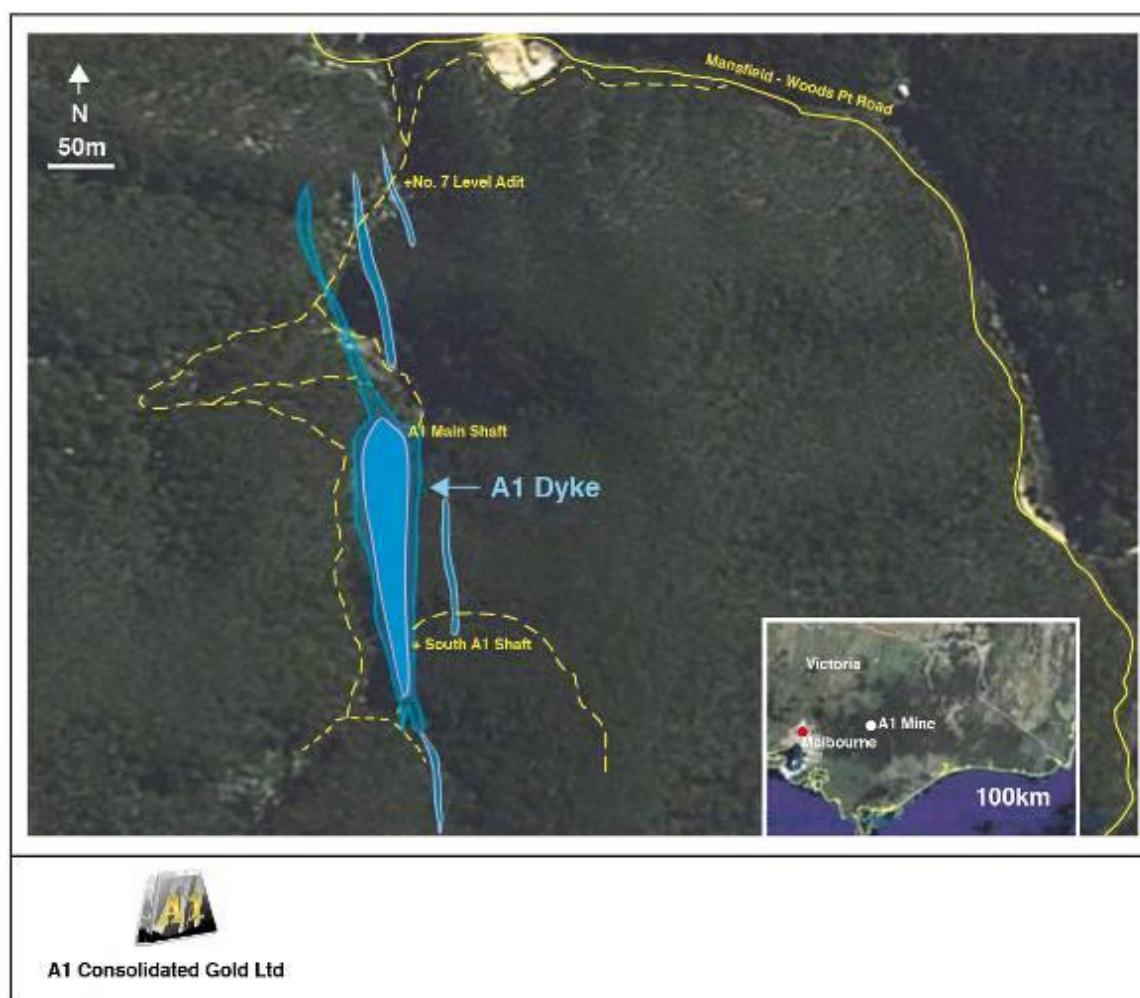


Figure 5-1: Location of the A1 Mine showing the Projected Position of the Dyke System (from A1 Consolidated Gold Ltd, 2011).

The presence of structurally related, multiple orientations of reefs at the A1 Mine has lead to comparisons with the Morning Star Mine (880,000 ounces) and the Norseman (WA) gold mines (5.5 million ounces) although the A1 has distinctly horizontal reef sets and stopes that are not common in the other mines (Goodz, *et al.*, 2009).

The mine is within mining licence MIN5294 (Figure 1-1) owned AYC. The mine site is in a steep valley extending above the Mansfield-Woods Point road, about 14km (by road) northwest of Woods Point.

5.2 History

Alluvial gold workings in Raspberry Creek and Dry Gully in 1861 led to the discovery by Mr TT Gaffney of gold at Gaffneys Creek in 1860, and shortly after the A1 deposit (Castle Reef) was discovered in 1861. The Castle Reef was a series of rich quartz veins that were mined by an open cut and by stoping along the veins. (The Ballroom Stope mined a particularly rich set of ladder veins or stockworks which were 15-20m thick over an area of 30m by 30m.)

Subsequently, drives were put into the hillside to intersect the reefs and an internal shaft was sunk from the No 4 Adit to the 23 Level (more than 700m below surface). Another shaft, the South A1 Shaft was sunk from the surface to the 14 Level.

The A1 Mine operated almost continuously from 1881 to 1992.

5.3 Gold Production

Total gold production varies according to different sources. Official Government records show 429,096 tonnes grading 27.9g/t for a recovery of 385,402 ounces for the period 1864-1991 (VandenBerg *et al.*, 2006).

Goodz (2009) considered the gold production to be about 450,000 ounces at a grade of about 27g/t, with some 60,000 ozs lost to tailings, and around 100,000 ounces of un-reported alluvial gold, for an overall total of more than 600,000 ounces of gold with an in situ grade in excess of 31g/t. A further example of the discrepancy regarding the production can be seen in Table 5-1.

Table 5-1: A1 Mine - Gold Production per Vertical metre for Selected Intervals (M Goodz, *pers. comm.*, 2011)

Interval	Gold production ounces	Vertical Interval m	Gold produced ounces per vertical m	Ore Tonnes
Surface to 4 Level	64,000	56	1140	70,000
5 Level to 14 Level	106,000	339	310	150,000
14 Level to 19 Level	231,000	139	1660	238,000
19 Level to 23 Level	18,000	100	180	24,000
Total	419,000	634	660 (ave.)	482,000

5.4 Gold Endowment

Gold endowment has been appraised using gold production data from Lloyd (2009) and Goodz *et al.* (2009) to compile the plot shown in Figure 5-2.

The A1 Mine is the second biggest producer in the area, and along with Morning Star forms part of the significant Class 1 Goldfield sub population. This classification shows the average endowment for Class 1 to be 702,000 ounces, far in excess of the Class 2 (32,000 ounces) and Class 3 (10,000 ounces) sub-populations.

The other classes (4A and 4B) shown in Figure 5-2 may be a single group, and probably reflect gold deposits/mines which were under-developed.

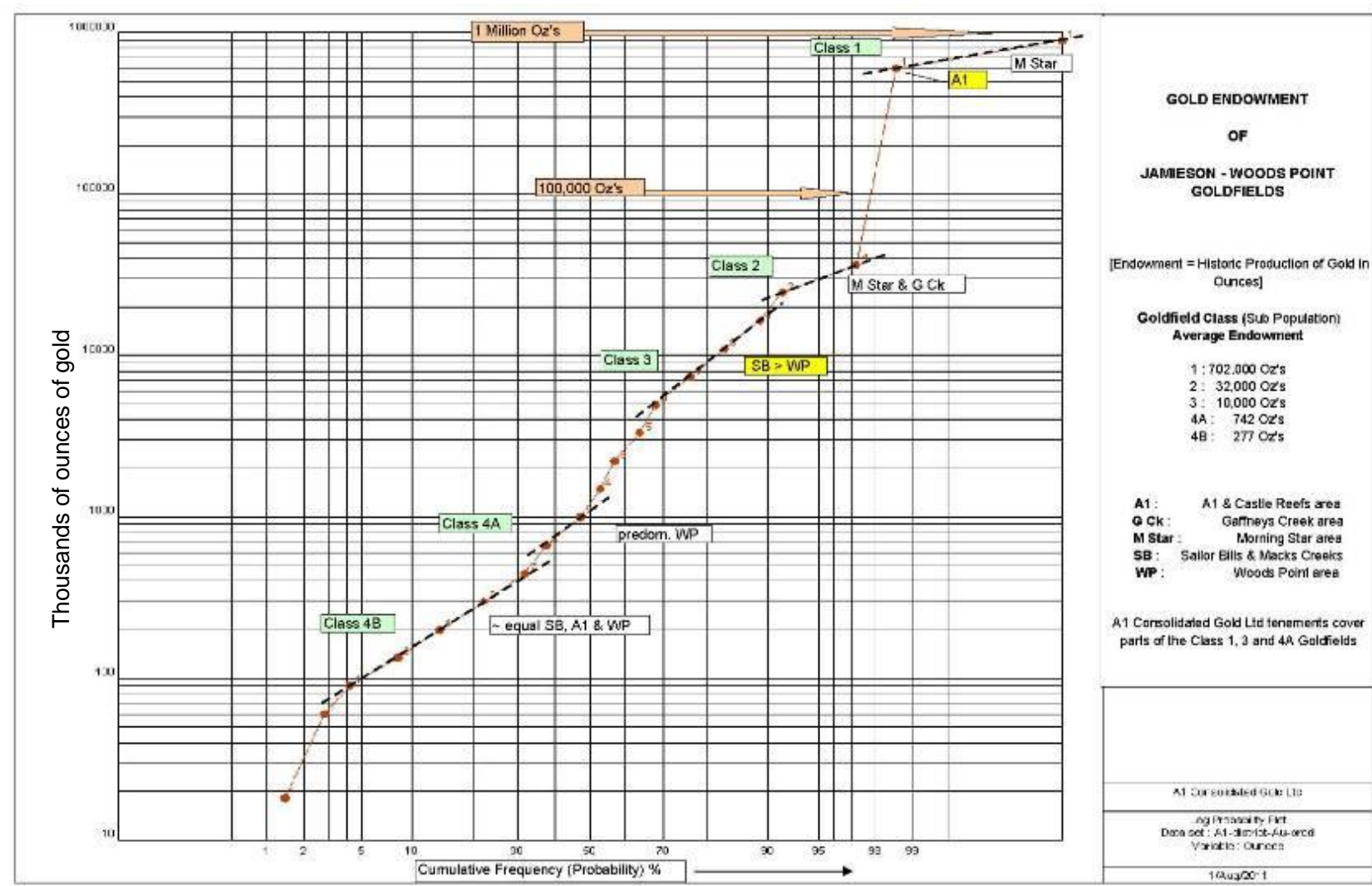


Figure 5-2: Historical Gold Production in the Jamieson-Woods Point Goldfield

5.5 Mafic-Intermediate Dykes

5.5.1 Background

Figure 2-2 shows there are two main lines of mineralized dykes trending approximately north-northwesterly in the Jamieson-Aberfeldy area. The dykes intrude folded slates and sandstones of the Walhalla Group along axial planes of the major folds which may have been the foci of zones of weakness, along which the dykes were emplaced. The A1 Mine is located on the eastern line of dykes which include the Gaffneys Creek-Woods Point mines. The historic Eldorado-Wallaby and Matlock mines are associated with the western line of dykes.

5.5.2 Dyke Morphology

In the A1 Mine area, Goodz (2009) considers that there are at least three parallel dyke zones over a 100m wide corridor, namely the Main Dyke Zone (<5 individual dykes), the Eastern Dyke Zone and the Western Dyke Zone. Underground mapping has shown the Main A1 Dyke to consist of a series of sub-parallel bifurcating dykes which variably split and merge throughout the mine.

Contact metamorphic effects around the dykes have caused hornfelsing (silicification) of the host sedimentary rocks, which may occur as xenoliths in the dykes. A large xenolith of mineralised silicified sediments exists between the Main and North Dyke bodies from 14–17 levels. Goodz (2009) also notes that the mix of dyke(s) and hornfelsed country rocks forms a uniform width of dyke “corridor” in the Main Dyke Zone.

5.5.3 Dyke Alteration

The Main A1 Dyke is up to 60m wide and greater than 320m in length (Figure 2-3), and consists of zoned and variably altered diorite. The alteration includes bleaching due to early propylitic (calcite-chlorite-muscovite) assemblages along the dyke margins, and a later spotted muscovite-ankerite-sulphide-leucoxene-albite assemblage adjacent to the quartz veins.

Some of the micas are bright green coloured, due to anomalous chromium (fuchsite), vanadium (roscoelite) and lithium contents. These micas are zoned fuchsite-roscoelite-lithian muscovite (Goodz, 2009).

Wallrock sediments may also be bleached pale brown in colour and have fractures filled with carbonate, pyrite and arsenopyrite.

5.6 Quartz Vein Structures

The quartz veins occur as both continuous reefs transecting the entire dyke and as quartz vein stockworks, variably occurring around and at the terminations of the reefs. Most of the individual veins are 2–30cm thick and are generally laminated and variably brecciated.

The quartz reefs typically comprise 2-3 veins within a width of 2m, (commonly <1m) occupying a fault structure. The orientation of the reefs is controlled by groups of conjugate faults that repeat with depth (“ladder veins”). Fault-fill veins may extend for 100m, are widest in the central leucodiorite, become narrower in the hornblende diorite near the dyke margins and generally terminate at the dyke-sediment contact.

Three main sets are recognised (Jahnke 1976):

Set 1: trend 300° and dip 40° SW;

Set 2: trend 330° , dip 45° NE and are conjugate to Set 1, and

Set 3: trend 300° and dip 50° NE.

Sets 2 and 3 may merge or intersect as branching splay structures. It is apparent that there have been several episodes of faulting and that extensional aspects in the same stress field could account for the dyke “bulges” (i.e. dilational jogs), along with subsequent flow of mineralising fluids. The prolific Victory Reef was a Set 3 structure.

Stockwork veins are understood (M. Goodz *pers. comm.*, 2011) to include less continuous versions of the three sets described above. In addition, stockwork veins also follow numerous other orientations.

Goodz (2009) noted that significant gold-bearing quartz veins and stockworks also occur in silicified sedimentary rocks both within (i.e. xenoliths) and enclosing the dyke.

5.7 Quartz Vein Mineralogy

Limited petrological studies (Jahnke 1976) suggest the following:

- An early vein assemblage consisting of quartz, ankerite, sericite, pyrite and arsenopyrite, followed by
- A lower temperature assemblage of quartz, sulphides and gold. These sulphides are understood to include galena, tetrahedrite, chalcopyrite, bournonite and sphalerite.

The carbonates are zoned ankerite-siderite-calcite and the sulphides are zoned arsenopyrite-pyrite (Goodz, 2009). There is some dispute about the number of phases of gold mineralisation and Threadgold (1958) considered both vein assemblages (albeit with a different sequence) to be auriferous.

5.8 Stockwork Mineralogy

Most stockworks appear to consist of quartz veins occupying a range of fractures, including networks of microfractures. Garratt and Singfield (1994) stated the quartz stockworks had a greater abundance of sulphides (arsenopyrite, pyrite, galena and chalcopyrite), compared with the quartz reefs, and that the sulphides are present in two quartz-free modes:

- Blebs - rounded and angular from 1mm–5cm in size, and
- Stringers – laminated and <3mm thick.

Goodz (2009) also details sulphide stockworks.

Laminations imply either a temperature zonation of the sulphides, and/or numerous crack-seal events. It appears that at least one separate, sulphide-dominant fluid event, has taken place.

5.9 Gold Occurrence

Gold occurs in several different settings (Garratt and Singfield 1994):

- Free/visible – in quartz veins in both dyke and wall rock sediments;
- Fine (“intimately associated”) - in sulphide blebs and laminae/stylolites in quartz veins, and

- Fine (“intimately associated”) – with arsenopyrite and pyrite in altered dyke.

Goodz (2009) indicated that coarse visible gold in quartz veins occurs along laminations, stylolitic selvages and the surface of brecciated host rock fragments. The same document has a photo of Wrights Reef which appears to show dendritic/stylolitic gold over-printing laminations in the quartz.

Goodz *et al.* (2009) state that laminated quartz with stylolitic selvages can range from 2–100g/t without any visible gold. Where visible gold is present, grades range 100–1000g/t. Goodz (2009) also stated that significant gold bearing quartz veins and stock work occur in both altered (hornfelsed) and unaltered sedimentary country rocks.

5.10 Gold Grades and Alteration

Goodz *et al.* (2009) state that wall rocks adjacent to gold-bearing veins are consistently auriferous, where the grade is proportional to the fracture density. The following were noted:

- Unaltered dyke: <1g/t;
- Weakly sulphidised dyke: 0.3–0.5g/t;
- Moderate fracturing/sulphidation: 0.5–2g/t (includes diagnostic green micas), and
- Intense fracturing/sulphidation: 0.5–10g/t (may be 1.5–3m from main structure).

Assuming these grades are derived from quartz-free parts of the wall rocks, the simple implication is that the disseminated sulphides are auriferous.

5.11 Distribution of Gold Grades

The mine was subjected to two episodes of grade assessment during the last years of operation. King and Goodz (1988) collected channel samples between the 14 and 19 Levels and allocated the results to some 33 reefs.

Subsequently, Garratt and Singfield (1994) collated a variety of samples (drill core, chip and channel) from quartz reefs (4–23L) and quartz stockworks (10–17L). The results were assigned to 29 reef blocks and 33 stockwork blocks.

The results of both grade assessments were combined and processed in this study with probability graphs and the results are shown in Table 5-2.

The data suggests a wide range of values for the stockworks, interpreted as being due to the inclusion of some reef material in the samples, as summarised below:

- Altered and mineralised dyke: 0.5–0.8g/t;
- Quartz (+/- sulphide) stockwork: 1.5–9g/t;
- Quartz (+/- sulphide) stockwork (+/- reef): 8 -11g/t, and
- Quartz reef: mostly 11–16g/t, with a bonanza sub-population grading >17 - 29g/t.

Table 5-2: A1 Gold Mine Distribution of Gold Grades

Vertical Interval	Material	No of Samples	Gold Sub-Populations						
			(g/t)						
14-19L (1)	Reef, S/W (and ?dyke)	34 reefs	0.5-0.8	1.5-3	4-9 ^				> 17
4-23L (2)	Reef	29 blocks					11-12	13-16 **	> 29
10-17L (2)	Stockwork	33 blocks		1.5-5		8-11 *			
			Interpretation						
				Altered and mineralised dyke					
				Quartz stockwork			^ 85 % are <9g/t		
				Quartz stockwork and reef				* 85% are < 11g/t	
				Quartz reef			** 80% are <16g/t		
(1) : King and Goodz (1988) (1.2m channel)									
(2) : Garratt and Singfield (1994) (core, chip and channel)									

5.12 Mine Workings

The mine workings are associated with a corridor of hornblende dykes trending at about 327° and extending for about 2km. The dykes are believed to be apophyses off a larger dyke body known as the Main A1 Dyke (see Figures 5-3 and 5-4).

The main underground workings are concentrated along a bulge in a dyke system that is about 200m long and 50-65m thick and extends between the Main Shaft and the South A1 Shaft. At the mine site, the dykes are sub-vertical from the surface to 250-300m depth then change to a westerly dip of $80-82^{\circ}$.

Diamond drilling and underground mapping has shown that there are at least three parallel dyke intrusion sets over a 200m zone extending northwest from the South A1 Shaft (see Figure 5-3):

1. The Main A1 Dyke and the North Dyke (A1). Up to five dykes are located within the one dyke corridor;
2. The Eastern Dyke Zone comprising the Little Dyke and the Eastern Dyke, and
3. The Central Dyke Zone which is based on limited drilling but contains at least one dyke north of the Main A1 Dyke.

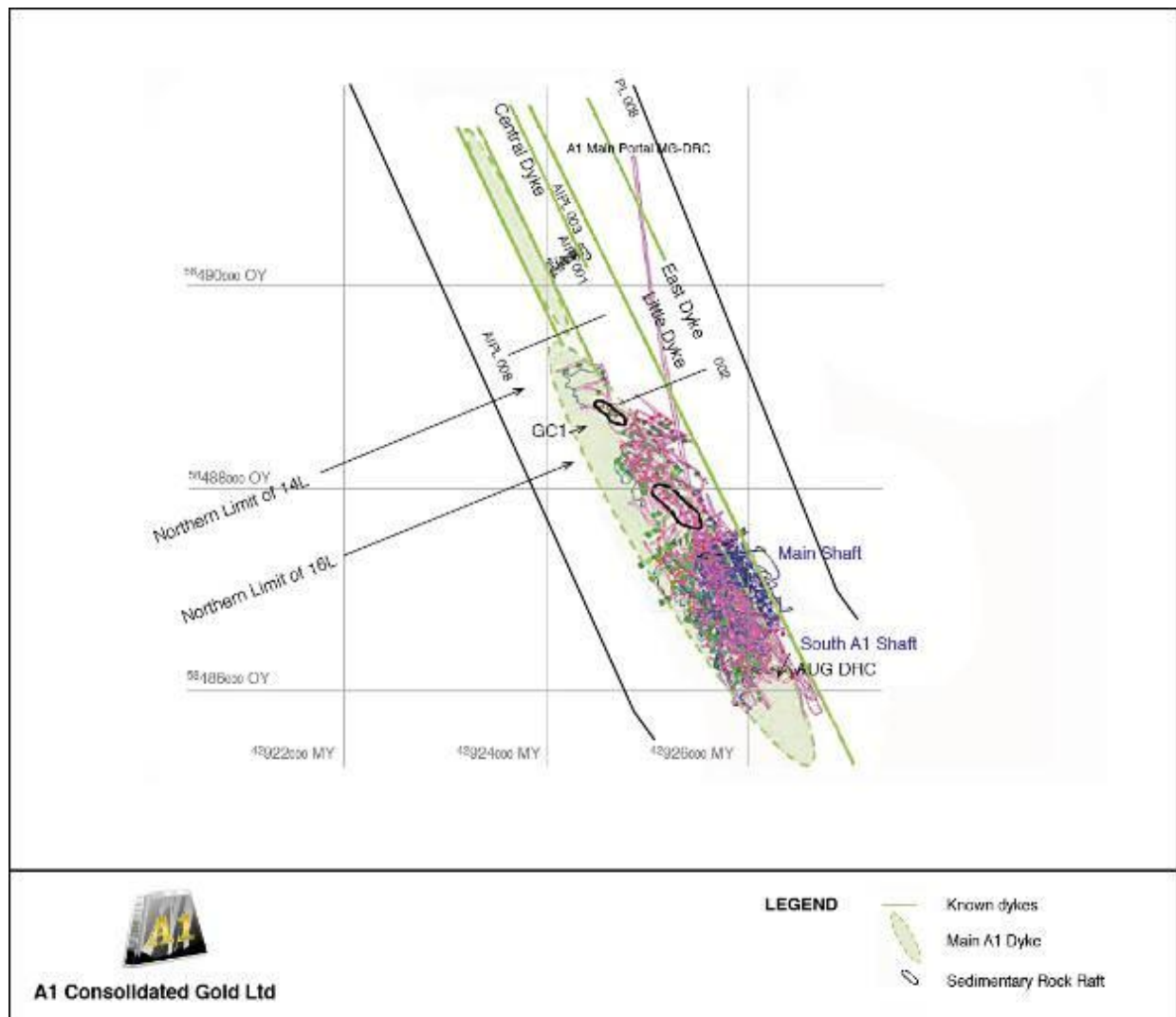


Figure 5-3: Composite plan of the A1 Mine showing known dykes, based on underground mapping and current drilling. The grid spacing is 200m. (after Goodz *et al.*, 2009).

Four to five parallel dyke fingers in the Main A1 corridor enclose xenoliths (rafts) of altered sedimentary rocks (see Figure 5-3) and these can be clearly observed between the Number 4 and 9 Levels at the mine.

The dykes are cut and offset by a series of mainly reverse faults which host most of the gold-bearing veins. The geometry of the faults and dykes results in the quartz reefs dipping from 10-75° northeast and southwest, striking 310-325° and extending from 50-200m along strike between the hangingwall and footwall contacts of the dyke. These structures can be seen in cross-sections of the mine in Figure 5-4.

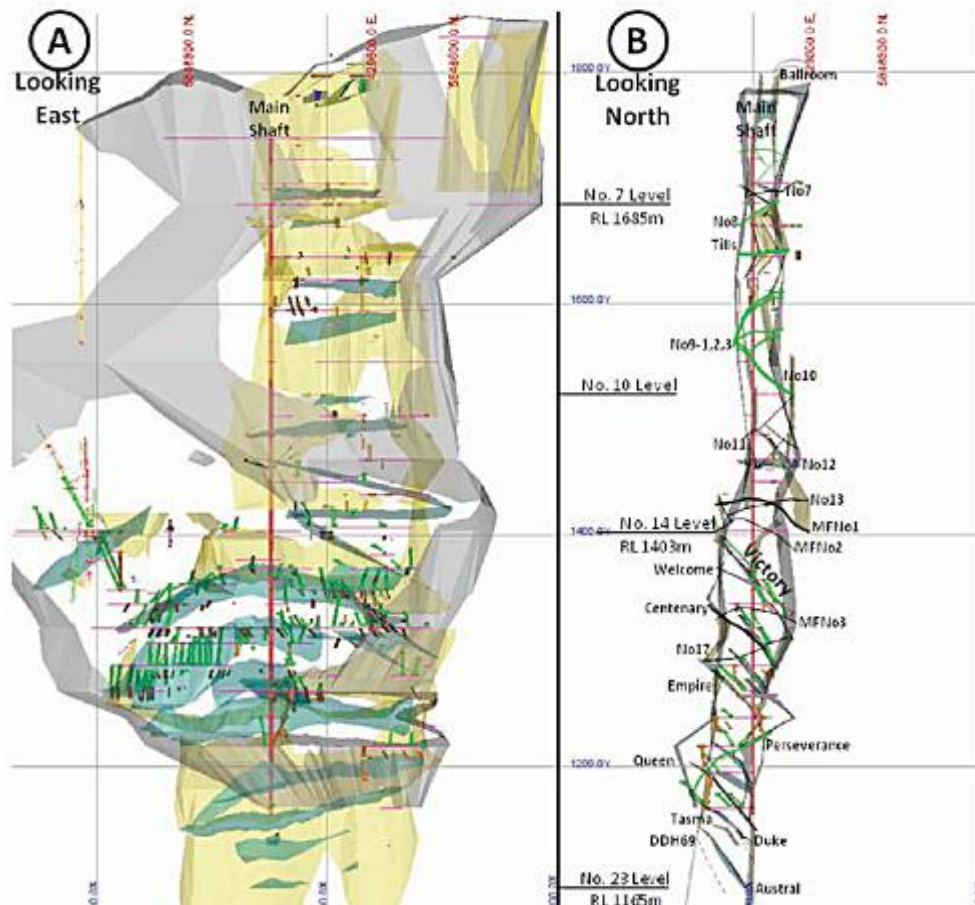


Figure 5-4: Cross-sections of the A1 Mine showing Vein Spacing and Dyke Morphology (from Goodz *et al.*, 2009). Grid is 200m.

5.13 Volume Variance Considerations at the A1 Mine

The A1 Mine is an example of a high grade, nuggety, narrow vein gold deposit and problems associated with sampling such deposits for resource estimation are well known (see for example Dominy *et al.*, 2000, Dominy *et al.*, 2001, Goodz *et al.*, 2008, Hutchison, 2011). In general, these types of deposits need to be sampled with as big a sample as possible to be representative and diamond drilling rarely provides sufficiently large samples to be representative.

Sampling studies by King and Goodz (1988) at the A1 Mine showed samples which were broken or crushed by geological or mining processes tended to lose the fine fraction and consequently return lower assays.

The Morning Star Mine at Woods Point is very similar in geology and mineralisation style to the A1 Mine. Goodz *et al.* (2008) compared diamond drillhole gold grades with stope face samples and stope production grades and their results show that the drillhole grades were on average about one tenth of the stope face sample grades, about one fifth the calculated stope grades and about one sixth of the average recovered stope grade.

The operators of the A1 Mine are well aware of these sampling problems and have a sampling protocol to use as large as possible diamond core drilling to measure geological structures, vein and contact geometry, key indicator minerals and, in conjunction with carefully selected samples for assay, to determine whether the veins are gold-bearing. The drillhole grades will not be used to determine absolute gold grades of ore. The orebodies defined from drilling and underground development will be sampled by bulk sampling methods from the underground development (M. Goodz, *pers. comm.*, 2011).

5.14 Exploration and Development History

Initial hard rock mining at the site (in 1863) was an opencut. Following this, stopes were developed from the opencut (the Ballroom Stope) and adits were driven into the hillside to intersect the reefs. An internal shaft was sunk below the opencut from the No 4 Adit at the northern end of the dyke bulge by the A1 Mining Company and another shaft was sunk 150m to the southwest by the South A1 Mining Company at the southern end of the dyke bulge. Cross-cuts at each level were put in from the shafts until a gold-bearing reef was encountered and the reef was strike-driven until a dyke-sediment contact was intersected. Drive development then stopped. (Note that the levels at the two shafts are at different depths.) On the lower levels, diamond drilling was carried out and cross-cuts put in to the reach the drill intersections. The intersected veins were then strike-driven.

Diamond drilling in the 1960s intersected dyke material outside the original sedimentary contact and this was interpreted as a second dyke bulge. Recent mine development and drilling has shown that the dyke contacts are very irregular and narrow dykes at the bulge extremities are present. Xenoliths and rafts of sedimentary rock are common along the contacts and two large sedimentary rafts within the dyke have been identified.

Drilling during the period 1985-1990 and in 2008 identified northern extensions to the dyke corridor but these have not been followed up.

The mine suspended most of its exploration and development projects in late 1990 and ceased operation in 1992 due to falling gold prices and the lack of cash reserves to rehabilitate areas of the mine that were in need of repair.

When the mine closed, there was a large number of drillhole intersections between the 10 and 23 Levels, many of which contained visible gold, which had not been developed. The potential northern extensions to the dyke corridor had not been followed up and the area above the 14 Level north of the northern end of the dyke bulge, which could contains large tonnages of stockworks, had not been systematically investigated. Zones of interest exist below the 23 Level where four early deep underground drillholes intersected quartz reefs with grades up to 120g/t (Glazebrook, 1980). In addition, the area below 100m southwest of the South A1 shaft was virtually unexplored.

In 2008, Gaffney's Creek Gold Mine Pty Ltd ("GCGM") acquired mining leases MIN5375, MIN5326 and MIN5294 (these have since been consolidated into one licence, MIN 5294, Figure 1-1) with a two year work program (A1 Consolidated Gold Ltd, 2011) to:

1. Complete development of a decline to access to the 14 Level stockworks;

2. Carry out underground drilling to define resources, and
3. Carry out exploration drilling of the northern and southern dyke extensions.

Work began on the decline and dewatering the old workings and a diamond drilling program began in late 2008. Eleven drillholes were completed for a total of 1430m. The program successfully confirmed the northern extension of the dyke corridor (Figure 5-5) and confirmed the gold-bearing quartz structures at the No 10 Level horizon. The program showed that the Main A1 Dyke corridor is four times longer than the original A1 production zone (Goodz *et al.*, 2009; M. Goodz, *pers. comm.*, 2011).

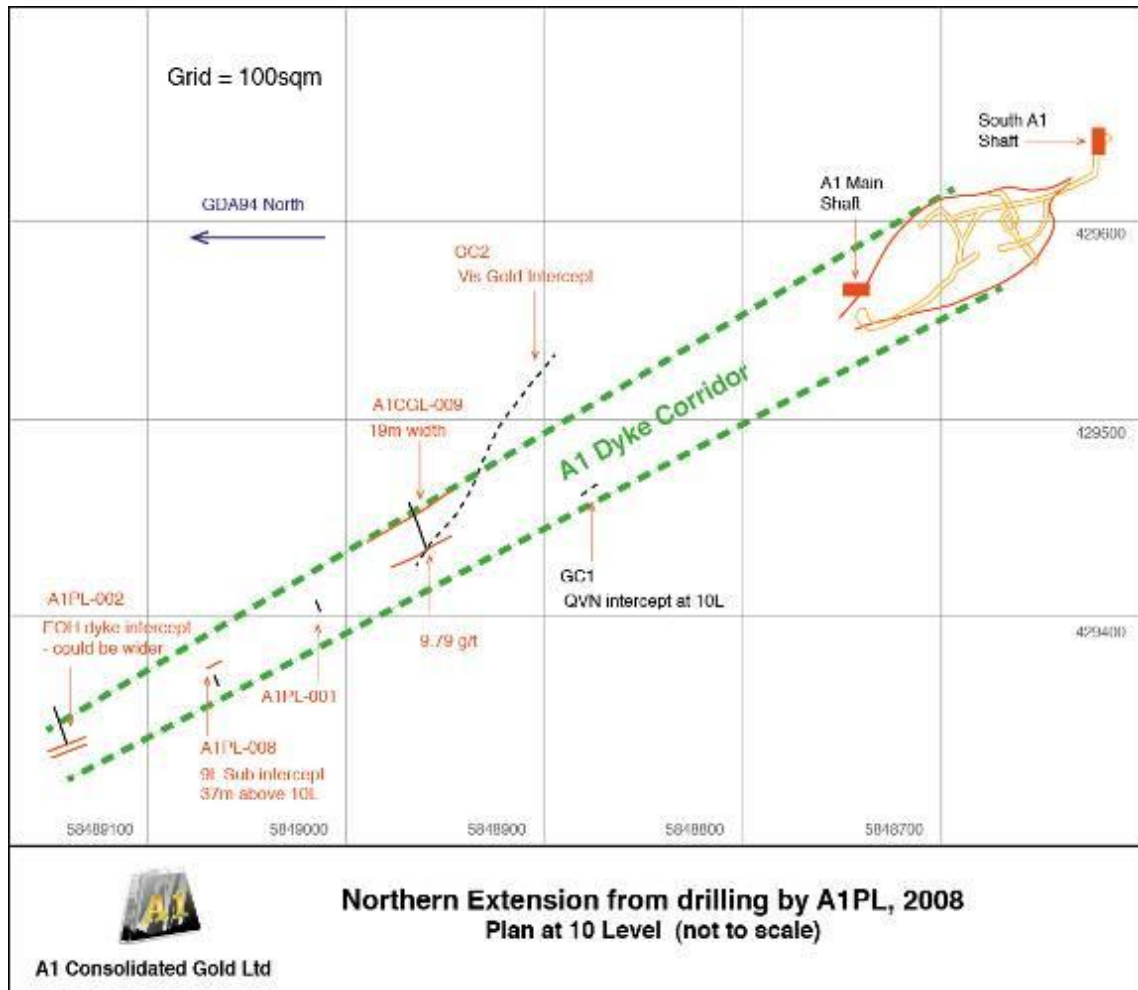


Figure 5-5: Dyke Extensions as a Result of Drilling by A1PL, 2008 (A1 Consolidated Gold Ltd, 2011).

In August 2009, Heron Resources Ltd purchased an option from GCGM to acquire and reopen the A1 Mine. Heron Resources undertook a work program to extend the decline to the 10 Level and to undertake an extensive program of drilling, bulk sampling and mapping so a resource satisfying JORC reporting requirements could be established.

Heron Resources drilled 69 underground holes for a total of 11,665m and this drilling confirmed earlier drilling around the stockwork zone at the 14 Level and deeper (Figures 5-6, 5-7).

Encouraging results in the stockwork zone below the 16 Level are given in Table 5-3 and the location of the drillholes is shown in Figure 5-7).

Drillhole	Intersection	Downhole From-To	Approx RL
L7_0008	40m at 5g/t	423.0-464.0m	1264.5-1223.6m
L7_0046	156.6 at 1.7g/t	354.0-506.6m	1340.4-1183.7m

Heron Resources also took 789 face samples (channel samples) from the 6 and 7 Levels of the mine. Results from these samples showed that the stockworks at the 7 Level generally have a low tenor with the best result 1m at 15g/t. The grade and tenor of the reefs were patchy as to be expected with the best result 0.3m at 41g/t (Heron Resources Ltd, 2010).

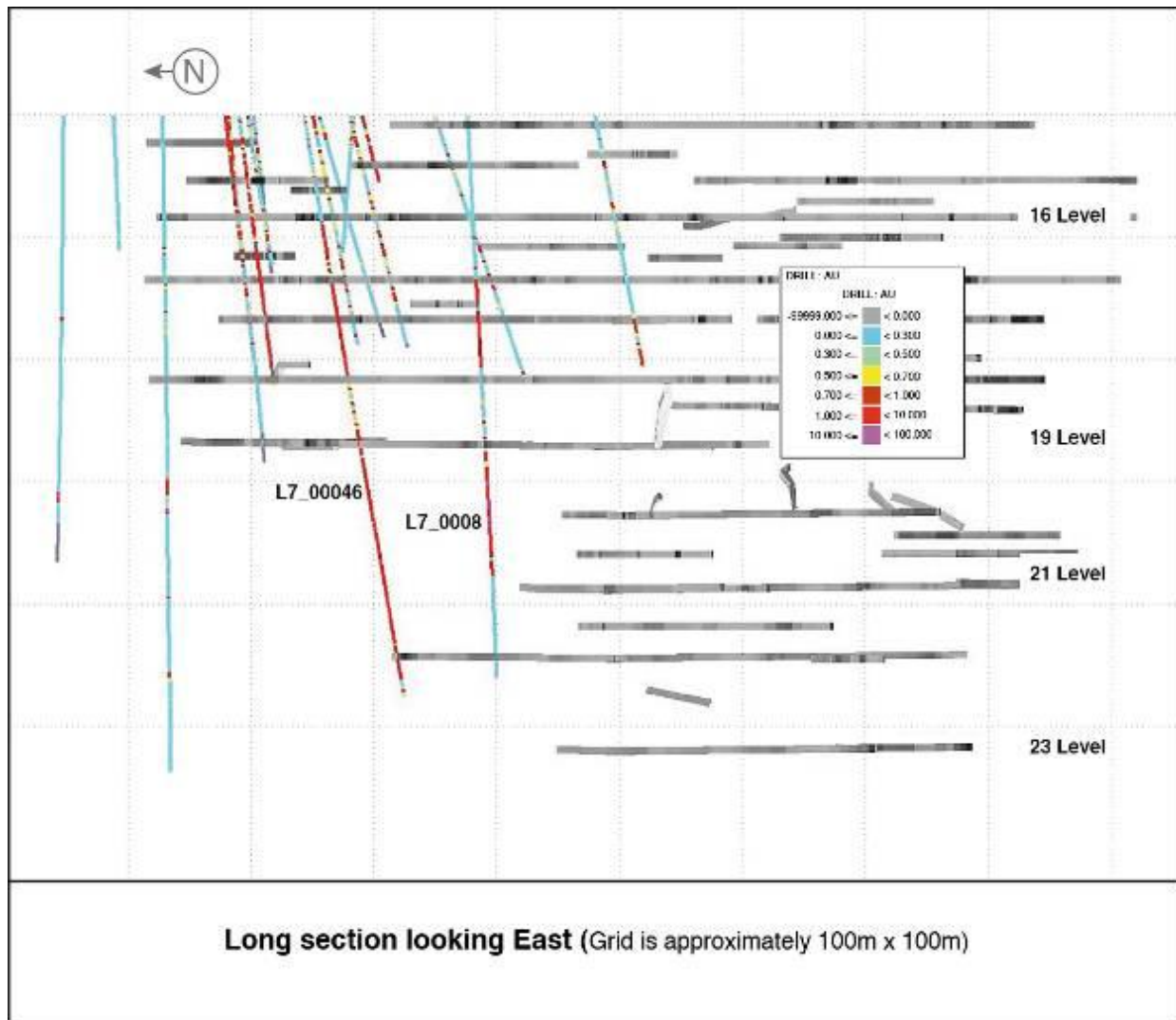


Figure 5-7: NW-SE Long Section looking NE, showing Drilling Results below 16 Level (from Heron Resources' drilling). Grid is approximately 50m square.

As a result of this work, in February 2011 AYC entered into an agreement to acquire the option granted to Heron Resources by GCGM to purchase the A1 Gold Project. The consideration payable by AYC to Heron for the acquisition of the option is the issue of 20.7 million shares in AYC. Completion of this agreement is conditional upon AYC receiving approval from the ASX for its admission to the official list and quotation of its securities on the ASX (Heron Resources Ltd, 2011).

5.15 Exploration Targets at the A1 Mine

Based on historical development, drilling results and current development, AYC has identified three zones which are classified as exploration targets according to the JORC Code (2004). These targets are listed in the AYC Prospectus and are described below.

The zones are quartz stockworks containing large tonnages of material potentially mineable by bulk mining methods and have been identified in development drives on the 3, 4, 7, 8, 9-Intermediate, 10, 14 and 17 Levels and in various drillholes. These stockworks have been bulk sampled at the 10 Level and between the 14 and 16 Levels. Bulk samples from two

risers cut from the 16 Level to sample a 10.7m wide stockwork zone defined in drillhole GC1, averaged 13.7g/t and 14.7g/t (using a topcut of 30g/t).

The background for sulphide-bearing dyke in this area was 2-4g/t (M. Goodz, pers. com., 2011). Other drillholes around the 14 Level North zone gave an average grade of 11g/t over an average thickness of about 12m. Only a small amount of the potential stockwork zones has been tested and the potential for defining large tonnages of possible ore remains high.

5.15.1 1400 Stockworks

This exploration target is located around the 1400 Level, shown as blocks 1, 2, 3, 4 and 6 in Figures 5-8 and 5-9. This is known as the upper exploration target¹ which has a range of 1.0-1.3 million tonnes with a grade range of 5-11g/t. The target is based on:

- Exposure of the stockworks in underground development;
- Face sampling and bulk sampling as described above, and
- More than 77 diamond drillhole intercepts with grades greater than 8g/t (Figure 5-9).

References to exploration targets in this report are conceptual in nature and should not be construed as indicating the existence of a Mineral Resource as defined by the JORC Code (2004). There is insufficient information to establish whether further exploration will result in the determination of a Mineral Resource within the meaning of the JORC Code (2004).

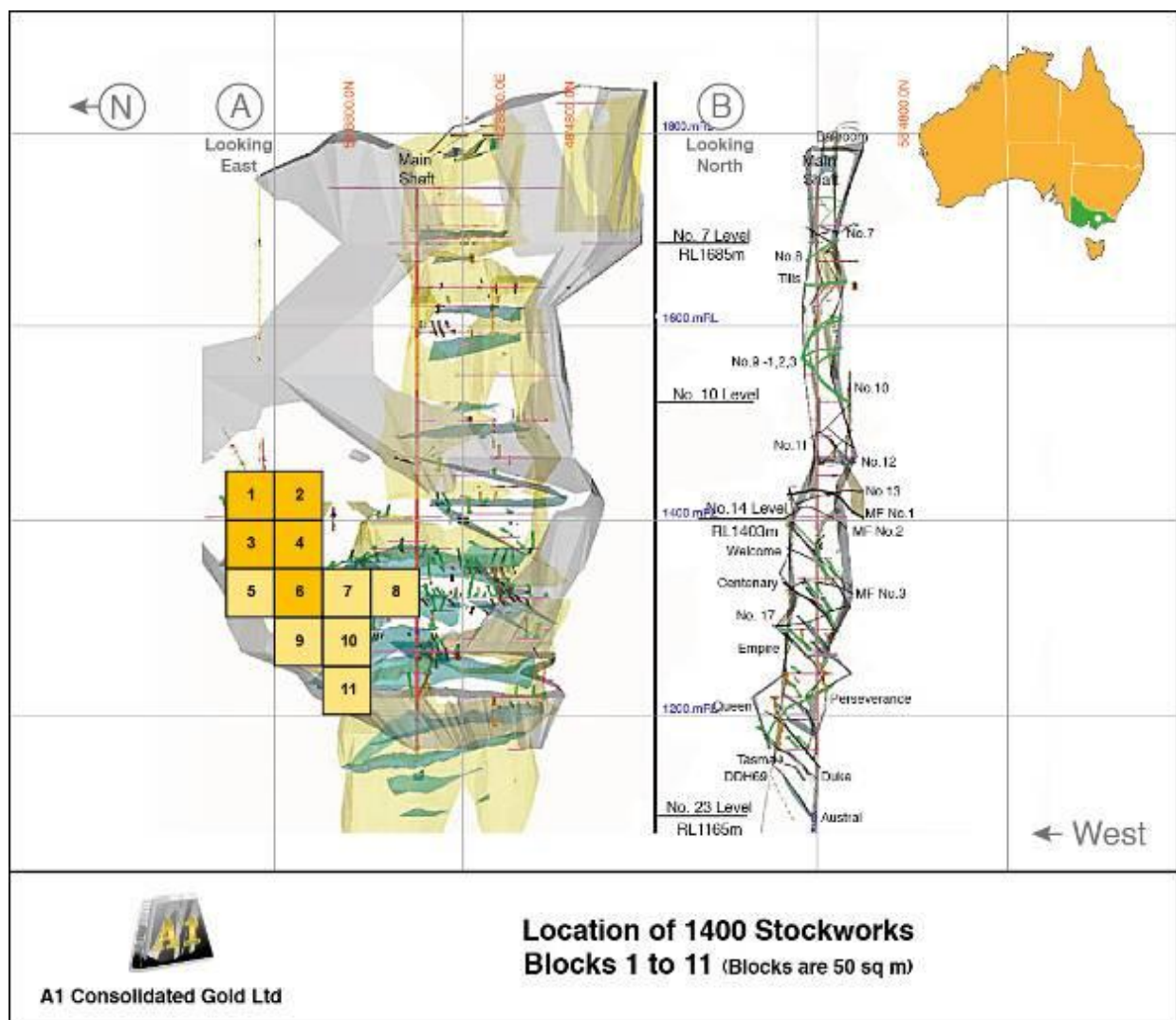


Figure 5-8: Location of the 1400 Level Stockworks

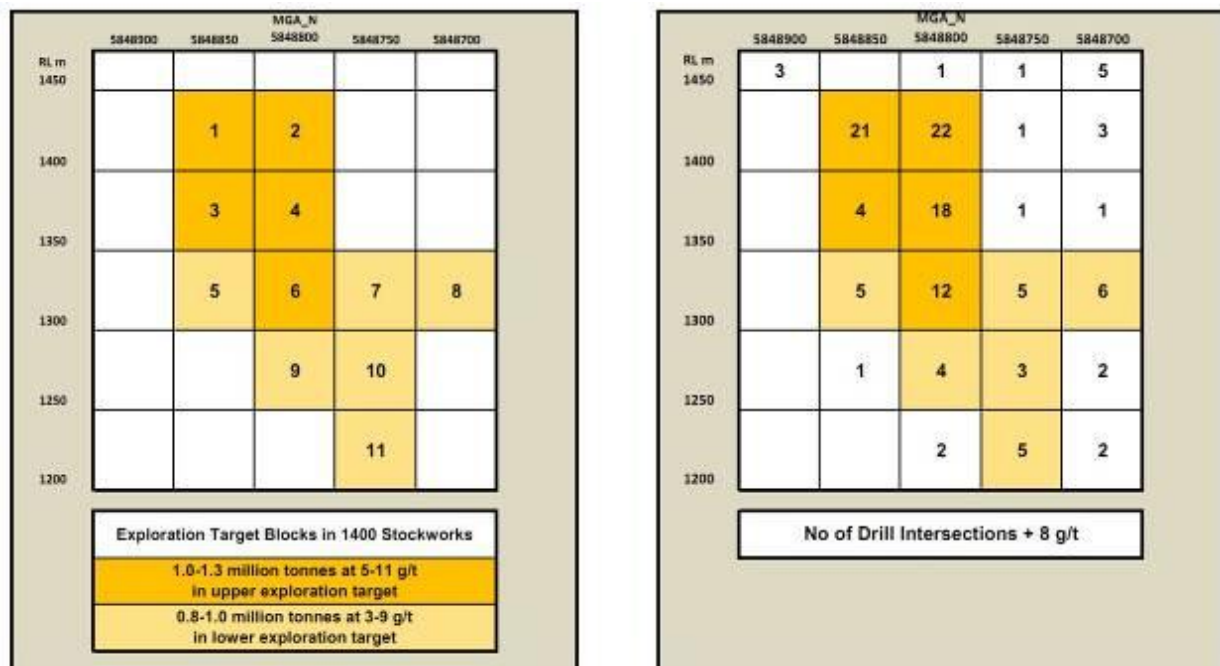


Figure 5-9: Long Section showing the 1400 Level Stockwork Targets Facing East.

In addition, there are many occurrences of visible gold in quartz reefs in the drilling.

Blocks 5 and 7-11 in Figures 5-8 and 5-9 form a lower exploration target with a range of 0.8-1.0 million tonnes with a grade range of 3-9 g/t. The target is based on similar evidence to the upper exploration target but there are fewer drillhole intercepts (Figure 5-9).

5.15.2 1400 Stockworks Northern Extension

In 2008, surface diamond drilling intersected dyke material at the 1550 Level, 250m north of any previous development. From the drill intercepts, the dyke is interpreted as at least 15m thick and a vertical extent of at least 500m is indicated. In recent mine development, stockworks in dyke material have been intersected in the Northern Extension area at the 1650 and 1625 Levels. These intersections in the A1 Dyke Corridor are in areas that have not been previously tested by drilling or development.

Based on historical sampling of similar areas of the mine and the assumed extent of the dyke, there is an exploration target with a range of 4-6 million tonnes with a grade range of 3-11g/t.

5.15.3 1650 Stockworks

At the 1650 Level, the dyke has been strike driven for approximately 100m. The dyke exposures consist predominantly of stockwork material and several faces have contained coarse visible gold. Based on previous development, this zone has a possible strike length of about 100m, a width of 4m and a vertical extent of about 85m (Figure 5-10).

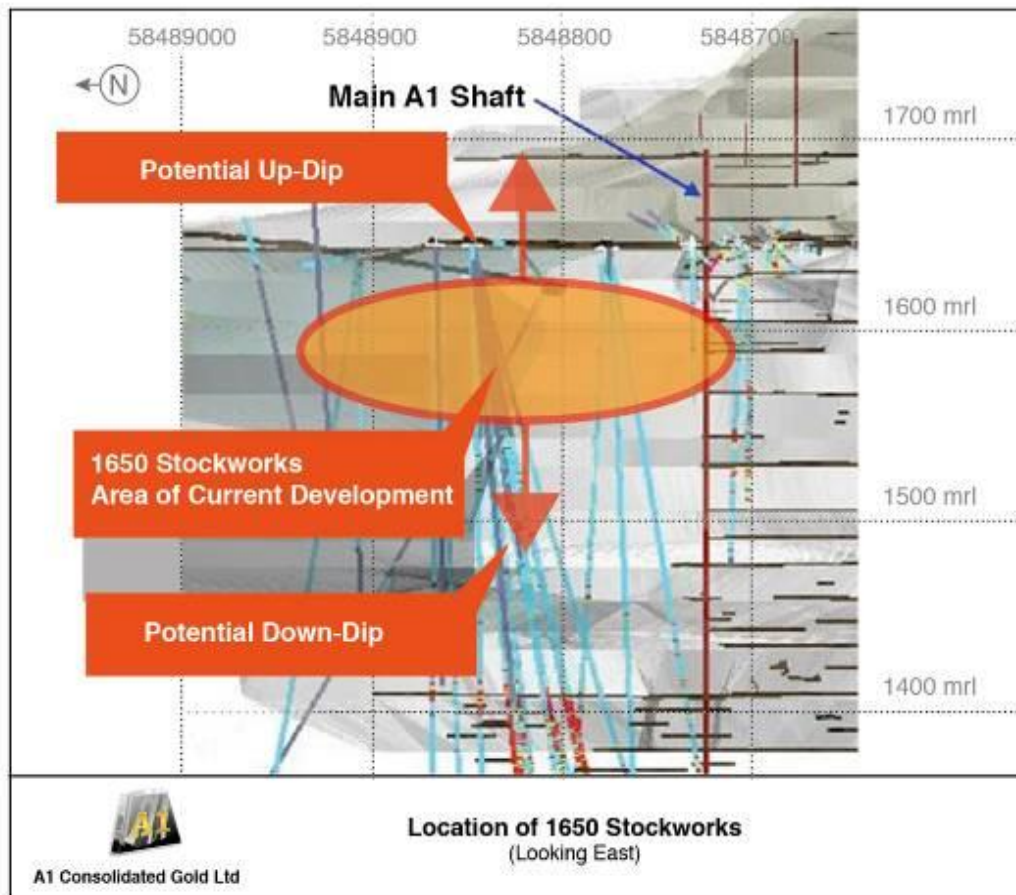


Figure 5-10: Location of the 1650 Stockworks.

The stockworks appear very similar to those on the 1400 Level and may be an extension of the 1400 Level Stockworks.

Given the possible extent of the dyke at the 1650 Level and the similarities to the 1400 Level Stockworks, there is an exploration target with a range of 70,000-100,000 tonnes with a grade range of 5-11g/t.

5.15.4 Comments on the Exploration Targets

The definitions of the exploration targets are based on historical and current underground development, some underground bulk sampling, face sampling and diamond drilling sampling. None of the data are of sufficient standing or quality to enable a Mineral Resource as defined by the JORC Code (2004) to be estimated. However, Mining One considers that the available data are appropriate to allow the exploration targets described above to be reported as exploration targets according to Clause 18 of the JORC Code (2004).

Given the assumptions described above and laid out in the AYC Prospectus, Mining One regards the reported exploration targets as fair and reasonable.

5.16 Exploration Potential at the A1 Mine

Considerable potential for the discovery of further gold-producing zones in and around the A1 Mine exists (Figure 5-11). The zones of potential are:

- **Zone A** is between the 7 and 14 Levels north of the Main A1 Shaft. Current underground mapping, development and drilling indicates that the zone could contain

significant volumes of stockwork material that could be profitably mined used modern bulk mining techniques. There is also potential for the discovery of new reefs or extensions to existing reefs;

- **Zone B** is south and west of the South A1 Shaft and is essentially unexplored. The southern boundary of the dyke bulge is not well established due to lack of development and drilling. The dyke bulge could extend further southwest from the shaft and it is reasonable to expect further dykes may exist as they do at the northern end of the bulge. There is potential for further stockwork zones and reefs;
- **Zone C** which has not been fully tested or explored and northerly and depth extensions of the dyke systems to the south are likely, and
- **Zone D** which should be explored for extensions to the dyke corridor that have not been closed off by the northern most line of drilling.

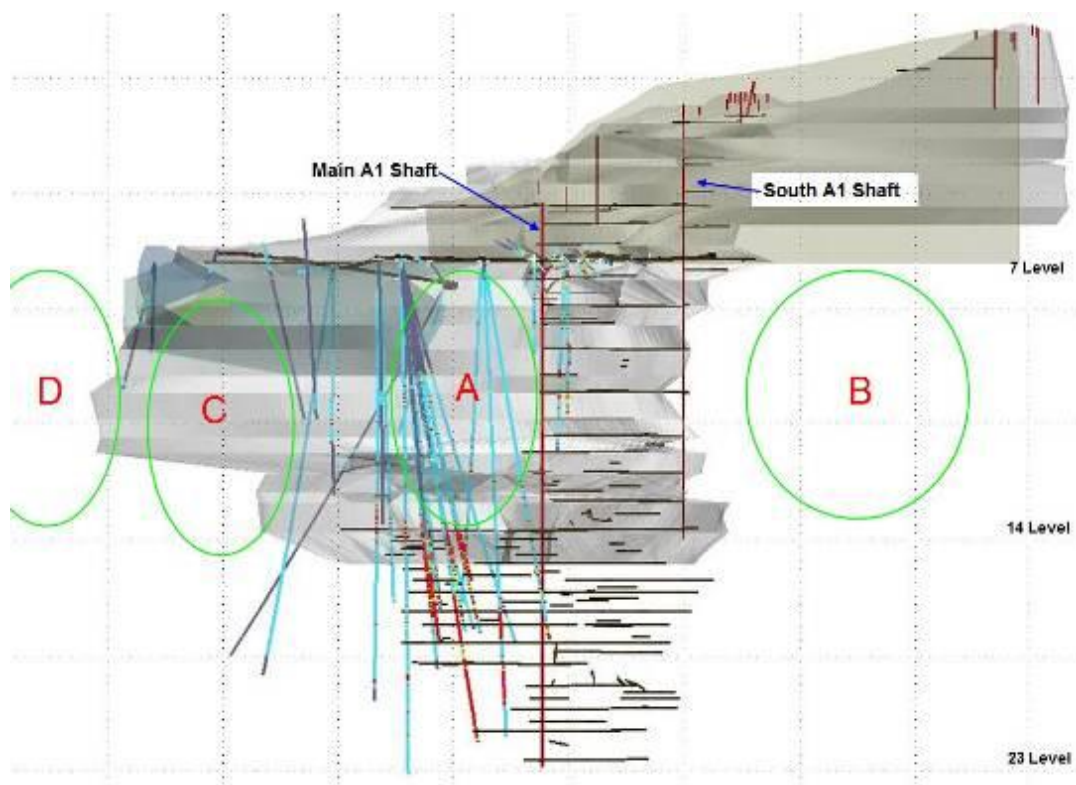


Figure 5-11: NW-SE Long Section looking NE showing Areas of Exploration Potential at the A1 Mine and Surrounds. Grid is approximately 100m square.

In addition, Glazebrook (1980) reports intersections from diamond drilling of dyke and reef material below the 23 Level. The area below the 23 Level warrants further exploration, probably at a later stage when the decline has reached the 14 Level.

5.17 Comments on AYC's Program of Work and Budget at the A1 Mine

5.17.1 Underground Development

As detailed in the AYC Prospectus, the Company plans to develop the decline approximately 2,000m to the 1400 Level to access the stockwork mineralisation and to put in approximately 500m of lateral development to expose the mineralisation and collect bulk samples. The proposed allocation of funds is shown in Table 5.4.

Mining One considers a major focus of this work should be the collection of appropriate bulk samples in order to fully assess the grade of mineralisation within the deposit. Bulk samples should reduce the volume-variance effect and allow more accurate and reliable grades to be estimated.

A minimum of \$6.10M has been budgeted in the first two years for this development and sampling. Mining One considers this work to be appropriate and the proposed budget is sufficient to allow the work to be undertaken.

5.17.2 Underground Drilling

In the first two years, a minimum of \$1.10M has been budgeted for combined resource definition and exploration drilling programs underground. Drilling costs (including logging, sampling and assaying) are estimated at \$200 per metre so this would allow 5,500m of total drilling.

Given that detailed drilling programs have yet to be designed Mining One is unable to make any comments on such programs. However, Mining One recommends that the main aim of any drilling is to provide information about the geometry and structure of the reefs and dykes.

Sampling should be keyed to geological and mineralisation boundaries and apparently barren zones between mineralised zones should also be sampled so that estimates of the amount of dilution during mining can be made.

Table 5-4: Proposed Allocation of Funds by AYC

	Full Subscription			Oversubscription		
	(\$8 million)			(\$10 million)		
Sources/Use of funds	Year 1 (\$M)	Year 2 (\$M)	Total (\$M)	Year 1 (\$M)	Year 2 (\$M)	Total (\$M)
Cash currently on hand	2.80		2.80	2.80		2.80
Total raised under the Offer	8.00		8.00	10.00		10.00
Less: Cost of Offer	(0.77)		(0.77)	(0.89)		(0.89)
Total Available Funds	10.03		10.03	11.91		11.91

Allocation of funds	Year 1 (\$M)	Year 2 (\$M)	Total (\$M)	Year 1 (\$M)	Year 2 (\$M)	Total (\$M)
Decline and mine development*	4.80	1.30	6.10	4.80	2.70	7.50
Mine definition and exploration	0.75	0.35	1.10	0.75	0.83	1.58
Regional exploration and development	0.23	0.20	0.43	0.23	0.20	0.43
Administration and working capital costs	1.20	1.20	2.40	1.20	1.20	2.40
Total Funds Used	6.98	3.05	10.03	6.98	4.93	11.91

*This includes the payment to be made to A1 Consolidated Mining Pty Ltd for the purchase of plant and equipment of \$608,000. A summary of this agreement is included in the AYC Prospectus.

6 EXPLORATION LICENCE EL 5109 AND MINING LICENCE MIN 4636

6.1 Introduction

These tenements are located in the Kevington area, west of Ten Mile (Figure 1-2) in the Jamieson-Woods Point goldfields region. Mining Licence MIN4636 is located within EL5109. EL5109 and is approximately 45 sq km. AYC has been granted options to acquire MIN4636 and EL5109. Completion of the acquisition of both tenements by AYC will occur once AYC receives written conditional approval to list on the ASX.

6.2 Geological Setting

The tenements contain thick, tightly folded sedimentary rocks of the Walhalla Group, early Devonian in age, which have been intruded by younger dykes of the Woods Point Dyke Swarm. The dykes are intruded sub-parallel to the regional strike of the host sedimentary rocks and have been subjected to two stages of hydrothermal alteration (Meade, 2011).

6.3 Gold mineralisation

There are many old mines in the area which produced gold from two main types of mineralisation (Figure 6-1):

1. Mineralised quartz reefs in sedimentary rocks that are not obviously associated with dykes. The quartz occurs as laminated fault-fill quartz or sets of extensional veins adjacent to faults (VandenBerg *et al.*, 2006). In some instances, the quartz veins are closely stacked and have the appearance of saddle reefs or ladder veins as at the Star of the West Mine (C. Toifl *pers. comm.*, 2011) and the Champion and United Gleasons Mines (Walsh, 1998, Meade, 2010). Stockwork quartz veins and breccia-fill quartz veins are also present at the Hungarian Adit (Meade, 2010), and
2. Mineralised quartz veins in sedimentary rocks which are associated with dykes (Figure 2-3). The majority of these types are within close proximity to the Transit of Venus Fault (see Figure 6-1 and Osborne *et al.*, 2006) and the primary structural control is a fault in sedimentary rocks (VandenBerg *et al.*, 2006).

In addition, there are several occurrences of gold-bearing quartz veins apparently related to fractures that have no apparent association with dyke structures.

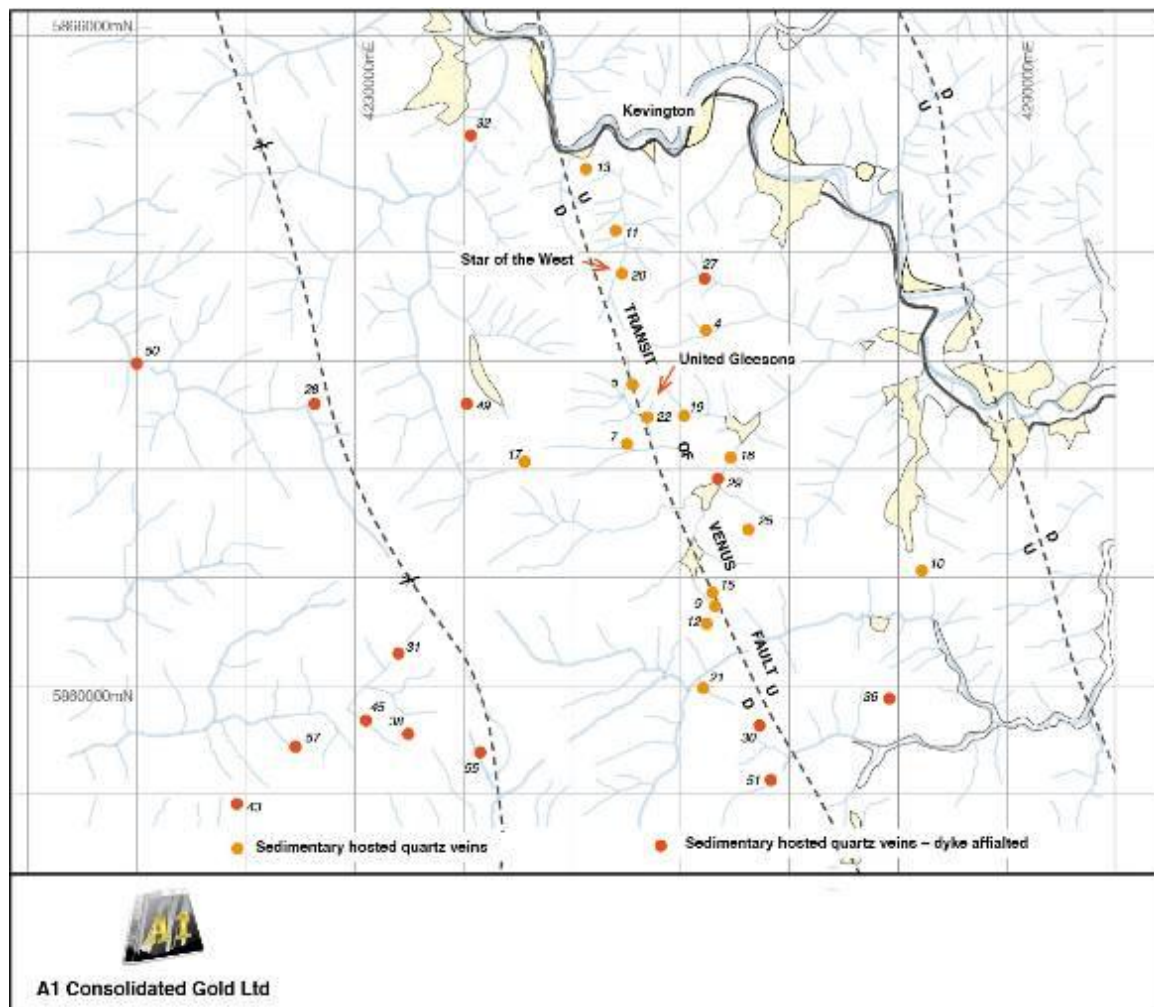


Figure 6-1: Gold Mineralisation Types in the Kevington Area (after Osborne *et al.*, 2006).

Structurally controlled (fault and shear) geological systems such as those at other Victorian goldfields at Bendigo, Castlemaine and Fosterville, are postulated as geological models for hosting gold, silver and bismuth mineralisation in EL5109 (Meade, 2009).

The gold mines in this area were generally low tonnage but high grade. Main producers were the United Gleasons which produced 21,000 ounces from 41,000 tonnes (17g/t), the Star of the West, 16,000 ounces from 22,000 tonnes (24g/t) and the Champion, 11,000 ounces from 27,000 tonnes (13g/t) (Lloyd, 2009).

6.4 Previous Exploration

The area covered by EL5109 has not been intensively explored, particularly below about 100m depth. There has been some exploration around the Star of the West Mine and the United Gleasons resulting in a few shallow diamond drillholes in these areas. The drillholes were not optimally sited and the results were not encouraging so little follow-up work was done.

A summary of previous work in the EL5109 area is given in Appendix 1.

6.5 Proposed Exploration

The main targets for further exploration in EL5109 are:

- Locating new occurrences of mineralised dykes especially bulges in the dyke corridors, between the existing known dyke outcrops. Of particular interest are flexures in dyke trends as these are known to be the location of dyke bulges elsewhere;
- Locating extensions of known deposits along strike or at depth, and
- Locating new occurrences of reef systems hosted by sedimentary rocks.

To define such targets, all historical data should be reviewed critically and incorporated into a Geographical Information System (GIS) so that the data can be re-interpreted, preferably in a 3D environment. Where necessary, detailed mapping should be undertaken to confirm/supplement historical mapping, thus continuing the work of Meade (2010, 2011).

Consideration should be given to systematic soil sampling as a tool for identifying zones of mineralisation. Previous soil sampling for gold and arsenic over a part of the EL, centered on the United Gleasons Mine, proved to be a low-cost and effective tool in identifying anomalies (Walsh, 1998).

Once targets have been identified from a synthesis of the results of these processes, the targets should be tested by carefully planned and controlled diamond drilling.

6.6 Comments on AYC's Program of Work and Budget for MIN4636 and EL5109

The proposed expenditure on regional exploration is \$430,000 as shown in Table 5.4. Mining One considers the proposed expenditure over the first two years to be appropriate.

It will be important to fully understand the geometry of all dykes in the tenement area. Pending exploration results, Mining One recommends the collection of as large samples as practical in order to fully assess the *in situ* grades of mineralisation.

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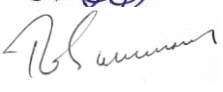
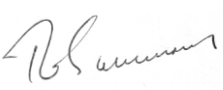
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5	Chris Gee	Geologist		2-12-11
5	Tim Summons	Senior Geologist	Resource 	2-12-11
6	Tim Summons	Senior Geologist	Resource 	23/2/12

APPENDIX 1

The following summary of exploration activity in the area of EL5109 is taken from Meade (2009):

Prior to 1965 essentially no structured exploration had been undertaken for gold or base metals. The prospectivity of the region encompassing EL5109 increased after this point, and may reflect rising gold unit prices during that period.

Planet Gold Ltd (EL 12 and 13) focused exploration on the Woods Point Dyke Swarm during the period 1965 to 1970. No activities were conducted across EL5109.

Peerless Mining limited (EL199) conducted unreported exploration across the Jamieson Goldfield during the period 1970 to 1972.

Torac Pty. Ltd. (EL857) conducted, during the period 1980 to 1982, stream sediment sampling within tributaries of the Goulburn River, in an attempt to locate dyke-related gold mineralisation. Analytical results were disappointing. Minor dump rock chip sampling was conducted at United Gleesons (0.07 ppm Au) and Working Miners (2.4 ppm Au).

Tihele Pty. Ltd. (EL1680) completed gridding and geological mapping over the Blue Ribbon Mine during the period 1987 to 1989.

Terrock Pty. Ltd. (EL1966) completed reconnaissance geological mapping of the Star of Erin Mine during the period 1988 to 1989. Analytical results from rock chip sampling were all below 0.05 ppm Au, with the reported exception of one sample at 15.9 ppm Au.

Davnet Ltd. (EL3150 and ML179) assayed 236 rock chip and flat samples, in excess of 100 channel samples from the Hungarian Adit, and 569 soil samples, from across the central portion of EL 5109. A structural lineament interpretation was completed using Geological Survey of Victoria airborne magnetic data. Exploration was conducted during the period 1993 to 2001, in an endeavour to delineate gold mineralisation within dyke-related environments, along with fissure reef and saddle reef geological environments.

Terrock Pty. Ltd. (EL3972) reported completing tape and compass surveying of an unknown mine and Star Of Erin Mine during the period 1996 to 2002. Interestingly, Terrock reported the collection of 17 rock chip samples with a peak assay of 15.9 ppm Au (similar to that reported EL1966 during the period 1988 to 1989), within quartz veined weakly altered sandstone / quartzite rock.

Intrepid Mining Corporation N.L. (EL4031) completed a literature review during the period 1997 to 1999 identifying the Britannia (15 foot wide) dyke bulge as a prospective area worthy of further evaluation. No further work was reported.

Wedderburn Mining Pty. Ltd. (EL4641) targeted fissure reef and saddle reef gold mineralisation during the period 2003 to 2004. Areas identified for exploration activities included Champion Reef, northwest of the Star Of The West Mine to the Northern Star Mine shaft, Star Of The West – Champion Reef line, Working Miners dykes and reefs, and United Gleesons Mine. No exploration activities are reported.

It appears that since 2004 the area encompassing EL5109 has been un-tenemented. Additionally, no active exploration appears to have been undertaken within EL5109 since 2001.

12. Solicitors Report on Tenements



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2 April 2012

The Directors
A1 Consolidated Gold Ltd
C/- DWCorporate Pty Ltd
20 Kings Park Road
WEST PERTH WA 6005

Dear Sirs

Solicitors' Report on Mining Tenements A1 Consolidated Gold Limited (ACN 149 308 921) ("Company")

This report has been prepared for inclusion in the prospectus to be issued by the Company dated on or about 3 April 2012 ("Prospectus"). The offer under the Prospectus comprises the issue of a minimum of 26,666,667 fully paid ordinary shares at \$0.30 each to raise \$8,000,000 with the ability to accept oversubscriptions of a further \$2,000,000 through the issue of an additional 6,666,667 shares.

We have been requested to report on the mining tenement interests to which the Company is entitled to or has acquired rights ("the Tenements"). Details of these mining tenement interests are listed in the attached Schedule of Tenements ("the Schedule") which, together with the notes to the Schedule ("the Notes") forms part of this report.

The Company has entered into various agreements in respect of the Tenements. The terms of these agreements are summarised in the Summary of Material Contracts at Section 8 of the Prospectus ("Agreements").

All of the Tenements are located in Victoria and are identified in the Schedule and the Notes.

1. Searches

We conducted searches of the Tenements in the registers maintained by the Victorian Department of Primary Industries ("DPI") and the National Native Title Tribunal ("NNTT") as at 16 February 2012. Additionally, we also obtained searches from the Aboriginal Heritage Register maintained by the Victorian Department of Planning and Community Development ("DPCD") as at 30 September 2011.

As a result of those searches and our perusal of the Agreements, we consider this report provides an accurate statement, as at the date of the respective searches, as to the status of the Tenements and the interests of the Company in those Tenements.

We have assumed the information in the registers maintained by the DPI, the NNTT and the DPCD is accurate. The references in the Schedule to the areas of the Tenements are taken from details shown on the DPI's and the NNTT's electronic registers. No survey was conducted to verify the accuracy of Tenement areas.

We have further assumed that the various parties' seals and signatures on all the Agreements are authentic, and that the Agreements are and were within the capacity and powers of those who executed them. We assume that all of the Agreements were validly authorised, executed and delivered by and are binding on the parties to them and comprise the entire agreements of the parties to each of them concerning their respective subject matters.

2. General Information About Victorian Mining Tenements

(a) Exploration Licence ("EL")

The *Mineral Resources (Sustainable Development) Act 1990* (Vic) ("the Mining Act") provides that the holder of an EL who has obtained all necessary consents, has an approved work plan, has entered into a rehabilitation bond and has given seven days' notice to the Director of Mines and to owners and occupiers of the land, is entitled to carry out exploration on that land.

In addition, if the land is private land, the licensee must obtain the owners' and occupiers' written consent, make and register compensation agreements, or may buy the land. This entitles the EL holder to conduct geological, geochemical and geophysical surveys, drill, take samples for chemical and other analyses, extract minerals from the land (other than to produce them commercially), and to do all other things that are specified in the licence.

Unless the Minister otherwise decides, an EL must be described with reference to graticular sections over an area specified in the licence rather than being described in hectares. An EL must not be for less than one nor more than 500 graticular sections. The Mining Act provides that a graticular section is a 1000 metre interval block based on the Australian Geodetic Datum 1996, as shown on the National Topographic Map series published by the National Mapping Council. Subject to the Minister's discretion, the Mining Act provides that the area of an EL must be reduced by 25% on the second anniversary of its grant and by 35% on the fourth anniversary of its grant.

The Mining Act provides that the holder of an EL cannot be transferred during its first year of grant.

The term of an EL may be renewed. A renewal application must be made at least one month prior to expiry of the licence. An EL that is renewed has effect for a period but cannot exceed 20 years unless the Minister otherwise decides. The maximum term of an EL (including renewals) is five years but in the event that additional time is required to assess the economic viability of a resource, or in the event that a resource is not presently economically viable but may become so in the future, or for any other reason, the Minister will have a discretion to extend the period beyond five years.

The Company has acquired an interest in one EL, identified as EL 5109, details of which are set out in the Schedule and the Agreements.

(b) Exploration Licence Application ("ELA")

Any person may apply for an EL. If an ELA is successful, the Minister will grant an EL to the applicant. Within 14 days of being notified that the application has priority, the applicant must advertise it. The Department must,

within 14 days of notifying the applicant that the applicant has priority, notify the administrator of the *Aboriginal Heritage Act 2006* (Vic) ("Victorian Heritage Act") and any person or body nominated by the Minister and responsible for mining tenement applications pursuant to section 21B of the *Aboriginal and Torres Strait Islander Heritage Protection Act 1984* (Cth) ("Commonwealth Heritage Act"). The Mining Act provides that the holder of an ELA cannot assign or transfer the ELA.

The Company does not hold an interest in any ELAs.

(c) **Mining Licence ("ML")**

The Mining Act provides that the holder of a ML who has obtained an authority to commence work is entitled to explore for minerals, construct facilities specified in the licence including drives, roads, water races, tailings dams and dumps, drains, dams, reservoirs and pipelines, and to do anything else incidental to mining. Tailings produced under the licence may be used for any mining purpose and, with the Minister's consent, be disposed of. Tailings situated on the land are a fixture and minerals contained in the tailings are owned by the Crown until the tailings are separated from the land in accordance with the ML, miner's right or fossicking authority.

The area of a ML must not exceed 260 hectares unless the Minister otherwise decides. There is no restriction on shape. A ML that covers an area of more than five hectares does not entitle the holder of the licence to only explore for minerals during the currency of the licence.

The Mining Act provides that a ML can only be transferred via a ministerially approved instrument of transfer. The transferee of a ML must give written notice of the transfer to the owner of any land covered by the ML.

The term of a ML may not exceed 20 years. It may be renewed. The maximum term of a renewal is 20 years.

The Mineral Resources Development Regulations 2002 (Vic) levies a royalty at the rate of 2.75% of the net market value of all mineral commodities removed or sold (other than gold or brown coal) from a mine.

The Company has acquired an interest in two MLs, identified as MIN 4636 and MIN 5294, details of which are set out in the Schedule and the Agreements.

(d) **Mining Licence Application ("MLA")**

Any person may apply for a ML. If the Minister does not accept an application, he or she must notify the applicant in writing and give reasons for the decision. Within 14 days of being notified that the application has priority, the applicant must advertise it. Notice in the same form must be served on the owner and occupier of the land over which the licence is sought. The Minister must be satisfied that the applicant is a fit and proper person to hold a licence, genuinely intends to work and comply with the conditions of the Mining Act, has an appropriate program of work and can finance the proposal and any rehabilitation.

A number of grounds are specified on which the application is ineffective and must not be accepted by the Minister. The Department must, within 14 days of notifying the applicant that its application has priority, notify the administrator of the Victorian Heritage Act and any person responsible for

mining tenement applications under section 21B of the Commonwealth Heritage Act.

The Mining Act provides that the holder of a MLA cannot assign or transfer the MLA.

The Company does not hold an interest in any MLA's.

3. Amendments to the Mining Act effective February 2012

Amendments to the Mining Act were effected in February 2012. These amendments affect existing and new tenements in Victoria.

(a) New Provisions

(i) Introduction of Retention Licences

A new retention licence ("RL") will be introduced and will allow for retention of rights while licensees undertake intensive exploration, research, and other non-mining activities to demonstrate the economic viability of mining of an identified mineral resource. The amended Mining Act will not specify the standard for an identified mineral resource, however, the standard will be specified in ministerial guidelines as an "inferred mineral resource" as defined in the Joint Ore Reserves Committee Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code"). An Application for a RL must include a description of the identified mineral resource and a mineralisation report prepared by a competent person.

A RL will act as an intermediate licence between an EL and a ML. The holder of a new EL under the amended Mining Act will have the right to apply for a RL or a ML, and accordingly, the holder of an RL has the right to apply for a ML.

(ii) Prospecting Licences

A new prospecting licence ("PL") will be introduced which will allow prospectors and small-scale miners to undertake exploration and mining activities. The new PL will replace the grant of small MLs that are 5 hectares or less in area.

Unlike the new RL, the grant of a PL will not require the identification of a mineral resource. However, the holder of a PL may apply for a RL or a ML over the area of the PL, subject to the identification of a mineral resource.

(iii) Identification of a Mineral Resource for Retention Licences and Mining Licences

As stated in (i) above, the amended Mining Act will provide that identification of a JORC "inferred mineral resource" is necessary for the grant of a RL. Additionally, the amended Mining Act will provide that the grant of a new ML is subject to the identification of a JORC "indicated mineral resource". Mineralisation reports prepared by a competent person will need to be submitted with new MLAs.

(iv) Renewal and Relinquishment Requirements of Exploration Licences

The amended Mining Act introduces a limit on the number of renewals available for an EL. Subsequent to the initial 5 year grant of an EL, one renewal of up to a further 5 years will be permitted. If there are

exceptional circumstances a second renewal may be permitted, following which no further renewals will be permitted.

Further relinquishment requirements will 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.

(v) *Further Changes*

Additionally the amended Mining Act will also introduce the following new provisions:

- (A) a requirement that an applicant for or holder of a licence and any associate of the applicant or holder must be a fit and proper person;
- (B) the imposition of work conditions on a licence;
- (C) specification as to the grounds for licence cancellation or non-renewal, including failure to comply with the Mining Act and cancellation of a ML if mining does not occur for a continuous period of two years; and
- (D) the imposition of rent on ELs, RLs and PLs.

(b) **Effect on Existing Exploration Licences and Mining Licences**

ELs and MLs which are current when the amendments to the Mining Act were effected in February 2012 will immediately be subject to the provisions of the amended Mining Act. Current ELAs and MLAs will also be affected.

Accordingly, the provisions in 3(a)(v) above apply to the Company's Tenements.

(i) *Existing Exploration Licences*

ELs that have been granted and not renewed will be subject to the renewal and relinquishment provisions in 3(a)(iv) above upon expiration of the EL's current term. Accordingly, as EL 5109 is less than five years old and has not been renewed, it will be subject to the amended renewal and relinquishment provisions.

(ii) *Existing Mining Licences*

Existing MLs will continue without the requirement to identify a JORC "indicated resource" or provide a mineralisation report during the current term of the ML. However, upon renewal of the ML, the provisions in 3(a)(iii) above will apply. Accordingly, MIN 4636 and MIN 5294 will be subject to this provision upon renewal.

MLAs and applications for renewal of a ML made within 12 months of the Mining Act amendments coming into operation are not required to provide a mineralisation report with the application, however a mineralisation report must be provided within 12 months of the application and the grant of the MLA or renewal of the ML will be subject to the provisions in 3(a)(iii) above. Alternatively, an application for a RL may be made over the area of an existing ML.

4. Aboriginal Sites

The 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 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 100m 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.

5. Native Title Legislation

Judicial recognition of native title at common law occurred in *Mabo -v- Queensland (No 2)* ("Mabo"), a decision of the High Court of Australia on 3 June 1992. Generally native title rights to land will be recognised where:

- (a) the claimants can establish that they have maintained a continuous connection with the land in accordance with their traditional laws and customs since British settlement in 1788; and
- (b) the native title rights have not been lawfully extinguished.

The High Court held in *Mabo* that native title rights can be lawfully extinguished by certain government legislation and executive actions which are not inconsistent with native title. In order for extinguishment to be lawful the extinguishment must comply with the obligations imposed by the *Racial Discrimination Act 1975* (Cth).

After *Mabo*, considerable uncertainties existed about the validity of proprietary rights in Australia, including mining tenements. To address those uncertainties the Commonwealth Parliament responded by passing the *Native Title Act 1993* (Cth) ("NTA"). The NTA commenced on January 1994 and was substantially amended in 1998 in response to the decision of the High Court in *Wik v Queensland*. The *Wik* case recognised that the granting of a pastoral lease did not necessarily extinguish all native title rights, some of which could co-exist with the rights under a pastoral lease.

In summary the NTA:

- (a) provides for recognition and protection of native title;
- (b) sets up mechanisms for determining claims for native title such as the "right to negotiate" which allows native title claimants to be consulted in relation to certain mining and other developments;
- (c) make valid certain "past acts" which would otherwise be invalidated because of native title;

- (d) establish ways in which “future acts” (eg the granting of mining tenement applications and converting exploration licences and prospecting licences to mining leases) affecting native title may proceed and how native title rights are protected, including rights to compensation; and
- (e) provides a process by which claims for native title and compensation can be determined.

In addition to the NTA, the *Land Titles Validation Act 1994* (Vic) was passed to validate invalid past acts in accordance with the NTA, provide compensation for the holders of native title affected by past acts attributable to Victoria, and to confirm certain existing rights.

Also, the *Traditional Owner Settlement Act 2010* (Vic) (“TOS Act”) allows for an alternative system outside of the Federal Court for resolving native title claims in Victoria. The TOS Act allows for creation of agreements between the State and Traditional Owners which recognise Traditional Owners and their right to Crown land. Accordingly, the TOS Act provides an alternative to the “future acts” regime mentioned in (d) above.

The TOS Act provides that the ministerial override provisions of the NTA apply to decisions made by the Victorian Civil and Administrative Tribunal under the TOS Act.

6. Native Title Claims

Persons claiming to hold native title may lodge an application for determination of native title with the Federal Court. Once a native title claim has been lodged, the Court will refer the application to the Native Title Registrar. The Native Title Registrar must determine whether the claim meets certain conditions concerning the merits of the claim, and certain procedural and other requirements set out by the NTA.

If the Native Title Registrar is satisfied the lodged claim meets the registration requirements set out in the NTA (“Registration Test”) it will be entered on the Register of Native Title Claims maintained by the NNTT (“Register”). Claimants of registered claims are afforded certain procedural rights under the NTA including the “right to negotiate”.

Claims which fail to meet the Registration Test are recorded on the NNTT’s Schedule of Applications Received. Such claims may be entered on the Register at a later date if additional information is provided by the claimant that satisfies the Registration Test.

Existing pastoral leases on land the subject of the Tenements extinguish the right of native title claimants to control the land, restrict access to the land and require permission for acts to be done.

Where the Tenements relate to land which is currently the subject of a determined native title claim, the determination may provide that, in respect of the determination area there is no native title right or interest in minerals as defined by the Mining Act.

We have not undertaken the considerable historical, anthropological and ethnographic work that would be required to determine the likelihood that the native title determination may be challenged, or the possibility of any further claims being made in the future.

7. Validity of the Tenements

(a) Tenements granted prior to 1 January 1994

The NTA permits a State to validate ‘past acts’. Under the NTA mining tenements granted prior to 1 January 1994 are deemed to be valid. With

respect to the Tenements that were granted prior to 1 January 1994, native title (if any exists) has been suspended by their grant. To the extent that the exercise of native title rights and interests is inconsistent with the exercise of the rights conferred by those Tenements, the rights under each particular Tenement will have priority for the term of the relevant grant.

MIN 5294 was granted on 22 August 1990 and MIN 4636 was granted on 23 February 1993. MIN 5294 and MIN 4636 are not affected by any native title claims or determinations.

(b) **Tenements granted since 23 December 1996**

Mining Tenements granted since 23 December 1996 which affect native title rights and interests will be valid provided that the future act procedures set out in (c) below were followed by the relevant parties. We have not been instructed to analyse whether or not the relevant NTA procedures were followed in relation to each Tenement, but are not aware of any reason why they would be regarded as not being validly granted.

EL 5109 was granted on 10 September 2008 and is not affected by any native title claims or determinations.

(c) **Future Tenement Grants**

The valid grant of any mining tenement which may affect native title requires full compliance with the provisions of the NTA in addition to compliance with the usual procedures under the relevant State or Territory mining legislation. The primary procedure prescribed under the NTA is the "right to negotiate" process.

The right to negotiate process involves the publishing or advertising of a notice of the proposed grant of a tenement followed by a 6 month period of negotiation between the State or Territory Government, the tenement applicant, and the relevant registered native title claimant. If agreement is not reached to enable the grant to occur, the matter may be referred to arbitration before the NNTT, which has a further 6 months to reach a decision. The decision of the NNTT may be reviewed by the relevant Federal Minister.

The right to negotiate process is not required to be followed in respect of a proposed future act in instances where the expedited procedure applies. Under the NTA, a future act is an act attracting the expedited procedure if:

- (i) the act is not likely to interfere directly with the carrying on of the community or social activities of the persons who are the holders of native title in relation to the land; and
- (ii) the act is not likely to interfere with areas or sites of particular significance, in accordance with their traditions, to the persons who are holders of the native title in relation to the land; and
- (iii) the act is not likely to involve major disturbance to any land or waters concerned or create rights whose exercise is likely to involve major disturbance to any land.

When the proposed future act is considered to be one that attracts the expedited procedure, persons have until 3 months after the notification date to take steps to become a native title party in relation to the relevant act (for example the proposed granting of an exploration licence). The future act may be done unless, within four months after the notification day, a native title party

lodges an objection with the NNTT against the inclusion of a statement that the proposed future act is an act attracting the expedited procedure.

If there are no objections lodged within the four month period, the act may be done. If one or more native title parties object to the statement, the NNTT must determine whether the act is an act attracting the expedited procedure. If the NNTT determines that it is, the State or Territory Government may do the future act (i.e. grant an exploration licence).

Further, the right to negotiate process does not have to be pursued in cases where an indigenous land use agreement ("ILUA") is negotiated with the relevant Aboriginal people and registered with the NNTT. In such cases, the procedures prescribed by the ILUA must be followed to obtain the valid grant of the tenement. These procedures will vary depending on the terms of the ILUA.

The Tenements are not affected by any ILUA.

8. Renewals and Extensions of Tenements

As with the granting of mining tenements, renewals and extensions of mining tenements granted prior to 1 January 1994, to the extent the renewals were invalid due to native title, have been validated by legislation.

Renewals of mining tenements granted between 1 January 1994 and 23 December 1996 have been similarly validated provided certain statutory criteria have been met.

Renewals made after 23 December 1996 of tenements validly granted before that date will not be subject to the right to negotiate process provided:

- (a) the area to which the earlier right is made is not extended;
- (b) the term of the new right is not longer than the term of the earlier right; and
- (c) the rights to be created are not greater than the rights conferred by the earlier grant.

There is doubt as to whether the right to negotiate process applies to second and subsequent renewals but this matter is yet to be determined by the Courts.

Other than as stated above, renewals of mining tenements are subject to the same right to negotiate process as is described in 7(c) above.

9. Compliance

The Company's interest in or rights in relation to the granted Tenements are subject to the holder continuing to comply with the respective terms and conditions of the granted Tenements under the provisions of the Mining Act and regulations made pursuant to that legislation, together with the conditions specifically applicable to any granted mining tenement.

The searches that we have carried out in relation to the Tenements do not reveal any failure to comply with the conditions in respect of each of the granted mining tenements.

10. Qualifications

While the status of the Tenements is dealt with in detail in the Schedule and the Notes we point out by way of summary, that:

- (a) we have assumed that all searches conducted on our behalf by the DPI, NNTT and the DPCD are complete and accurate as at the time the searches were conducted;

- (b) this report does not cover any third party interests, including encumbrances, in relation to the Tenements that are not apparent from our searches and the information provided to us.
- (c) we have assumed that all information or advice, whether oral or written provided to us by the Company, its officers, employees, agents or representatives is accurate and complete;
- (d) in relation to each tenement application we express no opinion as to whether such tenement application will ultimately be granted, (including whether relevant Ministerial consent will be obtained) nor the conditions to which such tenement application may be granted or may not be granted subject to; and
- (e) in relation to any native title determination outlined in this report we do not express an opinion on the merits of such determination.

11. Consent

This report is given solely for the benefit of the Company and the directors of the Company in connection with the issue of the Prospectus and is not to be relied on or disclosed to any other person or used for any other purpose or quoted or referred to in any public document or filed with any government body or other person without our prior consent.

Yours faithfully

A handwritten signature in dark ink, appearing to read "Price Sierakowski". The signature is written in a cursive style with a large, sweeping initial "P".

PRICE SIERAKOWSKI

A1 CONSOLIDATED GOLD LIMITED
SOLICITORS REPORT ON TENEMENTS

Schedule of Mining Tenements

To be read in conjunction with the abbreviations and notes at the end of the Schedule.

Tenement No.	Tenement Type	Registered Holder or Applicant	Shares Held (%)	State	Application Date	Grant Date	Expiry Date	Area	Next expenditure commitment	Rent 2011-2012 Financial Year	Bond	Encumbrances (see Notes)	Relevant Notes
MIN 5294	Mining Licence	Gaffney's Creek Gold Mine Pty Ltd	100	VIC	19/10/1989	22/08/1990	17/08/2016	107.77 hectares	\$91,600	\$3,947.61	\$109,000	Nil	1,2
MIN 4636	Mining Licence	Mr Chris Toifl	100	VIC	04/11/1992	23/02/1993	23/02/2013	4.8 hectares	\$15,000	\$175.82	\$4,000	Nil	3
EL 5109	Exploration Licence	Blue Gum International Pty Ltd	100	VIC	25/09/2007	10/09/2008	9/09/2013	44 graticular sections	\$28,200	See note 4	N/A	Nil	4, 5

Notes

1. Mining Asset Sale Agreement – Gaffney’s Creek Gold Mine Pty Ltd

The Company has entered into a Mining Asset Sale Agreement with Gaffney’s Creek Gold Mine Pty Ltd and Heron Resources Limited for the option to acquire MIN 5294. Refer to the Summary of Material Contracts section of the Prospectus at paragraph 8.1(a) for the material terms of this agreement.

2. Ore Tolling Agreement – Maldon Resources Pty Ltd

Pursuant to the terms of an Ore Tolling Agreement, the Company has engaged Maldon Resources Pty Ltd to process ore and refine gold mined from MIN 5294. Refer to the Summary of Material Contracts section of the Prospectus at paragraph 8.2(c) for the material terms of this agreement.

3. Option Agreement – Chris Toifl

The Company has entered into an Option Agreement with Mr Chris Toifl for the option to acquire MIN 4636. Refer to the Summary of Material Contracts section of the Prospectus at paragraph 8.1(d) for the material terms of this agreement.

4. Option Agreement – Blue Gum International Pty Ltd

The Company has entered into an Option Agreement with Blue Gum International Pty Ltd for the option to acquire EL 5109. Refer to the Summary of Material Contracts section of the Prospectus at paragraph 8.1(c) for the material terms of this agreement.

5. Rent payable on Exploration Licences pursuant to Mining Act amendments

At the date of this report, the DPI and Victorian Department of Treasury and Finance had not released the prescribed rent fees payable in respect of the amendments to the Mining Act. There will be no rent payable on EL 5109 during the 2011/2012 Financial Year, however, we are unable to report on the amount of rent which will be payable on EL 5109 from June 2012 onwards.

13. Additional Information

13.1 Fees and Benefits

Mining One Consultants have acted as the Independent Geologist and has prepared an Independent Geologist's Report which is included in section 11 of this Prospectus. The Company estimates it will pay Mining One Consultants a total of \$60,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Mining One Consultants has not received any other fees from the Company.

HLB Mann Judd has acted as Investigating Accountant in this Prospectus and has prepared an Investigating Accountant's Report which is included in section 10 of this Prospectus. The Company estimates it will pay HLB Mann Judd a total of \$15,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, HLB Mann Judd has received fees from the Company totalling approximately \$15,000 (excluding GST) for the audit of the Company's financial report for the period ended 30 June 2011.

Price Sierakowski Corporate has acted as the Australian solicitors to the Company in relation to the Offer and has prepared the Solicitor's Report on Tenements set out in section 12 of this Prospectus. The Company estimates it will pay Price Sierakowski Corporate \$50,000 (including GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Price Sierakowski Corporate has provided other professional services to the Company during the last two years to the value of approximately \$20,000.

DWCorporate has provided corporate administration services to the Company in relation to the Offer and will be paid approximately \$60,000 (including GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, DWCorporate provided other professional services to the Company during the last two years to the value of approximately \$73,720.

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the two year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer.

13.2 Consents

The following parties have given their written consent to be named in the Prospectus and for the inclusion of statements made by those parties, and have not withdrawn such consent before lodgement of this Prospectus with ASIC:

- (a) Mining One has consented to being named as Independent Geologist in this Prospectus and to the inclusion of the Independent Geologist's Report in section 11 of this Prospectus in the form and context in which the report is included.

A1 CONSOLIDATED GOLD LIMITED

ADDITIONAL INFORMATION

- (b) HLB Mann Judd has consented to being named as the Company's Auditor and Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report in section 10 of this Prospectus in the form and context in which the report is included.
- (c) Price Sierakowski Corporate has consented to being named as the solicitors to the Company in this Prospectus and to the inclusion of the Solicitor's Report on Tenements set out in section 12 of this Prospectus in the form and context in which the report is included.
- (d) DWCorporate Pty Ltd has consented to being named in this Prospectus.
- (e) Security Transfer Registrars Pty Ltd has consent to being named as the share registry to the Company in this Prospectus.
- (f) Patersons Securities Limited has consented to be named as Lead Manager in this Prospectus.

Each of the persons referred to above in this section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section;
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section; and
- (c) has not caused or authorised the issue of this Prospectus.

13.3 Substantial Holders

Those Shareholders holding 5% or more of the Shares on issue as at the date of this Prospectus are set out in the table below.

Shareholder	Shares	Options	% (Undiluted)	% (Fully diluted) (ie. after exercise of Options)
NJ Family Pty Ltd <NJ Family A/C>	6,166,667	2,500,000	11.21%	15.70%
Twin Pines Pty Ltd <Twin Pines A/C>	6,166,667	2,500,000	11.21%	15.70%
Ashok Parekh and Marie Parekh <Parekh Superannuation Fund>	3,833,333	3,333,333	6.94%	12.98%
Dennis Clark and Pauline Croker	3,500,001	3,333,334	6.36%	12.38%
Write Family Investments Pty Ltd <Wright Family Investment A/C>	3,333,334	3,333,333	6.06%	12.08%
Andrew Carlyle Grieg	4,666,666	1,666,667	8.48%	11.47%
Darren Russell- Croucher	3,000,000	3,000,000	5.45%	10.87%
Chris Roy Toifl	3,000,000	3,000,000	5.45%	10.87%

A1 CONSOLIDATED GOLD LIMITED

ADDITIONAL INFORMATION

Heron Resources Limited	5,500,000	0	9.96%	9.96%
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On completion of the Offer and assuming that no existing substantial Shareholders subscribe and receive additional Shares pursuant to the Offer:

Full Subscription

Shareholder	Shares	Options	% (Undiluted)	% (Fully diluted) (ie. after exercise of all Options on issue)
Dennis Clark	36,834,367	3,333,333	26.71	24.41
Darren Russell-Croucher	36,334,333	3,000,000	26.35	23.90
Heron Resources Limited	26,200,000	0	19.00	15.92
NJ Family Pty Ltd <NJ Family A/C>	6,166,667	2,500,000	4.47	5.27
Twin Pines Pty Ltd <Twin Pines A/C>	6,166,667	2,500,000	4.47	5.27

Oversubscription

Shareholder	Shares	Options	% (Undiluted)	% (Fully diluted) (ie. after exercise of all Options on issue)
¹ Dennis Clark	36,834,367	3,333,333	25.48	23.46
¹ Darren Russell-Croucher	36,334,333	3,000,000	25.13	22.97
Heron Resources Limited	26,200,000	0	18.12	15.30
NJ Family Pty Ltd <NJ Family A/C>	6,166,667	2,500,000	4.27	5.06
Twin Pines Pty Ltd <Twin Pines A/C>	6,166,667	2,500,000	4.27	5.06

¹A1 Unit Trust

Gaffney's Creek Gold Mine Pty Ltd ("**Gaffney's**") will be issued 33,333,333 Shares under the A1 Gold Option Agreement (Refer to Section 8.1 for further details) who will hold the Shares on trust for the A1 Consolidated Unit Trust ("**A1 Unit Trust**"). The A1 Unit Trust has 10 unitholders each holding a 10% interest.

Mr Clark and Mr Russell-Croucher are unitholders of the A1 Unit Trust.

Mr Clark and Mr Russell-Croucher are directors of Gaffney's and each have a relevant interest in the 33,333,333 Shares to be issued to Gaffney's.

The Company will announce to the ASX details of its top-20 Shareholders (following completion of the Offer) prior to the Shares commencing trading on ASX.

13.4 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

13.5 Electronic Prospectus

Pursuant to Class Order 00/044, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, you may obtain a copy of this Prospectus from the Company's website at www.a1consolidated.com.au.

If you have not, please email the Company at info@a1consolidated.com.au and the Company will send you, free charge, either a hard copy or a further electronic copy of the Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

13.6 Taxation

The acquisition and disposal of Shares in the Company will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

13.7 Ordinary Shares

There is only one class of shares in the Company being fully paid ordinary shares. The rights attaching to shares in the Company are:

- (a) set out in the constitution of the Company, a copy of which is available for inspection at the registered office of the Company during normal business hours; and
- (b) regulated by the Corporations Act, Listing Rules, ASX Operating Rules, ASX Clear Operating Rules, ASX Settlement Operating Rules and the general law.

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 the rights and liabilities of Shareholders.

All Shares issued pursuant to this Prospectus will from the time they are issued, rank *pari passu* with all the Company's existing Shares.

- (a) 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 of the Company or the Corporations Act.

(b) 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 A1 Consolidated Gold:

- 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.

(c) Dividend Rights

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 as paid on the shares for which the dividends are paid.

(d) 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 fully paid Shares held by them (and a partly paid share is counted as a fraction of a fully paid share equal to the amount paid on it, divided by the total issue price of the share).

(e) Transfer of Shares

Subject to the Constitution of the Company, the Corporations Act, and any other laws and ASX Settlement Operating Rules and Listing Rules, Shares are freely transferable.

(f) Future Increases in Capital

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 of the Company and the Corporations Act, the Directors may allot or otherwise dispose of Shares on such terms and conditions as they see fit.

(g) Variation of Rights

Under the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares. If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of the issue of the shares of that class), may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(h) Shareholder Liability

As the shares under the Prospectus are 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) Liquidation Rights

The Company has only issued one class of shares, which all rank equally in the event of liquidation. Once all the liabilities of the Company are satisfied, a liquidator may, with the authority of a special resolution of Shareholders divide the whole or any part of the remaining assets of the Company. The liquidator can with the sanction of a special resolution of the Company's Shareholders vest the whole or any part of the assets in trust for the benefit of Shareholders as the liquidator thinks fit, but no Shareholder of the Company can be compelled to accept any shares or other securities in respect of which there is any liability.

13.8 Options

The Company currently has 26,666,667 Options on issue, the terms and conditions of which are set out below.

(a) Entitlement

- i Subject to paragraph (b) below, each Option entitles the registered option holder to subscribe for and be allotted one ordinary share in the capital of the Company, credited as fully paid, at an exercise price of \$0.40 per share ("Exercise Price").
- ii 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 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.
- iii 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

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

iv An option not exercised by 5.00pm WST on 31 December 2014 lapses.

(c) Transfer

Options may not be transferred at any time before lapsing.

(d) Quotation

After the Company has been admitted to the ASX, the Company must apply to the ASX for official quotation of the shares issued on any exercise of an option.

(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:

- i an option has not been exercised in full; or
- ii 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) where $(S + D)$ (as defined below) exceeds P (as defined below) at a time when:

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

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

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

Where:

- O¹ = the new Exercise Price per share
- O = the old Exercise Price per share
- E = the number of shares into which one option is exercisable
- P = the average market price of fully paid ordinary shares (weighted by reference to volume) sold in the ordinary course of trading on the ASX during the 5 trading days before the ex rights date or ex entitlements date
- S = the subscription price (application money plus calls) for new shares issued under the rights issue
- D = if the ordinary shares are trading on the ASX on a ex dividend basis, the (if any) dividends (on a per share basis) which have been declared but not yet paid is existing shares (except those to be issued under the rights issue)
- N = number of shares required to be held to receive a right on one new share.

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

(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.

13.9 Employee Share Option Plan

The Board has adopted an employee share option plan ("**Plan**") which it believes will provide employees with the opportunity to participate in the success of the Company and encourage employees to actively participate in growing the wealth of the Company for the benefit of all Shareholders. The material terms and conditions are summarised below:

- (a) The Employee Options are exercisable wholly or in part at any time before 5.00pm WST on the last day of the exercise period. Employee Options not exercised by that date shall lapse.

- (b) Each Employee Option shall entitle the option holder to acquire one fully paid ordinary Share upon payment of the sum of the exercise price specified in the offer accepted by the participant. The exercise price will be not less than 80% of the average closing sale price of the Shares announced on ASX over the five trading days immediately preceding the date of an offer of Employee Options to the participant.
- (c) The Employee Options are non-transferable unless to a nominee or otherwise approved by the Board.
- (d) Each Employee Option may be exercised by notice in writing to the Company at any time after the Employee Option has vested and before their date of expiry. Any notice of exercise of an Employee Option received by the Company with payment in full of the exercise price will be deemed to be a notice of the exercise of that Employee Option as at the date of receipt.
- (e) Application will not be made to ASX for official quotation of the Employee Options. Application will be made for official quotation of the Shares issued upon exercise of Employee Options.
- (f) An Employee Option will lapse immediately upon the first to occur of:
- Its expiry date or the Board determining that the holder has acted fraudulently or dishonestly in relation to the Company;
 - 30 days after certain conditions associated with a party acquiring a 90% interest in the Shares of the Company;
 - 30 days after voluntary resignation from employment or engagement by the party to whom an offer of Options was made (whether or not the Employee Options are held by that person or a nominee); and
 - six months after the death, permanent disability or redundancy of the party to whom an offer of Employee Options was made (whether or not the Options are held by that person or a nominee).
- (g) There are no participating rights or entitlements inherent in the Employee Options and option holders will not be entitled to participate in new issues of securities offered to Shareholders during the currency of the Employee Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 9 business days after the issue is announced so as to give option holders the opportunity to exercise their Employee Options before the date for determining entitlements to participate in any issue.
- (h) Shares allotted pursuant to the exercise of Employee Options will be allotted following receipt of all the relevant documents and payments and will rank equally with the issued Shares.
- (i) In the event of a reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, all rights of the option holder shall be reconstructed in accordance with the Listing Rules.
- (j) If, from time to time, before the expiry of the Employee Options the Company makes a pro-rata issue of Shares to shareholders for no consideration, the number of Shares over which an Employee Option is exercisable will be increased by the number of Shares which the option holder would have received if the option had been exercised before the date for calculating entitlements to the pro-rata issue.

(k) An Employee Option may not be issued if, immediately following its issue, the Shares to be received on exercise of the Employee Option when aggregated with:

- the number of Shares in the same Share class which would be issued if each outstanding offer of Shares and Options under the Plan or any other employee incentive scheme of the Company were accepted or exercised; and
- the number of Shares in the same class issued during the previous 5 years under the Plan or any other employee incentive scheme of the Company extended to full-time or part-time employees or consultants of the Company or any of its subsidiaries,

exceeds 5% of the total number of issued Shares in that Share class of the Company at the time the Option is offered, provided that the Board may, in its absolute discretion, increase this percentage, subject to any applicable Corporations Act, Listing Rule (including the conditions and restrictions on issuing securities in Listing Rule 7.1) or Class Order requirements.

14. Directors' Responsibility and Consents

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that with respect to any other statements made in this Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons having given their consent to the statements being included in this Prospectus in the form and context in which they are included and having not withdrawn that consent before lodgement of this Prospectus with ASIC, or to the Directors' knowledge, before any issue of Shares pursuant to this Prospectus.

The Prospectus is prepared on the basis that certain matters may be reasonably expected to be known to likely investors or their professional advisers.

Each of the Directors of A1 Consolidated Gold Limited has consented to the lodgement of this Prospectus in accordance with Section 720 of the Corporations Act and has not withdrawn that consent.

Dated: 3 April 2012



Dennis Clark

Managing Director

A1 Consolidated Gold Limited

15. Glossary

Where the following terms are used in this Prospectus they have the meanings set out below:

"A\$" or "\$" means an Australian dollar.

"A1 Gold Option Agreement" means the option agreement more particularly described in sections 6.3 and 8.1(a) with respect to the acquisition of the A1 Gold Project.

"A1 Gold Project" means the gold project located on Mining Licence MIN 5294 that the Company will acquire following satisfaction of the conditions precedent outlined in the A1 Gold Option Agreement;

"A1 Mining Sale Agreement" means the agreement with A1 Consolidated Mining Pty Ltd by which the Company will acquire plant and equipment to enable it to carry out the mining operations on its projects in its own right, rather than to engage sub-contractors, further details of which are provided in section 8.2.

"Admission" means admission to the Official List.

"Applicant" means a person who has applied for Shares under this Prospectus.

"Application Form" means the application form attached to or accompanying this Prospectus relating to the Public Offer.

"ASIC" means Australian Securities & Investments Commission.

"ASX" means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange (as the context requires).

"Board" means the board of Directors as constituted from time to time.

"Company" or "A1 Consolidated Gold" means A1 Consolidated Gold Limited (ACN 149 308 921).

"Closing Date" means the closing date of the Offer as set out in section 2.3 of this Prospectus (subject to the Closing Date being extended or the Offer being closed early).

"Constitution" means the constitution of the Company.

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

"Directors" mean the directors of the Company at the date of this Prospectus.

"Exposure Period" means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act.

"Full Subscription" means full subscription under the Offer of raising \$8 million through the issue of 26,666,667 Shares at \$0.30 each.

"Independent Geological Report" means the technical report prepared by Mining One Consultants, which appears at section 11 of this Prospectus.

"Investigating Accountant's Report" means the investigating accountant's report prepared by HLB Mann Judd included in section 9 of this Prospectus.

"JORC" or "JORC Code" means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2004 Edition).

"Listing Rules" means the official listing rules of ASX.

"Mining Asset Sale Agreement" means the Mining Asset Sale Agreement between Gaffney's Creek Gold Mine Pty Ltd and Heron Resources Limited and A1 Consolidated Gold Ltd, more particularly described in section 8.1(b).

"Offer" means the offer of Shares pursuant to this Prospectus as set out in section 2.4 of this Prospectus.

"Offer Price" means 30 cents per Share.

"Official List" means the official list of ASX.

"Official Quotation" means official quotation by ASX in accordance with the Listing Rules.

"Opening Date" means the opening date of the Offer as set out in section 2.3.

"Option" means an option to acquire a Share;

"Oversubscription" means the ability of the Company to accept oversubscriptions of an additional 6,666,667 Shares to raise up to \$2 million.

"Prospectus" means this prospectus.

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

"Share Registry" means Security Transfer Registrars Pty Ltd (ACN 008 894 488).

"Shareholder" means a holder of Shares.

"Tenement" means the tenements in which the Company has an interest as set out in the Solicitor's Report on Tenements in section 12 of this Prospectus.

"Vendor" means, collectively, the parties from which the Company has acquired the Tenements as described in section 8.1.

"WST" means Western Standard Time observed in Perth, Western Australia.

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

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

ACN: 149 308 921

BROKER STAMP

Broker Code

Advisor Code

No shares will be issued pursuant to the Prospectus later than 13 months after the date of the Prospectus.
Before completing this Application Form you should read the accompanying Prospectus and the instructions overleaf. Please print using BLOCK LETTERS.

, , Shares at AUD \$0.30 per share
 or such lesser number of Shares which may be allocated to me/us by their Directors.

A\$

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Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

[illegible]

Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

[illegible]

Title (e.g.: Dr. Mrs) Given Name(s) or Company Name

[illegible][illegible][illegible]

Suburb/Town/City

State

Postcode

Country Name (if not Australia)

[illegible][illegible]

If an incorrect CHES HIN has been provided (e.g.: incorrect number, registration details do not match those registered) any securities issued will be held on the Issuer Sponsored subregister.

[illegible]

()

[illegible][illegible][illegible]

- (1) I/We declare that all details and statements made by me/us are complete and accurate.
- (2) I/We agree to be bound by the Terms & Conditions set out in the Prospectus and by the Constitution of the Company.
- (3) I/We authorise the Company to complete and execute any documentation necessary to effect the issue of Securities to me/us.
- (4) I/We have received personally a copy of the Prospectus accompanied by or attached to this Application form, or a copy of the Application Form or a direct derivative of the Application Form before applying for the Securities.
- (5) I/We acknowledge that the Company will send me/us a paper copy of the Prospectus and any Supplementary Prospectus (if applicable) free of charge if I/We request so during the currency of the Prospectus.
- (6) I/We acknowledge that returning the Application Form with the application monies will constitute my/our offer to subscribe for Securities in the Company and that no notice of acceptance of the application will be provided.

REGISTRY DATE STAMP

E & O.E.

This Application Form relates to the Offer of Fully Paid Shares in A1 Consolidated Gold Limited pursuant to the Prospectus dated 3rd April 2012.

APPLICATION FORMS

Please complete all parts of the Application Form using BLOCK LETTERS. Use correct forms of registrable name (see below). Applications using the wrong form of name may be rejected. Current CHES participants should complete their name and address in the same format as they are presently registered in the CHES system.

Insert the number of Shares you wish to apply for. The application must be for a minimum of 6,667 Shares. The applicant(s) agree(s) upon and subject to the terms of the Prospectus to take any number of Shares equal to or less than the number of Shares indicated on the Application Form that may be allotted to the applicants pursuant to the Prospectus and declare(s) that all details of statements made are complete and accurate.

No notice of acceptance of the application will be provided by the Company prior to the allotment of Shares. Applicants agree to be bound upon acceptance by the Company of the application.

Please provide us with a telephone contact number (including the person responsible in the case of an application by a company) so that we can contact you promptly if there is a query in your Application Form. If your Application Form is not completed correctly, it may still be treated as valid. There is no requirement to sign the Application Form. The Company's decision as to whether to treat your application as valid, and how to construe, amend or complete it shall be final.

PAYMENT

All cheques should be made payable to A1 Consolidated Gold Ltd Share Offer A/C and drawn on an Australian bank and expressed in Australian currency and crossed "Not Negotiable". Cheques or bank drafts drawn on overseas banks in Australian or any foreign currency will NOT be accepted. Any such cheques will be returned and the acceptance deemed to be invalid.

Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured. Do not forward cash as receipts will not be issued.

LODGING OF APPLICATIONS

Completed Application Forms and cheques must be:

Posted to:

A1 Consolidated Gold Limited
C/- Security Transfer Registrars Pty Ltd
PO Box 535
APPLECROSS WA 6953

OR

Delivered to:

A1 Consolidated Gold Limited
C/- Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

Applications must be received by no later than 5.00pm (WST) on the Closing Date 8th May 2012 which may be changed immediately after the Opening Date at any time and at the discretion of the Company.

CHES HIN/BROKER SPONSORED APPLICANTS

The Company intends to become an Issuer Sponsored participant in the ASX CHES System. This enables a holder to receive a statement of holding rather than a certificate. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold shares allotted to you under this Application on the CHES subregister, enter your CHES HIN. Otherwise, leave this box blank and your Shares will automatically be Issuer Sponsored on allotment.

TAX FILE NUMBERS

The collection of tax file number ("TFN") information is authorised and the tax laws and the Privacy Act strictly regulate its use and disclosure. Please note that it is not against the law not to provide your TFN or claim an exemption, however, if you do not provide your TFN or claim an exemption, you should be aware that tax will be taken out of any unfranked dividend distribution at the maximum tax rate.

If you are completing the application with one or more joint applicants, and you do not wish to disclose your TFN or claim an exemption, a separate form may be obtained from the Australian Taxation Office to be used by you to provide this information to the Company. Certain persons are exempt from providing a TFN. For further information, please contact your taxation adviser or any Taxation Office.

CORRECT FORM OF REGISTRABLE TITLE

Note that only legal entities are allowed to hold securities. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to A1 Consolidated Gold Limited. At least one full given name and the surname are required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the example of the correct forms of registrable names below:

TYPE OF INVESTOR

Individual

Use given names in full, not initials.

CORRECT

Mr John Alfred Smith

INCORRECT

J A Smith

Company

Use the company's full title, not abbreviations.

ABC Pty Ltd

ABC P/L or ABC Co

Joint Holdings

Use full and complete names.

Mr Peter Robert Williams &
Ms Louise Susan Williams

Peter Robert &
Louise S Williams

Trusts

Use trustee(s) personal name(s), Do not use the name of the trust.

Mrs Susan Jane Smith
<Sue Smith Family A/C>

Sue Smith Family Trust

Deceased Estates

Use the executor(s) personal name(s).

Ms Jane Mary Smith &
Mr Frank William Smith
<Estate John Smith A/C>

Estate of Late John Smith
or
John Smith Deceased

Minor (a person under the age of 18)

Use the name of a responsible adult with an appropriate designation.

Mr John Alfred Smith
<Peter Smith A/C>

Master Peter Smith

Partnerships

Use the partners' personal names. Do not use the name of the partnership.

Mr John Robert Smith &
Mr Michael John Smith
<John Smith and Son A/C>

John Smith and Son

Superannuation Funds

Use the name of the trustee(s) of the super fund.

Jane Smith Pty Ltd
<JSuper Fund A/C>

Jane Smith Pty Ltd Superannuation Fund