



A1 Consolidated Gold

ASX Release – 24th September 2013

Agreement for \$4 million Investment to fund development of A1 Gold Mine through to Production

A1 Consolidated Gold Ltd

ABN 50 149 308 921

ASX:AYC

Investment Highlights:

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

Mineral Resources in accordance with the JORC Code (2004)

Indicated – 250,000 t @ 5.1 g/t for 41,200 oz Au
inferred – 1,170,000t @ 6.4 g/t for 240,000 oz Au

Developing decline at approx 100 metres per month

Board of Directors:

Chairman

Ashok Parekh

Managing Director

Dennis Clark

Technical Director

Darren Croucher

Executive Director

Glenn Wardle

Non-Executive Directors

Morrie Goodz

Jeff Williams

Joint Company Secretary

Emma Walczak

Dennis Wilkins

Capital Structure:

138,208,921 ordinary shares

28,666,667 unlisted options

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A1 Consolidated Gold Limited (ASX:AYC) is pleased to report that it has reached agreement with LionGold Australia Pty Ltd for an investment of \$4 million to fund the development of the A1 Gold Mine through to production. Lion Gold Australia Pty Ltd is a wholly owned subsidiary of LionGold Corp Ltd (SGX:Code:A78).

Highlights:

- ❖ **Placement of \$4 million in two tranches**
- ❖ **Toll Treatment Agreement for 150,000 tpa**
- ❖ **Mine Plan Review completed by Mining One**

LionGold Corp Ltd is the largest gold company listed in Southeast Asia. The Group has rapidly established itself in the global gold mining industry. Since March 2012, interests in seven gold exploration and mining companies have been acquired. Further information on LionGold Corp Ltd can be found on their website at www.liongoldcorp.com.

Mining One has undertaken a review of the Mine Plan for the development and scheduling of the production mining of the 1400 Stockwork Zone at the A1 Gold Mine. The scope of the review includes Mine Design, Stope Design using Mining Shape Optimisation software (MSO), Mining Inventory and a Financial Model.

Managing Directors Comments

Managing Director Dennis Clark said "This is a pleasing development for the Company and this investment confirms the underlying value and potential of the A1 Gold Mine."

"The relationship with LionGold Corp Ltd will bring financial strength and enhance our ability to grow our Company as we enter into production at the A1 Gold Mine."

"The Mine Plan Review by consultants, Mining One has focussed on the 1400 Stockwork Zone below the 1420 level and the reported Mine Inventory has been designed for a period of 6 years at a peak production rate of 150,000 tpa to December 2019."





Placement

The Placement transaction will see 34,482,759 fully paid ordinary shares issued to raise \$4 million. The funding will come into A1 Consolidated Gold in two tranches. The first tranche of \$2.8 million with the issue of 24,137,931 new fully paid ordinary shares will give LionGold Corp Ltd approximately 14.87% of the enlarged capital of A1 Consolidated Gold Ltd. The first tranche of shares will be issued to LionGold under the Company's 15% capacity pursuant to ASX Listing Rule 7.1 and under the Company's further 10% capacity pursuant to ASX Listing Rule 7.1A.

Following the satisfaction of the conditions precedent, which include AYC shareholder approval and approval from any necessary government agency (including the Foreign Investment and Review Board for LionGold Corp Ltd to acquire more than 15% of the Company), a second tranche of 10,344,828 shares to raise \$1.2 million will be issued giving LionGold Corp Ltd a further holding of approximately 5.05% for a total holding of approximately 19.92%.

Toll Treatment Agreement

A1 Consolidated Gold has entered into an Ore Tolling Agreement with Balmaine Gold Pty Ltd (A wholly owned subsidiary of Castlemaine Goldfields Ltd). Castlemaine Goldfields Ltd is a wholly owned subsidiary of LionGold Corp Ltd

The terms of the Ore Tolling Agreement have been designed to meet consultants, Mining One's planned schedule for the mining of the 1400 Stockwork Zone at a peak extraction rate of 150,000 tpa.

The Ore Tolling Agreement is for up to 150,000 tpa for a total of 450,000 tonnes over 3 years and may be extended by agreement to align with the December 2019 timeframe of the current mining design.

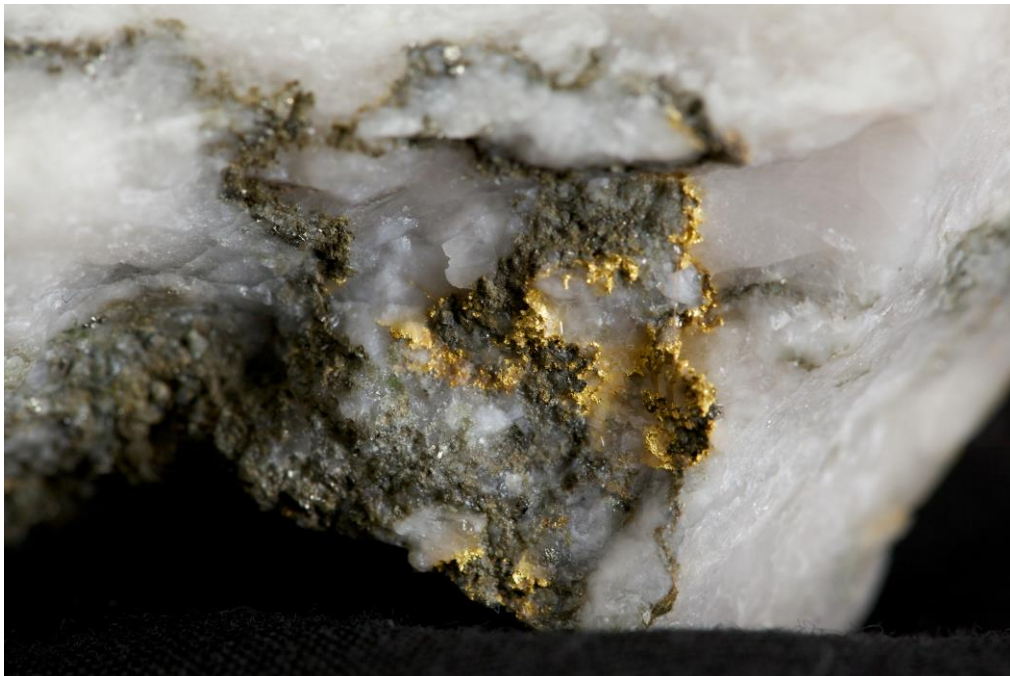


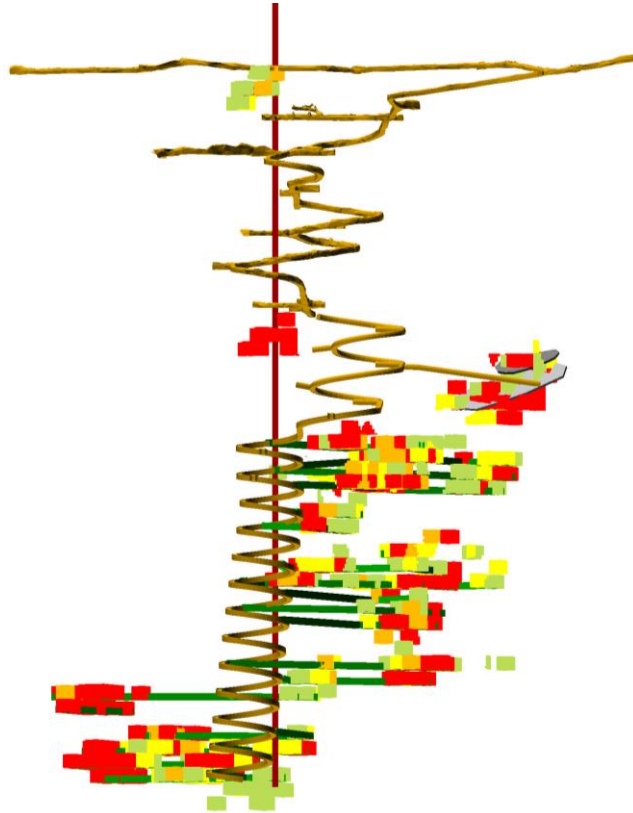
Figure 1: Gold Specimen from A1 Gold Mine





Mine Plan Review

As part of the Mine Plan Review by consultants Mining One, the mine scheduling and method was designed using Mining Shape Optimisation software (MSO). The mining design is for a combination of bulk mineable blocks and narrow vein high grade mining.



(Figure is a screen capture and not to be scaled, but for illustration purposes only)

Figure 2: Isometric View of Decline Development and MSO Stopes

Mine Inventory

Consultants, Mining One have reported “The reported Mine Inventory was limited to the stockwork area below the 1420 level however the ore tonnes reported for this area would sustain the mine for a period of 6 years at a production rate of 150,000 tpa.”

“The stopes designed for the stockwork area have been interrogated against the block model and a constrained resource has been reported. M1 has applied mining factors to this reported resource to estimate a mine inventory.”

“The Mine Inventory for the stockworks has been estimated at 817,000 tonnes @ 6.69 g/t.”





1400 Stockwork Resource Block

The 1400 Stockwork Zone represents a bulk mineable block located below the 1500mRL at the A1 Gold Mine in North-eastern Victoria.

The JORC Mineral Resource has been upgraded in both size and classification to:-

135% increase in total resources to 1.4Mt @ 6.2 g/t Gold for 281,200 oz Gold ^(1,2), as follows:

- Indicated Mineral Resource 250,000t @ 5.1 g/t Gold
- Inferred Mineral Resource 1,170,000t @ 6.4 g/t Gold

Reported in accordance with The JORC Code (2004), the resource is classified as an **Indicated and Inferred Mineral Resource** ^(1,2) as follows:

Class	Tonnes	Au g/t	Au Ounces
Indicated	250,000	5.1	41,200
Inferred	1,170,000	6.4	240,000
Total	1,420,000	6.2	281,200

Note: Blocks reported where Au >=3.0g/t, between 1000mRL and 1500mRL. Datamine model a1_113md. The model has been depleted due to underground mining. Differences may occur due to rounding.

Table 1: 1400 Stockworks Mineral Resource

⁽¹⁾ Mineral Resources which are not Ore Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, operational cost, metal price, mining control, dilution or other relevant issues. There has been insufficient exploration at this date to define these Inferred Mineral Resources as an Indicated or Measured Mineral Resource, as there is insufficient close-spaced drill hole data to adequately define grade and geological continuity for this structurally complex deposit. It is uncertain if further exploration will result in upgrading the Inferred Mineral Resource to an Indicated or Measured Mineral Resource category or to Ore Reserves.

⁽²⁾ Tonnage is reported in metric tonnes, grade as grams per tonne gold (g/t gold) and contained gold in troy ounces (oz gold). Total tonnes have been rounded to the nearest 5000 tonnes and ounces to the nearest 1000 oz. The grade is rounded to the nearest 0.5 g/t gold to indicate the accuracy of the estimate. The most likely cut-off grade for this deposit is not known and will need to be confirmed by the appropriate economic studies, but is provisionally considered to be 3 g/t gold.

Competent Persons Statement

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr David Sharp who is a member of The Australian Institute of Geoscientists. Mr Sharp is a full time employee of A1 Consolidated Gold Limited, and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to qualify as a Competent Person as defined in the 2004 Edition of the JORC Code. Mr Sharp has given his consent to the inclusion in the report of the matters based on this information in the form and context in which it appears. Information that relates to exploration and production targets refers to targets that are conceptual in nature, where there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.





About the Company

A1 Consolidated Gold Ltd is a junior gold exploration company focused on developing the A1 Gold Project in the Woods Point – Walhalla Goldfield located in north-eastern Victoria (Figure 4). The Company has also acquired two mineral tenements to the north of the A1 Gold Mine for further exploration. A1 Consolidated Gold is currently undertaking underground development at the A1 Gold Mine. The mining design is for a bulk mineable block.

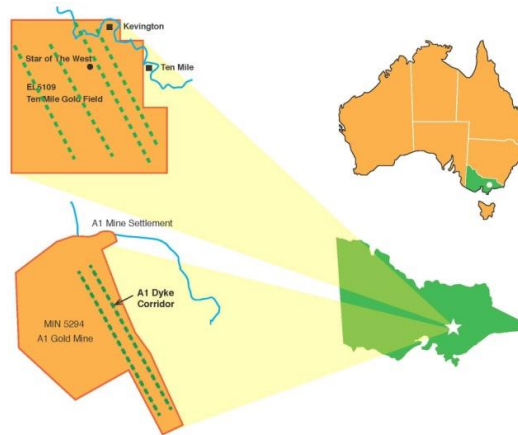


Figure 2: Location of Tenements

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Forward Looking Statements

Certain statements made during or in connection with this communication, including, without limitation, those concerning the economic outlook for the mining industry, expectations regarding gold prices, exploration costs, production costs and other operating results, growth prospects and the outlook of A1 Consolidated Gold Limited's operations contain or comprise certain forward looking statements regarding A1 Consolidated Gold Limited's exploration & development operations, economic performance and financial condition. Although A1 Consolidated Gold Limited believes that the expectations reflected in such forward-looking statements are reasonable; no assurance can be given that such expectations will prove to have been correct.

Accordingly, results could differ materially from those set out in the forward looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes that could result from future acquisitions of new exploration properties, the risks and hazards inherent in the mining business (including industrial accidents, environmental hazards or geologically related conditions), changes in the regulatory environment and other government actions, mine development and operating risks, delays in obtaining governmental approvals or financing or in the completion of development or construction activities, discrepancies between actual and estimated production, risks inherent in the ownership, exploration and operation of or investment in mining properties, fluctuations in gold prices and exchange rates and business and operations risks management, as well as generally those additional factors set forth in our periodic filings with ASX. A1 Consolidated Gold Limited undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.

