



ASX Release – 14th July 2016

High Gold Grades achieved from Mining at the A1 Mine in June

A1 Consolidated Gold Ltd
ABN 50 149 308 921

ASX:AYC

Investment Highlights:

A1 Gold Mine

Operating mine site including underground development and infrastructure

Mineral Resources in accordance with the JORC Code (2012)

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

Maldon Gold Operations

Operational 150,000tpa gold processing facility, Union Hill Mine, including underground development & infrastructure

Executive Chairman
Dale Rogers

Non-Executive Directors
Jamie Cullen
Anthony Gray

Company Secretary
Dennis Wilkins

Capital Structure:

552,689,252 Ordinary Shares
237,639,276 Listed Options
33,000,000 Unlisted Options
71,428,565 Convertible Notes

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A1 Consolidated Gold Limited (ASX: AYC) (**A1 Consolidated Gold** or the **Company**) is pleased to provide an update on mining and activities at the A1 Gold Mine.

Highlights:

- **Milled grade of + 24 g/t Au or + 0.8 ounces per tonne Au in June**
- **Milled grades increased five (5) fold during the Quarter**
- **Recent mining focussed on optimising grades**
- **Small crew of hand held air leg miners mobilised to site in May**
- **Ongoing upgrades to mine services and networks in preparation for resumption of mechanised mining, including;**
 - **Ventilation Network**
 - **Compressed Air System**
 - **Primary Pumping System**
 - **Emergency Escape Ways, and**
 - **Ground support of permanent excavations**

Commenting on these activities, Executive Chairman Dale Rogers said “during the period that we have prioritised drilling and resource definition, we have continued to efficiently focus on quality rather than quantity with a small production crew. The milled grade of over 24 g/t gold or 0.8 ounces per tonne achieved in June is extraordinary. This is due to our focus on narrower mining with air leg (handheld) miners. Even more remarkable is that it has been achieved by a very small crew of miners. These very high grades endorse the recent doubling of Resource grades achieved from the Phase 1 Drilling.”

As announced in late April, development was paused at the A1 Gold Mine to enable diamond drilling from the Decline to define gold bearing breccia zones and veins within the dyke immediately below the current level of the mine in the 1410 Crosscut area (Phase 1 Drill Target).



The results from this drilling were announced on 4th July 2016 and followed up with an announcement on 8th July 2016 detailing a Resource upgrade for the Phase 1 Drill Target area. This Resource upgrade returned average gold grades 200% higher than the previous Resource estimate in this area of the mine and confirmed that the orebody is more accurately described as “gold mineralisation associated with dilationally brecciated shear zones” rather than a “stockwork zone”. This understanding of the orebody has led to a reassessment of the mining methods to be utilised at the A1 Gold Mine.

Moving forward, it is anticipated that the Company will mine the bulk of the ore tonnes with mechanised methods and will utilise a team of airleg miners to exploit the periphery of the orebody where narrower veins and breccia's that splay off the central orebody can be accessed to commercial advantage.

In anticipation of reduced tonnes being mined over the past 10 weeks due to the pause in development and mechanised mining during the drilling programme, a small team of airleg miners was mobilised to site in May to focus on mining higher grade gold to off-set the lower production tonnes. The area being mined is located approximately 30 – 50m North of the recently announced Resource upgrade and extending above the 1410 North drive (Figure 1).

As a result of this work **the gold grades reported at the mill increased five (5) fold during the June Quarter**, from less than 5 g/t Au at the beginning of the Quarter, derived from production by mechanised crews, to over 24 g/t Au in June.

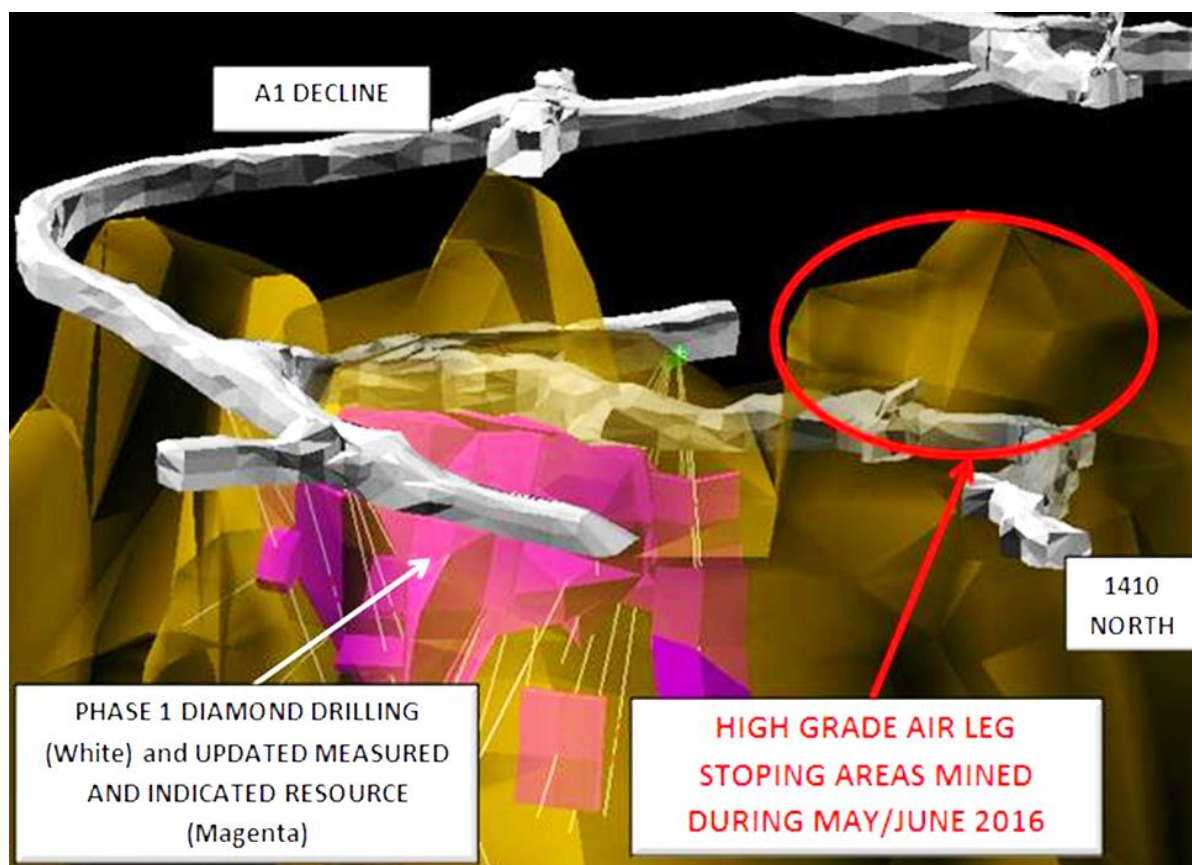


Figure 1. Oblique view of 1410m RL area showing area being mined above the 14 level.

During June the Porcupine Flat processing Plant near Maldon milled 1,558 tonnes at 24.9 g/t Au and achieved 97.8% recovery. There was a considerable increase to the Gold In Circuit (GIC) at the end of June as a result of processing the very high grade ore. However, deliveries to the Perth Mint were still strong and revenues in June were in excess of \$1.4 million.



This has enabled the Company to reduce creditors, that had accrued prior to April 2016, with liabilities apart from the Convertible Notes (\$2.5m) now largely limited to the mining contractor PYBAR, who are expected to resume mechanical mining within a month, and outstanding emoluments largely relating to a former Director.

In the same period there has also been considerable work undertaken to upgrade and improve the mine's services and networks in preparation for the resumption of mechanised mining. This work has included;

- Upgrades to the Primary ventilation network, including moving Primary fans and stripping out constrictions hampering the flow of air through the underground workings:
- Upgrades to the compressed air circuit, including running over 2km of larger diameter pipe to reduce restrictions on the airleg miners, who require compressed air to run their equipment:
- Development has commenced on Emergency Escape Ways from the 11 level to the 14 level to evacuate mine workers in the event of an emergency:
- Improving the primary pumping system to dewater the mine in advance of increased Decline development, and
- Ground support maintenance, including shotcreting and meshing in the Decline and ventilation return airway, to ensure long term stability of these excavations.

This work and investment in the future has continued into July and will add to the overall long term viability of the A1 Gold Mine.

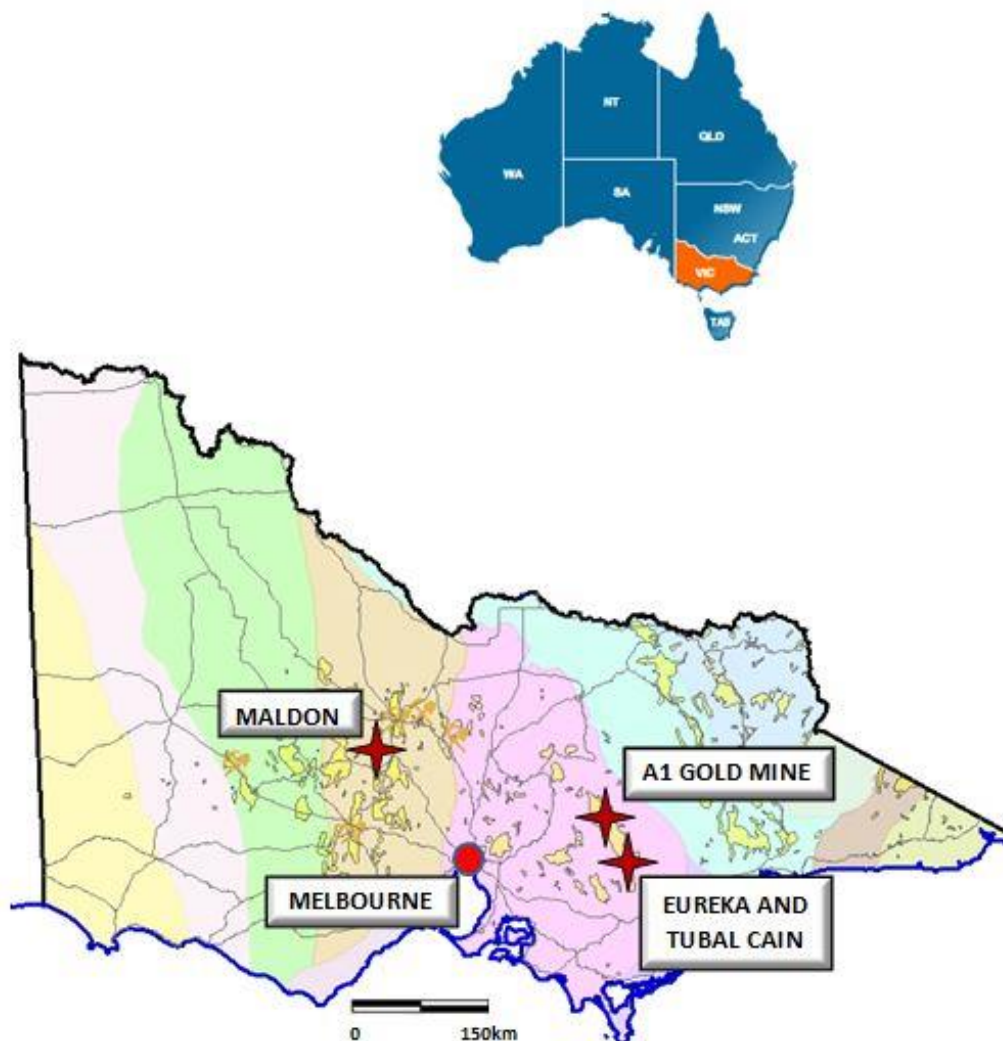


About the Company

A1 Consolidated Gold Limited is an emerging junior Victorian gold producer that is developing the A1 Gold Mine near Woods Point to mine ore for processing at the Company's fully permitted 150,000tpa Maldon gold processing facility.

The Company is also developing the Union Hill Mine at Maldon and the Eureka and Tubal Cain deposits near Walhalla to provide high-grade ore to supplement the A1 Mine production.

Location of Projects





Competent Person Statements

The information in this announcement that relates to the Phase 1 Drill Target Area Mineral Resource is extracted from the Company's ASX announcement dated 8 July 2016 (**July Announcement**) and is available to view on the Company's website. The Company confirms that it is not aware of any new information or data that materially affects the information included in the July Announcement and that all material assumptions and technical parameters underpinning the estimates in July Announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original July Announcement.

Caution Regarding Forward Looking Information

This document contains forward looking statements concerning A1 Consolidated Gold Limited. Forward looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward looking statements as a result of a variety of risks, uncertainties, and other factors. Forward looking statements are inherently subject to business, economic, competitive, political, and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward looking information provided by the Company, or on behalf of, the Company. Such factors include, among other things, risks relating to additional funding requirements, metal prices, exploration, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential title disputes. Forward looking statements in this document are based on A1 Gold's beliefs, opinions and estimates of A1 Gold's as of the dates the forward looking statements are made, and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future development.