

A1 CONSOLIDATED GOLD LIMITED
ACN 149 308 921

NOTICE OF GENERAL MEETING

PROXY FORM

EXPLANATORY MEMORANDUM

AND

INDEPENDENT EXPERT'S REPORT

Date of Meeting
25 June 2015

Time of Meeting
10:00am (WST)

Place of Meeting
The Celtic Club
48 Ord Street
West Perth WA

This Notice of General Meeting and Explanatory Memorandum should be read in their entirety.

An Independent Expert's Report is attached to this Notice, in Annexure C, as required by ASIC Regulatory Guide 74. The Independent Expert concludes that the Acquisition is not fair but reasonable to Non-Associated Shareholders.

If Shareholders are in doubt as to how to vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

**A1 CONSOLIDATED GOLD LIMITED
ACN 149 308 921
NOTICE OF GENERAL MEETING**

Notice is hereby given that a General Meeting of Shareholders of A1 Consolidated Gold Limited ACN 149 308 921 (**A1 Gold**) will be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on 25 June 2015 at 10:00am (WST) (**Meeting**) for the purpose of transacting the business referred to in this Notice.

An Explanatory Memorandum containing information in relation to the following Resolutions accompanies this Notice, as well as a Proxy Form. Additionally, an Independent Expert's Report containing information in relation to Resolution 2 is included with this Notice. Please note capitalised terms used in this Notice have the meanings set out in the Glossary.

Resolution 1 – Change in Scale of Activities of A1 Gold

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to Resolutions 2 and 5 to 8 (inclusive) being passed, for the purposes of Listing Rule 11.1.2 and all other purposes, approval be and is hereby given for A1 Gold to make a significant change to the scale of its activities as set out in the Explanatory Memorandum”.

Voting Exclusion: For the purposes of Listing Rule 11.1.2, A1 Gold will disregard any votes cast on this Resolution by Octagonal Resources Limited and its Associates and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, unless it is cast:

- (a) by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- (b) by the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

Resolution 2 – Issue of Completion Securities to Octagonal Resources Limited

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to Resolutions 1 and 5 to 8 (inclusive) being passed, for the purposes of Item 7 of section 611 of the Corporations Act and all other purposes, approval be and is hereby given for the acquisition by Octagonal Resources Limited of a relevant interest in the voting Shares of A1 Gold (and the acquisition of any deemed relevant interest by any of Octagonal's Associates) in consequence of the issue of the Completion Securities in the manner and on the terms and conditions set out in the Explanatory Memorandum”.

Voting Exclusion: For the purposes of Item 7 of section 611 of the Corporations Act, A1 Gold will disregard any votes cast in favour of this Resolution by Octagonal Resources Limited and its Associates.

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report for the purposes of the Shareholder approval sought under this Resolution 2. The Independent Expert's Report comments on the fairness and reasonableness of the Acquisition to Non-Associated Shareholders.

The Independent Expert has determined that the Acquisition is not fair but reasonable to Non-Associated Shareholders.

Resolution 3 – Ratification of Issue of Shares

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue of 16,666,666 Shares to sophisticated and professional investor clients of PSL, for the purposes and on the terms set out in the Explanatory Memorandum.”

Voting Exclusion: For the purposes of Listing Rule 7.5, A1 Gold will disregard any votes cast on this Resolution by any person who participated in the issue and any of their Associates, unless it is cast:

- (a) by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- (b) by the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

Resolution 4 – Ratification of Issue of Shares and Listed Options

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue of 10,000,000 Shares and 8,888,886 Listed Options to sophisticated and professional investor clients of PSL, for the purposes and on the terms set out in the Explanatory Memorandum.”

Voting Exclusion: For the purposes of Listing Rule 7.5, A1 Gold will disregard any votes cast on this Resolution by any person who participated in the issue and any of their Associates, unless it is cast:

- (a) by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- (b) by the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

Resolution 5 – Issue of Convertible Notes and Listed Options

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to Resolutions 1, 2, 6, 7 and 8 being passed, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise A1 Gold to issue up to 70,000,000 Convertible Notes and 23,333,333 Listed Options, to sophisticated and professional investor clients of PSL, for the purpose and on the terms set out in the Explanatory Memorandum.”

Voting Exclusion: For the purposes of Listing Rule 7.3, A1 Gold will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any of their Associates, unless it is cast:

- (a) by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) by the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

Resolution 6 – Approval for the Allotment and Issue of Shares (Interest Shares)

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to Resolutions 1, 2, 5, 7 and 8 being passed, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise A1 Gold to issue that number of Shares calculated in accordance with the interest calculation formulae set out in Annexure A (summary of material terms and conditions of the Convertible Notes) and otherwise on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice, to persons who are not related parties of A1 Gold.”

Voting Exclusion: For the purposes of Listing Rule 7.3, A1 Gold will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any of their Associates, unless it is cast:

- (a) by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) by the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

Resolution 7 – Issue of Convertible Notes and Listed Options to Mr James Cullen

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to Resolutions 1, 2, 5, 6 and 8 being passed, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise A1 Gold to issue up to 1,428,571 Convertible Notes and 476,190 Listed Options on the terms set out in the Explanatory Statement, to James Cullen, or his nominee.”

Note: If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

Voting Exclusion: For the purposes of Listing Rule 10.13, A1 Gold will disregard any votes cast on this Resolution by James Cullen and any of his Associates, unless it is cast:

- (a) by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- (b) by the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

Resolution 8 – Approval for the issue of Interest Shares to Mr James Cullen

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolutions 1, 2, 5, 6 and 7, pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, approval is given for the issue of Interest Shares to Mr James Cullen (or his nominee) on the terms and conditions in the Explanatory Memorandum.”

Voting Exclusion: For the purposes of Listing Rule 10.13, A1 Gold will disregard any votes cast on this Resolution by James Cullen and any of his Associates, unless it is cast:

- (a) by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- (b) by the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

Resolution 9 – Election of Mr Dale Rogers as a Director

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of clause 6.3 of the Constitution and for all other purposes, Mr Dale Rogers, who was appointed to the Board since the previous general meeting of the Company, retires as a Director, and being eligible, having offered himself for re-election, is re-elected as a Director.”

Resolution 10 – Election of Mr James Cullen as a Director

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of clause 6.3 of the Constitution and for all other purposes, Mr James Cullen, who was appointed to the Board since the previous general meeting of the Company, retires as a Director, and being eligible, having offered himself for re-election, is re-elected as a Director.”

By order of the Board.



Dennis Wilkins
Company Secretary

Date: 26 May 2015

OTHER BUSINESS

To deal with any other business that may be brought forward in accordance with the Constitution and the Corporations Act.

EXPLANATORY MEMORANDUM

The accompanying Explanatory Memorandum forms part of this Notice and should be read in conjunction with it.

Shareholders are specifically referred to the Glossary in the Explanatory Memorandum which contains definitions of capitalised terms used in this Notice and the Explanatory Memorandum.

PROXIES

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (**proxy**) to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to A1 Gold in accordance with the instructions on the form. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- a member of A1 Gold entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- a proxy need not be a member of A1 Gold;
- a member may appoint a body corporate or an individual as its proxy; and
- a member of A1 Gold entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging proxy forms. To be valid, properly completed Proxy Forms must be received by A1 Gold's share registry no later than 10:00am WST on 23 June 2015 by:

1. post to Security Transfer Registrars Pty Ltd, PO Box 535, Applecross, Western Australia 6953; or
2. facsimile to Security Transfer Registrars Pty Ltd at (08) 9315 2233 (International: +61 8 9315 2233); or
3. email at registrar@securitytransfer.com.au; or
4. online at www.securitytransfer.com.au.

If you are a beneficial Shareholder and receive these materials through your broker or through another intermediary, please complete and return the form of proxy or voting instruction form in accordance with the instructions provided to you by your broker or by the other intermediary.

ENTITLEMENT TO VOTE

For the purposes of regulation 7.11.37 of the Corporations Regulations 2001, the Board has determined that a person's entitlement to vote at the General Meeting will be the entitlement of that person set out in the register of Shareholders as at 5:00pm WST on 24 June 2015. Accordingly, transactions registered after that time will be disregarded in determining Shareholder' entitlements to attend and vote at the General Meeting.

CORPORATE REPRESENTATIVE

Any corporate Shareholder who has appointed a person to act as its corporate representative at the General Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to A1 Gold or its share registry in advance of the General Meeting or handed in at the General Meeting when registering as a corporate representative.

ELECTRONIC COMMUNICATION

All Shareholders may elect to receive communications from A1 Gold's share registry electronically. To provide or update your email address, please contact A1 Gold's share registry.

REVOCAION OF PROXIES

A Shareholder executing and delivering a proxy has the power to revoke it in accordance with the provisions of the Corporations Act, which provides that every proxy may be revoked by an instrument in writing executed by the Shareholder or by his or her attorney authorised in writing and delivered either to the registered office of A1 Gold at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof at which the proxy is to be used, or to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, or in any other manner permitted by law.

VOTING OF PROXIES

The Proxy Form accompanying this Explanatory Memorandum confers discretionary authority upon the proxy with respect to any amendments or variations to the matters identified in the Notice of Meeting and any other matters that may properly come before the Meeting.

Shareholders must mark the boxes directing its proxy how to vote. If no voting instructions are indicated on the appointment of proxy form, the proxy will be voted as recommended by management or as the proxyholder sees fit (in the latter case, if management is not appointed as proxy).

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared to provide Shareholders with material and necessary information to enable them to make an informed decision on the business to be conducted at the General Meeting of A1 Consolidated Gold Limited (**A1 Gold**) on 25 June 2015 at 10:00am (WST).

The Explanatory Memorandum and all attachments are important documents. They should be read carefully. The Directors recommend Shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Each of the Resolutions put to Shareholders in this Notice are ordinary resolutions and are required to be passed by a simple majority of votes cast by the Shareholders entitled to vote on it.

Responsibility Statement

The information contained in this Explanatory Memorandum, other than the Independent Expert's Report and information provided by Octagonal, has been prepared by A1 Gold and is the responsibility of A1 Gold.

Octagonal has provided the information which relates to Mr Anthony Gray and Octagonal's identity, its Associates, voting power and intentions, including the information contained in sections 3.3 (first sentence of seventh paragraph), 3.4(a), 3.4(b) (first paragraph), 3.4(c) 3.4(d), and 3.4(e) of this Explanatory Memorandum.

None of A1 Gold, its Directors, Associates or advisers assume any responsibility for the accuracy or completeness of the information supplied by Octagonal.

1. OVERVIEW OF ACQUISITION AND CONVERTIBLE NOTES

1.1 Background

A1 Gold was incorporated in New South Wales on 14 February 2011 as a junior exploration company focused on development of the A1 Gold mine in the Woods Point – Walhalla Goldfield located in north eastern Victoria, with interests in further mineral tenements in the same area of Victoria for exploration.

A1 Gold was admitted to the official list of the ASX on 21 June 2012. Since that date, A1 Gold has pursued the objectives outlined in its initial public offering prospectus of exploration and development of A1 Gold's mineral properties with the objective of bringing the A1 Gold mine into production. Since listing, A1 Gold has undertaken various activities to assist with achieving its objectives including the following.

- Entering into an option agreement on 29 August 2014 with Orion Gold NL (**Orion**) to acquire Orion's Walhalla tenements. The Walhalla tenements are in the same gold province as the A1 Gold mine. A1 Gold is reviewing Orion's geological modelling and data and has commenced exploration of the Walhalla tenements. A1 Gold is still evaluating the Walhalla tenements and has not yet exercised the option to purchase.
- On 5 September 2014, A1 Gold announced the results of its Stage 1 Scoping Study, which set out the path to production for the A1 Gold mine and outlined the funds required to achieve production.
- Assessed various funding paths to provide the capital necessary to bring the A1 Gold mine into production.

More recently, A1 Gold has been investigating ways to reduce the capital costs to achieve production and expand the scope of its gold business, which led to the signing of the Share Sale Agreement to acquire the Maldon Gold Operation. There were various conditions attached to Completion under the Share Sale Agreement, which are detailed in section 1.3 below, including the requirement to secure sufficient working capital to prudently manage the recommissioning of the Maldon Treatment Plant and the start-up of production.

Working capital is to be secured by the issue of Convertible Notes by A1 Gold to Clients of PSL. The details of the Convertible Note placement were announced on 24 April 2015 and the details are more fully described at section 6 below. The Convertible Note placement will be completed concurrently with Completion under the Share Sale Agreement.

1.2 Acquisition of the Maldon Gold Operation

A1 Gold and Octagonal have entered into the Share Sale Agreement whereby A1 Gold will purchase the Maldon Gold Operation from Octagonal via the Acquisition.

The Companies own the Maldon Gold Operation, the assets of which include the following:

- (a) Maldon Treatment Plant;
- (b) business records;
- (c) intellectual property;
- (d) property (including all mining tenements owned by the Companies);

- (e) plant and equipment;
- (f) stock and consumables; and
- (g) goodwill.

The Acquisition represents a significant step in A1 Gold's strategy of positioning itself as a multi-mine operator with an extended mine life. The Maldon Treatment Plant is a fully permitted carbon in leach gold processing plant located near the township of Maldon, Victoria and is an optimal size for planned production from the A1 Gold mine. The acquisition of the Maldon Treatment Plant is expected to provide ore processing certainty, substantial savings in ore processing costs and remove the capital requirement for A1 Gold to construct its own ore processing facility (see A1 Gold's ASX announcement dated 13 January 2015 (Updated Stage 1 Scoping Study) for full details of the anticipated changes to the A1 Gold mine production plan resulting from use of the Maldon Treatment Plant once upgrades and the installation of the gravity circuit have been completed).

A1 Gold will also acquire the developed and production ready Alliance South deposit at the Union Hill mine (a fully permitted mine equipped with all necessary mining infrastructure) and a substantial tenement holding in Central Victoria with near surface and potentially open pit mineable resources, including the Pearl Croydon deposit.

As noted in section 1.1 above, A1 Gold holds an option to acquire the Walhalla tenements from Orion and is currently evaluating those tenements. If A1 Gold proceeds with exercising the option, the acquisition of these tenements will further diversify A1 Gold's asset base within one of the major gold provinces in Victoria. See A1 Gold's ASX announcement dated 29 August 2014 for further details.

It should be noted that A1 Gold, in consultation with the Independent Expert, did not obtain an independent valuation of the Maldon Gold Operation tenements and the Union Hill mine, as the significant value of the Acquisition to A1 Gold derives from the Maldon Treatment Plant and the Directors considered the benefit of obtaining such a valuation was unlikely to justify the cost of obtaining it.

As outlined in A1 Gold's announcement dated 9 February 2015, A1 Gold agreed to early management control of the Maldon Gold Operation. Since taking control of the Maldon Gold Operation, A1 Gold has completed pre-operational maintenance on the Maldon Treatment Plant, commissioned the gravity circuit and commenced ore processing, whilst at the same time completed narrow vein mining between the 1080 and 1100 levels of the Alliance South deposit. See section 1.8 below for further information.

1.3 Key Terms of the Acquisition

The key terms of the Acquisition are as follows:

- (a) **Consideration:** In consideration for the transfer of all of the issued capital of the Companies, A1 Gold will issue the Completion Securities, of which 75% will be subject to a voluntary 6 month escrow period.

Octagonal has agreed to consult A1 Gold in relation to any sale or placement of the remaining 25% of the Completion Securities, so that any such sale or placement is managed so as not to impact significantly on A1 Gold's Share price.

- (b) **Conditions precedent:** The Acquisition is conditional upon the satisfaction of the conditions set out below:
 - (i) A1 Gold completing, and being satisfied, at its sole discretion, with its due diligence investigations with respect to each of the Companies;
 - (ii) the Shareholders of A1 Gold approving the Acquisition and the issue of the Completion Securities for the purposes of the Corporations Act and the Listing Rules and other purposes as required;
 - (iii) the shareholders of Octagonal approving the Acquisition for the purposes of Listing Rule 11.2 as required;
 - (iv) A1 Gold successfully completing the Fundraising within three days of holding a Shareholder meeting for the purposes of the condition in clause (ii);
 - (v) the provision of relevant consents to the change in control of each of the Companies required under existing material contracts to which any of the Companies are a party (if any); and
 - (vi) the parties agreeing a revised plant and equipment list to update the Share Sale Agreement.

As at the date of this Notice, three of the six conditions, being (i), (iii) and (vi), have been satisfied. All that now remains for the Acquisition to proceed to Completion is the approval of Shareholders as outlined in (ii) above, the completion of the Fundraising and the receipt of the consents outlined in (v) above.

In the event that the conditions precedent are not fulfilled or waived by 30 June 2015 (or such other date as may be agreed between the parties in writing), then the Share Sale Agreement is at an end and each party is relieved of any further obligation under the Share Sale Agreement.

(c) **Board representation:** A1 Gold must do all things necessary to procure that, with effect from Completion, the board of A1 Gold consists of:

- (i) Mr Dale Rogers as independent non-executive chairman;
- (ii) Mr Dennis Clark as managing director;
- (iii) Mr Anthony Gray as non-executive director and representative of Octagonal; and
- (iv) Mr Jamie Cullen as non-executive director.

1.4 Effect of the Acquisition on A1 Gold

(a) **Effect on A1 Gold's nature of activities**

A1 Gold is a Victorian gold mining entity focused on bringing the A1 Gold mine into production and undertaking exploration in Victoria to provide upside and extend the mine life at that mine. After the Acquisition, A1 Gold will have furthered its objectives with further progress towards the transition to a mining production entity.

(b) **Effect on A1 Gold's Board or senior management**

From completion of the Acquisition, Mr Anthony Gray will be appointed as a non-executive director representing Octagonal. See sections 1.3(c)(iii) and 3.5(e) for further information in relation to Mr Gray. At this time, it is contemplated that the majority of the employees will continue in their current employment with the Companies from Completion. In the future, A1 Gold reserves the right to consider reorganising the employment structure of the Companies and to review their ongoing employment requirements.

(c) **Effect on A1 Gold Share capital and control**

Pursuant to the Share Sale Agreement, A1 Gold is to issue to Octagonal 169,672,726 Shares at an issue price of \$0.03 per Share and 56,557,576 Listed Options.

The Share Sale Agreement contemplates an adjustment to the number of Completion Securities in the event that new Shares are issued by A1 Gold at a price less than \$0.03 per Share prior to Completion (see the definitions of Completion Shares and Completion Options for full details). However, the Board has resolved that any Shares issued pursuant to the Fundraising will be issued at a minimum price of \$0.03 per Share, and A1 Gold does not intend to issue any other Shares prior to Completion, therefore the adjustment mechanism will not be activated and the number of Completion Securities to be issued is fixed.

In addition, a condition precedent to the Acquisition is the completion of the Fundraising (raising of an additional \$2,400,000 of equity capital). The Fundraising has or will be satisfied (and exceeded) as follows (assuming all Resolutions in this Notice are approved):

- (i) \$500,000 of the Fundraising was raised on 27 January 2015 by the issue of 16,666,666 Shares (with 5,555,553 Listed Options issued on 11 February 2015);
- (ii) \$300,000 of the Fundraising was raised on 11 February 2015 by the issue of 10,000,000 Shares and 3,333,333 Listed Options; and
- (iii) \$2,500,000 of the Fundraising by the issue of 71,428,571 Convertible Notes and 23,809,523 Listed Options (as detailed in Resolutions 5, 6, 7 and 8).

The completion of the Fundraising will result in the issue of additional securities (Convertible Notes and Listed Options) (see sections 6 to 9 of the Explanatory Memorandum for further details).

The pro-forma capital structure of A1 Gold is set out below, based on the following assumptions:

- (i) Resolutions 1 through 8 are passed and implemented;
- (ii) 169,672,726 Completion Shares and 56,557,576 Completion Options are issued;
- (iii) 71,428,571 Convertible Notes and attached 23,809,523 Listed Options are issued to parties other than Octagonal or its Associates; and
- (iv) no other Shares or Options are issued, including on exercise of existing Options.

Pro forma capital structure

	Shares	%	Convertible Notes	Listed Options	Unlisted Options
Securities on issue as at the date of this Notice, excluding those held by the Octagonal Associates	268,863,631	60.24		140,049,960	9,000,000
Securities on issue as at the date of this Notice held by the Octagonal Associates	7,819,908	1.75		3,333,333	
Securities to be issued to Octagonal (Resolution 2)	169,672,726	38.01		56,557,576	
Convertible Notes (Resolutions 5 to 8)			71,428,571	23,809,523	
Total	446,356,265	100.00	71,428,571	223,750,392	9,000,000

On the basis of the above assumptions, at Completion, Octagonal and the Octagonal Associates will hold a significant Share parcel, representing 39.76% of the voting power in A1 Gold. See section 3.4 for further information on the impact of the Acquisition on control of A1 Gold.

(d) Effect on A1 Gold exploration expenditure

Currently, A1 Gold holds one mining licence, one exploration licence (both in Victoria) and various pieces of mining plant and equipment. Following the Acquisition, A1 Gold will hold approximately eight mining licences, 10 exploration licences in Victoria (as well as one application for a mining licence) and additional items of plant and equipment (including the Maldon Treatment Plant, now fully operational) allowing production to commence from the A1 Gold mine.

A1 Gold's exploration expenditure for the 12 months ended 31 March 2015 was \$232,000. A1 Gold's forecast exploration and development expenditure for the 12 months beginning 1 April 2015, assuming Completion occurs, is \$1,200,000 (subject to availability of funds), of which \$225,000 has been allocated to exploration.

1.5 Pro-Forma Statement of Financial Position

Based on A1 Gold's consolidated balance sheet (unaudited) as at 31 March 2015, the effects of the Acquisition on the consolidated balance sheet are set out below.

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

- (a) Resolutions 1 through 8 are passed and implemented;
- (b) 169,672,726 Completion Shares and 56,557,576 Completion Options are issued;
- (c) 71,428,571 Convertible Notes and 23,809,523 Listed Options are issued to raise \$2,500,000;
- (d) no other Shares are issued, including on exercise of existing Options;
- (e) acquisition of the Companies' existing employee liabilities (\$95,387) offset by cash received (\$95,387); and
- (f) acquisition of the Companies' rehabilitation liabilities (\$883,500) offset by Other Non-Current Assets, being restricted cash held as security bonds (\$883,500).

Pro forma balance sheet

	Consolidated Balance Sheet 31 Dec 2014 Audit Reviewed \$	Consolidated Balance Sheet 31 Mar 2015 Unaudited \$	Balance Sheet Pro-forma 31 Mar 2015 Unaudited \$
Current assets			
Cash and cash equivalents	596,803	206,576	2,621,963
Trade and other receivables	76,316	427,156	120,876
Inventory	-	-	126,407
Other	14,711	9,648	9,648
Total current assets	687,830	643,380	2,878,894
Non-current assets			
Property, plant and equipment	1,762,116	1,675,553	7,018,967
Exploration and evaluation expenditure	19,637,647	19,922,513	19,922,513
Other	123,000	123,000	1,006,500
Total non-current assets	21,522,763	21,721,066	27,947,980
Total assets	22,210,593	22,364,446	30,826,874
Current liabilities			
Trade and other payables	498,582	408,795	428,034
Borrowings	13,718	-	54,120
Employee entitlements	93,414	93,414	188,801
Other	40,800	40,800	40,800
Total current liabilities	646,514	543,009	711,755
Non-current liabilities			
Borrowings	-	-	2,223,465
Provisions	-	-	883,500
Total non-current liabilities	-	-	3,106,965
Total liabilities	646,514	543,009	3,818,720
Net assets	21,564,079	21,821,437	27,008,154
Equity			
Issued capital	35,753,708	36,498,450	41,685,167
Reserves	3,453,278	3,453,278	3,453,278
Accumulated losses	(17,642,907)	(18,130,291)	(18,130,291)
Total equity	21,564,079	21,821,437	27,008,154

1.6 Advantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the proposed Resolutions:

- (a) the Directors believe that the Acquisition should provide certainty of ore processing for its A1 Gold mine, remove the need to construct a mill onsite and provide substantial savings in milling costs, as the Companies own a 150,000 tpa CIL gold processing plant (the Maldon Treatment Plant) that is an optimum size to process planned production from the A1 Gold mine and is now fully operational. The impact of the use of the Maldon Treatment Plant on the A1 Gold mine production plan (assuming Completion) is set out in the Updated Stage 1 Scoping Study as detailed in A1 Gold's ASX announcement dated 13 January 2015. Highlights of the changes from the original Stage 1 Scoping Study (see ASX announcement dated 5 September 2014) include:
- (i) mill recoveries increased from 80% to 90%;
 - (ii) milling costs reduced from \$51/tonne to \$30/tonne;
 - (iii) total mining costs per tonne increased from \$144/tonne to \$162/tonne;
 - (iv) All in Sustaining Cost reduced from \$860/oz to \$849/oz; and
 - (v) projected pre-tax net cash increased over 3 years from \$30,700,000 to \$35,000,000.

Refer to A1 Gold's ASX announcement dated 13 January 2015 for full details of the anticipated changes to the A1 Gold mine production plan resulting from use of the Maldon Treatment Plant;

- (b) A1 Gold will gain exposure to an increased resource base and increased regional exploration opportunities, as A1 Gold would acquire the Alliance South deposit at the Union Hill mine and a substantial tenement holding in Central Victoria, including the Pearl Croydon deposit;
- (c) high grade gold developed at the Alliance South deposit of the Maldon Gold Operation provides potential for production while Stage 1 of the A1 Gold mine is brought into production. Airleg mining has commenced at the Alliance South deposit (see ASX announcements dated 9 February 2015, 3 March 2015 and 27 March 2015);
- (d) the Directors believe that opportunities to acquire further exploration properties in the region may arise as a result of A1 Gold's change in status to a multi-mine mining producer;
- (e) although the A1 Gold Board has considered other merger and similar strategic opportunities, it considers that the Acquisition on the terms proposed is superior to any such other alternatives open to A1 Gold. A1 Gold has not received any alternative comparable proposal since the proposed Acquisition became public;
- (f) A1 Gold will acquire 100% of the Companies and respective interests under the Share Sale Agreement by the issue of the Completion Securities (subject to the conditions precedent);
- (g) the Director to be appointed to the Board at Completion, being Mr Anthony Gray from Octagonal, is an experienced geologist and will bring a valuable skill base to A1 Gold's Board;
- (h) the Acquisition has been agreed on the basis that A1 Gold will issue consideration Shares to Octagonal at a price of \$0.03 per Share¹;
- (i) the consideration for the Acquisition consists only of A1 Gold securities, which allows A1 Gold to acquire the Maldon Gold Operation whilst retaining cash to use for other purposes, such as continued drilling programs aiming to upgrade a portion of the Inferred Resources at the A1 Gold mine; and
- (j) the Acquisition is subject to A1 Gold completing the Fundraising prior to Completion which, if it proceeds, will provide additional funding to advance A1 Gold's activities.

1.7 Disadvantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the proposed Resolutions:

- (a) the Acquisition will result in A1 Gold issuing 169,672,726 new Shares and 56,557,576 Listed Options as consideration for the Acquisition, resulting in a significant dilution to the holdings of existing Shareholders²;
- (b) existing Shareholders currently collectively control A1 Gold. If Resolutions 1 and 2 are passed, then Octagonal will control a significant interest in the Shares of A1 Gold;
- (c) there is no guarantee that A1 Gold's Shares will rise in value as a result of the transaction;
- (d) volume of trading in A1 Gold's Shares may be negatively affected by the presence of a major shareholder; and
- (e) the Acquisition is subject to A1 Gold completing the Fundraising, which, if it proceeds, will result in further securities being issued and a further potential dilution to the holdings of existing Shareholders.

1.8 Early management control

As outlined in A1 Gold's announcement dated 9 February 2015, A1 Gold, the Companies and Octagonal agreed to A1 Gold assuming early management control of the Maldon Gold Operation. Under the terms of the Management Agreement, pending completion of the Share Sale Agreement, A1 Gold has taken operational control of the Maldon Gold Operation and is using the assets and receiving the business revenue of the Companies in consideration for A1 Gold paying the business expenses of the Companies.

A1 Gold and Octagonal have agreed on an approved mining plan for the Maldon Gold Operation that consists of:

- improvements to the Maldon Treatment Plant;

¹ The Share Sale Agreement contemplated an adjustment to the number of Completion Securities to be issued to Octagonal if new Shares were issued by A1 Gold at a price less than \$0.03 per Share prior to Completion. As the Board has resolved to issue Shares pursuant to the Fundraising at a minimum issue price of \$0.03 per Share and A1 Gold does not intend to issue any other new Shares prior to Completion, the adjustment mechanism is not activated and the number of Completion Securities to be issued is fixed.

² See text for note 1. above.

- airleg mining of ore from the Alliance South deposit while the Maldon Treatment Plant is being improved;
- processing the 5,200 tonne stockpile of ore already crushed at the Maldon Treatment Plant; and
- processing airleg mined ore from the Alliance South deposit.

A1 Gold has completed the improvements to the Maldon Treatment Plant as set out in the mining plan and has installed a gravity circuit, which means that the Maldon Treatment Plant is now fully operational. A1 Gold has developed and mined its first narrow vein stope between the 1080 and 1100 levels of the Alliance South deposit and is continuing development and stoping. A1 Gold has also commenced processing the 5,200 tonne stockpile, with the first gold doré bar being produced on 25 March 2015.

Upon taking control of the Maldon Gold Operation, A1 Gold deposited \$300,000 into the Maldon bank account for the purpose of meeting business expenses. A second deposit of \$150,000 is required once the balance of the account is reduced below \$150,000.

Once Completion occurs, A1 Gold will receive all funds from deposits and revenue from gold produced by the Maldon Gold Operation.

If Completion does not occur:

- if business revenue does not exceed the cost of improvements to the Maldon Treatment Plant, Octagonal will reimburse A1 Gold for the cost of improvements to the Maldon Treatment Plant up to \$300,000;
- if business revenue does not exceed business expenses, but exceeds the cost of improvements to the Maldon Treatment Plant, A1 Gold will receive the business revenue; and
- if business revenue exceeds business expenses (i.e. a profit is generated) A1 Gold will be reimbursed all of its business expenses (including the cost of improvements to the Maldon Treatment Plant) and the profit is split 50/50 between A1 Gold and Octagonal.

If the Share Sale Agreement is terminated and Completion does not occur, either company may terminate the Management Agreement.

See A1 Gold's ASX announcements dated 9 February 2015, 3 March 2015 and 27 March 2015 for details of the Management Agreement and the status of the mining plan.

1.9 Public information available for inspection

As a company listed on the ASX and a "disclosing entity" under the Corporations Act, A1 Gold is subject to regular reporting and disclosure obligations. Broadly, these require A1 Gold to announce price sensitive information as soon as it becomes aware of such information, subject to exceptions for certain confidential information. A1 Gold's recent announcements are available from www.asx.com.au. Further announcements concerning developments will continue to be made available on this website after the date of this Explanatory Memorandum.

A1 Gold is required to prepare and lodge with the ASIC and the ASX annual and half yearly financial statements accompanied by a statement and report from the Directors and an audit or review report. Additionally, A1 Gold is required to prepare and lodge quarterly operations reports and cashflow statements with the ASX. Copies of these and other documents lodged with the ASIC may be obtained from or inspected at an ASIC office and on A1 Gold's website at www.a1consolidated.com.au.

2. RESOLUTION 1 – CHANGE IN SCALE OF ACTIVITIES

2.1 General

Listing Rule 11.1.2 provides that if an entity proposes to make a significant change, either directly or indirectly to the nature or scale of its activities, it must obtain the approval of its Shareholders and it must set out in detail the terms of the proposed transaction.

Accordingly, Resolution 1 seeks Shareholder approval under Listing Rule 11.1.2 for the proposed significant change to the scale of its activities as a result of the Acquisition.

Resolution 1 is subject to Resolutions 2, 5, 6, 7 and 8 being approved by Shareholders.

As outlined in section 1.2 of this Explanatory Memorandum, A1 Gold has entered into the Share Sale Agreement, whereby A1 Gold will purchase the Maldon Gold Operation from Octagonal via the Acquisition. This will enable A1 Gold to immediately process ore. A1 Gold will also acquire the developed and production ready Alliance South deposit at the Union Hill mine and a substantial tenement holding in Central Victoria. This represents a significant change to the scale of A1 Gold's activities.

2.2 Directors' recommendation

The Board unanimously recommend that Shareholders vote in favour of Resolution 1. It is the view of the Board that the proposed Acquisition will give Shareholders the opportunity to participate in the benefits relating to A1 Gold becoming a producing entity.

3. RESOLUTION 2 – ISSUE OF COMPLETION SECURITIES TO OCTAGONAL RESOURCES LIMITED

3.1 General

The issue of the Completion Securities to Octagonal is subject to and conditional upon A1 Gold obtaining all Shareholder approvals required under the Listing Rules and the Corporations Act (including for the purposes of Item 7 of section 611 of the Corporations Act to approve the increase in voting power of Octagonal and its Associates above 20%).

Listing Rule 7.1 prohibits a company from issuing securities representing more than the stated threshold of issued capital in any 12 month period without the prior approval of Shareholders, subject to certain exceptions. The issue of the Completion Securities would breach the thresholds in Listing Rule 7.1. However, Listing Rule 7.2 Exception 16 states that Listing Rule 7.1 does not apply in relation to an issue of securities approved for the purposes of Item 7 of section 611 of the Corporations Act. Accordingly, Shareholder approval is not being sought under Listing Rule 7.1

3.2 Independent Expert's Report

For the purposes of Item 7 of section 611 of the Corporations Act and to assist Shareholders in considering the proposed Resolutions, A1 Gold has commissioned an Independent Expert to provide a report on the fairness and reasonableness of the proposed Acquisition. The Independent Expert's Report is attached as Annexure C to this Notice. The Independent Expert's Report concludes that the Acquisition is not fair but reasonable to Non-Associated Shareholders.

Shareholders should consider the Independent Expert's Report in detail. The proposed Acquisition has a number of advantages and disadvantages, some of which may affect Shareholders in different ways depending on their individual circumstances. Shareholders should consider taking professional advice on their particular circumstances as necessary.

3.3 Section 611 of the Corporation Act

Part 6.1 of the Corporations Act contains provisions known as the 'takeover provisions'. These provisions prohibit the acquisition of voting shares or a relevant interest in voting shares of a listed entity by a person through a transaction in relation to securities if, as a result of the transaction, that person's, or someone else's, voting power in the entity increases from:

- (a) 20% or below to more than 20%; or
- (b) a starting point that is above 20% and below 90% (**Takeover Prohibition**).

A person will have a relevant interest in securities if:

- (a) the person is the registered holder of the securities;
- (b) the person has the power to exercise, or control the exercise of, a right to vote attached to the securities; or
- (c) the person has the power to dispose of, or control the exercise of a power to dispose of, the securities.

A holder of Shares will have a relevant interest in those Shares by virtue of that direct Shareholding.

Section 608(3) of the Corporations Act also deems a person to have a relevant interest in any securities held by a corporation if that person holds 20% or more of the shares in that corporation or otherwise controls that corporation.

Item 7 of section 611 of the Corporations Act provides an exception to the Takeover Prohibition in circumstances where the shareholders of the company whose shares are being acquired (in this case, A1 Gold) approve the acquisition by resolution passed at a general meeting (at which no votes are cast in favour of the resolution by the person to whom the shares are to be issued or an Associate of that person).

Under section 610 of the Corporations Act, a person's voting power is defined as the percentage of the total voting shares in an entity (in this case, A1 Gold) held by the person and the person's Associates.

At the date of the Notice of Meeting, Octagonal and the Octagonal Associates hold 7,819,908 Shares in A1 Gold. As set out in section 1.4(c) above, if Resolutions 1 and 2 are passed, the issue of the Completion Securities will give Octagonal and the Octagonal Associates a relevant interest in 39.76% of the voting Shares in A1 Gold. The percentage of voting power is calculated on the basis that:

- (a) 169,672,726 Completion Shares and 56,557,576 Completion Options are issued;

- (b) 71,428,571 Convertible Notes and attached 23,809,523 Listed Options are issued to parties other than Octagonal or its Associates; and
- (c) no other Shares are issued, including on exercise of existing Options (including the Completion Options).

The impact on A1 Gold's issued capital and effect on control is summarised at section 1.4(c) and explained further at section 3.4 below.

The relevant interest in A1 Gold held by Octagonal and the Octagonal Associates after Completion is in excess of the threshold prescribed by the Takeover Prohibition and therefore approval is sought from Shareholders in accordance with Item 7 of section 611 of the Corporations Act.

As set out in the voting exclusion statements in the Notice and in accordance with the Listing Rules, Octagonal and the Octagonal Associates are precluded from voting on Resolution 1 or voting in favour of Resolution 2.

3.4 Corporations Act and ASIC Regulatory Guide 74 disclosure requirements

The following further information is included in accordance with the requirements of Item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74.

- (a) *The identity of the acquirer and their associates*

The acquirer is Octagonal. The acquisition for which approval is sought is the acquisition by Octagonal of the Completion Securities required to be issued by A1 Gold pursuant to the Share Sale Agreement.

For the purposes of Item 7 of section 611, Octagonal has advised that the Associates of Octagonal are:

- (i) Mr Ian Gandel (chairman of Octagonal and a director of each of Octagonal's subsidiaries);
- (ii) Mr Anthony Gray (managing director of Octagonal and a director of each of Octagonal's subsidiaries);
- (iii) Mr Robert Tolliday (non-executive director and company secretary of Octagonal and each of Octagonal's subsidiaries);
- (iv) Maldon Resources Pty Ltd (subsidiary of Octagonal);
- (v) Highlake Resources Pty Ltd (subsidiary of Octagonal);
- (vi) Matrix Gold Pty Ltd (subsidiary of Octagonal);
- (vii) Octagonal Resources (WA) Pty Ltd (subsidiary of Octagonal);
- (viii) Abbotsleigh (major shareholder of Octagonal and an entity controlled by Mr Gandel); and
- (ix) Gandel Metals Pty Ltd (an entity controlled by Mr Gandel),

(the **Octagonal Associates**).

- (b) *Maximum extent of the increase in Octagonal's voting power in A1 Gold and voting power of Octagonal as a result of the Acquisition*

At the date of the Notice of Meeting, Octagonal does not hold any Shares in A1 Gold.

Assuming that:

- (i) Resolutions 1 through 8 are passed and implemented;
- (ii) 169,672,726 Completion Shares and 56,557,576 Completion Options are issued;
- (iii) 71,428,571 Convertible Notes and 23,809,523 Listed Options are issued to parties other than Octagonal; and
- (iv) no other Shares are issued, including on exercise of Options,

A1 Gold will have 446,356,265 Shares on issue after the issue of securities pursuant to Resolutions 1 and 2 and the voting power of Octagonal will be 38.01% of A1 Gold.

	Shares	%
Shares on issue as at the date of this Notice	276,683,539	61.99
<i>Shares to be issued to Octagonal</i>	<i>169,672,726</i>	<i>38.01</i>
Total	446,356,265	100%

The Share Sale Agreement provides that if A1 Gold issues new Shares prior to Completion (whether as part of the Fundraising or otherwise) and the issue price for such Shares is less than \$0.03 per Share, the number of Completion Shares to be issued will be equal to \$5,090,182 divided by the lowest price at which any of the pre-completion new Shares are issued. As the Board has resolved to issue Shares pursuant to the Fundraising at a minimum issue price of \$0.03 per Share and A1 Gold does not intend to issue any other Shares prior to Completion, the number of Completion Shares is fixed at 169,672,726 and the maximum extent of the increase in Octagonal's voting power in A1 Gold after Completion would be an increase to 38.01%.

If Octagonal exercise the Completion Options in full, assuming no other changes to A1 Gold's issued capital (including that no other Options are exercised), Octagonal's voting power would increase to 44.98%.

(c) *Maximum extent of the increase in the voting power in A1 Gold of Octagonal's Associates and voting power of Octagonal's Associates as a result of the acquisition*

As at the date of this Notice, the Octagonal Associates have the following relevant interests and voting power in A1 Gold.

Party	Relevant interest	Capacity	Voting power
Abbotsleigh	7,819,908 Shares	Registered holder	2.83%
Mr Ian Gandel	7,819,908 Shares	Section 608(3) – control of Abbotsleigh	2.83%

Assuming that:

- (i) Resolutions 1 through 8 are passed and implemented;
- (ii) 169,672,726 Completion Shares and 56,557,576 Completion Options are issued;
- (iii) 71,428,571 Convertible Notes and 23,809,523 Listed Options are issued to parties other than Octagonal or its Associates; and
- (iv) no other Shares are issued, including on exercise of existing Options,

A1 Gold will have 446,356,265 Shares on issue after the issue of securities pursuant to Resolutions 1 and 2 and the relevant interests of the Octagonal Associates will be as set out below.

On Completion, Abbotsleigh will hold a relevant interest in the Shares held by Octagonal (by virtue of section 608(3) of the Corporations Act, as Abbotsleigh holds more than 20% of shares in Octagonal). Mr Gandel will also have a relevant interest in the Shares held by Octagonal after Completion (as Mr Gandel controls Abbotsleigh, which holds a relevant interest in the Shares held by Octagonal).

Gandel Metals is a company controlled by Mr Ian Gandel. As set out in the Octagonal notice of meeting dated 30 March 2015, Gandel Metals has agreed to loan up to \$1,000,000 to Octagonal on the terms set out in a loan agreement between those parties. The loan will be advanced to Octagonal in tranches of not less than \$100,000, or such other amount as agreed between the parties, on request by Octagonal. If Completion occurs, Gandel Metals will be granted a mortgage over Octagonal's present and future interest in a number of Shares in A1 Gold equal to 19.9% of the total issued capital of A1 Gold to secure repayment of the loan. On Completion, Gandel Metals will hold a relevant interest in the Shares held by Octagonal (by virtue of section 608(8) of the Corporations Act).

On Completion, the Octagonal Associates have the following relevant interests and voting power in A1 Gold.

Party	Relevant interest	Capacity	Total voting power
Abbotsleigh	7,819,908 Shares	Registered holder	39.76%
	169,672,726 Shares	Section 608(3) - >20% interest in Octagonal	
Mr Ian Gandel	7,819,908 Shares	Section 608(3) – control of Abbotsleigh	39.76%
	169,672,726 Shares	Control of Abbotsleigh, which has a relevant interest in Shares held by Octagonal	
Gandel Metals	88,824,897 Shares	Section 608(8) – security over Shares held by Octagonal to a maximum of 19.9% of the total issued capital of A1 Gold	19.9%

Abbotsleigh holds 3,333,333 Listed Options as at the date of this Notice. If Octagonal exercises the Completion Options in full and Abbotsleigh exercises its Listed Options, assuming no other changes to A1 Gold's issued capital (including that no other Options are exercised), the voting power of each of Abbotsleigh and Mr Ian Gandel would increase to 46.89%.

(d) *Intentions as to the future of A1 Gold*

Other than as disclosed elsewhere in this Explanatory Memorandum, as at the date of this Notice, A1 Gold understands that Octagonal has no current intention to:

- (i) make any significant changes to the business of A1 Gold;
- (ii) transfer property between A1 Gold and Octagonal and any of their Associates;
- (iii) redeploy the fixed assets of A1 Gold;
- (iv) seek to procure any changes in relation to the employment of A1 Gold's employees;
- (v) seek any changes to the composition of A1 Gold's Board, other than the appointment of Mr Anthony Gray, as detailed in section 3.4(e) below; or
- (vi) change significantly the financial or dividend policies of A1 Gold.

(e) *Details of proposed Director*

A1 Gold intends to appoint Mr Anthony Gray as a non-executive Director of A1 Gold with effect from Completion.

Mr Gray is a geologist with over 20 years' experience in the Australian mining industry where he has been involved in exploration for greenstone and slate belt hosted orogenic gold deposits, komatiitic nickel sulphide and laterite deposits, and porphyry copper-gold deposits. Mr Gray has previously worked for WMC Ltd (Nifty Copper, Central Norseman Gold and St Ives Gold), Barra Resources Ltd, Breakaway Resources Ltd and Gandel Metals Pty Ltd. During his career he has contributed to the discovery and/or definition of numerous mineral deposits including the Lady Miller, Gladstone and Daisy gold deposits at Norseman, the Chameleon gold deposit at Goongarrie, the Martins Zone nickel laterite deposit and various gold deposits in the Riverina district (WA), the 5A and 5B nickel sulphide deposits at Kambalda and the Burns copper-gold deposit near St Ives.

Mr Gray is a founding director and has been managing director of Octagonal since 1 November 2010 and is a member of the Audit and Risk Committee of that company.

Mr Gray is a shareholder of Octagonal, holding 0.72% of the issued capital of Octagonal as at the date of this Notice.

Other than as previously announced by A1 Gold or disclosed in this Notice and Explanatory Memorandum, there is no further information that needs to be disclosed under the Listing Rules or the Corporations Act.

3.5 Escrow

Following Completion, 75% of the Completion Securities will be subject to a voluntary 6 month escrow period. Octagonal has agreed to consult A1 Gold in relation to any sale or placement of the remaining 25% of the Completion Securities, so that any such sale or placement is managed so as not to impact significantly on A1 Gold's Share price.

3.6 The ASIC and the ASX's role

For the purposes of Resolution 2, in accordance with Regulatory Guide 74, A1 Gold must lodge the Notice and the Explanatory Memorandum with the ASIC before the Notice can be dispatched to Shareholders. The fact that the Notice, Explanatory Memorandum and other relevant documentation has been received by the ASX and the ASIC is not to be taken as an indication of the merits of the Resolutions or A1 Gold. Each of the ASIC, the ASX and their respective officers take no responsibility for any decision a Shareholder may make in reliance on any of that documentation.

3.7 Directors' recommendation

The Directors do not have any material personal interests in the outcome of Resolution 2.

Based on the information available, including the information contained in this Explanatory Memorandum and the Independent Expert's Report, all of the Directors consider that Resolution 2 is in the best interests of A1 Gold and recommend that Shareholders vote in favour of Resolution 2.

4. RESOLUTION 3 – RATIFICATION OF ISSUE OF SHARES

4.1 General

A1 Gold and Octagonal have entered into the Share Sale Agreement whereby A1 Gold will purchase the Maldon Gold Operation from Octagonal via the Acquisition as detailed in section 1 of this Explanatory Memorandum.

The Acquisition is conditional upon the satisfaction of several conditions precedent, including A1 Gold completing the Fundraising within three business days of this Meeting. Pursuant to the Fundraising, A1 Gold issued 16,666,666 Shares on 27 January 2015 at an issue price of \$0.03 per Share. The placement was made under A1 Gold's Listing Rule 7.1 placement capacity and A1 Gold now seeks, pursuant to Resolution 3 of the Notice, to ratify the allotment and issue of the Shares.

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval provided the issue did not breach the threshold set by Listing Rule 7.1. The purpose and effect of such a ratification is to restore a company's discretionary power to issue further shares pursuant to Listing Rule 7.1 without requiring shareholder approval.

A1 Gold proposes Resolution 3 to ratify a previous issue of securities in accordance with Listing Rule 7.4. A1 Gold confirms that the issue and allotment of the securities the subject of Resolution 3 did not breach Listing Rule 7.1.

4.2 Information required by Listing Rule 7.5

The following information is provided in accordance with Listing Rule 7.5.

- (a) 16,666,666 Shares were allotted and issued by A1 Gold.
- (b) The issue price per Share was \$0.03.
- (c) The Shares allotted were fully paid ordinary shares which rank equally with all other fully paid ordinary shares on issue.
- (d) The Shares were allotted as a private placement to sophisticated and professional investor clients of PSL who are not related parties of A1 Gold.
- (e) The funds raised are being used as additional working capital for A1 Gold to continue to advance its A1 Gold mine to production.
- (f) A voting exclusion statement is included in the Notice.

4.3 Directors' recommendation

Based on the information available, including the information contained in this Explanatory Memorandum, all of the Directors consider that Resolution 3 is in the best interests of A1 Gold and recommend that Shareholders vote in favour of Resolution 3. The Directors have formed this view as the passing of this Resolution will provide greater flexibility when considering future capital raising opportunities. The passing of Resolutions 3 and 4 will return the Directors' ability to issue new shares to the maximum permitted by the ASX Listing Rules without requiring Shareholder approval.

5. RESOLUTION 4 – RATIFICATION OF ISSUE OF SHARES AND OPTIONS

5.1 General

A1 Gold and Octagonal have entered into the Share Sale Agreement whereby A1 Gold will purchase the Maldon Gold Operation from Octagonal via the Acquisition as detailed in section 1 of this Explanatory Memorandum.

The Acquisition is conditional upon the satisfaction of several conditions precedent, including A1 Gold completing the

Fundraising within three business days of this Meeting. Pursuant to the Fundraising, A1 Gold issued 10,000,000 Shares at an issue price of \$0.03 per Share and 8,888,886 Listed Options on 10 February 2015. The placement was made under A1 Gold's Listing Rule 7.1 placement capacity and A1 Gold now seeks, pursuant to Resolution 4 of the Notice, to ratify the allotment and issue of the securities.

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval provided the issue did not breach the threshold set by Listing Rule 7.1. The purpose and effect of such a ratification is to restore a company's discretionary power to issue further shares pursuant to Listing Rule 7.1 without requiring shareholder approval.

A1 Gold proposes Resolution 4 to ratify a previous issue of securities in accordance with Listing Rule 7.4. A1 Gold confirms that the issue and allotment of the securities the subject of Resolution 4 did not breach Listing Rule 7.1.

5.2 Information required by Listing Rule 7.5

The following information is provided in accordance with Listing Rule 7.5.

- (a) 10,000,000 Shares and 8,888,886 Listed Options were allotted and issued by A1 Gold.
- (b) The issue price per Share was \$0.03. The Listed Options were issued for nil consideration.
- (c) The Shares allotted were fully paid ordinary shares which rank equally with all other fully paid ordinary shares on issue. The Listed Options allotted were Listed Options which rank equally with all other Listed Options on issue.
- (d) The Shares and Listed Options were allotted to Abbotsleigh and sophisticated and professional investor clients of PSL who, at the date of the issue of the Shares and Listed Options, were not related parties of A1 Gold.
- (e) The funds raised are being used as additional working capital for A1 Gold to continue to advance its A1 Gold mine to production.
- (f) A voting exclusion statement is included in the Notice.

5.3 Directors' recommendation

Based on the information available, including the information contained in this Explanatory Memorandum, all of the Directors consider that Resolution 4 is in the best interests of A1 Gold and recommend that Shareholders vote in favour of Resolution 4. The Directors have formed this view as the passing of this Resolution will provide greater flexibility when considering future capital raising opportunities. The passing of Resolutions 3 and 4 will return the Directors' ability to issue new shares to the maximum permitted by the ASX Listing Rules without requiring Shareholder approval.

6. RESOLUTION 5 – ISSUE OF CONVERTIBLE NOTES AND LISTED OPTIONS

6.1 General

A1 Gold and Octagonal have entered into the Share Sale Agreement whereby A1 Gold will purchase the Maldon Gold Operation from Octagonal via the Acquisition as detailed in section 1 of this Explanatory Memorandum.

The Acquisition is conditional upon the satisfaction of several conditions precedent, including A1 Gold completing the Fundraising within three business days of this Meeting. Accordingly, Resolution 5 seeks the approval of Shareholders for the placement of up to 70,000,000 Convertible Notes at \$0.035 each and up to 23,333,333 Listed Options pursuant to the Convertible Note Agreements and a General Security Deed and Mining Mortgage, the terms and conditions of which are summarised in Annexure A. The Convertible Notes are to be issued to sophisticated and professional investor clients of PSL who are not related parties of A1 Gold (**Clients of PSL**).

A summary of the terms of the Listed Options are set out in Annexure B.

ASX Listing Rule 7.1 prohibits a company from issuing, or agreeing to issue, securities representing more than 15% of its issued capital in any 12 month period, without the prior approval of its shareholders (subject to certain exceptions). The issue of the Convertible Notes constitutes an agreement by A1 Gold to issue securities in excess of this 15% threshold and accordingly, Shareholder approval is being sought under Listing Rule 7.1 for the issue of the Convertible Notes to Clients of PSL. In respect of the Shares to be issued to the holders upon the conversion of the Convertible Notes, Listing Rule 7.2 Exception 4 states that Listing Rule 7.1 does not apply in the event of an issue of shares on the conversion of convertible securities as long as the listed entity complied with the Listing Rules when it issued the convertible securities.

6.2 Information required by Listing Rule 7.3

The following information is provided in accordance with Listing Rule 7.3.

- (a) The maximum number of securities that will be issued is 70,000,000 Convertible Notes and 23,333,333 Listed Options. The maximum number of Shares the Convertible Notes can be converted into is 70,000,000 and the

Listed Options can be converted into is 23,333,333 (subject to the Corporations Act), subject to adjustment under the anti-dilution provisions set forth in the Convertible Note Agreements (and summarized in Annexure A).

- (b) Any Convertible Notes or Listed Options issued in accordance with Resolution 5 will be issued and allotted within three months of the date of the Meeting.
- (c) The issue price per Convertible Note will be \$0.035, raising a total of \$2,450,000 (before expenses). The Listed Options will be issued for nil consideration.
- (d) The Convertible Notes and Listed Options will be issued to sophisticated and professional investor clients of PSL who are not related parties of A1 Gold. As disclosed in the Company's announcement to ASX on 13 May 2015, Munderoo Resources Pty Ltd have committed, subject to various conditions precedent including the passing of this Resolution, to subscribe for Convertible Notes to the value of \$2,000,000. (Refer ASX release entitled "Convertible Note terms agreed – \$2m private funding committed" and dated 13 May 2015 for further information).
- (e) The terms and conditions of the Convertible Notes are summarised in Annexure A. Upon conversion, the Convertible Notes convert into fully paid ordinary Shares, which will rank equally with all other fully paid ordinary Shares on issue. The Listed Options allotted will rank equally with all other Listed Options on issue.
- (f) The funds raised will be used as additional working capital for A1 Gold to continue to advance its A1 Gold mine to production.
- (g) The issue of the Convertible Notes and Listed Options will occur in a single allotment within seven business days of the Meeting.
- (h) A voting exclusion statement is included in the Notice.

6.3 Directors' Recommendation

All the Directors believe that the proposed placement of the Convertible Notes and Listed Options is beneficial to A1 Gold to satisfy the conditions precedent of the Acquisition and provide the funds necessary to advance A1 Gold towards production. All the Directors recommend that Shareholders vote in favour of Resolution 5.

7. RESOLUTION 6 – APPROVAL OF ALLOTMENT AND ISSUE OF INTEREST SHARES

7.1 General

Interest on the Convertible Notes will be payable at a rate of 12.5% per annum payable quarterly to Holders, in cash or Shares, at the election of the Holders. If a Holder elects to be issued Interest Shares in satisfaction of interest due to the Holder, the Interest Shares will be issued at a discount of 5% to A1 Gold's volume weighted average price of Shares as traded on ASX over the 5 trading days immediately preceding the interest payment date.

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more Equity Securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.3.2 provides that where shareholder approval is sought for the issue of securities for the purposes of Listing Rule 7.1, those securities must be issued within 3 months of the date of the approval.

As the issue of Interest Shares to satisfy interest payable will occur on a date that is beyond 3 months from the date of the Meeting, A1 Gold has sought a waiver from ASX to extend the time by which the Interest Shares may be issued to dates corresponding with the interest payment dates. There is no guarantee that the waiver will be granted.

The effect of Resolution 6 will be to allow the Directors (subject to a waiver being granted by ASX) to issue the Interest Shares on a relevant interest payment date, without using A1 Gold's 15% annual placement capacity.

A1 Gold obtaining shareholder approval for the issue of the Interest Shares and a waiver from ASX in respect of Listing Rule 7.3.2 is a condition precedent to draw down on the Convertible Notes.

Accordingly, Shareholder approval is being sought under Listing Rule 7.1 for the issue of that number of Shares calculated in accordance with the terms of the formula described in this section 7.1, being that the Interest Shares will be issued at a discount of 5% to A1 Gold's volume weighted average price of Shares as traded on ASX over the 5 trading days immediately preceding the interest payment date.

7.2 Information required by Listing Rule 7.3

The following information is provided in accordance with Listing Rule 7.3.

- (a) The maximum number of Interest Shares that may be issued will be calculated in accordance with the formulae set out in Annexure A and set out below:

$$\text{Number of Shares} = \text{Interest for the Period}^1 / (5 \text{ day VWAP} \times 95\%)$$

$$^1 \text{Interest for the Period} = (90/360) \times \text{Interest Rate (12.5\%)} \times \text{face value (\$2,500,000)}$$

Set out below is a range of Interest Shares that may be issued based on various share price assumptions:

Interest Payment Date	Interest \$	No of Shares at 95% of Estimated VWAP of			
		\$0.03	\$0.05	\$0.08	\$0.10
30/09/2015	76,562.50	2,686,404	1,611,842	1,007,401	805,921
31/12/2015	76,562.50	2,686,404	1,611,842	1,007,401	805,921
31/03/2016	76,562.50	2,686,404	1,611,842	1,007,401	805,921
30/06/2016	76,562.50	2,686,404	1,611,842	1,007,401	805,921
30/09/2016	76,562.50	2,686,404	1,611,842	1,007,401	805,921
31/12/2016	76,562.50	2,686,404	1,611,842	1,007,401	805,921
31/03/2017	76,562.50	2,686,404	1,611,842	1,007,401	805,921
30/06/2017	76,562.50	2,686,404	1,611,842	1,007,401	805,921
30/09/2017	76,562.50	2,686,404	1,611,842	1,007,401	805,921
31/12/2017	76,562.50	2,686,404	1,611,842	1,007,401	805,921
31/03/2018	76,562.50	2,686,404	1,611,842	1,007,401	805,921
30/06/2018	76,562.50	2,686,404	1,611,842	1,007,401	805,921
Indicative Number of Interest Shares		32,236,848	19,342,104	12,088,812	9,671,052

- (b) Any Interest Shares issued in accordance with Resolution 6 will be issued and allotted no later than 3 months after the date of the meeting (or such later date as approved by ASX pursuant to the Company's application for a waiver from the requirements of Listing Rule 7.3.2).
- (c) The Interest Shares will be issued at a discounted price, being a discount of 5% to A1 Gold's volume weighted average price of Shares as traded on ASX over the 5 trading days immediately preceding the interest payment date.
- (d) The Interest Shares will be issued to the Holders of the Convertible Notes on record at the interest payment record date.
- (e) The Interest Shares will rank equally in all respects with A1 Gold's existing Shares on issue.
- (f) The Interest Shares will be issued to satisfy A1 Gold's obligations to pay interest on the Convertible Notes to those Holders who elect to have interest on their Convertible Notes paid in Interest Shares rather than in cash.
- (g) The issue of the Interest Shares will occur progressively in accordance with the interest repayment dates under the Convertible Note Agreements.
- (h) A voting exclusion statement is included in the Notice.

7.3 Directors' recommendation

The Board believes that the issue of Interest Shares is beneficial for A1 Gold as it may result in a lower impact on the Company's cash reserves if Holders elect to have Interest Payments satisfied in Interest Shares rather than cash and accordingly recommend that Shareholders vote in favour of Resolution 6.

8. RESOLUTION 7 – APPROVAL OF ISSUE OF CONVERTIBLE NOTES AND GRANT OF LISTED OPTIONS TO JAMES CULLEN

8.1 General

A1 Gold proposes to issue 1,428,571 Convertible Notes and grant 476,190 Listed Options to James Cullen, or his nominee, on the same terms and conditions as outlined in Resolution 5.

A summary of the terms of the Convertible Notes are set out in Annexure A and the full terms of the Listed Options are set out in Annexure B to this Explanatory Statement.

Resolution 7 is required to be approved in accordance with Listing Rule 10.11 to issue securities to a Director, being a related party of A1 Gold. If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

8.2 Section 208 of the Corporations Act

In accordance with section 208 of the Corporations Act, to give a financial benefit to a related party, A1 Gold must obtain Shareholder approval, unless the giving of the financial benefit falls within an exception in sections 210 to 216 of the Corporations Act.

Mr Cullen is a related party for the purposes of section 208 of the Corporations Act as he is a Director.

The Directors, other than Mr Cullen, have determined that Shareholder approval pursuant to section 208 of the Corporations Act is not required to issue Convertible Notes to Mr Cullen as A1 Gold has resolved that the arm's length transaction exception in section 210 of the Corporations Act applies.

The Convertible Notes will be issued to Mr Cullen on the same terms as non-related parties participate in the Convertible Note placement and as such the giving of the financial benefit to Mr Cullen will be on arm's length terms.

8.3 Information required by Listing Rule 10.13

Listing Rule 10.13 contains certain requirements as to the contents of a notice sent to Shareholders for the purposes of Listing Rule 10.11 and the following information is included in this Explanatory Statement for that purpose.

- (a) The Convertible Notes and Listed Options will be issued to James Cullen (or his nominee).
- (b) The maximum number of Convertible Notes to be issued is 1,428,571 and the maximum number of Listed Options to be granted is 476,190. The maximum number of Shares the Convertible Notes can be converted into is 1,428,571 and the Listed Options can be converted into is 476,190 (subject to the Corporations Act), subject to adjustment under the anti-dilution provisions set forth in the Convertible Note Agreements (and summarized in Annexure A).
- (c) The Convertible Notes and Listed Options will be issued on a date which will be no later than 1 month after the date of the Meeting.
- (d) The terms and conditions of the Convertible Notes are set out in Annexure A to this Explanatory Memorandum.
- (e) The exercise price and other terms and conditions of the Listed Options are set out in Annexure B to this Explanatory Memorandum.
- (f) James Cullen (or his nominee) will pay \$0.035 for each Convertible Note issued to him (or his nominee) (\$50,000) and the Listed Options will be granted for no consideration.
- (g) James Cullen has an interest in the following securities of A1 Gold.

Holder	Shares	Listed Options
Kahala Holdings Pty Ltd	1,122,279	1,096,315
Kahala Holdings Pty Ltd <Kilauea Super Fund A/C>	6,667	2,223
Ohana Investments Pty Ltd	814	272

- (h) A voting exclusion statement is included in this Notice.
- (i) The funds raised will be used as additional working capital for A1 Gold to continue to advance its A1 Gold mine to production.

9. RESOLUTION 8 - APPROVAL FOR THE ISSUE OF INTEREST SHARES TO MR CULLEN

9.1 General

In accordance with Listing Rule 10.11, A1 Gold must not issue or agree to issue Equity Securities to a Director unless it first obtains Shareholder approval.

On the basis that Mr Cullen will participate in the Convertible Note placement, pursuant to the terms of the Convertible Notes and subject to the compliance with the Listing Rules, the Corporations Act, the Constitution and any other applicable law, he may elect to be issued Interest Shares. As described in section 7.1, interest on the Convertible Notes is to be paid quarterly and Holders may elect to be issued Interest Shares or cash to satisfy an interest payment owing to the Holders.

Listing Rule 10.13.3 provides that securities to be issued pursuant to Shareholder approval pursuant to Listing Rule 10.11 must be issued within one month of the shareholder meeting. It is proposed that the Interest Shares be issued to Mr Cullen at the relevant interest payment dates, therefore a waiver from Listing Rule 10.13.3 has been sought by the Company. There is no guarantee that the waiver will be granted.

Listing Rule 10.13.5 provides that the issue price of the securities must be specified in the notice of meeting. As the issue of the Interest Shares to be issued to Mr Cullen are to be determined in accordance with a formula (see section 9.3(a)) a waiver from Listing Rule 10.13.5 has been sought by the Company. There is no guarantee that the waiver will be granted.

9.2 Section 208 of the Corporations Act

With respect to section 208 of the Corporations Act, please refer to section 8.2 above.

9.3 Listing Rule 10.13

Specific information required by Listing Rule 10.13 is provided as follows.

- (a) The Interest Shares will be issued to Mr Cullen or his nominees.

The Interest Shares will be issued at a discounted price, being a discount of 5% to A1 Gold's volume weighted average price of Shares as traded on ASX over the 5 trading days immediately preceding the interest payment date (subject to the grant of a waiver from ASX in respect of Listing Rule 10.13.5). Set out below is a range of Interest Shares that may be issued based on various share price assumptions:

Interest Payment Date	Interest \$	No of Shares at 95% of Estimated VWAP of			
		\$0.03	\$0.05	\$0.08	\$0.10
30/09/2015	1,562.50	54,825	32,895	20,559	16,447
31/12/2015	1,562.50	54,825	32,895	20,559	16,447
31/03/2016	1,562.50	54,825	32,895	20,559	16,447
30/06/2016	1,562.50	54,825	32,895	20,559	16,447
30/09/2016	1,562.50	54,825	32,895	20,559	16,447
31/12/2016	1,562.50	54,825	32,895	20,559	16,447
31/03/2017	1,562.50	54,825	32,895	20,559	16,447
30/06/2017	1,562.50	54,825	32,895	20,559	16,447
30/09/2017	1,562.50	54,825	32,895	20,559	16,447
31/12/2017	1,562.50	54,825	32,895	20,559	16,447
31/03/2018	1,562.50	54,825	32,895	20,559	16,447
30/06/2018	1,562.50	54,825	32,895	20,559	16,447
Indicative Number of Interest Shares		657,900	394,740	246,708	197,364

- (b) The Interest Shares will be issued not more than one month after the date of the meeting (or such later date as may be approved by ASX subject to the grant of a waiver from ASX in respect of Listing Rule 10.13.3).
- (c) The Interest Shares be fully paid ordinary shares and will rank equally in all respects with A1 Gold's existing Shares on issue.

- (d) A voting exclusion statement for this resolution is included in the Notice.
- (e) The Interest Shares may be issued to Mr Cullen, or his nominee, to satisfy A1 Gold's obligations to pay interest on the Convertible Notes to Mr Cullen, or his nominee (as the case may be), should he elect to have interest on his Convertible Notes paid in Interest Shares rather than in cash.

9.4 Directors' recommendation

The Directors (excluding Mr Cullen) recommend that shareholders vote in favour of Resolution 8.

10. RESOLUTION 9 – ELECTION OF MR DALE ROGERS

10.1 General

Mr Dale Rogers was appointed as a non-executive Director on 24 November 2014. The Board considers Mr Rogers to be an independent director.

In accordance with clause 6.3(i) of the Company's Constitution, a Director appointed as an addition to the Board by the other Directors may retire at the next general meeting but is eligible for re-election at that meeting.

Accordingly, Mr Rogers, who was appointed by the other Directors, now retires and, being eligible, offers himself for election as a Director.

Resolution 9 is an ordinary resolution, requiring it to be passed by a simple majority of votes cast by the Shareholders entitled to vote on it.

10.2 Director's biography and experience

Mr Rogers has over 26 years' experience in the mining industry, commencing in Kalgoorlie and Kambalda in the 1980's where he managed several underground mines for WMC before moving to the new project development of WMC's Mt Keith Operations during the pre strip and the first year of ore production in the mid 1990's. At the time, this was the largest contractor earthmoving operation by volume in the southern hemisphere. He has developed and managed operations in Australia and overseas, including taking Albidon Limited as Managing Director from a junior explorer with a market capitalisation of \$40m in 2005 to a market capitalisation of almost \$1 billion in 2008.

Mr Rogers is a founding Director and Chairman of ASX listed companies Phoenix Gold Limited and Primary Gold Limited.

10.3 Directors' recommendation

All the Directors, except Mr Rogers, recommend that Shareholders vote in favour of Resolution 9.

11. RESOLUTION 10 – ELECTION OF MR JAMES CULLEN

11.1 General

Mr James Cullen was appointed as a non-executive Director on 1 May 2015. The Board considers Mr Cullen to be an independent director.

In accordance with clause 6.3(i) of the Company's Constitution, a Director appointed as an addition to the Board by the other Directors may retire at the next general meeting but is eligible for re-election at that meeting.

Accordingly, Mr Cullen, who was appointed by the other Directors, now retires and, being eligible, offers himself for election as a Director.

Resolution 10 is an ordinary resolution, requiring it to be passed by a simple majority of votes cast by the Shareholders entitled to vote on it.

11.2 Director's biography and experience

Mr Cullen is a qualified Chartered Accountant who has spent the last 20 years as CEO of two listed companies, each commencing in Microcap space and growing significantly in market capitalisation before being taken over (PCH Group Ltd from \$1m to \$260m and Resource Equipment Ltd from less than \$5m to \$115m).

He has extensive commercial and practical experience in growing businesses domestically and internationally, both organically and through acquisitions.

Mr Cullen also has considerable financial and corporate governance experience and has served as a director of several listed companies.

In the ten years prior to his CEO roles, he was a finance executive in the motion picture industry in Los Angeles and before that was with PricewaterhouseCoopers in Australia and the USA.

11.3 Directors' recommendation

All the Directors, except Mr Cullen, recommend that Shareholders vote in favour of Resolution 10.

LISTING RULES COMPLIANCE STATEMENT

The information in this announcement that relates to the Updated Stage 1 Scoping Study is extracted from the summary report entitled 'A1 Gold mine, Stage 1 Scoping Study (Update)' prepared by Mining One Pty Ltd included in A1 Gold's ASX announcement dated 13 January 2015 (**January Announcement**) and is available to view on A1 Gold's website. A1 Gold confirms that it is not aware of any new information or data that materially affects the information included in the January Announcement and that all material assumptions and technical parameters underpinning the estimates in the January Announcement continue to apply and have not materially changed. A1 Gold confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the January Announcement.

ENQUIRIES

Shareholders should contact the Company Secretary on (08) 9389 2111 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

In this Explanatory Memorandum and the Notice, the following terms have the following meanings unless the context otherwise requires:

A1 Gold or Company	means A1 Consolidated Gold Limited ACN 149 308 921;
Abbotsleigh	means Abbotsleigh Proprietary Limited ACN 005 612 377;
Acquisition	means the purchase by A1 Gold from Octagonal of all the issued share capital of the Companies pursuant to the Share Sale Agreement;
ASIC	Australian Securities and Investments Commission;
Associate	has the meaning set out in sections 11 to 17 of the Corporations Act;
ASX	means ASX Limited ABN 98 008 624 691 and where the context permits, Australian Securities Exchange operated by ASX Limited;
BDO	means BDO Corporate Finance (WA) Pty Ltd ACN 124 031 045;
Board	means the board of directors of A1 Gold;
Change of Control Make-Whole	has the meaning set out in Annexure A of this Notice;
Clients of PSL	has the meaning set out in section 6.1 of the Explanatory Memorandum;
Companies	means Maldon Resources Pty Ltd ACN 909 458 665, Highlake Resources Pty Ltd ACN 062 487 585 and Matrix Gold Pty Ltd ACN 116 500 308;
Completion	means completion of the Acquisition;
Completion Options	means the number of Listed Options that is equal to the number of Completion Shares divided by three and rounded up to the nearest whole number;
Completion Securities	means the Completion Shares and the Completion Options;
Completion Shares	means: <ul style="list-style-type: none">(a) unless clause (b) below applies, the number of Completion Shares will be 169,672,726;(b) if A1 Gold issues new Shares prior to Completion (whether as part of the Fundraising or otherwise) and the issue price for such Shares is less than \$0.03 per Share, the number of Completion Shares to be issued will be equal to \$5,090,182 divided by the lowest price at which any of the pre-completion new Shares are issued;
Constitution	means the constitution of A1 Gold;
Convertible Note	means a convertible note with a face value of \$0.035 each to be issued by A1 Gold on terms and conditions as set out in the Convertible Note Agreements;
Convertible Note Agreements	means the convertible note agreements entered into by A1 Gold and each Client of PSL;

Corporations Act	means the <i>Corporations Act 2001 (Cth)</i> and any amendments thereof;
Director	means a director of A1 Gold;
Equity Securities	has the meaning given in the Listing Rules;
Explanatory Memorandum	means the Explanatory Memorandum accompanying the Notice;
Fundraising	means a capital raising by A1 Gold of at least \$2,400,000 through the issue of Equity Securities;
Gandel Metals	means Gandel Metals Pty Limited ACN 102 347 955 in its capacity as trustee for The Gandel Metals Trust;
General Security Deed and Mining Mortgage	means the general security deed and mining mortgage entered into by A1 Gold and each Client of PSL;
Holder or Holders	means the registered holder of the Convertible Notes, from time to time;
Independent Expert	means BDO Corporate Finance (WA) Pty Ltd ACN 124 031 045;
Independent Expert's Report	means the report prepared by the Independent Expert and annexed to this Notice as Annexure C;
Interest Shares	means Shares issued to Holders who have elected have interest on their Convertible Notes paid in Shares;
Listed Options	means A1 Gold's existing listed Options (AYCO) with an exercise price of \$0.03, expiring on 30 November 2019 and otherwise on the terms and conditions set out in Annexure B;
Listing Rules	means the Listing Rules of the ASX;
Maldon Gold Operation	means the assets of the Companies comprising Octagonal's Victorian gold operations;
Management Agreement	means the management agreement dated 9 February 2015 between A1 Gold, Octagonal and the Companies, the details of which are set out at section 1.8 of the Explanatory Memorandum;
Meeting or General Meeting	means the general meeting of Shareholders convened for the purpose of considering the Resolutions;
Non-Associated Shareholders	means Shareholders of A1 Gold other than Octagonal and/or its Associates;
Notice	means the notice of meeting accompanying this Explanatory Memorandum;
Octagonal	means Octagonal Resources Limited ACN 147 300 418;
Octagonal Associates	has the meaning set out in section 3.4(a) of the Explanatory Memorandum;
Option	means an option to subscribe for one Share;
Orion	has the meaning set out in section 1.1 of the Explanatory Memorandum;

PSL	means Patersons Securities Limited;
Resolution	means a resolution contained in the Notice;
Share	means a fully paid ordinary share in the capital of A1 Gold;
Shareholder	means the holder of a Share;
Share Sale Agreement	means the share sale agreement dated 24 December 2014 between Octagonal and A1 Gold relating to the Acquisition and any amendments or variations to that agreement, the details of which are set out in section 1.3 of the Explanatory Memorandum; and
Takeover Prohibition	has the meaning set out in section 3.3 of the Explanatory Memorandum.

ANNEXURE A

TERMS AND CONDITIONS OF CONVERTIBLE NOTES

This Annexure sets out the material terms and conditions of the Convertible Note Agreements and General Security Deed and Mining Mortgage ("Transaction Documents") upon which A1 Consolidated Gold Limited proposes to issue convertible notes in the amount of A\$2,500,000.

Issuer:	A1 Consolidated Gold Limited (the "Company" or "Issuer")
Form:	First ranking convertible notes (the "Notes")
Amount:	A\$ 2.5m
Issue Price:	3.5 cents per Note (the "Issue Price")
Closing Date:	Contemporaneously with or immediately after completion of the Octagonal Transaction.
Maturity:	3 years from the date of issue (the "Maturity Date").
Interest:	12.50% per annum. Interest will be payable quarterly in arrears calculated on the basis of a 360-day year consisting of twelve 30-day months. The holder of the Notes ("Holders") can elect for interest to be paid in cash or equities ("Interest Shares") at a conversion price of a 5% discount to the VWAP for the preceding 5 trading days on ASX at the date the interest payment is due. If the Company does not pay all interest due and payable in any two quarters (whether consecutive or not) the Holder is entitled to enforce security.
Conversion Price:	The Notes will be convertible at the option of the Holders, in whole or in part, at any time after issue into fully registered and freely tradable ordinary shares of the Company (the "Conversion Shares") at the ratio of one Conversion Share being issued for each Note held.
Redemption at Maturity:	If the Holder has not exercised its option to convert the Notes into Conversion Shares prior to the Maturity Date, the Company must redeem the Notes at maturity upon payment of the total Issue Price, plus any accrued and unpaid interest and any other monetary liabilities of the Company to the Holder that are outstanding pursuant to the Transaction Documents.
Early Redemption Premium:	An additional 50% of the aggregate of the monetary value of the Notes and any accrued and unpaid interest.
Early Redemption at the Option of the Issuer:	At any time following 18 months from the date of issue of the Notes, the Company can redeem all of the Notes by paying the Early Redemption Premium in addition to the monetary value of the outstanding portion of the Notes and any accrued and unpaid interest.
Security:	The Company will grant to the Holders a first ranking general security agreement over all the assets of the Company together with a first ranking mortgage over all the tenements of the Company pursuant to the terms of the General Security Deed and Mining Mortgage and other additional security documentation to be entered into once the Octagonal Transaction is completed with respect to certain mining licenses held by Maldon Resources Pty Ltd and Highlake Resources Pty Ltd and shareholder approvals have been obtained pursuant to section 620B of the Corporations Act (the "Security"). The General Security Deed and Mining Mortgage is on customary terms for a transaction of this nature. The Security is to relate to all of the Notes issued by the Issuer.
Debt Service Reserve (Sink) Account:	The Company must make minimum quarterly repayments into a Debt Service Reserve Account out of any positive cash flow from operations from the first anniversary of the date on which the Notes are issued and until such time as the accumulated reserve is sufficient to cover such amount as is required to redeem the Notes at the Maturity Date, including any accrued and unpaid interest.

Covenants/Events of Default:	<p>The Transaction Documents contain covenants and events of default customary for the issue of securities of this nature.</p> <p>The covenants include, but are not limited to: the provision of financial and other reporting information, conduct of business, maintenance of insurance and necessary permits.</p> <p>The events of default include, but are not limited to: non-payment of any amount due under the Transaction Documents, including the non-payment of interest by the Company in any two quarters (See the summary of "Interest" above); misrepresentation; and usual insolvency events. It will also be an event of default if the Company fails to enter into the additional security documentation that is required with respect to certain mining licenses held Maldon Resources Pty Ltd and Highlake Resources Pty Ltd, or if the Company has not obtained shareholder approval pursuant to section 620B of the Corporations Act on or before 30 November 2015.</p>
Anti-dilution	<p>Upon a dilution event, an adjustment will be made to the number and issue price of Shares to which a Holder is entitled upon conversion of the Notes so that the value of the Notes is not adversely affected by the dilution event. The dilution events include those considered customary for an issuance of this nature, but do not include an issuance of securities as consideration for an acquisition of a mining related project or business.</p>
Change of Control Event:	<p>Upon a change of control event ("Change of Control Event"), which will include, but is not limited to;</p> <ul style="list-style-type: none"> (a) any one shareholder owning or controlling a relevant interest of more than 50% of the Company or otherwise exerting effective control over the Company, which control represents a material change from the current control of the Company; (b) the sale of all or more than 50% of the assets of the Company; (c) a takeover bid is made for the Company which is recommended by the Board; and (d) shareholders of the Company approve a merger of the Company with another company, <p>the Holders will have the right to:</p> <ul style="list-style-type: none"> (a) require the Company to redeem the Notes in cash for the Issue Price plus accrued and unpaid interest thereon, if any, up to but excluding the date of the Change of Control Event, plus the Early Redemption Premium and the present value of all future interest payments and accretion on the Notes through the Maturity Date ("Change of Control Make-Whole") or (b) convert some or all of the Notes into Conversion Shares following delivery of a notice of the Change of Control Event by the Company, and the Holders will receive the Change of Control Make-Whole in respect of all Notes so converted. <p>In the event that the Holder elects to convert part or all of its Notes, the Company will have 3 business days to elect to redeem the Notes at their converted value on the third day following such election by the Holder.</p> <p>The parties acknowledge that the Octagonal Transaction is not a Change of Control Event.</p>
Choice of Law and Jurisdiction:	<p>The Documentation shall be governed by the laws of Western Australia and the parties agree to submit to the non-exclusive jurisdiction of the Courts of Western Australia.</p>
Opportunity to participate in future raisings:	<p>For a period of 18 months commencing on 21 April 2015, Munderoo Resources Pty Ltd ("Munderoo") has the right to invest another A\$1 million in the Company on the same terms as set forth in the Convertible Note Agreement ahead of:</p> <ul style="list-style-type: none"> • any issue of (or agreement to issue, grant or create) securities by the Company; or • the Company incurring any further liabilities in respect of any borrowings or financial accommodation. <p>Munderoo will have 5 business days to exercise this right upon notice from the Company.</p>
Break Fee:	<p>To the extent that the Shareholders do not approve the placement of Notes or the Company notifies Munderoo that such approval is incapable being satisfied by 30 June 2015, then the Company shall pay to Munderoo a fee of 10% of the amount payable ("Break Fee") by issuing Shares ("Break Fee Shares") to Munderoo calculated by dividing the Break Fee by the VWAP for the 5 trading days after the notice of termination is issued. If the Company is unable to issue the relevant number of Break Fee Shares within 10 business days of the Break Fee becoming payable then any outstanding amount of the Break Fee must be paid by the Company to Munderoo in cash at the end of that 10 business day period.</p>
Conditions Precedent:	<p>The issue of the Notes is subject to certain conditions precedent, including the following which remain unsatisfied:</p> <ul style="list-style-type: none"> • Munderoo obtaining investment approval in respect of the transactions from the Chairman of

	<p>Minderoo, at his sole discretion;</p> <ul style="list-style-type: none">• The absence of a material adverse effect;• The Company raising at least A\$450,000 and up to A\$500,000 by issuing Notes (which must replace in full any borrowings extended by PSL or clients of PSL prior to the issue of the Notes) to PSL or to clients of PSL, and raising \$2,000,000 by issuing the notes to Minderoo;• The Company receiving shareholder approvals for the issue of the Notes, the Options, any Shares to be issued pursuant to the Options, the Interest Shares and the Conversion Shares;• The Company obtaining a waiver from ASX in respect of Listing Rule 7.3.2; and• Shareholders approving the Company's entry into the Share Sale Agreement and all other conditions in the Share Sale Agreement (except for the Fundraising) being satisfied.
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ANNEXURE B
TERMS AND CONDITIONS
3 CENT LISTED OPTIONS EXPIRING 30 NOVEMBER 2019

1. Entitlement

- (a) Subject to option terms 6, 7 and 8, each option entitles the registered option holder to subscribe for and be allotted one ordinary share in the capital of A1 Consolidated Gold Limited (**Company**), credited as fully paid, at an exercise price of \$0.03 per share (**Exercise Price**).
- (b) 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 of ASX (**Listing Rules**) (if the Company is listed at the time of exercise of the Option) and register the option holder or its nominee as a shareholder in the register of members in respect of the shares so allotted. No option may be exercised if to do so would contravene the Corporations Act or the Listing Rules.
- (c) 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.

2. Exercise of Options

- (a) An option is exercisable by the registered option holder lodging the notice of exercise of option together with, subject to option terms 6, 7 and 8, the Exercise Price for each share to be issued on exercise and the relevant option holding statement, at any office of the Company's share registrar. The options may be exercised in whole or in part and, if exercised in part, multiples of 1,000 must be exercised on each occasion. The exercise of some options only does not affect the registered option holder's right to exercise other options at a later time.
- (b) Remittances must be made payable to the Company and cheques should be crossed "not negotiable".
- (c) Options may be exercised at any time on or before 5:00 pm WST on 30 November 2019.
- (d) An option not exercised by 5:00 pm WST on 30 November 2019 lapses.

3. Transfer

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

4. Quotation

The Company will apply to the ASX for official quotation of the options.

The Company will apply to the ASX for official quotation of the shares issued on any exercise of an option within 10 business days after the allotment of those shares.

5. 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.

6. 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:

- (a) an option has not been exercised in full; or
- (b) 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.

7. Rights issue

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

8. 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.

9. 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.

10. 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.

ANNEXURE C - INDEPENDENT EXPERT'S REPORT



A1 CONSOLIDATED GOLD LIMITED
Independent Expert's Report

11 May 2015



Financial Services Guide

11 May 2015

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by A1 Consolidated Gold Limited ('A1 Gold') to provide an independent expert's report on the proposal to acquire the Maldon Gold Operation from Octagonal Resources Limited ('Octagonal'). You will be provided with a copy of our report because you are a shareholder of A1 Gold.

Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ('FSG'). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- ◆ Who we are and how we can be contacted;
- ◆ The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- ◆ Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- ◆ Any relevant associations or relationships we have; and
- ◆ Our internal and external complaints handling procedures and how you may access them.

Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.

Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$24,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Other Assignments

BDO East Coast Partnership is the appointed Auditor of Octagonal. We do not consider that this impacts on our independence in accordance with the requirements of Regulatory Guide 112 'Independence of Experts'. We have completed a conflict search of BDO affiliated organisations within Australia. This conflict search incorporates all Partners, Directors and Managers of BDO affiliated organisations. We are not aware of any circumstances that, in our view, would constitute a conflict of interest or would impair our ability to provide objective assistance in this matter.

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement with the provision of a report. We have received a fee from A1 Gold for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ('FOS'). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter.

Our FOS Membership Number is 12561. Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact details

You may contact us using the details set out on page 1 of the accompanying report.

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Appendix 1 - Glossary and copyright notice

Appendix 2 - Valuation Methodologies

Appendix 3 - Independent Valuation Report prepared by Como Engineers Pty Ltd

Appendix 4 - Independent Valuation Report prepared by Mining One Pty Ltd

11 May 2015

The Directors
A1 Consolidated Gold Limited
Ground Floor, 20 Kings Park Road
West Perth WA 6005

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 29 December 2014, A1 Consolidated Gold Limited ('A1 Gold' or 'the Company') announced that they have executed a Share Sale Agreement with Octagonal Resources Limited ('Octagonal') whereby A1 Gold will purchase from Octagonal the Maldon Gold Operation including a fully permitted operational 150,000 tonnes per annum ('tpa') gold processing facility ('Maldon Mill') and further tenement holdings within Central Victoria.

Under the terms of the Share Sale Agreement, A1 Gold will acquire a 100% interest in three subsidiary companies holding the Maldon Gold Operation. In consideration for the acquisition, A1 Gold will issue the following to Octagonal:

- i. 169,672,726 ordinary shares in A1 Gold at a deemed issue price of \$0.03 per share; and
- ii. 56,557,575 listed options to acquire ordinary shares in A1 Gold with an exercise price of \$0.03 per option with an expiry date of 30 November 2019.

(together referred to as the 'Consideration Securities').

Accordingly, the Company is seeking the approval of shareholders under item 7 section 611 of the Corporations Act 2001 (Cth) ('the Act') to issue the Consideration Securities to Octagonal as this could potentially increase Octagonal's shareholding in the Company to beyond 20%.

The transaction is subject to a number of conditions, one being that A1 Gold successfully completes a capital raising of at least \$2.4 million. As at the date of this Report, the Company has raised \$0.8 million of the required amount. In order to meet the remaining capital raising requirement, the Company has executed a term sheet and received commitments for a placement of convertible notes (with attached options) to raise approximately \$2.5 million before costs. The provision of the convertible notes is conditional on the A1 Gold shareholder approval being received under the Share Sale Agreement with Octagonal, along with the satisfaction or waiver of other conditions precedent.

2. Summary and Opinion

2.1 Purpose of the report

The directors of A1 Gold have requested that BDO Corporate Finance (WA) Pty Ltd ('BDO') prepare an independent expert's report ('our Report') to express an opinion as to whether or not the acquisition of the Maldon Gold Operation ('the Transaction') is fair and reasonable to the non associated shareholders of A1 Gold ('Shareholders').

Our Report is prepared pursuant to item 7 section 611 of the Act to be included in the Notice of Meeting for A1 Gold in order to assist the Shareholders in their decision whether to approve the Transaction.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ('ASIC') Regulatory Guide 74 'Acquisitions Approved by Members' ('RG 74'), Regulatory Guide 111 'Content of Expert's Reports' ('RG 111') and Regulatory Guide 112 'Independence of Experts' ('RG 112').

In arriving at our opinion, we have assessed the terms of the Transaction as outlined in the body of this report. We have considered:

- How the value of an A1 Gold share prior to the Transaction on a controlling basis compares to the value of an A1 Gold share following the Transaction on a minority basis;
- Other factors which we consider to be relevant to the Shareholders in their assessment of the Transaction; and
- The position of Shareholders should the Transaction not proceed.

2.3 Opinion

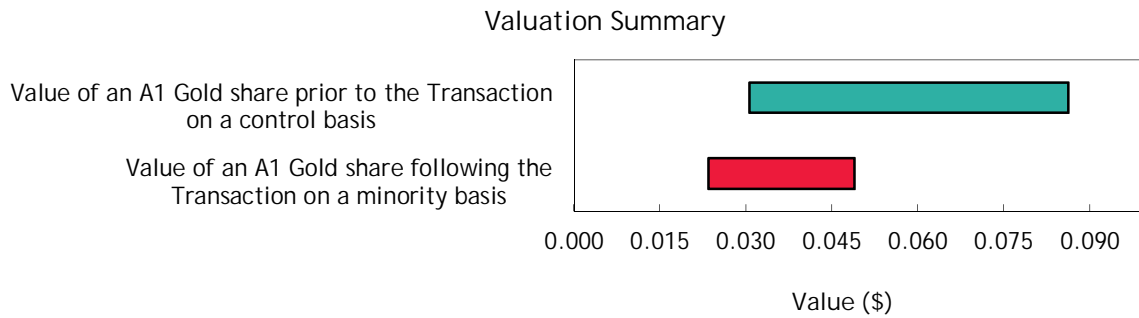
We have considered the terms of the Transaction as outlined in the body of this report and have concluded that the Transaction is not fair but reasonable to the Shareholders of A1 Gold.

2.4 Fairness

In section 12 we determined how the value of an A1 Gold share prior to the Transaction, on a control basis, compares to the value of an A1 Gold share following the Transaction on a minority basis, as detailed below.

	Ref	Low \$	Preferred \$	High \$
Value of an A1 Gold share prior to the Transaction on a control basis	10	0.031	0.050	0.086
Value of an A1 Gold share following the Transaction on a minority basis	11	0.023	0.033	0.049

The above valuation ranges are graphically presented below:



The above pricing indicates that, in the absence of any other relevant information, the Transaction is not fair for Shareholders as the preferred value of an A1 Gold share prior to the Transaction on a control basis is higher than the preferred value of an A1 Gold share following the Transaction on a minority basis.

2.5 Reasonableness

We have considered the analysis in section 13 of this report, in terms of both:

- advantages and disadvantages of the Transaction; and
- other considerations, including the position of Shareholders if the Transaction does not proceed and the consequences of not approving the Transaction.

In our opinion, the position of Shareholders if the Transaction is approved is more advantageous than the position if the Transaction is not approved. Accordingly, in the absence of any other relevant information we believe that the Transaction is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
13.1.1	Minority interest values prior to and following the Transaction overlap	13.2.1	Dilution of existing Shareholders' interests
13.1.2	The acquisition of the Maldon Mill removes the need for A1 Gold to construct a mill onsite or enter into an Ore Tolling Agreement	13.2.2	Octagonal will gain an increased level of control over A1 Gold
13.1.3	The Company gains exposure to an increased resource base	13.2.3	Potential lower liquidity of shares
13.1.4	The Company retains cash to use for other purposes		

13.1.5 The Transaction is contingent on the Company completing the Capital Raising

Other key matters we have considered include:

Section	Description
13.3.1	Alternative proposals
13.3.2	Practical level of control
13.3.3	Movement in A1 Gold's share price following the announcement of the Transaction
13.3.4	Premium for control

3. Scope of the Report

3.1 Purpose of the Report

Section 606 of the Corporations Act Regulations expressly prohibits the acquisition of shares by a party if that acquisition will result in that person (or someone else) holding an interest in 20% or more of the issued shares of a public company, unless a full takeover offer is made to all shareholders.

Section 611 permits such an acquisition if the shareholders of that entity have agreed to the issue of such shares. This agreement must be by resolution passed at a general meeting at which no votes are cast in favour of the resolution by any party who is associated with the party acquiring the shares, or by the party acquiring the shares. Section 611 states that shareholders of the company must be given all information that is material to the decision on how to vote at the meeting.

RG 74 states that the obligation to supply shareholders with all information that is material can be satisfied by the non-associated directors of A1 Gold, by either:

- undertaking a detailed examination of the Transaction themselves, if they consider that they have sufficient expertise; or
- by commissioning an Independent Expert's Report.

The directors of A1 Gold have commissioned this Independent Expert's Report to satisfy this obligation.

3.2 Regulatory guidance

Neither the Australian Securities Exchange ('ASX') Listing Rules nor the Act defines the meaning of 'fair and reasonable'. In determining whether the Transaction is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

This regulatory guide suggests that where the transaction is a control transaction, the expert should focus on the substance of the control transaction rather than the legal mechanism to affect it. RG 111 suggests that where a transaction is a control transaction, it should be analysed on a basis consistent with a takeover bid.

In our opinion, the Transaction is a control transaction as defined by RG 111 and we have therefore assessed the Transaction as a control transaction to consider whether, in our opinion, it is fair and reasonable to Shareholders.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. When considering the value of the securities subject of the offer in a control transaction the expert should consider this value inclusive of a control premium. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between the value of an A1 Gold share prior to the Transaction on a control basis and the value of an A1 Gold share following the Transaction on a minority basis (fairness - see section 12 'Is the Transaction Fair?'); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the Transaction, after reference to the value derived above (reasonableness - see section 13 'Is the Transaction Reasonable?').

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('APES 225').

A Valuation Engagement is defined by APES 225 as follows:

'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

4. Outline of the Transaction

On 24 November 2014, A1 Gold and Octagonal jointly announced that they had entered into a binding Heads of Agreement whereby A1 Gold will purchase the Maldon Gold Operation including a 150,000 tpa gold processing facility and a tenement holding in Central Victoria. On 29 December 2014, A1 Gold announced that the formal Share Sale Agreement had been executed.

Under the terms of the Share Sale Agreement, A1 Gold will acquire a 100% interest in three subsidiary companies holding the Maldon Gold Operation, with consideration to be satisfied by the following:

- i. 169,672,726 ordinary shares in A1 Gold at a deemed issue price of \$0.03 per share; and
- ii. 56,557,575 listed options to acquire ordinary shares in A1 Gold with an exercise price of \$0.03 per option with an expiry date of 30 November 2019.

If the Company issues new shares prior to completion of the Transaction and the issue price is less than \$0.03 per share ('Pre Completion Share'), the Consideration Securities to be issued to Octagonal will be equal to:

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

Upon completion of the Transaction Mr Anthony Gray, a current executive director of Octagonal, will be appointed to the Board of A1 Gold as a representative of Octagonal. Following completion of the Transaction, the Board of A1 Gold will consist of an independent non-executive Chairman nominated by Patersons Securities Limited and agreed by both A1 Gold and Octagonal, Mr Dennis Clark as Managing Director and Mr Jamie Cullen and Mr Anthony Gray as non-executive Directors.

Maldon Gold Operations

In order to acquire the Maldon Gold Operations, A1 Gold will acquire 100% of the shares in each of the following companies owned by Octagonal:

- a) Maldon Resources Pty Ltd;
- b) Highlake Resources Pty Ltd; and
- c) Matrix Gold Pty Ltd.

(together referred to as the 'Acquired Companies')

Upon completion of the Transaction, the Acquired Companies will not have any financing debt, including term debt, repayment costs, finance leases, novated leases, or any operational creditors. All environmental bonds provided by the Acquired Companies and the funds supporting the environmental bonds will remain in place at completion.

Conditions Precedent

Under the Share Sale Agreement (and any variations to this agreement), the completion of the Transaction will be subject to the following conditions to be satisfied by 30 June 2015 (or such other date agreed by the parties):

- i. A1 Gold completing, and being satisfied, at its sole discretion, with its due diligence investigations with respect to each of the Acquired Companies;
- ii. The Shareholders of A1 Gold approving the Transaction and the issue of the Consideration Securities for the purpose of item 7 section 611 of the Act and other purposes as required;
- iii. The Shareholders of Octagonal approving the Transaction for the purpose of ASX Listing Rule 11.2 as required;
- iv. A1 Gold successfully raising at least \$2.4 million via the issue of securities within 3 business days following the holding of a meeting to obtaining shareholder approval to the Transaction ('Capital Raising'). We note that the Company has already raised \$0.8 million of the total \$2.4 million amount as at the date of this Report;
- v. The provision of relevant consents to the change in control of the Acquired Companies required under existing material contracts to which any of the Acquired Companies are a party to (if any); and

- vi. The parties agreeing to a revised Plant and Equipment list as per Schedule 1 of the Share Purchase Agreement (we note this condition precedent has already been satisfied).

As at the date of this Report three of the six conditions, being (i), (v) and (vi), have been satisfied.

Condition (iv) requires that A1 Gold successfully completes a Capital Raising of at least \$2.4 million. As at the date of this Report, the Company has raised \$0.8 million of the required amount. In order to meet the remaining Capital Raising requirement, the Company has executed a term sheet and received commitments for a placement of convertible notes (with attached options on a 1:3 basis) to raise \$2.5 million before costs.

Commitments for an initial \$450,000 have been provided via unsecured loans from clients of Patersons which will convert into convertible notes at the same time as the balance of funds (\$2,050,000) are provided, following satisfaction of conditions precedent including but not limited to receipt of shareholder approval, completion of documentation and will settle concurrently with the completion of the Transaction.

Under the term sheet the convertible notes have an issue price of \$0.035 and mature 3 years from the date of issue. The convertible notes will be convertible at the option of the holder, in whole or in part, at any time after issue up to the maturity date. Each convertible note accrues interest at a rate of 12.5% per annum and interest is payable quarterly in arrears by the Company (with an option for interest to be paid through the issue of shares in the Company at the election of the holder). The conditions attached to the convertible note need to be satisfied or waived by 30 June 2015.

The Company has also agreed, pursuant to the term sheet, to offer one of the proposed noteholders the right to invest another \$1 million in the Company on the same terms ahead of any issue of securities by the Company or the Company incurring any further liabilities in respect of borrowings or financial accommodation for a period of 18 months.

In the event that the issue of the convertible notes does not complete, the unsecured loans mentioned above, totalling \$450,000, will be repayable by the Company on 1 July 2015.

Capital structure

Prior to the Transaction, Octagonal does not hold any shares in A1 Gold. Following the Transaction, Octagonal's interest in the issued share capital of A1 Gold will increase dependent on a number of scenarios. If Shareholders approve the Transaction and assuming no further shares are issued, the potential changes in shareholding are summarised in the table below.

	Octagonal	Convertible Noteholders	Existing Shareholders	Total
Issued Shares as at date of this Report	-	-	276,683,539	276,683,539
<i>% holdings as at date of this Report</i>	<i>0.00%</i>	<i>0.00%</i>	<i>100.00%</i>	<i>100.00%</i>
Shares to be issued to Octagonal under Transaction	169,672,726	-	-	169,672,726
Issued Shares after Consideration Shares issued	169,672,726	-	276,683,539	446,356,265
<i>% holdings after Consideration Shares issued</i>	<i>38.01%</i>	<i>0.00%</i>	<i>61.99%</i>	<i>100.00%</i>
Shares to be issued to Octagonal on exercise of Consideration Options	56,557,575	-	-	56,557,575
Issued Shares after exercise of Consideration Options	226,230,301	-	276,683,539	502,913,840
<i>% holdings after exercise of Consideration Options</i>	<i>44.98%</i>	<i>0.00%</i>	<i>55.02%</i>	<i>100.00%</i>
Shares issued upon conversion of Convertible Notes	-	71,428,572	-	71,428,572
Issued Shares after conversion of Convertible Notes	226,230,301	71,428,572	276,683,539	574,342,412
<i>% holdings after conversion of Convertible Notes</i>	<i>39.39%</i>	<i>12.44%</i>	<i>48.17%</i>	<i>100.00%</i>

The above table shows the maximum dilution to current Shareholders in the scenario where all the Consideration Options are exercised. In the scenario where Octagonal exercise the Consideration Options in full, assuming no other changes to A1 Gold's issued capital (including no other Options are exercised or Convertible Notes converted), Octagonal's interest in A1 Gold's issued capital would increase to 44.98%.

As at the date of this Report, parties that are considered to be associates of Octagonal ('Octagonal Associates') hold 10,000,000 ordinary shares in the Company and 3,333,333 listed Options in the Company. If Shareholders approve the Transaction and assuming no further shares are issued, then Octagonal's voting power (including that of Octagonal Associates) could increase to a maximum of 47.32%, assuming all Options are exercised by Octagonal and Octagonal Associates.

Octagonal has also agreed to voluntarily escrow 75% of the Consideration Securities it receives for a period of six months from completion of the Transaction. Additionally, Octagonal have agreed to consult the Company in regards to any sale or placement of the remaining 25% of the Consideration Securities received at completion.

5. Profile of A1 Consolidated Gold Limited

5.1 History

A1 Gold was incorporated on 14 February 2011 and was admitted to the official list of the ASX on 19 June 2012. The Company's key interests lie in its 100% owned A1 Gold Project containing the A1 Gold Mine. The Company also has an Exploration Licence to the north of the A1 Gold Mine for further exploration. This tenement covers most of the Ten Mile Goldfield and includes the Star of the West mine.

The current directors and senior management of A1 Gold are:

- Mr Dale Rogers - Chairman
- Mr Dennis Clark - Managing Director
- Mr Jamie Cullen - Non Executive Director
- Mr Dennis Wilkins - Non Executive Director and Company Secretary

In November 2014, the Company completed an Entitlement Offer on the basis of 7 new shares for every 8 shares held, at an issue price of \$0.03 per share. The Entitlement Offer was for an offer of up to approximately 154.6 million shares which was partially underwritten. On 30 October 2014, the Company

announced that there was shortfall. The Company had received applications for 41.3 million shares. As result, the shortfall to be placed by the underwriter would total 32.0 million shares for a total number of shares issued of 73.3 million. Upon completion a total of \$2.2 million was raised before costs.

During January 2015, the Company announced that it had placed a further 16,666,666 shortfall shares from its recent Entitlement Offer at the offer price of \$0.03 per share to raise a total of \$0.5 million. During February 2015, the Company also announced that it had placed an additional 10,000,000 shares to raise an additional \$0.5 million. These placements had an effect of reducing the total amount that is required to be raised under the Capital Raising, which is a condition of the Transaction, to \$1.6 million.

On 9 February 2015, the Company announced it has commenced management of the Maldon Gold Operations. The Company, Octagonal and the Acquired Companies have entered into a Management Agreement and Deed of variation to the Share Sale Agreement, whereby A1 Gold has taken management control of the Maldon Gold Operations whilst both companies work towards completion of the Transaction, which is expected to occur in late June 2015. Further, on 3 March 2015, the Company announced that ore processing activities had commenced at the Maldon Gold Operation.

On 24 April 2015, the Company announced that Mr Jamie Cullen had agreed to join the Board of Directors as a Non Executive Director.

A1 Gold Mine

The A1 Gold Mine is the Company's main project which includes the entire known A1 Dyke corridor, located in the Woods Point - Walhalla Goldfield in north-eastern Victoria. The A1 Gold Mine settlement was discovered in 1862 and is a narrow vein gold deposit approximately 150m long, 45m wide and 700m deep.

The Stage 1 Scoping Study was completed in September 2014 for the A1 Gold Mine and released to the market on 5 September 2014. An updated Scoping Study was then completed in December 2014 and released to the market on 13 January 2015. The updated Scoping Study was prepared on the assumption that the Transaction is completed.

Further information regarding the Company's A1 Gold Mine can be found at Appendix 4.

Other exploration areas

The Star of the West group of mines which are 100% owned by A1 Gold are situated north of the A1 Gold Mine. The Ten Mile Goldfield is also situated north of the A1 Gold Mine and is 100% owned by A1 Gold also. There are more than 30 known mines present on the Ten Mile Goldfield.

5.2 Historical Financial Information

Statement of Financial Position	Reviewed as at 31-Dec-14 \$	Audited as at 30-Jun-14 \$	Audited as at 30-Jun-13 \$
CURRENT ASSETS			
Cash and cash equivalents	596,803	232,027	920,252
Trade and other receivables	76,316	40,766	128,142
Other	14,711	54,899	166,497
TOTAL CURRENT ASSETS	687,830	327,692	1,214,891
NON-CURRENT ASSETS			
Property, plant and equipment	1,762,116	2,013,897	2,374,638
Exploration, evaluation and development assets	19,637,647	31,485,900	27,912,170
Other	123,000	123,000	173,000
TOTAL NON-CURRENT ASSETS	21,522,763	33,622,797	30,459,808
TOTAL ASSETS	22,210,593	33,950,489	31,674,699
CURRENT LIABILITIES			
Trade and other payables	498,582	526,726	1,889,267
Borrowings	13,718	41,155	40,574
Employee entitlements	93,414	73,903	52,599
Share application funds pending allotment	40,800	40,071	-
TOTAL CURRENT LIABILITIES	646,514	681,855	1,982,440
TOTAL LIABILITIES	646,514	681,855	1,982,440
NET ASSETS	21,564,079	33,268,634	29,692,259
EQUITY			
Issued capital	35,753,708	35,279,194	30,928,204
Reserves	3,453,278	2,213,682	1,990,806
Accumulated losses	(17,642,907)	(4,224,242)	(3,226,751)
TOTAL EQUITY	21,564,079	33,268,634	29,692,259

Source: Reviewed financial statements for the half year ended 31 December 2014 and audited financial statements for the years ended 30 June 2014 and 30 June 2013

Statement of Comprehensive Income	Reviewed for the half year ended 31-Dec-14	Audited for the year ended 30-Jun-14	Audited for the year ended 30-Jun-13
	\$	\$	\$
Revenue	9,951	78,721	202,175
Expenses			
Accounting and taxation services	(41,260)	(56,150)	(85,232)
Auditor's remuneration	(13,000)	(35,850)	(42,050)
Company secretary fees	(49,066)	(78,407)	(73,770)
Consulting fees	-	(34,672)	(76,453)
Depreciation expense	(5,328)	(17,526)	(26,470)
Director's fees	(59,954)	(59,450)	(313,375)
Due diligence - business acquisition	(109,009)	-	-
Employee benefits expense	(55,018)	(132,023)	(220,129)
Finance costs	(4,523)	(70,107)	(11,494)
Impairment of development costs	(12,842,007)	-	-
Insurance	(57,865)	(121,899)	(95,443)
Loss on disposal of fixed assets	(80,414)	(5,126)	(33,460)
Other expenses	(79,854)	(171,414)	(270,306)
Share based payment expense	-	(222,876)	(132,115)
Share registry and listing fees	(31,318)	(70,712)	(53,116)
Loss from continuing operations before income tax	(13,418,665)	(997,491)	(1,231,238)
Income tax expense	-	-	-
Total comprehensive loss for the year	(13,418,665)	(997,491)	(1,231,238)

Source: Reviewed financial statements for the half year ended 31 December 2014 and audited financial statements for the years ended 30 June 2014 and 30 June 2013

Commentary on Historical Financial Information

We note that A1 Gold's auditor issued an Emphasis of Matter paragraph in the reviewed financial report for the half year ended 31 December 2014. The auditor outlined the existence of material uncertainty in relation to the Company's ability to continue as a going concern given the dependence upon the Company's ability to raise sufficient funds from various sources.

We note the following regarding the Company's historical statements of financial position:

- Cash and cash equivalents has decreased over the period from \$0.92 million as at 30 June 2013 to \$0.60 million as at 31 December 2014. This was due primarily to the exploration, evaluation and development expense incurred and capitalised over the period.
- Capitalised exploration, evaluation and development expenditure has increased from \$27.9 million as at 30 June 2013 to \$31.5 million as at 30 June 2014. Over this period the Company continued exploration works on its A1 Gold Mine including undertaking mine definition drilling to assist with the design and extraction sequence for the resource blocks and commenced development of its Underground Decline which is required to access the mining area. For the half year ended 31 December 2014, the Company recognised an impairment loss due to the recoverable amount of the A1 Gold Mine being deemed to be less than its carrying amount. A total impairment amount of \$12.8 million was recorded for the period.

- The other non-current assets balance of \$123,000 as at 31 December 2014 relates to environmental bonds in place.
- Trade and other payables have decreased over the period from \$1.9 million as at 30 June 2013 to \$0.5 million as at 31 December 2014. The majority of the decrease is due to the repayment of related party payables.
- Issued capital has increased from \$30.93 million as at 30 June 2013 to \$35.75 million as at 31 December 2014. Over this period the Company undertook a number of capital raisings, raising a total of approximately \$3.7 million before costs. The Company also issued shares in lieu of Directors' fees and other amounts owing.
- The Company's primary source of revenue consists of bank interest, fuel tax credits and any profits on the sale of fixed assets.
- Company secretarial services are outsourced to DW Corporate Services, a related party of A1 Gold.

5.3 Capital Structure

The share structure of A1 Gold as at 22 April 2015 is outlined below:

	Number
Total ordinary shares on issue	276,683,539
Top 20 shareholders	192,402,502
Top 20 shareholders - % of shares on issue	69.54%

Source: Management of A1 Gold

The ordinary shares held by the most significant shareholders as at 22 April 2015 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Gaffney's Creek Gold Mine	33,333,333	12.05%
Heron Resources Limited	32,866,666	11.88%
Liongold Australia Pty Ltd	25,862,069	9.35%
Bond Street Custodians Limited	11,982,758	4.33%
Subtotal	104,044,826	37.60%
Others	172,638,713	62.40%
Total ordinary shares on Issue	276,683,539	100.00%

Source: Management of A1 Gold

A1 Gold has the following options on issue as at 10 February 2015:

Current Options on Issue	Number
Listed options exercisable at \$0.03 expiring on or before 30 November 2019	143,383,293
Unlisted options exercisable at \$0.05 expiring on or before 30 November 2019	9,000,000

Source: Appendix 3B dated 10 February 2015

6. Profile of Maldon Gold Operation

In order to acquire the Maldon Gold Operations, A1 Gold will acquire 100% of the shares in each of the Acquired Companies:

- a) Maldon Resources Pty Ltd;
- b) Highlake Resources Pty Ltd; and
- c) Matrix Gold Pty Ltd.

Upon completion of the Transaction, the Acquired Companies will not have any financing debt, including term debt, repayment costs, finance leases, novated leases, or any operational creditors. All environmental bonds provided by the Acquired Companies and the funds supporting the environmental bonds will remain in place at completion.

The Maldon Gold Operation is located 140 km northwest of Melbourne, Victoria. Maldon Resources Pty Ltd holds three mining licences and five exploration licences, including the mining licence on which the Maldon Mill is located. The Maldon Mill is a 150,000 tpa carbon in leach processing plant that was constructed in 1987 by Triad Minerals to recover gold from open pit and underground ore derived from the nearby Union Hill Mine. In November 2012, the mill was refurbished and recommissioned and since that time has processed a combination of underground ore, open pit ore, and historic tailings. The plant has a nominal capacity of 20 tonnes per hour. All gold is recovered by cyanide leaching. For further information regarding the Maldon Mill refer Appendix 3.

The Transaction also involves the acquisition of the Alliance South Deposit at the Union Hill Mine and a substantial tenement holding in central Victoria including the Pearl Croydon Deposit.

7. Economic analysis

In the section below we have addressed the key economic indicators and set out our assessment of the implications for A1 Gold.

Interest Rates

The effects of the US Federal Reserve's quantitative easing are still keeping global long-term borrowing rates down, with some major sovereigns reaching historical lows over recent months. Some risk spreads have widened slightly though overall financing costs for creditworthy borrowers remains very low. The RBA has kept the cash rate at historical lows in order to stimulate the economy through a period of poor commodity prices.

Credit growth

Credit is recording moderate growth overall with stronger growth in lending to investors in housing assets. Housing credit growth increased by 0.6% in January 2015 (5.9% year on year). The RBA is working with other regulators to assess and contain risks that may arise from the housing market. In other asset markets, prices for equities and commercial property have risen, partially as a result of declining long-term interest rates.

A1 Gold may be positively affected by an overall increase in Australian equities as investors seek investments with a higher yield than long term interest rates can provide.

The Australian dollar

The Australian dollar has declined significantly against the rising US dollar, though less so against a basket of currencies. The dollar remains above most estimates of its fundamental value given the significant decline in commodity prices, the key driver for the Australian economy.

A weak Australian dollar is likely to increase foreign investment into Australian assets, with more capital flowing through the Australian market. A1 Gold may benefit from increased demand for equities. Additionally, larger gold mining companies may look to Australia for strategic acquisitions due to the discount the Australian dollar currently provides.

Economic growth

In Australia, economic growth is continuing at a below-trend pace, with domestic demand growth overall quite weak. As a result, the unemployment rate has gradually increased over the past year. The economy is likely to be operating with a degree of spare capacity for some time yet. With growth in labour costs subdued, it appears likely that inflation will remain consistent with the target over the next one to two years, even with a lower exchange rate.

Commodity prices

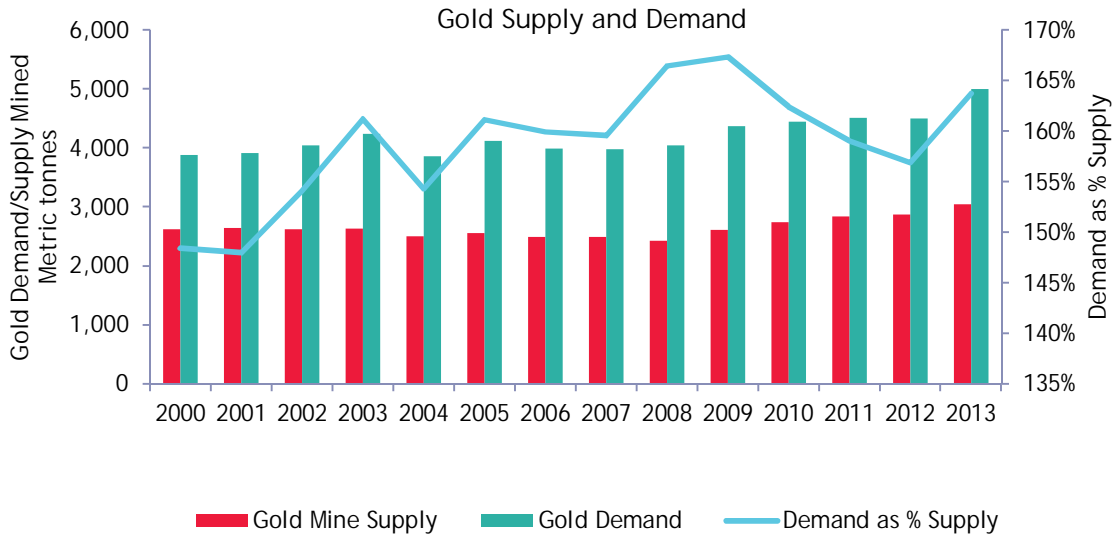
Commodity prices have declined over the past year. Oil and iron ore in particular have fallen significantly. These declines seem to reflect a combination of lower growth in demand, and more importantly, a significant increase in supply. The low energy prices will act to strengthen global output and temporarily lower inflation rates.

Source: www.rba.gov.au Statement by Glenn Stevens, Governor: Monetary Policy Decision 3 March 2015, www.nab.com.au Global & Australian Forecasts - March 2015.

8. Industry analysis

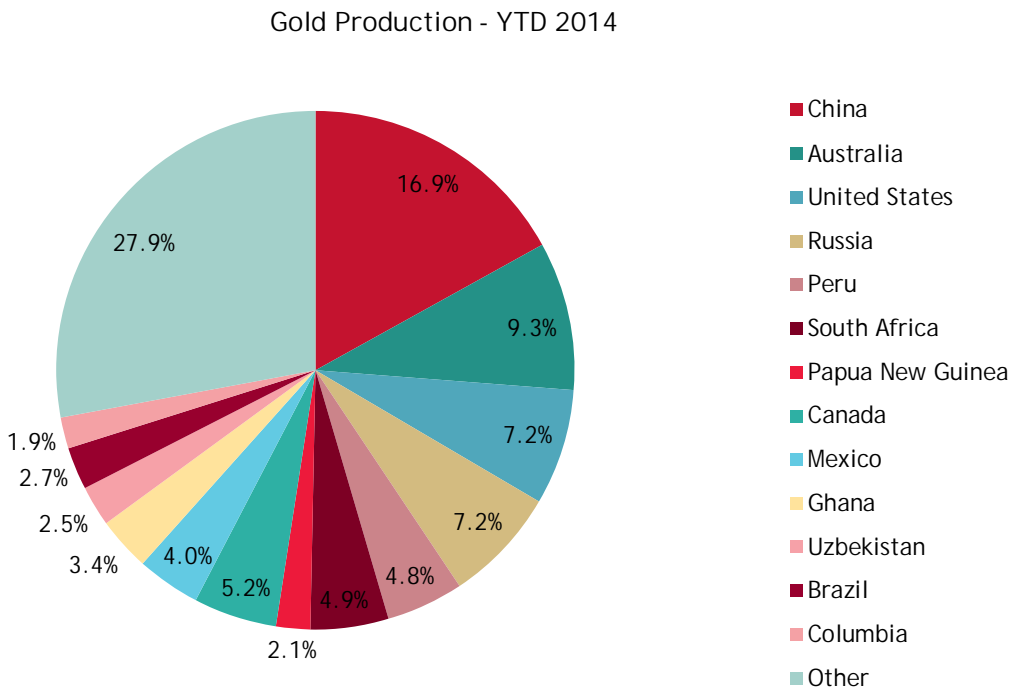
Gold is both a commodity and an international store of monetary value. Once mined, gold continues to exist indefinitely, often melted down and recycled to produce alternative or replacement products. This characteristic means that gold demand is supported by both mine production and gold recycling.

As illustrated in the chart below, gold mine production was approximately 3,054 metric tonnes in 2013 and gold consumption was 5,000 metric tonnes. Demand for gold has consistently exceeded supply over the last 10 years, and the escalated level of economic and financial uncertainty during recent years has caused investors to move capital from risky assets to gold assets, which are perceived to be a good store of monetary value. As a result, total gold demand increased by approximately 24% between 2008 and 2013, with demand as a percentage of supply remaining at over 150% for the same period.



Source: Bloomberg and BDO Analysis

Until the late 1980's, South Africa produced approximately half of the total gold produced. More recently however, gold production has become geographically segmented, as shown in the chart below, with production dominated by China, Australia, the United States, Russia, Peru and South Africa - accounting for half of the world's gold production.

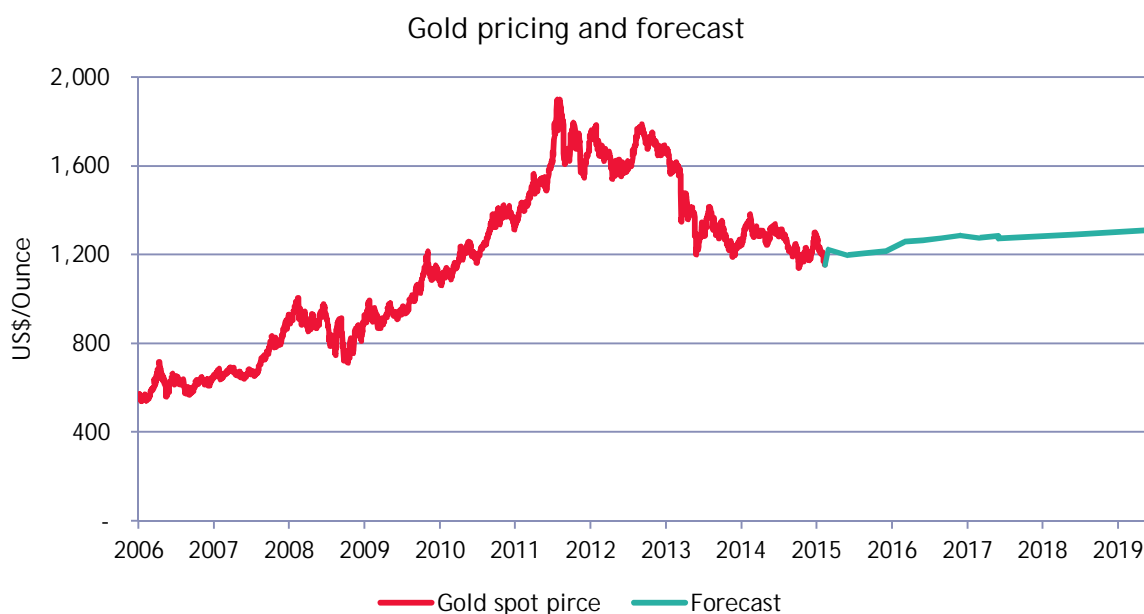


Source: Bloomberg and BDO Analysis

Gold prices

The price of gold fluctuates on a daily basis depending on global demand and supply factors. The value of gold peaked at US\$1,900 per ounce on 5 September 2011. This peak was largely caused by the debt market crisis in Europe, but it was also driven by the Standard and Poor's downgrade of the US credit rating. This sent global stock markets tumbling and a flood of investors towards safer havens such as gold. Prices contracted in December 2011 reaching a low of US\$1,545 per ounce followed by a recovery in 2012, reaching US\$1,790 per ounce on 4 October 2012 before declining to US\$1,675 per ounce at 31 December 2012. In 2013, gold prices declined further from US\$1,676 to US\$1,200 by the end of the year. During 2014 the gold price fluctuated between US\$1,150 and US\$1,300 before settling around US\$1,200 towards the end of the year. The gold spot price has averaged US\$1,231 for the 2015 year.

According to Consensus Economics forecasts, gold prices are expected to stabilise in the coming years, with the long term forecast at between US\$1,200 and US\$1,350.



Source: Bloomberg, Consensus Economics and BDO Analysis

9. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ('FME')
- Discounted cash flow ('DCF')
- Quoted market price basis ('QMP')
- Net asset value ('NAV')
- Market based assessment

A summary of each of these methodologies is outlined in Appendix 2. Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

In our assessment of the value of an A1 Gold share prior to the Transaction we have chosen to employ the following methodologies:

- NAV on a going concern basis as our primary valuation methodology; and
- QMP as our secondary valuation methodology.

We have chosen these methodologies for the following reasons:

- Being an exploration and pre-development company, the core value of A1 Gold is in the mineral assets it holds. We have instructed Mining One Pty Ltd ('Mining One') to act as independent specialist and to provide an independent market valuation of the Company's mineral assets in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports 2005 ('the Valmin Code'). Mining One's full report may be found in Appendix 4. We have considered this in the context of A1 Gold's other assets and liabilities on a NAV basis;
- The QMP basis is a relevant methodology to consider because A1 Gold's shares are listed on the ASX. This means there is a regulated and observable market where A1 Gold's shares can be traded. However, in order for the QMP methodology to be considered appropriate, the Company's shares should be liquid and the market should be fully informed as to its activities. We have considered these factors in section 10.2 of our Report;
- A1 Gold does not generate regular trading income. Therefore there are no historic profits that could be used to represent future earnings. This means that the FME valuation approach is not appropriate; and
- Under RG111, it is considered that it is only appropriate to use a DCF where there are reasonable grounds to do so. A1 Gold is yet to delineate Reserves, which is an indicator that the application of the DCF valuation approach is not considered appropriate.

In our assessment of the value of an A1 Gold share following the Transaction we have chosen to employ the following methodology:

- NAV as our primary valuation methodology.

The net asset value of an A1 Gold share following the Transaction will involve the following items:

- The value of A1 Gold prior to the Transaction as determined in section 10;
- Incorporate the effects of the Transaction in the context of A1 Gold's other assets and liabilities on a NAV basis. This incorporates the market value of the Maldon Gold Operations. We have instructed Como Engineers Pty Ltd ('Como') to act as independent specialist and to provide an independent market valuation of the Maldon Mill. Como's full report may be found in Appendix 3. We have considered this in the context of the other assets and liabilities in the Acquired Companies on a NAV basis; and
- The number of shares on issue will incorporate the Consideration Securities to be issued in accordance with the Transaction and the remaining securities to be issued under the Capital Raising on which the Transaction is contingent.

10. Valuation of A1 Gold prior to the Transaction

10.1 Net Asset Valuation of A1 Gold prior to the Transaction

The value of A1 Gold's assets on a going concern basis is reflected in our valuation below:

Statement of Financial Position	Notes	31-Dec-14 \$	Low value \$	Preferred value \$	High value \$
CURRENT ASSETS					
Cash and cash equivalents	1	596,803	206,803	206,803	206,803
Trade and other receivables	1	76,316	451,316	451,316	451,316
Other		14,711	14,711	14,711	14,711
TOTAL CURRENT ASSETS		687,830	672,830	672,830	672,830
NON-CURRENT ASSETS					
Property, plant and equipment		1,762,116	1,762,116	1,762,116	1,762,116
Exploration, evaluation and development assets	2	19,637,647	6,560,000	12,055,000	21,955,000
Other		123,000	123,000	123,000	123,000
TOTAL NON-CURRENT ASSETS		21,522,763	8,445,116	13,940,116	23,840,116
TOTAL ASSETS		22,210,593	9,117,946	14,612,946	24,512,946
CURRENT LIABILITIES					
Trade and other payables		498,582	498,582	498,582	498,582
Borrowings		13,718	13,718	13,718	13,718
Employee entitlements		93,414	93,414	93,414	93,414
Share application funds pending allotment		40,800	40,800	40,800	40,800
TOTAL CURRENT LIABILITIES		646,514	646,514	646,514	646,514
TOTAL LIABILITIES		646,514	646,514	646,514	646,514
NET ASSETS		21,564,079	8,471,432	13,966,432	23,866,432
Shares on issue (number)	3		276,683,539	276,683,539	276,683,539
Value per share (\$)			\$0.031	\$0.050	\$0.086

Source: BDO analysis

We have been advised by management that there were not any material changes in the statement of financial position since 31 December 2014 apart from those discussed below. We have assumed that the fair market value of the assets and liabilities as at 31 December 2014 are equal to the carrying values as set out in the above statement of financial position. The table above indicates the net asset value of an A1 Gold share prior to the Transaction is between \$0.031 and \$0.086, with a preferred value of \$0.050.

The following adjustments were made to the net assets of A1 Gold as at 31 December 2014 in arriving at our valuation.

Note 1: Cash and cash equivalents

During January 2015, the Company announced that it had placed a further 16,666,666 shortfall shares from its recent Entitlement Offer at the offer price of \$0.03 per share to raise a total of \$0.5 million. The Company made a further announcement during February 2015 that it had placed an additional 10,000,000 shares at the offer price of \$0.03 per share to raise an additional \$0.3 million.

Therefore cash of \$0.8 million has been received following 31 December 2014 as a result of the capital raisings. Between 1 January 2015 and 31 March 2015, the Company incurred \$0.52 million in general operating expenditure, \$0.29 million relating to the development of the Decline and lent \$0.38 million to Octagonal (this amount remains as a receivable prior to completion of the Transaction). Therefore, the net effect on cash following 31 December 2014 has been a decrease of \$0.39 million.

Note 2: Exploration, evaluation and development assets

We instructed Mining One to provide an independent market valuation of the mineral assets held by A1 Gold in accordance with the Valmin Code and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('JORC Code'). We have held discussions with the management of A1 Gold regarding the mineral assets held by the Company. We have been advised that the Company considers the only mineral asset to have significant value is the A1 Gold Mine and that the value of the other exploration assets is immaterial to the value of the Company. From our review of recent expenditure and works on the other exploration assets we are satisfied that they are immaterial to the value of the Company.

Mining One considered a number of different valuation methods when valuing the A1 Gold Mine. The DCF method is not considered to be appropriate given there are no JORC compliant ore reserves present. Mining One applied the Comparable Transaction method and the Kilburn Geoscience Rating method. The Comparable Transaction makes use of historical transaction values within the last 2-3 years to provide a range of values per gold resource ounce paid and or consideration paid for conceptual exploration targets defined within the project area. The Kilburn Geoscience Rating method is generally used for exploration ground that is not advanced enough to estimate mineral resources and has also been used to value the A1 Gold Mine.

The range of values for the A1 Gold Mine as calculated by Mining One is set out below. Mining One's full valuation report can be found at Appendix 4.

	Low value	Average value	High value	Preferred value
A1 Gold Mine - Independent valuation	\$m	\$m	\$m	\$m
Kilburn methodology - per Mining One	6.56	9.62	12.76	8.00
Comparable Transactions methodology - per Mining One	1.97	7.45	12.93	7.00
				Mining One preferred technical value
				7.50

Mining One has provided a technical value of the A1 Gold Mine. A technical value, as defined by the Valmin Code 2005, is an assessment of a mineral asset's future net economic benefit at the valuation date under a set of assumptions deemed most appropriate by an expert, excluding any premium or discount to account for such factors as market or strategic considerations. A market value comprises two components, being the technical value and a premium or discount relating to market, strategic or other considerations.

The preferred value provided by Mining One under both the Comparable Transaction method and the Kilburn Geoscience Rating method was similar. As the Comparable Transaction method is based on previous transactions in the market within the last 2-3 years we believe this value already takes into account any discounts or premiums relating to market or strategic considerations. We therefore consider that Mining One's preferred technical value of \$7.5 million represents a market value and have adopted this as our preferred market value for A1 Gold Mine. To determine our range we have relied on the low value determined under the Kilburn method and the average of the high values determined under both

methodologies. The valuation range we have adopted as the fair market value of the A1 Gold Mine is shown in the table below:

	Low value	Preferred value	High value
	\$m	\$m	\$m
Fair market value of A1 Gold Mine	6.56	7.50	12.85

The valuation performed by Mining One was restricted to the resources and exploration potential of the A1 Gold Mine. However, A1 Gold has also performed material capital works at the A1 Gold Mine in relation to the completion of the Decline development which has not been included in the valuation provided by Mining One. We have been provided a breakdown of the Company's general ledger showing all costs incurred in the development of the Decline up until 31 March 2015. From our review the costs of the development of the Decline, during the period 1 July 2012 to 31 March 2015 the Company incurred a total of \$9.11 million in relation to the development of the Decline. We have assessed that an appropriate range of values for the Decline development is between nil and \$9.11 million with our preferred value being the midpoint value of \$4.56 million.

	Low value	Preferred value	High value
	\$m	\$m	\$m
Fair market value of A1 Gold Mine	6.56	7.50	12.85
Fair market value of Decline	-	4.56	9.11
Total	6.56	12.06	21.96

Therefore, the fair market value of the Company's exploration, evaluation and development assets is between \$6.56 million and \$21.96 million, with a preferred value of \$12.06 million.

Note 3: Shares on issue

The current number of shares on issue, totalling 276,683,539, incorporates the additional shortfall shares that were issued during January and February 2015.

10.2 Quoted Market Prices for A1 Gold Securities

To provide a comparison to the valuation of A1 Gold in section 10.1, we have also assessed the quoted market price for an A1 Gold share. The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.11 suggests that when considering the value of a company's shares for the purposes of approval under item 7 section 611 of the Act the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

- control over decision making and strategic direction;
- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.

Whilst Octagonal will not be obtaining 100% of A1 Gold, RG 111 states that the expert should calculate the value of a target's shares as if 100% control were being obtained. RG 111.13 states that the expert can

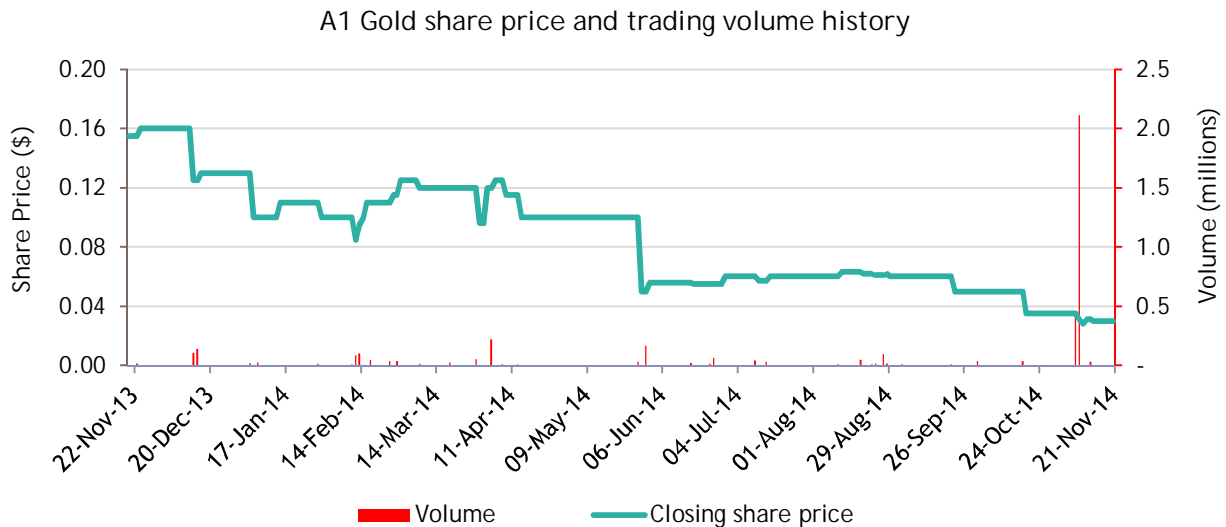
then consider an acquirer’s practical level of control when considering reasonableness. Reasonableness has been considered in section 13.

Therefore, our calculation of the quoted market price of an A1 Gold share including a premium for control has been prepared in two parts. The first part is to calculate the quoted market price on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a quoted market price value that includes a premium for control.

Minority interest value

Our analysis of the quoted market price of an A1 Gold share is based on the pricing prior to the first announcement of the Transaction. This is because the value of an A1 Gold share after the announcement may include the affects of any change in value as a result of the Transaction. However, we have considered the value of an A1 Gold share following the announcement when we have considered reasonableness in section 13.

Information regarding the Transaction was first announced to the market on 24 November 2014 when A1 Gold and Octagonal jointly announced that they had entered into a binding heads of agreement in regard to the Maldon Gold Operation. Therefore, the following chart provides a summary of the closing share price movement over the 12 months to 21 November 2014, which was the last full trading day prior to the announcement of the Transaction.



Source: Bloomberg and BDO analysis

A1 Gold’s share price has decreased over the 12 month period. The daily price of an A1 Gold share from 22 November 2013 to 21 November 2014 has ranged from a low of \$0.026 on 11 November 2014 to a high of \$0.16 on 13 December 2013.

We note that 79,216,670 ordinary shares and 25,000,000 unlisted options were available for release from escrow during the period, on 21 June 2014. An Appendix 3B relating to these shares and options was released to the market on 27 June 2014. The most significant volume traded during the period was 2,112,996 shares, traded on 11 November 2014 however, there were no significant announcements made around this date.

During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement		Closing Share Price 3 Days After Announcement	
		\$ (movement)		\$ (movement)	
13/11/2014	Open Briefing A1 Gold Mine Development Update	0.031	▶ 0.0%	0.030	▼ 3.2%
28/10/2014	Quarterly Activities and Cashflow Report	0.035	▶ 0.0%	0.035	▶ 0.0%
02/10/2014	Disclosure Document	0.050	▶ 0.0%	0.050	▶ 0.0%
01/10/2014	Annual Financial Report	0.050	▶ 0.0%	0.050	▶ 0.0%
23/09/2014	Investor Update	0.060	▶ 0.0%	0.050	▼ 16.7%
23/09/2014	Capital Raising	0.060	▶ 0.0%	0.050	▼ 16.7%
05/09/2014	A1 Gold Mine Stage 1 Scoping Study	0.060	▶ 0.0%	0.060	▶ 0.0%
29/08/2014	Option to Acquire Walhalla Tenements	0.062	▲ 1.6%	0.060	▼ 3.2%
20/08/2014	Corporate Update	0.063	▶ 0%	0.062	▼ 2%
13/08/2014	A1 Gold Mine 1550 Level Update	0.063	▲ 5%	0.063	▶ 0%
07/08/2014	Corporate Update	0.060	▶ 0%	0.060	▶ 0%
31/07/2014	Quarterly Activities and Cashflow Report	0.060	▶ 0%	0.060	▶ 0%
10/06/2014	Release from Escrow	0.056	▶ 0%	0.056	▶ 0%
30/04/2014	Quarterly Activities and Cashflow Report	0.100	▶ 0%	0.100	▶ 0%
04/04/2014	A1 Gold Mine Update	0.120	▶ 0%	0.125	▲ 4%
31/01/2014	Quarterly Activities and Cashflow Reports	0.100	▼ 9%	0.100	▶ 0%
13/12/2013	Fully underwritten Non-Renounceable Issue Offer Results	0.160	▶ 0%	0.130	▼ 19%

On 13 November 2014, A1 Gold released an Open Briefing with its Managing Director regarding A1's Gold Mine development, A1 Gold's low capital expenditure required to reach production, the toll treatment plan for its mine and the progress of A1 Gold's rights issue and funding plan.

On 23 September 2014, A1 Gold announced that it was undertaking a capital raising of \$4.6 million (before costs) through a pro-rata renounceable rights issue of 7 fully paid ordinary shares in the Company for every 8 shares held. Three days following this announcement, A1 Gold's share price fell 16.7% to \$0.05.

On 5 September 2014, A1 Gold announced that it had completed a scoping study for Stage One of its A1 Gold Mine which included a production target of 378,000 tonnes at 6.52 g/t Au and a sustaining cost of A\$860 per ounce.

On 29 August 2014, A1 Gold announced that it entered into an option agreement with Orion Gold NL to acquire Orion's Walhalla tenements. The market initially reacted slightly positively to this announcement with A1 Gold's share price increasing 1.6% to \$0.062.

On 20 August 2014, A1 Gold released a Corporate Update discussing changes to the Company's toll treatment offset agreement with Balmaine Gold Pty Ltd and the recovery of monies from A1 Gold's rights issue announced on 14 November 2013.

On 13 August 2014, A1 Gold provided an update to the market on its initial mining of its 1550 North Level at the A1 Gold Mine which detailed a potential new discovery at the mine. A1 Gold's share price reacted positively to this announcement, increasing 5% to \$0.063.

On 4 April 2014, A1 Gold announced an update regarding its A1 Gold Mine. It announced that its development mining was near planned stoping areas, 60 metres of development was required until high grade intercepts, a toll milling agreement was in place and the Company was undertaking a review of its Mine Plan. Three days following the announcement, A1 Gold's share price increased 4% to \$0.125.

To provide further analysis of the market prices for an A1 Gold share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 21 November 2014.

	21 November 2014	10 Days	30 Days	60 Days	90 Days
Closing Price	\$0.030				
Weighted Average		\$0.029	\$0.029	\$0.030	\$0.032

Source: Bloomberg and BDO analysis

The above weighted average prices are prior to the date of the first announcement regarding the Transaction, to avoid the influence of any increase in price of A1 Gold shares that has occurred since the Transaction was announced. An analysis of the volume of trading in A1 Gold shares for the six months to 21 November 2014 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of issued capital
1 day	\$0.030	\$0.030	-	0.00%
10 days	\$0.026	\$0.031	2,606,674	1.04%
30 days	\$0.026	\$0.050	2,646,673	1.06%
60 days	\$0.026	\$0.061	2,722,850	1.09%
90 days	\$0.026	\$0.063	2,907,850	1.16%
180 days	\$0.026	\$0.125	3,645,132	1.46%

Source: Bloomberg and BDO analysis

This table above indicates that A1 Gold's shares display a very low level of liquidity, with only 1.46% of the Company's current issued capital being traded over a 180 day trading period. For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant. In the case of A1 Gold, we consider that its shares display a very low level of liquidity and our assessment is that a range of values for A1 Gold shares based on market pricing, after disregarding post announcement pricing, is between \$0.026 and \$0.031.

Control Premium

The concept of a premium for control reflects the additional value that attaches to a controlling interest. In determining whether including a control premium is appropriate in this instance, we believe there are two key considerations. Firstly, we believe it is appropriate to consider the level of control currently held by Octagonal and what additional level of control/ability to influence the Company that Octagonal would gain if the Transaction is approved and whether a premium for control is appropriate given the current position of the Company.

We have reviewed the control premiums paid by acquirers of gold mining companies listed on the ASX. We have summarised our findings below:

Year	Number of Transactions	Average Deal Value (A\$m)	Average Control Premium (%)
2014	5	135.41	21.53
2013	6	43.10	63.99
2012	7	258.74	34.89
2011	3	150.28	45.43
2010	10	1364.83	56.11
2009	9	169.34	24.94
2008	3	446.27	28.54
	Median	169.34	34.89
	Mean	366.85	39.35

Source: BDO Analysis and Bloomberg

In arriving at an appropriate control premium to apply, we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;
- Ability to integrate the acquiree into the acquirer's business;
- Level of pre-announcement speculation of the transaction; and
- Level of liquidity in the trade of the acquiree's securities.

Historically, in recent years, the long-term average announced control premium paid by acquirers of gold mining targets in Australia is in excess of 40%. The sample of transactions analysed includes extreme outliers. Three of the transactions included in the sample had announced control premiums in excess of 100% and four transactions involved situations whether the acquirer obtained a controlling interest at a discount. In a sample where there are extreme outliers, the median often represents a superior measure

of central tendency compared to the mean. We note that the median announced control premium over the review period was 34.89%.

In the case of A1 Gold, we have taken the following considerations into account;

- A1 Gold’s auditor issued an Emphasis of Matter paragraph in the reviewed financial report for the half year ended 31 December 2014. The auditor outlined the existence of a material uncertainty in relation to the Company’s ability to continue as a going concern given the dependence upon the Company’s ability to raise sufficient funds from various sources. The Company’s current financial situation may impact the likely premium that an acquirer would pay to acquire the Company;
- The current market capitalisation of A1 Gold is considerably smaller than a number of the sample companies determined above, we note that larger transactions tended to have higher control premia; and
- The average control premiums paid by acquirers of gold mining companies in 2014 was lower than previous years.

Incorporating the points above and the size of this Transaction and we believe that an appropriate control premium to apply in our valuation of A1 Gold’s shares is between 20% and 30%.

Quoted market price including control premium

Applying a control premium to A1 Gold’s quoted market share price results in the following quoted market price value including a premium for control:

	Low	Midpoint	High
	\$	\$	\$
Quoted market price value	0.026	0.028	0.031
Control premium	20%	25%	30%
Quoted market price valuation including a premium for control	0.031	0.035	0.040

Therefore, our valuation of an A1 Gold share based on the quoted market price method and including a premium for control is between \$0.031 and \$0.040, with a midpoint value of \$0.035.

10.3 Assessment of an A1 Gold share prior to the Transaction

The results of the valuations performed are summarised in the table below:

	Low	Preferred	High
	\$	\$	\$
NAV methodology (section 10.1)	0.031	0.050	0.086
QMP methodology including a premium for control (section 10.2)	0.031	0.035	0.040

In our assessment of an A1 Gold share prior to the Transaction we have taken into consideration the following items:

- Our NAV methodology includes an independent market valuation of the Company's A1 Gold Mine performed by Mining One. The valuation methodologies applied have taken into account the current market, locality, technical and strategic factors which all have an impact on the development of the mineral assets and therefore value;
- Under RG111.69 (d), the QMP methodology is considered appropriate when a liquid and active market exists for the securities. From our analysis of the QMP of an A1 Gold share we note that only 1.46% of the Company's current issued capital had been traded in the 180 trading days up until the date of the first announcement of the Transaction, which represents a very low level of liquidity over the period. We also note that over the 180 day trading period the price of A1 Gold shares has been volatile and has traded between a low of \$0.026 and a high of \$0.125;
- In November 2014, the Company undertook an Entitlement Offer for an offer of up to approximately 154.6 million new shares. However, the Company only received applications for 41.3 million shares with a shortfall of 32 million shares being placed by the underwriter for a total number of shares issued of 73.3 million. During January and February 2015, the Company announced that it had placed a further shares at the offer price for the Entitlement Offer, which was \$0.03;
- The Transaction is also contingent on the Company raising at least \$2.4 million via the issue of securities prior to obtaining shareholder approval to the Transaction. The Company has recently raised \$0.8 million of the Capital raising amount at a price of \$0.03 per share with the remaining amount raised through the issue of the convertible notes which have a conversion price of \$0.035; and
- If we were to include a premium for control of 30% on the Entitlement Offer price and the Capital Raising price of \$0.03, our valuation of an A1 Gold share on a controlling basis would be \$0.039 which is within the range of our valuation determined under the NAV methodology.

Based on the results above we consider that the NAV methodology represents the most appropriate methodology to value an A1 Gold share and therefore the value is between \$0.031 and \$0.086, with a preferred value of \$0.050.

11. Valuation of A1 Gold following the Transaction

The value of A1 Gold's assets on a going concern basis following the Transaction is reflected in our valuation below:

	Notes	Low value \$	Preferred value \$	High value \$
Net Assets of A1 Gold prior to the Transaction		8,471,432	13,966,432	23,866,432
Cash received from Octagonal upon exercise of Consideration Options	1	1,696,727	1,696,727	1,696,727
Fair value of Maldon Mill	2	5,000,000	5,500,000	6,000,000
Cash received upon conversion of Convertible Notes (net of costs)	3	2,320,000	2,320,000	2,320,000
Net Assets of A1 Gold following the Transaction (controlling basis)		17,488,159	23,483,159	33,883,159
Shares on issue (number)	5	574,342,412	574,342,412	574,342,412
Value per share (controlling basis) (\$)		\$0.030	\$0.041	\$0.059
Discount for minority interest	4	23%	20%	17%
Net Assets of A1 Gold following the Transaction (minority interest basis)		13,465,883	18,786,527	28,123,022
Shares on issue (number)	5	574,342,412	574,342,412	574,342,412
Value per share (minority interest basis) (\$)		\$0.023	\$0.033	\$0.049

The table above indicates the net asset value of an A1 Gold share following the Transaction, on a minority interest basis, is between \$0.023 and \$0.049, with a preferred value of \$0.033. The following adjustments were made to the net assets of A1 Gold following the Transaction.

Note 1: Cash to be received upon exercise of Consideration Options

Under the Transaction, Octagonal will receive 56,557,575 listed options to acquire ordinary shares in A1 Gold with an exercise price of \$0.03 per option with an expiry date of 30 November 2019. Our valuation of an A1 Gold share following the Transaction has been performed on a fully diluted basis and therefore we have taken into account the cash to be received by A1 Gold from Octagonal upon exercise of the Consideration Options, totalling approximately \$1.70 million.

Note 2: Fair market value of the Maldon Mill and minerals assets acquired

We instructed Como to provide an independent market valuation of the Maldon Mill owned by Octagonal. Como considered a number of different valuation methods when valuing the Maldon Mill and concluded on a value of between \$5 million and \$6 million on an 'as is where is basis'. We have taken the midpoint of \$5.5 million as our preferred valuation. Como's full valuation report can be found at Appendix 3.

Under the terms of the Transaction, A1 Gold will also acquire from Octagonal the Alliance South Deposit at the Union Hill Mine and a tenement holding in Central Victoria including the Pearl Croydon Deposit. We have held discussions with the management of A1 Gold regarding these mineral assets to be acquired under the Transaction. We have been advised that the Company does not consider these to be material to the Transaction and therefore we have not assigned any value to these mineral assets in our valuation above of an A1 Gold share following the Transaction. We note that Como Engineers do not provide any representation to title or ownership of any item or asset referred to in their report. BDO has been provided with a report from the Company's legal advisers in relation to the title of the assets contained in Como Engineer's reports. Based on the searches undertaken there is no evidence that Octagonal does not have title to the Maldon Mill, as such the implicit assumption of Como Engineers that title is not encumbered by another party is valid and there is no impact on the valuation conclusion that they have reached. In respect of mineral assets acquired the report from the Company's lawyers confirms that title is held in respect of those assets.

Note 3: Cash received and shares issued upon conversion of convertible notes

A condition precedent to the Transaction is that A1 Gold raise at least \$2.4 million via the issue of securities prior to obtaining shareholder approval to the Transaction. During January 2015, the Company announced that it had placed 16,666,666 shortfall shares from its recent Entitlement Offer at the offer price of \$0.03 per share to raise a total of \$0.5 million. During February 2015, the Company also announced that it had placed an additional 10,000,000 shares to raise an additional \$0.3 million. These placements had an effect of reducing the total amount required to be raised under the Capital Raising to \$1.6 million. In the scenario where the Transaction does not proceed, this amount will not be required to be repaid by the Company.

In order to meet the remaining capital raising requirement, the Company has executed a term sheet and received commitments for a placement of convertible notes (with attached options) to raise approximately \$2.5 million before costs. Capital raising costs of \$0.18 million are expected to be incurred. The issue of the Convertible Notes is conditional on Shareholder approval being received for the Transaction. In order to show the full dilution scenario our valuation of an A1 Gold share following the

Transaction incorporates the conversion of the convertible notes immediately following the Transaction being completed.

Note 4: Minority discount

The value of an A1 Gold share following the Transaction is reflective of a controlling interest. This suggests that the acquirer obtains an interest in the company which allows them to have an individual influence in the operations and value of that company. Therefore, if the Transaction is approved Shareholders may become minority interest shareholders in A1 Gold as Octagonal could hold a controlling interest, meaning that their individual holding will not be considered significant enough to have an individual influence in the operations and value of the Company.

Therefore, we have adjusted our valuation of an A1 Gold share following the Transaction, to reflect a minority interest holding. A minority interest discount is the inverse of a premium for control. As discussed in section 10.2, we consider an appropriate control premium for A1 Gold to be in the range of 20% to 30%, giving rise to a minority interest discount in the range of 17% to 23%.

Note 5: Number of shares on issue

We have adjusted the number of shares on issue following the Transaction to incorporate the Consideration Shares to be issued, the shares to be issued upon exercise of the Consideration Options and the shares to be issued upon conversion of the Convertible Notes. Following the Transaction, the number of shares on issue will increase to 574,342,412 shares.

	Number
Issued Shares as at date of this Report	276,683,539
Shares to be issued to Octagonal under the Transaction	169,672,726
Shares to be issued to Octagonal upon exercise of Consideration Option:	56,557,575
Shares to be issued upon conversion of convertible notes	71,428,572
Total	574,342,412

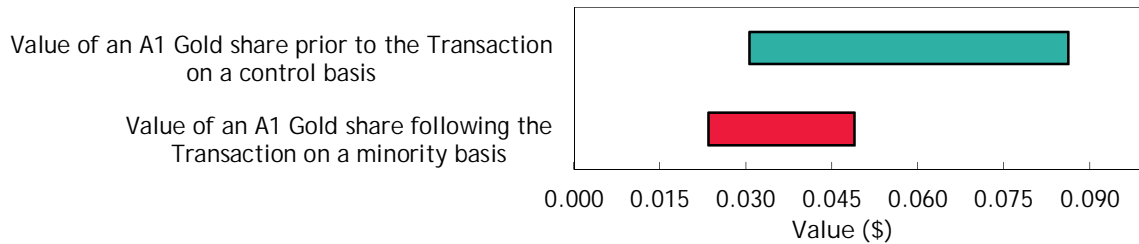
12. Is the Transaction fair?

The value of an A1 Gold share prior to the Transaction on a control basis compares to the value of an A1 Gold share following the Transaction on a minority basis, as detailed below.

	Ref	Low \$	Preferred \$	High \$
Value of an A1 Gold share prior to the Transaction on a control basis	10	0.031	0.050	0.086
Value of an A1 Gold share following the Transaction on a minority basis	11	0.023	0.033	0.049

The above valuation ranges are graphically presented below:

Valuation Summary



The above pricing indicates that, in the absence of any other relevant information, the Transaction is not fair for Shareholders.

13. Is the Transaction reasonable?

13.1 Advantages of approving the Transaction

We have considered the following advantages when assessing whether the Transaction is reasonable:

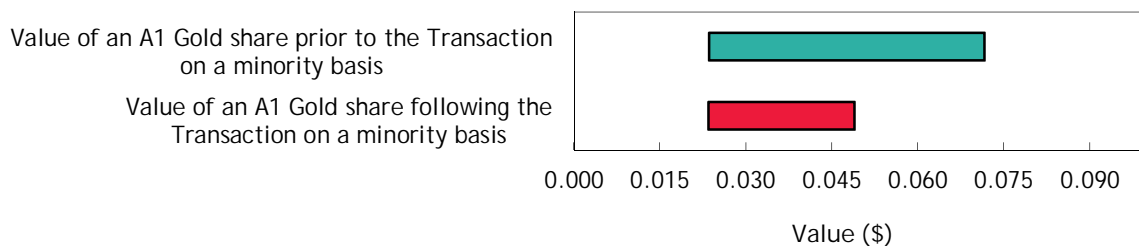
13.1.1 Minority interest values prior to and following the Transaction are similar

In assessing the fairness of the Transaction in section 12, RG 111.31 stipulates that in a control transaction a comparison should be made between the value of the target entity's securities prior to the transaction on a controlling basis and the value of the target entity's securities following the transaction allowing for a minority discount. It is relevant for Shareholders to appreciate that as Shareholders hold a minority interest in A1 Gold prior to the Transaction and they will retain a minority interest following the Transaction. Here, we have also provided a comparison of the value of an A1 Gold share prior to the Transaction and following the Transaction on a minority interest basis. This comparison is outlined in the table below.

	Low \$	Preferred \$	High \$
Value of an A1 Gold share prior to the Transaction on a minority basis	0.024	0.040	0.072
Value of an A1 Gold share following the Transaction on a minority basis	0.023	0.033	0.049

The above valuation ranges are graphically presented below:

Valuation Summary



The tables above indicate that the range of values of a share in A1 Gold prior to the Transaction on a minority interest basis significantly overlaps with the range values of a share in A1 Gold on a minority interest basis following the Transaction.

13.1.2 The acquisition of the Maldon Mill removes the need for A1 Gold to construct a mill onsite or to enter into an Ore Tolling Agreement

The Company announced the results of a Stage One Scoping Study for its A1 Gold Mine on 5 September 2014. Under this Scoping Study the processing of all ore mined was to be treated offsite under an Ore Tolling Agreement with Balmaine Gold Pty Ltd where the mill recovery was estimated to be 80%. The Ore Tolling Agreement allowed for up to 150,000 tpa over 3 years and could be terminated by either party with 2 months notice.

The acquisition of the Maldon Gold Operation will remove the need for the Company to construct an onsite mill to process ore from its A1 Gold Mine or enter an Ore Tolling Agreement. The Maldon Mill, which has a current ability to mill 150,000 tpa, includes a primary crushing and grinding circuit followed by carbon in leach gold recovery circuit. The Company plans to install its custom designed gravity circuit at the Maldon Mill to capture the coarse gold particles prior to leaching.

The Maldon Mill is accessible through sealed roads, is connected to the state power grid and a pipeline nearby Union Hill Mine delivers mine process water for the Maldon Mill. There is also an administration office, first aid facility and equipped workshop on site.

If Shareholders approve the Transaction and acquire the Maldon Mill, the Company will not be required to incur the cost of constructing a new mill onsite and will have ownership of a fully permitted mill that matches the production profile for the A1 Gold Mine Scoping Study. The Company will also be provided with certainty for the treatment of ore from its A1 Gold Mine which an Ore Tolling Agreement may not be able to provide.

13.1.3 The Company gains exposure to an increased resource base

In addition to acquiring the Maldon Mill as part of the Transaction, A1 Gold will also acquire the Alliance South Deposit at the Union Hill Mine and a substantial tenement holding in Central Victoria including the Pearl Croydon Deposit.

13.1.4 The Company retains cash to use for other purposes

The consideration for the Transaction consists only of A1 Gold securities. This allows the Company to acquire the Maldon Gold Operation whilst retaining cash to use for other purposes such as continued drilling programs aiming to upgrade a portion of its remaining Inferred Resources to Indicated Resources at its A1 Gold Mine.

13.1.5 The Transaction is contingent on the Company completing the Capital Raising

The Transaction is contingent on A1 Gold raising an additional \$1.6 million (in total \$2.4 million) via the issue of securities prior to obtaining shareholder approval to the Transaction. The Company has executed a term sheet for a placement of convertible notes (with attached options) to raise \$2.5 million before costs. The convertible notes have a conversion price of \$0.035. There are a number of conditions precedent to the issue of these convertible notes, including, but not limited to, the approval of the

shareholders of the Company to the issuance of the convertible notes as well as Shareholder approval of the Transaction.

At the end of March 2015, the Company held approximately \$0.21 million in cash and cash equivalents. We note that A1 Gold's auditor issued an Emphasis of Matter paragraph in the independent auditor's review report included in the financial statements for the half year ended 31 December 2014. The auditor outlined the existence of a material uncertainty in relation to the Company's ability to continue as a going concern which is principally dependant on the Company's ability to raise sufficient funds from various sources.

The funds raised under the Capital Raising on which the Transaction is contingent can be utilised by A1 Gold to further progress its current projects towards development, accelerate the development of the decline at the A1 Gold Mine and for working capital purposes. The funds that are received in excess of the required condition precedent under the Capital Raising being approximately \$900,000 provides A1 Gold with the opportunity to strategically review the production potential of the Union Hill Mine which offers the potential to build on A1 Gold's production profile.

13.2 Disadvantages of approving the Transaction

If the Transaction is approved, in our opinion, the potential disadvantages to Shareholders include those listed below:

13.2.1 Dilution of existing Shareholders' interests

If the Transaction is approved, Shareholders' interest will be diluted from approximately 100% of the issued capital of A1 Gold to a minimum of 55.02% (if Octagonal decide to exercise the Consideration Options). This will dilute Shareholders' interests and their level of collective influence on the operations of the Company.

13.2.2 Octagonal will gain an increased level of control over A1 Gold

If the Transaction is approved, Octagonal will increase its shareholding interest from nil to a maximum of 44.98%, assuming all Consideration Options are exercised and excluding any shares held by the Octagonal Associates.

In addition to the Consideration Securities being issued, upon completion of the Transaction Mr Anthony Gray, a current executive director of Octagonal, will be appointed to the Board of A1 Gold as a representative of Octagonal. Following completion of the Transaction, the Board of A1 Gold will consist of an independent non-executive Chairman nominated by Patersons Securities Limited and agreed by both A1 Gold and Octagonal, Mr Dennis Clark as Managing Director and Mr Jamie Cullen and Mr Anthony Gray as non-executive Directors. This will mean Octagonal will be able to further influence any voting on the activities of A1 Gold.

13.2.3 Potential lower liquidity of shares

If the Transaction is approved then trading in A1 Gold shares may be negatively affected by the presence of a major shareholder with a 44.98% ownership (assuming all Consideration Options are exercised and excluding any shares held by the Octagonal Associates). The existing shares will therefore have a materially lower free float on a proportional basis which may reduce liquidity.

13.3 Other considerations

13.3.1 Alternative Proposal

We are unaware of any alternative proposal that might offer the Shareholders of A1 Gold a premium over the value ascribed to, resulting from the Transaction.

13.3.2 Practical Level of Control

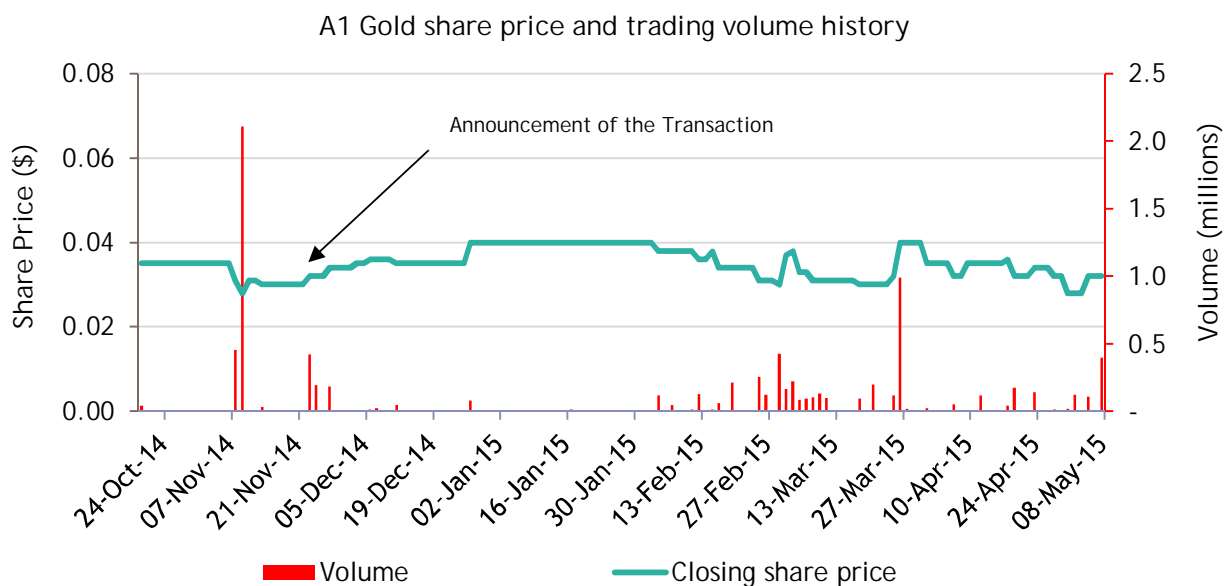
If the Transaction is approved, and assuming all Consideration Options are exercised and excluding any shares held by the Octagonal Associates, then Octagonal will hold an interest of approximately 44.98% in A1 Gold. In addition to this, Octagonal will have one Board member, being Anthony Gray, nominated to the A1 Gold Board as a Non-Executive Director.

When shareholders are required to approve an issue that relates to a company there are two types of approval levels. These are general resolutions and special resolutions. A general resolution requires 50% of shares to be voted in favour to approve a matter and a special resolution required 75% of shares on issue to be voted in favour to approve a matter. If the Transaction is approved, assuming all Consideration Options are exercised and Octagonal distribute 50% of the Consideration Securities to Octagonal shareholders, Octagonal will not be able to block or pass general or special resolutions.

Octagonal's control of A1 Gold following the Transaction will be significant when compared to all other shareholders however, while Octagonal will be able to significantly influence the activities of A1 Gold, it will not be able to exercise a similar level of control as if it held 100% of A1 Gold.

13.3.3 Movement in A1 Gold's share price following the announcement

We have analysed movements in A1 Gold's share price since the Transaction was announced. A graph of A1 Gold's share price since the announcement is set out below.



Source: Bloomberg and BDO analysis

The announcement of the Transaction was first made to the market on 24 November 2014. On that day approximately 3,000 shares were traded and A1 Gold's share price closed at \$0.03, the same price it closed at on the last full trading day prior to the announcement of the Transaction. A1 Gold's share price has continued to trade between a low of \$0.028 and a high of \$0.041 since the announcement of the Transaction. On 8 May 2015, the Company's share price closed at \$0.032.

13.3.4 Premium for control

In accordance with RG 111.43 we have determined that the Transaction is considered a control transaction and as such, Shareholders should receive a premium for control. From our analysis in regard to fairness, we have determined that Shareholders are not receiving a premium for control.

14. Conclusion

We have considered the terms of the Transaction as outlined in the body of this report and have concluded that the Transaction is not fair but reasonable to the Shareholders of A1 Gold.

15. Sources of information

This report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement on or about the date of this report;
- Unaudited management accounts of A1 Gold for the period ended 31 March 2015;
- Reviewed financial statements of A1 Gold for the half year ended 31 December 2014;
- Audited financial statements of A1 Gold for the years ended 30 June 2014 and 30 June 2013;
- Signed Heads of Agreement between A1 Gold and Octagonal dated 23 November 2014;
- Signed Share Sale Agreement between A1 Gold and Octagonal dated 24 December 2014;
- Independent Valuation Report of A1 Gold's mineral assets performed by Mining One Consultants;
- Independent Valuation Report on the Maldon Mill performed by Como Engineers Pty Ltd;
- Share registry information for A1 Gold;
- Information in the public domain; and
- Discussions with Directors and Management of A1 Gold.

16. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$24,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by A1 Gold in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by the A1 Gold, including the non provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to A1 Gold and Octagonal and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of A1 Gold and Octagonal and their respective associates.

Neither the two signatories to this report nor BDO Corporate Finance (WA) Pty Ltd have had within the past two years any professional relationship with A1 Gold, or their associates, other than in connection with the preparation of this report.

The provision of our services is not considered a threat to BDO East Coast Partnership's independence as auditors of Octagonal under Professional Statement APES 110 - Professional Independence. The services provided have no material impact on the financial report of Octagonal.

A draft of this report was provided to A1 Gold and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

BDO is the brand name for the BDO International network and for each of the BDO Member firms.

BDO (Australia) Ltd, an Australian company limited by guarantee, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of Independent Member Firms. BDO in Australia, is a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International).

17. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Adam Myers and Sherif Andrawes of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans 17 years in the Audit and Assurance and Corporate Finance areas. Adam has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of the Institute of Chartered Accountants in Australia. He has over twenty five years experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 250 public company independent expert's reports under the Corporations Act or ASX Listing Rules. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Chairman of BDO in Western Australia, Corporate Finance Practice Group Leader of BDO in Western Australia and the Natural Resources Leader for BDO in Australia.

18. Disclaimers and consents

This report has been prepared at the request of A1 Gold for inclusion in the Explanatory Memorandum which will be sent to all A1 Gold Shareholders. A1 Gold engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the proposal for A1 Gold to acquire the Maldon Gold Operation from Octagonal.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Explanatory Memorandum. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Explanatory Memorandum other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to Octagonal. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Transaction, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of A1 Gold, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent valuations for mineral assets held by A1 Gold and the Maldon Gold Plant being acquired by A1 Gold.

The valuers engaged for the valuations, Mining One Pty Ltd and Como Engineers Pty Ltd, possess the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation are considered appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this report.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD



Adam Myers
Director



Sherif Andrawes
Director

Appendix 1 – Glossary of Terms

Reference	Definition
A1 Gold	A1 Consolidated Gold Limited
The Act	The Corporations Act 2001 (Cth)
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
Acquired Companies	The company's proposed to be acquired from Octagonal including Maldon Resources Pty Ltd, Highlake Resources Pty Ltd and Matrix Gold Pty Ltd
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BDO	BDO Corporate Finance (WA) Pty Ltd
Capital Raising	The capital raising to be undertaken by A1 Gold of at least \$2.4 million through the issue of equity securities
The Company	A1 Consolidated Gold Limited
Consideration Securities	169,672,726 ordinary shares A1 Gold and 56,557,575 listed options to acquire ordinary shares in A1 Gold with an exercise price of \$0.03 per option with an expiry date of 30 November 2019
DCF	Discounted Future Cash Flows
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FME	Future Maintainable Earnings
JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
Maldon Mill	The fully permitted operational 150,000 tpa gold processing facility located in Maldon, Victoria
Mining One	Mining One Pty Ltd
NAV	Net Asset Value

Octagonal	Octagonal Resources Limited
Octagonal Associates	Parties that are considered associates of Octagonal as defined in the Act
Our Report	This Independent Expert's Report prepared by BDO
Pre Completion Shares	If A1 Gold issues new shares prior to the completion of the Transaction at an issue price that is less than \$0.03 per share
RG 74	Acquisitions approved by Members (December 2011)
RG 111	Content of expert reports (March 2011)
RG 112	Independence of experts (March 2011)
tpa	Tonnes per annum
The Transaction	The proposal for A1 Gold to acquire the Maldon Gold Operation from Octagonal
Shareholders	Shareholders of A1 Gold not associated with Octagonal
Valmin Code	The Code of Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports
Valuation Engagement	An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.
VWAP	Volume Weighted Average Price

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Appendix 2 – Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 *Net asset value ('NAV')*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 *Quoted Market Price Basis ('QMP')*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a 'deep' market in that security.

3 *Capitalisation of future maintainable earnings ('FME')*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ('EBIT') or earnings before interest, tax, depreciation and amortisation ('EBITDA'). The capitalisation rate or 'earnings multiple' is adjusted to reflect which base is being used for FME.

4 *Discounted future cash flows ('DCF')*

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

Appendix 3 & 4 - Independent Valuations



A1 Consolidated Gold Ltd

ABN: 50 149 308 921



**A1 Consolidated Gold Ltd
(ASX:AYC)**

**Valuation Report for
Maldon Resources Pty Ltd
Maldon Gold Plant – Porcupine
Flat Gold Processing Plant**

**27 April 2015
Como Job No. 3303.02**



Porcupine Flat Gold Processing Plant, Maldon Victoria

Prepared by
Como Engineers Pty Ltd
Mechanical & Mineral
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A1 Consolidated Gold Ltd – Maldon Gold Processing Plant Valuation Report

DOCUMENT CONTROL RECORD

Rev	Description	By	Checked	Approved
A	Issued as Draft for Review	TPVL	MH, MS	TPVL
B	Issued as Draft to Client	TPVL	MH, MS	TPVL
C	Issued to Client as Final Report	TPVL	MH, MS	TPVL
D	Include clarifications Re-issued as Final Report	TPVL	MH	TPVL
E	Issued to Client as Final Report	TPVL	MH	TPVL
F	Amend Disclaimer Clause and Re-Issued to Client	TPVL	RPL BC	TPVL

A1 Consolidated Gold Ltd – Maldon Gold Processing Plant Valuation Report

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A1 Consolidated Gold Ltd – Maldon Gold Processing Plant Valuation Report

1.0 Executive Summary

Como Engineers Pty Ltd was invited by Dennis Clark, Managing Director of A1 Consolidated Gold Ltd and Matt O'Hara, Senior Manager Corporate Finance BDO Corporate Finance (WA) Pty Ltd to prepare a Valuation Report on the existing 150,000 tonne/annum Maldon Gold Plant (also called the Porcupine Flat Gold Processing Plant) owned by Maldon Resources Pty Ltd a wholly owned company of Octagonal Resources Limited and located at 401 Bendigo-Maldon Road, Maldon Victoria.

Tom Van Loon, Principal Engineer and Manager Victoria and Mark Haslam, Senior Process Engineer both of Como Engineers Pty Ltd conducted site inspections on 11 December 2014 of the gravity separation plant and on 12 December 2014 of the Maldon Gold Plant.

In addition, John Edwards, Construction Manager of Como Engineers Pty Ltd also conducted a site inspection on 21 December 2014 to inspect the SAG mill drive.

While the plant is 27 years old, the current and previous owners have maintained the plant well subject to the restraints placed on the maintenance budgets.

The Maldon Gold Plant has demonstrated the required throughputs of 150,000 tpa for the ores treated to dated.

We have conducted our valuation of the plant and the summary valuation is set out in the following table.

Item	Description	Total Based on New Plant	Total Based on Second Hand Sale Price (50%)	Total Based on Auction Price (10%)
1	EPCM Costs	\$1,525,102.31	\$762,551.16	\$152,510.23
2	Crushing and Stockpiling	\$1,113,056.25	\$556,528.13	\$111,305.63
3	Grinding	\$3,365,417.50	\$1,682,708.75	\$336,541.75
4	Leach, CIP, Elution and Tailings	\$3,004,950.00	\$1,502,475.00	\$300,495.00
5	Reagents	\$426,075.00	\$213,037.50	\$42,607.50
6	Services	\$987,850.00	\$493,925.00	\$98,785.00
7	Bulk Earthworks and Roads	\$450,000.00	\$225,000.00	\$45,000.00
8	Electrical Power Supply	\$250,000.00	\$125,000.00	\$25,000.00
9	Electrical MCC's and Distribution and Control	\$300,000.00	\$150,000.00	\$30,000.00
10	Instrumentation and Control	\$120,000.00	\$60,000.00	\$12,000.00
11	Plant Lighting and Small Power	\$150,000.00	\$75,000.00	\$15,000.00
Total Maldon Process Plant Value		\$11,692,451.06	\$5,846,225.53	\$1,169,245.11

Table 1: Summary Valuation for Maldon Gold Plant

A1 Consolidated Gold Ltd – Maldon Gold Processing Plant Valuation Report

We use the following in establishing our valuations of the Maldon Gold Plant;

1. Firstly we estimate the value of a new plant of the same throughput capacity, using the same or similar equipment, based on construction at the same location using data from the Como Engineers Pty Ltd in-house capital cost estimating data base.
2. Secondly we determine the “as is where is” valuation of the plant based on our in-house capital estimate and devalued by 50% of the value of a new plant. It is this valuation that applies to this acquisition of the Maldon Gold Plant. The devaluation percentage is based on our experience over the many years of buying and selling similar processing plants throughout Australia.
3. In addition, we also provide the value of the plant if it were to be broken up and the equipment sold at a machinery auction. In this case the indicative value would be around 10% of the new plant value and this percentage again is based on our experience over the many years of buying and selling similar processing plants throughout Australia. This value does not apply to this acquisition as the plant is being purchased on a going basis and is provided for comparison.

Our valuation indicates that a new plant of the same throughput capacity, using the same or similar equipment, based on construction at the same location using data from the Como Engineers Pty Ltd in-house capital cost estimating data base would cost around \$11-12,000,000 to build today based on 2015 Q1 costs.

This represents the new plant value.

To purchase the Maldon Gold Plant on an “as is where is” basis a value of 50% of the new plant value is generally assumed as outlined above and results in our valuation of between \$5-6,000,000.

For completeness, if the plant was broken up and sold at a machinery auction, the indicative value would be around 10% of the new plant value and may therefore realize between \$1.1–1,200,000.

The estimated costings set out in this Report are based on the Como Engineers Pty Ltd in-house cost estimating data base and are +/- 30% accuracy.

It is highlighted that this Valuation Report should be read in conjunction with the Maldon Gold Plant Due Diligence Report prepared by Como Engineers Pty Ltd for A1 Consolidated Gold Ltd and issued on 22 Dec 14.

A1 Consolidated Gold Ltd – Maldon Gold Processing Plant Valuation Report

2.0 Project Valuation Appreciation

Como Engineers Pty Ltd was invited by Dennis Clark, Managing Director of A1 Consolidated Gold Ltd and Matt O'Hara, Senior Manager Corporate Finance BDO Corporate Finance (WA) Pty Ltd to prepare a Valuation Report on the existing 150,000 ton/annum Maldon Gold Plant (also called the Porcupine Flat Gold Processing Plant) owned by Maldon Resources Pty Ltd a wholly owned company of Octagonal Resources Limited and located at 401 Bendigo-Maldon Road, Maldon Victoria.



Maldon Gold Processing Plant, Water Storage and Tailings Dam

A1 Consolidated Gold Ltd has entered in a binding Heads of Agreement with Octagonal Resources Limited to acquire from Octagonal Resources Limited, the Maldon operating mine, processing plant etc. via the acquisition of 3 wholly owned subsidiaries, for 169.7m A1 Consolidated Gold Ltd shares at issue price of 3.0 cents per share (\$5.1M) and 56.6m options collectively called the Maldon Acquisition.

The assets will be acquired clean including the operating mine, plant, property, bond, equipment, licenses and no liabilities.

As a result of the acquisition, A1 Consolidated Gold Ltd will own its own production plant and associated infrastructure, to which it will add it's already owned Gravity Circuit.

A1 Consolidated Gold Ltd – Maldon Gold Processing Plant Valuation Report

The Octagonal Resources Limited mine at Maldon has reached the ore in the mine and A1 Consolidated Gold Ltd will transition it immediately into production.

Maldon Gold Processing Plant (Porcupine Flat Gold Processing Plant)

The Maldon Gold Processing Plant was constructed in late 1987 by Triad Minerals to process gold ore from the Union Hill deposit.

The plant is capable of processing competent underground ore and lower grade open pit ore.

The plant has a nominal capacity of 20 tonnes per hour giving a minimum residence time of 24 hours.

All gold recovered is extracted by cyanide leaching.

Crushing on site is limited to between 0700 and 1800 hours weekdays only, excluding public holidays and the Gold Processing Plant is permitted to operate 24 hours per day, 7 days per week.

Existing Gravity Plant

A1 Consolidated Gold Limited has already procured a 180,000 t/a gravity plant as indicated in the following photo.



This plant was custom built in 2013 to suit the Maldon mill.

A1 Consolidated Gold Ltd – Maldon Gold Processing Plant Valuation Report

3.0 Metallurgy

3.1 Comminution

The primary crusher is a Goodwin Barsby 42" x 30" single toggle jaw crusher powered by a 110 kW motor.

The jaw crusher receives ROM grizzly undersize (minus 430mm) and scalping grizzly oversize (100mm).

Manufacturer rated capacity is 120-160tph at a Closed Side Setting (CSS) of 90mm. The crusher is currently set at a CSS of 75mm.

The crusher has been reported to achieve a sustainable throughput of 1600 tpd.

On this basis, the annual capacity for 251 permissible days of operation per annum is 400 ktpa which exceeds that anticipated A1 Consolidated Gold Ltd mine production rate of 150 ktpa.

The 3.36m diameter x 3.96m EGL mill has a 596 kW DC motor and variable speed drive. The mill is typically operated to a power draw of 1,000 Amps.

3.2 Gravity Circuit

The original gravity circuit has been removed from the plant and is no longer there.

The mill discharge hopper incorporates a separate compartment in which a static wedge wire screen can be installed. A proportion of the screen undersize can therefore be diverted to a gravity circuit via a dedicated feed pump.

A1 Consolidated Gold Ltd propose to install their trailer mounted gravity circuit (consisting of a Johnson Drum, the concentrate from which reports to a 7" Knelson Concentrator) alongside the mill building, and relocating the new Gemini Table into the gold room to clean up the Knelson concentrate to smelttable grade.

The cost of this Gravity Circuit is not included in this Valuation Report for the Maldon Gold Plant.

3.3 Leach and Adsorption

This circuit consists of 1 x 140 m³ leach tank followed by 5 x 140 m³ adsorption tanks.

At 20 tph and 42% solids, the residence time is approximately 24 hrs.

Cyanide can be added to the mill (via the cyclone underflow launder) as well as the Leach Tank and Adsorption Tank 1 (a recent modification).

A1 Consolidated Gold Ltd – Maldon Gold Processing Plant Valuation Report

3.4 Elution

The 500 kg AARL elution circuit performs well with barren carbon grades typically 10-15 g/t.

At 150,000 tpa and an increase in feed grade to 6 g/t, at 90% recovery with 45% of gold recovered by gravity, 45% of the gold will report to the elution circuit via the CIP circuit.

This equates to approximately 7.8 kg per week.

The current stripping frequency of 4 strips per week would result in a loaded carbon grade of approximately 3,900 g/t.

Strips typically only take 5-5.5 hrs whereas the electrowinning cycle is of the order of 12-16 hrs.

3.5 Rheology

Underground ore is unlikely to present any viscosity issues at the operating grind size.

No flow issues occur through the intertank screens at typical throughput rates, other than restriction through lack of cleaning the screens.

At 20 tph and 40% solids the slurry flow rate will be approximately 38 m³/hr.

The intertank screens are approximately 3m² in area (3 x 1m² panels), so the specific flow rate is low at the flow rates of 13 m³/m²/hr.

3.6 Water

It is understood that adequate water is available subject to recharge of the Union Hill mine.

The mine dewatering is currently distributed to local farmers.

3.7 Tailings

It was advised by Octagonal managers that there is adequate storage for tailings from the projected production for the next 4 calendar years of production, and based on the details provided, Como Engineers Pty Ltd supports that assessment.

A1 Consolidated Gold Ltd – Maldon Gold Processing Plant Valuation Report

4.0 Maldon Gold Processing Plant

4.1 Introduction

Initially owned by Triad Resources, the Maldon Gold Plant was built in 1987 by Bateman-Kinhill.

The plant operated for approximately 4 years from January 1988 till October 1991, and during this period the mill operated on a 24/7 basis treating ore from the Union Hill open pit mine located at Maldon.

The mill treated approximately 1,000,000 tons over that period for an average throughput of 710 tons per day.

Triad Resources ceased operation in April 1993 and during this later period the plant ran on a 24/5 basis treating battery sands and open pit ore.

For the next 7 years to 2010, the plant was only operated for a total of a few months by the new owners Alliance Resources.

The current owners Octagonal Resources are developing a decline in the Union Hill Open cut to access ore to the Alliance South ore body and this is one of the three ore bodies that A1 Consolidated wishes to treat in the Maldon Gold Plant.

The current requirement for the Maldon Gold Plant is to mill 150,000 tons per annum.

A copy of the plant description and operation is provided in the Maldon Gold Plant Due Diligence Report prepared by Como Engineers Pty Ltd for A1 Consolidated Gold Ltd and issued on 22 Dec 14.

4.2 Crushing

The crushing plant consists of a single stage primary ROM jaw crusher producing a nominal 80% passing 100mm product and is rated at 150 tons per hour.

Ore is fed by 20t dump truck or front end loader to the ROM ore bin.

The 30m³ capacity ROM ore bin is fitted with a fixed grizzly fitted with 450mm aperture parallel beams with any oversize removed with either a front end loader or backhoe for further breaking or dumped to the side.

The wear rails on the grizzly beams are worn however they will not require replacing for some time.

The bin is fitted with wear liners which are in reasonable condition however there are signs that these will require replacing in the near future.

A1 Consolidated Gold Ltd – Maldon Gold Processing Plant Valuation Report

Product from the bin is fed to a Coomo-FHM 1.2m wide by 2.5 m long scalping screen via a Coomo-FHM 1.2 m wide by 4.35m long plate feeder fitted to the bottom of the bin. The plate feeder is fitted with variable speed drive to control the feed rate to the primary crusher. Minimal spillage occurs at this transfer.

The scalping screen feeds undersized ore directly to the short (9.65m long) sacrificial crusher discharge conveyor with oversized ore fed to the primary crusher and then onto the crusher discharge conveyor.

The conveyor drive is 7.5 kW and the belt is 750mm wide and has a 35° trough idlers.

The primary crusher is a Goodwin-Barsby 42" x 30" single toggle jaw crusher. The crusher jaw is set to 75mm which controls top sized to -100mm.

The fixed and swing jaws wear liners have been rotated a number of times however they are still adequate to continue operation for another year before replacing.

A 2010 Report by the then Mill Manager highlighted the wear evident in the crusher eccentric shaft bearings.

The other item highlighted was the non-standard toggle plate installed in the crusher and the noise generated from that which apart from the extra noise is also impacting on the toggle seats and wearing surfaces and we recommend replacing the non-standard toggles with standard toggles.

The old Programmable Logic Controller (PLC control) in the crushing plant has recently been replaced with a modern unit as parts are no longer available for the 27 year old units located in the plant.

4.3 Crushed Ore Storage

Crushed product is conveyed to the stockpile conveyor which normally discharges directly over the mill conveyor drawdown slot, however Maldon Resources Pty Ltd have slewed stacker conveyor over to build a separate stockpile to the side and feed product to the mill conveyor drawdown slot via front end loader.

The mill conveyor drawdown slot chute steelwork looks in reasonable condition and does not appear to require new liners at this stage.

Stockpile Conveyor is a slewing stacker type 28.95 m long and provides a lift of 8.3 m. The conveyor drive is 11.0 kW and the conveyor belt is 600 mm wide and has 35° trough idlers.

The tunnel under the stockpile that houses the reclaim conveyor has a sump pump fitted at the low end. This serves to drain the tunnel in the event of water ingress into the tunnel.

A1 Consolidated Gold Ltd – Maldon Gold Processing Plant Valuation Report

The tunnel is also fitted with a vertical shaft second point of egress fitted with a ladder. The tunnel also serves to provide ventilation to the tunnel.

4.4 Mill Feed

Ore is drawn from the stockpile over the mill conveyor drawdown slot onto the reclaim conveyor.

The guarding on the tunnel conveyor is not up to Australian Standard requirements and Maldon Resources Pty Ltd have instigated a program to fabricate new full height guards on this conveyor to comply with the corresponding Australian Standard. This work is approximately 50% complete.

This reclaim conveyor is 29.05 m long and rises 6.16 m. It has a 7.5 kW variable speed drive and a 1,200 mm wide belt with 30° trough idlers.

The belt has sections of top cover separation and the edge rubber has been abraded off, however the belt is still usable as long as it is checked regularly.

A two idler weightometer is fitted to the reclaim conveyor and is regularly calibrated to maintain accuracy.

The reclaim conveyor discharges onto the mill feed conveyor. The mill feed conveyor is 30.78m long and has a 35 tons per hour capacity and is fitted with a 7.5 kW drive and a 600mm wide belt fitted with 35° trough idlers.

The mill is a SAG mill supplied by SALA Australia and is an Allis Chalmers mill supplied with grate discharge and rubber lined. The mill is 3.36m diameter inside liners and is 3.96m long.

The experience of Maldon Gold Operations indicates that a sustainable rate of throughput of up to 55t/hr can be achieved depending on the work index of the ore.

On competent underground ore sustainable feed rates of 18-20t/hr are achievable.

The Mill is fitted with a 596 kW variable speed DC drive motor, a 15 kW inching drive that only provides “forward” rotation and a 0.75 kW lube pump.

The mill motor has had attention in the form of commutator re-machining and winding re-varnishing. The main issue with the mill electrics is the 27 year old ABB Supply Tyrak-8A DC convertor. Parts are no longer available for this unit and repairs have been ongoing.

The main issue with the mill is the urgent need to repair the drive train including;

1. The repair of the main drive gearbox including replacement of bearings and seals and possible gear re-machining. This will require removal of the gearbox, checking

A1 Consolidated Gold Ltd – Maldon Gold Processing Plant Valuation Report

- the baseplate to investigate the flexing observed while mill was in operation, splitting the gearbox and fully refurbishing the gearbox and re-installation.
2. Replacement of the complete flexible gear coupling as the existing unit is now unserviceable having worn to such an extent that it cannot be pulled apart to service it.
 3. Replacement of bearings to pinion gear shaft and possible resurfacing of gear teeth.
 4. The replacement of the two mill trunnion bearings where both show clear signs of having partially collapsed and are on the point of failure.

Como Engineers Pty Ltd made a further detailed inspection of the mill drive on Thursday 18 December 2014. The inspection was made by John Edwards, Construction Manager of Como Engineers Pty Ltd who has 35 years' experience in mill installation and repairs.

John has completed a detailed schedule for the repairs and he estimated cost to make these repairs and bring the mill back to full operation.

The mill trunnion bearing foundation concrete piers have evidence of cracking.

Como Engineers Pty Ltd inspected the cracking and advised it is only minor spalling of surface concrete due to some corrosion of the near surface rebar.

The mill discharges into a two compartment pump hopper via the woven wire trommel screen.

The first stage of the pump hopper where the bulk of the heavier gold particles will report to is fitted with a screen panel to prevent oversize material from entering into this section of the hopper and a separate pump outlet has been provided to pump material from this first stage to a gravity separation plant.

At present this screen panel has been removed and all material is pumped from the hopper to the mill cyclones. The mill discharge pumps are 4/3 Warman pumps with one pump fixed and one fitted with variable speed. The pumps are 86m³/hr for a 35m head.

The discharge trommel allows 17mm scats to be removed from the mill charge and the scats are regularly tested to determine if they contain economic gold.

Two 375mm diam. Linatex mill cyclones are installed with one operating cyclone and one cyclone on standby. The cyclones are carbon steel, rubber lined with pneumatically adjustable spigot.

A Malco trash screen 0.9m wide x 1.5m horizontal vibrating screen with 0.65mm aperture polyurethane deck.

A1 Consolidated Gold Ltd – Maldon Gold Processing Plant Valuation Report

4.5 Leach and CIL

The plant has 6 tanks installed for the leach and Carbon In Leach (CIL) process with 1 leach tank and 5 CIL tanks.

The leach and CIL tanks operate at 40% solids

Each tank is 6,000mm diam. x 5,500mm high and approximately 140m³ capacity providing approximately 4 hours retention time.

Each tank is fitted with a Noyes brand single stage impeller supported by a bearing housing and driven via V belt drives and a gearbox and 15 kW motor.

The motors are fitted with soft starts.

The CIL tanks are fitted with Kambalda type interstage screens.

At present the CIL plant carbon loading is between 8 and 10t.

Carbon is transferred using air lifts with the final stage transfer effected by use of a submersible vertical pump which delivers loaded carbon via a carbon screen to the elution column.

The leach and CIL tanks exhibit extensive corrosion and frequent patching has been conducted to increase the life of the tanks, most significantly access doorways were cut into each tank and the bottom of each tanks filled with 200mm of concrete with a new steel floor welded above this concrete. At this time new discharge launder boxes were also welded to each tank.

4.6 Gravity Circuit

No gravity circuit exists in the current processing plant, however provision to add a gravity circuit has been provided and can be located immediately adjacent to the mill building.

4.7 Elution

The elution process uses the Anglo American Research Laboratories (AARL) process utilizing a half tonne column and each strip takes about five and a half hours to complete. The elution process is automatically controlled by a PLC and stripped carbon can either be sent for regeneration or returned to the last CIL tank.

The elution circuit includes an Allglass electrowinning cell and this process takes between 12 to 16 hours.

Gold plated steel wool is current dissolved in hydrochloric acid and the resultant sludge is then filtered and smelted. Currently the gold dore assays 95% gold and 3-4% silver.

A1 Consolidated Gold Ltd – Maldon Gold Processing Plant Valuation Report

Carbon is regenerated in a rotary drum kiln fueled by gas from a bulk gas storage tank on site. Regeneration time is 18 hour/tonne of carbon.

It was noted from operational records that the kiln tube has been replaced and it is recommended that a spare kiln tube be held in the store as a spare item.

4.8 Tailings

The Maldon gold plant has several areas available for tailings dams.

Some areas are already fully utilized and some are permitted to have a further 2 meter lift installed on top of the existing tailings dam.

Current indications are that there is sufficient capacity for 4 to 5 years operating at 150,000tpa.

Tailings are pumped currently to dam number 5 located to the north east of the processing plant with 2 x 100mm PN-10 HDPE lines carrying the tailings to the dam and 1 x 110mm PN-10 HDPE line for return water.

4.9 Reagents

Bulk lime is supplied to site and stored in a dedicated lime silo. Lime is fed directly on to the mill feed conveyor using a variable speed auger.

Bulk lime is currently delivered to site in 30 tonne tankers and transferred into the silo with compressed air.

The provision for adding mill balls on to the mill feed conveyor is provided, however current practice is to add the mill balls directly into the reclaim hopper using a front end loader.

Cyanide is supplied in 1 tonne bulker bags which are broken in a bag breaker and dumped into an underground agitated tank for distribution to the process by the cyanide delivery pump.

Hydrochloric acid is stored in a tank adjacent to the gold room and is situated in a bunded area.

A1 Consolidated Gold Ltd – Maldon Gold Processing Plant Valuation Report

5.0 Maldon Gold Processing Plant - Services

5.1 Power

Power is supplied to the Maldon Gold Plant by the state electricity mains grid to 2 transformers that transform power from 22,000V to 415V power required at the site.

As the mill has been fitted with a DC variable drive the plant can actually be started and operated using one transformer which effectively provides a backup transformer to the site.

5.2 Water

Process water is sourced from rain water run-off, dewatering of the Union Hill underground development and recovered from tailings.

The water reclaimed from the Union Hill mine is pumped via 150mm poly and PVC pipe to storage dams at the processing plant.

It was noted that the water storage tanks have had patches applied to close off leaks that have developed in the tanks and again it is recommended that these tanks be included in the ultrasonic testing recommended for the leach and CIL tanks and elution column.

5.3 Compressed Air

Currently two compressors provide all the compressed air requirements for the plant.

5.4 Offices and Amenities

Basic offices, store and small workshop facilities are provided to house the small number of staff and maintenance personnel required to manage, operate and maintain this facility.

5.5 Communications

Phones and data have been connected to the Telstra network and the plant is within the range of mobile phone telephony.

Two way radios are used throughout the plant by operators and staff to maintain communication at all times.

A1 Consolidated Gold Ltd – Maldon Gold Processing Plant Valuation Report

6.0 Company Details

Como Engineers Pty Ltd was established in 1986 to provide engineering services and specialist products to the Industrial, Mining and Resource Industries.

Como Engineers' core focus is to design and construct Materials Handling, Mineral Processing Plant and Port Facilities.

We employ a team of experienced metallurgists, engineers and drafts people which enables us to offer a complete process and engineering service.

These services include metallurgical testing through scoping and definitive feasibility studies to detailed engineering design, project construction and commissioning, providing clients with considerable time and cost savings.

We have also been involved in numerous plant studies and valuations as well as acting as independent experts and client representatives.

At Como Engineers, we enjoy working closely with our clients to ensure successful outcomes for all parties involved.

We are small enough to provide direct access to senior staff members, thereby ensuring high levels of service at all times.

As a result of our long term client relationships, a large portion of our projects are generated by repeat business with existing clients.

We specialise in cost effective solutions utilising new, refurbished and relocated equipment in our plant designs. Where possible, Como Engineers offers design and construct projects at a fixed, lump-sum price, thereby removing a large portion of the project risk from the client.

Services include:

- Feasibility studies, engineering and project management
- Design and construction of material handling, port and mineral processing plants
- Process plant upgrades, refurbishment and relocation
- Modular process plants
- Infrastructure for remote mines
- Civil and structural engineering
- Certified dangerous goods assessments

A1 Consolidated Gold Ltd – Maldon Gold Processing Plant Valuation Report

Como Engineers operate worldwide offering localized support with offices in Perth, Melbourne and Jakarta.

Applicant company, full registered name and address:	Como Engineers Pty Ltd 27 McCabe Street Mosman Park WA 6012
ABN	44 161 537 453
The company is a corporation registered in the Country of:	Australia
Contact	Tom Van Loon Senior Principal Engineer and Manager Victoria Como Engineers Pty Ltd Mobile +61 (0) 417 115 238 tom.vanloon@comoeng.com.au

A1 Consolidated Gold Ltd – Maldon Gold Processing Plant Valuation Report

7.0 Disclaimer

All reports, valuations and investigations made by Como are subject to the following disclaimer:

Whilst all reasonable care has been taken by Como in preparation of this report for the purpose stated herein, to the extent permissible by law Como does not accept any responsibility whatsoever for any consequence arising from the use or reliance upon any information contained herein.

This report is based in part on information which has been provided to Como by the client and/or others and which is not under the control of Como, and its directors, employees, consultants and agents do not warrant or guarantee the accuracy of the information contained herein.

Como believe that the conclusions, recommendations and valuations contained herein are reasonable and appropriate at the time of issue of this report and has used its best endeavours to ensure such. However the user is cautioned that the assumptions and inputs on which this report is based may change with time and are beyond the control of Como and any persons acting on behalf of them. The user should therefore ensure that the assumptions and inputs remain valid.

This report is prepared solely for the use of the person, company or entity to whom it is addressed.

It was not prepared for any purpose other than stated in this report. Accordingly, this report and its contents may not be relied upon by anyone other than A1 Consolidated Gold Limited and its directors and shareholders. Como accepts no responsibility in relation to this report to any person other than A1 Consolidated Gold Limited and its directors and shareholders.

Como accepts no responsibility for the contents of the Notice of Meeting and the accompanying Explanatory Memorandum other than this Report.

A1 Consolidated Gold Limited has agreed to indemnify Como and its directors, officers, employees and agents from and against any and all claims, liabilities, losses

A1 Consolidated Gold Ltd – Maldon Gold Processing Plant Valuation Report

or expenses, costs or damages arising from or in connection with Como's reliance on any information provided by A1 Consolidated Limited or its representatives in relation to preparing this report or the failure to provide relevant information.

This report must be read in its entirety and this disclaimer constitutes an integral part of the report. Any copy or reproduction of this report must contain this disclaimer.

Unless otherwise stated in this report, it is a technical report and does not cover any legal aspects that may be associated with the report and its subject matter. Any valuations do not include representation as to the legal title and/or ownership of any item or asset referred to or contained within the report and the assumptions made regarding such item or asset.

Unless specifically agreed otherwise in the contract of engagement, Como retains the intellectual property rights over the contents of this report. The client is granted a non-exclusive license to use that intellectual property rights for the purpose for which this report was commissioned.

If any there are any questions, or additional information required, related to the material presented in the Study we would be very pleased to provide our assistance.

We thank you for the opportunity to prepare and submit our Valuation Report for the Porcupine Flat Gold Processing Plant at Maldon and if there are any questions, or if additional information is required related to the material presented in the Valuation Report we would be very pleased to provide our assistance at any time.



Tom Van Loon
MIEAust (Mech Eng) CP Eng
Project Director
Senior Principal Engineer
Manager Victoria
Como Engineers Pty Ltd
Mobile 0417 115 238

A1 Consolidated Gold Ltd – Maldon Gold Processing Plant Valuation Report

Appendix A: Maldon Gold Plant Valuation

The following Maldon Gold Plant Valuation is attached and forms part of this Valuation Report;

1. Maldon Gold Plant Valuation Summary
2. Maldon Gold Plant Valuation Detailed Cost Valuation



A1 Consolidated Gold Ltd – Maldon Gold Processing Plant Valuation Report

1. Maldon Gold Plant Valuation Summary

Item	Description	Total Based on New Plant	Total Based on Second Hand Sale Price (50%)	Total Based on Auction Price (10%)
1	EPCM Costs	\$1,525,102.31	\$762,551.16	\$152,510.23
2	Crushing and Stockpiling	\$1,113,056.25	\$556,528.13	\$111,305.63
3	Grinding	\$3,365,417.50	\$1,682,708.75	\$336,541.75
4	Leach, CIP, Elution and Tailings	\$3,004,950.00	\$1,502,475.00	\$300,495.00
5	Reagents	\$426,075.00	\$213,037.50	\$42,607.50
6	Services	\$987,850.00	\$493,925.00	\$98,785.00
7	Bulk Earthworks and Roads	\$450,000.00	\$225,000.00	\$45,000.00
8	Electrical Power Supply	\$250,000.00	\$125,000.00	\$25,000.00
9	Electrical MCC's and Distribution and Control	\$300,000.00	\$150,000.00	\$30,000.00
10	Instrumentation and Control	\$120,000.00	\$60,000.00	\$12,000.00
11	Plant Lighting and Small Power	\$150,000.00	\$75,000.00	\$15,000.00
Total Maldon Process Plant Value		\$11,692,451.06	\$5,846,225.53	\$1,169,245.11



A1 Consolidated Gold Ltd



A1 Consolidated Gold Ltd – Maldon Gold Processing Plant Valuation Report

2. Maldon Gold Plant Valuation Detailed Cost Valuation

Mechanical & Mineral Process Engineers
 CLIENT: **A1 Consolidated Gold Ltd**
 PROJECT: **Maldon Gold Plant Valuation**
 LOCATION: Maldon, Victoria
 CONTACT: Dennis Clark
 ENGINEER: Tom Van Loon



Perth, Western Australia

Job No: 3303.02
 Date 26/04/2015
 Revision: D

PROCESS PLANT

PLANT AREA	ITEM	DESCRIPTION	QTY	UNIT	NO.	RATE [\$AUD]	M/UP	RATE [\$AUD]	COST (Ex GST.) [\$AUD]	SUB-TOTAL
Crushing and Stockpiling										\$1,113,056
	Retaining Wall Structure		65	m ³	1	\$2,500	15%	\$2,875	\$186,875	
	ROM Bin	30m ³ Capacity	9.5	t	1	\$11,000	15%	\$12,650	\$120,175	
	Fixed Grizzly	Rail and Beams	1.5	t	1	\$10,000	15%	\$11,500	\$17,250	
	Crusher Feeder - Reciprocating Plate	15kW 1.2m wide x 4.35m long	1	ea	1	\$55,000	15%	\$63,250	\$63,250	
	Scalping Screen - 150tphr Inclined Vibrating	7.5kW 1.2m wide x 2.5m long	1	ea	1	\$70,000	15%	\$80,500	\$80,500	
	Crusher Feed Chute		1.5	t	1	\$13,500	15%	\$15,525	\$23,288	
	Access Stairs and Walkways		1	ea	1	\$75,000	15%	\$86,250	\$86,250	
	Primary Jaw Crusher	110kW 30"x42" Single Toggle Goodwin Barsby	1	ea	1	\$145,000	15%	\$166,750	\$166,750	
	Crusher Discharge Chute		1	t	1	\$13,500	15%	\$15,525	\$15,525	
	Crusher Hoist	3 t capacity	1	ea	1	\$5,000	15%	\$5,750	\$5,750	
	Crusher Hoist Monorail Steelwork		2	t	1	\$11,000	15%	\$12,650	\$25,300	
	Conveyor CV1 Crusher Discharge	7.5kW 750mm wide x 9.65m long	1	ea	1	\$45,000	15%	\$51,750	\$51,750	
	Conveyor CV1 Discharge Chute		0.75	t	1	\$13,500	15%	\$15,525	\$11,644	
	Conveyor CV2 Slewing Stockpile	11.0kW 600mm wide x 28.95m long	1	ea	1	\$220,000	15%	\$253,000	\$253,000	
	Jaw Crusher Foundation		55	m ³	1	\$2,500	15%	\$2,875	\$158,125	
	Slewing Stacker Foundations		12	m ³	1	\$2,500	15%	\$2,875	\$34,500	
Grinding										\$3,365,418
	Reclaim Slot and Discharge Chute		1	ea	1	\$35,000	15%	\$40,250	\$40,250	
	Reclaim Tunnel and Foundations		1	ea	1	\$155,000	15%	\$178,250	\$178,250	
	Reclaim Conveyor	7.5kW 1,200mm wide x 29.05m long	1	ea	1	\$145,000	15%	\$166,750	\$166,750	
	Mill Feed Conveyor	7.5kW 600mm wide x 30.78m long	1	ea	1	\$120,000	15%	\$138,000	\$138,000	
	Mill Feed Conveyor Support Structure		4	t	1	\$13,500	15%	\$15,525	\$62,100	
	Weightometer	0.2 kW Load Cell Dual Idler	1	ea	1	\$15,000	15%	\$17,250	\$17,250	
	Stockpile Tunnel Cleanup Pump	7.5kW 40-900 Vertical Spindle Terra Titan	1	ea	1	\$5,000	15%	\$5,750	\$5,750	
	Stockpile Tunnel Cleanup Pump	40-900 Vertical Spindle Terra Titan	1	ea	1	\$5,000	15%	\$5,750	\$5,750	
	Mill Feed Conveyor Chute		0.5	t	1	\$13,500	15%	\$15,525	\$7,763	
	Mill Feed Chute		1	ea	1	\$20,000	15%	\$23,000	\$23,000	
	SAG Mill	596kW 3.36m Dia x 3.96m EGL 15kW Inching	1	ea	1	\$1,600,000	15%	\$1,840,000	\$1,840,000	
	Trommel		1	ea	1	\$7,500	15%	\$8,625	\$8,625	
	Mill Area Foundations		130	m ³	1	\$2,500	15%	\$2,875	\$373,750	
	Mill Access Structure and Stairs		8	t	1	\$11,000	15%	\$12,650	\$101,200	
	Mill Building and Sound Proofing		1	ea	1	\$85,000	15%	\$97,750	\$97,750	
	Mill Discharge Hopper		2	t	1	\$13,500	15%	\$15,525	\$31,050	
	Mill Discharge Pumps	22kW 4/3 Warman	1	ea	1	\$40,000	15%	\$46,000	\$46,000	
	Mill Cleanup Sump Pump	5.5kW 40-1200 Terra Titan	1	ea	1	\$15,000	15%	\$17,250	\$17,250	
	Cyclone Cluster		1	ea	1	\$60,000	15%	\$69,000	\$69,000	
	Cyclone Tower Structure		1.5	t	1	\$11,000	15%	\$12,650	\$18,975	
	Splitter Box		0.2	t	1	\$13,500	15%	\$15,525	\$3,105	
	Trash Screen	2x1.1kW 0.9m wide x 1.5m long vibrating	1	ea	1	\$20,000	15%	\$23,000	\$23,000	
	Mill Area Piping		1	ea	1	\$75,000	15%	\$86,250	\$86,250	
	Mill House Ventilation Fan	1.5kW	1	ea	1	\$4,000	15%	\$4,600	\$4,600	
Leach, CIP, Elution and Tailings										\$3,004,950
	Leach Tank, Foundation and Bunding	6.0m dia x 6m high	1	ea	1	\$250,000	15%	\$287,500	\$287,500	

Mechanical & Mineral Process Engineers

CLIENT: **A1 Consolidated Gold Ltd**
 PROJECT: **Maldon Gold Plant Valuation**
 LOCATION: Maldon, Victoria
 CONTACT: Dennis Clark
 ENGINEER: Tom Van Loon



Perth, Western Australia

Job No: 3303.02
 Date 26/04/2015
 Revision: D

PROCESS PLANT

PLANT AREA	ITEM	DESCRIPTION	QTY	UNIT	NO.	RATE [\$AUD]	M/UP	RATE [\$AUD]	COST (Ex GST.) [\$AUD]	SUB-TOTAL
	Leach Tank Agitator	15.0kW Noyes	1	ea	1	\$20,000	15%	\$23,000	\$23,000	
	Leach Tank Launder		1	ea	1	\$3,000	15%	\$3,450	\$3,450	
	CIP Tanks, Foundations and Bunding	6.0m dia x 5.5m high	5	ea	1	\$230,000	15%	\$264,500	\$1,322,500	
	CIP Tank Agitators	15.0kW Noyes	5	ea	1	\$20,000	15%	\$23,000	\$115,000	
	Air Lifts		5	ea	1	\$5,000	15%	\$5,750	\$28,750	
	CIP Tank Launderers		5	ea	1	\$3,000	15%	\$3,450	\$17,250	
	Interstage Screens	Kambalda Type	5	ea	1	\$35,000	15%	\$40,250	\$201,250	
	Tank Access Platform and Stairs		12	t	1	\$11,000	15%	\$12,650	\$151,800	
	CIP Lab Room and Equipment		1	ea	1	\$15,000	15%	\$17,250	\$17,250	
	Loaded Carbon Screen		1	ea	1	\$27,500	15%	\$31,625	\$31,625	
	Loaded Carbon Screen Support Structure		1.5	t	1	\$11,000	15%	\$12,650	\$18,975	
	Loaded Carbon Screen Distribution Box		1	ea	1	\$2,500	15%	\$2,875	\$2,875	
	Loaded Carbon Screen Underflow Chute		1	ea	1	\$2,500	15%	\$2,875	\$2,875	
	Carbon Transfer Pump	4.2kW Hidrostal	1	ea	1	\$5,000	15%	\$5,750	\$5,750	
	Carbon Catch Screen		1	ea	1	\$35,000	15%	\$40,250	\$40,250	
	Carbon Catch Screen Support Structure		1.5	t	1	\$11,000	15%	\$12,650	\$18,975	
	Carbon Catch Screen Distribution Box		1	ea	1	\$2,500	15%	\$2,875	\$2,875	
	Carbon Catch Screen Underflow Chute		1	ea	1	\$2,500	15%	\$2,875	\$2,875	
	CIP Sump Pump		1	ea	1	\$7,500	15%	\$8,625	\$8,625	
	Safety Shower - CIP		1	ea	1	\$2,000	15%	\$2,300	\$2,300	
	Safety Shower - Tails Area		1	ea	1	\$2,000	15%	\$2,300	\$2,300	
	Safety Shower - Reagents Area		2	ea	1	\$2,000	15%	\$2,300	\$4,600	
	Safety Shower - HCl Area		1	ea	1	\$2,000	15%	\$2,300	\$2,300	
	Tailings Pump Hopper		0.9	t	1	\$15,000	15%	\$17,250	\$15,525	
	Tailings Pump	18.5kW 3/2 Warman	1	ea	1	\$30,000	15%	\$34,500	\$34,500	
	Tailings Dam		1	ea	1	\$100,000	15%	\$115,000	\$115,000	
	Carbon Sizing Screen		1	ea	1	\$25,000	15%	\$28,750	\$28,750	
	Carbon Sizing Screen Support Structure		1.5	t	1	\$11,000	15%	\$12,650	\$18,975	
	Carbon Sizing Screen Distribution Box		1	ea	1	\$2,500	15%	\$2,875	\$2,875	
	Carbon Sizing Screen Underflow Chute		1	ea	1	\$2,500	15%	\$2,875	\$2,875	
	Gold Room Building and Foundations		1	ea	1	\$75,000	15%	\$86,250	\$86,250	
	Gold Room Equipment	Includes Smelting Furnace	1	ea	1	\$80,000	15%	\$92,000	\$92,000	
	Elution Column	0.5t capacity	1	ea	1	\$40,000	15%	\$46,000	\$46,000	
	Heater Package and Heat Exchangers		1	ea	1	\$55,000	15%	\$63,250	\$63,250	
	Electrowinning Cell		1	ea	1	\$25,000	15%	\$28,750	\$28,750	
	Elution Piping		1	ea	1	\$45,000	15%	\$51,750	\$51,750	
	Carbon Regeneration Kiln		1	ea	1	\$85,000	15%	\$97,750	\$97,750	
	Acid Wash Tank		1	ea	1	\$5,000	15%	\$5,750	\$5,750	
Reagents										\$426,075
	Lime Silo and Support Structure		1	ea	1	\$150,000	15%	\$172,500	\$172,500	
	Lime Silo Rotary Valve	0.185kW	1	ea	1	\$1,500	15%	\$1,725	\$1,725	
	Lime Feeder	0.37kW 0-50kg/hr capacity	1	ea	1	\$5,000	15%	\$5,750	\$5,750	
	Cyanide Mixing Facility		1	ea	1	\$95,000	15%	\$109,250	\$109,250	
	Cyanide Transfer Pump		1	ea	1	\$15,000	15%	\$17,250	\$17,250	
	Cyanide Metering Pump		2	ea	1	\$12,000	15%	\$13,800	\$27,600	
	Cyanide Piping		1	ea	1	\$35,000	15%	\$40,250	\$40,250	
	HCL Acid Delivery System		1	ea	1	\$20,000	15%	\$23,000	\$23,000	

Mechanical & Mineral Process Engineers
 CLIENT: **A1 Consolidated Gold Ltd**
 PROJECT: **Maldon Gold Plant Valuation**
 LOCATION: Maldon, Victoria
 CONTACT: Dennis Clark
 ENGINEER: Tom Van Loon



Perth, Western Australia

Job No: 3303.02
 Date 26/04/2015
 Revision: D

PROCESS PLANT

PLANT AREA	ITEM	DESCRIPTION	QTY	UNIT	NO.	RATE [\$AUD]	M/UP	RATE [\$AUD]	COST (Ex GST.) [\$AUD]	SUB-TOTAL
	Leach Caustic Dosing System		1	ea	1	\$25,000	15%	\$28,750	\$28,750	
Services										\$987,850
	Airlift Blower		1	ea	1	\$15,000	15%	\$17,250	\$17,250	
	Airlift Pipework		1	ea	1	\$20,000	15%	\$23,000	\$23,000	
	Plant Air Compressor and Receiver		1	ea	1	\$40,000	15%	\$46,000	\$46,000	
	Plant Air Pipework		1	ea	1	\$30,000	15%	\$34,500	\$34,500	
	Instrument Air Compressor and Dryer		1	ea	1	\$15,000	15%	\$17,250	\$17,250	
	Instrument Air Pipework		1	ea	1	\$15,000	15%	\$17,250	\$17,250	
	Process Water Pump		2	ea	1	\$22,000	15%	\$25,300	\$50,600	
	Process Water Piping		1	ea	1	\$45,000	15%	\$51,750	\$51,750	
	Process Water Tanks		2	ea	1	\$150,000	15%	\$172,500	\$345,000	
	Offices, Workshop and Stores Building		1	ea	1	\$175,000	15%	\$201,250	\$201,250	
	Weighbridge		1	ea	1	\$85,000	15%	\$97,750	\$97,750	
	Tailings Return Pump and Pipeline		1	ea	1	\$75,000	15%	\$86,250	\$86,250	
TOTAL										\$8,897,349



A1 Consolidated Gold Ltd



A1 Consolidated Gold Ltd – Maldon Gold Processing Plant Valuation Report

Appendix B: Maldon Site Photos

The Site Photos of the Maldon Gold Plant that are included on the following pages are hereby incorporated into this Valuation Report.



**A1 Consolidated Gold Ltd – Maldon Gold Processing Plant
Valuation Report
Appendix B – Site Photos**



Portable Gravity Plant



Knelson Concentrator



Knelson Bowl



Johnson Drum Concentrator



Feed to Knelson



Johnson Drum Drive



**A1 Consolidated Gold Ltd – Maldon Gold Processing Plant
Valuation Report
Appendix B – Site Photos**



Gemini Table



Gravity Plant MCC



Leach, CIP and Water Tanks



Crushing Plant



Stacker



Crushed Ore Feed Slot



**A1 Consolidated Gold Ltd – Maldon Gold Processing Plant
Valuation Report
Appendix B – Site Photos**



Portable Gravity Plant



Reclaim Conveyor and Tunnel



Head Drum of Reclaim Conveyor



Mill MCC



Mill MCC



Mill Building



**A1 Consolidated Gold Ltd – Maldon Gold Processing Plant
Valuation Report**

Appendix B – Site Photos



SAG Mill



Mill Feed Spout



Mill Trunnion Bearing



Mill Drive Pinion



Lime Silo



Lime Feed



**A1 Consolidated Gold Ltd – Maldon Gold Processing Plant
Valuation Report
Appendix B – Site Photos**



CIL Agitator Drive



Top of CIL Tank



Carbon Transfer Pump



Carbon Screen



Mill Cyclones



Gold Room



**A1 Consolidated Gold Ltd – Maldon Gold Processing Plant
Valuation Report
Appendix B – Site Photos**



Barring Furnace



Solution Heater



Mill Scats and Air Compressors



Workshop



Workshop & Store



INDEPENDENT EXPERTS REPORT
&
TECHNICAL VALUATION
OF
A1 CONSOLIDATED GOLD LTD

Job No. 2048_G
Doc No.
Date: April 2015
Prepared by: B Frazer & S Hutchin

Mining One Pty Ltd
Level 9, 50 Market Street
Melbourne VIC 3000
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- Figure 9-1: Comparable Transaction Data

EXECUTIVE SUMMARY

Mining One Consultants Pty Ltd (“Mining One”) were engaged by BDO Corporate Finance (WA) Pty Ltd to complete a technical review and valuation of the mineral assets of A1 Consolidated Gold Pty Ltd (“A1 Gold” or the “Company”). The valuation is required to assist with a proposed corporate transaction between A1 Gold and Octagonal Resources Ltd.

The A1 Gold Project is centred on a dyke bulge where gold mineralisation occurs within quartz stockworks and discrete quartz veins. A1 Gold hold exploration license EL 5109 and mining license MIN 5294, these two licenses cover approximately 27km².

Mining has been conducted at the A1 Gold mine since the early 1900’s with full scale production ceasing in 1992 after approximately 419,000 ounces of gold were produced.

CSA Global Consultants have estimated indicated and inferred resources in April 2013 of 1.42mt @ 6.2 g/t Au for 281,200 oz on the A1 Gold Project.

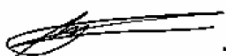
The technical valuation was based on a combination of the Kilburn and comparable transaction valuation methods in accordance with the VALMIN (2004) code. The Kilburn valuation method provided a range of valuations from A\$1.97m to A\$12.93m with a preferred technical valuation of A\$8.0m. The Comparable Transaction Method provided a valuation range (excluding the highest and lowest values) of A\$3.37m to A\$12.76m with a preferred value of A\$7.0m.

Mining One therefore determined a total preferred technical valuation for the mineral assets of A1 Gold as being A\$7.5m based on the two valuation methods used.



S Hutchin - Geology Manager
Mining One Pty Ltd

Reviewed By:



B Frazer – Director
Mining One Pty Ltd

1 INTRODUCTION

1.1 Commission and Scope

A1 Gold has commissioned Mining One to prepare a Technical Assessment Report containing a Technical Valuation of various mineral assets, as supporting documentation to a proposed acquisition by A1 Gold of 3 subsidiaries of Octagonal Resources Limited (“Octagonal”).

The various mineral assets are those held by A1 Gold and the Technical Valuation is required by BDO Corporate Finance (WA) Pty Ltd (BDO).

The VALMIN Code 2005 (Ref.3) defines a Technical Value as “an assessment of a Mineral or Petroleum Asset’s future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by an Expert or Specialist, excluding any premium or discount to account for such factors as market or strategic considerations”

A “Fair Market Value” is defined within the VALMIN Code 2005 as the “value of a Mineral or Petroleum Asset or Security. It is the amount of money determined by the Expert in accordance with the provisions of the VALMIN Code for which the Mineral or Petroleum Asset or Security should change hands on the Valuation Date in an open and unrestricted market between a willing buyer and a willing seller in an “arm’s length” transaction, with each party acting knowledgeably, prudently and without compulsion. Value is usually comprised of two components, the underlying or “Technical Value” of the Mineral or Petroleum Asset or Security, as defined by the Technical Value, and a premium or discount relating to market, strategic or other considerations”

This report is a Technical Assessment Report as defined in the VALMIN Code, and has also been prepared in accordance with the requirements of the Australian Securities and Investments Commission Regulatory Guides 111 and 112 (ASIC, 2011).

1.2 Applicability of the VALMIN Code

1.2.1 Background

This valuation report has been prepared in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports, also referred to as the VALMIN Code (2005).

The VALMIN Code is prepared by the VALMIN Committee, a joint committee of the AusIMM (Australasian Institute Of Mining and Metallurgy) and AIG (Australian Institute of Geoscientists) and MICA (Mineral Industry Consultants Association).

BDO, as the Independent Expert, has obtained from A1 Gold (the Commissioning Entity), verbal confirmation that it will comply with the requirements of Clauses 27-29 of the VALMIN Code. These clauses relate to independence of the Commissioning Entity from the Independent Expert and the Specialist (ie Mining One), and the transparency of all reporting by BDO and Mining One.

1.2.2 Relevant Extracts

Other relevant sections of the VALMIN Code are as follows:

VALMIN Clause 12: this applies to the *“Technical Assessment and/or Valuation of Mineralassets ...for any independent Expert Report intended for public release”*

VALMIN Clause 41 (a): The Commissioning Entity has confirmed in writing that *“full, accurate and true disclosure of all Material information will be made to the Expert.”*

VALMIN Clause 42: The Expert and/or Specialists *“must enter in to a written agreement with the Commissioning Entity,.....”*

VALMIN Clause 49: Time and cost constraints *“must not be permitted to compromise fundamental compliance with the requirements of the Code. Any restrictions so caused to the depth of analysis or the extent of detail required must be recorded in the report.”*

Whilst strict compliance with Clause 41(a) has not occurred, the following should be noted:

- A1 Gold has given Mining One verbal assurance about the extent of the A1 Gold data provided, and has verbally explained the scope and purpose of the report. This aspect is not considered to be in contravention of Clause 41(A).

Regarding Clause 42, the Commissioning Entity (A1 Gold) has a written agreement with the Independent Expert (BDO), who in turn have a written agreement with the Specialist (Mining One).

Regarding Clause 49, whilst A1 Gold has made available all relevant documentation, the requirement to make site visit to the project was not necessary due to the authors previous visits to the site. This aspect is not considered to be in contravention of said Clause 49.

1.2.3 Classification of Mineral Assets

VALMIN Code clauses D20 and D21, refer respectively to Mineral Assets, and to Mineral Resources and Ore Reserves.

Clause D20 of the VALMIN Code can be summarised to state that most Mineral Assets can be classified as one of the following:

- *Exploration Areas – properties where mineralisation may or may not have been identified, but where a Mineral Resource has not been identified.*
- *Advanced Exploration Areas – properties where sufficient exploration has occurred to enable a good understanding of the type of mineralisation present, and for which the untested potential still warrants extra work. A Mineral Resource may or may not have been identified.*
- *Pre-Development Projects – properties where Mineral Resources have been identified, but where a decision to proceed with development has not been made.*
- *Development Projects – properties for which a decision to proceed with production has been made, but have not yet been commissioned.*
- *Operating Mines – properties with fully commissioned and operating mine.*

Clause D21 of the VALMIN Code is a reference to Mineral Resources and Ore Reserves as defined by the JORC Code (Ref.2), and is one of several links between the JORC and VALMIN Codes.

1.3 Independence, Qualifications and Experience

Mining One Pty Ltd is an independent private consulting company which has been providing consulting services to the international and local mining industry since 2005.

This valuation report has been prepared by Mr Stuart Hutchin.

Mr Hutchin is a geologist BSc, with over 18 years of experience in the mining industry, and is a member of both the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Hutchin is appropriately qualified and experienced to act in the following capacities:

- A Competent Person as defined in the JORC Code (2012).
- An Independent Expert as defined in the VALMIN Code & ASIC Regulatory Guide 111.

Mr Hutchin does not have any significant pecuniary or beneficial interest in A1 Gold, or in the outcome of the valuation.

1.4 Disclaimer

This report was prepared using data and information which were available to the authors at the time of writing. It is based on data provided which is understood (refer VALMIN CI 41(a) as discussed in Sec 1.2. above), to be suitably representative of the various mineral properties and projects held by A1 Gold.

This report is provided for the use of BDO, and should only be reproduced, pending relevant consent by Mining One Pty Ltd, in whole and not in part.

2 A1 CONSOLIDATED GOLD LTD OVERVIEW & TENEMENTS

2.1 Overview

A1 Gold maintains a 100% interest in mining license MIN5294 and exploration license EL5109 within the Jamieson-Walhalla region in the eastern highlands of Victoria, Australia.

2.2 Tenement Holdings Summary

A1 Gold hold a direct interest in the tenements as summarised in Table 2-1. The Company maintains a 100% interest in both the exploration and mining license. Apart for state government royalties no other royalties or joint ventures are associated with the two licenses.

Table 2-1: A1 Gold Tenement Ownership

Location			Interest	
Project	Tenement Name	Tenement #	A1 Gold	Area (ha)
A1 Mine Project	Mining License	MIN5294	100%	110.77
	Exploration License	EL5109	100%	2,700

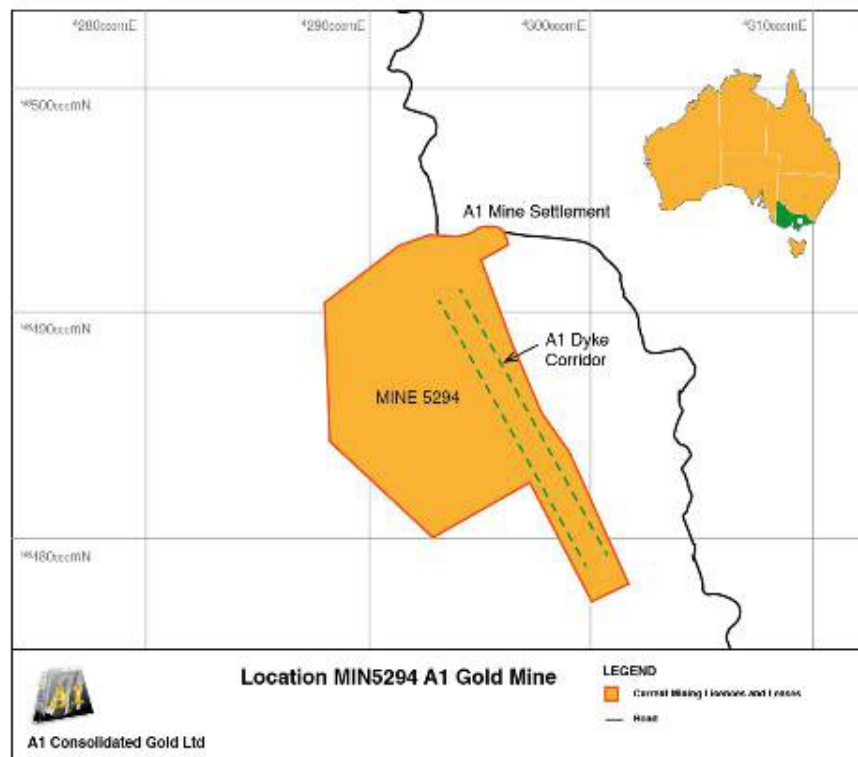


Figure 2-1: A1 Gold Mining License MIN5294

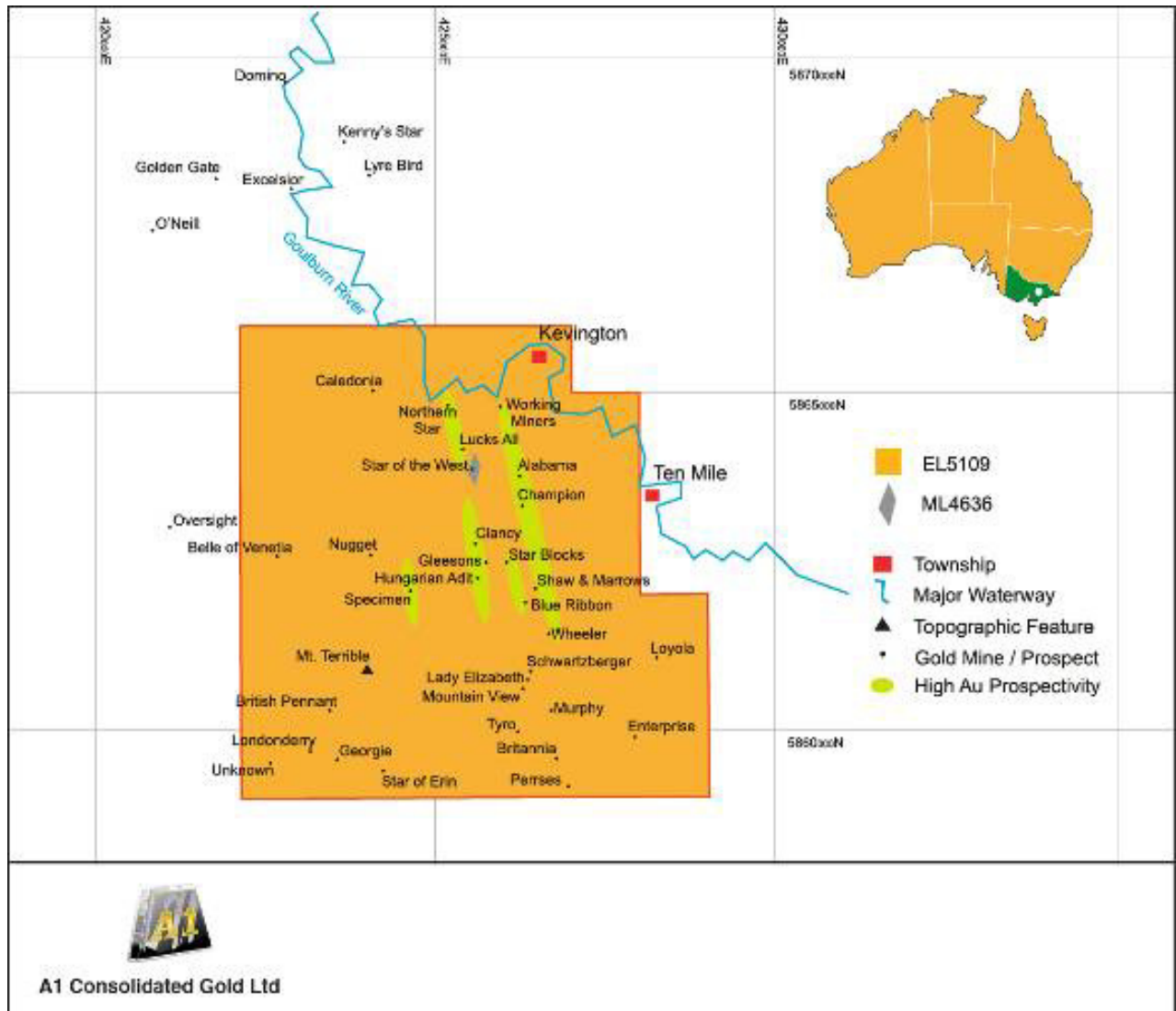


Figure 2-2: A1 Gold EL5109 Area

3 GEOLOGICAL SETTING

3.1 The Jamieson – Walhalla District

The geology of the area is fully described in VandenBerg *et al.*, 2006 and the following discussion is largely based on this work.

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.

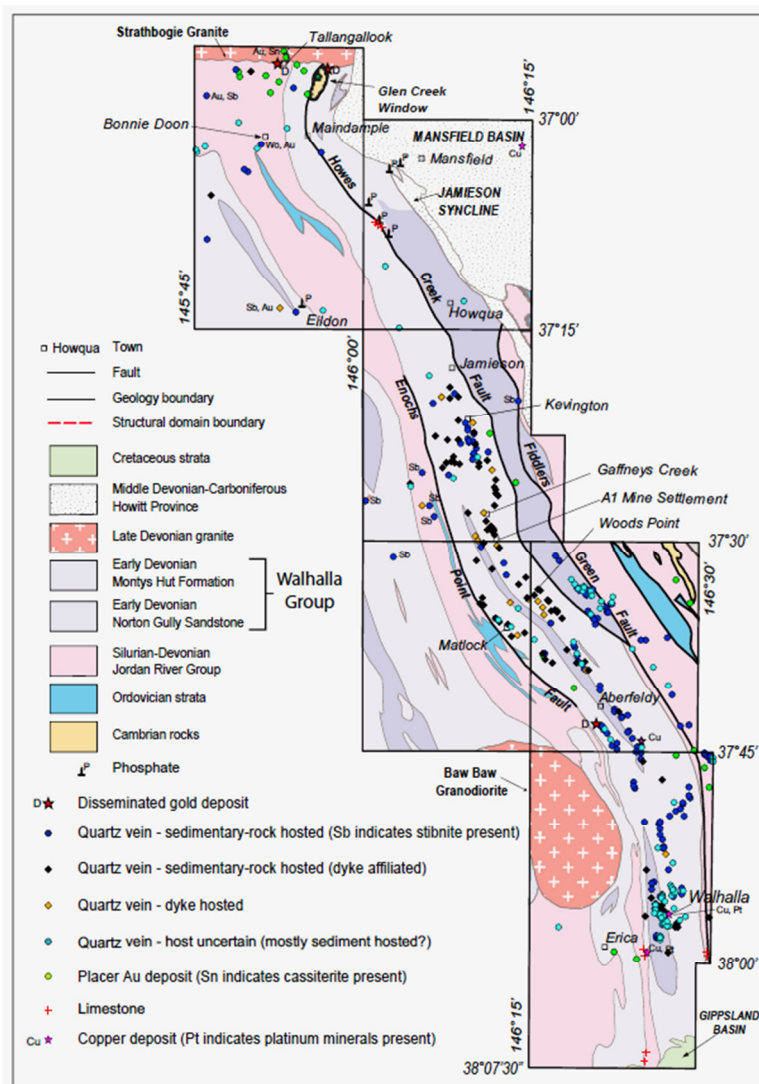


Figure 3-1: Geology of the Jamieson-Walhalla Area (from VandenBerg *et al.*, 2006).

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. These dykes are generally tabular bodies <2m wide, which may form bulges <100m over strike extents of up to 600m.

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.

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.

3.2 A1 Gold Mine Area Dykes

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 Gold 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.

In the A1 Gold Mine area, Maurice 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 Gold 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.

The Main A1 Gold Dyke is up to 60m wide and greater than 320m in length 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.

4 MINERALIZATION STYLES

4.1 Overview

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 4-1. The largest gold concentrations are associated with dyke bulges such as at the Morning Star Mine (woods Point) and the A1 Gold Mine.

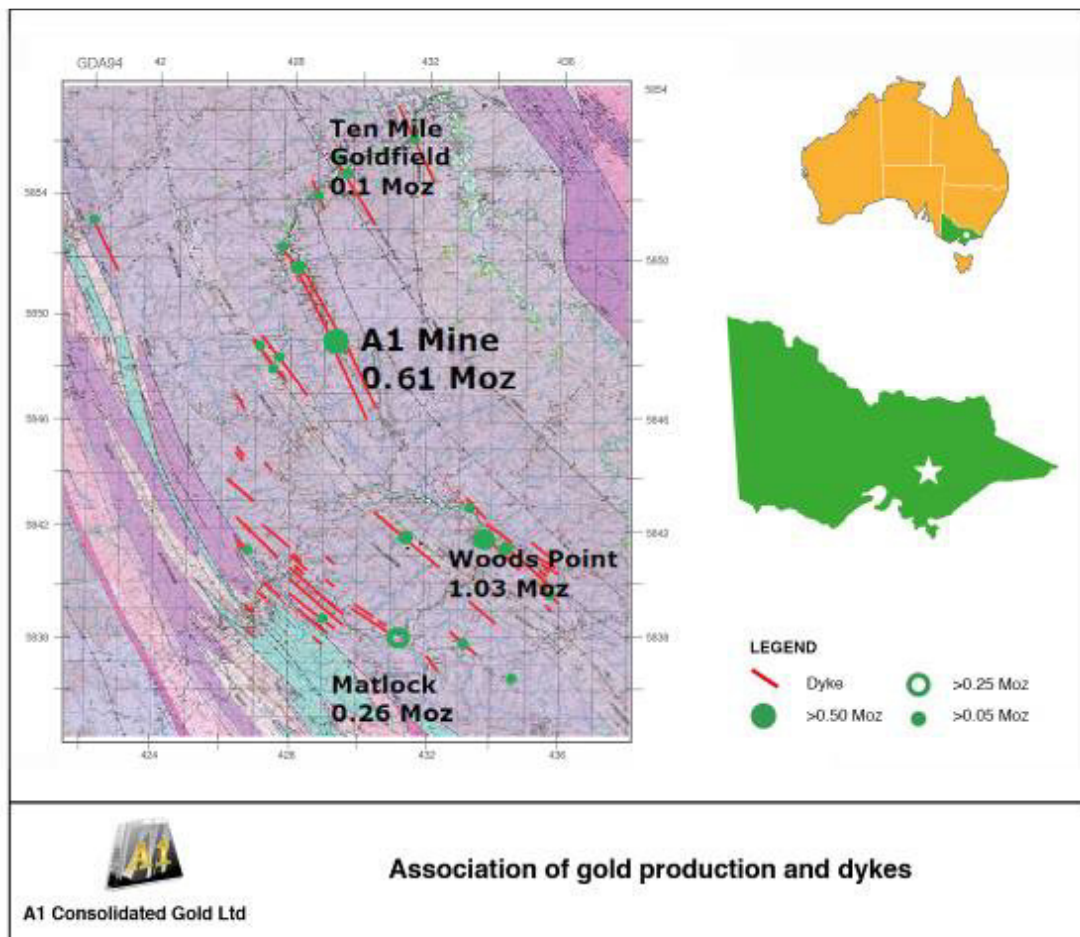


Figure 4-1: Association of Gold Production and Dykes (A1 Consolidated Gold Ltd, 2011).

4.2 Quartz Vein Hosted Gold Mineralization

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 Gold 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.

4.3 Dyke Hosted Mineralization Styles

Gold mineralization occurs at the A1 Gold deposit within the dyke intrusions as several varying styles of quartz veining scenarios, Jackson (2010a) has summarised these as outlined below;

1. Massive Reefs

Massive, vuggy reefs comprised of quartz with subordinate ankerite and numerous vugs. Such veins normally have sub-economic gold grades;

2. Laminated Reefs

Laminated reefs consist of inter-laminated quartz with minor ankerite and sulphides with sulphidised wallrock. These reefs are usually the highest grade and may display visible gold;

3. Coarse Stockwork Reefs (Ladder Veins)

The stockwork reefs 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 lower grade but at the A1 Gold Mine, there is a much more extensive stockwork zone which may be of economic grade;

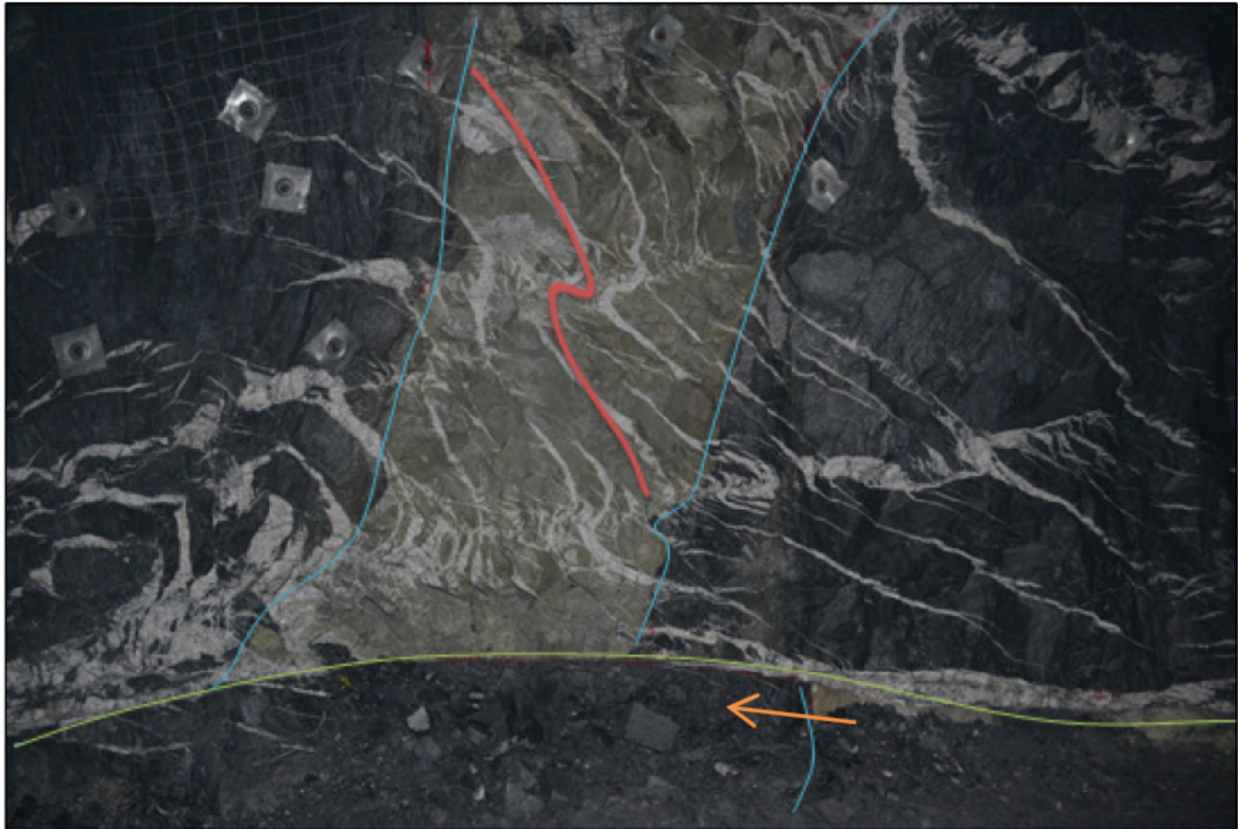


Figure 4-2: Ladder Vein / Stockwork Mineralization at 7 Level, A1 Mine. (CSA Report 2013)



Figure 4-3: Ladder Style (Stockwork) Mineralization Example – Hole L7_0023W1

4. Breccia Reefs

Breccia reefs 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;

5. Composite Reefs

Composite reefs contain components of the above four types and have vein envelopes which are strongly bleached and contain abundant carbonate and sulphides.

4.4 Other Mineralization Styles

The remainder of the gold mineralisation in the area occurs as 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 within EL5109 (C. Toifl, *pers. comm.*, 2011).

4.5 A1 Gold Mine Area Quartz Vein Occurrences

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.

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.

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.

4.6 A1 Gold Mine Area Gold Mineralization

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 county rocks.

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.

The A1 Gold 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 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.

5 HISTORICAL EXPLORATION & MINING

5.1 Regional Historical Gold Production

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. Alluvial gold production also occurred however detailed records are not available to confirm actual production from these sources.

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 Gold Mine near Gaffneys Creek (620,000 ounces).

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. The largest historical gold production centres for the region are summarized in Table 5-1 below.

Table 5-1: Walhalla – Woods Point Region Historical Gold Production

Project	Recorded Production
Long Tunnel-Cohens Reef (Walhalla)	1.4 million oz
Morning Star (Woods Point)	0.88 million oz
A1 Gold 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

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.

5.2 A1 Mine Discovery & Historical Gold Production

Alluvial gold workings in Raspberry Creek and Dry Gully in 1860 led to the discovery by Mr TT Gaffney of gold at Gaffneys Creek in 1861, and shortly after the A1 Gold 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.)

Initial hard rock mining at the A1 Gold 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 in the late 1800's 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.

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 Gold Mine operated almost continuously from 1881 to 1992.

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.

Table 5-2: A1 Gold Mine Historical Gold Production

Interval	Gold Production Oz	Vertical Interval (m)	Ounces Per vertical Metre	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

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.

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°.

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.

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.

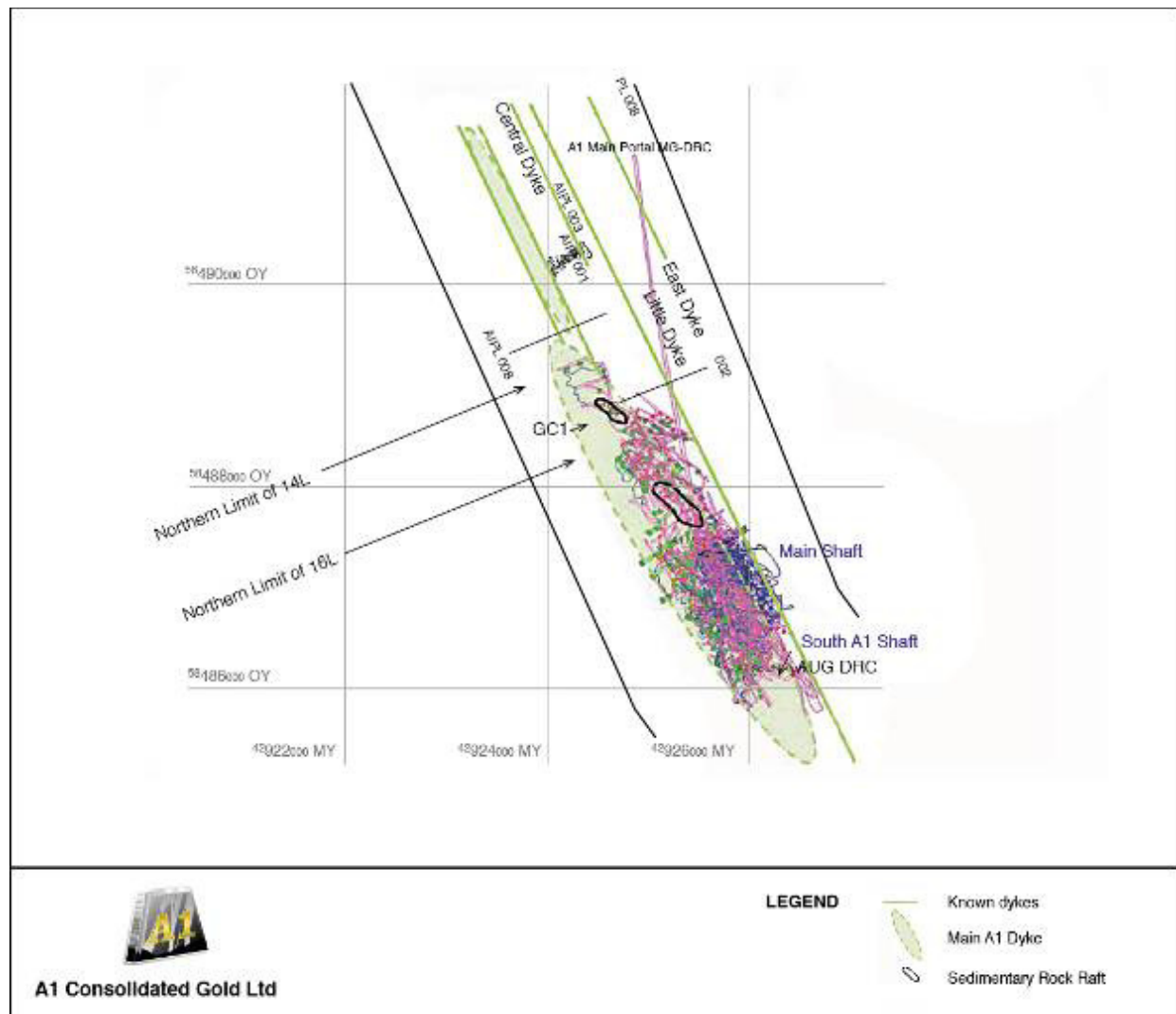


Figure 5-1: Composite A1 Mine Plan (200m Grid Spacing) – (After Goodz et al, 2009)

Four to five parallel dyke fingers in the Main A1 corridor enclose xenoliths (rafts) of altered sedimentary rocks 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 5-2.

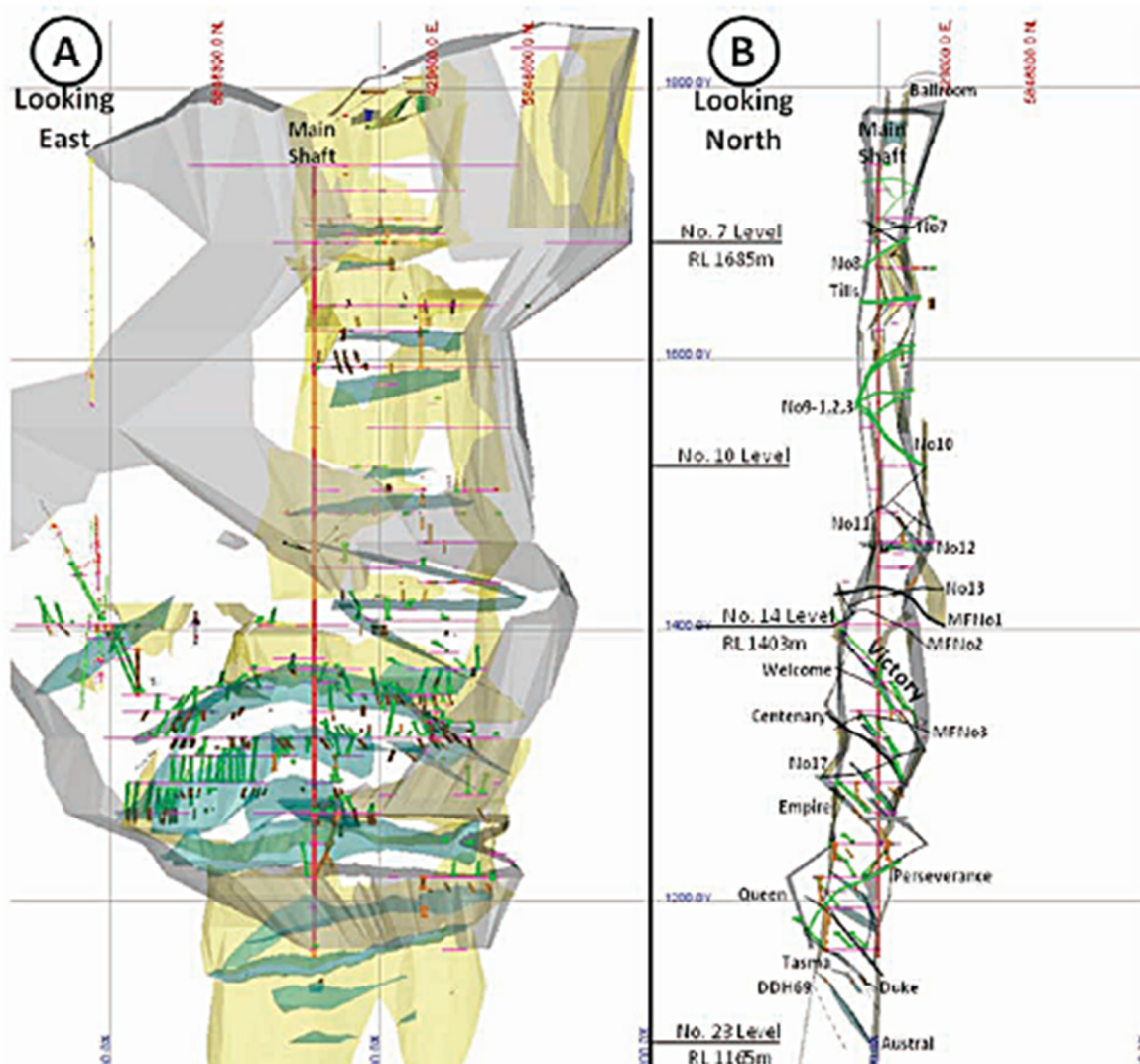


Figure 5-2: Cross-sections of the A1 Mine showing Vein Spacing and Dyke Morphology (from Goodz *et al.*, 2009). Grid is 200m.

In August 2009, Heron Resources Ltd purchased an option from Gaffney's Creek Gold Mine Pty Ltd ("GCGM") to acquire and reopen the A1 Gold 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.

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).

5.3 A1 Gold Diamond Drilling

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 A1 Gold 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 contain 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, 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 Gold production zone (Goodz *et al.*, 2009; M. Goodz, *pers. comm.*, 2011).

The historical drilling dataset contains 264 diamond and RC holes for a total of 15,097.62m of drilling. Drilling campaigns were completed between 1947 and 2008. The summary of drilling campaign history is summarised in Table 5-3 below.

Table 5-3: A1 Gold Drilling Campaign History (CSA Report 2013)

Period	Hole ID's	Company	Type	Location	Holes
2008	A1PL001 - 011	A1 Consolidated	Diamond	Surface	11
2006, 1989, 1985	GC01 – GC30	Sedimentary Holdings	Diamond & RC	Surface	30
1994	SA01 –SA16	Sierra	Diamond & RC	Surface	16
1989, 1992, 1990	DDH131 – DH199	GCGM	Diamond	UG	72
1987, 1988	SA1 – SA2	GCGM	Diamond	Surface	2
1947 - 1971	DDH1 – DDH130	Archival	Diamond	UG	133
TOTAL HOLES					264

5.4 Drilling QAQC Protocols

Detailed information relating to the QAQC procedures and results is not available for drilling completed prior to the 2010 – 2011 campaigns. A review was carried by Dominy et al (2012) where 120 pulps were re-assayed from the 2009 – 2011 drilling programs. Standards, blanks and duplicates were included in all sample batches since the 2010 drilling campaign.

Results of the internal QAQC samples collected during the drilling of each program since 2010 have generally fallen within the expected 2 standard deviation tolerance. A total of 143 standards were analysed as part of the drill assaying process, 23 of these samples outside of the 2 standard deviation threshold, Snowden Consultants advised that the data set was suitable for resource estimation work.

The pulps that were re-assayed as part of the Snowden study showed good correlation with the original sample values for the low to medium grade samples and a lesser correlation with the higher grade samples which is to be expected in a nuggety gold deposit. Results of these re-assays are shown in Figure 5-3. The Gekko resamples are shown in green, the screen fire assays in blue and the fire assays are in red on the graph shown.

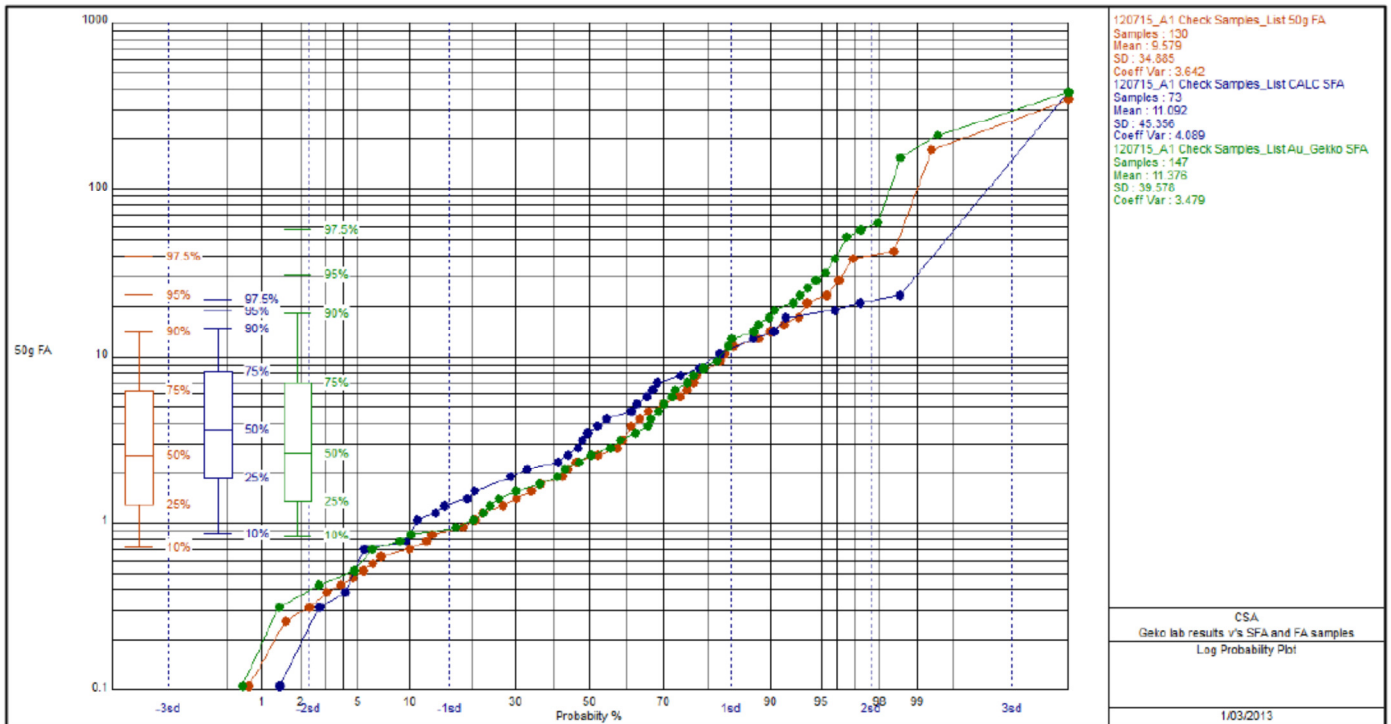


Figure 5-3: Gekko Lab Results from 2009-2011 Drilling. (CSA Report 2013)

6 PROJECT RESOURCES

6.1 Historical Estimates

Snowden Mining Industry Consultants completed a resource estimate in 2012 that only used drillholes where the collars could be visually located and confirmed in the field, this meant that only 29 holes were used. This estimate quoted an inferred resource of 750kt @ 5.5 g/t Au for 133,000 contained ounces.

6.2 CSA Global 2013 Estimate

CSA Global Consultants released an updated resource estimate in April 2013. The resource was focussed on the 1400 Stockwork zone at the A1 Gold Mine.

A geological model of the diorite was constructed that was based on the geological logging data within the drilling database. The diorite wireframe was used as a basis for constraining the resource estimate where the intrusion was modelled between the surface and 900mRL depth where the model is limited by the lack of any deeper drilling information.

All drillholes contained within the drilling database up until November 2012 were used to support the estimation process. A composite length of 1m was selected given the mean sample length and the proposed underground mining method.

High grade outliers were cut within the composite dataset, CSA selected a top cut value of 50 g/t Au that represents the 99.5th percentile, this is supported by changes in the sample populations seen in the log probability plots.

The estimate was run using search parameters in alignment with the average dip, strike and plunge of the quartz vein systems developed within the dyke. The overall search parameters used a model plunging at 20° toward 200°. Variogram analysis was completed using the composite dataset, the results of the analysis are shown in Table 6-1 below.

Table 6-1: A1 Resource Variogram Parameters (CSA Report 2013)

Variable	Direction		Nugget	Structure 1		Structure 2	
				Sill	Ranges	Sill	Ranges
			C ₀	C ₁	A ₁		
Au	1	0→110	0.28	0.58	17	0.14	80
	2	-20→200			10		55
	3	-70→020			7		36

Resources were estimated using both the ordinary kriging and inverse distance methods. A parent block size of 10m x 10m x 10m was used with sub-blocking down to 1m x 1m x 1m. The resource was depleted with the mined void model to ensure that mined material was not incorporated within the resource.

The coding of density values to the resource model was based on an average density value of 2.73 t/m³ within the diorite model. The average density value was based on 17 samples.

The resource was classified into both indicated and inferred resource classes. The coding of indicated blocks was based on geological confidence and data density within the resource area, all other blocks within the diorite domain were then coded as inferred.

The mineral resources were reported from the block model using a >3 g/t Au lower cut-off, the results of this are shown in Table 6-2 below.

Table 6-2: A1 Gold Resource Estimation Results (CSA Report 2013)

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

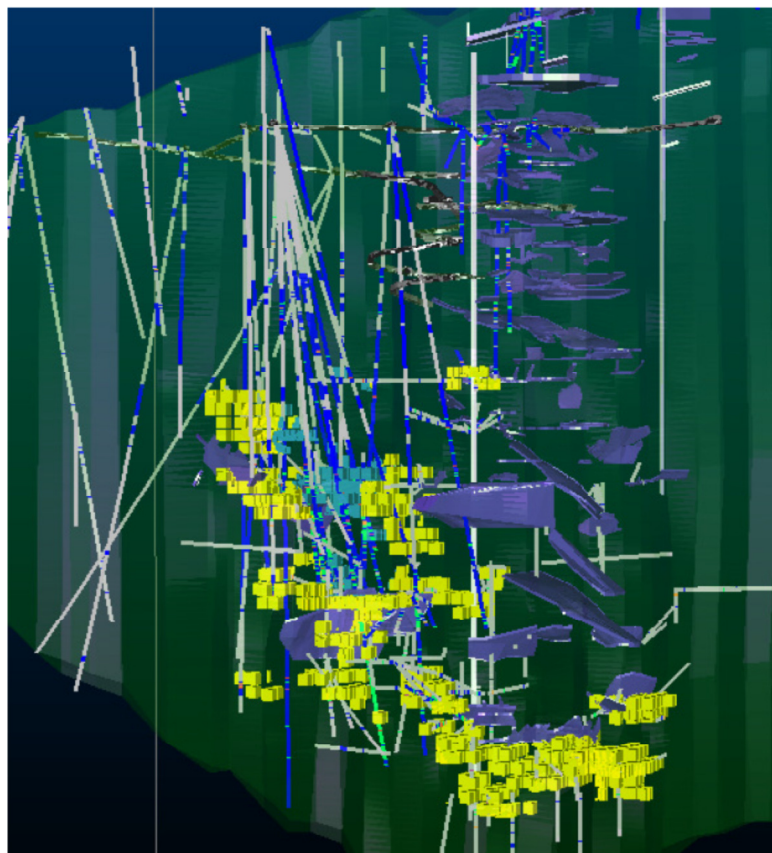


Figure 6-1: A1 Resource Blocks (CSA Report 2013)

6.3 A1 Resource Estimate – Mining One Assessment

The resource estimation reported by CSA Global Consultants set out in Table 6-2 uses accepted industry techniques to domain the diorite that is represented by a 3D wireframe shape. An improvement that is suggested in the CSA Global Consultants report and is endorsed by Mining One is that future estimates should potentially use 3D models based on the individual stockworks and narrow veins within the deposit rather than the larger dyke envelope to obtain a more accurate representation of the in-situ mineralization.

The top cut analysis and application to the composite grades using 50 g/t Au is assessed as reasonable given the sample populations seen in the log probability plots. The ordinary kriging estimation method is assessed as suitable for the type of deposit and distribution of the source drilling data.

The density values contained within the model are based on 17 samples, this quantity of samples is assessed as low for determination of an average density value. The A1 Gold deposit contains multiple styles of mineralized quartz veining and alteration strengths within the dyke package, density variability is likely to high. Mining One has been informed that subsequent to the 2013 resource estimate A1 Gold have collected and additional 300 density measurements, this new data confirms the density values used within the resource estimate.

The classification of the resource blocks into the inferred and indicated categories is based on geological confidence and sample density, the coding is assessed as appropriate and conservative in nature.

Overall the resource estimation is assessed as a valid representation of the currently defined gold mineralisation within the A1 Gold deposit with the stated resources suitable to use in guiding the technical valuation of the project.

7 SCOPING STUDY

7.1 A1 Scoping Study – Overview

A scoping study was completed in December 2014 and released to the ASX on 13th January 2015 to determine the approximate economic parameters of mining the Stage 1 underground project at the A1 Gold Mine. The CSA resource block model was used as the basis for the study with an initial production target made up of 378kt @ 6.52 g/t Au comprising 37% indicated and 67% inferred material. Mining One has not used the results of the study to inform the Technical Valuation given the inclusion of inferred material within the study.

The scoping study assumed that ore processing would be carried out at the Porcupine Flat facility at Maldon eliminating the requirement to build a plant and tailings storage facility at the A1 Gold site. The mining method chosen for the study was open stoping with stope spans of 13m wide and 20m high over any required length along strike. The 378kt of ore material is scheduled to be mined over a 3-4 year period.

The key financial metrics derived from the scoping study are summarized in Table 7-1 below.

Table 7-1: Scoping Study Key Financial Metrics

Item	Value
Gold Price	\$AUD 1300/oz
Mill Recovery	90%
Sustaining Capital	\$21 / t
Mining Costs	\$61 / t
Milling Costs	\$30 / t
Cartage	\$50 / t
Total Mining and Processing Costs	\$162 / t (\$849/oz)
Mine Life	3 Years
Discount Rate	8%
NPV	A\$27.2m
IRR	94%

7.2 A1 Scoping Study – Mining One Assessment

The scoping study is based on 67% inferred resource material. The parameters used in the study in relation to costs are assessed as reasonable. The mining method proposed is suited to the style of mineralization and the mining, transport and processing costs are inline with industry averages. The gold price and exchange rate assumptions are also assessed as appropriate. The results of the scoping study should be considered in relation to the following cautionary statement:

“The results of the scoping study assume the company completes the acquisition of ORS’s Victorian gold assets (which includes the Maldon treatment plant). The completion of the acquisition is conditional upon, amongst other things, the company raising additional equity capital in the sum of \$2.4 million and shareholder approval before the sunset date (31 March 2015 or such other date agreed by the parties). The scoping study referred to in this document is based on low-level technical and economic assessments, and is insufficient to support estimation of ore reserves or to provide assurance of an economic production mining case at this stage or to provide certainty that the conclusions of the scoping study will be realised. There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the conversion of inferred mineral resources to indicated mineral resources or that the production target itself will be realised. This production target equates to 67% of the JORC Code 2012 compliant mineral resource estimate between the 1420 RL and 1310 RL and is made up of approximately 37% indicated mineral resource and 63% inferred mineral resource. During the critical first 2 years, 42% of production is from indicated mineral resources.

The scoping study should be updated if an increase in the indicated component of the resource occurs in any future estimates.

8 EXPLORATION POTENTIAL

8.1 Exploration Potential Overview

Based on historical development, drilling results and current development, A1 Gold has identified three zones which are classified as exploration targets according to the JORC Code (2004). These targets are shown in Figure 8-1 below.

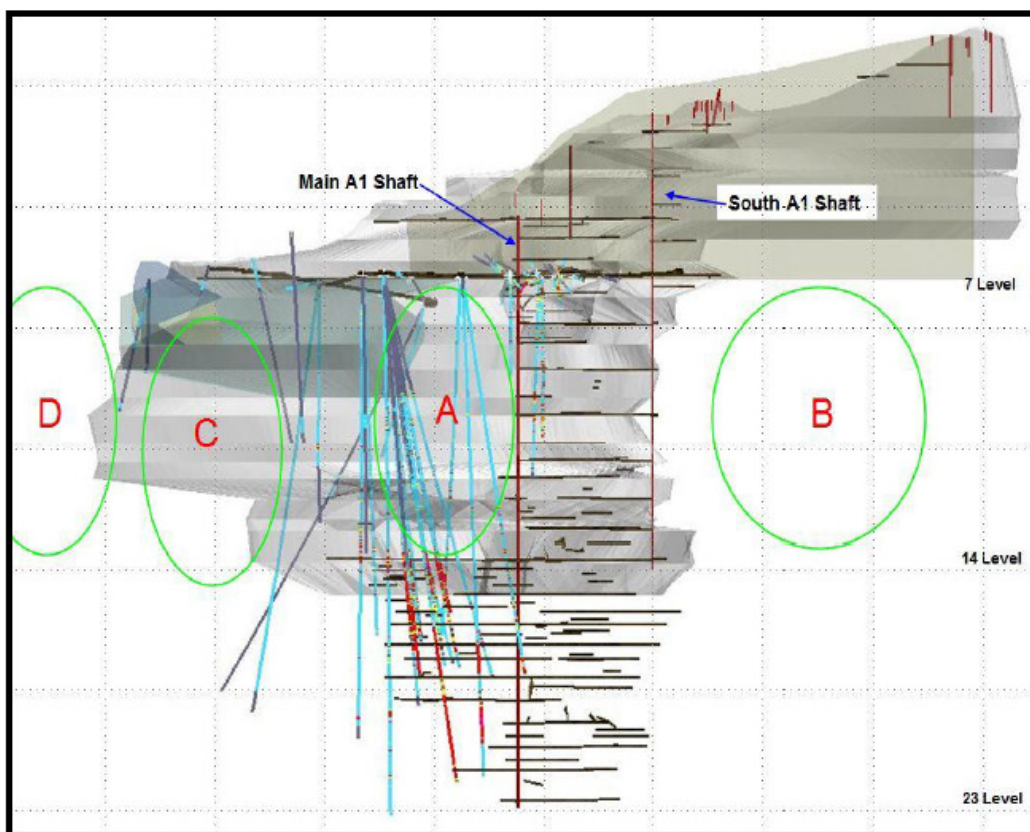


Figure 8-1: Exploration Targets (AYC Presentation 2012)

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 rises 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.

Discoveries of smaller dyke related zones of mineralization are also possible within EL5109 however further work is required to quantify the potential of any repeat are systems.

9 TECHNICAL VALUATION

9.1 Valuation Overview

Mining One were engaged to complete a VALMIN compliant valuation on the mineral assets held by A1 Gold. The value ascribed to the mineral assets is to be used as a guide the proposed corporate transaction between A1 Gold and Octagonal.

Mining One have used the Kilburn Geoscience Rating Method and the Comparable Transactions Method to determine value ranges for each method.

The preferred Technical Valuation ascribed to the A1 Gold mineral assets assessed by Mining One is A\$7.5m. Details are each component of the valuation are summarised below.

9.2 Kilburn Geoscience Rating Valuation

The Kilburn Geoscience Rating Method is used to provide a guide for project valuation and is based on four main assessment criteria outlined as follows:

➤ Basic Acquisition Cost (BAC)

In Victoria the grant of an Exploration Permit is contingent on the following:

- An application fee - \$2,333
- Annual rent - \$42/sub block/yr
- Minimum expenditure Term 1 - \$187/sub block/yr
Term 2 - \$467/sub block/yr
Term 3 - \$933/sub block/yr

The A1 Gold Project consists of one exploration license and a mining license (MIN5294), EL5109 covers a total area of 27 km², this equates to 8 sub blocks (3.41km² each).

The basic acquisition cost for this license is therefore calculated as:

$$\$2,333 + (\$42 * 8) + (\$187 * 8) = \underline{\$4,165}$$

➤ Proximity to (Off-Property) Geophysical and Geochemical Anomalies and Mineralisation

Consideration is given to any geophysical and geochemical anomalies that exist in the proximity of the tenements to be valued.

In relation to the A1 Gold Project, there exists significant gold deposits at the Morning Star mine that represents another dyke hosted deposits in the region. The host lithologies and structural setting at the A1 Gold Mine are similar to those seen at the Morning Star and other deposits within the area.

The Kilburn rating system ranks prospects using a factor between 1 and 5 in relation to the presence of off property mineralisation. Mining One has applied a factor ranging from 3 to 4 for EL5109 to assign an average ranking of 3.5 given the significant off property gold mineralisation within the region.

➤ *Mineralisation and Prospectivity Characteristics of the Properties*

The style, extent and significance of any defined mineralization is assessed, along with geophysical and geochemical anomalism on the prospects is taken in account in this part of the assessment. In relation to EL5109 (including MIN 5294) the existence of the mineralised dyke bulge, historical mining activities and the stated project resources confirm the high level of prospectivity.

Geochemical anomalies are also evident based on the regional exploration work completed where repeat dyke intrusions have been identified that require further test work. Extensions to the existing resource within the main dyke bulge are also possible with additional underground development and drilling. The ranking for geochemical and geophysical targets ranges between 2 and 3.5 within the Kilburn ranking system for the license area as there are at least 2 or 3 targets defined by these methods.

Another aspect in completing the Kilburn rating is to determine to relevance of geological setting within the prospect area. These are given a factor of between 2 and 4 dependent on how favourable the geological patterns are. Given the confirmed existence of the A1 dyke and other potentially mineralised dykes within the license Mining One have assigned a factor ranging between 3 and 3.5 for the A1 Gold Project.

Mining One have applied a factor ranging between 3.5 and 4 for the A1 Gold licences given the level of anomalism and extent of mineralisation intervals encountered in exploration and mining programs to date.

➤ *Calculated Technical Valuation – Kilburn Method*

The combination of the basic acquisition cost, off property mineralisation, actual mineralisation, and anomalism within the A1 Gold licenses is calculated to form an overall Kilburn Technical Valuation of the A1 Gold Project..

Application of Modified Kilburn Ratings to the A1 Gold Project (EL5109 & MIN5294)) results in a range of estimated Technical Values from A\$5.62m to A\$12.76m. Mining One have assessed a preferred valuation using the ranges derived by the Kilburn Method of A\$8.0m. Details of the calculations used to derive this valuation are shown in Table 9-1.



Table 9-1: A1 Project – Kilburn Valuation

A1 GOLD CONSOLIDATED GOLD LTD

MODIFIED KILBURN RATINGS - MINERAL ASSETS

Tenement Licence			BAC	Joint Venture Factor	Proximity to Off-Property			Property Features								Technical Valuation		
Name	No	Area Km2			Geophysical-Geochemical Targets	Mineralisation		Geophysical	Geochemical		Geological		Mineralisation					
			\$			rank	metals	Targets		Targets		Patterns		rank	metals	\$		
				a	b	c	low	high	low	high	low	high	low	high		low	high	
							d1	d2	e1	e2	f1	f2	g1	g2		i1	i2	
A1 Mine	EL5109, MIN5294	27	4,165	1	5	5	Au (Morning Star)	2	2.5	3	4	3	3.5	3	3.5	Au	5,622,750	12,755,313
MINING ONE PREFERRED TECHNICAL VALUATION																\$8.0M		

9.3 Comparable Transaction Valuation

The Comparable Transaction Method makes use of historical transaction values within the last 2–3 years to provide a range of values per gold resource ounce paid and or consideration paid for conceptual exploration targets defined within the project area.

Mining One have selected five comparable transactions that relate to projects with similar resource bases and range from medium to high average gold grades. These transactions were all related to Australian gold projects that had a stated resource position. A range of valuations were therefore determined based on the consideration paid in relation to the stated resource position.

The selected Australian gold project transactions are summarised as follows:

9.3.1 Kathleen Valley Project

On the 10th June 2014 Ramelius Resources Ltd announced the acquisition of the Kathleen Valley Gold Project located in Western Australia. The project contained stated resources of 130kOz at an average grade of 2.8 g/t Au. Consideration paid for this project by Ramelius included a cash payment of A\$3.645m for 100% of the project. The consideration paid in relation to the stated resources equates to a \$A28/Oz transaction value. The resources were comprised of 0.32mt (22.2%) Indicated and 1.12mt (77.8%) Inferred material split.

Table 9-2: Kathleen Valley Transaction Summary

Project	Transaction Date	Location	Consideration	Resources	Resource Grade	A\$/Oz
Kathleen Valley	10/06/2014	WA	A\$3.645m	130Koz	2.8 g/t	\$28

9.3.2 Bird in Hand Project

On the 12th November 2013 Terramin Australia Ltd announced the acquisition of the Bird in Hand Gold Project located in South Australia. The project contained stated resources of 237kOz at an average grade of 13 g/t Au. Consideration paid for this project by Terramin included a combination of A\$3.5m cash and 25 million fully paid Terramin shares that were valued at 3.7 cents per share at the time of the transaction. The total consideration therefore paid was A\$4.425m. A 0.5% royalty is also payable on production exceeding 50koz, Mining One have not included the value of this royalty within the comparable transaction calculation.

The consideration paid in relation to the stated resources therefore equates to a \$A19/Oz transaction value. The resources were comprised of 0.16mt (27%) Indicated and 0.44mt (73%) Inferred material split.

Table 9-3: Bird in Hand Transaction Summary

Project	Transaction Date	Location	Consideration	Resources	A\$/Oz
Bird in Hand	12/11/2013	SA	A\$4.425m	237Koz	\$19

9.3.3 Plutonic Gold Project

On the 23rd December 2013 Northern Star Resources Ltd announced the acquisition of the Plutonic Gold Mine located in Western Australia. The project contained stated resources of 1.75mOz at an average grade of 10.8 g/t Au. Consideration paid for this project by Northern Star was via a A\$25m cash payment.

The project infrastructure included a 3mtpa processing plant, underground mining fleet, a 15MW gas fired power station, an 8MW diesel back up station and a 600 person accommodation village. Mining One have ascribed an approximate value of A\$5m for these infrastructure components.

The consideration paid in relation to the stated project resources is therefore assessed as A\$20m, this equates to a \$A12/Oz transaction value.

Table 9-4: Plutonic Transaction Summary

Project	Transaction Date	Location	Consideration	Resources	A\$/Oz
Plutonic	23/12/2013	WA	A\$20m (excludes A\$5m Infrastructure)	1,750Koz	\$12

9.3.4 Halls Creek Gold Project

On the 10th February 2014 Pacific Niugini Ltd announced the acquisition of an 80% interest in the Halls Creek Gold Project Gold Project located in Western Australia. The project contained stated resources of 508kOz at an average grade of 5.4 g/t Au. Consideration paid for this project by Pacific Niugini included a combination of A\$1.5m cash and 15 million fully paid shares shares that were valued at A\$1.3m cents per share at the time of the transaction. The total consideration therefore paid was A\$2.8m for 80% of the project.

The consideration paid in relation to the stated resources therefore equates to a \$A7/Oz transaction value.

Table 9-5: Hall Creek Gold Project Transaction Summary

Project	Transaction Date	Location	Consideration	Resources	A\$/Oz
Halls Creek	10/02/2014	WA	A\$2.8m	508Koz	\$7

9.3.5 Egerton Gold Project

On the 24th September 2014 Gascoyne Resources Ltd announced the acquisition of the Egerton Gold Project located in Western Australia. The project contained stated resources of 24kOz at an average grade of 6.4 g/t Au. Consideration paid for this project by Gascoyne Resources included a combination of 4,166,667 shares in Gascoyne and 500,000 Gascoyne options exercisable at 25 cents within a 3 year term. Gascoyne shares were trading at 18 cents at the time of the transaction valuing the share component of the transaction at A\$1.04m. The option component of the deal is valued at A\$100K. The total consideration therefore paid was A\$1.14m for the project.

The consideration paid in relation to the stated resources therefore equates to a \$A46/Oz transaction value.

Table 9-6: Egerton Gold Project Transaction Summary

Project	Transaction Date	Location	Consideration	Resources	A\$/Oz
Egerton	23/09/2014	WA	A\$1.104m	24Koz	46

9.4 Comparable Transaction Valuation Summary & Preferred Valuation

Using the values provided by each of the comparable transactions a range of per resource ounce values are determined, these spread of these valuations are shown in Figure 9-1 below.

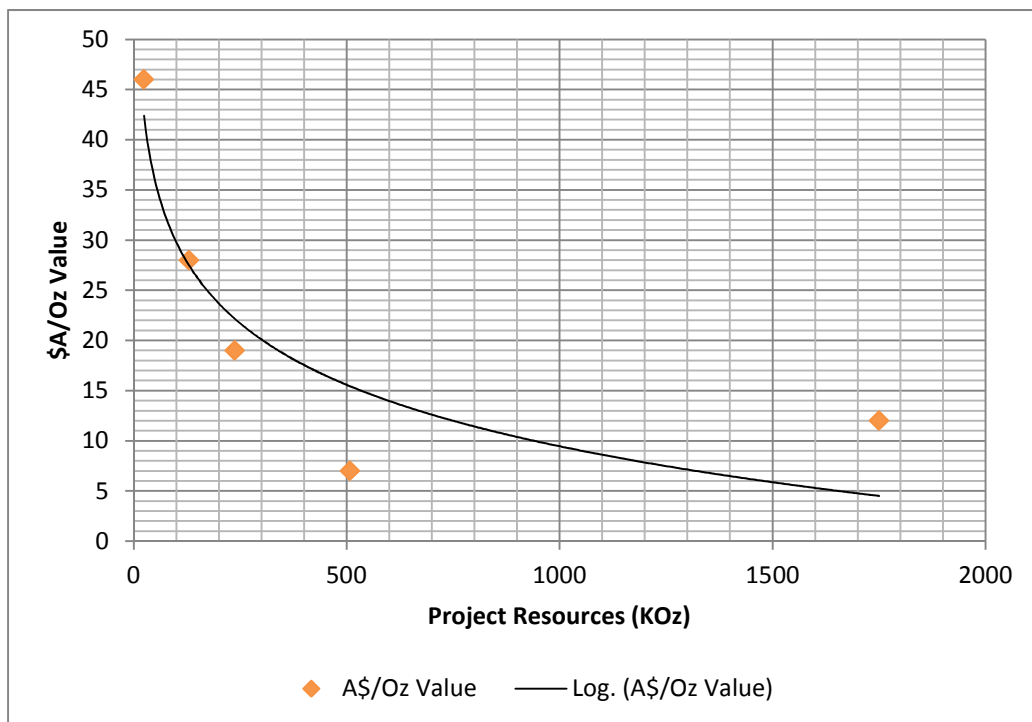


Figure 9-1: Comparable Transaction Data

Table 9-7: Comparable Transaction Valuation Summary

Project	Valuation Range (A\$/Oz)			
	Low	High	Average	Preferred Value
5 Projects	A\$7	A\$46	A\$22	\$25
	A\$ Value	A\$ Value	A\$ Value	A\$ Value
A1 Gold Project	\$1.97m	\$12.93m	\$6.18m	\$7.03m

The comparable transaction values provide a range of per resource ounce values between A\$7 and A\$46 with an average of A\$22. By referring to the data plotted in Figure 9-1, these results and the 281Koz stated resource position for the A1 Gold Project. Mining One assess a valuation based on comparable transactions ranging between A\$15 and A\$30 per resource ounce with a preferred value of A\$25 per ounce. Mining One have assigned a preferred value at the mid to upper end of the range given that underground development is ongoing at the mine and the existence of necessary infrastructure to support recommencement of ore mining activities.

Using this, a total preferred value using the Comparable Transaction Method for the A1 Gold mineral assets would equate to A\$7.0m.

9.5 Valuation Results & Preferred Technical Value

Application of Modified Kilburn Ratings and the Comparable Transaction Method to the A1 Gold Project (EL5109 & MIN5249) results in a range of estimated Technical Values from \$1.97m to \$12.93m. If the lowest and highest comparable transaction values per ounce are removed from the calculation then the range of valuations is \$3.37m to \$12.76m.

Mining One assess the Technical Value of EL5109 and MIN5294 at the middle of the Kilburn method range given the favourable geological setting, defined project mineralisation and the nearby gold deposits and ascribe a \$A25/Oz resource value using the Comparable Transaction Method. The preferred technical valuation is therefore calculated as A\$7.5m for the A1 Gold Project.

Table 9-8: A1 Gold Project Valuation Summary

Method	Valuation Ranges			
	Low	High	Average	Preferred Value
Kilburn	A\$6.56m	A\$12.76m	A\$9.62m	A\$8.0m
Comparable Transactions	\$A1.97m	\$12.93m	A\$7.45m	A\$7.0m
MINING ONE PREFERRED TECHNICAL VALUE				A\$7.5M

10 GLOSSARY

Term	Definition
Adit	An underground level or tunnel to the surface for access or drainage purposes
Alluvial	Alluvium containing any heavy mineral, especially gold
Bifurcating	To divide into two parts or branches
Cambrian Age	The first geologic period of the Palaeozoic Era, during which warm seas and desert land areas were widespread, and animal life diversified rapidly.
Contact metamorphic	A result of heat generated from a nearby magma source, which occurs when a body of magma intrudes into existing rock, also forms ores.
Detachment-related splay structures	Detached sub-structures that branch from the main geological structure
Discrete Quartz Veins	A separate vein filled with quartz either of igneous origin or deposited from solution
Dykes	A sheet of rock that formed in a fracture in a pre-existing rock body
Hanging wall	A side of the non-vertical fault which occurs above the fault plane
Hydrothermal fluids	Underground hot water-rich fluid capable of transporting metals in solution
Intermediate (composition)	Igneous rock with 52–63% SiO ₂
Quartz stockworks	A quartz deposit characterised by the impregnation of the mass of rock with many small veins or nests irregularly grouped
Reverse faults	Occurs when hanging wall rises relative to the footwall in areas undergoing compression
Shaft	A deep narrow vertical hole or sometimes a horizontal tunnel, that gives access to a mine
Siluro-Devonian	A geologic period and system of the Palaeozoic Era between the Silurian Period and the Devon Period
Synclinal axes	Axes inclining upwards on both side from a median line, as a downward fold of rock strata
Synclinatorium structure	A geologic structure consists of a fold with younger layers closer to the centre of the structure
Ultramafic (composition)	Igneous rock with <45% SiO ₂

Term	Definition
Wallrock	The rock that constitutes the wall of an area undergoing geologic activity.
Xenoliths	A piece of rock trapped in another type of rock.

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«EFT_REFERENCE_NUMBER»

A1 CONSOLIDATED GOLD LIMITED

ACN: 149 308 921

REGISTERED OFFICE:
C/- HERRIES DAVIDSON & CO.
32 CLIFFORD STREET
GOULBURN NSW 2580
AUSTRALIA

SHARE REGISTRY:
Security Transfer Registrars Pty Ltd
All Correspondence to:
PO BOX 535, APPLECROSS WA 6953
AUSTRALIA
770 Canning Highway, APPLECROSS WA 6153
AUSTRALIA
T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

«HOLDER_NAME»
«ADDRESS_LINE_1»
«ADDRESS_LINE_2»
«ADDRESS_LINE_3»
«ADDRESS_LINE_4»
«ADDRESS_LINE_5»

Code:

Holder Number:

PROXY FORM

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.

**VOTE
ONLINE**

Lodge your proxy vote securely at www.securitytransfer.com.au
1. Log into the Investor Centre using your holding details.
2. Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

The meeting chairperson **OR**

or failing the person named, or if no person is named, the Chairperson of the meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the General Meeting of the Company to be held at 10:00am WST on Thursday 25 June 2015 at The Celtic Club, 48 Ord Street, West Perth WA and at any adjournment of that meeting.

SECTION B: Voting Directions

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies in FAVOUR of all the resolutions. In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

RESOLUTION	For	Against	Abstain*	For	Against	Abstain*	
1. Change in Scale of Activities of A1 Gold	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6. Approval for the Allotment and Issue of Shares (Interest Shares)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Issue of Completion Securities to Octagonal Resources Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7. Issue of Convertible Notes and Listed Options to Mr James Cullen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Ratification of Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8. Approval for the issue of Interest Shares to Mr James Cullen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Ratification of Issue of Shares and Listed Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9. Election of Mr Dale Rogers as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Issue of Convertible Notes and Listed Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10. Election of Mr James Cullen as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. * If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SECTION C: Signature of Security Holder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Security Holder 2

Security Holder 3

Sole Director & Sole Company Secretary

Director

Director/Company Secretary

Proxies must be received by Security Transfer Registrars Pty Ltd no later than 10:00am WST on Tuesday 23 June 2015.

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My/Our contact details in case of enquiries are:

Name:

Number:

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1. NAME AND ADDRESS

This is the name and address on the Share Register of the Company. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

2. APPOINTMENT OF A PROXY

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a shareholder of the Company.

3. DIRECTING YOUR PROXY HOW TO VOTE

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

4. APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by contacting the Company's share registry or you may photocopy this form.

To appoint a second Proxy you must:

- a) On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- b) Return both forms in the same envelope.

5. SIGNING INSTRUCTIONS

Individual: where the holding is in one name, the Shareholder must sign.

Joint Holding: where the holding is in more than one name, all of the Shareholders must sign.

Power of Attorney: to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

6. LODGEMENT OF PROXY

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Registrars Pty Ltd no later than the date and time stated on the form overleaf. Any Proxy form received after that time will not be valid for the scheduled meeting.

The proxy form does not need to be returned to the share registry if the votes have been lodged online.

Security Transfer Registrars Pty Ltd

Online	www.securitytransfer.com.au
Postal Address	PO BOX 535 Applecross WA 6953 AUSTRALIA
Street Address	Alexandrea House Suite 1, 770 Canning Highway Applecross WA 6153 AUSTRALIA
Telephone	+61 8 9315 2333
Facsimile	+61 8 9315 2233
Email	registrar@securitytransfer.com.au

PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.

