

ASX Release – 5th September 2016

Rights Issue Update

Notification of Shortfall

A1 Consolidated Gold Ltd

ABN 50 149 308 921

ASX:AYC

Investment Highlights:

A1 Gold Mine

Operating mine site including underground development and infrastructure

Mineral Resources in accordance with the JORC Code (2012)

Indicated – 250,000 t @ 5.1 g/t for 41,200 oz Au

Inferred – 1,170,000t @ 6.4 g/t for 240,000 oz Au

Maldon Gold Operations

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

Executive Chairman

Dale Rogers

Non-Executive Directors

Jamie Cullen
Anthony Gray

Company Secretary

Dennis Wilkins

Capital Structure:

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

Contact:

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A1 Consolidated Gold Limited (ASX: AYC) (A1 Consolidated Gold or the Company) is pleased to provide an update on the Rights Issue and activities at the A1 mine site.

Highlights:

- ❖ **Rights Issue Closes with over 70% of entitlements taken up**
- ❖ **Shareholder Shortfall applications amount to another ~20%**
- ❖ **Development recommenced at the A1 Mine with air legs**
- ❖ **Mechanised Mining Contractor remobilised to site in August**
- ❖ **Drilling continued in higher areas of the mine**
- ❖ **Company emerges clear of legacy financial liabilities**

Rights Issue

A1 Consolidated Gold advises that the Company's renounceable entitlement offer to issue up to 138,172,313 new shares on the basis of 1 new share for every 4 shares held on the Record Date at an issue price of \$0.024 per new share (together with one free attaching new listed option AYCO for every 3 new shares subscribed for and issued) (Entitlements Offer), closed on 31 August 2016.

The Company received applications from eligible shareholders to subscribe for 97,064,700 new shares, totalling \$2,329,552.80, leaving an underwritten Shortfall of 41,107,613 new shares to be placed by the Underwriter, Patersons Securities Limited.

Total number of New Shares offered:	138,172,313
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Number of New Shares Underwritten:	138,172,313
Number of New Shares applied for:	97,064,700
Shortfall to be placed by the Underwriter:	41,107,613

The funds from the Entitlements Offer will clear legacy financial liabilities leaving A1 Consolidated Gold free to build a strong financial position over the coming months from gold mining activities as they move into full swing (see update below).

Due to the high uptake in entitlements, the Company is working with the Underwriter to determine allocation of the excess demand for the Shortfall between the Sub-Underwriters and Shareholder Shortfall applications.

The Directors wish to thank shareholders for their continued support of the Company and advise that Entitlement Offer shares and options, including Shortfall securities, are expected to be issued on 7 September 2016.

Mining Update

As announced in late April, development was paused to enable diamond drilling from the newly developed 1410 Hanging Wall Drill Drive, located to the west of the mineralisation and from the Decline, located to the east of the mineralisation.

The Phase 1 Drilling Campaign proved very successful with better results (announced to the ASX on 4 July 2016) including;

- 20.4m at 47.29 g/t Au
- 10.95m at 24.47 g/t Au
- 19.8m at 13.26 g/t Au including
- (9.8m at 25.6 g/t) Au
- 3.95m at 71.60 g/t Au, and
- 15m at 10.35 g/t Au

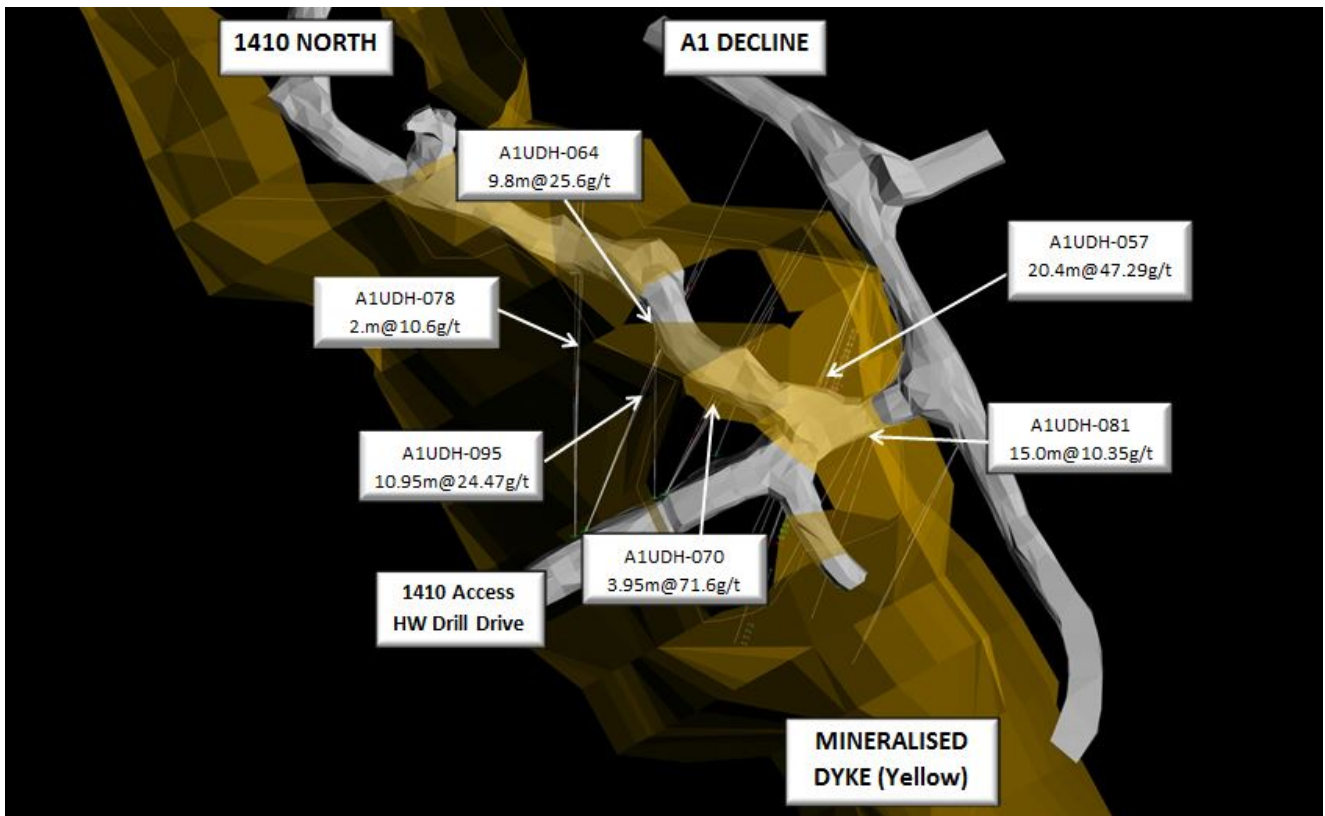


Figure 1. Plan view of 1410 area (North to the top of image) showing the drill hole traces below the level and some intercepts from the recent Phase 1 Drilling Campaign

The drill hole number A1UDH-057, drilled from the main Decline, intercepted a mineralised interval of 20.4m at 47.29 g/t Au some 10 to 15 metres below the 1410 drive.

As a result of the Rights Issue being underwritten PYBAR commenced remobilising their mechanised development and mining crews to site in August. By the end of August PYBAR had mostly completed their remobilisation.

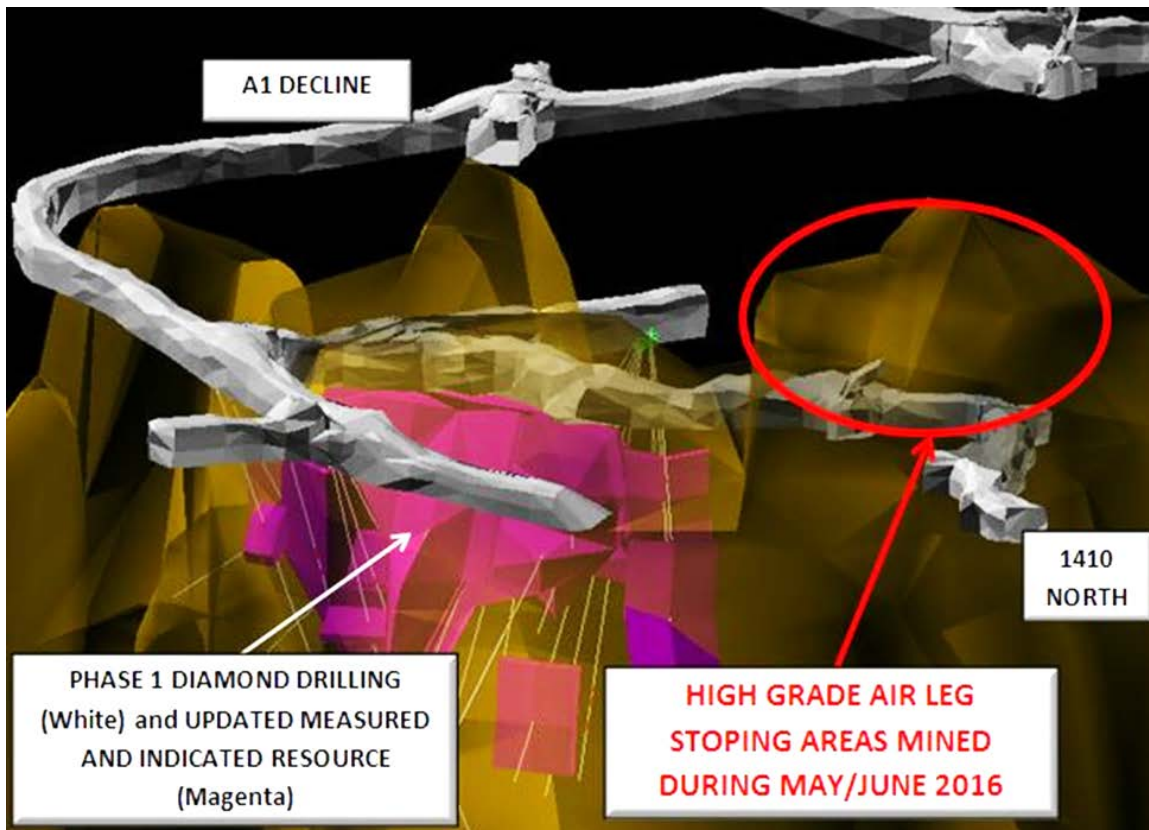


Figure 2. Oblique view of 1410m RL area. The Inferred Resource shape which corresponds to the diorite dyke is shown in yellow, the West Dipping reef and East Dipping reefs forming the Indicated section of the resource are Magenta, the A1 decline is grey, diamond drill holes into the reefs are white. North is to the right; for scale the decline is 5m x 5m in cross-section; the end of the decline is at about 1400m RL.

In order to accelerate access to the recently drill defined Resources (announced to the ASX on 8 July 2016), air leg miners were utilised to commence development in advance of the mechanised mining crew. As a result of this expedited process the ore was intersected in development late last week. Recent development completed on the 1394 Ore Decline in August is shown below.

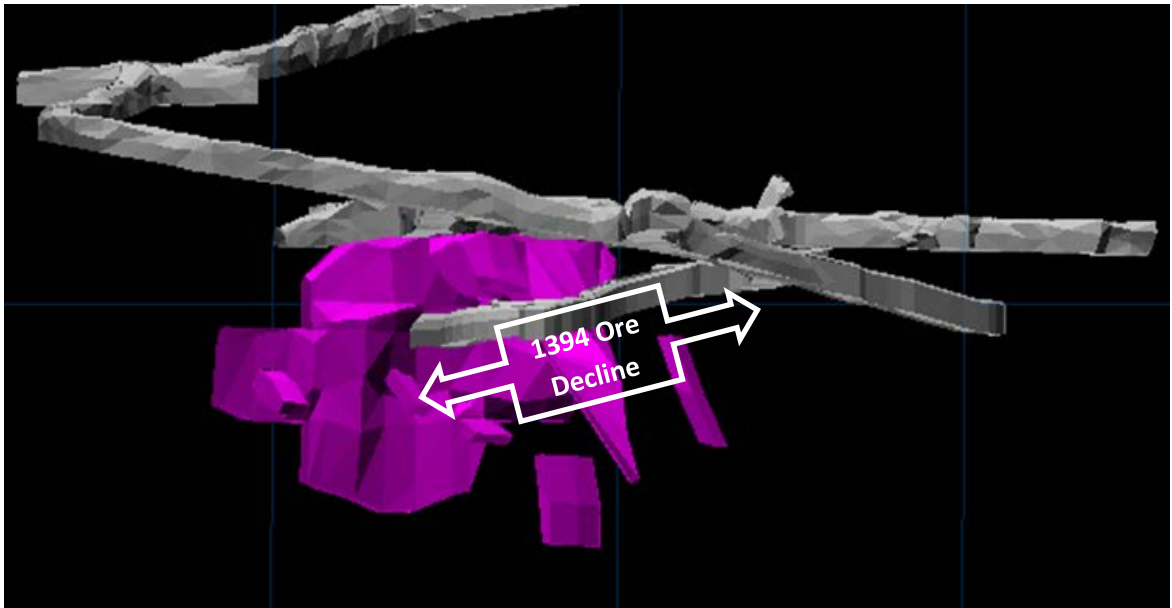


Figure 3. Oblique view of 1410m RL area. The West Dipping reef and East Dipping reefs forming the Indicated section of the Resource are Magenta. North is to the right.





Figure 4 and 5. Photographs of heavily veined and strongly altered High Grade Ore in development. Taken at the intersection of the 1394 Ore Decline with the Indicated Resources (shown in Magenta in Figure 3, above).

Low grade ore was intercepted in late August as development approached the Resource boundary and was sent to the Porcupine Mill at Maldon for processing. Ore processed during August was reduced as the air leg miners focussed on waste development, however High Grade Ore intercepted late last week is now being trucked to Maldon and milling will commence next week.

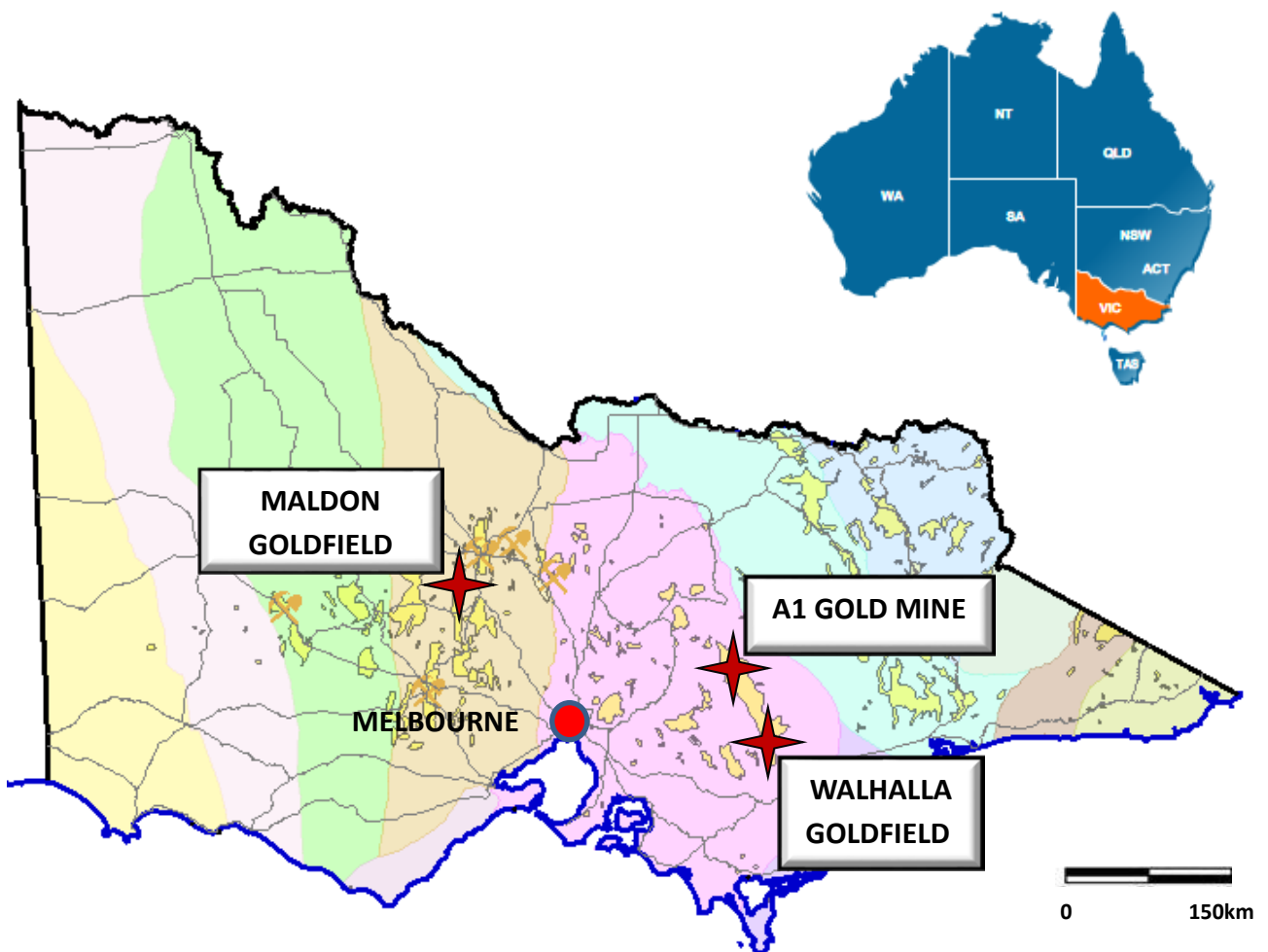
In addition to the air legs commencing waste development diamond drilling has also continued. Because of the increased intensity of activities in and around the 14 level the drills were moved higher in the mine during August to test areas proximal to existing mine development.

About the Company

A1 Consolidated Gold Limited is an emerging junior Victorian gold producer that is developing and producing from the A1 Gold Mine near Woods Point, Victoria. Ore mined from A1 is trucked to the Company's fully permitted and operational processing facility at Porcupine Flat, near Maldon.

The Company also owns the Union Hill Mine at Maldon and the Eureka and Tubal Cain deposits near Walhalla. Both of these locations are being assessed with the aim of adding to the expected production profile from the A1 mine in the medium term.

Location of Projects



Caution Regarding Forward Looking Information

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