



29th January 2010

Current Issued Capital:
171,991,462 Ordinary Fully Paid

Market Cap at 34 cents: \$58.47M **Cash at Bank:** \$2.0M

DECEMBER QUARTER ACTIVITIES REPORT

QUARTERLY HIGHLIGHTS

- Wet plant commissioning underway and carbon loading with gold ready for first gold pour
- Mining Contractors Appointed
- Mining Camp acquired, installed and fully occupied
- 40,000tonne stockpile of high grade ore
- Near surface, high grade gold intercepts only 400 metres from plant

BrightStar Gold Project Development Update

Subsequent to the end of the quarter

Although the Brightstar Gold Plant has experienced some delays during the past month the project is well on track for its first gold pour to occur in February. There was an unexpected delay in achieving a Dangerous Goods Licence which has now been received.

40,000 tonnes of ore is stockpiled on the ROM which is progressively going through the processing plant. All tanks are full with gold leachate and carbon.

There are 60 people onsite and the new mining camp is at full capacity.

During the quarter A1 Minerals Limited (A1) reached a number of milestones

The Appointment of Mining Contractors

A1 appointed WATPAC Limited as mining contractor at BrightStar. WATPAC is a major construction, property, mining and civil infrastructure contractor listed on ASX. Mining commenced on 23 November 2009.

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Mining commences in the main Beta pit

Acquisition of Accommodation Village

A1 agreed to acquire and install a previously used accommodation village at the BrightStar Beta Mine site. The accommodation village includes an 80 person Kitchen and Dining complex.

Consideration for the purchase of the accommodation units and utility buildings, and including the installation of the units at site amounted to \$682,486, satisfied by \$250,000 in cash and the issue of 1,441,621 ordinary fully paid shares in two tranches at an agreed price of 30 cents each.

Plant Commissioning

Commissioning for the Beta BrightStar CIP gold plant commenced late in the quarter. It was delayed by several issues but impacted mostly by the growing resource development activity in Western Australia that has seen pressure placed on skilled and semi-skilled labour for mining contractors.

With the commencement of mining over 40,000 tonnes of high grade ore has been stockpiled on the ROM as well as 40,000 tonnes of low grade ore.

Crushing commenced and the ball mills are online and testing has been completed with minor mechanical failures causing delays. However these are being overcome. Gold appears to be leaching well onto the carbon.

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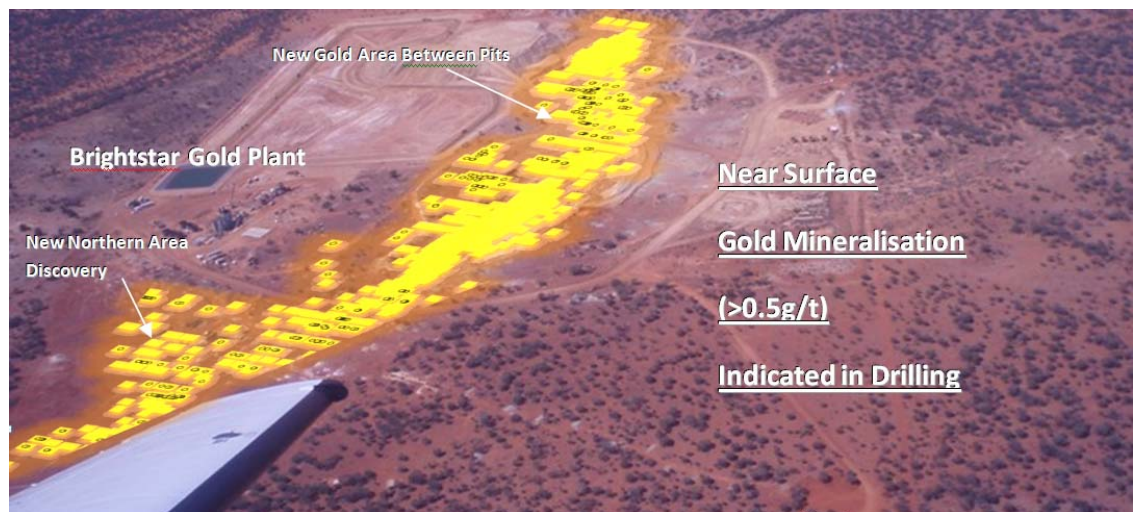
Site management advises the commissioning process is going to take some weeks although a gold pour is planned for February 2010.

New Gold Targets Discovered close to the Beta Pit

During the quarter as a part of its regional exploration program and also as a requirement to undertake sterilisation drilling near the plant, A1 geologists discovered new mainly shallow plunging gold zones that are outside of the reserves and mostly out of the established resources.

The new gold mineralisation is at surface between one hundred metres and four hundred metres to the north of the Company's treatment plant. Drilling of this new zone started late November 2009.

An RC drill programme was conducted to test 2 geological targets on the Beta plant site at the area north of the plant and main pit and the area between Aztec the main pit; referred to as the Turtle Zone.



The new mineralisation found between the pits shows an improvement in the interpreted continuity of ore zones, A1's mining engineers are working on linking the two currently separated ore bodies to allow for more optimal mining.

The Company is also looking at the potential for early mining of shallow high-to-medium grade gold mineralisation in the new Turtle zone to the north of the main pit.

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Assay results

Assays received from drilling near the Beta pit and processed during the quarter included the following near or at surface gold grades:

- 4 metres @ 2.76g/t Gold from surface;
- 2 metres @ 16.1g/t Gold from 1 metre;**
- 6 metres @ 63g/t Gold from 6 metres;**
- 2 metres @ 4.11 g/t Gold from 6 metres;**
- 1 metres @ 2.64g/t Gold from 6 metres;
- 2 m metres @ 3.85 g/t Gold from 11 metres;
- 4 metres @ 4.51g/t Gold from 15 metres;**
- 5 metres @ 2.32 g/t Gold from 22 metres;

Corporate

\$1.4m raised in Placement

During the quarter the Company undertook a small placement to private and institutional investors to fund the early commencement of mining and to allow the planned exploration drilling to continue. The placement raised approximately \$1.4m through the issue of 7,468,531 shares.

Sale of Non Core Tenements at Narnoo

A1 reached agreement during the quarter to sell non core tenements at Narnoo. The sale consideration was \$0.3m in cash and a 2% NSR royalty

Options

Following approval received at the Company's AGM 9,500,000 options to acquire ordinary shares were issued to Directors. The options are exercisable on or before 30 November 2012 by payment of 35 cents.

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Options (Continued)

During the quarter the Company received valid applications from option holders exercising their option to acquire 2,375,000 ordinary shares. Funds received totalled \$0.56m.

At the end of the quarter 9,275,000 options lapsed in accordance with their terms.

John Williams Managing Director – A1 Minerals Limited

For full reports and information go to A1 Minerals website: www.a1minerals.com.au
or **ASX Code: AAM**

The information in this report which relates to the Brightstar Gold Project is based on information compiled by Mr John Williams who is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the mining method undertaken to qualify as a Competent Person as defined in the JORC Code (2004). Mr John Williams is a full time employee of A1 Minerals Ltd and consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

BACKGROUND INFORMATION ON A1 MINERALS LIMITED

A1 Minerals Limited (A1) is an emerging Australian gold miner with its 100% owned BrightStar Gold Project currently in development. The BrightStar is situated in the highly prospective Laverton district in the Eastern Goldfields of Western Australia, a frontier for new gold deposits, some of which have become world class mines, including Barrick's Wallaby/Granny Smith and AngloGold Ashanti's Sunrise Dam gold operations. Since successfully listing on the ASX in December 2003, A1 Minerals (ASX: AAM) has grown its assets through prudent acquisition and successful exploration to a total ground holding of more than 500 square kilometres; JORC Resources of more than 1.7Moz gold including JORC Reserves of more than 150,000oz gold; and its own gold treatment plant. The BrightStar Gold Project is set to commence production in February 2010 and will produce a minimum of 30,000oz gold per annum for at least 4 years.

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