



28th January 2011

Current Issued Capital:
200,668,425 Ordinary Shares

Market Cap
at 8.5 cents: \$17m

December QUARTER ACTIVITIES REPORT

Quarterly Highlights

- **\$5.7m revenue in the quarter from gold and silver sales**
- **4,107 oz of refined gold produced**
- **Cash site operating costs for the quarter were \$1024**
- **Record Monthly and Quarterly Mill throughput**
- **Environmental Bonds Raised for new Alpha pit**

Brightstar Gold Project Update

Overview of Operations

The Brightstar Gold Plant performed well above expectation during the quarter, October and December performance was 34% and 40% above the expected 25,000tpm with 33,375t and 34,887t milled in the respective months. In November a delivery of critical crusher spares, ordered in August, was received and this included a new main shaft, liners for the primary crusher and liners also for the secondary crusher.

All replacement and maintenance work was completed over a week and this coincided with a dip in ore deliveries from the pits. The shutdown went well with December's production breaking another record at almost 35,000t for the month.

Total tonnes milled for the quarter was 87,812t which is an annualised production rate of over 350,000t which is an outstanding milling achievement. However, gold production for the quarter was well below expectation at ~4,107oz of fine gold and ~2,151oz of fine silver. This equated to half of the production forecasted for the quarter. Reasons behind this shortfall are attributable to the following factors which affected the mining operation;

1. Reduction in material movement early in the quarter
2. Poor resource reconciliation in the Central pit cutback
3. Poor ground conditions in South Pit
4. Delay in commencement of Alpha pit



Late in the September Quarter double shift mining was suspended due to a lack of mining space which would have resulted in a necessity for excavation of ore on night shift. The decision was made to dig on a single dayshift only, supported by the mining schedule at the time which showed ore supply to the Mill could be sustained at a rate of 25,000tpm, with pre-stripping of the Alpha pit scheduled in the December quarter.

Early in the quarter it was apparent that the Central pit cutback was not producing the tonnages anticipated in the mining schedule and this, combined with ground issues in South pit, saw the mining operation struggle to keep pace with the Mill which was exceeding throughput targets.

Delays in the Alpha mining approvals presented an opportunity to relieve the shortfall; discussions with mining contractor WATPAC and this resulted in mobilisation of additional mining fleet to expedite mining of the Central pit cutback. A third 120t excavator, two 777 haul trucks and accessory equipment were mobilised to site -- equipment originally earmarked for development of the Alpha pit.

The decision was made to look at the long term mining strategy at Beta and excavate Central and South pits in an efficient manner and accept lower gold production in the short term by utilising the large, low grade stockpile to supplement mill feed. This would allow cutbacks developed to a position where they could sustain the Mill throughput. The result of this strategy was a lower gold production profile in the short term which will be rectified by the middle of the March quarter 2011. By accepting, and planning for this, the overall production will be maximised and total project costs minimised.

Mining approvals for Alpha were delayed but the process has reached the stage where A1 Minerals has now raised the environmental bonds with the Bank and is awaiting the final sign off by the Director of the Environmental Division of the DMP. It is expected full approvals will allow activity to commence in February. The timing of this meshes in well with the completion of the required short term material movement at Beta.

Mining and Geology

The mining schedule developed late in the September quarter 2010 proved over optimistic in respect to the tonnage and grade of the material available in the central pit cutback. A new base case internal schedule has been developed for the remainder of the resources available in the Beta and Alpha areas. This indicates current resources will be exhausted late in the September 2011 quarter. The schedule takes a more conservative view than earlier incarnations of remaining material, but shows a significant return on investment through to the cessation of operations. In broad terms the schedule assumes the two mining fleets remain at Beta until February, after which one commences at Alpha with the other completing the current mining areas in the June 2011 quarter. After this Alpha becomes the sole provider of mill feed until it's completion in the September 2011 quarter.



Project Development

Alpha

An opportunity to extend known mineralisation at Alpha has been identified. A small 4 hole drilling programme will be completed prior to commencing pit development which, if successful, will deepen the proposed pit and extend it to the north. Any increase in mineable tonnes will not be significant, but those added should be at high value and add profitable incremental ounces.

Delta (Cork Tree Well)

A high level review of the mineral resources and mineral reserves quoted in the Company's JORC Statement has been undertaken. The Cork Tree Well area, is seen as the most likely to replace ore feed to the company's processing facility, currently located at Beta. The most advanced project areas at Cork Tree Well are also most likely to generate mill feed in the short term. These two areas are known as "New North" and "Delta 2". It is felt there is potential to increase the mineral resource in both areas, as well as the amount of economic mineralisation that reports to an optimal pit shell. As a result, a 47 hole RC drilling programme has been proposed for "New North" with 3 holes for "Delta 2". The latter of these two programmes is to finalise the northern extent of the potential open pittable mineralisation, with the former 47 holes intended to confirm and extend known mineralisation. If successful, it is believed that these two areas can be quickly brought into production to minimise any potential hiatus in mill feed later in the year. The intention is to complete the drilling within the March Quarter, and results depending, engineering work will follow in the June Quarter.

North Laverton Focus

The Company has significant ground holding north of Laverton on the Duketon Greenstone Belt. This area is quickly becoming the hottest area for new gold discoveries with Regis Resources having reported 5.5 M oz in resource from its Moolart Well, Garden Well and Erliston Projects. In particular, Garden Well and Erliston are immediately north of the Company's Epsilon project and have the following reported mineral resources as at 18th January 2011;

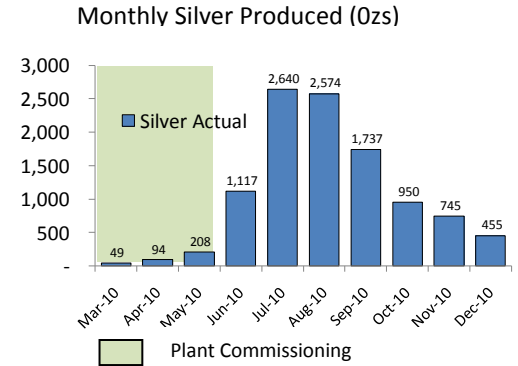
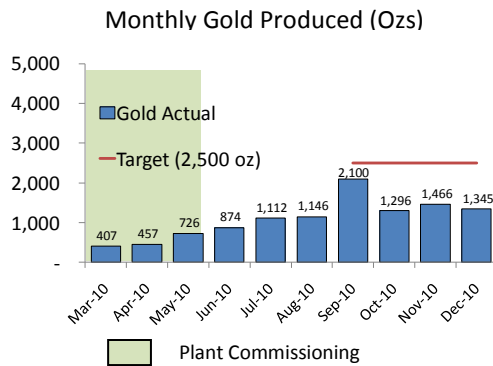
Garden Well	–	42.4Mt @ 1.36g/t for 1,850Koz
Erliston	–	5.3Mt @ 1.90g/t for 322Koz

The significance of these two resources is in both the style and tenure of mineralisation and will see a change in A1 Minerals exploration and development strategy. Previously, the strategy was to explore for small higher grade resources which could be treated at a central processing facility. What has been demonstrated by the success to the north is that the project area may contain broad zones of lower grade mineralisation that becomes economic in a high tonnage operation. When the current database for the company's project areas to the south of these resources is investigated with a lower cut-off grade it becomes apparent that there is potential for larger scale, low grade

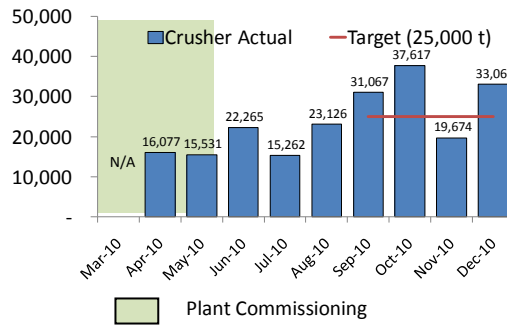


resources. Over the coming quarter a more detailed review of the project areas will be undertaken and proposals for further work will be developed and budgets put forward.

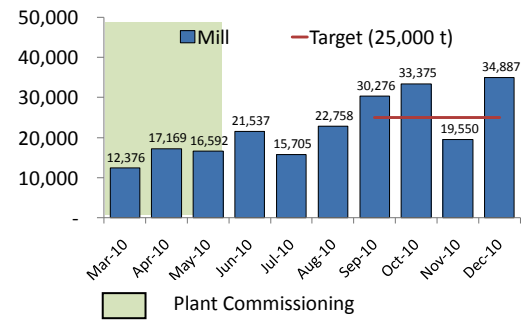
Production Statistics



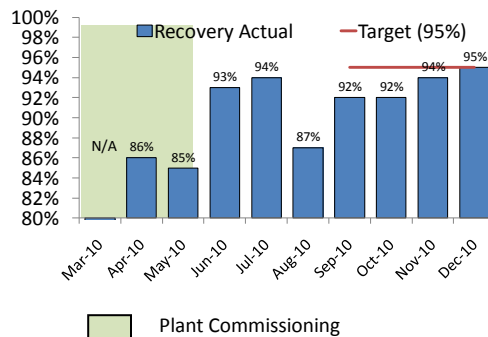
Crusher Performance (monthly t)



Mill Throughput (monthly t)



Recoveries (%)





Production Figures

	Gold Actual (oz)	Target (2,500 oz)	Silver Actual (oz)	Recovery Actual (%)	Target (95%)	Crusher Actual (t)	Target (25,000 t)	Mill Actual (t)	Target (25,000 t)
Mar-10	407	2,500	49	n/a	95%	n/a	25,000	12,376	25,000
Apr-10	457	2,500	94	86%	95%	16,077	25,000	17,169	25,000
May-10	726	2,500	208	85%	95%	15,531	25,000	16,592	25,000
Jun-10	874	2,500	1,117	93%	95%	22,265	25,000	21,537	25,000
Jul-10	1,112	2,500	2,640	94%	95%	15,262	25,000	15,705	25,000
Aug-10	1,146	2,500	2,574	87%	95%	23,126	25,000	22,758	25,000
Sep-10	2,100	2,500	1,737	92%	95%	31,067	25,000	30,276	25,000
Oct-10	1,296	2,500	950	92%	95%	37,617	25,000	33,375	25,000
Nov-10	1,466	2,500	745	94%	95%	19,674	25,000	19,550	25,000
Dec-10	1,345	2,500	455	95%	95%	33,063	25,000	34,887	25,000

Staff/Employees

A1's staff numbers were 40 at the end of December.

A1 employed a new Chief Geologist, David Reid, during the quarter who will continue to improve site grade control procedures and processes.

Corporate

Cash available at end of December was \$855,000

Top 20 shareholders

In response to some movements in shareholders, the Board of A1 Minerals Limited has decided to notify the market of the names of the current top twenty shareholders. The top twenty shareholders are listed below (Amwell Pty Ltd is a related entity of Chairman Mr Michael Hunt).

Shareholder	Shares Held	% of Issued Capital
MS SANDRA WHEELER	11,247,775	5.61
WAPIMALA PTY LIMITED	4,340,385	2.16
MR JOHN DENNIS WILLIAMS	3,391,966	1.69
MR MICHAEL JOHN COLTON	3,070,882	1.53
MR MURRAY JAMES HULL + MRS KATHLEEN VERONICA HULL	2,873,993	1.43
MR JOHN SWAIN	2,714,913	1.35
JP MORGAN NOMINEES	2,702,384	1.35
AMWELL PTY LTD	2,250,000	1.12
ARCHEM TRADING NZ LIMITED	2,146,154	1.07
MRS DINAH SUSAN DUDNEY	2,000,000	1.00
MESUTA PTY LTD	1,900,000	0.95
FORTY TRADERS LIMITED	1,610,663	0.80



HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,582,962	0.79
MR SHANE GORDON BROWN +	1,578,947	0.79
MR JOHN KOPP + MRS HALINA KOPP	1,560,000	0.78
KTEHF PTY LTD	1,440,789	0.72
CLUNE HIRE PTY LTD	1,400,000	0.70
KADAVEL PTY LTD	1,300,000	0.65
EFFEX PTY LTD	1,200,000	0.60
MR EVERITT GEORGE BROWN	1,165,000	0.58
	51,476,813	25.65

For further information, please see other ASX announcements or email Liam Wheaton from Investor Relations on LiamW@a1minerals.com.au.

Yours sincerely,

Albert Longo

Finance Director – A1 Minerals Limited

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

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 full production. 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. In May 2010 the Brightstar Beta gold plant commenced production and is targeting a minimum of 30,000oz gold per annum.