



AUSTRALIAN STOCK  
EXCHANGE CODE  
AAM

ANNOUNCEMENT TO THE AUSTRALIAN STOCK EXCHANGE  
18 JULY 2005



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## A1 MINERALS ACQUIRES THE MIKADO GOLD MINE

### Summary

The Directors of A1 Minerals Limited (A1) are pleased to announce the signing of an agreement to acquire Mining Lease 38/009, from Deep Yellow Limited and Mr. Steven Clune. This acquisition includes the Mikado Gold Mine where historic underground mining produced high grade gold ore.

Mikado is only 15 kilometres from A1's BrightStar Discovery Zone. A1 believes that Mikado can be selectively mined as a profitable small, high grade, open pit operation in concert with the BrightStar Gold Project.

A1 is confident that at Mikado, a Measured Resource for open pit gold mining is readily achievable immediately beneath the pit floor. A1 also considers that potential exists for development of underground resources. This potential is evidenced in a summary of drill intercepts taken from the vendors' data base and set out in Table 1.

Mining has already been approved by the regulatory bodies with an existing Notice of Intent (NOI) still current. The lease is free of native title encumbrance.

A1 geologists are now examining the extensive drill database and are interpreting the geological controls on gold mineralisation with a view to establishing a resource and reserve basis for an early mine start up.

A1 Directors are confident that practices can be implemented to reduce mining risk and underpin profitability including (but not limited to);

- applying geological understanding gained through pit mapping (and sampling) due to the access provided to the orebody which can now be viewed in the open pits;
- applying A1's geological experience in the area;
- the majority of necessary pre-strip has been carried out;
- adopting grade control practices suited to predicting shoot geometry and grade, ahead of mining.

It is anticipated that cost efficiencies are likely from the increased mining and mill options available when synergised with the nearby BrightStar Deposit.

## Acquisition Terms

The Company has entered into an agreement to:

- Acquire 100% of the Mikado Gold Mine (Mining Lease M38/9 and Miscellaneous Licence L38/100) including transfer to A1 of the benefit of \$148,000 in environmental bonds;
- issue and allot 1,400,000 ordinary shares in A1 to Mr Clune, who has agreed to voluntary escrow for 12 months (Shareholder approval will not be required for the issue of the A1 shares);
- relinquish five exploration licence applications (located over 100 km south of BrightStar) which Deep Yellow consider have uranium potential; and
- receive 3,000,000 ordinary shares in Deep Yellow (A1 has agreed to voluntary escrow for 12 months). At current market value of 12 cents, this is a consideration of \$360,000.

The agreement is conditional upon:

- Ministerial approval to transfer;
- Deep Yellow shareholder and creditor approval;
- Deep Yellow confirmation that there are no applications competing with the five exploration licence applications which A1 proposes to relinquish; and
- Deep Yellow consent to the sale by Mr Clune.

## Mining History (Mikado)

Hobson (1950) records the recovery of 9,916 ounces of gold from the "Mikado", mostly between 1900 and 1911, with an average grade of 24.9 g/t Au from a total of 12,300 tonnes milled. This was derived by underground mining a system of steeply dipping parallel quartz veins and lenses mainly to 64 metres depth. However, closure was apparently forced by flooding and poor ground conditions after mining was extended to approximately 90 metres depth.

During the 1980s and 1990s, gold exploration was conducted on the lease by a number of companies including a joint venture between Aztec Minerals and Indian Ocean Resources, followed by Trinto (Wallis Drilling) in the mid 1990s and Exodus Minerals from 1998 to 2002. The latter company conducted significant exploration at depth and throughout the lease.

Deep Yellow Limited acquired the project and commenced mining at Mikado in February 2004. Difficulties arose with less than expected returns due to poor continuity and highly variable gold distribution followed by payment delays in toll treating. This resulted in the early cessation of mining.

## Upside for A1

A1 geologists have the view that there are sufficient remaining reserves and resources at Mikado to ensure economic viability when mined in combination with BrightStar. There are further advantages to A1 in that the waste strip ratio is reduced through previous mining and the bedrock geology which controls the mineralisation has been exposed, mapped and interpreted. In addition, the recent mining history provides better data for grade and tonnage forecasting. Further cost savings are envisaged in infrastructure including mine plant and equipment, available water source; and a partly established gravel road.

## Forward Program

Given its close proximity, the Mikado is to be incorporated into the BrightStar Gold Project and renamed BrightStar Beta Area. The BrightStar Discovery Zone will now be known as BrightStar Alpha Area. An RC drill program is being planned to start before the end of July on both of these Areas.

**Table 1: A summary of RC Drill Intercepts from below the Mikado Pit Floor (20metres )**

Section	Drillhole Number	Width (m)	From (m)	To (m)	Grade Au (g/t)
50120	MK297	2	141	143	159.0
50100	MK0341	13	51	64	18.7
49720	MK0115	5	51	56	15.4
50100	MK0302	4	82	86	16.4
50040	MK0340	7	40	47	8.1
50000	MK0313	5	78	83	11.0
50080	JMD002	2	80	82	26.6
49720	JMD003	4	43	47	12.6
50100	MK269	4	36	40	12.4
50120	MK0295	6	56	62	8.1
50080	MK0302	6	54	60	7.3
50080	MK0302	4	106	110	8.9
50280	MKB003	4	71	75	8.4
49760	JMC23	6	78	84	5.1
50080	MK0391	3	40	43	9.0
50040	MK0308	3	63	66	8.9
50160	MK0128	2	42	44	12.5
49960	MK0322	4	31	35	6.2
50240	MK0346	4	53	57	6.1
50120	MK0297	4	146	150	5.6
49720	MK0316	3	41	44	7.0
50060	MK0155	5	28	33	3.7
49860	MK0239	2	25	27	6.7
49740	MK0119	2	54	56	6.1

Results in Table.1 are extracted from an initial review of the Mikado database of results below current pit floor approximately 20 metres below surface.

**John Williams**  
**B.Sc, MAusIMM**  
**Managing Director**

*The Geological information in this report as it relates to mineral resources and ore reserves is based on information compiled by A1 Minerals Managing Director Mr John Williams, who is a member of the Australasian Institute of Mining and Metallurgy, with over 20 years experience in the mining industry.*



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## A1 MINERALS LIMITED COMPANY OVERVIEW



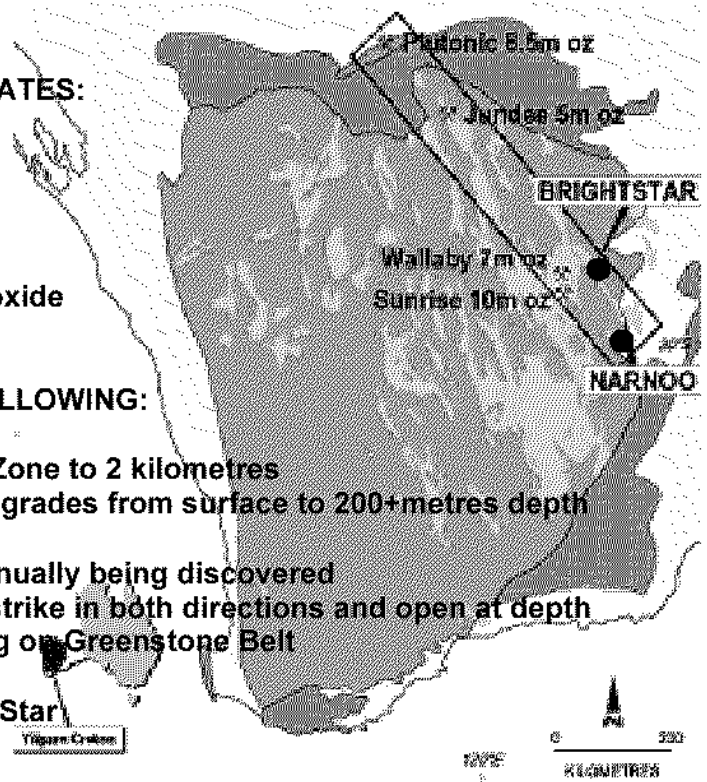
The BrightStar Gold Project is a new gold discovery by A1 Minerals and is located on the eastern margin of the immensely prospective Laverton Tectonic Zone, a zone that has produced nearly 10 million ounces of gold from a resource base of nearly 25 million ounces.

### THE BRIGHTSTAR GOLD PROJECT INDICATES:

- ✓ High Grades
- ✓ Low capex required
- ✓ Low cost of production
- ✓ Toll treating option
- ✓ Above 98% recoveries expected in oxide

### DURING 2004, A1 HAS ACHIEVED THE FOLLOWING:

- ✓ Extended the BrightStar Discovery Zone to 2 kilometres
- ✓ Achieved excellent widths and gold grades from surface to 200+metres depth
- ✓ Indicated good open pit mineability
- ✓ New lodes and extensions are continually being discovered
- ✓ Mineralization remains open along strike in both directions and open at depth
- ✓ Consolidated largest ground holding on Greenstone Belt
- ✓ Native Title Agreement
- ✓ First Mining Lease granted at BrightStar



### DURING 2005, A1 INTENDS TO:

- ✓ Establish resources at BrightStar Gold Project
- ✓ Generate first resources statement with a view to mine 2006
- ✓ Prudently explore Narnoo (large 1000 square kilometre exploration project on the same greenstone belt as BrightStar. The project hosts 6 gold prospects with many square kilometres of gold mineralisation)

**A1 CONTINUES TO MAINTAIN A TIGHT CAPITAL STRUCTURE TO PROVIDE SHAREHOLDERS WITH LEVERAGE ON EXPLORATION SUCCESS**