



26 October 2004

The Manager,
Company Announcements
Australian Stock Exchange
Sydney, NSW

Dear Sir / Madam,

ANNUAL REPORT AND NOTICE OF ANNUAL GENERAL MEETING

Attached for immediate release is a copy of the Annual Report for the Year ended 30 June 2004, including the relevant additional information required to be disclosed, together with the Notice and Proxy sent to shareholders for the Annual General Meeting of the Company.

Yours sincerely,

Mark Pitts
Company Secretary
On behalf of A1 Minerals Limited

ANNUAL REPORT

2004

A1 MINERALS LIMITED

ABN 44 100 727 491



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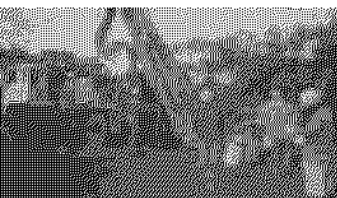


CHAIRMAN'S REVIEW

I am delighted to report that Managing Director John Williams and his team have significantly advanced the interests of shareholders during the short period that A1 Minerals Limited (A1) has been listed on the ASX.

A1's progress during the ten months since listing is charted in detail in the Managing Director's Review of Operations which follows. For me, the highlights since listing are:

- Our prospectus gave the reasons why we believed in the future of the BrightStar Gold Project. In this relatively short period since listing, we have been able to demonstrate that our belief was well founded. We have significantly enhanced the promise of the BrightStar Discovery Zone (BDZ).
- Immediately after listing, A1 commenced a vacuum drilling program over a 10 x 2 kilometre 'geochemical footprint' surrounding the BDZ. First results showed robust anomalism and an enlarged BDZ.
- Encouraged by the positive vacuum drill results, your Directors brought forward the planned 20,000 metre rotary air blast (RAB)/Aircore drill program designed to test these anomalies. During January 2004, approximately 13,000 metres of RAB drilling and 7,000 metres of Aircore drilling commenced. The program was successful in discovering near surface gold mineralisation. The results showed new zones of economically significant mineralisation identified over a strike length of more than one kilometre.
- These results encouraged your Directors to announce an immediate deeper and more targeted reverse circulation (RC) drilling program to follow up on the economically significant zones. The extended BDZ became A1's primary focus.
- Heavy rains slowed the initial RC drill program at the BDZ and the first RC results were not able to be announced until June 2004. The high grades and widths intercepted significantly increased the potential resource at BrightStar.
- As a result of all of this drilling, within ten months after listing, A1 has been able to announce a large extension of strike additional to the original BDZ, as well as detailing a number of other priority targets for RAB/Aircore drilling. The drilling has shown a continuity of grade and width from surface, indicating the potential for early and consistent cash flow from mining the deposit.
- A1's geologists continue to maintain a greater than 70% strike rate in their RC drill holes for interception of significant mineralisation (above 1g/t gold) at BrightStar.
- We have devoted significant time and resources to negotiating native title with the Wongatha People. I am delighted that not only have we been able to compensate them monetarily but, more importantly, that the Wongatha People have shown faith in A1's future by taking part of their compensation entitlement in A1 shares at market price.
- The land the subject of the native title agreement, includes not only BrightStar and also the Narnoo exploration prospect, but extends over a very large surrounding area (approximately 200 kilometres by 50 kilometres). The agreement clears the way for A1 to explore and mine anywhere within this area.



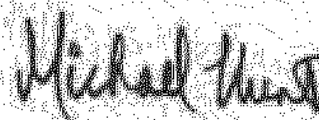
CHAIRMAN'S REVIEW

- As a result of this agreement, the Mining Lease and surrounding Exploration Licences at BrightStar were granted on 10 August 2004. On the same date five Exploration Licences totaling almost 1,000 square kilometres at Narnoo were granted.

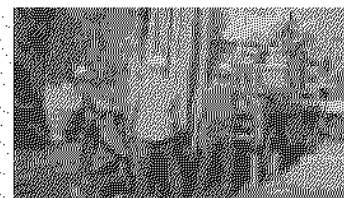
I am proud to report to shareholders my belief that the above events demonstrate A1 is delivering on the promises made in its prospectus.

For their contributions to A1 over the past ten months, I would like to thank my fellow Non-executive Directors Roy Dudney and Peter Thomas, Managing Director John Williams, Principal Geologist Mark Hronsky, Company Secretary Mark Pitts and our Office Administrator Rae Townsend-Hick.

Your Board is focussed on finding a mine at BrightStar and thus creating shareholder wealth. Our view is that BrightStar will be a 'company maker' for A1. Our future looks bright.



MICHAEL HUNT
CHAIRMAN



CORPORATE DIRECTORY

Directors

Mr Michael Hunt Chairman (Non-Executive)

Mr John Williams Managing Director

Mr Roy Dudney Director (Non-Executive)

Mr Peter Thomas Director (Non-Executive)

Principal Geologist

Mr Mark Hronsky

Company Secretary

Mr Mark Pitts

Registered and Principal Office

Suite 34, 25 Walters Drive

Osborne Park Western Australia 6017

Telephone: (618) 9244 1400

Facsimile: (618) 9244 1600

Email: info@a1minerals.com.au

Website: www.a1minerals.com.au

ABN: 44 100 727 491

Share Registry

Computershare Investor Services Pty Limited

Level 2, 45 St Georges Terrace

Perth Western Australia 6000

Telephone: (618) 9455 3600

Facsimile: (618) 9455 5811

Freecall: 1300 557 010

Auditors

K Westaway and Associates

121 Colin Street

West Perth Western Australia 6005

Solicitors to the Company

Hunt & Humphry

Level 2, Hyatt Centre

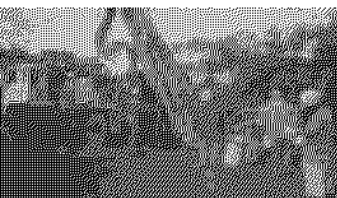
20 Terrace Road

East Perth Western Australia 6004

Australian Stock Exchange

Australian Stock Exchange

Registered Code aam



REVIEW OF OPERATIONS

On 5 December 2003, A1 successfully completed its initial public offering, raising \$3.5m and was admitted to the official list of the Australian Stock Exchange.

During the year, the Company concentrated its exploration on the highly prospective and 100% owned BrightStar Gold Project, a potentially significant gold discovery within the Northeast Goldfields (Laverton) region of Western Australia (Figure 1). A1 also owns 100% interest in the Narnoo Project which covers some 1,000 square kilometres of highly prospective and proven exploration ground in the Laverton District.

Prior to listing on the ASX, A1 conducted a reverse circulation drill program to reinterpret previous explorers' BrightStar geological model. At the

time, only 500 metres (the BrightStar Discovery Zone) of a 10 kilometre long series of gold geochemical anomalies was adequately tested by A1, with encouraging results including near surface intercepts of 12m @ 47.66g/t (uncut), 10m @ 5.65g/t, 7m @ 7.09g/t, 8m @ 4.42g/t, 5m @ 4.27g/t, 5m @ 9.97g/t, and 7m @ 7.65g/t.

A1's interpretation of the defined mineralisation within BrightStar was of a shallow dipping style mineralisation displaying similar characteristics to multi million ounce deposits in the Laverton district, notably Sunrise/Cleo (+9moz) and Wallaby/Just in Case (+7moz). All high-grade intercepts were found in oxidised bedrock at shallow depths, indicating the potential for an open pit mine.

One week after listing, a vacuum drilling program commenced and continued over the promising 10 kilometre by 2 kilometre 'geochemical footprint' on the BrightStar Gold Project. First results showed robust, greater than 60ppb gold, soil anomalism extending northwards and parallel to the BDZ. The results were comparable to the surface anomalism previously announced at the initial BDZ.

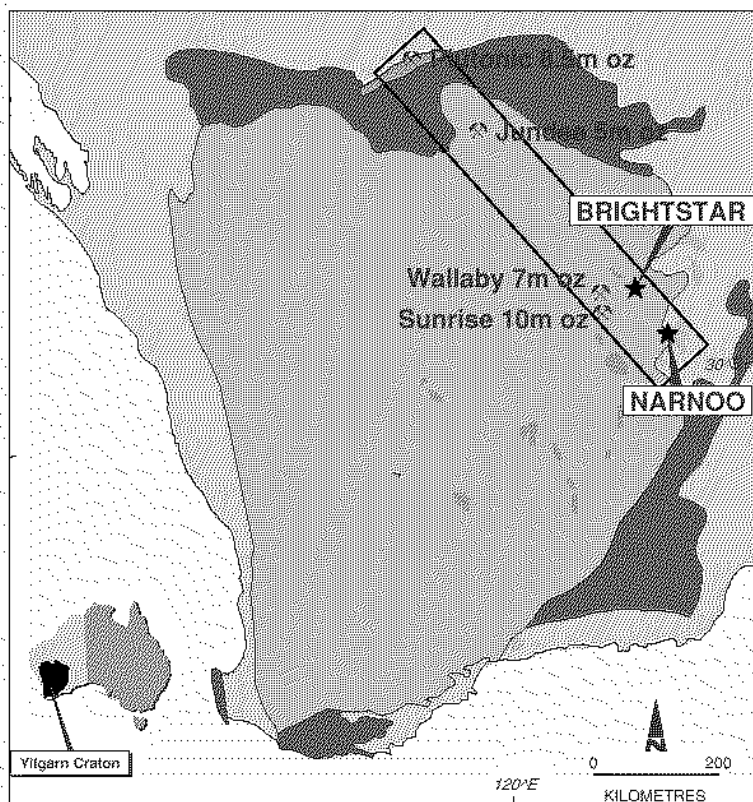


Figure 1: Prospective Corridor of Multi-Million Ounce Gold Deposits

REVIEW OF OPERATIONS

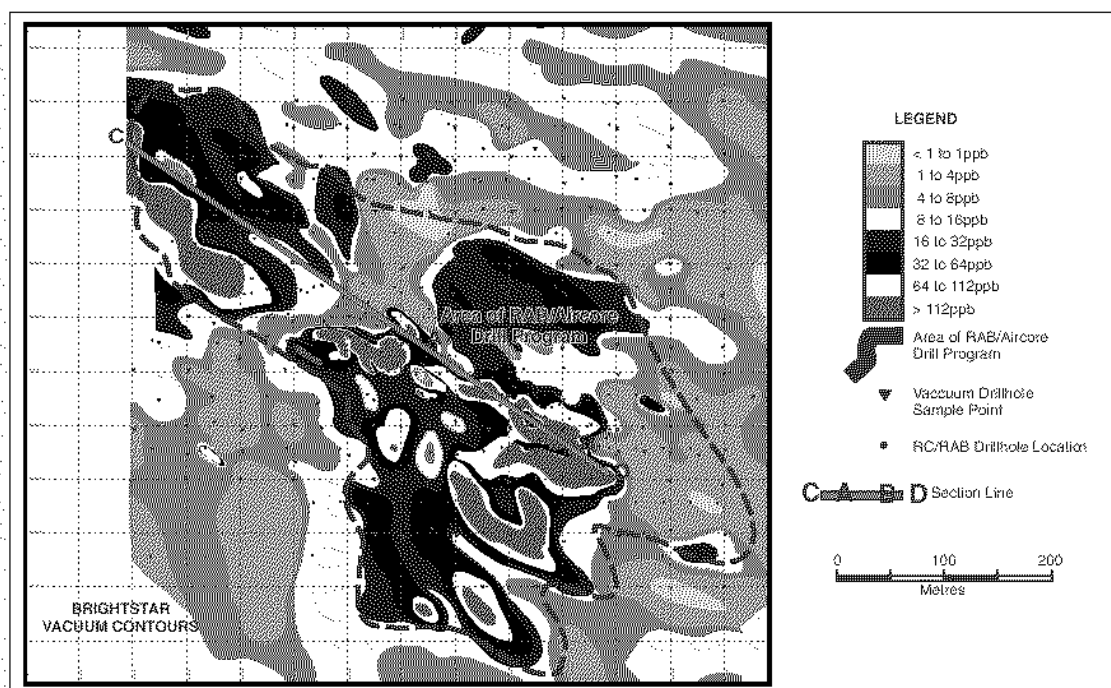


Figure 2: BrightStar Discovery Zone (BDZ)

On completion of the Vacuum drilling program, the results showed an enlarged BDZ extending for approximately 1400 metres x 800 metres in a series of sub-parallel high tenor anomalies.

Encouraged by the extremely positive Vacuum drill results, the Company brought forward a planned 20,000 metre RAB/Aircore drill program designed to test these anomalies. During January 2004, approximately 13,000 metres of RAB drilling, plus 7,000 metres of more accurate Aircore drilling commenced. The program was successful in discovering near surface gold mineralisation in the soft oxidised rock above the base of weathering, averaging 70 metres depth. Assays returned grades up to 9.3 g/t Au (Aircore drill hole BSA25, 4 metres @ 9.329 ppm from

4 metres depth) and mineralised zones with intersections up to 20 metres.

The very pleasing RAB/Aircore results showed new zones of economically significant mineralisation identified over a strike length of more than one kilometre.

In view of these encouraging results, the Directors announced immediate deeper and more targeted RC drilling to follow up on the economically significant zones. The extended BDZ became the Company's primary exploration focus.

Further excellent results from the Aircore drilling were announced by the Company during May 2004, with high grades and widths intercepted from very near surface (Table 1).

REVIEW OF OPERATIONS

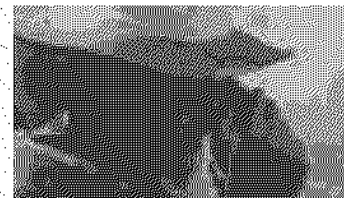
Table 1: Summary of Best Aircore Assay Results, April 2004

Hole Number	GDA mE	GDA mN	Width of strike	Contained gold	Depth
BSA077	473219	6822441	3m @	12.51 g/t	from 28 – 31 metres
			4m @	14.73 g/t	from 39 – 43 metres
BSA079	473236	6822428	8m @	6.33 g/t	from 30 – 38 metres
BSA073	473163	6822493	7m @	6.22 g/t	from 62 – 69 metres
BSA025	473276	6822373	7m @	5.73 g/t	from 2 – 09 metres
BSA078	473236	6822458	4m @	10.25 g/t	from 50 – 54 metres
BSA074	473170	6822501	8m @	3.25 g/t	from 69 – 77 metres
BSA010	472959	6822609	4m @	4.74 g/t	from 64 – 68 metres
BSA076	473197	6822480	1m @	3.53 g/t	from 58 – 59 metres
			3m @	4.61 g/t	from 64 – 67 metres
BSA028	473306	6822424	3m @	3.68 g/t	from 56 – 59 metres
BSA015	473340	6822381	3m @	3.36 g/t	from 46 – 49 metres
BSA018	473370	6822391	3m @	3.08 g/t	from 66 – 69 metres

In addition to the BDZ, new gold targets both east and south were indicated. RAB and Aircore drilling recommenced on this area in August 2004, with the intent of increasing the resource potential and revealing a possible southeast extension to the BDZ.

Heavy rains slowed the initial drill programs at the BDZ in February/March. The first RC drill results were announced in June 2004. RC drill

holes targeted the down-dip projection of known mineralization on 80 metre intervals and results returned 6 metres @ 6.3g/t Au from 169 metres and 6 metres @ 6.1g/t Au from 202 metres. The high grades and widths intercepted from very near surface confirmed continuation of the gold lodes at depth and greatly increased the potential resource at BrightStar.



REVIEW OF OPERATIONS

Table 2: Overall Significant RC and Aircore Results in Depth Order

Interval (metres)	Au (ppm)	From Depth (metres)
7	5.7	2
10	5.7	13
3	12.5	29
8	6.3	30
7	7.1	35
8	4.4	36
4	14.7	39
7	7.7	45
4	10.3	50
3	3.7	56
12	47.7	59
5	10.0	59
7	6.2	62
4	4.7	64
6	17.6	65
8	3.3	69
5	4.3	91
6	6.3	169
6	6.1	202

These RC results, when combined with previously released RC and Aircore results (Table 2), show a continuity of grade and width from surface, indicating the potential for early and consistent cash flow from mining the deposit.

Exploration continued with ongoing testing along the length of the anomaly through RC and diamond drilling to allow interpretation of deep high-grade lodes. Results announced in August 2004, revealed RC drill holes continued to target the down dip/plunge projection at 80-metre intervals and returned further intercepts of 2 metres @ 34.5 g/t Au from 212 metres depth, 4 metres @ 13.0 g/t Au from 166 metres depth, 6 metres @ 3.1 g/t Au from 132 metres depth and 3 metres @ 5.8 g/t Au from 142 metres depth (Figure 3).

These results confirm the continuation of gold lodes at depth and additionally, greatly increase the potential resource at BrightStar (Table 3).

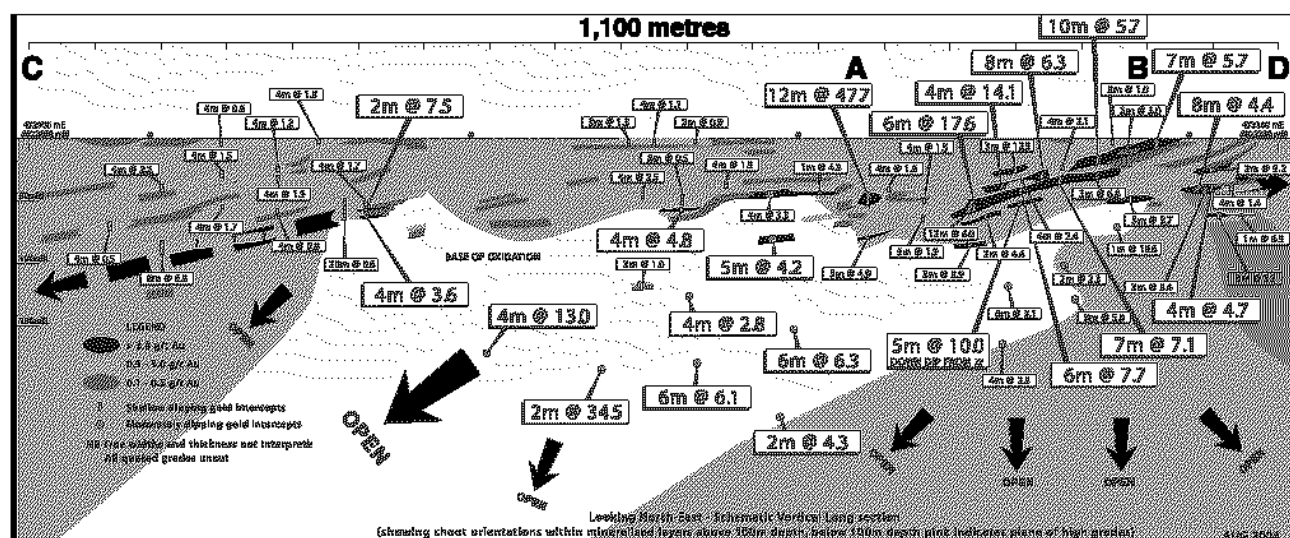
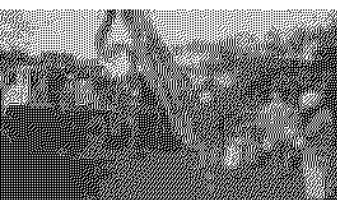


Figure 3: Schematic Long Section of BrightStar Discovery Zone

REVIEW OF OPERATIONS

Table 3: Significant Intercepts (> 6 gram metres) from RC Drilling

Hole Number	Northing AMG	Easting AMG	Dip (degrees)	Azimuth (degrees)	Interval (metres)	Au (ppm)	From Downhole Depth (metres)
MMC 101*	6822663	473003	-60	270	4	2.8	144
MMC 102*	6822659	473094	-60	270	6	6.3	169
MMC 104*	6822565	473227	-60	270	6	3.1	132
MMC 110	6822750	472964	-60	270	2	34.5	212
MMC 112A*	6822710	473036	-60	270	6	6.1	202
MMC 113	6822700	473112	-60	270	2	4.3	212
MMC 116	6822608	473254	-60	270	4	2.5	190
MMC 119	6822638	473076	-60	270	3	3.0	131
MMC 120	6822488	473263	-60	270	2	3.0	70
MMC 121	6822559	473291	-60	270	3	5.8	142
MMC 122	6822000	470000	-90	0	4	13.0	166

*Upgraded from previously released results due to change from aqua regia to fire assay technique.

A1 geologists continue to maintain a greater than 70% strike rate in their RC drill holes for significant mineralisation being intercepted above 1g/t Au at BrightStar. Deep diamond drilling has already commenced, testing down dip/plunge of high grade targets.

In addition to ongoing exploration, A1 management had been negotiating native title clearance with the Wongatha Claim Group ("the Wongatha") over the BrightStar Mining Lease Application. The Wongatha represents the applicants and registered native title claimants for the Wongatha Claim, which has yet to be determined. All claimants in the group are signatories to the Agreement.

On the 22 July 2004, the Company announced that agreement with the Wongatha had been reached not only to the Mining Lease Application, it also includes the whole of the prospective Merolia and Lightfoot Greenstone Belts, covering an area of approximately 200 kilometres by 50 kilometres (approximately 10,000 square kilometres) called the "Laneway". The agreement covers the Company's two projects, BrightStar and Narnoo, clearing the way for their exploration and development, as well as other mineral deposits within the Laneway (Figure 4).



REVIEW OF OPERATIONS

The Laneway provides the Wongatha's consent to the grant of all current and future tenement applications by A1, or any joint venture partner. As well as setting out procedures to protect Aboriginal Sites and provide employment and training opportunities for the Wongatha people. The Wongatha agreed to accept shares in A1 to the value of \$220,000 as part consideration for the agreement.

A1 Directors are particularly pleased that the Laneway provides the Company with the

potential for a number of options in the exploration and development of projects that will add value to BrightStar and Narnoo. The removal of any uncertainty, combined with low, up front exploration costs, and reasonable terms on which the Company can operate mines, should underwrite a long term future of the Company.

The Mining Lease at BrightStar was granted on the 10 August 2004 and included surrounding Exploration Licences plus 5 Exploration Licences totaling almost 1,000 square kilometres at Narnoo.

Since Listing, A1's tenement holdings have nearly doubled from 600km² to 1,100km².

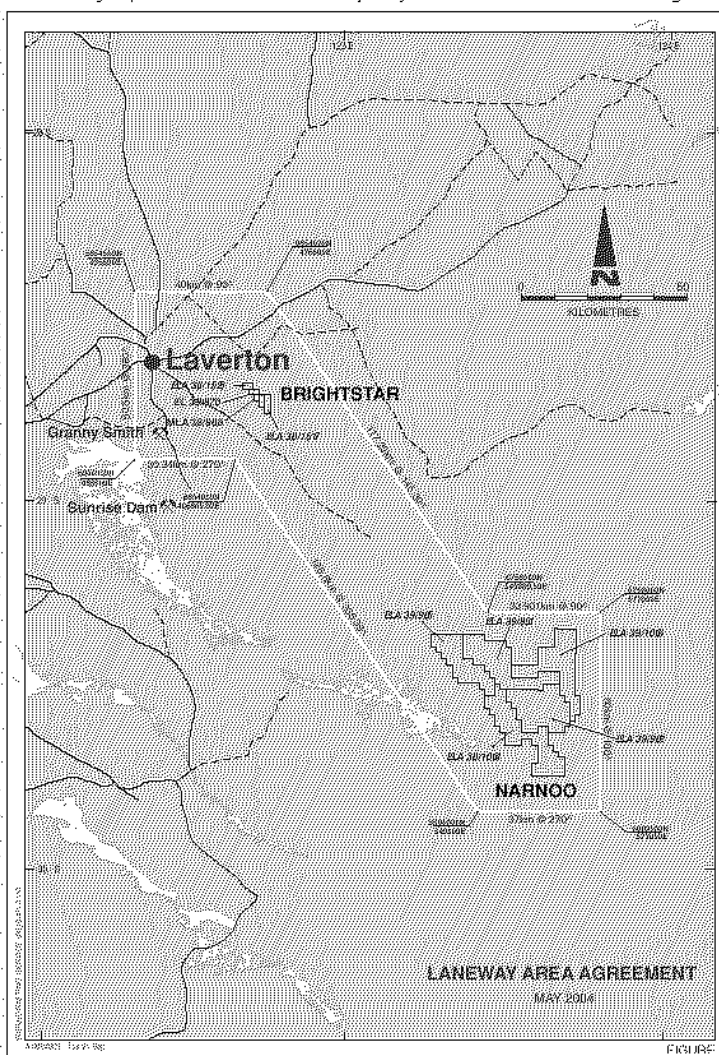
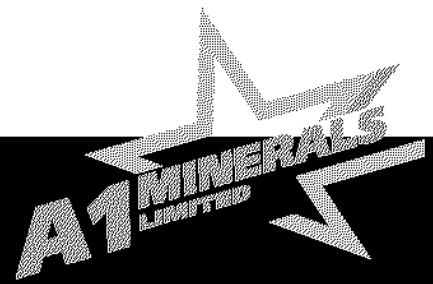


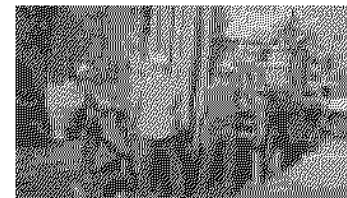
Figure 4: The Laneway Agreement Area



TENEMENT SCHEDULE TO 30 SEPTEMBER 2004

PROJECT	COMMODITY	TENEMENTS	INTEREST
BrightStar	Gold	EL 38/1517	A1 Minerals Limited 100%
		EL 38/1523	
		PLA 38/3214	
		PLA 38/3215	
		PLA 38/3216	
		PLA 38/3217	
		<i>E 39/970</i>	<i>Desert Exploration Pty Ltd 100%</i>
		<i>M 38/968</i>	
		<i>ELA 38/1655</i>	
		<i>PLA 38/3204</i>	
		<i>PLA 38/3205</i>	
		<i>PLA 38/3206</i>	
Burtville	Gold	ELA 38/1690	A1 Minerals Limited 100%
		ELA 38/1720	
		ELA 38/1747	
		<i>PLA 38/3208</i>	<i>Desert Exploration Pty Ltd 100%</i>
		<i>PLA 38/3209</i>	
		<i>PLA 38/3210</i>	
Narnoo	Gold	EL 39/981	A1 Minerals Limited 100%
		EL 39/982	
		EL 39/985	
		EL 39/1063	
		EL 39/1064	

NB: Desert Exploration Pty Limited is a wholly owned subsidiary of A1 Minerals Limited



CORPORATE GOVERNANCE

Best Practice Recommendations

In August 2002 the Australian Stock Exchange established a Corporate Governance Council (CGC) and in March 2003 the CGC put forward a number of best practice recommendations.

These best practice recommendations are embodied in ten principles and have been broadly adopted by the ASX and the Financial Community generally.

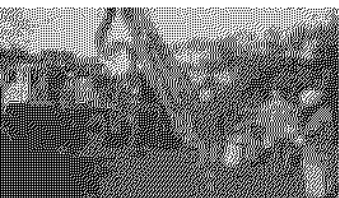
The Board of A1 Minerals Limited is supportive of the recommendations represented by the principles and has adopted a series of Corporate Governance Policies which seek to apply the Principles to the extent relevant to the consolidated entity.

The ten principles as set out by the CGC are set out below for the information of share holders. It should be noted that the principles are intended as guidelines only and that they may not be practically applicable to all entities.

Ten principles established by the Corporate Governance Council

An organisation should:

1. Lay solid foundations for management and oversight
2. Structure the Board to add value
3. Promote ethical and responsible decision making
4. Safeguard integrity in financial reporting
5. Make timely and balanced disclosure
6. Respect the rights of shareholders
7. Recognise and manage risk
8. Encourage enhanced performance
9. Remunerate fairly and responsibly
10. Recognise the legitimate interests of stakeholders



CORPORATE GOVERNANCE STATEMENT

Introduction

The Directors of A1 Minerals Limited strongly support the establishment and ongoing development of good corporate governance for the Company and the consolidated entity.

The consolidated entity operates in accordance with the principles of good corporate governance as set out by the CGC and to the extent required by the ASX Listing Rules. The Directors have adopted a number of policies and practices which they believe will focus their attention and that of their senior executives on accountability, risk management and ethical conduct.

This Statement sets out the corporate governance practices in place as at the date of this report and throughout the year which comply with the recommendations of the CGC unless otherwise stated.

Corporate Governance Council Recommendation 1

Role of the Board of Directors

The role of the Board is to build long term sustainable value for its security holders whilst respecting the interests of its stakeholders.

In order to fulfil this role, the Board is responsible for the overall corporate governance of the consolidated entity including formulating its strategic direction, setting remuneration and monitoring the performance of Directors and executives. The Board relies on Senior Executives to assist it in approving and monitoring expenditure, ensuring the integrity of internal controls and management information systems and monitoring and approving financial and other reporting. Since the end of the financial year the Board has adopted a Charter which formalises existing practices and can be viewed on the Company's web site.

In broad terms the Board Charter clarifies the respective roles of the Board and senior management and assists in decision making processes.

Board processes

The full Board currently holds eight scheduled meetings each year, plus any extraordinary meetings at such other times as may arise.

An agenda for the meetings has been determined to ensure certain standing information is addressed and other items which are relevant to reporting deadlines and/or regular review are scheduled when appropriate. The agenda is regularly reviewed by the Chairman, the Managing Director and the Company Secretary.

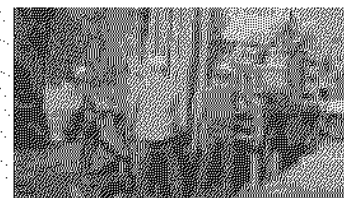
Corporate Governance Council Recommendation 2

Board composition

The Constitution of the Company provides that the number of Directors shall not be less than three and not more than ten. There is no requirement for any share holding qualification.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include the quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the scope of activities of the consolidated entity, intellectual ability to contribute to Board duties and physical ability to undertake Board duties and responsibilities.

Directors are initially appointed by the Board and may be subject to re election by shareholders at the next general meeting. In any event one third of the Directors are subject to re election by shareholders at each general meeting.



CORPORATE GOVERNANCE STATEMENT

The Board is presently comprised of four members, three non-executives and one executive.

The Board has assessed the independence of its non-executive directors according to the definition contained within the ASX Corporate Governance Guidelines and has concluded that two of the three non-executive directors are independent.

The independent Directors are: Mr Michael Hunt (Chairman) and Mr Peter Thomas. Mr Roy Dudney is not considered independent at this time only because of the level of his shareholding in the Company. The skills, experience and expertise of all Directors is set out in the Directors' Report on pages 17 and 18.

The Board does not have a separate Nomination Committee as the selection and appointment process for Directors is carried out by the full Board. The consolidated entity is not of a sufficient size to warrant a separate committee.

Only two of the four Directors are considered to satisfy the test of independence as set out in the best practice recommendations. However, the Board considers that both its structure and composition are appropriate given the size of the Company and that the interests of the Company and its shareholders are well met.

Corporate Governance Council Recommendation 3

Ethical and responsible decision making

The Board actively promotes ethical and responsible decision making.

Code of Conduct

The Board has adopted a Code of Conduct that applies to all employees, consultants, executives and Directors of the Company and the consolidated entity. This Code addresses expectations for conduct in the following areas:

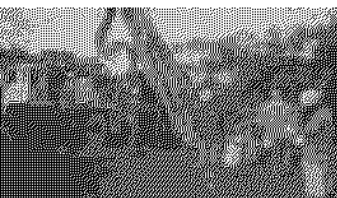
- Confidential Information;
- Rights of Security holders;
- Privacy;
- Security Trading;
- Communications;
- Conflicts of Interest;
- Responsibility to Suppliers and Customers;
- Laws and Regulations;
- Employment; and
- Adherence to Policies and Procedures.

Security Trading Policy

The Board is committed to ensuring that the Company and the consolidated entity, its Directors and senior executives, comply with their legal obligations as well as conducting their business in a transparent and ethical manner. Directors and senior executives (including their immediate family or any entity for which they control investment decisions), must ensure that any trading in securities issued by the Company is undertaken within the framework set out in this Policy.

The Policy does not prevent Directors and senior executives (including their immediate family or any entity for which they control investment decisions) from participating in any share plan or share offers established or made by the Company, provided that at the time the individual is not in possession of any price sensitive information, not otherwise generally available to all security holders.

The Board has had a policy which prohibits trading in the securities of the Company by Directors and senior executives and nominated employees unless notification has been provided to the Company Secretary and prior written consent is obtained from the Chairman or Managing Director.



CORPORATE GOVERNANCE STATEMENT

Corporate Governance Council Recommendation 4

Integrity in financial reporting

Managing Director and Chief Financial Officer

The Board requires the Managing Director and the Company Secretary provide a written statement that the financial statements of Company and the consolidated entity present a true and fair view, in all material aspects, of the financial position and operational results. In addition, confirmation is provided that all relevant accounting standards have been appropriately applied.

Audit Committee

The full Board fills the role of an Audit Committee. The relevant experience of Board members is detailed in the Director's section of the Directors Report.

The Board reviews the performance of the external auditors on an annual basis and meets with them during the year to review findings and assist with Board recommendations.

The Board does not have a separate Audit Committee with a composition as suggested in the best practice recommendations. The full Board carries out the function of an audit committee. The Board believes that the consolidated entity is not of a sufficient size to warrant a separate committee and that the full Board is able to meet objectives of the best practice recommendations and discharge its duties in this area.

Financial reporting

The Board relies on senior executives to monitor the internal controls within the Company. Financial performance is monitored on a regular basis by the Managing Director who reports to the Board at the scheduled Board Meetings.

Corporate Governance Council Recommendation 5

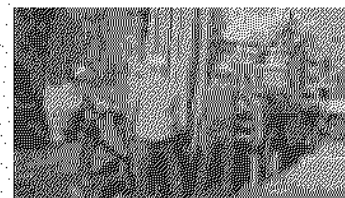
Timely and balanced disclosure

The Board is committed to the promotion of investor confidence by providing full and timely information to all security holders and market participants about the consolidated entity's activities and to comply with the continuous disclosure requirements contained in the Corporations Act 2001 and the Australian Stock Exchange Listing Rules.

Continuous disclosure is discussed at all regular Board meetings and on an ongoing basis the Board ensures that all activities are reviewed with a view to the necessity for disclosure to security holders.

In accordance with ASX Listing Rules the Company Secretary is appointed as the Company's disclosure officer.

The Board believes that given the size of the Company and its experienced Board and management, that separate written procedures designed to ensure compliance with ASX disclosure requirements are not required at this time.



Corporate Governance Council Recommendation 6

Rights of security holders

Communications

The Board fully supports security holder participation at general meetings as well as ensuring that communications with security holders are effective and clear.

In addition to electronic communication via the ASX web site, the Company publishes a regular Shareholder Newsletter. This document is available in both hardcopy form and on the Company web site at www.a1minerals.com.au

CORPORATE GOVERNANCE STATEMENT

Corporate Governance Council Recommendation 7

Recognise and manage risk

Risk management

Security holder value will be optimised where risk and opportunities are matched to financial resources. The Board and senior executives regularly review, where necessary in conjunction with external professional consultants, procedures in respect of compliance with and the maintenance of its statutory, legal, ethical and environmental obligations.

Corporate Governance Council Recommendation 8

Encourage enhanced performance

Performance review

The Board proposes to undertake an annual review of the performance of senior executives and Directors. For the year ended 30 June 2004, no review was undertaken due to the short time that has passed since listing in December 2003. Due to this timing, a formal process for performance evaluation has not been adopted.

Education

All executives and Directors are encouraged to attend professional education courses relevant to their roles.

Independent professional advice and access to information

Each Director has the right to access all relevant information in respect to the Company and the consolidated entity and to make appropriate enquiries of senior management.

Corporate Governance Council Recommendation 9

Remunerate fairly and responsibly

The executive Director and senior executives receive salary packages which may include performance based components designed to reward and motivate. Non executive Directors receive fees agreed on an annual basis by the Board.

There is currently no provision for the issuing of securities to Directors.

Remuneration Committee

The full Board determines all compensation arrangements for Directors. It is also responsible for setting performance criteria, performance monitors, share option schemes, incentive performance schemes, superannuation entitlements, retirement and termination entitlements and professional indemnity and liability insurance cover.

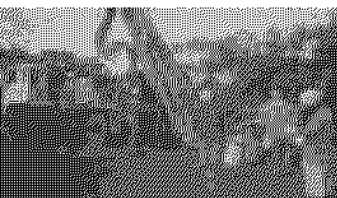
The Board has not created a separate Remuneration Committee. The Board considers that the consolidated entity and the Company are not currently of a size, nor are their affairs of such complexity to justify a separate Remuneration Committee.

The Board may, where appropriate, engage independent advisors to assist in the review of remuneration for Directors.

Corporate Governance Council Recommendation 10

Recognise the legitimate interests of stakeholders

The Board acknowledges the rights of stakeholders and has adopted a Code of Conduct (refer Principle 3) in-line with the recommendations of this Principle 10.



DIRECTORS' REPORT

The Directors present their report together with the financial statements for A1 Minerals Limited and the consolidated financial statements for the Company and its controlled entities (the 'consolidated entity') for the financial year ended 30th June 2004.

Directors

The names of Directors in office at any time during or since the end of the year are:

Michael Hunt BA, LLB (Hons)

Non executive Chairman (Since 31 October 2003)

Experience

Mr Hunt is a partner in Hunt & Humphry Project Lawyers in Perth. He is an experienced commercial lawyer and has Australian and international experience in mining law, the development of mining projects and the resolution of native title issues. Mr Hunt has provided advice on mining and petroleum law to local and overseas governments. Mr Hunt is also a Director of Red Back Mining Inc (now domiciled in Canada) which is developing a gold mine in Ghana.

Mr Hunt is aged 57.

John Williams BSc, MAusIMM

Managing Director (Since 29 May 2002)

Experience

Mr Williams has 20 years experience as a geologist in Australia and overseas. This experience ranges through the spectrum of activities from exploration, feasibility studies, mine geology (open pit and underground) and mine management. He was instrumental in the discovery of a number of deposits that include the BrightStar Gold Project, Wendy Gully and the Attila Deposit at Yamarna in Western Australia. Mr Williams was involved with the mine

management of gold mines at Lady Bountiful, Broads Dam and Burbanks. Whilst having responsibility of mine geology he has also acted as the statutory Mine Manager in some open pit operations. Before joining A1 Minerals, Mr Williams operated as a mining consultant to Australian and Canadian firms in business development involving project acquisition, financial analysis and contract negotiation. He is the Managing Director of A1 Minerals Limited.

Mr Williams is aged 44.

Roy Dudney

Non executive Director (Since 29 May 2002)

Experience

Mr Dudney is a successful Western Australian businessman with over 30 years experience in industrial and mining service businesses. He has owned and managed heavy industrial hire businesses for 14 years.

Mr Dudney is aged 59.

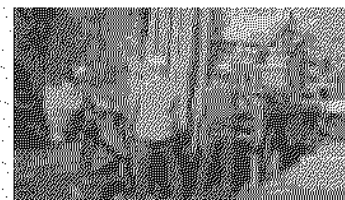
Peter Thomas CPA

Non executive Director (Since 17 April 2003)

Experience

Mr Thomas is a CPA with Taxation and Auditing qualifications. He has considerable experience in the mining industry through his former employment with a consortium of large multinational corporations and has an extensive background in commercial accounting. Mr Thomas brings considerable experience in exploration and mining administration.

Mr Thomas is aged 61.



DIRECTORS' REPORT

Mark Hronsky Dip. Geol. MAIG

*Executive Director (Since 29 May 2002, retired
1 October 2003)*

Experience

Mr Hronsky has more than 30 years experience in mining and exploration, including 14 years with Billiton (Shell). He has been involved with the discovery and development of a number of mines in Western Australia most notably Sunrise Dam and Butcher Well.

Mr Hronsky retired from his directorship to take on a more hands on role assisting in the management of the consolidated entity's exploration planning. The Board wishes to thank Mr Hronsky for his assistance in establishing the asset base of the consolidated entity.

Meetings of Directors

During the financial year, the following meetings of Directors (including committees) were held:

Directors' Meetings

	Number Eligible to Attend	Number Attended
Mr M Hunt	5	5
Mr J Williams	14	13
Mr R Dudney	14	13
Mr M Hronsky	5	5
Mr P Thomas	14	14

Principal activities

The principal activity of the consolidated entity during the financial year was mineral exploration in Western Australia.

Operating results

The net loss after income tax attributable to members of the consolidated entity for the financial year to 30 June 2004 amounted to \$317,422 (2003 \$44,496).

Dividends

No dividends were paid during the year and the Directors recommend that no dividends be paid or declared for the financial year ended 30 June 2004.

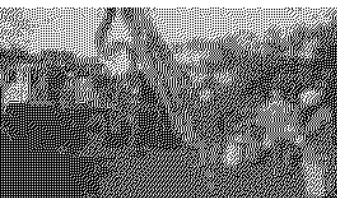
Review of operations

Since listing on the ASX in December 2003, the consolidated entity has been carrying out intensive exploration and evaluation activity focussed mainly on its BrightStar Project. Expenditure during the year was \$769,432 and for the consolidated entity totalled \$2,269,432, which included the acquisition of the controlled entity Desert Exploration Pty Ltd holder of the BrightStar tenements.

Work carried out to date has provided encouraging results and it is likely BrightStar will remain the company's near term focus as management continues to test the extent of the deposit.

Significant changes in state of affairs

The Company acquired 100% of the issued capital of Desert Exploration Pty Ltd, the vendor of the BrightStar Project and successfully listed on the ASX on 5 December 2003, issuing 17,500,000 ordinary shares to raise \$3,500,000. Other than these events, there were no significant changes in the state of affairs of the consolidated entity during the financial year.



DIRECTORS' REPORT

Events subsequent to balance date

Share purchase plan

On 3 September 2004, the Company announced a Share Purchase Plan (SPP) whereby existing shareholders at that date could acquire up to \$5000 in ordinary shares in the Company. The offer was made pursuant to ASIC policy statement 125 and Class order 02/831 and details of the offer are set out in Note 21 to the financial statements.

The SPP closed on 24 September 2004, and the Company issued 1,551,186 ordinary shares raising \$470,000 for exploration expenditure.

International financial reporting standards

For the reporting period starting on 1 July 2005, the consolidated entity must comply with International Financial Reporting Standards (IFRS) as issued by the Australian Accounting Standards Board. At balance date, it was not possible to quantify the effect of the convergence to IFRS as key IAS's and AASB's are currently under development.

Other than the above, there were no other matters or circumstances which have arisen since the end of the financial year which, in the opinion of the Directors of the Company, significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial years.

Future developments

The consolidated entity's areas of interest are at an early stage of exploration, and although the results of work carried out to date are encouraging it is not possible to predict the likely

developments. The Board is following a strategic exploration plan for the growth of the consolidated entity, however, further information about likely developments in the operations and expected results of those operations will not be disclosed, as it could be prejudicial to the success of the consolidated entity.

Environmental issues

The consolidated entity's operations are subject to significant environmental regulation under the law of the Commonwealth and State. The Directors of the Company monitor compliance with environmental regulations. The Directors are not aware of any significant breaches during the period covered by this Report.

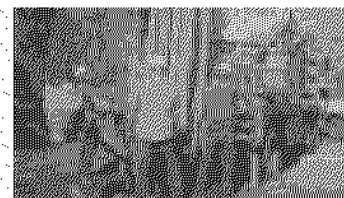
Directors' and executive officers' emoluments

The emoluments of each Director of the Company and relevant executive officers are set out in Note 20 to the financial statements. Note 20 incorporates the disclosure requirements of both the Corporations Act 2001 and AASB 1046 'Director and Executive Disclosures by Disclosing Entities'.

Remuneration policy

The Board of Directors is responsible for remuneration policies and the packages applicable to the Directors of the Company. The broad remuneration policy is to ensure that packages offered properly reflect a person's duties and responsibilities and that remuneration is competitive and attracts, retains, and motivates people of the highest quality.

The Executive Director and senior executives receive salary packages which may include performance based components designed to reward and motivate. Non executive Directors



DIRECTORS' REPORT

receive fees agreed on an annual basis by the Board. There is currently no provision for the issuing of securities to Directors.

(Refer to the Corporate Governance Statement and Note 20 to the financial statements for more detail on the Board's policy in this area.)

Directors interests

The relevant interest of each Director in the ordinary shares and options issued by the Company as notified by the Directors to the Australian Stock Exchange at the date of this report is set out in the table below. Additional information relating to the movements in those holdings, the valuation of options and the holdings of executives is set out in Note 20 to the financial statements.

	Balance of ordinary shares held at 30 June 2004	Balance of options over ordinary shares held at 30 June 2004
Directors		
Mr Michael Hunt	70,000	1,000,000
Mr John Williams	10,833,334	7,500,000
Mr Roy Dudley	2,766,666	
Mr Peter Thomas	1,064,334	

Indemnification and insurance of Officers and Auditors

The Directors of the Company have resolved to provide an indemnity for Directors and officers through a Directors and Officers Insurance Policy negotiated on commercial terms. The consolidated entity has paid insurance premiums of \$29,356 in respect of that policy.

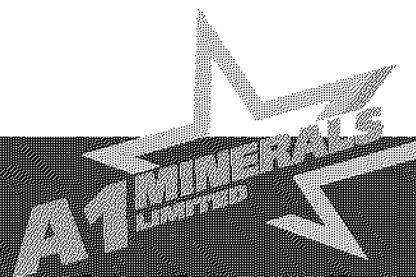
Other than the above, the consolidated entity has not, during or since the end of the financial year, given an indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums for the Directors, officers or Auditors of the Company or the controlled entity.

Signed in accordance with a resolution of the Board of Directors.



John Williams
Managing Director

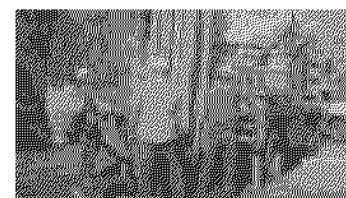
Dated this 28th day of September 2004



STATEMENTS OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2004

	Note	Consolidated		Company	
		2004	2003	2004	2003
		\$	\$	\$	\$
Revenue from ordinary activities	2	88,835	-	88,835	-
Employee benefits expense	3	180,332	11,124	180,332	11,124
Depreciation and amortisation expense	3	16,409	1,148	16,409	1,148
Exploration expenditure written off	3	-	1,004	-	1,004
Borrowing costs expense	3	3,390	3,575	3,390	3,575
Other expenses from ordinary activities		206,126	27,645	206,126	27,645
		406,257	44,496	406,257	44,496
Loss from ordinary activities before income tax expense		317,422	44,496	317,422	44,496
Income tax expense relating to ordinary activities	4	-	-	-	-
Net Loss attributable to members of the Company		317,422	44,496	317,422	44,496
Non owner transaction changes in equity					
Share issue costs	13	259,502	-	259,502	-
Total revenues, expenses and valuation adjustments attributable to members of the parent entity recognised directly in equity		259,502	-	259,502	-
Total changes in equity from non-owner related transactions attributable to the members of the Company		576,924	-	576,924	-
Basic earnings (loss) per share (cents per share)	5	(1.1 cents)	(0.2 cents)		
Diluted earnings (loss) per share (cents per share)	5	(1.1 cents)	(0.2 cents)		



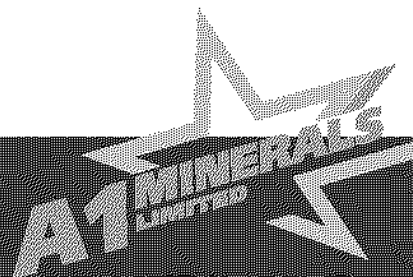
The accompanying notes form part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2004

	Note	Consolidated		Company	
		2004	2003	2004	2003
		\$	\$	\$	\$
CURRENT ASSETS					
Cash assets	18	2,441,940	313,219	2,441,940	313,219
Receivables	6	55,470	18,570	55,470	18,570
Other financial assets	9	14,679	-	14,679	-
Total current assets		2,512,089	331,789	2,512,089	331,789
NON-CURRENT ASSETS					
Exploration and evaluation expenditure	7	3,248,180	978,748	1,748,180	978,748
Plant and equipment	8	129,399	8,260	129,399	8,260
Other financial assets	9	-	1,190	1,500,000	1,190
Total non current assets		3,377,579	988,198	3,377,579	988,198
TOTAL ASSETS		5,889,668	1,319,987	5,889,668	1,319,987
CURRENT LIABILITIES					
Payables	10	130,390	20,906	130,390	20,906
Provisions	11	12,000	-	12,000	-
Interest bearing liabilities	12	16,340	-	16,340	-
Total current liabilities		158,730	20,906	158,730	20,906
NON CURRENT LIABILITIES					
Interest bearing liabilities	12	70,356	83,575	70,356	83,575
Total non current liabilities		70,356	83,575	70,356	83,575
TOTAL LIABILITIES		229,086	104,481	229,086	104,481
NET ASSETS		5,660,582	1,215,506	5,660,582	1,215,506
EQUITY					
Contributed equity	13	6,022,500	1,260,002	6,022,500	1,260,002
Accumulated losses	14	(361,918)	(44,496)	(361,918)	(44,496)
TOTAL EQUITY		5,660,582	1,215,506	5,660,582	1,215,506

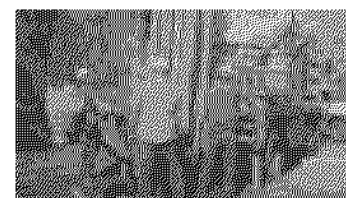
The accompanying notes form part of these financial statements.



STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2004

	Note	Consolidated		Company	
		2004	2003	2004	2003
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash payments in the course of operations		(329,688)	(24,225)	(329,688)	(24,225)
Interest received		88,835	-	88,835	-
Borrowing costs		(3,390)	-	(3,390)	-
Income tax paid		-	-	-	-
Net cash provided by (used in) operating activities	18	(244,243)	(24,225)	(244,243)	(24,225)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(136,358)	(9,408)	(136,358)	(9,408)
Exploration expenditure		(725,523)	(228,776)	(725,523)	(228,776)
Net cash provided by (used in) investing activities		(861,881)	(238,184)	(861,881)	(238,184)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		3,500,000	510,000	3,500,000	510,000
Transaction costs of share issues		(268,276)	-	(268,276)	-
Proceeds from borrowings		92,505	30,000	92,505	30,000
Repayment of borrowings		(89,384)	(1,190)	(89,384)	(1,190)
Net cash provided by (used in) financing activities		3,234,845	538,810	3,234,845	538,810
Net increase in cash held		2,128,721	276,401	2,128,721	276,401
CASH AT THE BEGINNING OF THE FINANCIAL YEAR		313,219	36,818	313,219	36,818
CASH AT THE END OF THE FINANCIAL YEAR	18	2,441,940	313,219	2,441,940	313,219



The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the Company and the consolidated entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

a) Consolidation principles

The consolidated financial statements of the consolidated entity include the financial statements of the Company, being the parent entity and its controlled entities.

Where an entity either began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased.

The balances and effects of transactions between controlled entities included in the consolidated financial statements have been eliminated.

b) Revenue recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority. Exchanges of goods or

services of the same nature and value without any cash consideration are not recognised as revenues.

Interest revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

Sale of non-current assets

The gross proceeds of non-current asset sales are included as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

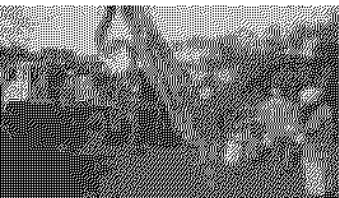
The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

c) Income tax

The Company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the loss from ordinary activities adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

d) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the net profit attributable to members of the parent entity for the reporting period, after excluding any costs of servicing equity (other than ordinary shares and converting preference shares classified as ordinary shares for EPS calculation purposes), by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares and the effect on revenues and expenses of conversion.

e) Borrowing costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings, foreign exchange differences net of hedged amounts on borrowings, including trade creditors and lease finance charges.

Ancillary costs incurred in connection with the arrangement of borrowings are capitalised and amortised over the life of the borrowings.

Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for their

intended use or sale. In these circumstances, borrowing costs are capitalised to the cost of the assets. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs capitalised is those incurred in relation to that borrowing, net of any interest earned on those borrowings. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average capitalisation rate.

f) Cash

For the purpose of the statements of cash flows, cash includes:

- cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts; and
- investments in money market instruments with less than 14 days to maturity.

g) Receivables

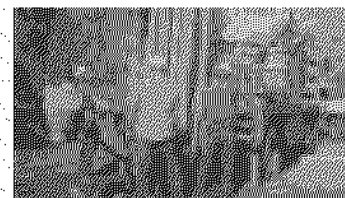
The recoverability of debts is assessed at balance date and specific provision is made for any doubtful accounts.

h) Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

Company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to depreciation. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Office equipment	20.0%
Plant and equipment	37.5%

i) Recoverable amount of non-current assets valued on cost basis

The carrying amounts of non-current assets valued on the cost basis, other than exploration and evaluation expenditure carried forward (refer Note 1(j)), are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write-down is expensed in the reporting period in which it occurs.

Where a group of assets working together supports the generation of cash inflows, recoverable amount is assessed in relation to that group of assets. In assessing recoverable amounts of non-current assets, the relevant

cash flows have been discounted to their present value.

j) Exploration, evaluation and development expenditure

Exploration, evaluation and development costs are accumulated in respect of each separate area of interest.

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest, or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

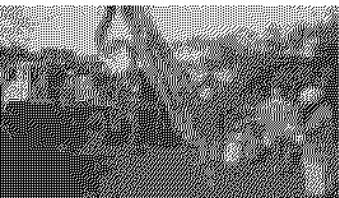
Development costs related to an area of interest are carried forward to the extent that they are expected to be recouped either through sale or successful exploitation of the area of interest. When an area of interest is abandoned or the Directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision is made.

k) Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are normally settled within 60 days.

l) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

m) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the economic entity are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the Company will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability. Lease payments received reduce the liability.

n) Interest bearing liabilities

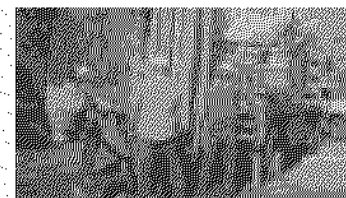
Unsecured loans are recognised at their principal amount, subject to set-off arrangements. Interest expense is accrued at the contracted rate and included in "other creditors and accruals".

o) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statements of financial position are shown inclusive of GST.

p) Adoption of international accounting standards

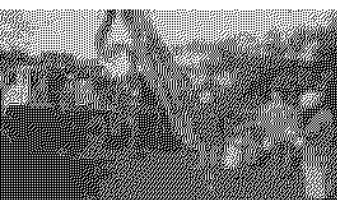
International Financial Reporting Standards will be issued by the Australian Accounting Standards Board and, in relation to the consolidated entity, will apply for the reporting periods starting on or after 1 July 2005 (refer Note 21).



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

	Consolidated		Company	
2. REVENUE FROM ORDINARY ACTIVITIES	2004	2003	2004	2003
	\$	\$	\$	\$
Revenue from ordinary activities				
Interest income	88,835	-	88,835	-
3. LOSS FROM ORDINARY ACTIVITIES				
Loss from ordinary activities before income tax has been determined after :				
Expenses				
Employee benefit expense – gross				
- wages & salaries	253,062	51,028	253,062	51,028
- other on costs	38,391	4,593	38,391	4,593
	291,453	55,621	291,453	55,621
Directors fees	40,136	-	40,136	-
Less amount allocated to exploration	(151,257)	(44,497)	(151,257)	(44,497)
	180,332	11,124	180,332	11,124
Depreciation / amortisation of non-current assets:				
- plant and equipment	15,219	1,148	15,219	1,148
- formation expenses	1,190	-	1,190	-
Exploration expenditure written off	-	1,004	-	1,004
Borrowing costs:				
- other persons	3,390	3,575	3,390	3,575
Audit fees (audit services only)	4,120	-	4,120	-



NOTES TO THE FINANCIAL STATEMENTS

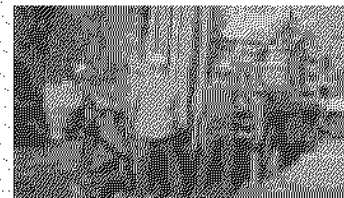
FOR THE YEAR ENDED 30 JUNE 2004

4. INCOME TAX EXPENSE	Consolidated		Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2003: 30%)	(95,227)	(13,349)	(95,227)	(13,349)
Income tax benefit not brought to account	95,227	13,349	95,227	13,349
Income tax expense	-	-	-	-

The future income tax benefit arising from tax losses has not been brought to account because recovery is not assured beyond reasonable doubt.

The benefit of these losses will only be obtained if:

- the economic entity derives future assessable income of a nature and of an amount sufficient to enable the benefit to be realised;
- the economic entity continues to comply with the conditions for deductibility imposed by tax legislation; and
- no changes in the income tax legislation adversely affect the economic entity in realising the benefit from the deduction of the loss.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

5. EARNINGS PER SHARE	Consolidated	
	2004	2003
	\$	\$
Loss used in calculation of loss per share	317,422	44,496
Basic loss per share	1.1 cents	0.2 cents
Diluted loss per share is the same as the basic loss per share		
Weighted average number of shares on issue and used in the calculation	28,718,431	21,050,002

6. RECEIVABLES	Consolidated		Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
Current				
Other debtors	55,470	18,570	55,470	18,570

7. EXPLORATION AND EVALUATION EXPENDITURE

Carrying amount at the start of the year	978,748	13,184	978,748	13,184
Expenditure incurred during the year	2,269,432	966,568	769,432	966,568
Expenditure written off during the year	-	(1,004)	-	(1,004)
Carrying amount at the end of the year	3,248,180	978,748	1,748,180	978,748

Ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation or alternatively, sale of the respective areas.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

8. PLANT AND EQUIPMENT	Consolidated		Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
Carrying amount				
At cost	145,766	9,408	145,766	9,408
Accumulated depreciation	(16,367)	(1,148)	(16,367)	(1,148)
	129,399	8,260	129,399	8,260
Movement in carrying amounts				
Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the financial year				
Balance at the beginning of year	8,260	-	8,260	-
Additions	136,358	9,408	136,358	9,408
Disposals	-	-	-	-
Depreciation expense	(15,219)	(1,148)	(15,219)	(1,148)
Carrying amount at the end of year	129,399	8,260	129,399	8,260
9. OTHER FINANCIAL ASSETS	2004	2003	2004	2003
	\$	\$	\$	\$
Current				
Prepayments	14,679	-	14,679	-
Non Current				
Investment in controlled entity (i)	-	-	1,500,000	-
Formation costs	1,190	1,190	1,190	1,190
Amortisation	(1,190)	-	(1,190)	-
	-	1,190	1,500,000	1,190

(i) Refer Note 19.

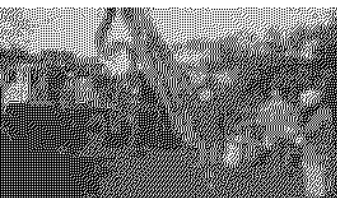


NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

10. PAYABLES	Consolidated		Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
Current				
Trade creditors	80,931	9,525	80,931	9,525
Sundry creditors and accruals	49,459	11,381	49,459	11,381
	130,390	20,906	130,390	20,906

11. PROVISIONS				
Current				
Employee benefits	12,000	-	12,000	-
Number of employees				
Number of employees at year end	5	2	5	2



12. INTEREST BEARING LIABILITIES				
Current				
Hire purchase liabilities (i)	16,340	-	16,340	-
Non current				
Hire purchase liabilities (i)	70,356	-	70,356	-
Unsecured loans (ii)	-	83,575	-	83,575
	70,356	83,575	70,356	83,575

(i) Details of hire purchase commitments are set out in Note 17.

(ii) Unsecured loans consisted of short term advances received from Directors in the period prior to listing. The loans, which were subject to interest at a rate of 5.5%, were repaid during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

Financing arrangements

The consolidated entity had the following credit facilities in place during the year:

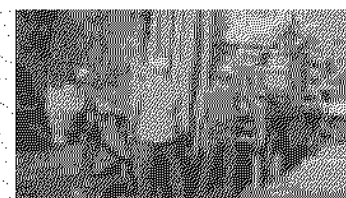
Director loans

Prior to listing on the ASX, the Company had drawn on monies advanced from Directors for working capital. These amounts attracted interest at 5.5% and were repaid during the year.

Hire purchase liabilities

The consolidated entity financed the purchase of two vehicles during the year using vendor (motor vehicle) finance. At balance date a total liability of \$100,026 including interest payable of \$13,330 remained for these facilities. The hire purchase facilities are secured against the vehicles purchased.

13. CONTRIBUTED EQUITY	Consolidated		Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
Share capital				
39,253,335 ordinary fully paid shares (2003 21,050,002)	6,022,500	1,260,002	6,022,500	1,260,002
Movements in ordinary shares				
Balance at the beginning of the year	1,260,002	2	1,260,002	2
Movement in the prior year	-	1,260,000	-	1,260,000
A conversion of all of the Company's issued capital (pre IPO) from 21,050,002 to 14,033,335 ordinary fully paid shares on the basis of two shares for every three shares currently on issue was approved in general meeting.	-	-	-	-
Issue of 220,000 ordinary fully paid shares in lieu of services rendered	22,000	-	22,000	-
Issue of 7,500,000 ordinary fully paid shares in consideration for the purchase of all of the issued capital of Desert Exploration Pty Ltd	1,500,000	-	1,500,000	-
Issue of 17,500,000 ordinary fully paid shares pursuant to a prospectus lodged with ASIC on 31 October 2003	3,500,000	-	3,500,000	-
Issue costs	(259,502)	-	(259,502)	-
Balance at the end of the year	6,022,500	1,260,002	6,022,500	1,260,002



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

Options

At 30 June 2004 there were 9,500,000 options to acquire ordinary shares on issue. The options were issued on the following basis:

7,500,000 options to Mr John Williams as part consideration for the purchase of all the issued capital of Desert Exploration Pty Ltd.

1,000,000 options to Mr Michael Hunt in consideration for his role as Chairman.

1,000,000 options issued to the sponsoring broker of the prospectus lodged with ASIC on 31 October 2003.

All of the options are subject to the same terms and conditions. They were free issued and are exercisable by payment of 30 cents on or before 30 November 2006. All of the options are subject to escrow and may not be exercised until December 5, 2005.

Share purchase plan

Subsequent to the end of the financial year, the Company made a Share Purchase Plan available to shareholders. The details of the plan and the shares issued are set out in Note 21.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

14. ACCUMULATED LOSSES	Consolidated		Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
Retained profits at the beginning of the financial year	44,496	-	44,496	-
Net loss attributable to the members of the Company	317,422	44,496	317,422	44,496
Accumulated losses at the end of the financial year	361,918	44,496	361,918	44,496

15. SEGMENT REPORTING

The Company operates entirely in the mineral exploration business and 100% of the expenditure and assets employed relate to operations in Australia.

16. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE

Interest rate and credit risk

The consolidated entity has not entered into any financial instruments designed to mitigate interest rate risk and is not exposed to significant financial risks from movements in foreign exchange rates. Interest rate exposure is limited to finance lease/hire purchase agreements with motor vehicle suppliers and Term Deposits with the Company's bankers. The consolidated entity has little or no exposure to credit risk at this time (see table below).



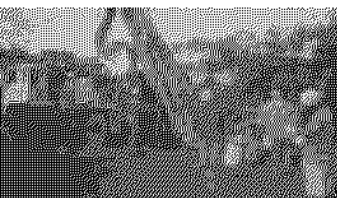
Net fair values

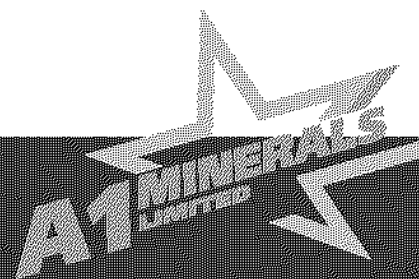
For the financial assets and liabilities disclosed in this note, the fair net value approximates their carrying value. No financial assets or liabilities are readily traded on organised markets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

2004 Financial assets	Note	Weighted average interest rate	Floating rate \$'000	Fixed interest maturing in 1 year or less \$'000	Fixed interest maturing in 1 to 5 years \$'000	Non interest bearing \$'000	Total \$'000
Cash assets	18	5.0	202	2,240	-	-	2,442
Receivables	6	-	-	-	-	55	55
Other financial assets	9	-	-	-	-	15	15
			202	2,240	-	70	2,512
Financial liabilities							
Payables	10	-	-	-	-	130	130
Employee entitlements	11	-	-	-	-	12	12
Hire purchase liabilities	12	7.7	-	16	71	-	87
			-	16	71	142	229
2003 Financial assets							
Cash assets	18	2.5	313	-	-	-	313
Receivables	6	-	-	-	-	18	18
			313	-	-	18	331
Financial liabilities							
Payables	10	-	-	-	-	21	21
Unsecured loans	12	5.5	-	83	-	-	83
			-	83	-	21	104





NOTES TO THE FINANCIAL STATEMENTS

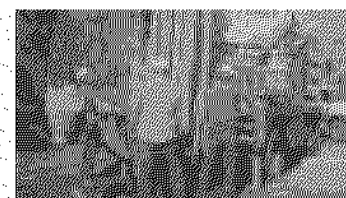
FOR THE YEAR ENDED 30 JUNE 2004

17. COMMITMENTS

Exploration expenditure commitments

In order to maintain current rights of tenure over its mineral tenement leases, the Company and its controlled entity will be required to outlay amounts in respect of rent and to meet minimum expenditure requirements of the Department of Minerals and Energy (DOME). These obligations may vary from time to time, are subject to approval and are expected to be fulfilled in the normal course of operations by the relevant company.

	Consolidated		Company	
	2004	2003	2004	2003
Non cancellable operating lease commitments	\$	\$	\$	\$
Within one year	29,935	-	29,935	-
One year or later and no later than five years	19,956	-	19,956	-
	49,891	-	49,891	-
Employee remuneration commitments				
Commitments under non cancellable employment contracts not provided for in the financial statements				
Directors				
Within one year	82,500	-	82,500	-
Hire purchase payment commitments				
Within one year	23,790	-	23,790	-
One year or later and no later than five years	76,235	-	76,235	-
	100,025	-	100,025	-
Less: Unexpired charges	(13,329)	-	(13,329)	-
	86,696	-	86,696	-
Hire purchase liabilities as provided for in the financial statements (refer Note 12)				
Current	16,340	-	16,340	-
Non current	70,356	-	70,356	-
	86,696	-	86,696	-



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

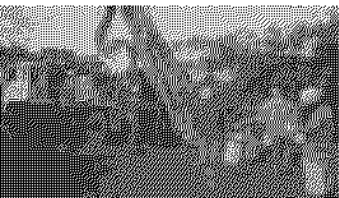
18. NOTES TO THE STATEMENTS OF CASH FLOWS

Reconciliation of cash

For the purposes of the statements of cash flows, cash includes cash on hand and at bank and short term deposits. Cash as at the end of the financial year as shown in the statements of cash flows is reconciled to the related item in the statements of financial position as follows:

a) Cash assets	Consolidated		Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
Cash at bank and on hand	201,954	313,219	201,954	313,219
Bank short term deposits	2,239,986	-	2,239,986	-
	2,441,940	313,219	2,441,940	313,219

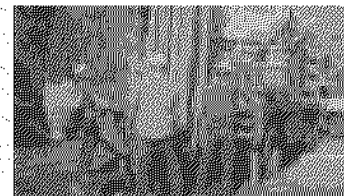
Bank short term deposits mature within 90 days and pay interest at 5.23%



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

b) Reconciliation of loss from ordinary activities after income tax to net cash provided by operating activities	Consolidated		Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
Loss from ordinary activities after income tax	317,422	44,496	317,422	44,496
Add (less) non cash items:-				
Exploration expenditure written off	-	(1,004)	-	(1,004)
Non-cash finance costs	-	(3,575)	-	(3,575)
Non-cash flows in loss from ordinary activities	-	(12,500)	-	(12,500)
Depreciation and amortisation	(16,409)	(1,148)	(16,409)	(1,148)
Share issue in lieu of services	(22,000)	-	(22,000)	-
Changes in assets and liabilities, net of the effects of the purchase of subsidiaries				
(Increase)/decrease in trade creditors and accruals	(52,847)	(2,044)	(52,847)	(2,044)
(Increase)/decrease in sundry receivables and prepayments	18,077	-	18,077	-
Cash flow used in operations	244,243	24,225	244,243	24,225



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

19. CONTROLLED ENTITIES

Consolidated

a) Particulars in relation to controlled entities	2004	2003
	%	%

Controlled entity

Desert Exploration Pty Ltd

100

-

b) Acquisition of controlled entity

During the financial year the consolidated entity completed the purchase of 100% of the issued capital of Desert Exploration Pty Ltd. The purchase was conditional on the successful completion of the initial public offering, which occurred when the Company was listed on ASX on 5 December 2003.

Consideration for the purchase was 7,500,000 ordinary shares in the Company together with 7,500,000 free carried options. Desert Exploration Pty Ltd was wholly owned by Mr John Williams.

The value of the options issued to Mr Williams, under the assumptions set out in Note 20 (b), is \$98,881.

	Consolidated		Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
Consideration	1,500,000	-	1,500,000	-
Fair value of net assets acquired:				
Exploration and mining tenement	1,500,000	-	1,500,000	-

There was no cash consideration in relation to the acquisition.

The consolidated entity did not gain control over, or dispose of any entities in the previous financial year.

c) Contribution to consolidated result

The consolidated entities result is comprised entirely by the Company. The controlled entity did not trade during the period following acquisition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

20. DIRECTOR AND EXECUTIVE DISCLOSURES

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced Directors and senior executives. The Board of Directors obtains independent advice when appropriate when reviewing remuneration packages.

During the year there were no senior executives which were employed by the Company for whom disclosure is required.

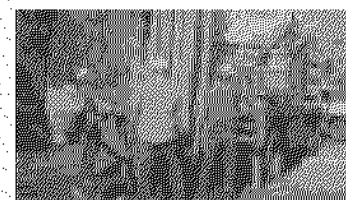
a) Remuneration of of Directors		Director Fees	Salary / Consulting Fees	Super- annuation	Equity Compensation	Insurance Premiums	Total
Mr Michael Hunt – Chairman (Since 31 Oct 2003)		13,378	27,041	1,204	13,184	5,871	60,678
Mr John Williams – Director (Chief Executive – since 29 May 2002)		-	118,837	10,697	-	5,871	135,405
Mr Roy Dudney – Director (Since 29 May 2002)		13,378	-	1,204	-	5,871	20,453
Mr Peter Thomas – Director (Since 17 April 2003)		13,378	5,000	1,204	-	5,871	25,453
Mr Mark Hronsky – Director (Ceased 1 Oct 2003)		-	14,525	-	-	-	14,525
Total All Directors	2004	40,134	165,403	14,309	13,184	23,484	256,514
	2003	-	51,028	4,593	-	-	55,621

Equity compensation

The equity compensation set out in the Director remuneration table above relates to options issued to Mr Michael Hunt in his capacity as Chairman. For details of the options and their valuation refer Note 20 (b).

Salary and consulting fees

All salary and professional fees paid or payable to Directors and or executives have been included in salary and consulting fees. The amount of \$27,041 noted for Mr Hunt related to legal services provided to the Company by Hunt & Humphry Project Lawyers, of which Mr Hunt is a partner. The amount of \$5,000 noted for Mr Thomas related to accounting services provided to the company. The fees were charged at usual professional rates.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

20. DIRECTOR AND EXECUTIVE DISCLOSURES (CONTINUED)

b) Equity instruments

Number of ordinary shares	Held at 1 July 2003	Conversion (Pre IPO)	Issued	Held at 30 June 2004
Directors				
Mr John Williams	5,000,001	(1,666,667)	7,500,000	10,833,334
Mr Roy Dudney	4,000,001	(1,333,334)	100,000	2,766,666
Mr Peter Thomas	1,334,000	(444,666)	175,000	1,064,334

Number of options	Held at 1 July 2003	Conversion (Pre IPO)	Issued	Held at 30 June 2004
Directors				
Mr Michael Hunt	-	-	1,000,000	1,000,000
Mr John Williams	-	-	7,500,000	7,500,000

The fair value of options is calculated at the date of grant using the Black-Scholes model and allocated to this reporting period as all options vested on the grant date.

The value disclosed for options issued to Mr Michael Hunt at Note 20 (a) and for Mr John Williams at Note 19 has been calculated using the assumptions listed below:

Options granted to Mr John Williams were not issued as part of his remuneration package refer Note 19.

Assumptions for option fair value calculation

Grant date	Expiry date	Exercise price	Price of shares at grant date	Estimated volatility	Risk free interest rate	Fair value per option
5 December 2003	30 Nov 2006	\$0.30	\$0.20	25%	6.0%	\$0.013

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

20. DIRECTOR AND EXECUTIVE DISCLOSURES (CONTINUED)

c) Loans and other transactions with Directors and Executives	Balance at 1 July 2003	Interest accrued	Repaid	Balance at 30 June 2004
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Loans

The Company has made no loans to any individuals.

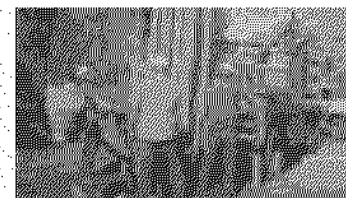
Prior to listing on the ASX the Company did obtain short term advances from a Director to supplement working capital. The loans were repaid during the period under review and accrued interest at a rate of 5.5%.

Loans from Directors	83,575	865	84,440	-
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Other transactions with the Company

Some Directors and executives hold positions within other entities which cause them to have control or exert significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Company or its subsidiaries during the reporting period. In each instance normal commercial terms and conditions applied. Terms and conditions were no more favourable than those available, or which might reasonably be expected to be available, for a similar transaction to unrelated parties on an arms length basis.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

20. DIRECTOR AND EXECUTIVE DISCLOSURES (CONTINUED)

The aggregate amounts recognised during the year ending 30 June 2004 relating to Directors and executives and their personally related entities totalled an expense of \$1,545,914. Details of the transactions are set out in the following table.

Other transactions Directors	Transaction	Note	Consolidated	
			2004 \$	2003 \$
Mr Michael Hunt	Legal fees	(i)	27,041	-
Mr John Williams	Purchase of shares in Desert Exploration P/L	(ii)	1,500,000	-
Mr John Williams	Exploration and administration costs paid to Desert Exploration P/L	(iii)	47,154	-
Mr Peter Thomas	Accounting fees	(iv)	5,000	-
Mr Roy Dudley	Rent on premises	(v)	13,873	15,485
Mr Mark Hronsky (Ceased 1 Oct 2003)	Geological consulting		-	57,875

(i) The Company used the legal services of Mr Michael Hunt, through his business Hunt and Humphry Solicitors, in relation to advice on negotiations with Native Title Claimants over tenements held or applied for by the Company, and in respect to other related mining law. Amounts billed were at normal market rates and on normal terms.

(ii) During the year the Company acquired all of the issued capital in Desert Exploration Pty Ltd, an entity wholly owned by Mr John Williams. Consideration for the purchase was 7,500,000 shares and 7,500,000 free carried options in A1 Minerals Limited (refer Note 19 for further details).

(iii) Prior to the acquisition of Desert Exploration Pty Ltd by the Company, an amount of \$47,154 was paid to Desert Exploration Pty Ltd. The amount was paid pursuant to a Joint Venture Agreement with the Company. Desert Exploration Pty Ltd was a company controlled by John and Debbie Williams.

(iv) Mr Peter Thomas is a practising Accountant and provided some general advice to the Company prior to listing on the ASX. Amounts billed were at normal market rates and on normal terms.

(v) During the financial year and prior to listing on the ASX, the Company rented premises from Mr Roy Dudley. Rent paid to Mr Dudley was at normal market rates and on normal terms.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

20. DIRECTOR AND EXECUTIVE DISCLOSURES (CONTINUED)

Consolidated

Liabilities arising from transactions with Directors	2004 \$	2003 \$
Payables (Trade creditors)	9,347	-

21. EVENTS SUBSEQUENT TO REPORTING DATE

Share purchase plan

On 3 September 2004, the record date, the Company announced a Share Purchase Plan (SPP). The offer was made exclusively to existing shareholders on the share register at the record date and was pursuant to the terms of ASIC Policy Statement 125 and Class Order 02/831.

Under the terms of the SPP, existing shareholders could purchase up to \$5,000 worth of shares in the Company at a discount price to market with no associated costs in brokerage and commission.

The offer period for the SPP closed on 24 September 2004. The Company received \$470,000 and issued 1,551,186 ordinary shares at an issue price of \$0.303 per share.

Directors propose to use the capital raised from the SPP to fund further drilling to continue A1's exploration success.

International financial reporting standards

For reporting periods beginning on or after 1 January 2005, the consolidated entity must comply with IFRS. The AASB will issue AASB equivalents to IFRS. The adoption of the Australian IFRS Equivalents will be first reflected in the Company's financial statements for the half-year ending 31 December 2005, and the year ending 30 June 2006.

The financial report has been prepared in accordance with Australian accounting standards

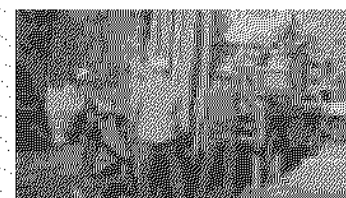
and other financial reporting requirements (Australian GAAP). The differences between Australian GAAP and IFRS identified to date as potentially having a significant effect on the consolidated entity's financial performance and financial position are summarised in this note. The summary should not be taken as an exhaustive list of all the differences between Australian GAAP and IFRS.

The consolidated entity has not quantified the effects of the differences discussed and accordingly, there can be no assurances that the consolidated financial performance and financial position as disclosed in this financial report would not be significantly different if determined in accordance with IFRS.

The Company Secretary has primary responsibility for IFRS implementation and reporting to the Board of Directors. The Company has commenced an assessment and planning phase which aims to produce a high level overview of the impacts of conversion to IFRS reporting on existing accounting and reporting policies and procedures, systems, processes and business structures.

This phase includes high level identification of the key differences in accounting policies and disclosures that are expected to arise from adopting IFRS.

The Company will advance its IFRS implementation by progressing to a design and implementation phase during 2004/2005.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

The design phase aims to identify the changes required to existing accounting policies and procedures, systems and processes in order to assist in the transition to IFRS. The design phase will incorporate:

- formulating revised accounting policies and procedures for compliance with IFRS requirements;
- identifying potential financial impacts as at the transition date and for subsequent reporting periods prior to adoption of IFRS;
- developing revised IFRS disclosures;
- designing accounting and business processes to support IFRS reporting obligations; and
- identifying and planning required changes to financial reporting and business source systems.

The implementation phase will include implementation of identified changes to accounting and business procedures, processes and systems. It will enable the Company to generate the required disclosures of AASB 1 as it progresses through its transition to IFRS.

The key potential implications of the conversion to IFRS on the consolidated entity are as follows:

- the new accounting policies for exploration and evaluation expenditure can not be determined until finalisation of the relevant accounting standard and therefore it is not possible to identify whether there will be a significant impact on the financial statements as a result of the move to IFRS;
- financial instruments must be recognised in the statements of financial position and all derivatives and most financial assets must be carried at fair value. Implications of this on financial statements is not considered to be significant as there is not likely to be a material impact;

- income tax will be calculated based on the balance sheet approach, which would potentially result in more deferred tax assets and liabilities and, as tax effects follow the underlying transaction, some tax effects will be recognised as equity. The consolidated entity's deferred tax assets would not presently be recognised using the Probable Test under IFRS and therefore this change will have no significant effect;

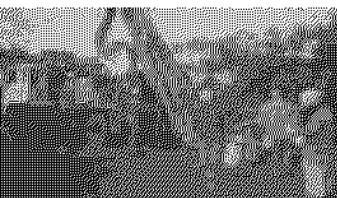
- impairment of assets (other than exploration and evaluation expenditure) will be determined on a discounted basis, with strict tests for determining whether goodwill and cash-generating operations have been impaired;

- equity-based compensation in the form of shares and options will be recognised as expenses in the periods during which the employee provides related services. This may result in further employee expenses being recorded in the Profit & Loss Statement;

- changes in accounting policies will be recognised by restating comparatives rather than making current year adjustments with note disclosure of prior year effects.

Regulatory bodies that promulgate Australian GAAP and IFRS have significant ongoing projects that could affect the differences identified between Australian GAAP and IFRS described above and the impact of the differences relative to the consolidated entity's financial reports in the future. The potential impacts from adoption of IFRS on the consolidated entity's financial performance and financial position, including system upgrades and other implementation costs which may be incurred, have not yet been quantified. This is so, given the short timeframe between finalisation of the IFRS standards and the date of preparing this report.

The impact on future years will depend on the particular circumstances prevailing at the time.



DIRECTORS' DECLARATION

In the opinion of the Directors of A1 Minerals Limited:

1. the financial statements and notes, as set out on pages 21 to 46 are in accordance with the Corporations Act 2001, including:
 - a) giving a true and fair view of the financial position of the Company and consolidated entity as at 30 June 2004, and of their performance as represented by their operations and their cash flows for the year ended on that date; and
 - b) complying with Accounting Standards in Australia and the Corporations Regulations 2001.
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

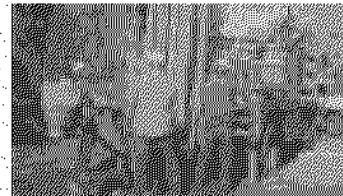
This declaration is made in accordance with a resolution of the Board of Directors.

A handwritten signature in dark ink, appearing to read 'John Williams'.

John Williams

Director

Dated this 28th day of September 2004



INDEPENDENT AUDIT REPORT TO THE MEMBERS OF A1 MINERALS LIMITED

Scope

We have audited the financial report of A1 Minerals Limited and its controlled entities for the financial year ended 30 June 2004, as set out on pages 21 to 47.

The financial report includes the consolidated financial statements of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year. The Company's Directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Company.

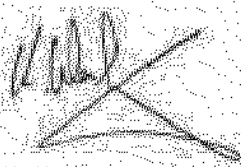
Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of A1 Minerals Limited is in accordance with:

- a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's and consolidated entities financial position as at 30 June 2004 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- b) other mandatory professional reporting requirements in Australia.

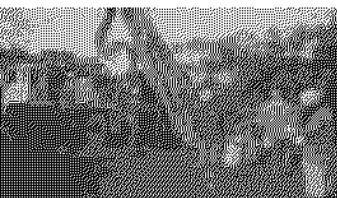


Kelvin Westaway FCA

K WESTAWAY & ASSOCIATES

Chartered Accountants

Dated at Perth this 30th day of September 2004



ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Limited and not disclosed elsewhere in this report is set out below:

Shareholdings at 30 September 2004

Number of Shares Held

Range	Number of Holders	Shares Held
1 - 1,000	17	13,071
1,001 - 5,000	152	496,530
5,001 - 10,000	170	1,554,814
10,001 - 100,000	346	11,030,650
100,001 and over	46	26,689,640
	731	39,784,705

There are 22 shareholders holding unmarketable parcels represented by 19,045 shares.

Top 20 Largest Shareholders

Shareholder	Shares Held	% of Issued Capital
John Dennis Williams	6,416,666	16.13
Debbie Lynne Williams	3,750,000	9.43
Alinew Pty Ltd	1,649,333	4.15
Dinah Susan Dudney	1,383,333	3.48
Roy Leslie Dudney	1,383,333	3.48
James Bremner Skinner and Janice Ivy Skinner	900,000	2.26
College Holdings Pty Ltd	889,334	2.24
Peter Sands Mohoney	807,010	2.03
Topspeed Pty Ltd	770,000	1.94
Geoffrey Paul Cook	666,667	1.68
Mark Hronsky	616,667	1.55
NEIB Aboriginal Corporation	531,371	1.34
Vernon Wesley Strange	488,630	1.23
Paul William Cook	473,334	1.19
Eiffel Pty Ltd	356,000	0.89
Lara Dudney	333,333	0.84
Andrew Robert Morgan	333,333	0.84
Gordon Wilson and Deborah Wilson	333,333	0.84
Berne No. 21 Pty Ltd	300,000	0.75
Danari Holdings Pty Ltd	300,000	0.75
	22,681,677	57.04

Voting Rights

One vote for each ordinary share held in accordance with the Company's Memorandum and Articles of Association.

Substantial Shareholders

Shareholder	Shares Held	% of Issued Capital
John Williams	6,416,666	16.13
Debbie Williams	3,750,000	9.43

Unquoted Equity Securities

Optionholder	Options Held	% of Issued Total
Mr John Williams	7,500,000	78.96
Mr Michael Hunt	1,000,000	10.52
Montague Corporate Pty Ltd	1,000,000	10.52
	9,500,000	100.00

All of the options set out above are subject to the same terms and conditions. They were free issued and are exercisable by payment of 30 cents on or before 30 November 2006. All of the options are subject to escrow and may not be exercised until December 5, 2005.

Use of Capital

Pursuant to the requirements of ASX Listing Rule 4.10.19, the consolidated entity has used all funds raised from its Initial Public Offering (IPO) in a manner which was consistent with the projections and objectives outlined in the IPO document.

Restricted Securities

At 30 September 2004 the following securities were subject to restriction:

14,607,674 ordinary shares and which become unrestricted on 5 December 2005;

531,371 ordinary shares (voluntary escrow) which become unrestricted on 27 August 2005;

9,500,000 options to acquire ordinary shares which become unrestricted on 5 December 2005.

Registered and Principal Office

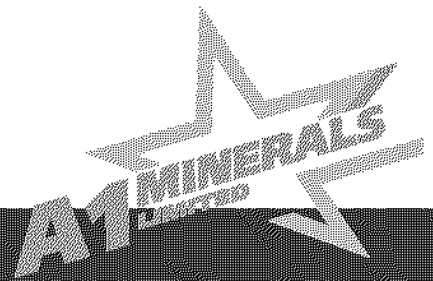
Suite 34, 25 Walters Drive
Osborne Park Western Australia 6017

Telephone: (618) 9244 1400

Facsimile: (618) 9244 1600

Email: info@a1minerals.com.au

Website: www.a1minerals.com.au



Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Shareholders will be held at the Nedlands Dalkeith Bowling Club, Jutland Parade, Dalkeith on Tuesday 23 November 2004 at 3pm.

AGENDA

Ordinary Business

ACCOUNTS

To receive and consider the Directors Report, the Financial Statements, the Directors' Declaration and the Independent Audit Report for the year ending 30th June 2004.

To consider and if thought fit to pass the following resolutions as ordinary resolutions:

1. DIRECTORS

- (a) To re-elect Mr John Williams who retires in accordance with Article 11.1.3 of the Company's Constitution and, being eligible, offers himself for re-election.
- (b) To re-elect Mr Michael Hunt who retires in accordance with Article 11.4.2 of the Company's Constitution and, being eligible, offers himself for re-election.

Special Business

2. SHARE ISSUES

To approve the issue of 531,371 ordinary fully paid shares in part consideration of the Native Title and Land Access Agreement with the NEIB Aboriginal Corporation as agents for the Wongatha Corporation Pty Ltd as trustee for the Wongatha Aboriginal Charitable Trust (see Explanatory Statement over the page).

A member entitled to attend to vote at the meeting is entitled to appoint a proxy to attend and to vote instead of the member. The proxy need not be a member of A1 Minerals. Proxy Forms must be lodged at the principal office of A1 Minerals at Suite 34, 25 Walters Drive, Osborne Park Western Australia 6017 no later than 48 hours before the time of the meeting. A Proxy Form accompanies this Notice of Meeting.

Dated this 20th day of October, 2004

By order of the Board of Directors

MARK E. PITTS

Company Secretary

Notice of Annual General Meeting

Explanatory Statement

Resolution 2

SHARE ISSUE

"To approve the issue of 531,371 ordinary fully paid shares in part consideration of the Native Title and Land Access Agreement with the NEIB Aboriginal Corporation and the Wongatha Corporation Pty Ltd as trustee for the Wongatha Aboriginal Charitable Trust."

The Agreement provided terms which saw the issue of ordinary fully paid shares in A1 Minerals Limited (A1) forming part consideration. Following the granting of the BrightStar mining lease A1 issued to the Wongatha ordinary fully paid shares (with the same rights attaching as those currently on issue) to the value of \$220,000. The issue price (of 41.4 cents) was determined according to a pricing mechanism embodied in the Agreement. The terms of the issue provided for the Wongatha to place the shares into voluntary escrow for twelve months from the date of issue.

The Agreement clears the way for exploration and development of other mineral deposits over a large area, approximately 200km by 50km, providing the Company with the potential for a number of options in the exploration and development of projects that will add value to Narnoo and BrightStar.

The Directors believe that the terms of the Agreement put A1 in a strategically strong position to explore this highly prospective land area totaling approximately 10,000 square kilometers. The removal of any uncertainty, combined with low up front exploration costs, and reasonable terms on which A1 can operate mines, will underwrite the long term future of the Company.

The approval of shareholders for this share issue is not required by law, however this resolution, if passed, will refresh the Company's ability to issue shares within the regulations of ASX listing rule 7.1.

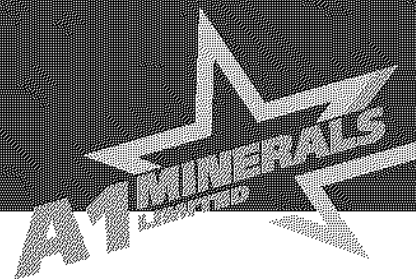
The Directors will all be voting in favour of the resolution.

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 2 by the NEIB Aboriginal Corporation as Trustee for the Wongatha Aboriginal Charitable Trust or any associate of that shareholder. However, the Company need not disregard a vote if it is cast by a person as proxy for a shareholder who is entitled to vote, in accordance with the directions on the proxy form or if it is cast by a person chairing the meeting as proxy for a shareholder who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Proxy Form

Annual General Meeting



1. SHAREHOLDER

Name, address and daytime telephone number of shareholder of A1 Minerals Limited ABN 44 100 727 491.

Name: _____

Address: _____

Daytime phone no: _____

2. APPOINTS

Insert here the name of the person you wish to appoint as proxy; shareholders cannot appoint themselves, your proxy need not be a member of the Company. The Chairman of the meeting will act as your proxy if you do not appoint someone. It is the Chairman's intention to exercise undirected proxies in favour of each resolution.

Name of proxy -- please print: _____

If you do not wish to direct your proxy how to vote, please place a mark in the box opposite. By marking this box you acknowledge that the Chairman may exercise the undirected proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.

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3. SIGNATURE OF SHAREHOLDER(S)

All single or joint holders of shares must sign this form.

Signature

Signature

Signature

Date

Date

Date

or in the case of a company

Executed by the company by its duly authorised officers in accordance with sub-section 127(1) of the Corporations Act 2001:

Director's Signature..... Director/Secretary Signature.....

Print Name..... Print Name.....

This proxy form must be signed by the shareholder and, in the case of joint shareholders, by each of the joint shareholders. In the case of a corporation, this proxy form must be executed in accordance with section 127 of the Corporations Act 2001. In the case of a Sole Director/Secretary company, please indicate "Sole Director". If this proxy form is signed under Power of Attorney the original Power of Attorney (or a copy certified as a true copy by statutory declaration) must be forwarded with the proxy form.

4 PROXY'S VOTING INSTRUCTIONS (OPTIONAL)

	FOR	AGAINST	ABSTAIN
1. (a) To re-elect Mr J Williams as a Director			
(b) To re-elect Mr M Hunt as a Director			
2. To approve the issue of 531,371 ordinary shares			

If you wish to direct your proxy how to vote on any item, place a mark in the appropriate box. If a mark is placed in a box, your total shareholding will be voted in that manner. You may, if you wish, split your voting direction by inserting the number of shares you wish to vote in the appropriate box. The direction will be invalid if a mark is made against more than one box for a particular item, or, if you have split your direction, if the total shareholding shown in "FOR", "AGAINST" and "ABSTAIN" boxes is more than your total shareholding on the share register. Each person who attends the meeting is entitled to one vote only on a show of hands. A person who holds proxies for more than one shareholder cannot vote on a show of hands if he or she holds proxies directing him or her to vote both for and against a resolution.

5 APPOINTMENT OF A SECOND PROXY (OPTIONAL)

If you want to appoint two proxies you may state here the percentage of your voting rights applicable to this proxy form. If you do not specify a particular percentage, each proxy is entitled to exercise 50% of your voting rights applicable to this proxy form.

%.

A shareholder is entitled to appoint up to two persons (whether shareholders or not) to attend the meeting and vote as proxies. If you wish to appoint two proxies please either photocopy the proxy form or telephone the Company Secretary on (618) 9244 1400 to obtain a second form. Both forms should be completed with the nominated percentage of your voting rights on each form.

IMPORTANT INFORMATION

Deadline for receipt of proxies To be effective, a completed proxy form together with the power of attorney (if any) under which it is signed, must be received by the Company at its registered office **not less than 48 hours before** the appointed time of the General Meeting.

Where to send the completed Proxy Form Once the Proxy Form is completed and all details checked by you, the form is to be sent or delivered to:

Office: Suite 34, 25 Walters Drive
Osborne Park WA 6017

Facsimile Number: (618) 9244 1600

For Further Information If you need any further information about this form or attendance at the Company's General Meeting, please contact Mr Mark Pitts on (618) 9244 1400.