

**ASX RELEASE**

ACQUISITION OF 50% INTEREST IN COTY Guam LLC

The Company announces that it has acquired a 50% interest in a property development company in Guam, called COTY Guam LLC.

The agreement provides for the acquisition of a 50% interest in all the shares in COTY for a sum of US\$1500 and the assumption of half of the debt of the company by paying a sum of US\$850,000 (A\$1.1m). One third of the shares in COTY are currently owned by Mr Ogawa, a director of A1 and the sale of half of his interest as part of the acquisition is subject to A1 shareholder approval.

As part of the transaction the primary debt supplier to COTY, PLUS JP has agreed to defer its priority to A1 thus substantially de-risking the investment for A1. A1 will receive first call on any funds from a sale of the land in reduction of its debt.

COTY owns an unencumbered industrial zoned broadacre property of some 78,000 sq metres (19.3 acres) on the island of Guam capable of being sold in its present state or sub-divided into 5 separate lots.

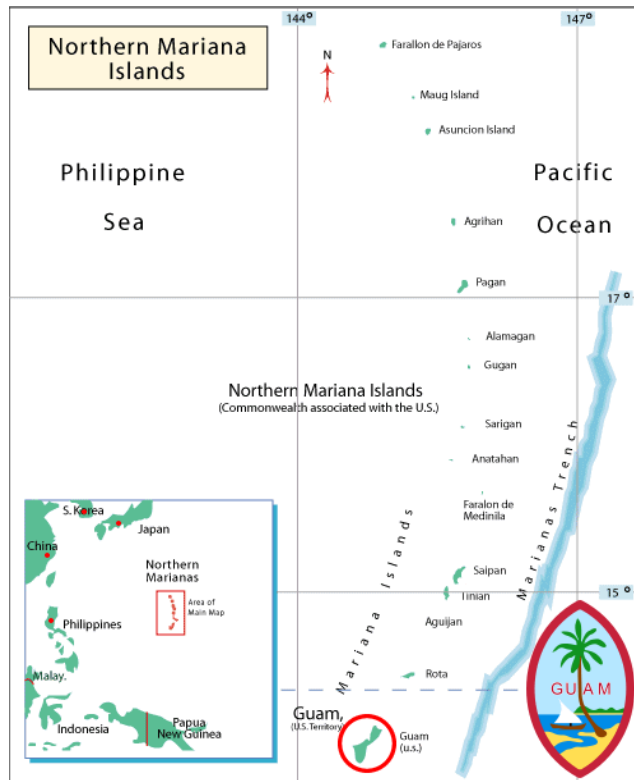
The Company has elected to enter this market because of the local expertise of Mr Ogawa and the predicted substantial improvement in the economic position of Guam over the coming months and years as the United States increases its military presence on the island. The US is currently reducing its military forces on Okinawa as part of a bilateral agreement with Japan, but in order to continue a strong presence in the western Pacific the US is increasing defence personnel and their support on Guam.



US Naval Base Guam

Current estimates by the US Defence Services are that total military and support personnel will increase by a further 20,000 people on Guam over the next 2 years.

The COTY property is strategically located half way between Anderson Air Force Base and the US Naval Base. There is a finite supply of industrial land on the island and the COTY property has significant potential to be developed to support the next phase of the US Defence Force expansion on the island.



Guam is located in the northern hemisphere tropics and is the largest and southernmost island in the Marianas Archipelago. Guam is an unincorporated, organised Territory of the United States.

The people of Guam have been U.S. citizens since 1950. They have been represented in the U.S. Congress since 1973 by a non-voting delegate, but they do not participate in presidential elections. The executive branch includes a popularly elected governor, who serves a four-year term. The legislative branch is a 21-member unicameral legislature whose members are elected every two years.

The island of Guam is 50km long and 6 to 19km wide, and has an area of 549 km². It is about 3 hours flying time from Japan and 5 hours from Australia.

It has a permanent population of approximately 160,000, US Defense staff of up to 45,000 with an equal number of dependents, and there are usually in excess of 1 million tourists each year. As a Territory of the US, the local currency is the US dollar and US laws apply. The title to the COTY land is unencumbered fee simple.



Tourism and the support of the US Defence forces are the largest industries in Guam

The purchase of the interest in COTY represents an exciting new direction for A1 with significant short and medium term potential. A1 is examining with its partners in COTY the costs and commercial advantages of completing the proposed five lot sub-division of the property or marketing the property un-subdivided but

with the sub-division approval. A1 is also taking the opportunity to examine some other joint venture business opportunities available in Guam.

A1 INVESTMENTS & RESOURCES LTD



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