



**A-CAP RESOURCES LIMITED
AND ITS CONTROLLED ENTITIES**

ACN 104 028 542

**HALF-YEAR REPORT
31 DECEMBER 2014**

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Your Directors submit the financial report on the consolidated entity consisting of A-Cap Resources Ltd (“A-Cap”) and the entities it controlled (“the Group”) at the end of, or during the half-year ended 31 December 2014.

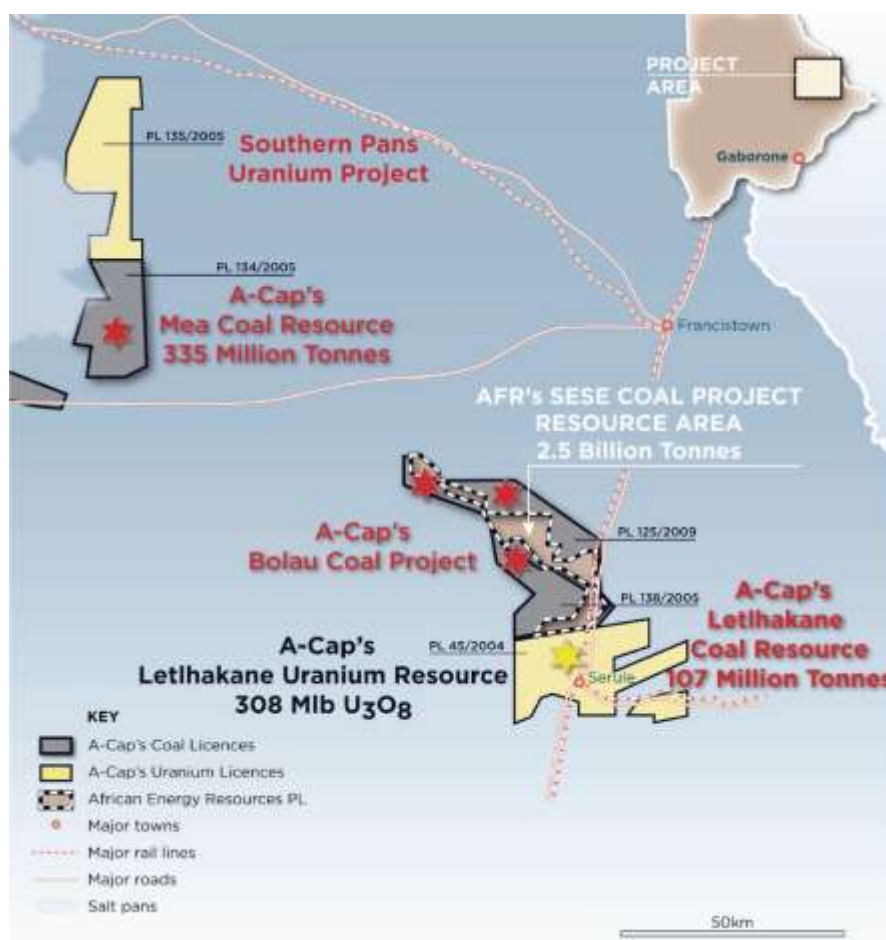
DIRECTORS

The following persons were Directors of A-Cap Resources Ltd during or since the end of the half-year and up to the date of this report:

Robert James Pett
 Paul William Thomson
 Angang Shen
 Richard Lockwood
 Henry James Stacpoole
 Paul Anthony Ingram
 Paul Woolrich

REVIEW OF OPERATIONS

During the six month period up to the 31st December 2014, A-Cap has focussed on the feasibility work required to submit a mining licence application for our flagship project, the Letlhakane Uranium Project, by the end of quarter 1, 2015. At the same time, A-Cap have completed coal evaluation work at the Mea and Bolau Coal Projects yielding excellent results which will be available during quarter 1, 2015.



Location Map of A-Cap's main project areas. The Letlhakane Project hosts the Serule Uranium Deposit on PL45/2004.

LETLHAKANE URANIUM PROJECT

Lethakane is one of the world's largest undeveloped uranium deposits with a JORC resource of 308.1 million pounds U_3O_8 with a high grade resource of 83.7Mt at 447ppm U_3O_8 . The project has the distinct advantage of having all the major infrastructure in place and is one of the only major undeveloped uranium projects in the world capable of being in production in 3 years at a low capital cost and competitive operating costs in a safe and stable jurisdiction.

Feasibility Work

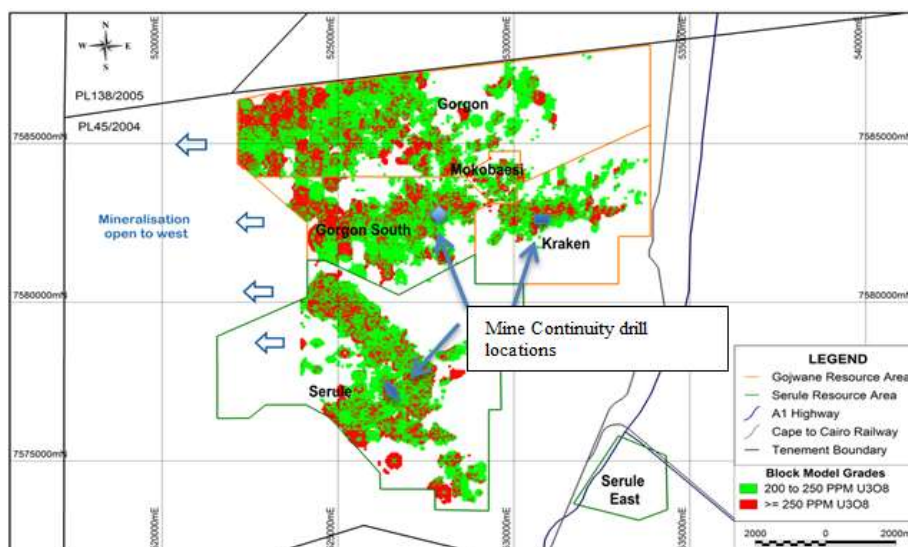
Drilling

In August 2014 a major RC and Diamond drilling programme which in-filled and extended known areas of high grade uranium mineralisation was completed. Drilling was conducted with the purpose of defining the resource at a mining scale. The resultant information will be required for the pit optimisation as part of the feasibility study. In this programme, a series of holes at a 20m spacing were drilled at three deposits; Serule West, Kraken and Gorgon South, with RC and diamond drilling to establish the mining scale variability of the uranium mineralisation, defined by down hole gamma probing. The program consisted of:

- 617 metres PQ diamond drilling completed to collect samples for lithological gamma studies and comminution test-work
- 3734 metres RC drilling to establish mining scale uranium variability and selected infill drilling to improve information in higher grade areas

The best intervals at 200 ppm eU_3O_8 cut-off include:

- 9.85m @571 ppm eU_3O_8 in hole SERC0341
- 10.35m @368 ppm eU_3O_8 in hole SERC0335
- 2.25m @1354 ppm eU_3O_8 in hole SERC0344
- 3.05m @979 ppm eU_3O_8 in hole MOKD0112
- 2.45m @1214 ppm eU_3O_8 in hole SERC0336
- 8.1m @355 ppm eU_3O_8 in hole SEDD0026
- 1.95m @1224 ppm eU_3O_8 in hole SEDD0023



Lethakane project areas, block model outlines, and mine continuity drilling locations


A follow up infill drilling programme was successfully completed in November with results confirming the presence and continuity of high grade uranium mineralisation. These results will now be incorporated into a new resource model.

Resources


Recent trials utilising Uniform Conditioning (UC) and Localised Uniform Conditioning (LUC) resource modelling techniques have been successful. The LUC uses the proposed mining unit which has been reduced in size due to the selectivity of the surface miners that will be utilised. Drilling was focussed in areas where initial optimisation runs delineated possible early pits. The results have been successful in increasing the confidence in these areas.

Metallurgy & Process Design

The testwork is based on an acid heap leach route for all the primary, oxide and lower mudstone secondary ores with a modified solvent extraction system being the principal uranium recovery method. Solvent extraction (SX) testwork was completed successfully at ANSTO's Lucas Heights facility using the pregnant liquor solutions produced from column leaches. Process modelling work was also completed during the year indicating that a two stage leach has significant advantages over a single stage leach in terms of cost effectiveness. The remaining calcrete and upper mudstone secondary ores will be treated using a separate alkali leach circuit once the main acid heap circuit is in operation.

 The remaining metallurgical testwork to finalise our feasibility studies commenced at the start of the reporting period. The testwork comprises two programmes, awarded to SGS in Perth and Australian Nuclear Science and Technology Organisation (ANSTO) in NSW respectively. The ANSTO programmes were broken up into two separate campaigns as discussed below.

- The test programme on the secondary ore was awarded to SGS and commenced in mid-June 2014. The 4m acid leach column using all 4 ore types (Kraken primary, Gorgon South primary, Serule West primary and Mixed Oxide) was completed in late September. This column supplied SLR Consulting with geotechnical and geochemical samples for their engineering study.
- 3 x 2m column leaches using Serule West Primary ore, Mixed Gorgon South & Kraken Primary ore & Mixed Oxide ore (Campaign One) were completed in late September. Their main function was to optimise the 2 stage acid leach process in order to achieve the correct acid balance between the 2 stage leach and recovery (SX) parts of the process. The results of these 2m columns have been used to optimise the acid levels for the 4m column leaches (Campaign Two).
- Campaign Two column leaches, consisting of 3 x 4m columns, commenced during the last week of September using the same 3 ore types as in Campaign One. This series of leaches will use a modified SX collection system and data from these tests will determine recovery and operating costs for the financial model of the Feasibility Study. The final 3 x 4m acid column leaches using Serule West Primary ore, Mixed Gorgon South & Kraken Primary ore and Mixed Oxide ore were closed down in early January 2015 and are currently being washed and drained. These columns will supply the final recoveries and acid consumption data to determine process operating costs.

 SLR Consulting has completed a high level option study to determine the most cost effective and environmentally acceptable heap leach facility. Based on this study an expanding (permanent) pad using grasshoppers to convey the agglomerated ore to the pad was chosen, and a detailed engineering study using this option is in progress. This study will form part of the input into the ESIA and Feasibility Study.

SLR Consulting is well advanced with the detailed engineering and environmental study of the heap leach facility which includes an expanding permanent pad utilising grasshoppers to convey the agglomerated ore onto the pad. This study will be complete in Quarter 1 2015 and will form part of the input into the ESIA and Feasibility Study.

- 🏠 Process Design, capital cost and operating cost estimations are well advanced and will be completed by Lycopodium Ltd during Quarter 1, 2015

Mining

A mix of conventional mining equipment and surface miners are being evaluated to determine operating costs and production rates. As part of this exercise a number of core samples were tested to obtain measurements of physical properties of several rock types for surface miners to evaluate the suitability of the machines for mining at Letlhakane. The results are encouraging and work is ongoing.

Studies undertaken as part of the mining evaluation and ESIA have included the dust and noise impact of the proposed mining schedule. In addition a recent re-run of the Optimisations to evaluate the use of different surface miners at the estimated acid consumptions and metallurgical recoveries for the various ore types, expected acid prices, and mining costs has provided guidance as to the preferred equipment to be used. These decisions will be tested in a trial mining programme to be undertaken later this year.

During the coming quarter revised models incorporating the most recent drilling results and metallurgical data will be used to carry out new Pit Optimisations, an updated Schedule and preliminary mine design. The results of these will be used along with Capex and Opex data from Lycopodium to produce an Updated Project Cash Flow Model.

Environmental and Social Impact Assessment (ESIA)

The ESIA has been progressing well across the field components of groundwater, social impact studies, surface water and flood modelling. The ESIA is on time and will be finalised for submission in Quarter 1, 2015.

COAL PROJECTS

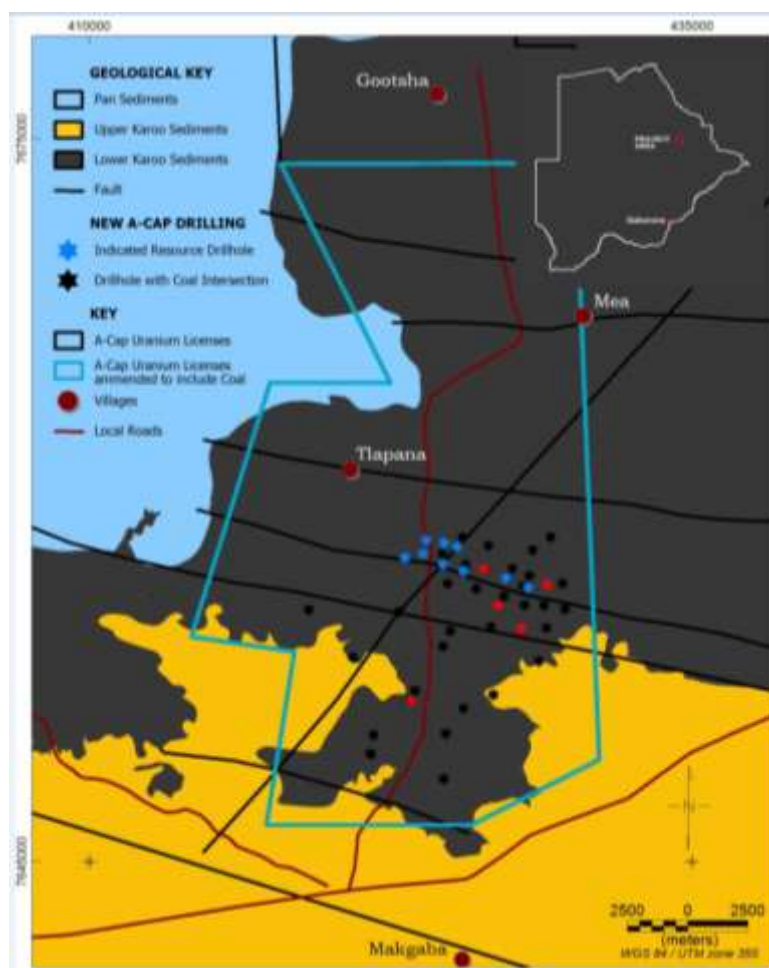
A modest drilling programme on both of our coal discoveries at Bolau and Mea was recently completed with the aim of defining small JORC compliant resources on each of these deposits, and produce independent reports on the commercial viability of these projects.

While the global market for coal is depressed, there is an energy shortage in Southern Africa, with Botswana well positioned to supply power domestically and to neighbouring countries using thermal coal. At the same time there remains an opportunity to export coal as long as the production is small and high quality and tonnages kept within the existing export rail capacity.

Mea Coal Project

The Mea Coal deposit is located approximately 120km west of Francistown on PL134/2005. The project is situated 5km north of the A30 highway that links Francistown to Orapa with all-weather roads and grid power lines passing through the prospect area. The Mea Coal Project on PL134/2005 contains multiple coal seams within a thicker carbonaceous unit that extends to over 100m true thickness. Initial results are very promising with Raw Coal Quality at Mea potentially higher than the typical coal found elsewhere in Botswana. A JORC compliant inferred resource of 335 million tonnes of coal in multiple seams has been announced.

A Coal Study was completed by Sedgman South Africa in February 2014 which focused on a low tonnage export coal development within current transport infrastructure capacity with scalability. This study indicated that the project could be robust and recommended the project proceed to a definitive feasibility study. The drilling campaign at Mea followed this recommendation to establish a JORC compliant indicated resource on a portion of the known resource with the best potential for early mining. Drilling of 9 core drill holes was completed in August 2014. Coal quality results have been received and are being evaluated, with a new Mea coal resource due in Quarter 1, 2015.

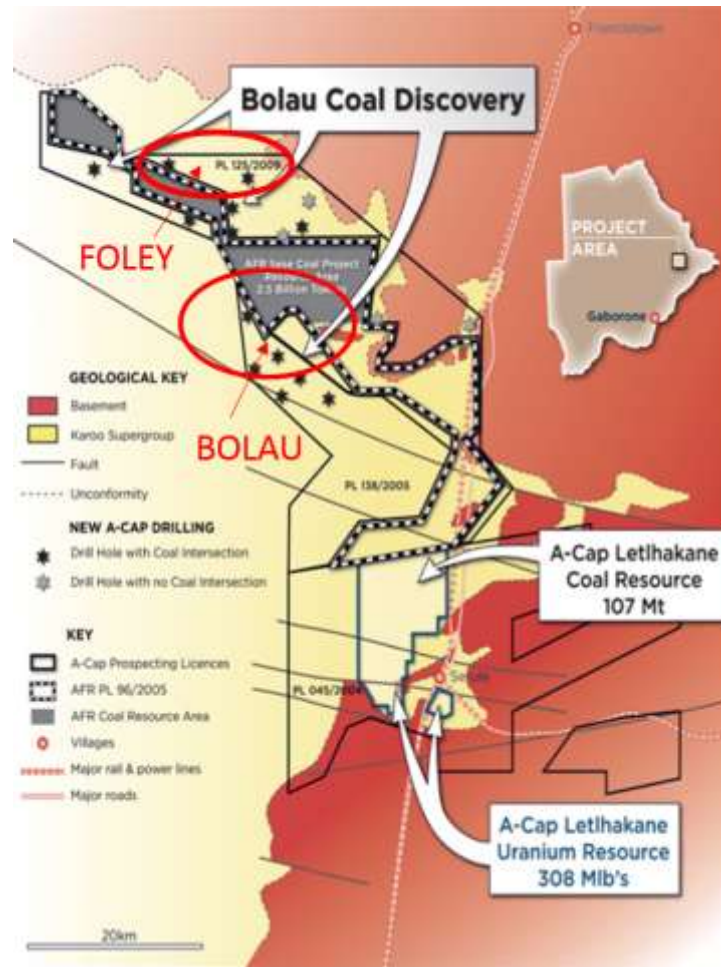


Plan view of the Mea Coal Project showing the location of all drill holes to date. Black stars are percussion holes, red stars are diamond core holes.

Bolau Coal Project

The Company discovered coal at the Bolau Project (which comprises two PLs Foley PL125/2009 and Bolau PL138/2005) during its ongoing regional uranium exploration program. The Bolau Coal Project constitutes the up and down dip extension of African Energy's Sese Coal Project that extends into A-Cap's prospecting licences PL138/2005 and PL125/2009. The adjacent Sese thermal coal deposit contains JORC compliant Mineral Resource of over 2.5 billion tonnes, comprising a Measured Resource of over 650 Mt coal, with an approximate additional 1,850 Mt in Indicated and Inferred Resource category.

In May 2014 the Bolau Coal Study, which encompassed the Bolau and Foley prospects, was completed by Sedgman South Africa. This study was commissioned to assess the potential for development of the Bolau Coal Project covering geology, engineering and marketing. The study was positive and highlighted the project's potential and recommended further drilling and analyses.



Bolau Coal Study location map

Following Sedgman's recommendation a drilling campaign at Bolau was completed in July 2014, focusing on defining an indicated resource on the basal seam of the shallow up dip extension of the Sese Coal deposit which is approximately 15 – 25 metres deep at this location. Drilling was also completed on the down dip extension of the Sese deposit within the Bolau tenement.

Drilling of 7 holes in the Northern (up-dip) portion on the Foley tenement (PL 125/2009), and 3 holes in the southern down-dip portion on the Bolau tenement (PL 138/2005) were completed. All holes were HQ3 and PQ sized core holes and intersected the targeted coal horizon.

A JORC indicated resource at Foley allows for mining studies to commence defining the economic potential of the project. In Situ Coal Tonnes at Foley total 148 million tonnes of which 71 million tonnes is classified as Indicated. The resource drilling covers a small percentage of the tenement area allowing for potential upside to the current declared resource tonnage.

SEAM	THICKNESS (m)	VOLUME (m3)	GTIS (Gross Tonnes In-Situ)	RD (Relative Density)	GEOLOGICAL LOSS (%)	TTIS (Total Tonnes In-Situ)	CATEGORY
SS	6.84	21 970 000	35 246 000	1.60	15%	29 959 000	INDICATED
SST	7.45	20 291 000	36 123 000	1.78	15%	30 705 000	INDICATED
SSU	3.17	6 675 000	12 174 000	1.82	15%	10 348 000	INDICATED
TOTAL INDICATED			83 543 000			71 012 000	
SS	7.07	30 390 000	48 930 000	1.61	25%	36 700 000	INFERRED
SST	7.08	2 360 000	39 580 000	1.77	25%	29 690 000	INFERRED
SSU	3.02	7 820 000	14 230 000	1.82	25%	10 670 000	INFERRED
TOTAL INFERRED			102 740 000			77 060 000	
TOTAL FOLEY RESOURCES			186 283 000			148 072 000	

Foley Coal Resources

Cut-offs applied: >1m seam thickness, <50% ash and >8MJ/Kg CV.

High geological loss applied due to occurrence of dolerite intrusions.

Tonnes rounded according to resource confidence (Ind = 1000; Inf = 10,000).

A resource of close to 30 million tonnes in the SS seam allows for a substantial mine life for export for power generation options.

Lethakane Coal

The Lethakane Coal Project is coincident with the uranium resource and a JORC compliant resource of 107 million tonnes has been reported.

The resource consists of an Inferred 107Mt of low sulphur, high ash coal capable of producing a domestic thermal product if beneficiated at either a 1.80 g/cm³ or 1.60 g/cm³ density wash. The coal is coincident with the area of the uranium deposit.

The diamond drilling completed during the period in this area as part of the uranium feasibility programme will assist in improving the definition of the coal component in this deposit.

TENEMENT STATUS**SCHEDULE OF INTERESTS IN MINING TENEMENTS**

Tenement	Expiry Date	Percentage Holding	Title Holder
Letlhakane PL 45/2004	30/06/2015	100	A-Cap Resources Botswana (Pty) Ltd
Mea PL 134/2005	31/12/2016	100	A-Cap Resources Botswana (Pty) Ltd
Bolau PL 138/2005 ¹	30/09/2014	100	A-Cap Resources Botswana (Pty) Ltd
Foley PL 125/ 2009 ¹	31/12/2014	100	A-Cap Resources Botswana (Pty) Ltd
Lebala PL 72/2008 ²	31/12/2012	100	A-Cap Resources Botswana (Pty) Ltd
Diretse PL 73/2008 ²	31/12/2012	100	A-Cap Resources Botswana (Pty) Ltd
Mmatshumo PL 74/2008 ²	31/12/2012	100	A-Cap Resources Botswana (Pty) Ltd
Sua PL 135/2005 ²	31/03/2015	100	A-Cap Resources Botswana (Pty) Ltd
Hukuntsi 002/2014 ³	31/03/2017	100	A-Cap Resources Botswana (Pty) Ltd
Hukuntsi 003/2014 ³	31/03/2017	100	A-Cap Resources Botswana (Pty) Ltd
Hukuntsi 004/2014 ³	31/03/2017	100	A-Cap Resources Botswana (Pty) Ltd
Werda 005/2014 ³	31/03/2017	100	A-Cap Resources Botswana (Pty) Ltd
Kokong 006/2014 ³	31/03/2017	100	A-Cap Resources Botswana (Pty) Ltd
Kokong 007/2014 ³	31/03/2017	100	A-Cap Resources Botswana (Pty) Ltd
Kokong 008/2014 ³	31/03/2017	100	A-Cap Resources Botswana (Pty) Ltd
Salajwe 009/2014 ³	31/03/2017	100	A-Cap Resources Botswana (Pty) Ltd
Salajwe 010/2014 ³	31/03/2017	100	A-Cap Resources Botswana (Pty) Ltd
Salajwe 011/2014 ³	31/03/2017	100	A-Cap Resources Botswana (Pty) Ltd
Jwaneng 012/2014 ³	31/03/2017	100	A-Cap Resources Botswana (Pty) Ltd
Jwaneng 013/2014 ³	31/03/2017	100	A-Cap Resources Botswana (Pty) Ltd
Sojwe 014/2014 ³	31/03/2017	100	A-Cap Resources Botswana (Pty) Ltd
Sojwe 015/2014 ³	31/03/2017	100	A-Cap Resources Botswana (Pty) Ltd

¹ The Company has submitted license renewal applications for the above tenements to the Department of Mines who are currently in the process of reviewing these applications.

² Termination reports have been submitted to relinquish the above prospecting licences during the period

³ New tenements for base metal exploration were granted to A-Cap during the period. The tenements overlay the inferred extents of the Kaapvaal Craton. The Kaapvaal Craton in South Africa is host to a number of platinum and PGEs, iron ore and manganese mines.

CORPORATE

Following the results of the Annual General Meeting held on the 31st October 2014:

- 2.5 million unlisted options were issued to Paul Thomson, exercisable at 9c, expiring on the 31st October 2017.
- 4,502,857 shares in A-Cap were issued to Directors of the Company at 5.1 cents per share, in lieu of reductions in their Director fees and consulting fees.

On the 31st October:

- 2,332,286 shares in A-Cap were issued to employees of the Company at 5.1 cents per share, in lieu of reductions in their wages and consulting fees.
- 3.2 million unlisted options were issued to employees under the Executive & Employee Option Plan, at an exercise price of 9c, expiring on the 31st October 2017.

EVENTS SUBSEQUENT TO REPORTING DATE

On the 27th February 2015, A-Cap announced a non-renounceable rights issue to raise \$4 million. 100,011,942 new shares will be issued on the basis of one new share for every 3.75 shares held, at an issue price of 4 cents per share. The issue will be fully underwritten by Ansheng Investment Company Ltd, a company controlled by Mr Angang Shen, a Director of A-Cap.

AUDITORS' DECLARATION

The auditors' independence declaration under section 307C of the Corporations Act 2001 is set out on page 11.

This report is made in accordance with a resolution of the Directors made on the 13th of March 2015.



R.J. PETT
Chairman

Dated this 13^h day of March 2015
Perth, Australia

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF A-CAP RESOURCES LIMITED

I declare that, to the best of my knowledge and belief during the year ended 31 December 2014 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

William Buck.

William Buck Audit (VIC) Pty Ltd
ABN 59 116 151 136

J. C. Luckins.

J. C. Luckins
Director

Dated this 13th day of March, 2015

**CHARTERED ACCOUNTANTS
& ADVISORS**

Melbourne Office
Level 20, 181 William Street
Melbourne VIC 3000

Hawthorn Office
Level 1, 465 Auburn Road
Hawthorn East VIC 3123

PO Box 185, Toorak VIC 3142
Telephone: +61 3 9824 8555
williambuck.com

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Note	Dec 2014 \$	Dec 2013 \$
Revenue		-	-
R&D tax credits received		-	-
Other income		45,818	44,667
Administration		(99,322)	(178,356)
Corporate		(175,082)	(195,259)
Employment entitlements		(797,283)	(486,721)
Impairment of capitalised exploration and evaluation	7	(715,649)	-
Loss on financial assets at fair value through profit and loss	6	(397,830)	(819,441)
Occupancy		(70,024)	(76,741)
Travel		(75,700)	(70,444)
Loss from ordinary activities before income tax expense		(2,285,072)	(1,782,295)
Income tax expense		-	-
Loss from ordinary activities after income tax expense attributable to the parent		(2,285,072)	(1,782,295)
Other Comprehensive income			
<i>Items that may be reclassified subsequently to the profit or loss</i>			
Exchange differences on translating foreign operations		4,299,960	804,930
Other comprehensive income for the period		4,299,960	804,930
Total comprehensive income / (loss) for the half-year attributable to the parent		2,014,888	(977,365)
Earnings per share :			
Basic loss per share (cents per share)		(0.61)	(0.37)
Diluted loss per share (cents per share)		(0.61)	(0.37)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	Dec 2014	Jun 2014
	\$	\$
Assets		
Current Assets		
Cash and cash equivalents	1,541,905	5,070,514
Financial assets held at fair value through profit and loss	395,914	793,744
Trade receivables and other current assets	308,318	354,156
Total Current Assets	2,246,137	6,218,414
Non-Current Assets		
Plant & Equipment	293,388	340,708
Capitalised exploration and evaluation	42,958,570	36,073,994
Total Non-Current Assets	43,251,958	36,414,702
Total Assets	45,498,095	42,633,116
Current Liabilities		
Trade and other payables	1,584,405	1,193,038
Total Current Liabilities	1,584,405	1,193,038
Total Liabilities	1,584,405	1,193,038
Net Assets	43,913,690	41,440,078
Equity		
Issued capital	59,487,511	60,204,327
Reserves	3,837,293	(462,667)
Accumulated losses	(19,411,114)	(18,301,582)
Total Equity	43,913,690	41,440,078

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF- YEAR ENDED 31 DECEMBER 2014

	Ordinary shares	Option reserve	Accumulated losses	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$
At 1 July 2014	57,554,845	2,649,482	(18,301,582)	(462,667)	41,440,078
Loss for the period	-	-	(2,285,072)	-	(2,285,072)
Other comprehensive income	-	-	-	4,299,960	4,299,960
Total comprehensive income / (loss) for the year	-	-	(2,285,072)	4,299,960	2,014,888
Transactions with owners in their capacity as owners:					
Issued capital	348,592	110,132	-	-	458,724
Expired unlisted options	-	(1,175,540)	1,175,540	-	-
At 31 December 2014	57,903,437	1,584,074	(19,411,114)	3,837,293	43,913,690

	Ordinary shares	Option reserve	Accumulated losses	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$
At 1 July 2013	52,022,147	2,761,009	(16,267,499)	397,688	38,913,345
Loss for the period	-	-	(1,782,295)	-	(1,782,295)
Other comprehensive income	-	-	-	804,930	804,930
Total comprehensive income / (loss) for the year	-	-	(1,782,295)	804,930	(977,365)
Transactions with owners in their capacity as owners:					
Issued capital	-	-	-	-	-
At 31 December 2013	52,022,147	2,761,009	(18,049,794)	1,202,618	37,935,980

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF- YEAR ENDED 31 DECEMBER 2014

	Dec 2014	Dec 2013
	\$	\$
Cash Flows from Operating Activities		
Payments to suppliers and employees	(676,683)	(1,020,827)
Interest received	47,000	31,547
Other income received	-	11,455
Net cash flows (used in) operating activities	<u>(629,683)</u>	<u>(977,825)</u>
Cash Flows from Investing Activities		
Purchase of non-current assets	(7,841)	(1,025)
Exploration expenditure	(2,711,072)	(1,216,222)
Net cash flow (used in) investing activities	<u>(2,718,913)</u>	<u>(1,217,247)</u>
Cash Flows from Financing Activities		
Proceeds from issues of ordinary shares	-	-
Cost of share issue	(180,013)	-
Net cash flows from financing activities	<u>(180,013)</u>	<u>-</u>
Net decrease in cash and cash equivalents	(3,528,609)	(2,195,072)
Cash and cash equivalents at beginning of period	5,070,514	3,218,588
Cash and cash equivalents at end of period	<u>1,541,905</u>	<u>1,023,516</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 BASIS OF PREPARATION OF HALF-YEAR FINANCIAL REPORT

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Summary of significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year and the corresponding interim reporting period. All new accounting standards and amendments applicable for the first time this financial period have been adopted and have had no material impact on the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the valuation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise indicated.

Going concern

During the half year, the Group generated a loss after tax of \$2,285,072 (31 December 2013: \$1,782,295) and incurred net cash outflows from operations of \$629,683 (31 December 2013: \$977,825). As at 31 December 2014, the Group had \$1,541,905 in cash (30 June 2014: \$5,070,514), \$395,914 of marketable securities (30 June 2014: \$793,744) and net available working capital of \$661,732 (30 June 2014: \$5,025,376). Net investment outflow for the half year attributable to its exploration program was \$2,747,909 (31 December 2013: \$1,216,222).

The Group anticipates future expenditure on its current rights of tenure to exploration and mining tenements up until the expiry of its current Prospecting Licences and on tenement renewals and extensions that have been applied for but not yet granted. In the event the Group does not meet the minimum exploration expenditure the licences may be cancelled or not renewed.

The Group plans to continue to progress the Letlhakane Uranium Project's feasibility studies to ensure the project is capable of early production, whilst continuing to evaluate our coal assets. In order to achieve these objectives, the Group's continuing viability, its ability to continue as a going concern and to meet its debts and commitments as they fall due, the Board of Directors of the Group have considered the following:

- The Group has a strong record of raising capital from existing and prospective investors, announcing on the 27th February 2015 a fully underwritten non-renounceable rights issue to raise \$4 million (refer note 3 for further details).
- The Ansheng Investment Company Ltd has agreed to provide the Company a loan facility of AUD\$1 million on normal commercial terms. The loan will be repayable from proceeds of the underwritten rights issue.
- The Group have the ability to implement cost reductions where appropriate and will continue to monitor any cost reductions already implemented; and
- The Group continues to investigate commercial options with regards to our coal assets.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1 BASIS OF PREPARATION OF HALF-YEAR FINANCIAL REPORT (CONTINUED)

Should the Group not successfully achieve these assumptions as described above, it may be unable to realise its assets, nor acquit its liabilities, in accordance with its basis of preparation of these financial statements.

NOTE 2 CONTINGENT LIABILITIES

The directors are not aware of any contingent liabilities or contingent assets existing at the date of this report (2013: Nil). The Group is not involved in any material, legal or arbitration proceedings and, so far as directors are aware, no such proceedings are pending or threatened against the Group.

NOTE 3 EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On the 27th February 2015, A-Cap announced a non-renounceable rights issue to raise \$4 million. 100,011,942 new shares will be issued on the basis of one new share for every 3.75 shares held, at an issue price of 4 cents per share. The issue will be fully underwritten by Ansheng Investment Company Ltd, a company controlled by Mr Angang Shen, a Director of A-Cap.

NOTE 4 COMMITMENTS

	Dec-2014	Jun-2014
	\$	\$
Planned Exploration Expenditure		
Payable		
- not later than 12 months	6,455,993	7,312,153
- between 12 months and 5 years	1,570,630	382,870
	8,026,623	7,695,023

These estimated figures include amounts submitted to the Department of Geological Survey in Botswana in order to maintain the Group's current rights of tenure to exploration and mining tenements up until the expiry of the leases.

The Group anticipates future expenditure on its current rights of tenure to exploration and mining tenements up until the expiry of its current Prospecting Licences and on tenement renewals and extensions that have been applied for but not yet granted, which are included in the above table. In the event the Group does not meet the minimum exploration expenditure the licences may be cancelled or not renewed.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 5 Issued Capital

i) Ordinary shares

1 July to 31 December 2014		Number of Shares	Issue Price \$	\$
Beginning of the reporting period		368,209,268		57,554,845
31 October 2014	Shares issued to Directors	4,502,857	5.1c	229,646
31 October 2014	Shares issued to Employees	2,332,286	5.1c	118,946
At the end of the reporting period		375,044,411		57,903,437

1 July to 31 December 2013		Number of Shares	Issue Price \$	\$
Beginning of the reporting period		262,384,986		52,022,147
At the end of the reporting period		262,384,986		52,022,147

ii) Options

1 July to 31 December 2014		Number of Options	Exercise Price \$	Expiry Date	\$
Beginning of the reporting period		13,510,000			2,649,482
31 October 2014	Expired unlisted options	(5,000,000)			(1,175,540)
31 October 2014	Unlisted options issued to Directors	2,500,000	9c	31 Oct-17	48,304
31 October 2014	Unlisted options issued under the Executive & Employee Option Plan	3,200,000	9c	31 Oct-17	61,828
At the end of the reporting period		14,210,000			1,584,074

1 July to 31 December 2013		Number of Options	\$
Beginning of the reporting period		14,210,000	2,761,009
At the end of the reporting period		14,210,000	2,761,009

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**NOTE 6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

Financial assets at fair value through profit or loss are all held for trading and include the following:

	Dec-14	Jun-14
	\$	\$
Current assets		
London Stock Exchange listed equity securities *	395,914	793,744

***The securities consist of:**

	No. of securities	Unit price as at 31 Dec 2014	Exercise Price	Expiry Date
Praetorian Resources Limited (Ordinary fully paid shares)	3,536,750	£0.055	-	-
Praetorian Resources Limited (Options)	1,768,375	£0.0076	£0.70	5 th Jul-15

Movement for the period

	Dec-14 \$	Dec-13 \$
Opening balance 1 st July	793,744	1,443,682
Foreign exchange gain	19,526	222,281
Loss in market value of securities	(417,356)	(872,219)
Closing balance	<u>395,914</u>	<u>793,744</u>

Financial assets at fair value through profit or loss are marketable securities held for the purposes of accessing cash when required. The fair values of the financial assets have been based on the quoted price in active markets at the reporting period (Level 1 of the fair value hierarchy).

NOTE 7 CAPITALISED EXPLORATION & EVALUATION

	Dec-14 \$	Jun-14 \$
At cost	<u>42,958,570</u>	<u>36,073,994</u>
Movements in carrying values		
Balance at beginning of year	36,073,994	34,125,950
Expenditure during the year	3,394,486	2,985,073
Expenditure written-off during the year	(715,649)	-
Foreign currency translation	4,205,739	(1,037,029)
Balance at end of year	<u>42,958,570</u>	<u>36,073,994</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 CAPITALISED EXPLORATION & EVALUATION (CONTINUED)

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and sale of Uranium. During the half year period, Prospecting licenses 135/2005, 72/2008, 73/2008 and 74/2008 were not renewed. Therefore the capitalised expenditure on these prospects, which amounted to \$715,649, was impaired as at 31 December 2014 and charged to the statement of profit or loss and other comprehensive income. Management was of the opinion that further evaluation of these prospects was not in line with the Company's objectives of developing and evaluating its uranium and coal assets. Included in the expenditure during the year is depreciation of plant and equipment for the exploration activities amounting to \$83,382.

NOTE 8 SHARE BASED PAYMENTS

On the 31st October 2014, 4,502,857 ordinary shares and 2,332,286 ordinary shares were granted to Directors and employees respectively as share-based payments. These share-based payments were to compensate those directors and employees for reductions in their remuneration which resulted from Company cost reductions, including directors' fees, consulting fees and salaries. The fair value of those equity instruments determined by reference to market price was 5.1 cents per share.

Included under employment benefits expense in the Statement of Profit or Loss and Other Comprehensive Income is \$356,129, which relates to equity-settled share-based payment transactions. Included under Capitalised Exploration and Evaluation in the Statement of Financial Position is \$28,388, which relates to equity-settled share-based payment transactions.

On the 31st October 2014:

- 2,500,000 options were granted to Paul Thomson (Managing Director) on the 31st October 2014 to reward him for his efforts to date and to align his interests with those of the shareholders, providing additional incentive to continue his efforts for the benefit of the Company. These options are exercisable at 9 cents per share and are vested immediately on grant date. These options are unlisted but upon exercise will rank equally in all respects with the fully paid ordinary shares in the Company. These options hold no voting or dividend rights and are not transferable.
- 3,200,000 options were granted to employees pursuant to the Executive and Employee Option Plan on the 31st October 2014 at an exercise price of 9 cents and are vested immediately on grant date. These options are unlisted but upon exercise will rank equally in all respects with the fully paid ordinary shares in the Company. These options hold no voting or dividend rights and are not transferable.

The weighted average fair value of the options granted to Paul Thomson and employees was \$0.02. These values were calculated using the Black-Scholes option pricing model applying the following inputs:

Weighted average exercise price:	\$0.09
Weighted average life of the options:	3 years
Expected share price volatility:	76.78%
Risk-free interest rate:	3.72%

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future volatility.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 9 SEGMENT INFORMATION

Identification of reportable segments

The Consolidated Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (Chief Operating Decision Makers) in assessing performance and determining the allocation of resources.

The Consolidated Group only operates within one business segment being that of minerals exploration.

The Chief Operating Decision Makers review the Monthly Directors Report on at least a monthly basis. The accounting policies adopted for internal reporting to the Chief Operating Decision Makers are consistent with those adopted in the financial statements.

The reportable segment is represented by the primary statements forming this financial report.

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DIRECTORS DECLARATION

In accordance with a resolution of the directors of A-Cap Resources Limited, the Directors of the company declare that:

- 1) The financial statements and notes, as set out on pages 12 to 21, are in accordance with the *Corporations Act 2001*, including:
 - a. Complying with Accounting Standard AASB 134: *Interim Financial Reporting*; and
 - b. Giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date.
- 2) In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable

On behalf of the Directors



R J PETT
Chairman

Dated this 13th day of March 2015
Perth, Western Australia

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF A-CAP RESOURCES LIMITED AND CONTROLLED ENTITIES

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of A-Cap Resources Limited (the company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity) on pages 12 to 21, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including:

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

As the auditor of A-Cap Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

CHARTERED ACCOUNTANTS & ADVISORS

Melbourne Office
Level 20, 181 William Street
Melbourne VIC 3000

Hawthorn Office
Level 1, 465 Auburn Road
Hawthorn East VIC 3123

PO Box 185, Toorak VIC 3142
Telephone: +61 3 9824 8555
williambuck.com

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**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF A-CAP
RESOURCES LIMITED AND CONTROLLED ENTITIES (CONT)**

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of A-Cap Resource Limited is not in accordance with the Corporations Act 2001 including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half year ended on that date; and
- b) complying with Accounting Standard 134 Interim Financial Reporting and the Corporations Regulations 2001.

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 1 in the half year financial report which indicates that the consolidated entity incurred a net loss from ordinary activities after income tax expense attributable to the parent entity of \$2,285,072 and had total cash outflows of \$3,528,609 during the half year ended 31 December 2014. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Matters Relating to the Electronic Presentation of the Reviewed Half Year Financial Report

This auditor's review report relates to the half year financial report of A-Cap Resources Limited for the half year ended 31 December 2014 included on A-Cap Resources Limited's web site. The company's directors are responsible for the integrity of the A-Cap Resources Limited's web site. We have not been engaged to report on the integrity of the A-Cap Resources Limited's web site. The auditor's review report refers only to the half year financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed half year financial report to confirm the information included in the reviewed financial report presented on this web site.

William Buck.

William Buck Audit (VIC) Pty Ltd
ABN 59 116 151 136

J.C. Luckins

J.C. Luckins
Director

Dated this 13th day of March, 2015

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A-CAP RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

Registered Office	Level 16, AMP Building 140 St Georges Terrace Perth WA 6000														
Directors	<table> <tr> <td>Mr Robert James Pett</td> <td>(Chairman)</td> </tr> <tr> <td>Mr Paul William Thomson</td> <td>(Managing Director)</td> </tr> <tr> <td>Mr Angang Shen</td> <td>(Non-executive Director)</td> </tr> <tr> <td>Mr Richard Lockwood</td> <td>(Non-executive Director)</td> </tr> <tr> <td>Mr Paul Anthony Ingram</td> <td>(Non-executive Director)</td> </tr> <tr> <td>Mr Henry James Stacpoole</td> <td>(Non-executive Director)</td> </tr> <tr> <td>Dr Paul Woolrich</td> <td>(Executive Director)</td> </tr> </table>	Mr Robert James Pett	(Chairman)	Mr Paul William Thomson	(Managing Director)	Mr Angang Shen	(Non-executive Director)	Mr Richard Lockwood	(Non-executive Director)	Mr Paul Anthony Ingram	(Non-executive Director)	Mr Henry James Stacpoole	(Non-executive Director)	Dr Paul Woolrich	(Executive Director)
Mr Robert James Pett	(Chairman)														
Mr Paul William Thomson	(Managing Director)														
Mr Angang Shen	(Non-executive Director)														
Mr Richard Lockwood	(Non-executive Director)														
Mr Paul Anthony Ingram	(Non-executive Director)														
Mr Henry James Stacpoole	(Non-executive Director)														
Dr Paul Woolrich	(Executive Director)														
Contact Details	<p>Telephone (08) 9220 9850 Facsimile (08) 9220 9820 Email: info@a-cap.com.au Website: www.a-cap.com.au</p>														
Chief Executive Officer	Mr Paul Thomson														
Company Secretary	Mr Denis Ivan Rakich														
Share Registry	<p>Advanced Share Registry Services Limited 150 Stirling Highway Nedlands WA 6009 Telephone (08) 9389 8033 Facsimile (08) 9389 7871</p>														
Bankers	<p>Westpac Banking Corporation 109 St Georges Terrace Perth WA 6000</p>														
Auditors	<p>William Buck Level 20, 181 William St Melbourne VIC 3000</p>														
Solicitors	<p>Minter Ellison Level 49 Central Park 152 – 158 St Georges Terrace Perth WA 6000</p> <p>Squire Sanders Level 21, 300 Murray St Perth WA 6000</p>														
Stock Exchange	A-Cap Resources is listed on the Australian Securities Exchange (ASX code: ACB) and the Botswana Stock Exchange (BSE code: A-CAP).														