



A-CAP RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

ACN 104 028 542

**HALF-YEAR REPORT
31 DECEMBER 2017**

The interim financial report is to be read in conjunction with the financial report for the year ended 30 June 2017

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The Directors present the financial report on the Consolidated Group consisting of A-Cap Resources Limited (“A-Cap”) and the entities it controlled (“the Consolidated Group”) at the end of, or during the half-year ended 31 December 2017.

DIRECTORS

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

Angang Shen	- Chairman
Paul Anthony Ingram	- Deputy Chairman
Paul William Thomson	- Retired as Managing Director 31 Aug-17, CEO from 1 Sep-17
John Fisher-Stamp	
Michael Muhan Liu	
Jijing Niu	
Chenghu Zhu	

REVIEW OF OPERATIONS

A-Cap has continued with its project optimisation and acid consumption studies for the Letlhakane Uranium Project (the Project) during the period. This body of work is aimed at de-risking the project by refining and optimising the metallurgical process, including evaluating ways to improve recovered uranium grade and reducing acid consumption.

During the March 2017 quarter, A-Cap sent 296 samples for acid soluble uranium (ASU) analysis to ANSTO laboratories at Lucas Heights, NSW. The results of this test work indicated acid consumption correlations which have the potential in reducing the overall acid consumption for the Project. This could allow for differentiation of high and low acid consuming mineralisation prior to processing it. In August, an additional 100 samples were sent to ANSTO to expand the sample population of the study. The ASU results showed spatial and mineralogical relationships with higher acid consumption, with the Kraken and Gorgon South areas exhibiting an average increase in acid consumption with depth.

RapidMiner data analysis software has been successfully implemented internally and utilised to cluster against an XRF sample database to predict acid consumption based on geochemical signatures. This analytical work using predictive modelling is ongoing, allowing for the assessment of the effects of potential changes in acid consumption spatially.

Results from multi-element XRF analysis undertaken on 834 samples at SGS labs in South Africa were received in November. These results will be used in quantifying acid consumption within the prospect. Mineralogy using QEMscan was completed on samples representing cluster types with high acid consuming properties. The results indicated that samples with sodium (Na) based minerals consume more acid. A-Cap is assessing the spatial interpretations for Na based lithologies and alteration types.

During the period, A-Cap commenced the implementation process of Micromine optimisation software and scheduler. Having the capability to run optimisations internally will allow for the complex nature of the Project to be examined in more detail and more frequently whilst saving in external consulting fees.

As required by the Botswana Mines and Minerals Act 1999, a letter was submitted to the Department of Mines (DoM) on 10 July 2017 to advise that the pre-construction and construction period would be delayed by two years. This is due to the delayed recovery in the price of uranium, coupled with staged project optimisation work currently being undertaken. A-Cap received correspondence from The Botswana Minister of Mineral Resources, Green Technology and Energy Security on 20 September 2017 formally

advising the Company that the amendment to the programme of works for Mining Licence 2016/16L was approved.

A-Cap continues to attend to all compliance requirements prescribed by the Botswana Mines and Minerals Act 1999 associated with our mining licence. With regards to the Company's provisional surface rights, asset surveys were conducted over the mining licence area and reports submitted to the Lands Office. The outcome from the Lands Office will pave the way for further consultative meetings with affected parties.

In October, the Botswana Minister of Mineral Resources, Green Technology and Energy Security approved the extension of the Company's Foley Coal Project and Mea Coal Project prospecting licences. A 2-year extension has been granted commencing from 1 October 2017 to 30 September 2019.

LETLHAKANE URANIUM PROJECT

The Letlhakane Uranium Project is one of the world's largest undeveloped Uranium Deposits. The Project lies adjacent to Botswana's main North-South infrastructure corridor that includes a sealed all-weather highway, railway line and the national power grid, all of which make significant contributions to keeping the capital cost of future developments low. The project has the distinct advantage of having all the major infrastructure in place and is one of the few major undeveloped uranium projects in the world in a safe and stable jurisdiction. The strategy is to prepare the project for early development to enable the Company to fully capitalise on an expected recovery in the uranium price.

Mining Licence

On 12 September 2016 A-Cap was granted a Mining Licence designated ML 2016/16L by the Ministry of Minerals, Energy and Water Resources over a portion of PL 45/2004 (Letlhakane). The Mining Licence is valid for a period of 22 years.

The mining licence was granted on the basis of the results of an Environmental Impact Statement and technical study based on shallow open pit mining and heap leach processing to produce up to 3.75 million pounds of uranium per annum over a mine life of 18 years, incorporating the most up to date metallurgical results and process route, optimised mineral resources, mining, capital and operating costs developed by our feasibility specialists in Australia and internationally. The outcomes of the technical study were released to the market, refer ASX release 11th September 2015 *"Mining Licence Application Submitted & Technical Study Outcomes"*.

Pursuant to Section 43 of the Botswana Mines and Minerals Act, 1999, a letter was submitted to the DoM on 10 July 2017 to advise that the pre-construction and construction period would be delayed by at least two years. The delay is attributed to the slower than previously forecasted recovery in the price of uranium, coupled with staged project optimisation work currently being undertaken by the Company to improve recovered uranium grade and reduce U₃O₈ costs (focussing on acid supply and acid consumption). The Company received correspondence from The Botswana Minister of Mineral Resources, Green Technology and Energy Security on 20 September 2017 formally advising the Company that the amendment to the programme of works for Mining Licence 2016/16L was approved.

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Resources

A-Cap's JORC Mineral Resource at Letlhakane was completed by independent experts Optiro Pty Ltd. The resource (announced 2 October 2015) uses a recoverable resource methodology which takes into account the proposed Standard Mining Unit (SMU) of 20m x 4m x 0.25m. The SMU is defined by the proposed mining method utilising surface miners and the proposed grade control system using in-pit surface gamma radiation measurements.

Localised Uniform Conditioning (LUC) best reflects the mining methodology envisaged, reflecting the surface miner's selective mining capability combined with the proposed grade control methodology. The accurate mining characteristics of surface miners and the ability to measure the gamma radiation on the surface during mining will ensure the optimum grade delivery to the process heap. The SMU forms the basis for the LUC estimation. Historic resource estimations were more reflective of conventional open pit mining and therefore had averaged resource data into blocks of bigger mining panels which smoothed or averaged the grade data.

The global resource estimate is as follows:

Cut-off (U ₃ O ₈ ppm)	Total Indicated			Total Inferred			Global Total		
	Mt	U ₃ O ₈ (ppm)	Contained U ₃ O ₈ (Mlbs)	Mt	U ₃ O ₈ (ppm)	Contained U ₃ O ₈ (Mlbs)	Mt	U ₃ O ₈ (ppm)	Contained U ₃ O ₈ (Mlbs)
100	197.1	197	85.5	625	203	280.1	822.1	202	365.7
200	59.2	323	42.2	209.7	321	148.2	268.9	321	190.4
300	22.2	463	22.7	81.6	446	80.3	103.8	450	102.9

Table 1 - 2015 Mineral resource estimates for ALL DEPOSITS at various U₃O₈ cut-offs

At a 200 ppm U₃O₈ cut-off the resource by prospect is:

2015 Mineral resource estimate for the Gojwane and Serule deposits - 200 ppm U ₃ O ₈ cut off (LUC)											
Ore Type	Deposit	Prospect	Indicated			Inferred			Total		
			Mt	U ₃ O ₈ ppm	U ₃ O ₈ Mlbs	Mt	U ₃ O ₈ ppm	U ₃ O ₈ Mlbs	Mt	U ₃ O ₈ ppm	U ₃ O ₈ Mlbs
Secondary	Gojwane	Gorgon Main/West									
		Mokobaesi	2.0	371	1.6				2.0	371	1.6
		Kraken	0.1	261	0.0	0.0	202	0.0	0.1	261	0.0
		Total Secondary	2.1	367	1.7	0.0	202	0.0	2.1	367	1.7
Oxide	Gojwane	Gorgon Main/West	6.1	313	4.2	9.3	280	5.7	15.4	293	10.0
		Mokobaesi	3.4	365	2.7				3.4	365	2.7
		Kraken	3.9	310	2.6	0.7	280	0.4	4.5	306	3.1
		Gorgon South	4.4	323	3.1	2.6	292	1.6	7.0	312	4.8
	Serule	Serule East				0.5	246	0.3	0.5	246	0.3
		Serule West	0.4	302	0.2	11.7	322	8.3	12.1	322	8.6
		Total Oxide	18.1	324	13.0	24.8	301	16.4	42.9	311	29.4
Primary	Gojwane	Gorgon Main/West	15.4	280	9.5	98.2	313	67.7	113.5	309	77.2
		Mokobaesi	0.5	359	0.4	0.3	330	0.2	0.8	347	0.6
		Kraken	7.7	350	5.9	1.0	349	0.8	8.7	349	6.7
		Gorgon South	12.1	337	9.0	22.8	309	15.5	34.9	319	24.5
	Serule	Serule East				0.4	259	0.2	0.4	259	0.2
		Serule West	3.3	376	2.8	62.4	345	47.4	65.7	346	50.2
	Total Primary	39.0	321	27.5	185.0	323	131.8	223.9	323	159.4	
		Total	59.2	323	42.2	209.7	321	148.2	268.9	321	190.4

Table 2 – 2015 LUC resource estimate at 200ppm cut-off.

Uniform conditioning (UC) and LUC is used for assessing recoverable resources inside a mining panel when the drill spacing does not provide sufficient coverage for direct grade estimation at the SMU scale. UC provides the proportion of SMUs inside a panel that are above cut-off and its corresponding average grade. LUC takes the UC result and spatially corrects the blocks making it more suited to extraction and optimisation studies.

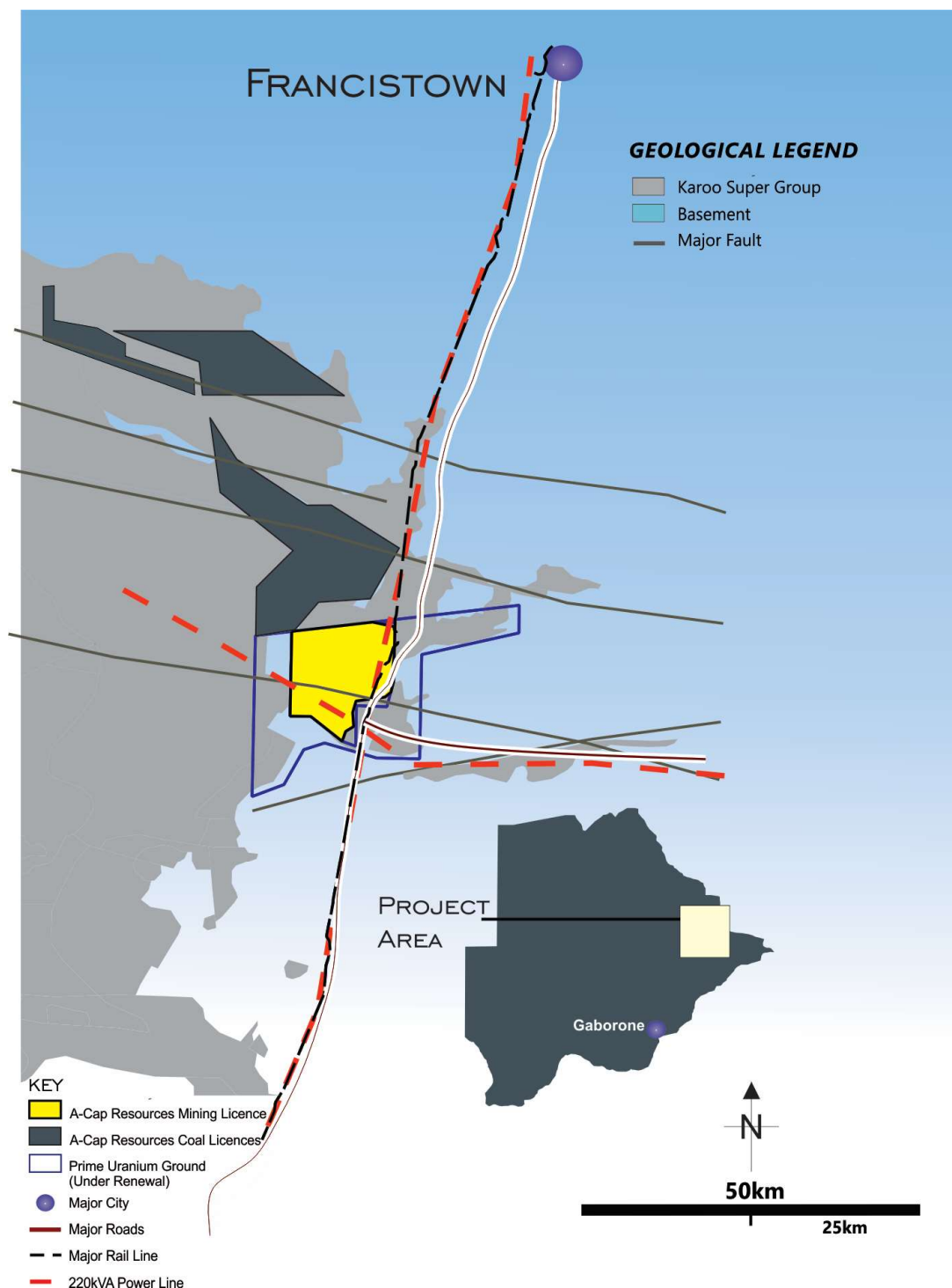


Figure 1 - Map of A-Cap's Letlhakane Uranium Project

A drill spacing study comparison completed by Perth-based resource specialists Optiro on the Kraken deposit confirmed that at a starting drill spacing of 200m by 200m, the change of contained metal is within +/-10% when drilled down to 100m by 50m drill spacing. The current criteria for inferred resources is nominally greater than 100m by 100m drill spacing. A-Cap has confidence that the deposit will retain its mineralisation continuity when it is further drilled out.

As part of the Company's Project optimisation activities, the mine scheduling and optimisation work going forward will be undertaken internally, which will allow for considerable savings in external resource modelling and optimisation costs going forward. Furthermore, in-house optimisation and scheduling capabilities will allow the complex nature of the Project to be examined in more detail and continuously. The data from the acid consumption studies can be quantified in the optimisation and scheduling for Project economics. An independent consultant has been engaged to assist the Company with recreating the Cube schedule and implementation into Micromine. The in-house implementation and training is expected to be completed next quarter.

Metallurgy and Process Design

The Process Design is based on a 2-stage 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. The process design and uranium recovery has some novel and innovative steps and two patents have been lodged and both patent applications are pending. This is an important step in protecting some of the advances the metallurgical study team have made in the uranium recovery process design on the project.

Once the Project has been de-risked and feasibility work recommences, a proposed pilot plant test programme will commence. A Scope of Work has been completed.

Acid Consumption Studies

100 additional samples were sent to ANSTO laboratories at Lucas Heights, NSW in August 2017 for acid soluble uranium (ASU) analysis. This follows the initial 296 samples that were sent and analysed in May. The test design was aimed at addressing possible correlations with acid consumption and hence the samples were carefully selected to represent lithological, spatial and mineralogical parameters. The samples utilised are all sample pulps from XRF analysis from previous drill programmes. Chemical assays were returned for the head assay, the Pregnant Liquor Solutions (PLS) and the residue.

The ASU results showed spatial and mineralogical relationships with higher acid consumption. Three of the prospects were covered with the analysis: Gorgon South, Kraken and Serule West. At Serule West, around the pit areas, the two basal mineralised lenses indicates an average almost twice the acid consumption of the upper lens. Both Kraken and Gorgon South exhibited an average increase of acid consumption with depth. This relative difference in acid consumption from the pulps could change the optimisation parameters, as the higher lens may become more economic relative to the basal units.

The samples were also arranged by similar geochemical signatures or clusters, with some clusters correlating with higher acid consumption. The geochemical clusters were identified initially by the head assay geochemistry, further refined by PLS cluster analysis. The cluster definitions were then used against an XRF sample database to predict the acid consumption based on the type of geochemical signature. This was completed utilising data analytic software (RapidMiner) where predictive models were set up using the ASU head assay data with random sample sets used to measure percentage accuracy.

Sample results were also received from SGS laboratories (South Africa). 834 samples were sent for multi-element XRF analysis and will be used in the quantification of acid consumption within the prospect. The predictive model will group the geochemical signatures from the results and attribute a predicted acid consumption based on the learning from the ASU samples. This will be completed using several different predictive methods and the results used to infer potential savings in acid.

Mineralogy using QEMscan was completed on samples representing cluster types with high acid consuming properties. A subset of the QEMscan samples was also analysed with XRD to further differentiate the minerals present. All sample had the head sample and the residue from after leaching

analysed to indicate the minerals that were being consumed by the acid. The results indicated that samples with sodium (Na) based minerals consume more acid. A-Cap is assessing the spatial interpretations for Na based lithologies and alteration types.

The identification of the specific minerals associated with high acid consumption and the lithological and spatial mineralogical alterations will allow an assessment of the economic considerations associated with reducing the Project's overall acid consumption. This could be achieved by eliminating the higher acid consumers from the mining process.

The work programmes being carried out as part of the acid consumption studies will assist the Company to better refine and optimise the metallurgical process, aiming to reduce the overall acid consumption from mineralogy, which would ultimately reduce operating costs. Further work is ongoing with the predictive model software to assess the effects of the potential change in acid consumption spatially.

Environmental Impact Statement (EIS)

The Environmental Impact Statement (EIS) for the Letlhakane Uranium Project has been approved by the Botswana Department of Environment Affairs (DEA) in accordance with Section 12 (1a) of the Botswana Environmental Assessment Act, No.10, of 2011. The DEA formally approved the EIS on 13 May 2016 following a four-week public review process pursuant to the Environmental Act 2011.

A-Cap first commenced work on the environmental study in January 2009, finalising and submitting the report in April 2015. The study identified the overall environmental and social impacts associated with developing a uranium mine in Botswana. The EIS process and documentation was prepared by independent experts SLR Consulting (Africa) (Pty) Ltd (SLR), in conjunction with Botswana-based consulting firm Ecosurv (Pty) Ltd. SLR and Ecosurv completed a professional study process comprising of a screening phase, scoping phase and a detailed impact assessment / environmental management phase, conforming with best practice and IFC guidelines.

Surface Rights and Community Engagement

Provisional surface rights were granted on 6 June 2016 over the 144sqkm area covering the Letlhakane Uranium Project.

Following the completion of a review of the asset surveys undertaken by the Department of Lands, a consultative meeting at the community Kgotla was convened in November to inform the community about the Project's progress and the proposed timeline to construction.

COAL PROJECTS

A-Cap's Coal projects consists of the Foley Coal Project (which comprises two PL's Foley PL125/2009 and Bolau PL138/2005) and the Mea Coal Project (PL134/2005). The Company is currently considering options to release value and monetise the coal tenement assets through joint venture participation, corporate re-organisation and assets sale.

In October, the Botswana Minister of Mineral Resources, Green Technology and Energy Security approved the extension of the Company's Foley Coal Project and Mea Coal Project prospecting licences. A 2-year extension has been granted commencing from 1 October 2017 to 30 September 2019.

BASE METALS

The base metal 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. Whilst ensuring A-Cap continues to meet our commitments in preserving these prospecting licences, A-Cap is currently considering options to release value and monetise these base metals tenements through joint venture participation and corporate re-organisation. A-Cap has submitted applications for renewal and extension for our base metal tenements, which are currently being assessed by the Department of Mines.

SCHEDULE OF INTEREST IN MINING TENEMENTS

Tenement	Location	Percentage Holding	Title Holder
Letlhakane ML 2016/16L	Botswana	100	A-Cap Resources Botswana (Pty) Ltd
Letlhakane PL 45/2004	Botswana	100	A-Cap Resources Botswana (Pty) Ltd
Mea PL 134/2005	Botswana	100	A-Cap Resources Botswana (Pty) Ltd
Bolau PL 138/2005	Botswana	100	A-Cap Resources Botswana (Pty) Ltd
Foley PL 125/2009	Botswana	100	A-Cap Resources Botswana (Pty) Ltd
Hukuntsi 002/2014	Botswana	100	A-Cap Resources Botswana (Pty) Ltd
Hukuntsi 003/2014	Botswana	100	A-Cap Resources Botswana (Pty) Ltd
Hukuntsi 004/2014	Botswana	100	A-Cap Resources Botswana (Pty) Ltd
Werda 005/2014	Botswana	100	A-Cap Resources Botswana (Pty) Ltd
Kokong 006/2014	Botswana	100	A-Cap Resources Botswana (Pty) Ltd
Kokong 007/2014	Botswana	100	A-Cap Resources Botswana (Pty) Ltd
Kokong 008/2014	Botswana	100	A-Cap Resources Botswana (Pty) Ltd
Jwaneng 012/2014	Botswana	100	A-Cap Resources Botswana (Pty) Ltd
Jwaneng 013/2014	Botswana	100	A-Cap Resources Botswana (Pty) Ltd

CORPORATE

-  On 13 July 2017, the Company updated the following address and contact details:
 - Principal place of business: Level 1, 136 Stirling Hwy, Nedlands WA 6009
 - Postal address: PO Box 291, Nedlands WA 6909
 - Phone: +61 8 9467 2612
 - Fax: +61 8 7200 7612

All other details remained unchanged.
-  The Company entered into a new service agreement with Paul Thomson, Chief Executive Officer of A-Cap. Under the terms of the service agreement effective from 1 September 2017, Mr Thomson would transition from his previous role as Managing Director to CEO, retiring from the board of A-Cap on 31 August 2017;
-  On 20 September 2017, the Company requested a trading halt to finalise an announcement relating to the approved variation to the Letlhakane Uranium Project's work programme. The trading halt was lifted on 22 September 2017;
-  The Company filed its Annual Financial Report for the year ended 30 June 2017 on 28 September 2017, along with its Corporate Governance Statement and Appendix 4G.
-  On 31 October 2017, 5.7M unlisted options expired unexercised;
-  The Company's Annual General Meeting was held on 28 November 2017 at the Offices of Ashurst, Brisbane. All resolutions were passed by a show of hands.

EVENTS SUBSEQUENT TO REPORTING DATE

On 15 January 2018, the Company sold 176,837 Duke Royalty shares, receiving net proceeds of \$115,982. The Company no longer holds any interests in Duke Royalty.

Other than the matter discussed above, there has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect the operations of the Consolidated Group, the results of these operations or the state of affairs of the Consolidated Group in subsequent years.

AUDITORS' DECLARATION

The auditors' independence declaration under section 307C of the Corporations Act 2001 is set out on page 10.

This report is made in accordance with a resolution of the Directors made on the 14th day of March 2018.

A handwritten signature in black ink, appearing to read 'Paul Ingram'.

Paul Ingram
Deputy Chairman

Dated this 14th day of March 2018
Perth, Australia

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

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2017 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

N. S. Benbow

N. S. Benbow
Director

Dated this 14th day of March, 2018

**CHARTERED ACCOUNTANTS
& ADVISORS**

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Note	Dec 2017 \$	Dec 2016 \$
Revenue		-	-
Other income		12,746	42,423
Administration		(60,010)	(89,527)
Corporate		(255,382)	(1,027,092)
Employment benefits expense		(422,067)	(444,263)
Impairment of capitalised exploration and evaluation		-	(51,241)
Loss on financial assets at fair value through profit and loss		(9,168)	(10,440)
Occupancy		(35,230)	(34,155)
Travel		(65,711)	(141,183)
Loss from ordinary activities before income tax expense		(834,822)	(1,755,478)
Income tax expense		-	-
Loss from ordinary activities after income tax expense attributable to the parent		(834,822)	(1,755,478)
Other Comprehensive income			
<i>Items that may be reclassified subsequently to the profit or loss</i>			
Exchange differences on translating foreign operations		(594,930)	1,319,422
Other comprehensive income for the period		(1,429,752)	1,319,422
Total comprehensive income / (loss) for the half-year		(1,429,752)	(436,056)
Earnings per share:			
Basic / Diluted loss per share (cents per share)		(0.10)	(0.20)

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 2017**

	Note	Dec 2017	Jun 2017
		\$	\$
Assets			
Current Assets			
Cash and cash equivalents		2,487,525	3,933,829
Financial assets held at fair value through profit and loss		120,710	127,119
Trade receivables and other current assets		151,687	321,884
Total Current Assets		2,759,922	4,382,832
Non-Current Assets			
Plant and equipment		62,874	97,286
Capitalised exploration and evaluation	6	50,625,811	50,580,159
Total Non-Current Assets		50,688,685	50,677,445
Total Assets		53,448,607	55,060,277
Current Liabilities			
Trade and other payables		310,738	492,656
Total Current Liabilities		310,738	492,656
Total Liabilities		310,738	492,656
Net Assets		53,137,869	54,567,621
Equity			
Issued capital	5	71,552,319	71,684,318
Reserves		5,001,710	5,596,640
Accumulated losses		(23,416,160)	(22,713,337)
Total Equity		53,137,869	54,567,621

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 2017

	Ordinary shares	Option reserve	Accumulated losses	Foreign currency translation reserve	Total
	\$	\$	\$	\$	\$
At 1 July 2017	71,552,319	131,999	(22,713,337)	5,596,640	54,567,621
Loss for the period	-	-	(834,822)	-	(834,822)
Other comprehensive income	-	-	-	(594,930)	(594,930)
Total comprehensive income / (loss) for the year	-	-	(834,822)	(594,930)	(1,429,752)
Transactions with owners in their capacity as owners:					
Issued capital	-	-	-	-	-
Share issue costs	-	-	-	-	-
Expired options	-	(131,999)	131,999	-	-
At 31 December 2017	71,552,319	-	(23,416,160)	5,001,710	53,137,869

	Ordinary shares	Option reserve	Accumulated losses	Foreign currency translation reserve	Total
	\$	\$	\$	\$	\$
At 1 July 2016	66,662,931	131,999	(19,950,919)	6,978,305	53,822,316
Loss for the period	-	-	(1,755,478)	-	(1,755,478)
Other comprehensive income	-	-	-	1,319,422	1,319,422
Total comprehensive income / (loss) for the year	-	-	(1,755,478)	1,319,422	(436,056)
Transactions with owners in their capacity as owners:					
Issued capital	5,038,114	-	-	-	5,038,114
Share issue costs	(163,888)	-	-	-	(163,888)
At 31 December 2016	71,537,157	131,999	(21,706,397)	8,297,727	58,260,486

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 2017**

	Dec 2017	Dec 2016
	\$	\$
Cash Flows from Operating Activities		
Payments to suppliers and employees	(794,857)	(994,764)
Interest / other income received	12,746	42,423
Net cash flows (used in) operating activities	(782,110)	(952,341)
Cash Flows from Investing Activities		
Purchase of plant and equipment	(218)	(7,302)
Proceeds from sale of assets	5,324	-
Exploration expenditure	(669,299)	(983,392)
Net cash flow (used in) investing activities	(664,193)	(990,694)
Cash Flows from Financing Activities		
Proceeds from the issue of ordinary shares	-	3,977,273
Proceeds from loans and borrowings	-	-
Cost of shares issued	-	(44,570)
Net cash flows from financing activities	-	3,932,703
Net increase/(decrease) in cash and cash equivalents	(1,446,303)	1,989,668
Cash and cash equivalents at beginning of period	3,933,829	4,090,542
Cash and cash equivalents at end of period	2,487,525	6,080,210

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

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 should be read in conjunction with the most recent annual financial report any public announcements made by the Consolidated Group during the half-year reporting period in accordance with the continuous disclosure requirement of the Corporations Act 2001.

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 Consolidated Group.

Basis of preparation

These condensed consolidated financial statements have been prepared on the basis of historical cost, except for the valuation of certain financial assets. 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 Consolidated Group generated a loss after tax of \$834,822 (31 December 2016: \$1,755,478) and incurred net cash outflows from operations of \$782,110 (31 December 2016: \$952,341). As at 31 December 2017, the Consolidated Group had \$2,487,525 in cash (30 June 2017: \$3,933,829) and. Net investment outflow for the half year attributable to its exploration program was \$669,299 (31 December 2016: \$983,392).

The Consolidated 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 that have been applied for but not yet granted. In the event the Consolidated Group does not meet the minimum exploration expenditure the licences may be cancelled or not renewed. The Consolidated Group plans to continue to progress the Letlhakane Uranium Project's feasibility studies ensure the project is capable of early production and continue to evaluate options to divest our coal assets. To achieve these objectives, the Consolidated 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 Consolidated Group have considered the following:

- The Consolidated Group has a strong record of raising capital from existing and prospective investors;
- The Consolidated Group have the ability to implement cost reductions where appropriate and will continue to monitor any cost reductions already implemented; and
- The Consolidated Group continues to investigate commercial options with regards to our coal assets.

Should the Consolidated 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 CONTINGENT LIABILITIES

The directors are not aware of any contingent liabilities or contingent assets existing at the date of this report (2016: Nil). The Consolidated 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 Consolidated Group.

NOTE 3 EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 15 January 2018, the Company sold 176,837 Duke Royalty shares, receiving net proceeds of \$115,982. The Company no longer holds any interests in Duke Royalty.

Other than the matter discussed above, there has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect the operations of the Consolidated Group, the results of these operations or the state of affairs of the Consolidated Group in subsequent years.

NOTE 4 CAPITAL AND LEASING COMMITMENTS

	Dec-17 \$	Dec-16 \$
Planned exploration expenditure on prospecting licences		
- not later than 12 months	4,155,826	2,486,503
- between 12 months and 5 years	2,880,000	-
	7,035,826	2,486,503

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

The Consolidated 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 Consolidated Group does not meet the minimum exploration expenditure the licences may be cancelled or not renewed.

NOTE 5 ISSUED CAPITAL

i) Ordinary shares

1 July to 31 December 2017	Number of Shares	Issue Price \$	\$
Beginning of the reporting period	871,884,866		71,552,319
At the end of the reporting period	871,884,866		71,552,319

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 ISSUED CAPITAL (CONTINUED)

ii) Ordinary shares

1 July 2016 to 31 December 2016		Number of Shares	Issue Price \$	\$
Beginning of the reporting period		736,086,143		66,662,928
1 July 2016	Shares issued to directors, employees & consultants	1,718,456	3.6c	61,864
29 July 2016	Shares issued to consultants	3,685,210	3.6c	132,668
12 Aug 2016	Shares issued (entitlement offer)	10,658,884	3.5c	373,061
6 Sep 2016	Shares issued (entitlement offer shortfall)	102,977,480	3.5c	3,604,213
7 Sep 2016	Shares issued in lieu of underwriting fee	3,409,091	3.5c	119,319
5 Oct 2016	Shares issued to directors and consultants	682,878	6.3c	43,022
1 Dec 2016	Shares issued to consultants	12,350,349	5.7c	703,970
	Share issue costs			(163,888)
At the end of the reporting period		871,568,491		71,537,157

iii) Options

1 July to 31 December 2017		Number of Options	Exercise Price \$	Expiry Date	\$
Beginning of the reporting period		5,710,000			131,999
31 October 2017	Expiry of unlisted options	(5,700,000)			(131,999)
At the end of the reporting period		10,000			-

iv) Options

1 July to 31 December 2016		Number of Options	Exercise Price \$	Expiry Date	\$
Beginning of the reporting period		5,710,000			131,999
At the end of the reporting period		5,710,000			131,999

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 6 CAPITALISED EXPLORATION & EVALUATION

	Dec-17 \$	Jun-17 \$
At cost	<u>50,625,811</u>	<u>50,580,159</u>
Movements in carrying values		
Balance at beginning of year	50,580,159	49,983,564
Expenditure during the year	639,623	2,337,665
Expenditure written-off during the year	-	(56,576)
Foreign currency translation	(593,971)	(1,684,494)
Balance at end of year	<u>50,625,811</u>	<u>50,580,159</u>

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and sale of uranium. Included in the expenditure during the year is depreciation of plant and equipment for the exploration activities amounting to \$21,664.

NOTE 7 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 and mine development in Africa.

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.

NOTE 8 FAIR VALUE MEASUREMENT

The carrying amounts of all financial assets and liabilities in these financial statements approximate their fair values.

DIRECTORS DECLARATION

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

- 1) The consolidated financial statements and notes, as set out on pages 11 to 18 are in accordance with the *Corporations Act 2001*, including:
 - a. Complying with Accounting Standard AASB 134: *Interim Financial Reporting and Corporations Regulations 2001*; and
 - b. Giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 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

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.



Paul Ingram
Deputy Chairman

Dated this 14th day of March 2018
Perth, Western Australia

A-Cap Resources Limited

Independent auditor's review report to members

Report on the Review of the Half-Year Financial Report

Conclusion

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), which comprises the consolidated statement of financial position as at 31 December 2017, 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.

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 Resources 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 2017 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Regulations 2001.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the half-year financial report, which indicates that the consolidated entity incurred a net loss of \$834,822 and a net cash outflow from operations of \$782,110 during the half year ended 31 December 2017. 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. Our conclusion is not modified in respect of this matter.

Responsibilities of the Directors 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.

CHARTERED ACCOUNTANTS & ADVISORS

Level 20, 181 William Street
Melbourne VIC 3000

Telephone: +61 3 9824 8555

williambuck.com

Auditor's Responsibilities for the Review of the Half-Year Financial Report

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

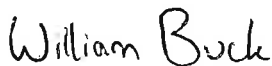
- giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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.



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



N.S Benbow
Director

Dated this 14th day of March, 2018

A-CAP RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

Principal Place of Business	Level 1, 136 Stirling Hwy Nedlands WA 6009
Registered Office	Level 38, 123 Eagle St Riverside Centre Brisbane QLD 4000
Directors	<div>Mr Angang Shen (Chairman)</div> <div>Mr Paul Anthony Ingram (Deputy Chairman, Independent Non-Executive Director)</div> <div>Mr John Fisher-Stamp (Independent Non-Executive Director)</div> <div>Mr Michael Liu (Independent Non-Executive Director)</div> <div>Mr Jijing Niu (Non-Executive Director)</div> <div>Mr Chenghu Zhu (Non-Executive Director)</div>
Contact Details	Telephone (08) 9467 2612 Facsimile (08) 7200 7612 Email: info@a-cap.com.au Website: www.a-cap.com.au
Chief Executive Officer	Mr Paul Thomson
Company Secretary	Mr Nicholas Yeak
Share Registry	Advanced Share Registry Services Limited 110 Stirling Highway Nedlands WA 6009 Telephone (08) 9389 8033 Facsimile (08) 9389 7871
Bankers	Westpac Banking Corporation 109 St Georges Terrace Perth WA 6000
Auditors	William Buck Level 20, 181 William St Melbourne VIC 3000
Solicitors	Ashurst Level 38, 123 Eagle St Brisbane QLD 4000
Stock Exchange	A-Cap Resources is listed on the Australian Securities Exchange (ASX code: ACB) and the Botswana Stock Exchange (BSE code: A-CAP).