2018

ANNUAL REPORT

a-cap

A-CAP RESOURCES LIMITED

CORPORATE DIRECTORY

A-CAP RESOURCES LIMITED
AND ITS CONTROLLED ENTITIES

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Stock Exchange:	A-Cap Resources is listed on the Australian Securities Exchange (ASX code: ACB) and the Botswana Stock Exchange (BSE code: A-CAP).

CONTENTS

CHAIRMAN'S REPORT

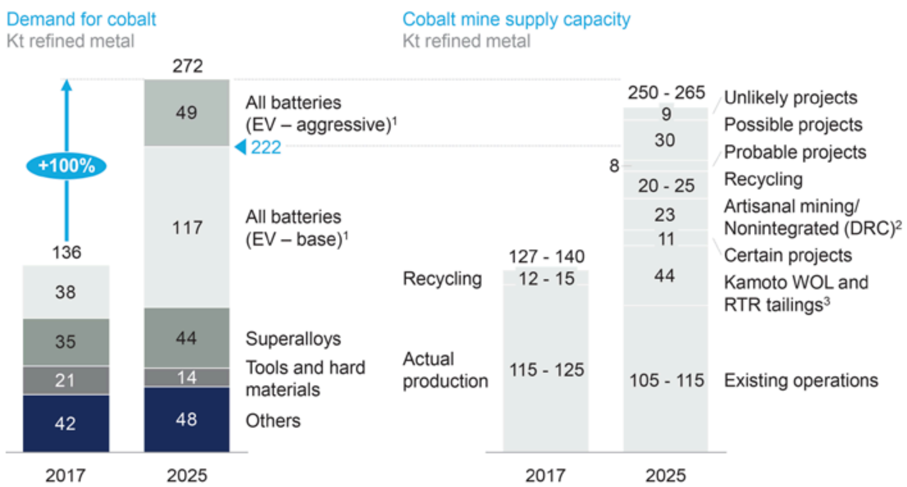
During the year A-Cap commenced implementation of its diversified minerals strategy with a primary focus on the exploration and acquisition of cobalt projects to supply cathode materials to the battery industry. A-Cap will continue to advance the optimisation work of its Letlhakane Uranium Project in Botswana, to ultimately supply uranium U_30_8 product to a nuclear facility as prime fuel for base load power generation and its service to the battery industry markets and consumers.

While the industry is confident in the long-term fundamentals of uranium and nuclear power, there is less certainty in the short term with industry expectation that the market will gradually move towards balance post calendar year 2020. This market sentiment is evidenced by major producer curtailments, suspension of US government sales to uranium U_30_8 inventory, Japanese facility restart delays and a deferral of facility construction commencements and announcements globally.

The board's diversified minerals strategy is focussed at the significant growth expectation and demand shortfall in cathode materials supply to the battery industry. A-Cap is committed to becoming a supplier of cathode materials and to this end will establish partner and strategic relationships with battery grade materials refineries and materials manufacturers to ensure its project development investment is de-risked with stable and cost competitive supply arrangements. A-Cap will structure its partner relationships to take advantage of new materials processing and refinery technologies, particularly in production of cobalt products used directly in battery manufacture, ensuring A-Cap is not exposed in the value chain to the ultimate battery customer.

The cobalt industry is responding to an anticipated demand increase driven predominantly by the EV battery industry. McKinsey Minespan estimates[1] that the industry could add capacity expansions of between 110 and 120kt by 2025, bringing the total potential mine supply to 225 to 235kt. Approximately 40 to 45kt of cobalt mine capacity additions are expected to come from two projects, both in the Congo – Glencore's Katanga Mining Joint Venture and Metalkol Roan Tailings Reclamation. The DRC represents 70% of global mine supply of cobalt. Given the increasing supply exposure in the DRC, the proposed development of new cobalt projects in Australia are a direct response to the anticipated shortfall in mine capacity supply.

Cobalt supply and demand 2017 vs. 2025



1 Battery includes automotive (HEV, PHEV, BEV), trucks and buses (light, medium, heavy), 2- and 3-wheelers, machinery (forklifts and others), grid storage, consumer electronics
2 Includes nonintegrated capacity which is reliant on purchased ore and/or preconcentrate from smaller and/or artisanal operations. This capacity is not tracked on a mine-by-mine basis, but tracked on a processing plant level, assumed to be fed by mines not tracked individually in the other buckets
3 Large increase explained largely by ramp-up of whole ore leach operations by Glencore, already commissioned, and tailings recovery (RTR project) by ERG, expected to be commissioned by the end of 2018. Together accounting for ~41 kt

SOURCE: McKinsey

1 - McKinsey & Company, Lithium and Cobalt - a tale of two commodities, Metals and Mining June 2018

The cobalt commodity spot price can be expected to be volatile as it will be linked to the speed and rate of adoption of all batteries EV and battery chemistries. Cobalt has in the past been dominantly a by-product of nickel and copper mining. China still dominates the world in battery making capacity, currently making up over fifty percent of global lithium-ion battery production.

A-Cap's strategic relationships will be pivotal to the Company's implementation of its diversified minerals strategy. A-Cap is in a fortunate position to have two substantial Chinese shareholders, Ansheng Investment Co Ltd and Jiangsu ShengAn Resources Group Co Ltd who are working together diligently with the support of the A-Cap board to identify Chinese key strategic and partner relationships to establish longer-term market for its cathode materials supply. Moreover, the A-Cap board continues to engage with potential strategic investors resident in China who are working with A-Cap to support its capital management plan for new cobalt projects acquisition and initial resource exploration work.

On 18 July 2018 A-Cap announced the withdrawal of the Non-Renounceable Rights Issue (Offer) to raise A$4 million. The Offer was withdrawn because the Board was informed by Jiangsu Shengan Resources Group Co., Ltd (the underwriter) it was unable to meet its obligations under the Underwriting Agreement given a Certificate of Overseas Investment by the Chinese FIC would not be issued by the closing date of the offer. The A-Cap board has continued to implement its capital management plan and investigate other funding options since July 2018.

A-Cap has commenced an Australia-wide search for cobalt opportunities, and in late July 2018, A-Cap signed a binding Term Sheet to negotiate in good faith to enter a Joint Venture Agreement with Australian listed Castillo Copper Limited to explore for cobalt near Marlborough in Central Queensland. The joint venture is the beginning of your Company's approach to identify and secure cobalt projects.

In August 2017 Mr Paul Thomson retired as Managing Director of A-Cap and accepted the role as Chief Executive Officer of the Company. In August 2018, Mr Thomson elected to enter retirement and resigned as Chief Executive Officer of A-Cap. With Paul's retirement, A-Cap served notice of termination of Raba-Rax Solutions (Pty) Ltd services agreement which extended the services of the executive to A-Cap. The board has thanked Mr Thomson for his contribution and efforts to advance the Botswana Letlhakane Uranium Project over the past eight and a half years and wishes him well in his retirement.

My thanks are also extended to Mr Tony Khama in his role as director of A-Cap Resources Botswana (Pty) Ltd. Tony has provided continued support to the Letlhakane Uranium Project through his engagement with both management in respect to the management and oversight of the mining licence work programme, tenements, permits and approvals and importantly, as a key board liaison contact with the relevant Botswana government departments.

I wish to thank my Board colleagues for their commitment to your Company. Your Board has always unanimously decided on the wisest direction for the Company and, works closely with our group's management.

Finally, I wish to thank all of our loyal shareholders for supporting the Company through the short-term uncertainty in the uranium industry and importantly, your board's response with the implementation of diversified minerals strategy.

ANGANG SHEN
CHAIRMAN

OPERATIONS REPORT

OVERVIEW

Having achieved an important milestone by securing a 22-year mining licence for the Letlhakane Uranium Project (the Project) last financial year, the board carefully considered where the Project was in terms of its project development timetable, relative to the current state of the uranium market and industry forecasts of U_3O_8 supply and demand crossover fundamentals.

The post-Fukushima recovery in the uranium market has taken longer than expected; it is imperative that the Company aligns the Project entering production at a time when the supply / demand crossover point is reached and the term and spot price of U_3O_8 maximises Project value for the Company. On this basis, A-Cap has continued with last year's operational activities and are progressing with staged project optimisation work to de-risk key project parameters prior to recommencing feasibility work. The focus is to de-risk key project parameters including acid cost, acid consumption and grade recovery at a low cost and under tight budgetary controls.

Management completed an acid consumption study during the year comprised of a suite of work programmes including ASU, XRF and QEMScan testwork, resource modelling, predictive modelling & machine learning and mine optimisations. Pulp samples from previous XRF drill programmes were sent for acid soluble uranium (ASU) analysis to address possible correlations with acid consumption, with the results indicating acid consumption correlations which have the potential in reducing the overall acid consumption for the project, by being able to differentiate high and low acid consuming mineralisation prior to processing it. Using selective mining and avoiding higher acid consuming areas may also reduce overall acid consumption.

834 samples were sent for multi-element XRF analysis to quantify acid consumption within the prospect. The Project team utilised predictive modelling to group geochemical signatures from the results and attribute a predicted acid consumption based on the learning from the ASU samples. QEMscan was completed on samples representing cluster types with high acid consuming properties, with the results indicating zeolites in Serule West were responsible for extreme acid consumptions. 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.

The new acid consumptions were entered into the OPEX model to create a new process cost per mineralogical cluster. These process costs have then been taken to an optimisation, so the economic outcomes can be viewed spatially. As the acid consumptions are only predictive and relative, they will require testing by mineralogical cluster in a metallurgical column setting prior to official reporting of actual consumptions. Assuming the column results reflect the same relative acid consumptions as the ASU tests, the result could see overall acid consumption for the project down by more than 20%. The mineralogy and spatial work has focussed the next phase of proposed optimisation work programmes to further mitigate high acid consumption or reduce the acid consumers at the point of mining. Beneficiation with respect to reducing acid consumers is being evaluated and the geological model has been revisited to assess whether the geological formations coincide with the zeolite-enriched zones which were identified in our acid consumption study.

A-Cap has been attending to the requirements of our Project's Mining Licence obligations. Environmental consultants Ecosurv commenced work on the relocation action plan for the Project area with regards to progressing with the provisional surface rights. This process is ongoing. Regular meetings have been held with key stakeholders including the Department of Mines, Environmental Affairs, Water Affairs and Land Boards to ensure our Project is in good standing.

The Company's strategy as outlined in the Chairman's Report is a diversified minerals approach focused on exploration and / or acquisition of cobalt projects to supply cathode materials to the battery industry, whilst optimisation work is progressed on the Letlhakane Uranium Project. To this end, in March 2018 the Company entered into a binding term sheet with ARC Marlborough Pty Ltd for an option to purchase a nickel-cobalt project in North Queensland. Whilst the Company ultimately did not proceed with ARC, in July 2018 the Company entered into a binding term sheet with Castillo Copper Limited (ASX:CCZ) in relation to a farm-in joint venture to explore and develop nickel and cobalt tenements in Queensland. The Company and Castillo are finalising the terms of a joint venture agreement. The Company are committed to achieving our diversified minerals strategy and have been evaluating opportunities across Australia, Africa, North and South America.

In April 2018, the Company lodged a prospectus to raise A$4 million by way of a fully underwritten non-renounceable rights issue (Offer). The Offer could not be completed due to the underwriter, Jiangsu Shengan Resources Group Co., Ltd (Shengan) being unable to obtain a Certificate of Overseas Investment from the Commercial Bureau of Yancheng, China, by the Offer closing date. The certificate is a requisite for Shengan to transfer the funds from China to the Company to meet its obligations as underwriter for any shortfall arising. As a result, the Offer was withdrawn in July 2018. The Company is considering its capital raising options, whilst maintaining tight budgetary oversight and operating its capital management plan.

Figure 1: A-Cap's Tenement portfolio in Botswana

Mr Paul Thomson transitioned from his role as managing director to Chief Executive Officer in August 2017 and subsequently retired from the Company in August 2018, after having successfully taken the Letlhakane Uranium Project to attaining a mining licence. A-Cap's key management and technical team remain in place and motivated to delivering the Company's strategy and have commenced the process to employ an experienced project development Chief Executive Officer in the near term.

The Company is continuing to consider our options to divest our coal projects and base metals tenement portfolio, with options including corporate re-organisation and assets sale. Extension applications for our coal projects consisting of the Mea, Foley and Bolau prospecting licences (PL134/2005, 125/2009 and 138/2005 respectively) were approved by the Botswana Minister of Mineral Resources, Green Technology and Energy Security for a further 2-year period expiring on 30 September 2019. Renewal applications for our base metal tenements portfolio were submitted last year and are being processed by the Botswana Department of Mines (DOM).

A-Cap remains fully committed to our shareholders in implementing its minerals diversification strategy and taking A-Cap's core Letlhakane Uranium Project to production.

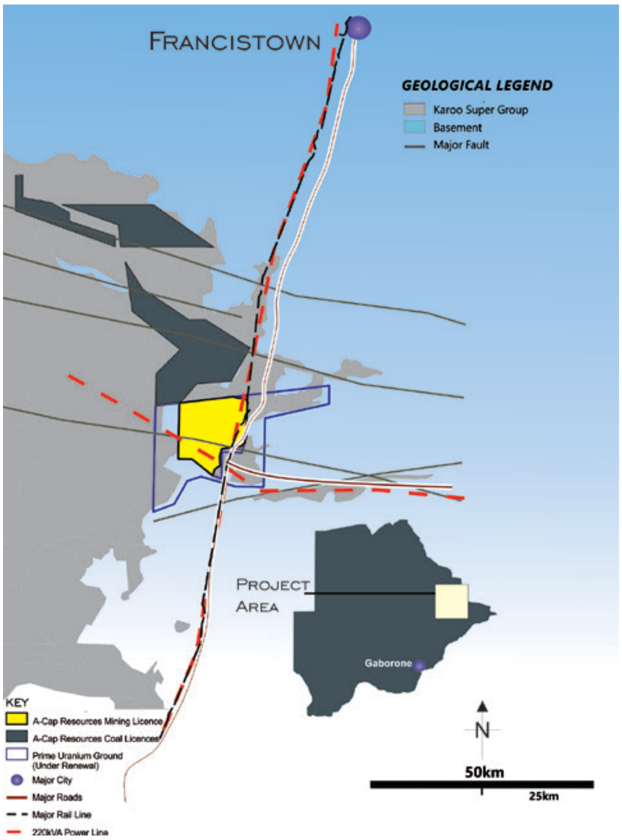


Figure 2: Map of A-Cap's Letlhakane Uranium Project

LETLHAKANE URANIUM PROJECT

MINING LICENCE

The Letlhakane Uranium Project is one of the world's largest (global top 10) undeveloped Uranium Deposits. The Project lies adjacent to Botswana's main North-South infrastructure corridor that includes a sealed all-weather highway (the A1 Highway), railway line and the national power grid, all of which make significant contributions to keeping the capital cost of future developments low.

A mining Licence application for PL 45/2004 (Letlhakane) was submitted to the Botswana Department of Mines, based on the results of a technical study and financial modelling. The technical study was 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. The study incorporated 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 technical study confirms that the Project has the right mix of a good resource, low capital and operating costs and is well positioned to be taken into early production in line with forecast rising uranium prices.

The technical study and financial modelling were completed with the assistance and in collaboration with, a world-class team of consultants including Optiro, Cube Consulting, SLR Consulting (South Africa), Kappes Cassiday & Associates, OMC Hydromet and Lycopodium Minerals Pty Ltd.

On the 8th September 2016, A-Cap received formal confirmation from the Botswana Department of Mines that the Company's application for a mining licence for the Letlhakane Uranium Project (PL045/2004) was successfully approved. The mining licence was signed by the Minister of Minerals, Energy and Water Resources (MMEWR), his Honourable Onkokame Kitso Mokaila (MP) and takes effect from 12 September 2016, valid for 22 years.

Pursuant to Section 43 of the Botswana Mines and Minerals Act, 1999, *"the holder of a mining licence may, from time to time, notify the Minister of amendments he wishes to make to his programme of mining operations and such amendments shall, unless the Minister rejects them within three months after being so notified, have effect after such period".* The Company have engaged in ongoing discussions with the Botswana Department of Mines apprising them of the delayed recovery in the price of uranium, coupled with staged project optimisation work currently being undertaken by the Company aimed at improving recovered uranium grade and reduce U_3O_8 process costs, focussing on acid supply and consumption. These factors would therefore affect the target timelines as set out in the Company's mining licence application.

A letter was submitted to the DoM on 10 July 2017 to advise that the pre-construction and construction period would be delayed by two years. 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.

A-Cap complies with all the requirements of the mining licence to ensure continued good standing, including defining the boundary of the mining licence with beacons, clearing and demarcation, and report submission in a timely manner.

PROJECT OPTIMISATION

The Company has continued to progress with staged project optimisation activities for the Letlhakane Uranium Project during the year. The aim of the optimisation work is to improve recovered uranium grade and reduce U_3O_8 process costs, focussing on acid supply and consumption.

During the 2017-year, A-Cap sent 296 samples for acid soluble uranium (ASU) analysis to ANSTO laboratories at Lucas Heights, NSW. The test design was aimed at addressing possible correlations with acid consumption and hence samples were carefully selected to represent lithological, spatial and mineralogical parameters. The samples utilised were all sample pulps from XRF analysis from previous drill programmes.

The ASU test was developed as a proxy for acid consumption and uranium recovery in a heap leach as it is logistically easier to deploy and has a much shorter lead-time in comparison with conventional column tests that can take up to 100 days to complete. The test uses conditions similar to a heap leach process in terms of acid concentrations and catalysts. In addition to the leach time, the other notable difference between the ASU and the heap leach process is the material size, which is required to be pulverised for the ASU. The ASU testing will give relative differences between samples, however the overall consumption for the heap leach can only be treated as indicative.

The results of the analysis indicated acid consumption correlations which have potential in reducing the overall acid consumption for the project. The potential lies in being able to differentiate high and low acid consuming mineralisation prior to processing it. The results from the ASU analysis showed spatial, lithological and mineralogical relationships with higher acid consumption.

The main observations were:

- *Spatially* – where at Serule the basal lenses have higher acid consumptions than the upper lenses; and by prospect where the range of acid consumptions is greater at Serule West than at Kraken or Gorgon.
- *By lithology type* – some mineralised lithologies have higher averages of acid consumption relative to others.
- *By geochemistry* – The samples when arranged by 'like' geochemical signatures or clusters. Some clusters correlate with higher acid consumption.

The geochemical clusters identified by the head assay geochemistry were often prevalent across different lithologies, indicating a mineralogical overprint that is a factor for acid consumption. When taking the observations with the selective mining approach, avoiding higher acid consuming areas has the potential to decrease the overall acid consumption, which is a key cost driver in the Project's operating costs.

As the results are only relative, further leach testing will be required simulating process conditions of the heap leach. In August 2017 A-Cap sent an additional 100 samples for ASU test work to expand the sample population of the study.

Predicted and actual resulting acid consumptions were spread spatially in the geological resource model using both krigging and inverse distance estimation methods. The results showed spatial differences with higher acid consumption. Three of the prospects were covered by the analysis: Gorgon South, Kraken and Serule West. At Serule West, around the pit areas, the two basal mineralised lenses indicate 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. Figure 3 graphically shows the increased acid consumption when Sodium (Na) is elevated. A minor relationship can be seen with an increase in carbonates. Figure 4 illustrates an increase in acid consumption with depth of the mineralised lens and an increase of Na with deeper lenses.

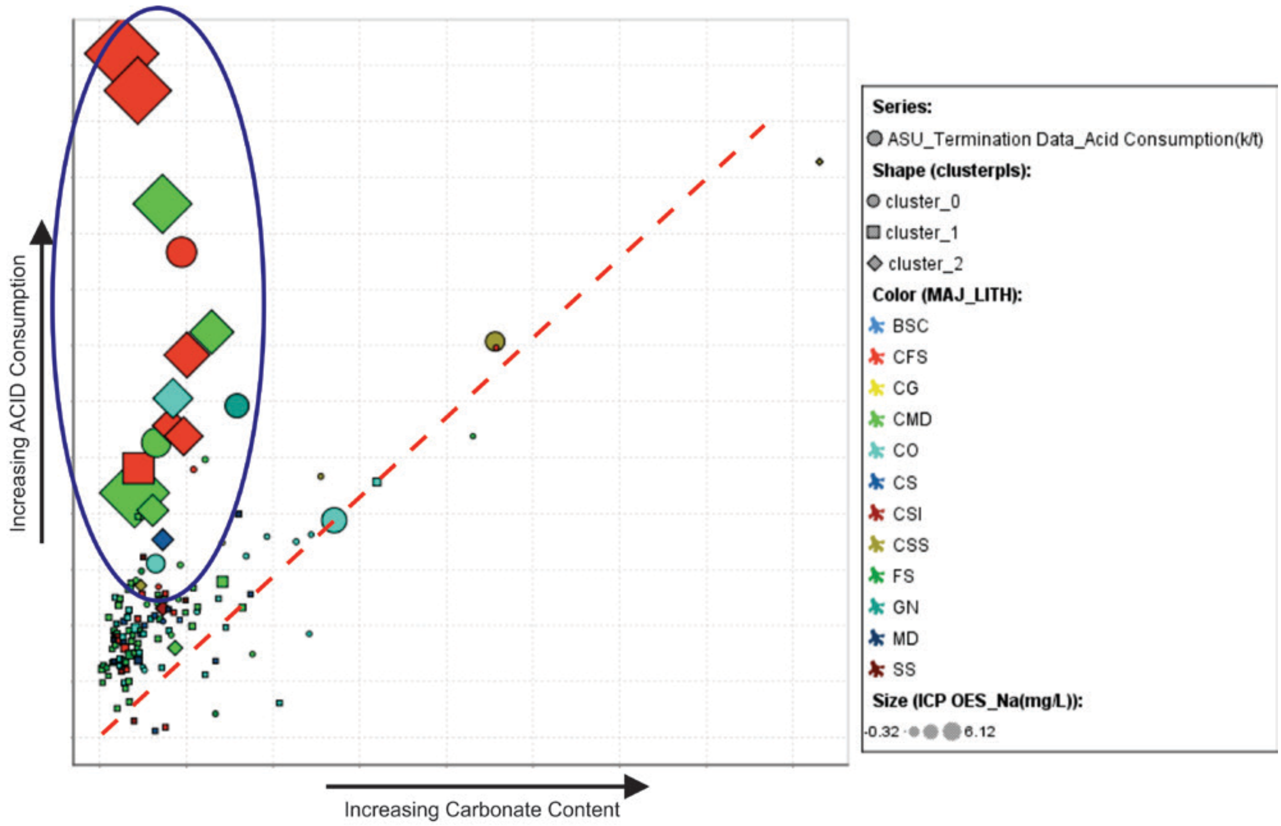


Figure 3: Trends for increasing acid consumption with increased Na and carbonate. Symbol size increases with Na

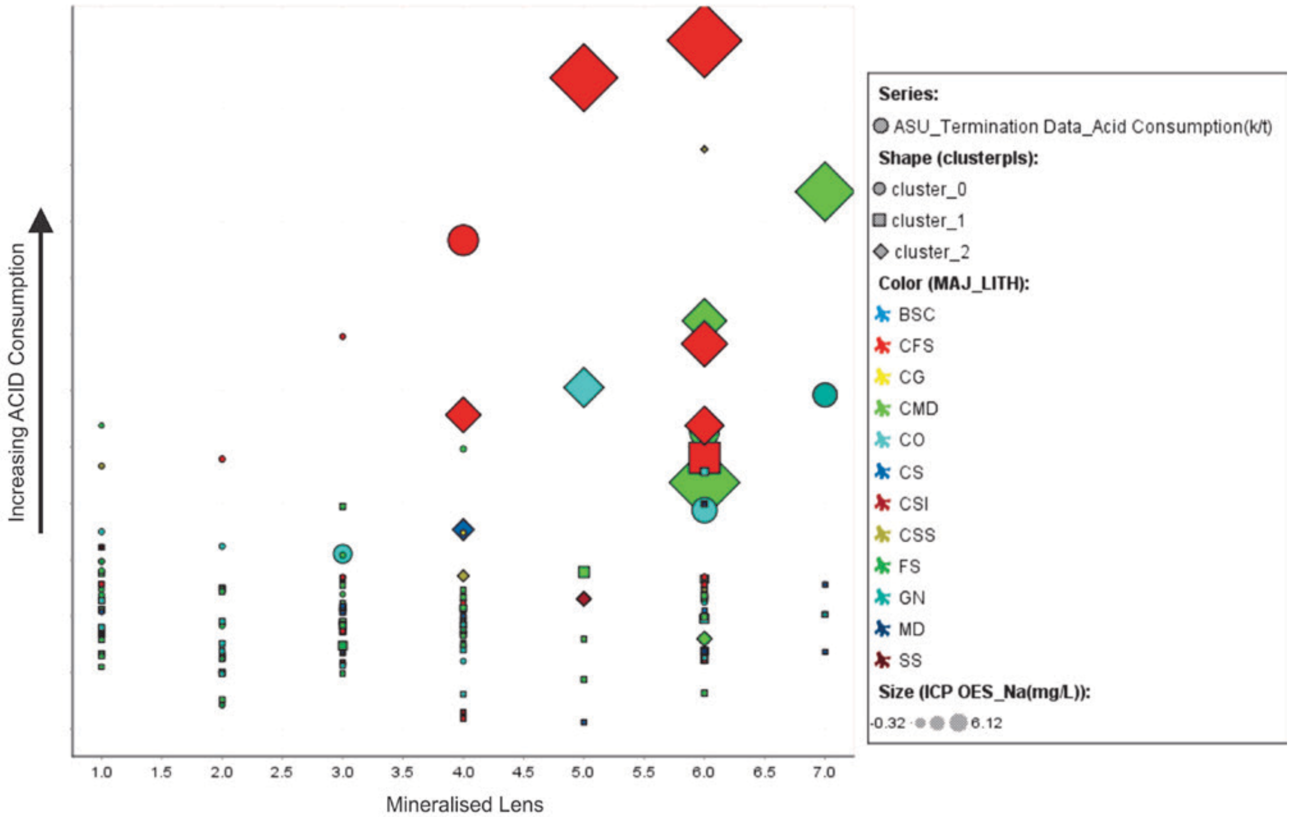


Figure 4: Mineralised lenses numbered with increasing depth illustrates samples with higher acid consumption and Na

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.

Sample results were also received from SGS laboratories (South Africa). 834 samples were sent for multi-element XRF analysis during the year and were used in the quantification of acid consumption within the prospect. The predictive model grouped the geochemical signatures from the results and attribute a predicted acid consumption based on the learning from the ASU samples. Data analytic software RapidMiner was used to run predictive models set up using the ASU head assay data with random sample sets used to measure percentage accuracy. Future XRF analysis either in-pit or pre-mining will have the ability to resolve acid consumers with even greater accuracy.

Mineralogy using QEMscan was completed on samples which represent the cluster types with high acid consuming properties. QEMscan is a technique that will define the mineralogical assemblage. The final QEMscan report received in January 2018 indicated that zeolites in Serule West were responsible for extreme acid consumptions that were observed. 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 new acid consumptions were entered into the OPEX model to create a new process cost per mineralogical cluster. These process costs have then been taken to an optimisation, so the economic outcomes can be viewed from a spatial perspective. As the acid consumptions are only predictive and relative, they will require testing by mineralogical cluster in a metallurgical column setting prior to official reporting of actual consumptions. Assuming the column results reflect the same relative acid consumptions as the ASU tests, the result could see overall acid consumption for the Project down by more than 20%.

The identification of the specific minerals associated with high acid consumption and the lithological and spatial mineralogical alterations allowed an assessment of the economic considerations associated with reducing the Project's overall acid consumption. The mineralogy and spatial work has focussed the next phase of proposed optimisation work programmes to further mitigate high acid consumption or reduce the acid consumers at the point of mining. Beneficiation with respect to reducing acid consumers is being evaluated.

METALLURGY & PROCESS DESIGN

The Process Design is based on a 2-stage acid heap leach route for all the primary, oxide and secondary mudstone ores with a modified solvent extraction system being the principal uranium recovery method. A detailed programme of acid column leaching, Solvent Extraction (SX) and Ion Exchange (IX) testwork was completed in 2016 to better define recoveries and process operating costs for the Letlhakane heap leach operation. This was carried out at ANSTO in Sydney and SGS in Perth. In addition, SLR

Consulting of South Africa, carried out a detailed engineering study of the heap leap facility including stability tests of the heaps.

At ANSTO, two campaigns of 2m and 4m columns were completed on the main ore types: Gorgon and Kraken primary ore, Serule West primary ore and a mixed oxide ore using the 2-stage acid leaching process which was developed over the last 2 years. This 2-stage acid leach has been shown to improve leach kinetics and recoveries. The 4m columns were leached in closed circuit with the SX/IX recovery circuit to demonstrate that the leachate can be processed by SX followed by IX then refining to yield a high purity saleable uranium oxide concentrate product. The SX/IX combination is novel though each component uses conventional technology and was demonstrated in the ANSTO Campaign 2 program. It was developed to optimise the water and acid balance and minimise acid loss in SX stripping.

At SGS, a 4m acid leach column test of the mixed secondary mudstone ore indicated good recoveries with moderate acid consumption indicating this process was the most effective way of treating this secondary mineralisation.

This testwork was used to develop engineering design data and process plant designs for acid heap leaching of all ore types excluding the calcrete ore. This data was used to define capital and operating costs for the process plant. The calcrete ore, which only accounts for <2 million lbs U_3O_8 resource, will be stockpiled for future processing once the main acid heap leach facility is complete.

The process flow diagram is summarised in Figure 5. The surface miners will produce primary, oxide and secondary mudstone ore feed for the closed screening and secondary crushing circuit which will produce a <19mm product feeding the agglomeration drums. The ore will be agglomerated using acid and polymer and then stacked by a grasshopper conveying system using 6 metre lifts.

Leaching will be carried out in multiple stages using intermediate and raffinate solutions to limit the volume of PLS feeding the SX plant. Uranium will be recovered from the SX strip solution using continuous ion exchange, followed by purification and precipitation as sodium diuranate using hydrogen peroxide, before final precipitation of uranium oxide concentrate (UOC) and drying.

The process design and uranium recovery has some novel and innovative steps which are protected by two patent applications issued to A-Cap. These patent applications will protect some of the advances that the metallurgical study team have made in the uranium recovery process.

The technical study focussed on treating 9 million tonnes of mineralisation per year through crushing, agglomerating, stacking and sulphuric acid leaching on one of two permanent leach pads, each with a capacity of 79 million tonnes. Leached material will be left in place and each lift sealed with a geomembrane liner.

The design capacity of the processing plant is 3.75 million pounds per annum of U_3O_8 equivalent per year, to allow for peaks in production, with average annual production estimated at 2.4 million pounds. The acid leach project is expected to operate for 18 years based on the current in- pit resources of oxide, primary and secondary mineralisation. Uranium recoveries vary from 60.5% to 77.7% depending on mineralisation type and were derived by applying discounts for scale-up from laboratory conditions to commercial field operations and include recovery losses in the leach and recovery circuits. Comminution tests indicate that these materials are soft and not very abrasive with the average crushing work index (CWi) of 8.82 kWh/t (range 5.9-13.3kWh/t). Process costs were calculated by mineralisation type and pit. The major contributor to production is the primary mineralisation. The main operating consumable is acid.

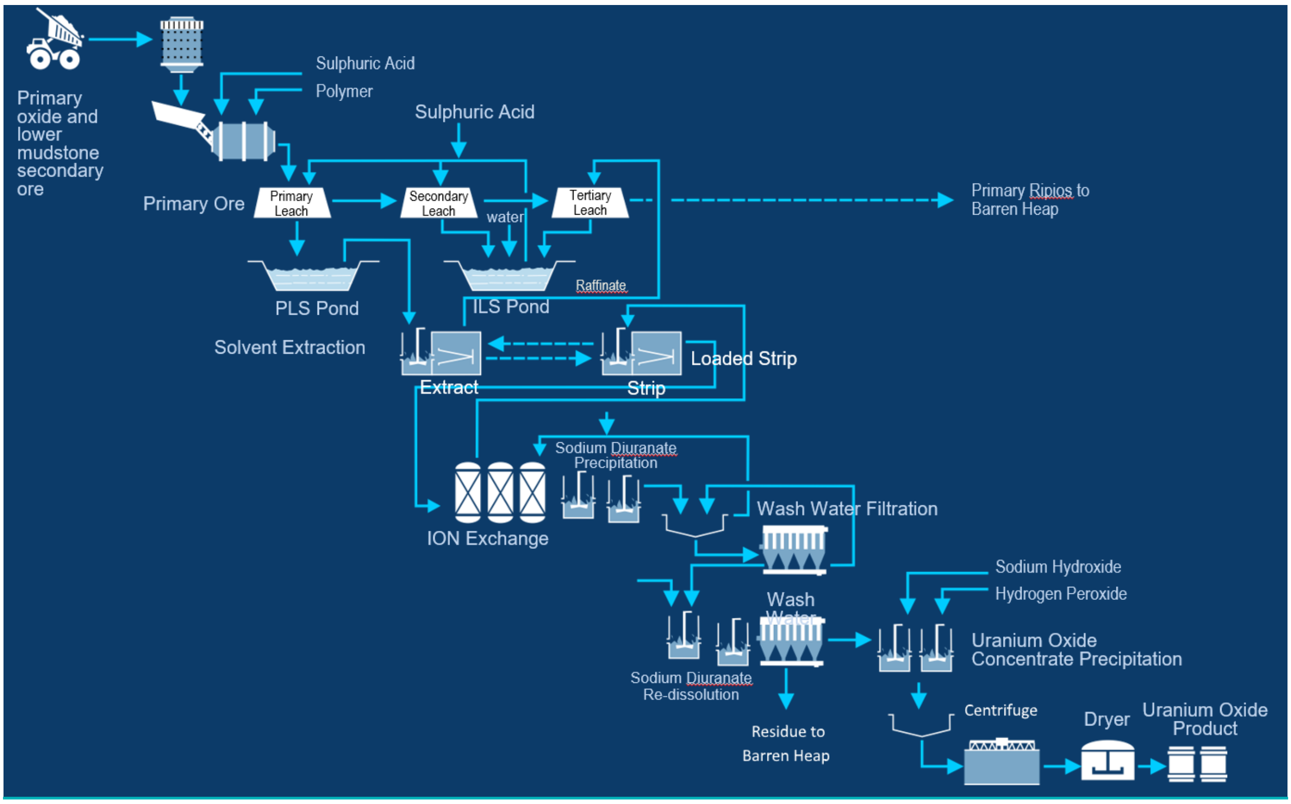


Figure 5: Letlhakane Uranium Project Acid Leach Circuit

MINERAL RESOURCE

A JORC Mineral Resource Upgrade at Letlhakane was completed by Optiro Pty Ltd, an independent expert, in September 2015. The updated resource uses a recoverable resource methodology which takes into account the proposed Standard Mining Unit (SMU). 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.

The Localised Uniform Conditioning (LUC) estimate best reflects the mining methodology envisaged, taking into account the surface miners 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 of 20m x 4m x 0.25m 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.

Uniform conditioning (UC) and LUC are 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.

The updated Global Mineral Resource, completed by an independent expert and reported in compliance with the JORC 2012 code, is summarised below:

Cut-off (U_3O_8 ppm)	Total Indicated			Total Inferred			Global Total		
	Mt	U_3O_8 (ppm)	Contained U_3O_8 (Mlbs)	Mt	U_3O_8 (ppm)	Contained U_3O_8 (Mlbs)	Mt	U_3O_8 (ppm)	Contained U_3O_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	103.1

Table 1: 2015 LUC Mineral resource estimates for ALL DEPOSITS at various U_3O_8 cut-offs

The 2015 global resource estimate using LUC best reflects the mining methodology envisaged, taking into account the surface miners' selective mining capability, combined with the proposed grade control methodology.

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.

A-Cap continues to assess the LUC resource in terms of mining optimisations. Optimisations of the LUC resource model has been completed to assess the different mining techniques and also to determine the optimal areas for conversion from inferred to indicated resources. 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.

ENVIRONMENTAL IMPACT STATEMENT

The Environmental Impact Statement (EIS, previously referred to as Environmental and Social Impact Assessment (ESIA)) 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. This is a major milestone for A-Cap and its flagship Uranium Project, with the EIS approval being an important requirement in securing a mining licence.

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.

The DEA formally approved the EIS on 13 May 2016 following a four-week public review process pursuant to the Environmental Act 2011.

SURFACE RIGHTS

Provisional surface rights were granted on 6 June 2016 over the 144sqkm area covering the Letlhakane Uranium Project. The surface rights are provisional upon compensation for the affected land rights holders in the area being resolved. To date, multiple consultations with the communities and directly affected parties have been completed. An asset inventory census was completed in June 2017 covering the ML area to ascertain the number of properties and infrastructure within the area. The survey was well advertised in local newspapers and in the community notice boards to ensure that all affected parties could be contacted. In July 2017, the Tonota Sub Land Board commenced an asset evaluation within the ML area. Reports were finalised on the assets within the mining licence and were reviewed by the Lands Office, Francistown. The outcome from the Lands Office will pave the way for further consultative meetings with potentially affected parties.

Environmental consultants Ecosurv, based in Gaborone, have been engaged to undertake the Resettlement action plan (RAP) as outlined in the approved EIS.

THE PROJECT TEAM

Under the guidance of Operations Manager Ashley Jones, the Project team continue to progress with project optimisation work for the Letlhakane Uranium Project, whilst evaluating potential nickel-cobalt laterite project opportunities and ensuring the Company continues to meet its mining licence and prospecting licence obligations. The Company continues to engage world class specialist consultants in the fields of geology, mineralogy, mining, metallurgy, process design, hydrology, environmental, radiation and engineering. Following the retirement of Chief Executive Officer Paul Thomson on 8 August 2018, A-Cap commenced a process to employ an experienced project development CEO in the near term to implement and manage the Company's diversified minerals strategy.

URANIUM MARKET

The reliability and consistency of alternative energy solutions such as fossil fuels and renewable energy (solar and wind) are currently not viable to satisfy base load electricity supply in the medium term. The demand for energy is increasing in the present moment through the reduction in fossil fuel reliance and powering the electric vehicle revolution.

While the industry is confident in the long-term fundamentals of uranium and nuclear power, there is less certainty in the short term. The Company continues to monitor the uranium market with respect to recent market developments and long-term uranium forecasts for an indication of an upswing in prices. In terms of the spot U_3O_8 uranium price, it appears to have bottomed out at or around the low US$20/lb range and has been consistently trending upwards since April 2018 up to US$27/lb. The current uranium spot price does not reflect producer economics, as long-dated uranium supply contracts are currently protecting high-cost producers. These contracts will expire by the early-2020's, which should result in uranium prices increasing. This increase is now expected to be more gradual, occurring as long-dated contracts expire and new demand is layered into the market, while the large inventory position will take some time to be drawn down and secondary supply from excess enrichment capacity remaining an overhang.

According to RBC Capital Market's most recent Global Metals & Mining Q2/2018 outlook, the spot price for uranium is forecast at US$50/lb U_3O_8 spot and $60/lb term in 2022, and in 2024 prices are forecast to rise to $60/lb spot and $70/lb term and continuing to rise from that point onwards.

RBC Uranium Supply and Demand Outlook

S&D ('000 lbs U_3O_8)	2016	2017	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	CAGR 17-30E
Demand	167,893	176,837	185,643	189,110	191,323	194,998	190,411	190,643	194,466	194,871	202,243	200,047	210,705	210,524	213,007	1.4%
Mine Supply	161,554	152,400	139,327	148,753	158,317	159,716	157,149	157,501	158,886	166,353	166,978	169,978	166,678	159,958	154,759	0.1%
Secondary Supply	38,608	39,729	38,115	42,122	39,646	33,509	28,818	29,053	25,516	26,774	25,348	22,831	22,205	22,364	20,746	-4.9%
Total Supply	200,162	192,129	177,442	190,875	197,963	193,225	185,967	186,554	184,412	193,127	192,326	192,809	188,883	182,322	175,505	-0.7%
Surplus/Deficit	32,269	15,292	-8,201	1,764	6,640	-1,773	-4,444	-4,089	-10,053	-1,744	-9,917	-7,239	-21,822	-28,201	-37,503	
Demand as % of supply	84%	92%	105%	99%	97%	101%	102%	102%	105%	101%	105%	104%	112%	115%	121%	
Inventory	765,781	781,072	772,871	774,635	781,276	779,503	775,059	770,970	760,916	759,172	749,254	742,016	720,194	691,993	654,490	-1%
Spot Price	$26	$22	$23	$28	$30	$40	$50	$60	$60	$60	$70	$70	$70	$65	$65	7%
Term Price	$40	$31	$30	$38	$40	$50	$60	$60	$70	$70	$80	$80	$80	$75	$75	5%

Source: WNA, UxC, Company reports, RBC Capital Markets estimates

Table 2: Forecast Uranium Spot & Long-term price (Source: RBC Capital Market's Global Metals & Mining Q2/2018)

The impact of supply-side factors such as i) further curtailments from major producers such as Kazatomprom, ii) Delays in McArthur River coming online and iii) Suspension of US Government inventory sales, coupled with demand-side factors including i) Commencement of new reactor construction in China (none in 2017), ii) Japanese reactor re-starts iii) new reactor announcements in India & Middle-East, could see the uranium market moving towards balance post-2020.

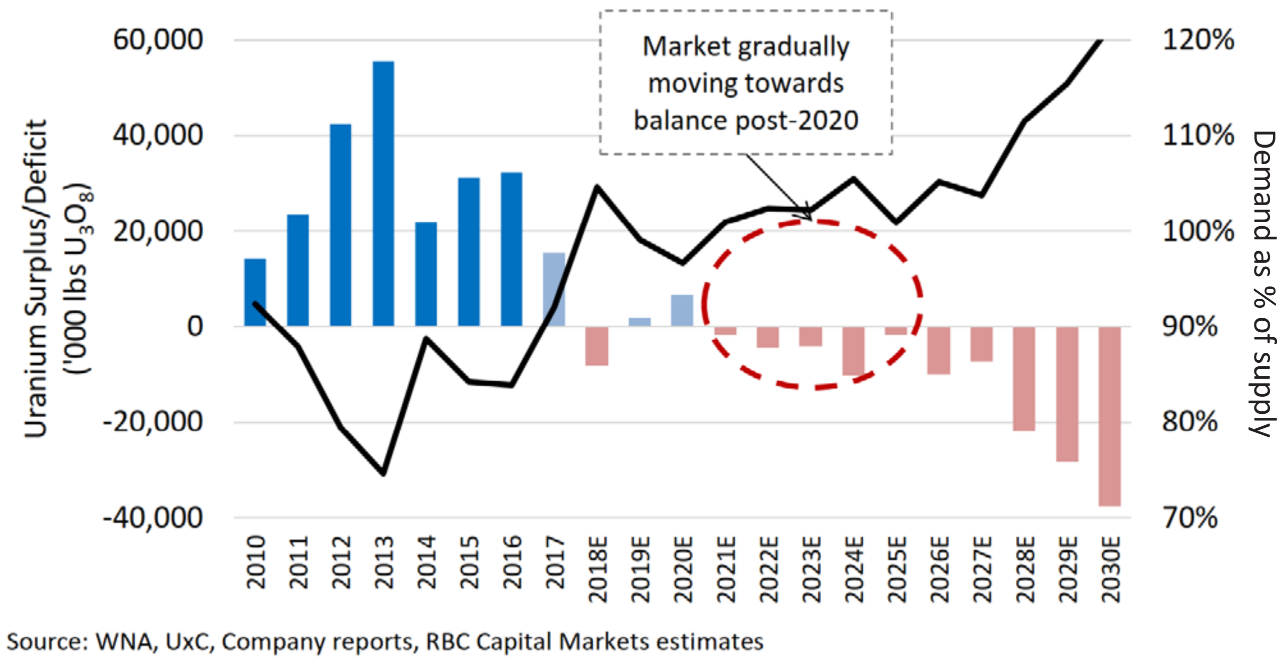


Figure 6: Uranium supply vs demand forecast (Source: RBC Capital Market's Global Metals & Mining Q2/2018)

COAL & BASE METAL PROJECTS

A-Cap's Coal projects consists of the Foley Coal Project (which comprises two PLS Foley PL125/2009 and Bolau PL138/2005) and the Mea Coal Project (PL134/2005). 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 continuing to consider our options to divest our coal projects and base metals tenement portfolio, with options including corporate re-organisation and assets sale. Extension applications for our coal projects consisting of the Mea, Foley and Bolau prospecting licences (PL134/2005, 125/2009 and 138/2005 respectively) were approved by the Botswana Minister of Mineral Resources, Green Technology and Energy Security for a further 2-year period expiring on 30 September 2019. Renewal applications for our base metal tenements portfolio were submitted last year and are being processed by the Botswana Department of Mines (DOM).

BOTSWANA

A-Cap remains committed to developing the Letlhakane Uranium Project, with the support of key stakeholders, as the first uranium mine in Botswana - a safe and stable multi-party democracy with an easy to understand mineral law. A-Cap continues to maintain an excellent relationship with all Botswana stakeholders through regular meetings and engagements, including all ministerial departments and communities. Botswana remains one of the best African destinations to invest, supported by:

- Consistently rated as the least corrupt country in Africa (Transparency International)
- Highest investment grade sovereign credit rating in Africa
- Ranked 4th out of 54 African countries in the Africa Investment Index, 2018. The Index is developed by Quantum Global Research Lab based on growth, liquidity, risk, business environment factors, demographics and social capital factors. Countries and markets are ranked in terms of their attractiveness for investment in the short to medium term. Botswana scored highly across risk factors (import cover, external debt and current account ratio), business environment factors and social capital ranking.
- Fourth ranked in Sub-Saharan Africa in Global Competitiveness Index, 2017/2018 (63rd in the world)
- Second ranked among 47 countries in the Sub-Saharan Africa region, with its overall score above the regional and world averages, in the 2018 Index of Economic Freedom (fundamental right of every human to control his or her own labour and property).

MOVING FORWARD

Your Company has flagged its diversified minerals strategy focused on cobalt opportunities, with the core Letlhakane Uranium Project forming the foundation of a clean energy approach towards future energy requirements. With the support of substantial shareholders Ansheng Investment Co., Ltd and Jiangsu Shengan Resources Group Co., Ltd, A-Cap will ensure the necessary funding is in place to support our strategy moving forward.

ASHLEY JONES
OPERATIONS MANAGER

COMPETENT PERSON'S STATEMENT

Information in this report relating to Mineral Resources is based on information compiled by Mr Ian Glacken, the Principal Consultant of Optiro Pty Ltd and a Fellow of the AusIMM. Mr Glacken has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person under the 2012 Edition of the Australasian Code for reporting of Exploration Results Mineral Resources and Ore Reserves. Mr Glacken consents to the inclusion of the data in the form and context in which it appears.

Information in this report relating to Uranium Exploration results, is based on information compiled by Mr Ashley Jones a full-time employee of A-Cap Resources Limited and a member of AusIMM. Mr Jones has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person under the 2012 Edition of the Australasian Code for reporting of Exploration Results Mineral Resources and Ore Reserves. Mr Jones consents to the inclusion of the data in the form and context in which it appears.

"A-CAP REMAINS COMMITTED TO DEVELOPING THE LETLHAKANE URANIUM PROJECT, WITH THE SUPPORT OF KEY STAKEHOLDERS, AS THE FIRST URANIUM MINE IN BOTSWANA - A SAFE AND STABLE MULTI-PARTY DEMOCRACY WITH AN EASY TO UNDERSTAND MINERAL LAW."

ANNUAL FINANCIAL REPORT 30 JUNE 2018

A-CAP RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

ACN 104 028 542

DIRECTORS' REPORT

The Directors present their 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 financial year ended 30 June 2018.

DIRECTORS

Directors of A-Cap Resources Limited during and since the end of the financial year are listed below. Directors were in office for the entire period unless otherwise stated.

Name	Dated Appointed	Date Retired
Angang Shen	6 November 2013	
Paul Anthony Ingram	1 June 2009	
Paul Thomson	24 October 2013	31 August 2017
John Fisher-Stamp	18 June 2015	
Michael Muhan Liu	2 July 2015	
Jijing Niu	19 September 2016	
Chenghu Zhu	19 September 2016	

DIRECTORS INFORMATION

Angang Shen

Chairman

Mr Angang Shen joined the Board of A-Cap in November 2013, bringing with him years of expertise and success in the areas of finance, investment, real estate and mining resources. Mr Shen is the Chairman of China Growth Minerals Ltd and Ansheng Investment Co, Ltd.

Mr Shen has not served as a director of any other ASX listed companies over the past three years.

Paul A. Ingram

Deputy Chairman, Member of Audit Committee
B. Applied Sc. (Geology), MAusIMM

Mr Ingram is a geologist with extensive experience in corporate and technical management of exploration and mining companies for over 30 years. He has held senior management positions in a number of successful resource companies in the precious metals sector and energy sector and has managed projects in countries throughout East Asia and in Australia.

During the past 3 years, Mr Ingram has also served as Director of the following ASX listed companies:

- Impact Minerals Limited (since July 2009)
- Australian Pacific Coal Limited (March 2011 – November 2015)
- Consolidated Global Investments Limited (September 2006 – September 2015)

Paul Thomson

Managing Director (retired 31 August 2017)
Chief Executive Officer
(from 1 September 2017, retired 8 August 2018)
HND (Electrical Engineering)

Mr Thomson is an engineer with over 35 years of experience in mining and project development in Africa. Mr Thomson joined A-Cap in 2009 as Project Manager for the Letlhakane Uranium Project and was appointed CEO in February 2012. Prior to joining A-Cap, Mr Thomson held senior management positions within the mining industry including Managing Director of African Copper Mining and Exploration Botswana, Director and Country Manager of Corridor Sands in Mozambique and Construction Manager of the Golden Pride Gold Project in Tanzania. He held various engineering and operational positions with JCI in South Africa. He has been responsible for many projects, both surface and underground and has led greenfield exploration teams through subsequent progression to building and operational stages of successful mines. Mr Thomson has extensive project development experience and depth of knowledge of the African operating environment. He holds a South African Government Certificate of Competency Mines and Works (Electrical).

During the past three years Mr Thomson has not served as Director for any other ASX listed companies.

John Fisher-Stamp

Independent Non-Executive Director
Chairman of the Audit Committee
FCA, FTIA, GAICD, MIMC

Mr Fisher-Stamp is a Chartered Accountant and has worked in the resources sector for the past 14 years. John has held executive and consulting positions in corporate finance and as CFO. These roles covered compliance with corporate regulations and reporting in Australia, USA, UK and Asia. Mr Fisher-Stamp is a director of USA- based mining developer Ouro Mining, Inc and former Deputy Chair and Chair of the Bank Audit Committee of RACQ Bank Limited, an Australian APRA regulated ADI retiring in December 2017 after serving a maximum 8-year term. Mr Fisher-Stamp is a former Non-Executive Director and Chair of the Audit Committee of delisted ASX biotechnology company Panbio Limited from July 2003 to January 2008 following shareholder approval of a court approved members' scheme takeover. Mr Fisher-Stamp's experience extends to Public Practice as a Chartered Accountant and Principal with DKM Group, Brisbane for 8 years and a Partner with Deloitte, Brisbane, Australia for 10 years providing business advisory, corporate taxation and support services.

During the past three years Mr Fisher-Stamp has not served as Director for any other ASX listed companies.

Michael Liu

Independent Non-Executive Director
Member of the Audit Committee
MA, MBA

Mr Liu is the current Chairman of East China Capital Investments Ltd and has over 20 years' experience in public company management, corporate investment and finance, and international M&A. In the past 10 years, Mr Liu has overseen several successful acquisitions and divestitures of mining assets including gold, copper, and coal in China and overseas. Mr Liu holds a Master of Arts from the University of New Brunswick and an MBA from The University of British Columbia in Canada and holds Directorships in a number of public companies listed in Canada, UK, and USA.

During the past three years Mr Liu has not served as Director for any other ASX listed companies.

Mr Jijing Niu

Non-Executive Director
MBA

Mr Niu graduated from Hunan University majoring in Economics and Information Management and holds an MBA from Fudan University and an EMBA from Cheung Kong School of Business. Mr Niu brings to the Board a wealth of corporate and investment banking experience, having commenced his investment banking career at United Securities Co., Ltd in 1998. From 2005 Mr Niu joined the Investment Banking Division of Guosen Securities Ltd and was promoted to be the Managing Director of the division until 2015. He was appointed as Chairman of Jiangsu Shengan Resources Group Co Ltd on 8 July 2016.

During the past three years Mr Niu has not served as Director for any other ASX listed companies.

Mr Chenghu Zhu

Non-Executive Director, Member of the Audit Committee

Mr Zhu is an economist having held senior positions across a successful career in Industry & Commerce. Mr Zhu commenced his career as the manager of Yancheng Longgang Supply and Marketing Corporation from 1980 to 1992 and the General Manager of Yancheng Huaxin Industrial General Corporation from 1992 to 1995. Mr Zhu held a Directorship at Yancheng Suburban Government Corporation from 1995 to 1998. Mr Zhu currently holds the following senior positions:

- Chairman of Jiangsu Huaxing Investment Group (since 1998)
- Deputy President of Jiangsu Federation of Industry and Commerce (since 2012)
- Deputy Chairman of Yancheng Federation of Industry and Commerce (since 2012)
- President of Yandu Association of Enterprises (since 2012)
- Director of Jiangsu Shengan Resources Group Co Ltd

During the past three years Mr Zhu has not served as Director for any other ASX listed companies.

Interest in the shares and options of the Company

As at the date of this report, the interests of the Directors in the shares and options of the Company were:

Ordinary Shares	A Shen	P Ingram	J Fisher-Stamp	M Liu	JJ Niu	CH Zhu
Fully paid	173,341,278	7,849,234	6,367,868	11,362,900	-	-

COMPANY SECRETARY

Nicholas Yeak

BCom, CPA, AGIA, ACIS

Mr Yeak has managed A-Cap's financial affairs over the past eight years and is responsible for the legal and corporate management of the Consolidated Group. Mr Yeak is a Certified Practicing Accountant and Chartered Company Secretary with over 15 years' postgraduate experience in senior finance positions.

DIRECTORS' MEETINGS

The number of meetings of the Company's Board of Directors held during the year ended 30 June 2018, and the numbers of meetings attended by each Director were:

Director	Board of Directors		Audit Committee	
	Held	Attended	Held	Attended
A Shen	1	1	-	-
P Ingram	1	1	2	2
P Thomson	-	-	2	2
J Fisher-Stamp	1	1	2	2
M Liu	1	1	-	-
JJ Niu	1	1	-	-
CH Zhu	1	1	2	2

PRINCIPAL ACTIVITIES

The Consolidated Group's principal activities during the year have been:

- The ongoing project optimisation and feasibility studies into the Letlhakane Uranium Project;
- Evaluation of opportunities to diversify its minerals portfolio into cathode materials production and supply to the battery industry;
- Continuing exploration of its tenement portfolio in Botswana;
- The evaluation of our coal discoveries and potential divestment opportunities.

There were no significant changes in the nature of the Consolidated Group's principal activities during the financial year.

REVIEW OF OPERATIONS

- Following the grant of a Mining Licence for the Letlhakane Uranium Project (The Project) on 12 September 2016, the Company's primary objective has been staged project optimisation activities for the Project aimed at improving recovered uranium grade and reducing U3O8 process costs, to de-risk the Project prior to undertaking further feasibility studies.

- The results of 296 samples sent for acid soluble uranium analysis (ASU) during the 2017 financial year indicated acid consumption correlations that have the potential in reducing the overall acid consumption for the Project, allowing for differentiation of high and low acid consuming mineralisation prior to processing it. This ASU work was further expanded this year with 100 additional samples sent to increase the sample population of the acid consumption study. Predictive data models were used to assess the acid consumption of the mineralisation based on lithology, spatial location and mineralogy and subsequently incorporated into a spatial model to assess the impact on the mine schedule. The final 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 was 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.

- Sample results were also received from SGS laboratories (South Africa) during the year. 834 samples were sent for multi-element XRF analysis and were used in the quantification of acid consumption within the prospect. The predictive model grouped the geochemical signatures from the results and attribute a predicted acid consumption based on the learning from the ASU samples. Several different predictive methods are utilised, with the results used to infer potential savings in acid. This was completed utilising RapidMiner whereby predictive models were set up using the ASU head assay data with random sample sets used to measure percentage accuracy. Future XRF analysis either in-pit or pre-mining will have the ability to resolve acid consumers with even greater accuracy.

- Mineralogy using QEMscan was also completed on samples representing cluster types with high acid consuming properties, with a final report received in January 2018 indicating that zeolites in Serule West was responsible for extreme acid consumptions that were observed. 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.

- Ongoing predictive analysis work indicated that the same clustering technique and predicted acid consumption profiles could be applied to the previous sample set. The final relative cluster consumptions were interrogated against the 2011 sample ASU data which comprised the metallurgical sample used for column leach test work. Extra dilution that was added to the samples was observed, consistent with the conventional mining dilution envisaged at the time. The dilution effect on acid consumption was recalculated, as well as completing a weighted average of the clusters that made up the sample in the column test work. What resulted was a possible acid consumption profile per cluster that was relative to the column test work acid consumption.

- The new acid consumptions were entered into an OPEX model to create a new process cost per mineralogical cluster. These process costs have then been taken to an optimisation, so the economic outcomes can be viewed from a spatial perspective. As the acid consumptions are only predictive and relative, they will require testing by mineralogical cluster in a metallurgical column setting prior to official reporting of actual consumptions. The result could see overall acid consumption down by more than 20%.

- The mineralogy and spatial work has focussed the next phase of proposed optimisation work programmes to further mitigate high acid consumption or reduce the acid consumers at the point of mining. Beneficiation with respect to reducing acid consumers is being evaluated.

- Micromine Optimisation software and scheduling software was successfully implemented during the year, allowing internal optimisations to be run continuously which allow for the complex nature of the Project to be examined in more detail and more frequently, whilst saving on external consulting fees.

- A-Cap continues to attend to the requirements of the Project's mining licence including maintenance of the mining licence boundary, radiation inspectorate compliance and engaging with the community to update them on the Project's status. The Department of Mines confirmed that our mining licence and all prospecting licences continue to be in good standing.

- The Company has continued to engage with stakeholders within the Mining Licence area, including the community Kgotlas at Serule and Gojwane regarding the Relocation Action Plan for affected landowners.

- 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 licenses. A 2-year extension was granted from 1 October 2017 to 30 September 2019.

- On the 23rd March 2018, A-Cap announced entering into a binding term sheet which provided entry into a 12-month option agreement, with the right to acquire a nickel-cobalt project in Queensland, Australia. The board resolved to terminate the binding term sheet in April 2018. The board's diversified minerals strategy remains focused to acquire a cobalt laterite project in the near term.

- A-Cap submitted applications for renewal and extension for our base metal tenements last financial year, which are currently being assessed by the Department of Mines.

- The Company continues to engage with interested parties regarding options to monetise our coal and base metal assets.

FINANCIAL PERFORMANCE AND POSITION

The consolidated loss for the year attributable to the members of the Consolidated Group was $1,457,842 (2017: $2,762,418).

The net assets of the Consolidated Group for the financial year ended 30 June 2018 was $54,560,202 (2017: $54,567,621).

The Directors believe the Consolidated Group is in a strong and stable financial position and able to expand and grow its current operations.

COMPANY STRATEGY

The Company's strategy is to diversify its minerals portfolio focussing on the acquisition of Cobalt Nickel Laterite projects to supply cathode materials to the battery industry. A-Cap will continue to advance the optimisation work of its Letlhakane Uranium Project in Botswana, to ultimately supply uranium U_3O_8 product to a nuclear facility as prime fuel for base load power generation and its service to the battery industry markets and its consumers.

A-Cap continues to explore opportunities to release value and monetise coal and base metal tenements through corporate re-organisation and assets sale.

CORPORATE ACTIVITY

- On 13 July 2017, the Company changed its principal place of business to Level 1, 136 Stirling Hwy, Nedlands WA 6009.
- Paul Thomson retired from his role as Managing Director of A-Cap on 31 August 2017. The Company entered into a new service agreement with Mr Thomson through his company Raba-Rax Solutions (Pty) Ltd, transitioning to Chief Executive Officer of A-Cap effective from 1 September 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.
- On 31 October 2017, 5.7M unlisted options expired unexercised.
- A trading halt was requested on 21 March 2018 for the Company to respond to an ASX price and volume query.
- On 23 March 2018, the Company announced that it had entered a binding term sheet with ARC Marlborough Pty Ltd. Subsequently on 12 April 2018, A-Cap terminated the binding term sheet.
- On 6 April the Company announced the board had resolved to raise $4 million by way of a non-renounceable rights issue to shareholders of 66,657,864 new shares on the basis of 2 new shares for every 6.54 shares held on 20 April 2018. The offer is fully underwritten by Jiangsu Shengan Resources Group Co. Ltd.
- On 26 April 2018, the non-renounceable rights issue announced on 6 April 2018 was cancelled to correct the basis of allocation to eligible shareholders from 2 new shares for every 6.54 shares held to 1 new share for every 13.08 shares held.
- On 30 April 2018, the Company announced that the board had resolved to raise $4 million by way of a non-renounceable rights issue to shareholders of 66,657,864 new shares on the basis of 1 new share for every 13.08 shares held on 10 May 2018. The offer is fully underwritten by Jiangsu Shengan Resources Group Co. Ltd. The prospectus was lodged on 4 May 2018.
- On 23 May 2018, the Company announced that the non-renounceable rights issue closing date was extended from 28 May 2018 to 28 June 2018 to allow the underwriter sufficient time to secure a Certificate of Overseas Investment from the Commercial Bureau of Yancheng, China to transfer the funds to the Company for any shortfall amount arising from the offer.
- On 22 June 2018 the Company announced a further extension of the non-renounceable rights issue closing date from 28 June 2018 to 24 July 2018 to allow additional time for the underwriter to secure the Certificate of Overseas Investment from the Commercial Bureau of Yancheng, China.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no other significant changes in the state of affairs during this financial year.

DIVIDENDS

As the Company's principal activities are minerals exploration it has not as yet paid any dividends and does not see any short–term return to shareholders via dividend payments.

COMPANY PROJECTS

A-Cap currently holds 1 Mining Licence (ML) and 12 Prospecting Licenses (PL) across Botswana, covering over 8,499 sq. km's.

SCHEDULE OF INTERESTS IN MINING TENEMENTS

Tenement	Expiry Date	% Holding	Title Holder
Letlhakane 2016/16L	11/09/2038	100	A-Cap Resources Botswana (Pty) Ltd
Mea PL 134/2005	30/09/2019	100	A-Cap Resources Botswana (Pty) Ltd
Bolau PL 138/2005	30/09/2019	100	A-Cap Resources Botswana (Pty) Ltd
Foley PL 125/ 2009	30/09/2019	100	A-Cap Resources Botswana (Pty) Ltd
Hukuntsi PL 002/2014	31/03/2017 *	100	A-Cap Resources Botswana (Pty) Ltd
Hukuntsi PL 003/2014	31/03/2017 *	100	A-Cap Resources Botswana (Pty) Ltd
Hukuntsi PL 004/2014	31/03/2017 *	100	A-Cap Resources Botswana (Pty) Ltd
Werda PL 005/2014	31/03/2017 *	100	A-Cap Resources Botswana (Pty) Ltd
Kokong PL 006/2014	31/03/2017 *	100	A-Cap Resources Botswana (Pty) Ltd
Kokong PL 007/2014	31/03/2017 *	100	A-Cap Resources Botswana (Pty) Ltd
Kokong PL 008/2014	31/03/2017 *	100	A-Cap Resources Botswana (Pty) Ltd
Jwaneng PL 012/2014	31/03/2017 *	100	A-Cap Resources Botswana (Pty) Ltd
Jwaneng PL 013/2014	31/03/2017 *	100	A-Cap Resources Botswana (Pty) Ltd

* The Company have submitted applications for renewal of the above prospecting licences to the Botswana Department of Mines.

ENVIRONMENTAL ISSUES

The Consolidated Group's exploration activities in Botswana are governed by the Botswana Mines and Mineral Act 1999 and the Botswana Environmental Assessment Act 2011. The Department of Environmental Affairs formally approved A-Cap's Environmental Impact Statement for the Letlhakane Uranium Project on 13 May 2016 in accordance with Section 12 (1a) of the Botswana Environmental Assessment Act, No.10, of 2011.

To the best of the Directors' knowledge, the Group has adequate systems in place to ensure compliance with the requirements of the applicable environmental legislation and is not aware of any breach of those requirements during the financial year and up to the date of the Directors' Report.

AFTER RECORD DATE EVENTS

- On 19 July 2018 the Company announced the withdrawal of the Non-Renounceable Rights Issue (Offer) to raise A$4 million by way of an issue of 66,657,864 new ordinary shares to shareholders on the basis of 1 new share for every 13.08 shares held. The Offer was withdrawn because the Board was informed by Jiangsu Shengan Resources Group Co., Ltd (the Underwriter) that they were unable to meet their obligations under the Underwriting Agreement as they would not be issued a Certificate of Oversees Investment by the closing date of the offer. The Underwriter applied for a Certificate of Overseas Investment to the Commercial Bureau of Yancheng, China in April 2018 in response to a notice from the Bureau that a new Certificate of Investment be issued to the Underwriter following a change of its company name from Jiangsu Chixiang Precision Gears Co., Ltd to Jiangsu Shengan Resources Group Co., Ltd. The Certificate of Overseas Investment is required by the Underwriter to transfer investment funds from China to the Company to meet its Underwriter obligations for the shortfall amount under the terms of the Underwriter Agreement. Due to a delay in the processing of its application by the Commercial Bureau of Yancheng, China, the Underwriter will not be issued a Certificate of Overseas Investment by the closing date of the Offer.
- On 23 July 2018, the Company called an ASX trading halt to finalise a potential joint venture agreement. On 25 July 2018, the Company announced entering into a binding Term Sheet with Castillo Copper Limited, which provides for a farm-in joint venture to explore and develop nickel and cobalt tenements in Queensland, Australia.

- The Company announced that a formal notice of termination of the Services Agreement between Raba-Rax Solutions (Pty) Ltd (Raba-Rax) and the Company was served on 14 August 2018. Raba-Rax is the services provider which the Company engages Mr Paul Thomson as CEO of the Company. Mr Thomson's role as Group CEO ceased with effect from 8 August 2018, with the notice period of the services agreement ending on 30 September 2018.
- On 21 August 2018, the Company received an Appendix 5B Query letter from the ASX. The ASX sought clarification on the Company's forecast cash expenditure with respect to the available cash reserves as at 30 June 2018. The Company responded to the ASX's queries and the response letter was released to the ASX on 25 August 2018. Please refer to the going concern disclosure under Notes to the Financial Statements for further information on the Company's response to the ASX in this regard.

Other than the matters 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.

LIKELY DEVELOPMENTS

The Company entered a binding term sheet with Castillo Copper Limited in relation to a farm-in joint venture to explore and develop nickel and cobalt tenements in Queensland, Australia. As at the date of this report, the Company and Castillo Copper Limited are working through the terms of the Joint Venture Agreement. Field exploration work has commenced on the Castillo Copper Limited nickel and cobalt tenements.

A-Cap will continue staged project optimisation activities on the Letlhakane Uranium Project prior to recommencing the next phase of feasibility work to take the project into development.

The Company is also assessing options to divest and monetise our coal projects and base metals tenements.

REMUNERATION REPORT - AUDITED

REMUNERATION POLICY

Executive Director Remuneration

The remuneration policy of A-Cap Resources Limited has been designed to align Executive Director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives. The Board of A-Cap Resources Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and Executive Directors to run and manage the Consolidated Group, as well as create goal congruence between Directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the Consolidated Group is as follows:

- The remuneration policy, setting the terms and conditions for the Executive Directors and other senior executives was developed internally based on industry-wide benchmarks, and approved by the Board based on the research and information provided.
- All executives receive a base salary (which is based on factors such as length of service and experience).
- The Board reviews executive packages annually by reference to executive performance and remuneration packages for similar positions in comparable companies.

The Executive Directors and executives receive a superannuation guarantee contribution in compliance with government requirements. All remuneration paid to Directors and executives is valued at the cost to the Company and expensed.

Non-Executive Director Remuneration

The Board's policy is to remunerate Non-Executive Directors at market rates for time, commitment and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. The maximum aggregate directors' fees (currently set at $400,000 p.a. as of the 2016 Annual General Meeting) that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for Non-Executive Directors are not linked to the performance of the Consolidated Group. The maximum aggregate fees exclude consulting fees paid to Non-Executive Director's for work outside the scope of their role as Non-Executive Directors. Consulting fees paid to Non-Executive Directors are in a Non-Executive capacity and do not impair the impendence of Non-Executive Directors.

To align Directors' interests with shareholder interest, the Directors are encouraged to hold shares in the Company. Director options are issued in accordance with resolution passed at the Company's Annual General Meeting.

Company Performance, Shareholders Wealth and Directors' and Executives Remuneration

Remuneration of Directors is not impacted by the following

(i) dividends paid by the Company to its shareholders during the year;

(ii) changes in share price at which shares in the Company are traded between the beginning and the end of the year;

(iii) any return of capital by the Company to its shareholders during the year that involves cancellation of shares in the Company and payments to shareholders that exceeds the price at which shares in that class are being traded at the time when the shares are cancelled; and

(iv) any other relevant matter.

KEY MANAGEMENT PERSONNEL (OTHER THAN DIRECTORS) REMUNERATION POLICY

The Board's policy for determining the nature and amount of remuneration of key management (other than directors) for the group follows.

The remuneration structure for key management personnel (other than directors) is based on a number of factors, including length of service and particular experience of the individual concerned. The contracts for service between the Company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement, key management personnel are paid employee benefit entitlements accrued at the date of retirement.

For the reporting year, the Company currently has no performance-based remuneration component built into director and executive remuneration packages. Options issued are commensurate with the level of responsibility held by the director or executive, and aligns the long-term goals and objectives between shareholders, directors and executives.

SERVICE AGREEMENTS

As at the date of this report, the Company has the following service agreements with Directors:

Paul Anthony Ingram

Entity

Fabian Entertainment Pty Ltd

Related party

Mr Ingram is a director and major shareholder of Fabian Entertainment Pty Ltd and a beneficiary of the Paul Ingram Family Trust.

Fee

US$5,000 per month

Terms of payment

Monthly invoice issued at the start of each month, 100% settled in cash within 14 days of issue of tax invoice.

Mr Ingram's service agreement is for the provision of corporate advisory services to A-Cap including capital markets, business development, project technical support and market making.

John Fisher-Stamp

Entity

Catus Pty Ltd

Related party

Mr Fisher-Stamp is a director and major shareholder of Catus Pty Ltd and a beneficiary of the Innovation Trust

Fee

US$5,000 per month

Terms of payment

Monthly invoice issued at the start of each month, 100% settled in cash within 14 days of issue of tax invoice.

Mr Fisher-Stamp's service agreement is for the provision of corporate advisory services to A-Cap including capital markets, finance, disclosure documents, commercial and contractual advice, key functional responsibilities commensurate with a CFO.

Michael Liu

Entity

V & D Investments

Related party

Mr Liu is a director and major shareholder of V & D Investments.

Fee

US$5,000 per month

Terms of payment

Monthly invoice issued at the start of each month, 100% settled in cash within 14 days of issue of tax invoice.

Mr Liu's service agreement is for the provision of corporate advisory services to A-Cap including capital markets, investor liaison and market making.

Angang Shen

Fee

US$5,000 per month

Terms of payment

Monthly invoice issued at the start of each month, 100% settled in cash within 14 days of issue of tax invoice.

Mr Shen's service agreement is for the provision of capital markets advisory and support services to be performed in China and Hong Kong.

No executive is entitled to any termination benefits as defined under the Corporations Act 2001.

USE OF REMUNERATION CONSULTANTS

Due to the size and nature of the organisation, the Company has not engaged remuneration consultants to review and measure its policy and strategy. The Board reviews remuneration strategy periodically and may engage remuneration consultants in future to assist with this process.

VOTING AND COMMENTS MADE AT THE COMPANY'S 2017 ANNUAL GENERAL MEETING ('AGM')

At the 2017 AGM held on 28 November 2017, the following votes were cast in relation to adopting the remuneration report:

In favour:	367,434,920 votes
Against:	92,424 votes
Abstained:	181,322,512 votes

The company did not receive any specific feedback at the AGM regarding its remuneration practices.

DIRECTORS

Name	Short-term Benefits				Long-term benefits	Post-employment benefits	Share-based payments	Total
	Salary & Fees	Consulting Fees	Annual Leave	Bonus	Long Service leave	Superannuation	Shares	
	$	$	$	$	$	$	$	$
30 June 2018								
A Shen	**50,004**	**77,641**	**-**	**-**	**-**	**-**	**-**	**127,645**
P Ingram	**45,662**	**77,334**	**-**	**-**	**-**	**4,338**	**-**	**127,334**
P Thomson [A]	**68,081**	**-**	**53,170**	**-**	**-**	**-**	**-**	**121,251**
J Fisher-Stamp	**45,662**	**77,334**	**-**	**-**	**-**	**4,338**	**-**	**127,334**
M Liu	**50,004**	**77,641**	**-**	**-**	**-**	**-**	**-**	**127,645**
JJ Niu	**50,004**	**-**	**-**	**-**	**-**	**-**	**-**	**50,004**
CH Zhu	**50,004**	**-**	**-**	**-**	**-**	**-**	**-**	**50,004**
Total	**359,421**	**309,950**	**53,170**	**-**	**-**	**8,676**	**-**	**731,217**
30 June 2017								
A Shen	43,753	299,236	-	-	-	-	16,357	359,346
P Ingram	39,954	174,499	-	-	-	3,796	207,785	426,034
P Thomson	421,948	-	-	64,894	-	-	-	486,842
H Stacpoole [B]	5,708	-	-	-	-	542	16,357	22,607
P Woolrich [B]	5,708	7,619	-	-	-	542	16,357	30,226
J Fisher-Stamp	39,954	174,499	-	-	-	3,796	201,810	420,059
M Liu	43,753	174,564	-	-	-	-	198,570	416,887
JJ Niu [C]	39,397	-	-	-	-	-	-	39,397
CH Zhu [C]	39,397	-	-	-	-	-	-	39,397
Total	679,572	830,417	-	64,894	-	8,676	657,236	2,240,795

A Mr Thomson retired from the board of A-Cap on 31 August 2017.

B Mr Stacpoole and Dr Woolrich retired from the board of A-Cap on 19 September 2016.

C Mr Niu and Mr Zhu were appointed to the board of A-Cap on 19 September 2016.

EXECUTIVES

Name	Short-term Benefits			Long-term Benefits	Post-employment benefits		Share-based payments		
	Salary & Fees	Non-monetary	Accrued Annual leave	Long service leave	Superannuation	Termination benefits	Options	Shares	Total
	$	$	$	$	$	$	$	$	$
30 June 2018									
P Thomson *	**172,539**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**172,539**
A Jones **	**251,207**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**251,207**
N Yeak	**164,999**	**-**	**-**	**-**	**15,674**	**-**	**-**	**-**	**180,673**
Total	**588,745**	**-**	**-**	**-**	**15,674**	**-**	**-**	**-**	**604,419**
30 June 2017									
A Jones *	258,794	-	-	-	-	-	-	-	258,794
N Yeak	164,999	-	-	-	15,674	-	-	-	180,673
Total	423,793	-	-	-	15,674	-	-	-	439,467

* Having retired from the board on 31 August 2017, Mr Thomson was appointed Chief Executive Officer. Mr Thomson retired as Chief Executive Officer on 8 August 2018.

** Mr Jones is the Operations Manager of the Consolidated Group and is based in Francistown, Botswana.

OPTIONS ISSUED AS PART OF REMUNERATION OF KEY MANAGEMENT PERSONNEL

No options were issued during the year and up to the date of this report (2017: None).

NUMBER OF SHARES HELD BY KEY MANAGEMENT PERSONNEL

2018	Balance 1.7.2017	Remuneration	Net Change Other	Balance 30.6.2018
Directors				
A Shen	173,341,278	-	-	173,341,278
P Ingram	7,849,234	-	-	7,849,234
J Fisher-Stamp	6,367,868	-	-	6,367,868
M Liu	11,362,900	-	-	11,362,900
Executives				
P Thomson *	-	-	-	-
A Jones	-	-	-	-
N Yeak	-	-	-	-
Total	**198,921,280**	**-**	**-**	**198,921,280**

* Mr Thomson retired as Chief Executive Officer on 8 August 2018.

DIRECTOR SHARE PLAN

A resolution to establish a Director Share Plan (DSP) was approved by Shareholders at the 2015 AGM held on 30 November 2015. The purpose of the Director Share Plan is to provide Directors of the Company with the ability to sacrifice their Director fees to acquire ordinary fully paid shares in the capital of the Company. In the current economic climate, the salary sacrifice serves as an effective cash preservation mechanism, whilst aligning the interests of directors with those of shareholders. The DSP in summary operates as follows:

- Shares issued under the DSP are an exception to ASX Listing Rule 7.1 (ASX Listing Rule 7.2, exception 9);
- All directors are eligible to participate in the DSP;
- At the Company's discretion, it may either issue new shares to Directors or acquire shares on the ASX for the benefit of directors under the plan;
- Shares due under the DSP are calculated based on a volume weighted average price (VWAP) for the salary sacrifice period multiplied by the sacrificed amount;
- The maximum number of shares that may be issued under the DSP, together with the number of shares issued or issuable under any other employee incentive scheme of the Company, within the previous 3 years, may not exceed 5% of the issued and outstanding shares from time to time.
- Shares issued to Directors under the DSP are restricted from dealing before the earlier of:
    - one year from acquisition;
    - the time the Directors ceases to be a Director of the Company;
    - the time when a takeover bid is made for the Company or a merger transaction is announced or entered into by the Company that will result in a person having a relevant interest in 50% of more of the Shares; and
    - any time that the Board gives notice that the Shares have ceased to be subject to any restrictions on disposal, which notice can be given at the discretion of the Board.
- No shares were issued under the DSP during the year.

NUMBER OF OPTIONS HELD BY KEY MANAGEMENT PERSONNEL

2018	Balance 1.7.2017	Remuneration	Options Exercised	Options Expired During the Year	Net Change Other	Balance 30.6.2018	Vested and exercisable 30.6.2018	Unvested and unexercisable 30.6.2018
Directors								
A Shen	-	-	-	-	-	-	-	-
P Ingram	-	-	-	-	-	-	-	-
J Fisher-Stamp	-	-	-	-	-	-	-	-
M Liu	-	-	-	-	-	-	-	-
JJ Niu	-	-	-	-	-	-	-	-
CH Zhu	-	-	-	-	-	-	-	-
Executives								
P Thomson	2,500,000	-	-	(2,500,000)	-	-	-	-
A Jones	1,000,000	-	-	(1,000,000)	-	-	-	-
N Yeak	700,000	-	-	(700,000)	-	-	-	-
Total	**4,200,000**	**-**	**-**	**(4,200,000)**	**-**	**-**	**-**	**-**

There have been no other transactions involving equity instruments other than those described above.

This concludes the remuneration report which has been audited.

OPTIONS ON ISSUE

No options were issued as part of remuneration during the year and up to the date of this report (2017: Nil).

At the date of this Report, the unissued ordinary shares of the Company under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number of Options
15/08/2007	-	Exercisable at eighty percent (80%) of market price on exercise date with the grantee required to be in the employ of the Company or subsidiary thereof, at the time of exercise.	10,000
Total			**10,000**

- The options are unlisted but upon exercise will rank equally in all respects with the fully paid ordinary shares in the Company
- The options tabled above are not performance related
- The options tabled above are vested immediately and entitles the option holder to one ordinary share for each option exercised
- No option holder has the right under the options to participate in any other share issue of the Company or any other entity
- No options were exercised during the financial year to 30 June 2018 and subsequent to the reporting date.

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITORS

The Company has agreed to indemnify the current directors and officers of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their designated position of the Company, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet to the maximum extent permitted by law, the full amount of any such liabilities, including costs and expenses.

The Company paid a premium during the year in respect of a director and officer liability insurance policy, insuring the directors of the Company, the company secretary, and all executives of the Company against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001.

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor. During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

The amount paid for the indemnification of directors, officers and auditors cannot be disclosed due to commercial confidential reasons.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party to take responsibility on behalf of the Company for all or any part of those proceedings.

NON-AUDIT SERVICES

There were no fees for non-audit services paid to the external auditors during the year ended 30 June 2018.

AUDITOR'S INDEPENDENCE DECLARATION

The lead Auditor's Independence Declaration for the year ended 30 June 2018 has been received and can be found on page 28 of this Report.

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

Paul Ingram.

PAUL INGRAM
DEPUTY CHAIRMAN

Dated this 27th day of September 2018
Perth, Western Australia

AUDITOR'S INDEPENDENCE DECLARATION

William Buck

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 year ended 30 June 2018 there have been:

— no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

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

N. S. Benbow
Director

Dated this 27th day of September, 2018

CHARTERED ACCOUNTANTS
& ADVISORS
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Melbourne VIC 3000
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williambuck.com

CORPORATE GOVERNANCE STATEMENT

The Company's Corporate Governance Statement is set out on our website www.a-cap.com.au.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2018

	Notes	2018 $	2017 $
Revenue	2	**8,398**	52,151
R&D tax credits received		**-**	157,151
Other income	2	**86,562**	4,869
Administration expenses		**(205,520)**	(117,912)
Corporate expenses		**(509,647)**	(1,646,766)
Employment entitlements		**(648,390)**	(844,800)
Impairment of capitalised exploration and evaluation		**-**	(56,576)
Loss on financial assets at fair value through profit and loss		**(9,669)**	(25,592)
Occupancy		**(59,019)**	(69,325)
Travel		**(120,557)**	(215,618)
Loss before income tax expense		**(1,457,842)**	(2,762,418)
Income tax expense	3	**-**	-
Loss after income tax expense		**(1,457,842)**	(2,762,418)
Other Comprehensive Income **Items that may be reclassified to profit & loss**			
Gains / (losses) arising from translation of foreign controlled operation		**1,479,479**	(1,381,665)
Total comprehensive income / (loss)		**21,637**	(4,144,083)
Basic loss per Share (cents per share)	7	**(0.17)**	(0.33)
Diluted loss per Share (cents per share)	7	**(0.17)**	(0.33)

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 30 June 2018

	Notes	2018 $	2017 $
ASSETS			
Current assets			
Cash and cash equivalents	8	**1,089,938**	3,933,829
Financial assets	9	**-**	127,119
Trade and other receivables	10	**150,690**	321,884
Total current assets		**1,240,628**	4,382,832
Non-current assets			
Plant and equipment	13	**44,006**	97,286
Capitalised exploration and evaluation	14	**53,533,200**	50,580,159
Total non-current assets		**53,577,206**	50,677,445
TOTAL ASSETS		**54,817,834**	55,060,277
LIABILITIES			
Current liabilities			
Trade & other payables	15	**257,632**	492,656
Total current liabilities		**257,632**	492,656
TOTAL LIABILITIES		**257,632**	492,656
NET ASSETS		**54,560,202**	54,567,621
EQUITY			
Contributed equity	16	**71,523,263**	71,684,318
Reserves	17	**7,076,119**	5,596,640
Accumulated losses		**(24,039,180)**	(22,713,337)
TOTAL EQUITY		**54,560,202**	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 Year Ended 30 June 2018

	Ordinary shares $	Options 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	-	-	(1,457,842)	-	(1,457,842)
Other comprehensive income	-	-	-	1,479,479	1,479,479
Total comprehensive income for the year	**-**	**-**	**(1,457,842)**	**1,479,479**	**21,637**
Transactions with owners in their capacity as owners:					
Issued capital	-	-	-	-	-
Share issue costs – net of tax	(29,056)	-	-	-	(29,056)
Options expired unexercised	-	(131,999)	131,999	-	-
At 30 June 2018	**71,523,263**	**-**	**(24,039,180)**	**7,076,119**	**54,560,202**

	Ordinary shares $	Options reserve	Accumulated losses $	Foreign currency translation reserve $	Total $
At 1 July 2016	**66,662,928**	**131,999**	**(19,950,919)**	**6,978,305**	**53,822,313**
Loss for the period	-	-	(2,762,418)	-	(2,762,418)
Other comprehensive income	-	-	-	(1,381,665)	(1,381,665)
Total comprehensive income for the year	**-**	**-**	**(2,762,418)**	**(1,381,665)**	**(4,144,083)**
Transactions with owners in their capacity as owners:					
Issued capital	5,056,779	-	-	-	5,056,779
Share issue costs – net of tax	(167,388)	-	-	-	(167,388)
At 30 June 2017	**71,552,319**	**131,999**	**(22,713,337)**	**5,596,640**	**54,567,621**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2018

	Notes	2018 $	2017 $
Cash Flows from Operating Activities			
Payments to suppliers and employees (inclusive of goods and services tax)		**(1,619,279)**	(2,125,445)
R&D tax credit		**157,151**	-
Interest received		**8,021**	62,127
Net Cash (Outflow) from Operating Activities	21	**(1,454,107)**	(2,063,318)
Cash Flows from Investing Activities			
Payments for exploration expenditure		**(1,476,175)**	(2,012,239)
Purchase of plant and equipment		**(6,499)**	(10,359)
Proceeds from sale of plant and equipment		**5,964**	-
Sale of investments held at fair value		**115,982**	-
Net Cash (Outflow) from Investing Activities		**(1,360,728)**	(2,022,598)
Cash Flows from Financing Activities			
Proceeds from issues of ordinary shares		**-**	3,977,273
Payments of share issue costs		**(29,056)**	(48,070)
Net Cash Inflow from Financing Activities		**(29,056)**	3,929,203
(Decrease) / Increase in Cash and Cash Equivalents Held		**(2,843,891)**	(156,713)
Cash and cash equivalents at the Beginning of the Financial Year		**3,933,829**	4,090,542
Cash and cash equivalents at the End of the Financial Year	8	**1,089,938**	3,933,829

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements include the consolidated financial statements and notes of A-Cap Resources Limited and controlled entities ('Consolidated Group'). A-Cap Resources Limited is a for-profit company limited by shares incorporated in Australia and whose shares are publicly traded on the Australian Securities Exchange.

These financial statements for the year ended 30 June 2018 were authorised for issue in accordance with a resolution of the directors on 27th September 2018.

Supplementary information about the parent entity is disclosed in Note 12: Parent Entity Information.

(a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, ('AASB') and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of the financial statements are presented below. They have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Going concern

During the year, the Consolidated Group generated a loss after tax of $1,457,842 (30 June 2017: $2,762,418), incurred net cash outflows from operations of $1,454,107 (30 June 2017: $2,063,318) and net investment outflow for the year was $1,360,728 (30 June 2017: $2,022,598). As at 30 June 2018, the Group had $1,089,938 in cash (30 June 2017: $3,933,829) and consolidated net assets of $54,560,202 (2017: 54,567,621).

The Consolidated Group anticipates future expenditure on its current rights of tenure to exploration and mining tenements up until the expiry of its current mining and prospecting licences and on tenement renewals 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.

To achieve these objectives and in progressing the Group's mineral diversification strategy, 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 Consolidated Group:

- The Consolidated Group expects to continue to keep expenditure to a minimum and has the ability to implement cost reduction measures where appropriate, and will continue to monitor any cost reductions already implemented;
- The Consolidated Group has successfully completed fully underwritten non-renounceable rights issues of $4 million in September 2016, $5 million in February 2016 and $4 million in April 2015;

- The Company and substantial shareholder Jiangsu Shengan Resources Group Co., Ltd (Jiangsu) continue to advance an application filed with the Commercial Bureau of Yancheng, China by Jiangsu for the issue of a Certificate of Overseas Investment to raise capital to fund operations and projects works activities. Once a Certificate of Overseas Investment is issued to Jiangsu, the Board will consider the terms of a fully underwritten non-renounceable entitlement offer to shareholders. Jiangsu has confirmed to the Board its continued support to the company and by agreement, will fully underwrite an entitlement offer to shareholders. Jiangsu has supported the company as an underwriter to non-renounceable entitlement offers to shareholders for completed capital raisings during 2016 and 2017 financial years amounting to A$9 million.
- The Company commenced a bank loan application process with the Industrial and Commercial Bank of China (ICBC) for a US$ loan facility on 23 August 2018 for a loan amount up to US$9 million to fund operations and support the implementation of the company's diversified minerals strategy. The ICBC loan application process requires the Company to open a Free Trade Account for Non-Residents (FTN) in the Shanghai Free Trade Zone, account opening details, authorities and approvals have been provided to ICBC. Jiangsu has confirmed to the Company's board to cash back the ICBC loan and provide a third-party bank guarantee to ICBC as the loan's security interest required by ICBC over the full term of the loan. The Company's board anticipates subject to loan and corporate approvals, a loan completion timeframe by 31 October is reasonable.
- The ICBC loan is considered by the Company's board as an interim funding alternative whilst other capital raising alternatives are advanced to ensure no disruption occurs with the implementation of the company's diversified minerals strategy including new cobalt laterite projects acquisition and related exploration activities.
- The Company's substantial shareholders Jiangsu Shengan Resources Group Co., Ltd and Ansheng Investment Co., Ltd have each confirmed to the Company's Board they will continue to support the implementation of the company's diversified minerals strategy and, if required, are prepared to extend a short term debt accommodation facility to the Company subject to commercial agreement and corporate approvals to meet the company's assessed working capital requirement until either of alternative (i) or (ii) above are completed. Ansheng Investment Co., Ltd extended a short-term debt accommodation facility to the Company during the 2016 financial year which was repaid out of the capital raising proceeds completed in February 2016.
- The Company's board believes it has the ability to raise additional capital, based on its previous ability to raise capital when required. The Company additionally continues to engage with institutional investors and investment funds overseas and in Australia as capital raising alternatives.
- Continues to investigate commercial options with regards to our coal assets.
- The Consolidated Group is in a net asset and net working capital surplus position. Should the Consolidated Group not successfully achieve the assumptions as described above, combined with the incurred losses and operating cash outflows, there is a material uncertainty which may cast significant doubt about the Consolidated Group's ability to continue as a going concern.

ACCOUNTING POLICIES

(b) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of A-Cap Resources Limited ('company' or 'parent entity') as at 30 June 2018 and the results of all subsidiaries for the year then ended. A-Cap Resources Limited and its subsidiary together are referred to in these financial statements as the 'Consolidated Group'. Subsidiaries are all those entities over which the Consolidated Group has control. The Consolidated Group controls an entity when the Consolidated Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Consolidated Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Consolidated Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTING POLICIES

(c) Income Tax

The income tax expense (benefit) for the year comprises current income tax expense (income) and deferred tax expense (income). Current income tax expense charged to profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses. Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantially enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profits will be available against which the benefits of deferred tax assets can be utilised.

When temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(d) Plant and Equipment

Plant and equipment are measured on a cost basis less, where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment

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

The cost of fixed assets constructed within the Consolidated Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Consolidated Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the Consolidated Group commencing from the time the asset is held ready for use.

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

Class of Fixed Asset	Depreciation Rate
Plant and equipment – vehicles	25%
Plant and equipment – computer hardware & software	33%
Plant and equipment – furniture and fittings	15%
Plant and equipment – geophysical equipment	20%
Plant and equipment – containers and sheds	15%
Plant and equipment – camp & field establishment	15%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

(e) Exploration, Evaluation and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on a present value basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTING POLICIES

(f) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Consolidated Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The Effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Refer to Note 1 (o) for further information.

Impairment of financial assets

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

(g) Impairment of Assets

At the end of each reporting period, the Consolidated Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.
Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(h) Foreign Currency Transactions and Balances

Functional and presentation currency

The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency. The Directors have determined that an Australian dollar presentation currency will continue to deliver Shareholders with more relevant and reliable information, on the basis that users of A-Cap Resources Limited's financial statements are currently predominantly Australian investors, with the majority of funds raised to date being in line with the presentation currency of the parent entity.

Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss and other comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange difference arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the gain or loss is directly recognised in other comprehensive income, otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Consolidated Group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at the end of the reporting period.
- Income and expenses are translated at average exchange rates for the period.
- Retained profits are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Consolidated Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

(i) Employee Benefits

Provision is made for the Consolidated Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits expected to be wholly settled later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those benefits are discounted using market yields on corporate bonds with terms to maturity that match the expected timing of cash flows.

(j) Trade & Other Payables

Trade and other payables represent liabilities outstanding at the end of the reporting period for goods and services received by the Consolidated Group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of liability.

(k) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTING POLICIES

(l) Revenue

All revenue is stated net of the amount of goods and services tax (GST) and Value Added Tax (VAT).

Interest revenue is recognised as interest accrues using the effective interest method.

Revenue from R&D credits paid by the Australian Taxation Office are either recognised at the time the payment is received or accrued on the basis that the R&D credit has been paid to A-Cap following the end of the financial year.

(m) Goods and Services Tax (GST) and Value Added Tax (VAT)

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

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST/VAT component of investing and financing activities, which are disclosed as operating cash flows.

(n) Operating Segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

(o) Fair Value Measurement

The fair value of financial instruments traded in active markets (such as publicly traded securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1 of the Fair Value Hierarchy as defined in AASB13 *Fair Value Measurement.*

(p) Earnings or Loss per Share

Basic earnings or loss per share

Basic earnings or loss per share is calculated by dividing the profit attributable to the owners of A-Cap Resources Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings or loss per share

Diluted earnings or loss per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(q) Share-based payments

Equity-settled share-based compensation benefits are provided to employees. Equity-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied. If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

(r) Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Consolidated Group.

Key judgement – Exploration and Evaluation Expenditure

The Consolidated Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the Directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. For further details refer to note 14. The Department of Mines have confirmed that all our other prospecting licences are in good standing and all annual rental payments due have been paid. On this basis, exploration and evaluation costs relating to tenements which have expired and renewal and extension applications have been lodged with the Department of Mines are not considered impaired.

In the event that a portion of a prospecting licence is voluntarily relinquished, an impairment will be considered if the expenditure incurred relates specifically to the area deemed not prospective and therefore relinquished.

Key estimates – Withholding Tax

Withholding tax is applicable to all management and consultancy fees paid by the Consolidated Group to non-residents of Botswana. On an annual basis, any withholding tax liability estimates are reviewed and where a more appropriate and correct amount is calculated, the re-estimated balance is adjusted against the statement of profit or loss and other comprehensive income.

Deferred tax assets

The Directors have determined that it is unreliable to predict when future assessable income will be available to offset against carried-forward losses. On this basis the Consolidated Group has not recognised a net deferred tax asset in the financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTING POLICIES

(s) New or amended Accounting Standards and Interpretations Adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The consolidated entity evaluates the current and future impact of both mandatory and elective amendments of Accounting Standards and Interpretations. This evaluation has indicated that no standards requiring mandatory implementation or that will require implementation in the future will have a significant impact on the financial performance or position of the consolidated entity.

NOTE 2: REVENUE

	2018 $	2017 $
Revenue		
Interest - received	**8,398**	52,151
Other income		
Dividend received (Duke Royalty shares)	**1,534**	-
Sale of assets	**15,777**	1,000
Gain on foreign exchange	**69,251**	3,869
Total other income	**86,562**	**4,869**

NOTE 3: INCOME TAX EXPENSE

	2018 $	2017 $
The prima facie tax on profit before income tax is reconciled to the income tax as follows:		
Loss before income tax expense	**(1,457,842)**	(2,762,418)
Prima facie tax payable on loss before income tax at the Australian tax rate of 27.5% (2017: 30%):	**(400,907)**	(828,725)
Difference in overseas tax rates (Botswana tax rate: 22% (2017: 22%) Add: Tax effect of:	**8,032**	19,331
- Non-assessable income	**43,217**	(47,145)
- Non- deductible expenses	**56,382**	391,945
Income Tax benefit not recognised	**(293,276)**	(464,594)

There was no current income tax expense for the year ended 30 June 2018 (2017: $nil) due to the loss from operations.

At 30 June 2018, the Consolidated Group reviewed the quantum of its unrecognised carry forward tax losses and timing differences. As at that date management has assessed that its carry forward tax losses and timing differences of $4,516,667 (2017: $4,223,391) potentially available to offset against future years' taxable income.

These tax losses have not been brought to account as utilisation of these losses is not probable. Income tax losses can only be recovered by the company deriving future assessable income, conditions for deductibility imposed by law being complied with and no changes in tax legislation adversely affecting the realisation of the benefit from the deductions. Therefore, carry forward losses may not be available to offset future assessable income.

Due to the inherent uncertainty whether or not the Consolidated Group's existing losses can be used going forward, which will be dependent upon satisfaction of the "same business test" as required by the Australian Tax Office, the directors have not estimated the potential carry-forward loss tax credits available to the company.

NOTE 4: KEY MANAGEMENT PERSONNEL

DETAILS OF KEY MANAGEMENT PERSONNEL

The Directors and key management personnel of the Company during the financial year were:

DIRECTORS		KEY MANAGEMENT PERSONNEL	
A Shen	Chairman	P Thomson	Managing Director to 31 Aug-17, CEO 1 Sep-17 to 8 Aug-18
P A Ingram	Deputy Chairman, Independent Non-Executive Director	N Yeak	Company Secretary, Group Financial Controller
M Liu	Independent Non-Executive Director	A Jones	General Manager - Operations
J Fisher-Stamp	Independent Non-Executive Director		
JJ Niu	Non-Executive Director		
CH Zhu	Non-Executive Director		

KEY MANAGEMENT PERSONNEL COMPENSATION

	2018 $	2017 $
Short-term employee benefits	**1,311,286**	1,998,676
Post-employment benefits	**24,350**	24,350
Other long-term benefits	**-**	-
Termination benefits	**-**	-
Share-based payment	**-**	657,236
Total compensation	**1,335,636**	2,680,262

Refer Note 5: Share-based payments for further information relating to the Company's Executive & Employee option plan.

NOTE 5: SHARE-BASED PAYMENTS

No share-based payments were made during the year.

	2018		2017	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Outstanding at the beginning of the year	**5,710,000**	0.09	**5,710,000**	0.09
Granted	**-**	-	**-**	-
Forfeited	**-**	-	**-**	-
Exercised	**-**	-	**-**	-
Expired	**(5,700,000)**	0.09	**-**	-
Outstanding at year-end	**10,000**	-	**5,710,000**	0.09
Exercisable at year-end	**10,000**	-	**5,710,000**	0.09

10,000 options exercisable at 80% of market value were issued to an employee which expires on the day the employee ceases to be in the employ of the Company of subsidiary thereof.

The Consolidated Group has an Executive and Employee Option Plan. Options granted under the plan carry no dividend or voting rights. All employees except Directors are entitled to participate in the scheme at the discretion of the Directors and upon terms stipulated by the Directors. Director options are issued in accordance with a resolution passed at the Company's annual general meeting. All options granted to key management personnel are for ordinary shares in A-Cap Resources Limited, which confer a right of one ordinary share for every option held.

NOTE 6: REMUNERATION OF AUDITORS

	2018 $	2017 $
Remuneration of the auditors of the Consolidated Group for:		
Audit and review of the financial report – William Buck Audit (Vic) Pty Ltd	**33,500**	34,000
Audit and review of the financial report of subsidiary entity – Non William Buck audit firm	**17,028**	13,230
	50,528	47,230

NOTE 7: EARNINGS PER SHARE

		2018 $	2017 $
a)	Reconciliation of losses to profit or loss		
	Loss used to calculate basic EPS	**(1,457,842)**	(2,762,418)
	Loss used to calculate diluted EPS	**(1,457,842)**	(2,762,418)

		No.	No.
b)	Weighted average number of ordinary shares used in the calculation of basic earnings per share	**871,884,866**	845,618,626
c)	Weighted average number of ordinary shares used in the calculation of dilutive earnings per share	**871,894,866** *	845,628,626

* 10,000 shares were not considered dilutive.

NOTE 8: CASH AND CASH EQUIVALENTS

	2018 $	2017 $
Cash at bank and on hand	**1,076,687**	2,102,889
Call deposit	**13,251**	1,080,940
Term deposits	**-**	750,000
	1,089,938	3,933,829

	2018 $	2017 $
Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash		
flows are reconciled to items in the statement financial position as follows:		
Cash and cash equivalents	**1,089,938**	3,933,829
	1,089,938	3,933,829

NOTE 9: FINANCIAL ASSETS

As at 30 June 2018, the Company held the following financial assets at fair value:

	2018 $	2017 $
Current assets		
London Stock Exchange listed equity securities *	-	127,119

*In January 2018, the Company sold its shares in Duke Royalty on-market.

Movement the year	2018 $	2017 $
Opening balance	**127,119**	152,711
Acquisition of financial assets	**-**	-
Foreign exchange gain / (loss)	**2,758**	(9,141)
Loss in market value of securities	**(13,895)**	(16,451)
Disposal of financial assets	**(115,982)**	-
Closing balance	**-**	127,119

NOTE 10: TRADE AND OTHER RECEIVABLES

	2018 $	2017 $
Current		
Prepayments / Deposits paid	**123,552**	116,349
Other receivables	**27,138**	48,384
R&D tax credit	**-**	157,151
	150,690	321,884

There were no impaired receivables for the financial year 30 June 2018. There were no receivables past due but not impaired for the financial years ended 30th June 2018 and 30th June 2017.

NOTE 11: CONTROLLED ENTITIES

Entity	Country of Incorporation	Class of Share	Equity Holding		Parent Entity
			2018 %	2017 %	
A-Cap Resources Botswana (Pty) Ltd	Botswana	Ordinary	**100**	100	A-Cap Resources Limited
Foley Coal (Pty) Ltd *	Botswana	Ordinary	**100**	100	A-Cap Resources Botswana (Pty) Ltd
Pulse Resources Botswana (Pty) Ltd *	Botswana	Ordinary	**100**	100	A-Cap Resources Botswana (Pty) Ltd
ACB Marlborough Pty Ltd **	Australia	Ordinary	**100**	-	A-Cap Resources Limited

* Registered 15 August 2016

** Registered 11 May 2018

NOTE 12: PARENT ENTITY INFORMATION

Information relating to the parent entity, A-Cap Resources Limited	2018 $	2017 $
ASSETS		
Current assets	**1,193,046**	4,265,779
Total assets	**45,359,108**	46,636,171
LIABILITIES		
Current liabilities	**75,687**	198,536
Total liabilities	**102,463**	198,536
EQUITY		
Issued capital	**71,523,245**	71,552,319
Reserves	**-**	97,220
Accumulated losses	**(26,266,600)**	(25,211,904)
Total shareholders' equity	**45,256,645**	46,437,635
Loss of the parent entity	**(1,180,990)**	(2,278,909)
Total comprehensive loss of the parent entity	**(1,180,990)**	(2,278,909)

A-Cap Resources Limited holds as security the Consolidated Group's exploration assets in Botswana for financial support provided to the Subsidiary. The parent entity does not have any contingent liabilities or contractual commitments for the acquisition of plant or equipment (2017: Nil).

NOTE 13: PLANT AND EQUIPMENT

COST

	Motor Vehicles	IT hardware & software	Geophysical equipment	Other plant & equipment	Total
Balance as at 30 June 2016	909,758	500,768	386,513	183,516	1,980,555
Additions	-	9,109	-	1,250	10,359
Disposals	-	(17,285)	-	-	(17,285)
FX gains / losses	(28,902)	(13,365)	(12,279)	(5,757)	(60,303)
Balance as at 30 June 2017	**880,856**	**479,227**	**374,234**	**179,009**	**1,913,326**
Additions	-	4,315	-	2,184	6,499
Disposals	(35,369)	(215,308)	(3,072)	(47,453)	(301,202)
FX gains / losses	31,172	5,809	13,791	4,507	55,279
Balance as at 30 June 2018	**876,659**	**274,043**	**384,953**	**138,247**	**1,673,902**

ACCUMULATED DEPRECIATION

	Motor Vehicles	IT hardware & software	Geophysical equipment	Other plant & equipment	Total
Balance as at 30 June 2016	(864,553)	(475,975)	(337,729)	(149,378)	(1,827,635)
Disposals	-	17,285	-	-	17,285
Depreciation	(18,802)	(9,550)	(17,843)	(16,071)	(62,266)
FX gains / losses	27,827	12,663	11,072	5,014	56,576
Balance as at 30 June 2017	**(855,528)**	**(455,577)**	**(344,500)**	**(160,435)**	**(1,816,040)**
Disposals	35,369	214,594	3,072	42,203	295,238
Depreciation	(18,289)	(9,434)	(17,285)	(8,063)	(53,071)
FX gains / losses	(31,066)	(7,207)	(13,477)	(4,273)	(56,023)
Balance as at 30 June 2018	**(869,514)**	**(257,624)**	**(372,190)**	**(130,568)**	**(1,629,896)**
Carrying amount as at 30 June 2017	**25,328**	**23,650**	**29,734**	**18,574**	**97,286**
Carrying amount as at 30 June 2018	**7,145**	**16,419**	**12,763**	**7,679**	**44,006**

NOTE 14: CAPITALISED EXPLORATION AND EVALUATION

	2018 $	2017 $
At cost	**53,533,200**	50,580,159
Movements in carrying values		
Balance at beginning of year	**50,580,159**	49,983,564
Expenditure during the year	**1,785,951**	2,337,665
Expenditure written-off during the year	**-**	(56,576)
Foreign currency translation	**1,194,091**	(1,684,494)
Balance at end of year	**53,533,200**	50,580,159

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and sale of Uranium and Coal. Included in the expenditure during the year is depreciation of plant and equipment for the exploration activities amounting to $41,183 (2017: $40,527).

The foreign currency translation movement of ($1,194,091) reflects exchange differences between the Australian dollar and the US dollar during the financial year. The functional currency of the Consolidated Group's Controlled Entity, A-Cap Resources Botswana (Pty) Ltd is US dollars. Exchange rates fluctuate from time to time and there is no impact on shareholders as the Financial Statements have been prepared on a going concern basis, with the Parent Entity holding 100% control of the Controlled Entity.

NOTE 15: TRADE AND OTHER PAYABLES

	2018 $	2017 $
Current *(unsecured liabilities)*		
Trade and Sundry Payables	**40,707**	181,262
Provision for employee benefits *	**216,925**	311,393
	257,632	492,656

** Amounts not expected to be settled within the next 12 months*

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Consolidated Group does not have an unconditional right to defer settlement. However, based on past experience, the Consolidated Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

The employee leave benefit obligation not expected to be taken within the next 12 months is $123,870 (2017: $124,204)

NOTE 16: ISSUED CAPITAL

		2018 $	2017 $
871,884,866 (2017: 871,884,866) fully paid ordinary shares	(a)	**71,523,263**	71,552,319
10,000 (2017: 5,710,000) options	(b)	**-**	131,999
		71,523,263	71,684,318

(a) Ordinary Shares

2018		Number of Shares	Fair Value at Issue Date $	$
At the beginning of the reporting period		**871,884,866**		**71,552,319**
	Share issue costs			(29,056)
At the end of the reporting period		**871,884,866**		**71,523,263**

2017		Number of Shares	Fair Value at Issue Date $$	$
At the beginning of the reporting period		**736,086,143**		**66,662,928**
28 July 2016	Shares Issued to Directors & consultants	1,718,456	3.6c	61,864
12 August 2016	Shares Issued to Consultants	3,685,210	3.6c	132,668
31 August 2016	Ordinary Shares	10,658,884	3.5c	373,061
1 September 2016	Ordinary Shares	102,977,480	3.5c	3,604,212
7 September 2016	Shares Issued In lieu of Underwriting Fee	3,409,091	3.5c	119,318
5 October 2016	Shares Issued to Directors & consultants	682,878	6.3c	43,021
1 December 2016	Shares Issued to Consultants	12,350,349	5.7c	703,970
19 April 2017	Shares Issued to Consultants	316,375	5.9c	18,665
	Share issue costs			(167,388)
At the end of the reporting period		**871,884,866**		**71,552,319**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding-up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

The Company's ordinary shares have no par value, and the Company does not have a limited amount of authorised capital.

(b) Options

No options were issued during the year. Currently there are 10,000 unlisted options on issue.

(c) Capital Management

Management controls the capital of the Consolidated Group to maintain a good debt to equity ratio and ensure that the Consolidated Group can fund its operations and continue as a going concern.

The Consolidated Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

Currently the Group's borrowing activity is limited to its trade & sundry payables and that it has no material commercial borrowings.

Management effectively manages the Consolidated Group's capital by assessing the Consolidated Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Consolidated Group since the prior year.

NOTE 17: RESERVES

FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled operations as described in Note 1(h).

OPTIONS RESERVE

The options reserve records the value of unlisted options issued by the Company and unexercised options lapsed during the year.

NOTE 18: EXPLORATION & EVALUATION COMMITMENTS

	2018 $	2017 $
Planned exploration expenditure		
- not later than 12 months	**6,041,107**	-
- between 12 months and 5 years	**956,453**	-
	6,997,560	-

Estimated figures as at the reporting date include amounts submitted to the Department of Geological Survey in Botswana in order to maintain the Group's current rights of tenure to exploration tenements and mining licenses. Exploration tenements are currently being assessed by the Department of Mines for renewal / extension, therefore no commitment has been established. No capital commitment is applicable for mining licences.

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, notwithstanding, the planned expenditure cannot be called against the Company.

NOTE 19: CONTINGENT LIABILITIES

There are no outstanding contingent liabilities as at 30 June 2018 (2017: Nil).

NOTE 20: 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 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 21: CASH FLOW INFORMATION

	2018 $	2017 $
Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Operating Loss after income tax	**(1,457,842)**	(2,762,418)
Non–Cash flows in profit		
- Depreciation / impairment of assets	**11,889**	74,921
- Share-based remuneration	**-**	945,980
- Loss on investments held at fair value	**11,137**	25,592
Changes in assets and liabilities net of the effects of purchase and disposal of subsidiaries		
- (Increase)/decrease in trade and other receivables	**171,194**	(106,552)
- Increase/(decrease) in trade and other payables	**(190,483)**	(240,841)
Net cash (outflow) from operating activities	**(1,454,105)**	(2,063,318)

	2018 $	2017 $
Non-Cash Financing and Investing Activities		
Capitalised depreciation of plant & equipment for the year	**41,183**	40,527
Share-based remuneration	**-**	1,079,507
	41,183	1,120,034

NOTE 22: EVENTS OCCURRING AFTER THE REPORTING PERIOD

- On 19 July 2018 the Company announced the withdrawal of the Non-Renounceable Rights Issue (Offer) to raise A$4 million by way of an issue of 66,657,864 new ordinary shares to shareholders on the basis of 1 new share for every 13.08 shares held. The Offer was withdrawn because the Board was informed by Jiangsu Shengan Resources Group Co., Ltd (the underwriter) that they were unable to meet their obligations under the Underwriting Agreement as they would not be issued a Certificate of Oversees Investment by the closing date of the offer. The Underwriter applied for a Certificate of Overseas Investment to the Commercial Bureau of Yancheng, China in April 2018 in response to a notice from the Bureau that a new Certificate of Investment be issued to the Underwriter following a change of its company name from Jiangsu Chixiang Precision Gears Co., Ltd to Jiangsu Shengan Resources Group Co., Ltd.

  The Certificate of Overseas Investment is required by the Underwriter to transfer investment funds from China to the Company to meet its Underwriter obligations for the shortfall amount under the terms of the Underwriter Agreement. Due to a delay in the processing of its application by the Commercial Bureau of Yancheng, China, the Underwriter will not be issued a Certificate of Overseas Investment by the closing date of the Offer.

- On 23 July 2018, the Company called an ASX trading halt to finalise a potential joint venture agreement. On 25 July 2018, the Company announced entering into a binding Term Sheet with Castillo Copper Limited, which provides for a farm-in joint venture to explore and develop nickel and cobalt tenements in Queensland, Australia.

- The Company announced that a formal notice of termination of the Services Agreement between Raba-Rax Solutions (Pty) Ltd (Raba-Rax) and the Company was served on 14 August 2018. Raba-Rax is the services provider which the Company engages Mr Paul Thomson as CEO of the Company. Mr Thomson's roles as CEO ceased with effect from 8 August 2018, with the notice period of the services agreement ending on 30 September 2018.

- On 21 August 2018, the Company received an Appendix 5B Query letter from the ASX. The ASX sought clarification on the Company's forecast cash expenditure with respect to the available cash reserves as at 30 June 2018. The Company responded to the ASX's queries and the response letter was released to the ASX on 25 August 2018. Please refer to the going concern disclosure under Notes to the Financial Statements for further information on the Company's response to the ASX in this regard.

Other than the matters 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 23: FINANCIAL RISK MANAGEMENT

(a) Financial Risk Management Policies

The Consolidated Group's financial instruments consist mainly of cash held at bank, accounts receivable and payable and loans to subsidiaries.

(i) Treasury Risk Management

The Board of Directors meets on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The Board's overall risk management strategy seeks to assist the Consolidated Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

(ii) Financial Risk Exposures and Management

The main risks the Consolidated Group is exposed to through its financial instruments are foreign currency risk, liquidity risk.

Foreign Currency Risk

The Consolidated Group is exposed to foreign currency risk arising USD currency cash at bank (as at 30 June 2018: US$777,344). These are subject to fluctuations in exchanges rates between the Australian dollar and the and US dollar. Relevant consensus currency rate forecasts are continuously reviewed and analysed by management, and appropriate measures are put in place where necessary to protect the Group's cash from significant fluctuations in foreign currency exchange rates.

Liquidity Risk

Liquidity risk arises from the possibility that the Consolidated Group might encounter difficulty in settling its debts or otherwise meeting its non-cancellable obligations related to financial liabilities and leases. The Consolidated Group manages liquidity risk by:

- Preparing forward-looking cash flow analyses in relation to its exploration & evaluation, investing and financing activities,
- Obtaining funding from capital markets rather than debt,
- Only investing surplus cash with major financial institutions,
- Comparing the maturity profile of financial liabilities with the realisation profile of financial assets, and
- Cash flows realised from financial assets reflect management's expectation as to the timing of realisation.

(b) Financial liability and maturity analysis

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the statement of financial position.

Consolidated Group	Within 1 Year 2018 $	Within 1 Year 2017 $	Total 2018 $	Total 2017 $
Financial liabilities due for payment				
Trade and other payables	**257,632**	492,656	**257,632**	492,656
Amounts payable to related parties	**-**	-	**-**	-
Total contractual outflows	**257,632**	492,656	**257,632**	492,656
Financial assets – cash flows realisable				
Trade and other receivables	**92,741**	272,924	**92,741**	272,924
Total anticipated inflows	**92,741**	272,924	**92,741**	272,924
Net inflow on financial instruments	**(164,891)**	(219,732)	**(164,891)**	(219,732)

* Note that planned expenditures on tenements are excluded. For further detail refer to note 18.

(c) Net Fair Values

With the exception of financial assets at fair value through the profit & loss, the net fair values of financial assets and liabilities approximate their carrying value due to its short-term nature.

The fair values of the financial assets traded on active liquid markets are determined with reference to quoted market prices (level 1 of the Fair Value hierarchy based on the definition in AASB 13).

(d) Sensitivity Analysis

The following table illustrates sensitivities to the Consolidated Group's exposures to changes in the value of securities and exchange rates. The table indicates the impact on how profit and asset values reported as at the end of the reporting period would have been affected by changes in relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Consolidated Group 2018 Profit $
Increase in AUD to USD by 10%	**104,891**
Decrease in AUD to USD by 10%	**(95,335)**

DIRECTORS' DECLARATION

The Directors declare that:

(a) 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

(b) In the Directors' opinion, the attached financial statements are compliant with International Financial Reporting Standards, as stated in note 1 to the financial statements

(c) In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001,* including compliance with Australian Accounting Standards and the *Corporations Regulations 2001,* giving a true and fair view of the financial position and performance of the Consolidated Group, and

(d) The Directors have been given the declarations required by s.295A of the *Corporations Act 2001.*

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the *Corporations Act 2001.*

On behalf of the Board of Directors

PAUL INGRAM
DEPUTY CHAIRMAN

Dated this 27th day of September 2018
Perth, Western Australia

INDEPENDENT AUDIT REPORT

William Buck

A-Cap Resources Limited and its controlled entities

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of A-Cap Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:
(i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CHARTERED ACCOUNTANTS & ADVISORS
Level 20, 181 William Street
Melbourne VIC 3000
Telephone: +61 3 9824 8555
williambuck.com

William Buck

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements which indicates that the Group incurred a net loss before income tax of $1,457,842 and a net cash outflow from operations of $1,454,107 for the year ended 30 June 2018. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

CARRYING VALUE OF EXPLORATION COSTS	
Area of focus **Refer also to notes 1 and 14**	**How our audit addressed it**
The Group has incurred exploration and evaluation costs for exploration projects in Botswana over a number of years. There is a risk that the Group may lose or relinquish its rights to explore or mine those areas of interest and therefore amounts capitalized to the statement of financial position from the current and historical periods be no longer recoverable.	In order to meet this risk, our audit procedures included the following: — Understanding and vouching the underlying contractual entitlement to explore and evaluate each area of interest, including an evaluation of the Group's renewal in that area of interest at its expiry; — Examining project spend per each area of interest and comparing this spend to the minimum expenditure requirements set out in the underlying tenement expenditure plan; — Examining project spend to each area of interest to ensure that it is directly attributable to that area of interest; — Evaluating management's impairment analysis which included the company's analysis of recoverability of the carrying value of the mining tenements; and — From an overall perspective, comparing the market capitalization of the Group to the net carrying value of its assets on the statement of financial position to identify any other additional indicators of impairment. We also assessed the adequacy of the Group's disclosures in respect of capitalised exploration costs and the planned expenditures.

William Buck

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our independent auditor's report.

William Buck

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of A-Cap Resources Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

William Buck

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

N. S. Benbow
Director

Melbourne, 27 September 2018

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 17 September 2018.

(a) Distribution of Equity Securities

Analysis of numbers of equity security holders by size of holding:

	Ordinary Shares	Unlisted Options
1 – 1,000	209	-
1,001 – 5,000	458	-
5,001 – 10,000	288	1
10,001 – 100,000	759	-
100,001 and over	193	-
	1,907	**1**

There were 964 holders of less than a marketable parcel of ordinary shares.

(b) Equity Security Holders

The names of the twenty largest holders of quoted equity securities are listed below:

	Ordinary Shares	
	Number Held	Percentage of Issued Shares
JIANGSU SHENGAN RESOURCES GROUP CO LTD	357,786,934	41.04%
ANSHENG INVESTMENT CO LTD	172,491,060	19.78%
BNP PARIBAS NOMINEES PTY LTD	118,010,320	13.54%
JP MORGAN NOMINEES AUSTRALIA LIMITED	37,841,639	4.34%
VERMAR PTY LTD	27,878,544	3.20%
FABIAN ENTERTAINMENT PTY LTD	7,849,234	0.90%
CATUS PTY LTD	6,367,868	0.73%
MR MICHAEL LIU	6,185,790	0.71%
MS XUPING SONG	6,100,000	0.70%
MR MARK ANTHONY O'SULLIVAN & MRS JAMIE JANE O'SULLIVAN	5,993,270	0.69%
CITICORP NOMINEES PTY LIMITED	4,479,037	0.51%
CS THIRD NOMINEES PTY LIMITED	4,315,871	0.50%
WOOLRICH & ASSOCIATES	4,298,420	0.49%
MR HENRY JAMES STACPOOLE	4,222,696	0.48%
MONEX BOOM SECURITIES (HK) LTD	4,102,245	0.47%
BERNE NO 132 NOMINEES PTY LTD	3,926,667	0.45%
HSBC CUSTODY NOMINEES (AUSTRALIA) LTD	3,237,449	0.37%
MR STEPHEN LOOM	3,100,000	0.36%
METHUSELAH CAPITAL MANAGEMENT PTY LIMITED	2,879,522	0.33%
SHAREHOLDERS MUTUAL ALLIANCE	2,000,000	0.23%
	783,066,566	**89.82%**

(c) Substantial Shareholders

Substantial shareholders in the Company are:

	Ordinary Shares	
	Number Held	Percentage of Issued Shares
Jiangsu Shengan Resources Group Co Ltd	357,786,934	41.04%
Ansheng Investment Co Ltd	172,491,060	19.78%

(d) Voting Rights

The voting rights attaching to each class of equity security are set out below:

Ordinary Shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options

No voting rights.

(e) Unquoted Securities

10,000 unlisted options are on issue to 1 holder.

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