2012 ANNUAL REPORT

a-cap
RESOURCES LTD

Company Strategy

A-Cap Resources Ltd has one of the largest uranium deposits in the world, with distinct comparative advantages in terms of process design and infrastructure, and its location in one of the best mining investment environments in the world.

Your Company's key objective is to move the project rapidly towards development and production, position it to become a secure long term supplier of uranium for the growing nuclear industry, and in doing so release for shareholders the substantial latent value underlying this massive uranium asset.

The discovery of coal within our ground has added a new dimension to your Company's activities and our immediate aim is to quickly understand the size and quality of the coal discovered, the potential synergies with our uranium project and the long term opportunities that it may provide.

Contents

Botswana
The Country

Following independence in 1966, Botswana has remarkably progressed from one of the poorest country's in the world, with a GDP at the time of $52 million, to a middle-income country with a GDP in 2011 of $17.6 billion dollars, according to the World Bank. Botswana has predominantly used its vast mineral resources as the vehicle to drive the countries sustained economic growth, facilitated by a stable jurisdiction.

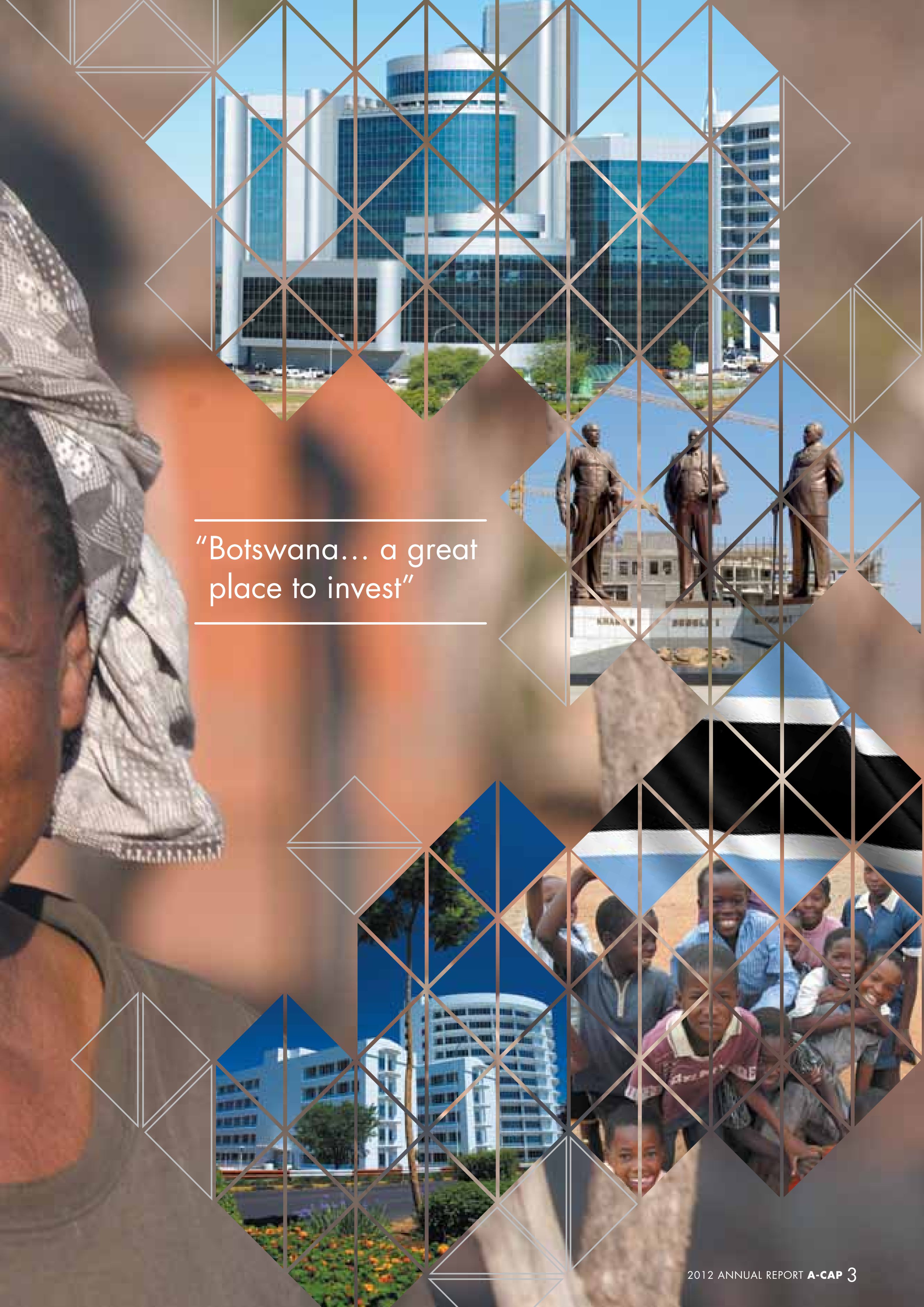
Ranked no.1 in Africa, Botswana's GDP (at purchasing power parity) per capita was US$16,030 in 2011, according to the IMF. To put this into perspective, this rates Botswana in the same league as other developing countries such as Russia and Argentina.

Botswana has once again been named Africa's most favourable mining destination for the sixth consecutive year and has been propelled to the fifth most attractive investment destination globally. Fraser Institute, an independent Canadian public policy research and educational organisation, conducts an annual survey of metal mining and exploration companies to assess how mineral endowments and public policy factors affect exploration investment. In their 2011/2012 Survey of Mining Companies distributed to local governments, Botswana ranked ahead of countries such as Chile, Norway and New Zealand as well as renowned mining provinces in Australia, Canada and the United States. Furthermore, Botswana ranked top in the world for:

- Current mineral potential
- Tax regime
- Predictable environmental regulations
- Low level of inconsistencies in regulations

Long regarded as the Switzerland of Africa, Botswana has an easy to understand mineral law along with English-speaking legal and parliamentary systems, making it an ideal destination for international mining companies.

A-Cap has been operating in Botswana since 2004, and continues to reaffirm its strongly held belief that Botswana is an ideal international investment destination, particularly for the mining industry. A-Cap currently employs 72 permanent employees and is actively involved in many community health initiatives. The Company continues to employ locally trained graduates, with the firm view that future success of the Company should be reflected within the local community, and that the local Botswana communities should reap the benefits of their country's mineral wealth.



"Botswana… a great place to invest"

Chairman's Report

It has been a poor market for uranium over the last year but there are clear signs of improvement as the market tightens and the nuclear industry continues to seek long term supply of uranium.

Your company has an excellent uranium project and is positioning itself squarely to become a favoured, secure and long term supplier of uranium to meet the strong demand from a growing nuclear industry.

> "The Letlhakane Uranium Project has grown by 90 million pounds over the last year and now stands at 351 million pounds of uranium making it one of the largest undeveloped uranium projects in the world."

Moreover our team has delineated a higher grade portion of this project which is 89 million pounds at a grade of 284 ppm of uranium and is 85% higher than the average grade of the deposit. This, of course, has significant implications for project economics

Feasibility work focused on metallurgical testwork, process design, mining and infrastructure is progressing well. Progress on metallurgy and process design has been excellent.

Work on mining is also progressing well as we study conventional open pit mining together with "surface" or continuous miners to reduce stripping costs and minimise ore dilution.

The project's enormous comparative advantage is the proximity of all major infrastructures available such as power, water, transport and communications, all of which is available to the project.

The choice of heap leach processing combined with the availability of key infrastructure makes Letlhakane a low capital cost project and overcomes one of the biggest barriers experienced by many similar resource projects.

In addition to the excellent progress on uranium, the A-Cap exploration team in Botswana has discovered massive new deposits of coal. These discoveries add a new dimension to your company's activities and provide significant new oppo tunities.

Work is now underway to define the size and quality of these ne discoveries and also scope out the potential synergies between coal and uranium in terms of project development.

Of extreme interest is the estimation that hundreds of millions of tonnes of coal sit in coal seams within the uranium deposits at Letlhakane and can be mined and extracted along with uranium.

We can expect more news of these developments in coming months.

Along with uranium, equity markets have also been challenging in recent times. Notwithstanding we have been fortunate to recently attract funding and support from U.K. based investment Praetorian Resources whose principals have substantial knowledge and experience in the uranium market and include a former director of Kalahari Minerals Ltd and the Geiger Counter Uranium Fund.

We can gain comfort from their belief in our projects and their presence on our substantial shareholder register along with our major shareholder and long term supporter, China Growth Minerals Ltd.

In terms of expertise and experience we have one of the best feasibility teams that could be assembled for our project and I would like to thank them for their enormous contribution this year.

Our operations team in Botswana is rated as one of the best in Africa and they continue to justify this reputation with their success in both uranium and coal this year.

This team is now being ably led by our new CEO Paul Thomson who brings a wealth of experience in project development in Africa.

I would also like to welcome Anthony Khama to our Botswana Board of Directors and thank him sincerely for his guidance and support this year.

A-Cap has excellent resource assets in one of the best investment locations in the world. Our single focus is to advance these towards production and realise for you – our shareholders – the real and substantial latent value within these assets. Thank you for your continued support.

ROBERT J PETT
Chairman

Energy Market

As the global population continues to grow year upon year, so too will the world's demand for consumable energy, with commodities such as coal and uranium at the forefront of global energy output.

After encountering a somewhat difficult year in 2011 with uranium spot prices falling from $70-$75 to $50-55, many believe the commodity will continue to make up for lost ground in the near future as it remains intrinsically linked with the increase in global demand for electricity.

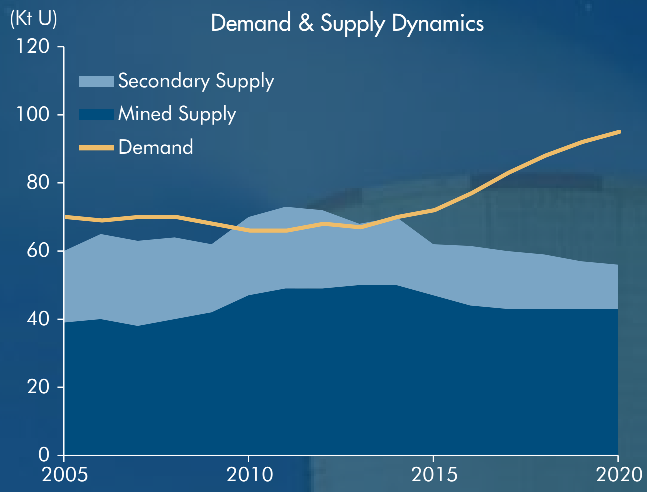
According to the Australian Bureau of Resources and Energy Economics, uranium demand will grow by 42% between next year and 2017. In addition, the World Nuclear Association declares that it expects world uranium consumption to grow so substantially, that it would require production to double by 2020 to meet demand requirements.

The World Nuclear Association's current estimate of planned and potential reactors is actually higher now than it was in April 2011 (Pre-Fukushima), 489 vs 478.

According to Raymond James Ltd.'s July 2012 Mining & Natural Resources Uranium Industry Report, "Global demand for nuclear - particularly in Asia and the Middle East - remains resilient on ramping electricity demand, fossil fuel price volatility, energy supply security concerns, and few 'green' alternatives to meet baseload requirements".

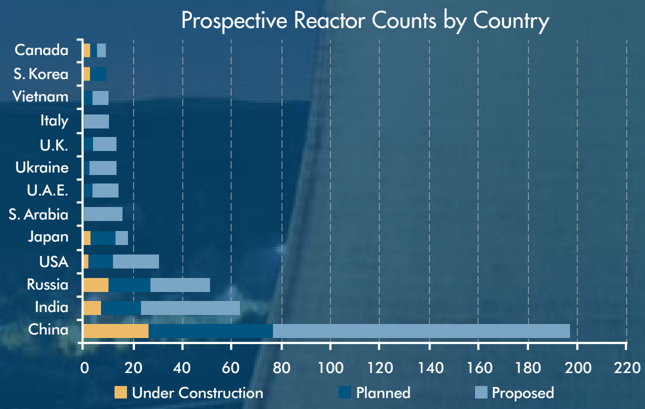
With A-Cap Resources now becoming a multi-commodity energy play through the introduction of new coal deposits in Botswana, the Company is now well placed to take advantage of the growing demand for energy supplies.

Coal is an essential resource for electricity generation across the globe and plays a crucial role in the creation of steel, concrete and energy. The commodity is central to delivering electricity in the developed world, which makes it the major contributor to providing base load electricity in developing countries to meet their energy access targets.



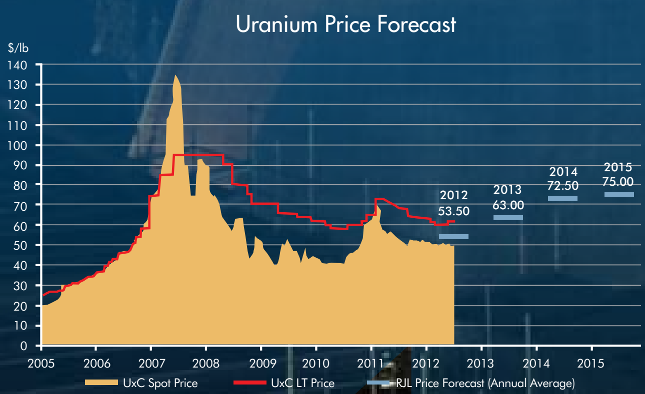
Source – Japanese Ministry of Economy, Trade & Industry, WNA, Bloomberg, Company Filings

With delays to other large scale projects, the Russian HEU "Megatons to Megawatts Program" with the US coming to an end in 2013 reducing the levels of secondary supply, and the lack of new large scale uranium discoveries, this points towards a shortage of uranium supply to meet forecast demand in the near future.



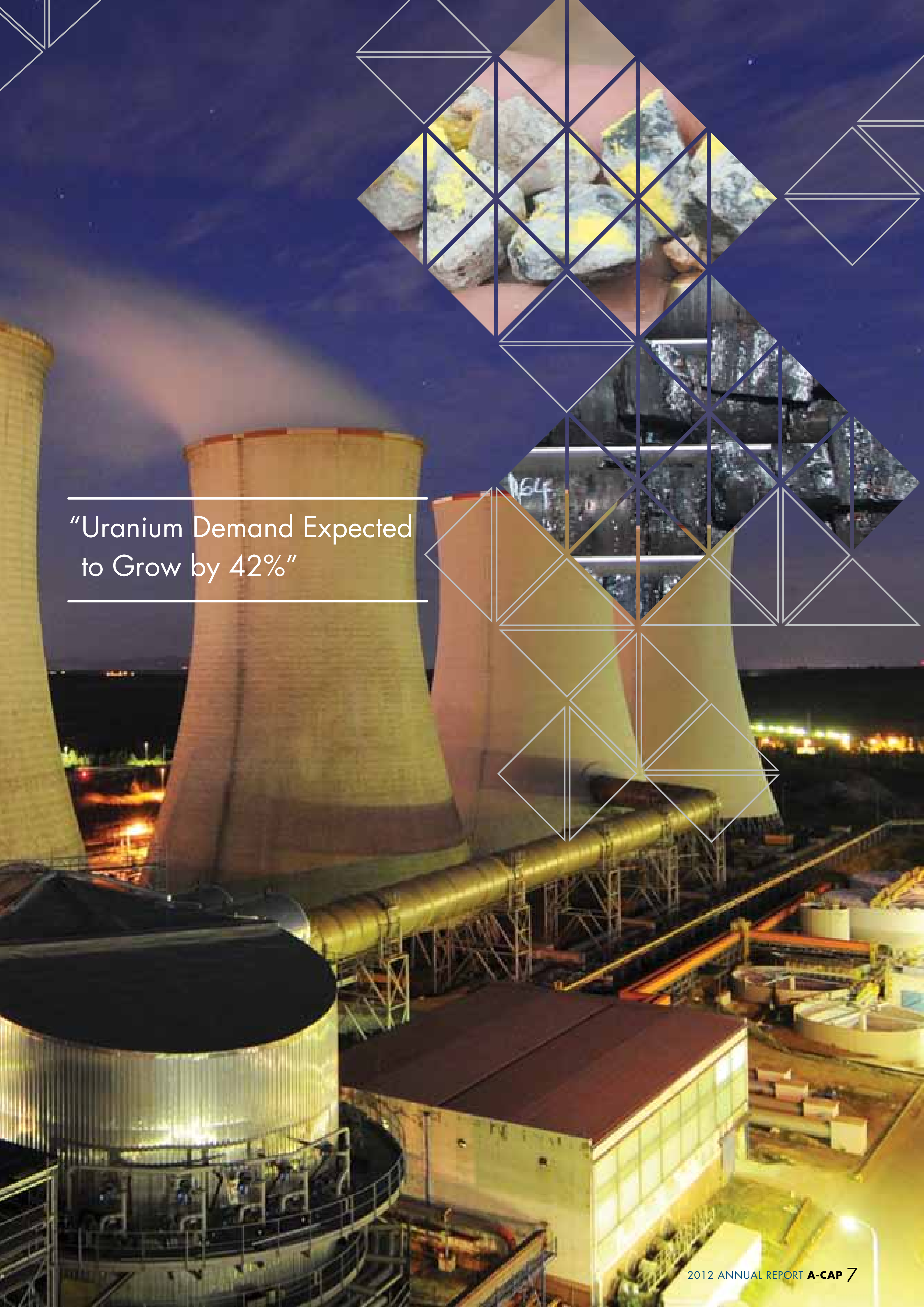
Source – Raymond James Ltd., WNA

Contrary to sentiment following the Fukushima disaster and the subsequent effects on the uranium industry, the number of planned and potential nuclear reactors is in fact higher now than what it was pre-Fukushima.



Source – Raymond James Ltd., UxC

Current consensus forecasts on Uranium prices project an increase from its current levels of $53.50 to $75 by 2015, this is substantiated by the fact that prices will rise to satisfy rising demand forecasts in the coming years once the Russian HEU is completed and to account for stockpiling of Uranium by China and India.



"Uranium Demand Expected to Grow by 42%"

Operational Report from the CEO

A-Cap's Projects

A-Cap's flagship project is the Letlhakane Uranium Project in Botswana, which now hosts a major JORC compliant resource of over 350 million pounds of uranium. This makes it one of the biggest undeveloped uranium projects in the world. Feasibility work is progressing well on the project, which is planned as an open cut, heap leach operation, with the distinct advantage of having all the major infrastructures already in place. Letlhakane is likely the only major undeveloped uranium project in the world capable of being in production in the next five years at a capital cost of less than $500 million.

> "Importantly, A-Cap has also identified that the Letlhakane Uranium Project hosts a significant amount of coal."

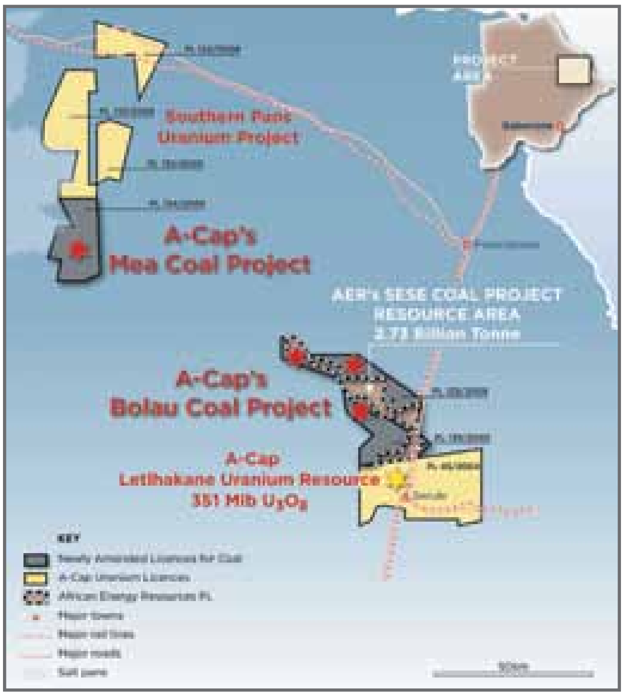
Recent activity on the ground in Botswana has witnessed A-Cap transform into a multi-commodity energy company with the discovery of large coal deposits. As announced in July 2012, through its ongoing uranium field work, the Botswana based exploration team discovered two new coal deposits in the basal stratigraphy of the Karoo Supergroup, which is prospective for both sedimentary hosted uranium and coal.

A-Cap holds nine Prospecting Licenses (PLs) in Botswana, covering an area of over 4,000 square kilometres. The Mea Coal Discovery lies to the north west of Letlhakane where high quality thermal coal has been identified potentially over a large area. The Bolau Coal Discovery, where significant bituminous to sub-bituminous coals have been identified is adjacent to the 2.5 Bt Sese coal resources.

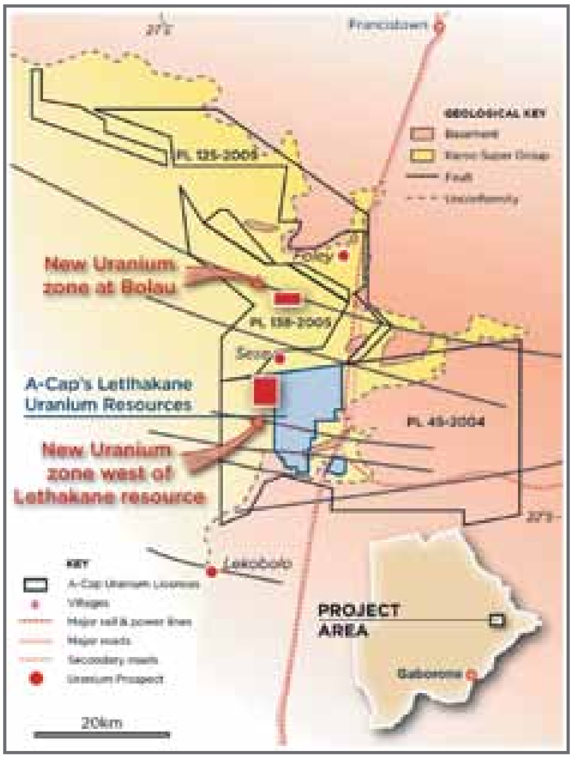
Importantly, A-Cap has also identified that the Letlhakane Uraniu Project hosts a significant amount of coal. The Company is currentl investigating important synergies between coal and uranium at Letlhakane that may significantly improve project economics

Amendments to the Mea PL to include coal has been approved by the Government of Botswana, and they have provided notice of their intention to approve amendments to the two PL's covering the Bolau Discovery.

At the same time the company continues its exploration efforts including grass roots exploration at the Southern Pans Project where there is good potential for both uranium and coal.



Location map highlighting the new Mea and Bolau Coal Projects and the Letlhakane Uranium Project.



Demonstrates the relative locations of the Letlhakane Uranium resources within PL45/2004. Also highlighted is the excellent infrastructure in the area, which includes a dual lane highway, railway and high tension power lines.

One of the World's Largest Undeveloped Uranium Deposits

- 90km South of Francistown
- 100% owned by A-Cap Resources
- 143.2 Mt @ 284 ppm for a contained 89.7 Mlbs at a 200ppm cut off
- 1,040.5 Mt @ 153 ppm for a contained 351.8 Mlbs at a 100ppm cut off
- Botswana's leading uranium project
- Ongoing discussions with strategic partners
- All major infrastructure in place

Letlhakane Uranium Project

During the year the main focus of the A-Cap team was in advancing the Letlhakane Uranium Project through feasibility towards early development and production.

In June 2012 the Company announced a major 90 million pound increase in its JORC compliant uranium resource, and importantly for project economics defined a higher-grade resource of 143.2 Mt U_3O_8 at 284ppm for a contained 89.7Mlbs of U_3O_8. With this upgrade in resource, Letlhakane now rates as one of the largest undeveloped uranium deposits worldwide.

The Company has drilled over 3,500 holes for a total of over 140 kilometres of drilling. The Letlhakane Resource remains open and is continuing to grow.

Highlights of the 2012 Resource Upgrade include:

- A global resource growth of 35% in contained uranium
- At a 200 ppm U_3O_8 cut-off grade, Letlhakane contains 143.2Mt @ 284 ppm for a contained 89.7 Mlbs U_3O_8
- Mineralisation remains open along the western boundary indicating additional resource growth is highly likely with further exploration
- The vast size of the resource provides a very strong leverage to a rising uranium price

Geology & Mineralisation

The basal sediments of the Karoo Super Group host the uranium mineralisation within the Letlhakane Project. These Permian to Jurassic aged sediments were deposited in a shallow, broad, westerly dipping basin, generated during rifting of the African continent. The source area for the sediments was the extensively weathered, uranium-bearing, metamorphic rocks of the Achaean Zimbabwe Craton which outcrop in the eastern portion of the license.

Feasibility Work

A-Cap is fortunate to have one of the world's best teams available in advancing our mining, metallurgical, process design and other feasibility work. A-Cap's feasibility team, led by our Technical Director, Paul Woolrich, and including David Cairns, Randall Pyper (Kappes, Cassidy & Associates), Grenvil Dunn (Orway Mineral Consultants), Alan Taylor (Alta Metallurgical Services) and Lycopodium Minerals, are continuing to progress the metallurgical test work, process design and mining.

The ore is particularly amenable to acid leach and extensive test work is being conducted at SGS Lakefield Oretest in Pe th. The project is based on shallow open pit mining, heap leach and solvent extraction. Feasibility work is now well advanced and progressing well. Recent test work using 2 metre columns and a two stage acid leach delivered excellent results with recoveries between 68 - 77%. These excellent recoveries will have a significant impact on driving down operating costs per poun of uranium.

In parallel other feasibility work including power, water and environmental studies is being conducted. Importantly a water supply has been delineated and tested, and a power supply established from the existing power grid. This underlines a key advantage of the project, with all major infrastructures available, which in addition to power and water includes major road and rail lines in the area, and in close proximity to Francistown. Lines of communication are excellent with even mobile phone coverage available on site.

On the mining side, a mix of conventional mining equipment and "surface miners" is being tested. With a view to minimising stripping costs and maximising ore recovery, a great advantage of the deposit is that most of the ore is near surface with secondary ore types lying at surface and above 15 metres.

Operational Report from the CEO (Continued)

2012 Mineral Resource Estimates for ALL DEPOSITS – 200 ppm U_3O_8 cut-off

Ore type	Deposit	Indicated			Inferred			TOTAL		
		Mt	U_3O_8 ppm	U_3O_8 Mlbs	Mt	U_3O_8 ppm	U_3O_8 Mlbs	Mt	U_3O_8 ppm	U_3O_8 Mlbs
Secondary	Gojwane	2.9	256	1.6	–	–	–	2.9	256	1.6
	Serule	–	–	–	–	–	–	–	–	–
	Gorgon West	–	–	–	–	–	–	–	–	–
	Total Secondary	2.9	256	1.6	–	–	–	2.9	256	1.6
Oxide	Gojwane	7.5	275	4.6	1.9	248	1.0	9.4	269	5.6
	Serule	–	–	–	5.4	280	3.3	5.4	280	3.3
	Gorgon West	–	–	–	–	–	–	–	–	–
	Total Oxide	7.5	275	4.6	7.3	270	4.3	14.8	274	8.9
Primary	Gojwane	22.2	275	13.5	11.6	261	6.6	33.7	270	20.1
	Serule	–	–	–	50.0	317	35.0	50.0	317	35.0
	Gorgon West				41.8	261	24.1	41.8	261	24.1
	Total Primary	22.2	275	13.5	103.4	288	65.7	125.5	286	79.2
TOTAL	All DEPOSITS	32.6	274	19.7	110.7	287	70.0	143.2	284	89.7

Global Resource of 351Mlbs

Ore	Category	Mt	U_3O_8 ppm	U_3O_8 Mlbs
Secondary	Indicated	9	172	3.4
Oxide	Indicated & Inferred	184.8	138	56.3
Primary	Indicated & Inferred	846.7	157	292.1
TOTAL RESOURCE		1041	153	351.8

Letlhakane Uranium Project (Continued)

The Road to Production

Letlhakane currently ranks as one of the top ten largest undeveloped uranium deposits in the world. Of these top ten, only a few of these demonstrate the development potential to be in production within the next 5 years due to potential permitting and development issues. Importantly, Letlhakane is the only deposit with a currently estimated CAPEX of less than $500 million, and located within a stable political and permitting friendly environment.

A-Cap will further evaluate the coal mineralisation at Letlhakane, as there is a potential for significant synergistic economic benefi to the project in mining the coal in conjunction with the uranium. Furthermore, test work will be conducted on the suitability of Letlhakane coal's pyrite content as a source of sulfuric acid for leaching uranium.

Southern Pans Project

Regional exploration on the ground this year at the Southern Pans Project included diamond drilling, ground geophysical surveys and surface geochemical sampling.

Most of this work was focused on PL 134/2005 (Mea) and has successfully led to the discovery of a significant coal deposit. Further work will concentrate on delineating the coal resource and quality as well as continuing the search for significant uranium mineralisation in the prospective Karoo stratigraphy.

- Ten diamond drill holes for 1,539.1m on Mea
- Eight conventional drill holes for 922m on Sua
- 2,450 ground gravity stations across Mea
- 26.8 km of CSAMT (Controlled Source Audio Magnetic Tellurics)
- 73 ground water samples

Mea and Bolau Coal Discoveries

In July 2012 the Company announced the discovery of two new coal deposits, Mea and Bolau, immediately transforming A-Cap into a multi commodity energy company.

Consultant Dr. Willem J. Smuts Pr.Sci.Nat., who completed the initial evaluation of the two projects stated, "It is my considered opinion that the Mea project area contains a coal deposit of significant tonnage and better than average quality by Botswana coal standards. A limited exploration program could in the next 12-18 months, prove up a coal resource that could compare favourably to any of the recently reported projects in the country."

Highlights of these discoveries include:

- Mea Project – a greenfields coal discovery demonstrating multiple coal seam intercepts within a thicker carbonaceous unit that is over 100m true thickness
- Initial results are very promising with raw coal analysis of Mea displaying qualities associated with coal of a significantly higher grade than typically found in Botswana
- Bolau Project – identified as the up and down dip extensions of the known Sese Coal Discovery

Mea Coal Project

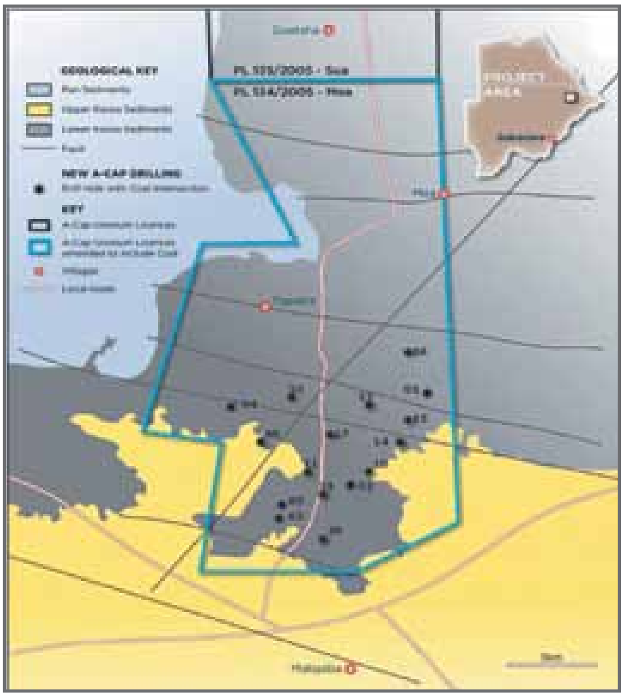
As announced in July 2012, exploration drilling at the Mea Prospect (PL 134/2005) uncovered a vast new coal field demonstrating multiple coal seam intercepts within a thicker carbonaceous unit that is over 100m true thickness.

The drilling was undertaken in two programs; the first five holes t provide a broad stratigraphic picture across the prospective area and the second 11 holes to provide infill and continuity between the original five holes

All of the five drill holes intersected thick sequences of coal and carbonaceous rocks from the Tlapana Sequence.

The second program of 11 core holes all intersected the coal-bearing sequence with thickness varying between 33m to 118m. The coal- bearing horizon has now been intersected over an area measuring approximately 12km x 10km.

In accordance with Botswana law, A-Cap notified the Ministe of Minerals, Energy and Water Resources of these discoveries. At the same time, A-Cap applied for an amendment of the conditions to its existing PLs to include Coal, which has been accepted by the Government.



Mea Coal Project Location Map. MEDD drill holes are labelled by hole number.

Coal Quality at Mea

Sampling so far of the Mea core has concentrated on selected intersections displaying thicker individual coal seams, whilst modeling of plies and seam continuity are ongoing. Initial raw coal proximate analyses have been received for holes MEDD0001 to MEDD0019. The following are broad geological observations on the Mea coal analysis:

- The entire section may be taken as "bar-code" type coal and contains multiple solid seams of bright lustrous coal that are between 1 to 10m thickness within a thicker carbonaceous unit
- Raw coal results are very encouraging, with some individual samples returning Calorific alues over 30MJ/kg
- All holes contain multiple coal horizons that have not been sampled to date
- Some preliminary washability results from selected samples from the first five holes indicate that encouraging yields of potentia export quality products are achievable
- Based on the initial results, potential exists for multiple products for both export and domestic quality

Bolau

At the Bolau Project (which comprises two PLs Foley PL125/2009 and Bolau PL138/2005) A-Cap discovered coal horizons that appear to be on the extensions of the Sese Coal Project discovered by African Energy Resources (ASX:AFR) in 2010.

A-Cap has held the Bolau PL since listing in 2006 and recently picked up the Foley PL following a compulsory relinquishment of ground by another exploration company.

It would appear that the coal horizons encountered at Bolau are the down dip extensions of AFR's Sese Project, with the coal horizons discovered on Foley considered to be the up-dip extensions of Sese.

To date A-Cap has completed six RC holes and seven diamond holes that intersected coal horizons and have made the following observations:

- The coal thickness averages at 20m and occurs in two seams, the upper seam at around 4m and a lower seam of 16m
- In the discovery areas, the stratigraphic package dips shallowly towards the south west at around 10 degrees
- No analytical results for the coals have been received, however based on the logged geology and the continuity of the coal horizons in the Sese Project, the coal is interpreted to be sub-bituminous thermal coal with potential to produce both domestic and export quality coal
- African Energy Resources have reported a JORC compliant Indicated Mineral Resource of 2.5Bt from an area of approximately 120 square kilometres which extends directly onto A-Cap's ground

The Government of Botswana has provided notice of its intention to approve amendments to include coal for the two PL's covering the Bolau Discovery.

Bolau Cole Project Location Map.

On the Uranium front, exploration drilling on Bolau (PL138/2005) to the north of the Letlhakane Uranium Project in 2011 uncovered a new zone of sediment-hosted uranium that returned a number of encouraging mineralised intersections.

A total of 20 holes for 2,568m were drilled in locations interpreted to represent channel overbank settings, coincident with surface radiometric uranium anomalism. Many of these holes intersected moderately elevated zones of uranium within sedimentary host rocks, with a standout zone of some 4km x 3km in the centre of the tenement.

This significant accumulation of uranium is open in all directions and has the potential to represent an additional uranium resource adjacent to that defined on at Letlhakane

A detailed ground gravity program is underway to develop exploration targets, to be followed by a drilling program designed to outline the full extent of uranium mineralisation at Bolau in the 2012 exploration field season

Safety Health Radiation Environment & Community

A-Cap's development of its system to manage safety, health, radiation and environmental issues continued during the course of the year.

Progress has been made in the review of existing standard operating procedures and the development and roll-out of new procedures.

In addition, a Botswana medical emergency response service provider has been contracted for ambulance and air evacuation of serious medical cases.

A Safety, Health, Radiation, Environment and Community Management Plan for the Company's projects have also been completed, which specifies how these issues will be manage in the PLs.

To assist in the compliance with the Botswana regulations pertaining to health, safety and environmental management for mining and prospecting, a legal obligations register has been developed and is included in the project execution plans.

All A-Cap employees on the ground use personal radiation exposure monitoring for employees and contractors, using TLD badges, and to date, no high dosages have been recorded for any employee or contractor.

Liaison with the local communities has continued with the participation by the A-Cap community officer in the village management committee meetings.

A-Cap Resources has funded the construction of a house in the Serule village for a destitute family.

Moving Forward

Overall the 2012 field season for A-Cap has proved to be ve y positive with the expansion of the Letlhakane uranium resource, alongside the discovery of the two new coal projects.

Backed by our highly experienced management, feasibility and operational teams, I believe that A-Cap is well positioned to continue to drive towards production.

PAUL THOMSON
Chief Executive Office

The Team

In the past year, the Board of A-Cap has been strengthened with new appointments of senior professionals with extensive corporate and mining experience. These characteristics are crucial during times of market uncertainty across all sectors and A-Cap's resilience through such conditions is a testament to its Board.

Paul Thomson stepped up to the role of Chief Executive Officer in February this year after three years as Project Manager of the Letlhakane Uranium Project. Botswana-based Paul has over 35 years' experience in mining and project development in Africa and has played an integral part in shaping A-Cap's strategy. Prior to joining A-Cap, Paul 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.

Dr Andrew Tunks stepped back from his role as Managing Director and remains fully committed to the Company's success in his new Non- Executive Director role. Richard Lockwood has also joined the Board as a Non-Executive Director. Richard has forged a successful career in fund management and mining investment and was the founder of the specialist Geiger Counter Limited Uranium Fund. Richard was formerly a Director of AIM-listed Kalahari Minerals which was acquired by CGNPC Uranium Resources Co. Ltd. Richard's intimate knowledge and experience in the mining and uranium industries is an asset to the Company during its current growth phase.

On the ground in Botswana, the Company's core management team of Steven Groves (General Manager, Exploration), Jerome Randabel (Chief Geologist), and Brent Laws (Senior Geologist) continue to commit to the management and delivery of the Company's strategic goals and objectives. In addition, A-Cap has employed George Jack as its Safety, Health, Radiation, Environment and Community ("SHREC") Manager. George is an invaluable asset to the Company and has ensured its SHREC policies are up to the highest standards.

The Feasibility Study into evaluating the economics of the Letlhakane Uranium Project is supported by a group of highly experienced consultants appointed by the Company. We are extremely fortunate to have assembled a world class feasibility team led by Paul Woolrich. The main consultants include:-

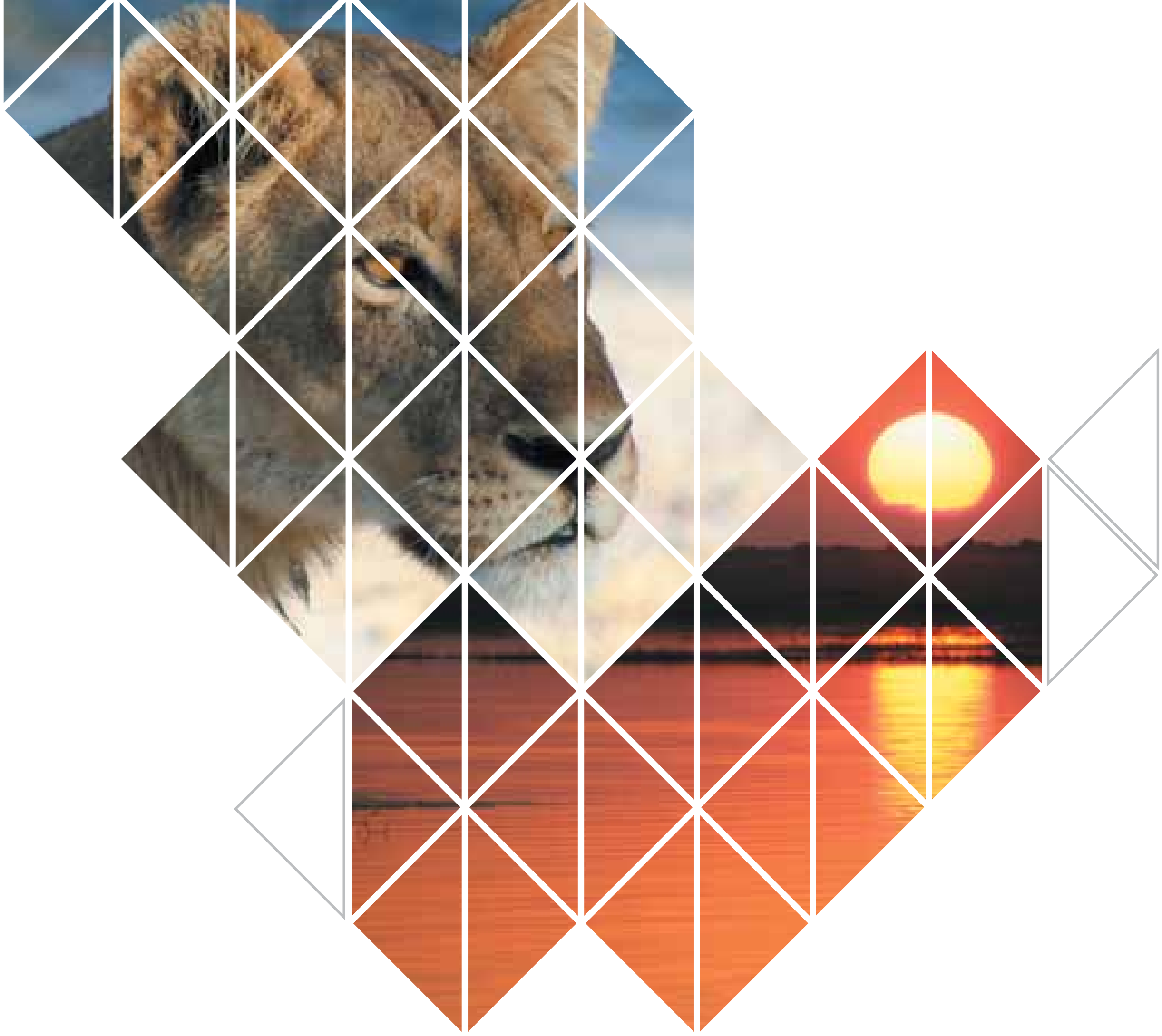
- Lead Consultant – Lycopodium Minerals Pty Ltd.
- Geology and Mining – David Cairns (ex Resolute), Optiro and Cube Consulting.
- Metallurgy and Mineral Processing – Paul Woolrich, Alan Taylor (Alta Metallurgical Services), Grenvil Dunn (Orway Mineral Consultants), Randall Pyper (Kappes, Cassidy & Associates), Rob Bowell (SRK for mineralogy) and SGS Lakefield Oretest in Perth who carry out all the metallurgical testwork.
- Environmental Impact Assessment – SLR Consulting (South Africa) & Ecosurv (Botswana).

A-Cap has been a longtime supporter of training and higher education of Botswana nationals and is committed to developing graduate geologists as key members of its team. A-Cap continues to regularly employ University of Botswana graduates

A-Cap appointed Mr Anthony Khama, the son of Botswana's first President, Sir Seretse Khama and the younger brother of the current President, Lt. Gen. Ian Khama to the Board of A-Cap Resources Botswana Pty Ltd. Anthony, a high profile national, is renowned for his business achievements in Botswana and his family name holds great significance for the Botswana people.

A-Cap Resources Limited and its Controlled Entities

Registered Office:	Level 36, Exchange Plaza 2 The Esplanade Perth WA 6000	
Contact Details:	Telephone (08) 9220 9850 Facsimile (08) 9220 9820 Email: info@a-cap.com.au Website: www.a-cap.com.au	
Chief Executive Officer:	Paul Thomson	
Directors:	Robert James Pett	(Chairman)
	Paul Woolrich	(Executive Director)
	Paul Anthony Ingram	(Non-Executive Director)
	Richard Lockwood	(Non-Executive Director)
	Henry James Stacpoole	(Non-Executive Director)
	Andrew Tunks	(Non-Executive Director)
Company Secretary:	Denis Ivan Rakich	
Share Registry:	Advanced Share Registry Services Limited 150 Stirling Highway NEDLANDS WA 6009 Telephone (08) 9389 8033 Facsimile (08) 9389 7871	
Bankers:	Westpac Banking Corporation 109 St Georges Terrace PERTH WA 6000	
Auditors:	William Buck Level 20, 181 William St Melbourne VIC 3000	
Solicitors:	Minter Ellison 77 St Georges Terrace Perth WA 6000	
	Squire Sanders Level 21, 300 Murray St Perth WA 6000	
Stock Exchange:	A-Cap Resources is listed on the Australian Securities Exchange (ASX code: ACB) and the Botswana Stock Exchange (BSE code: A-CAP).	



A-CAP RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

ACN 104 028 542

ANNUAL FINANCIAL REPORT

30 JUNE 2012

Contents

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 year ended 30 June 2012.

Directors

Directors of A-Cap Resources Limited during the year and until the date of this report are as below. Directors were in office for the entire period unless otherwise stated.

Robert James Pett
Andrew James Tunks
Paul Anthony Ingram
Henry James Stacpoole
Paul Woolrich
Richard Lockwood (appointed 22 February 2012)

Directors Information

Robert J. Pett
Chairman, Member of Audit Committee

B.A. (Hons), M.A. (Econ)

Mr Pett is a minerals economist with 29 years' experience in exploration and mining. During that period he has overseen the successful exploration, development, operation and financing of more than ten mining projects worldwide. This includes gold and nickel min s in Australia and gold mines in East and West Africa, a number evolving from grass roots discovery, as well as numerous exploration projects. He holds a Master's Degree in Economics from Queens University in Canada.

During the past 3 years, Mr Pett has also served as a director of the following ASX listed companies:
- Senex Energy Limited (October 1983 to September 2011) (formerly known as Victoria Petroleum NL)
- Ausgold Limited (since December 2009)
- Brazilian Metals Limited (since November 2010)
- Regalpoint Resources Limited (since February 2008)

Andrew J. Tunks
Independent Non-Executive Director

B.Sc. (Hons), Ph.D.

Dr Tunks has had wide experience in the mining industry both in Australia and in Southern & Central Africa including Ghana, Tanzania and Botswana. Dr Tunks is currently the CEO of Ausgold Ltd, an ASX listed minerals exploration company, after having served six years as A-Cap's CEO Director. He holds a degree of Bachelor of Science (Hons) from Monash University in Melbourne and a PhD obtained at the University of Tasmania. Both his Honours and PhD theses were based on structural geology. Dr Tunks has lectured in geology at the University of Tasmania and is a member of The Australian Institute of Geoscientists.

During the past 3 years, Dr Tunks has also served as a director of the following ASX listed companies:
- Botswana Metals Limited (ASX) (January 2007 to June 2009)

Henry J. Stacpoole
Independent Non-Executive Director, Member of Audit Committee

Mr Stacpoole is a Director of Stacpoole Enterprises Pty Ltd, a civil contracting, drilling and mining exploration company based in Launceston in Tasmania. He was a founding Director of Beaconsfield Gold Mines Ltd in 1987 and was closely involved in the development of that company's mine in Tasmania becoming Chairman of the restructured Beaconsfield Gold N.L. in 1992 He resigned as a Director in 2001. He is a Life Member of the Tasmanian Minerals Council.

During the past 3 years, Mr Stacpoole has also served as a director of the following ASX listed companies:
- Botswana Metals Limited (ASX) (January 2007 to November 2010)

Directors Information (Continued)

Paul Woolrich
Executive Director

B.Sci. (Hons), M.Sc., Ph.D.

Dr Woolrich has over 40 years' experience in the international exploration and mining industry focussed on gold, base metals and PGEs, with the last 20 years spent in senior management positions with Western Mining Corporation, Ranger Minerals Ltd, Orion Resources, Gallery Gold and Platmin Ltd. He was Project Manager in charge of the feasibility study of Platmin's Pilanesberg PGE Project in South Africa in 2004-2006. Dr Woolrich is managing the metallurgical aspect of A-Cap's Bankable Feasibility Study into the viability of the Letlhakane Uranium Project. He holds degrees in geology (BSc honours), geochemistry (MSc) and metallurgy (PhD).

During the past 3 years, Dr Woolrich has also served as a director of the following ASX listed companies:
- Botswana Metals Limited (ASX) (since January 2008)

Paul A. Ingram
Independent Non-Executive Director, Member of Audit Committee

B. Applied Sc. (Geology).

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 (since March 2011
- Consolidated Global Investments Limited (since September 2006)

Richard Lockwood
Independent Non-Executive Director

Mr Lockwood has forged a successful career in fund management and mining investment and was the founder of the specialist Geiger Counter Limited Uranium Fund. Mr Lockwood was formerly a Director of AIM-listed Kalahari Minerals which was acquired by CGNPC Uranium Resources Co. Ltd. Formerly a mining investment partner for Hoare Govett and McIntosh Securities he was involved in the development and financing of several gold and base metals projects in Europe, Australia and Africa.

Mr Lockwood is currently a director of Praetorian Resources Limited, an AIM-listed investment company focussed on natural resources. Mr Lockwood's intimate knowledge and experience in the mining and uranium industries is an asset to the Company during its current growth phase.

During the past 3 years, Mr Lockwood has also served as Director of the following ASX listed companies:
- Regalpoint Resources Ltd (since May 2011)
- Ausgold Limited (since November 2010)

Interest in the shares and options of the Company and related bodies corporate

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

	R Pett	A Tunks	H Stacpoole	P Woolrich	P Ingram	R Lockwood
Ordinary Shares						
Ordinary shares, fully paid	-	74,522	2,032,947	474,522	-	-
Options						
Unlisted options, exercisable at 40c, expiring 30 October 2014	1,000,000	3,000,000	-	-	1,000,000	-
Unlisted options, exercisable at 50c, expiring 15 October 2015	-	2,000,000	1,000,000	1,000,000	-	-

Chief Executive Officer

Paul Thomson

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 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).

Company Secretary

Denis Rakich

FCPA

Mr Rakich is an Accountant and Company Secretary with extensive experience within mineral production and exploration industries. Mr Rakich is responsible for the legal, financial and corporate management of A-Cap Resources Ltd. He is a fellow of the C A Australia and serves as Company Secretary for other Companies within the resources sector.

Principal Activities

The Consolidated Group's principal activities during the year have been the continuing exploration of its tenement portfolio in Botswana and the ongoing feasibility studies into the Letlhakane Uranium Project.

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

Review of Operations

- The Company continues to focus on extensive feasibility study work, with the aim of moving the project into early production.
- In June 2012 the Company announced a major 90 million pound increase in its JORC compliant uranium resource. Most notably, this increase defined a higher-grade resource of 143.2 Mt $_3O_8$ at 284ppm for a contained 89.7Mlbs of U_3O_8.
- Regional exploration on the ground this year at the Southern Pans Project included diamond drilling, ground geophysical surveys and surface geochemical sampling.
- Exploration drilling at the Mea Prospect (PL 134/2005) in July 2011 uncovered a vast new coal field demonstrating multiple coal seam intercepts within a thicker carbonaceous unit that is over 100m true thickness.
- At the Bolau Project (which comprises two PLs Foley PL125/2009 and Bolau PL138/2005) A-Cap discovered coal horizons that appear to be on the extensions of the Sese Coal Project discovered by African Energy Resources (ASX:AFR) in 2010.

Financial Performance and Position

The consolidated loss for the year attributable to the members of the Company was:

	2012	2011
	$	$
Operating loss after income tax	(3,996,142)	(4,199,179)
Outside equity interests	-	-
Net loss attributable to members of the Consolidated Group	(3,996,142)	(4,199,179)

The net assets of the Consolidated Group for the financial year ended 30 June 2012 was $30,704,744 (2011: $33,107,307)

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

Company Strategy

A-Cap Resources Ltd has one of the largest uranium deposits in the world, with distinct comparative advantages in terms of process design and infrastructure, and its location in one of the best mining investment environments in the world. Your Company's key objective is to move the project rapidly towards development and production, position it to become a secure long term supplier of uranium for the growing nuclear industry, and in doing so release for shareholders the substantial latent value underlying this massive uranium asset. The discovery of coal within our ground has added a new dimension to your Company's activities and our immediate aim is to quickly understand the size and quality of the coal discovered, the potential synergies with our uranium project and the long term opportunities that it may provide.

Corporate Activity

4,000,000 options were issued to Directors on the 4th November 2011 at an exercise price of 50 cents. The options are unlisted but upon exercise will rank equally in all respects with the fully paid ordinary shares in the Company.

1,000,000 options were granted to Employees pursuant to the Executive and Employee Option Plan on the 22nd December 2011 at an exercise price of 40 cents. The options are unlisted but upon exercise will rank equally in all respects with the fully paid ordinary shares in the Company.

1,500,000 options were granted to Employees pursuant to the Executive and Employee Option Plan on the 30th March 2012 at an exercise price of 33 cents. The options are unlisted but upon exercise will rank equally in all respects with the fully paid ordinary shares in the Company.

Significant Changes in the State of Affairs

In June 2012, the Company announced an increase in its global resource by 35%, from 261.5 Mlbs to 351 Mlbs at a 100ppm cut-off.

Aside from this, there have been no other significant changes in the state of a fairs during this financial yea .

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 9 Prospecting Licenses (PL) across Botswana, covering over 4,000 sq. km's.

Schedule of Interests in Mining Tenements

Tenement	Expiry Date	Percentage Holding	Title Holder
Botswana			
Letlhakane PL 45/2004	30/06/2013	100	A-Cap Resources Botswana (Pty) Ltd
Mea PL 134/2005	30/09/2012	100	A-Cap Resources Botswana (Pty) Ltd
Sua PL 135/2005	30/09/2012	100	A-Cap Resources Botswana (Pty) Ltd
Bolau PL 138/2005	30/09/2012	100	A-Cap Resources Botswana (Pty) Ltd
Lebala PL 72/2008	30/12/2013	100	A-Cap Resources Botswana (Pty) Ltd
Diretse PL 73/2008	30/12/2013	100	A-Cap Resources Botswana (Pty) Ltd
Mmatshumo PL 74/2008	30/12/2013	100	A-Cap Resources Botswana (Pty) Ltd
Dukwe PL 122 /2009*	31/03/2012	100	A-Cap Resources Botswana (Pty) Ltd
Foley PL 125/ 2009*	31/03/2012	100	A-Cap Resources Botswana (Pty) Ltd

* The company has submitted extension renewals for the above tenements. The Department of Geological Surveys have confi med receipt of our renewals and are currently in the process of reviewing our applications. Further, as part of our license renewal requirements, we have proposed a 50% and 40% relinquishment respective to PL's 122 & 125/2009.

Environmental Issues

The Consolidated Group holds 100% interest in a number of exploration licences and has participating interests in others. The various authorities granting such licences require the licence holder to comply with directions given to it under the terms of the grant of licence. There have been no known breaches of the Consolidated Group's licence conditions.

After Balance Date Events

On the 5th July 2012, the Company entered into a Share Exchange Agreement and allotted 18,333,333 ordinary fully paid shares to Praetorian Resources Ltd (Praetorian) at an issue price of 15 cents, in exchange Praetorian allotted to A-Cap 3,536,750 ordinary fully paid shares at an issue price of 50 pence, together with 1,768,375 options exercisable at 70 pence expiring July 2015.

On the 17th July 2012, A-Cap completed a Share Placement Agreement and raised cash of AUD $1,375,000, allotting 9,166,667 ordinary fully paid shares to Praetorian at an issue price of 15 cents.

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 repo t, 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 Consolidated Group expects to maintain the present status and level of operations and hence there are no likely developments in the operations in future financial yea .

Directors' Meetings

The number of meetings of the Company's Board of Directors held during the year ended 30 June 2012, and the numbers of meetings attended by each Director were:

Director	Board of Directors		Audit Committee	
	Held	Attended	Held	Attended
R J Pett	7	7	2	2
A J Tunks	7	6	-	-
H J Stacpoole	7	7	2	2
P Woolrich	7	7	-	-
P Ingram	7	4	2	2
R Lockwood	3	3	-	-

Remuneration Report

Remuneration Policy

The remuneration policy of A-Cap Resources Limited has been designed to align Director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and o fering specific long-te m 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 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) and superannuation.
- The Board reviews executive packages annually by reference to executive performance, remuneration packages for similar positions in comparable companies.

Executives are also entitled to participate in the Executive and Employee Option Plan at the discretion of the Board, however Directors are not eligible to participate.

The 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. Options are valued using the Black & Scholes model.

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. Independent external advice is utilised to do this from independent external consultants. The maximum aggregate amount of fees (currently set at $300,000 p.a.) 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.

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 determined by the Board within the maximum amount approved by the shareholders from time to time, and the Company's broad remuneration policy is to ensure that remuneration packages properly reflect a person s duties and responsibilities and are set at levels that are intended to attract and retain people of the highest quality.

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 Remuneration Policy

The Board's policy for determining the nature and amount of remuneration of key management for the group follows.

The remuneration structure for key management personnel 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 acc ued at the date of retirement. Any options not exercised before or on the date of termination lapse.

For the reporting year, the Company currently has no performance based remuneration component built into director and executive remuneration packages. Options issued during the year are to align the long term goals and objectives between shareholders, directors and executives.

Remuneration Report (Continued)

Key Management Personnel Remuneration Policy (Continued)

Directors

Name	Short-term Benefits			Long-term Benefits		Share-based Payment	Total	% of remuneration	
	Salary & Fees	Bonus	Non-monetary	Long service leave	Superannuation	Options		Linked to performance	Consisting of options
	$	$	$	$	$	$	$		
30 June 2012									
R J Pett	100,000	-	-	-	9,000	-	109,000	-	-
A J Tunks	327,358	-	19,058	-	29,462	349,935	725,813	-	48%
H J Stacpoole	50,000	-	-	-	-	174,968	224,968	-	78%
P A Ingram	50,000	-	-	-	4,500	-	54,500	-	-
P Woolrich**	212,375	-	-	-	-	174,968	387,343		45%
R Lockwood*	20,595	-	-	-	-	-	20,595	-	-
Total	760,328	-	19,058	-	42,962	699,871	1,522,219	-	-
30 June 2011									
RJ Pett	100,000	-	-	-	9,000	235,108	344,108	-	68%
A J Tunks	333,876	30,000	3,767	15,894	32,749	705,324	1,121,610	-	63%
H J Stacpoole	50,000	-	-	-	-	-	50,000	-	-
P A Ingram	50,000	-	-	-	4,500	235,108	289,608	-	81%
P Woolrich**	258,188	-	-	-	-	-	258,188	-	-
Total	792,064	30,000	3,767	15,894	46,249	1,175,540	2,063,514	-	-

** Appointed 22 February 2012*
*** Incl. consulting fees, refer Note 22: Related Party Information*

Executives

Name	Short-term Benefits			Long-term Benefits		Share-based Payment	Total	% of remuneration	
	Salary & Fees	Bonus	Non-monetary	Long service leave	Superannuation	Options		Linked to performance	Consisting of options
	$	$	$	$	$	$	$		
30 June 2012									
P Thomson* (CEO)	114,482	-	-	-	-	188,181	302,663	-	62%
D I Rakich (Company Secretary)	159,992	-	-	-	15,999	-	175,991	-	-
Total	**274,474**	**-**	**-**	**-**	**15,999**	**188,181**	**478,654**	**-**	**-**
30 June 2011									
D I Rakich (Company Secretary)	103,746	-	-	-	10,375	116,977	231,098	-	51%
Total	**103,746**	**-**	**-**	**-**	**10,375**	**116,977**	**231,098**	**-**	**-**

**Appointed 22 February 2012*

Options Issued as part of remuneration

Name	No. of options Granted	No. of options Vested	Value per option at Grant Date $	Exercise Price $	Expiry Date
Directors					
Andrew Tunks	2,000,000	2,000,000	17.5c	50c	15 Oct-15
Harry Stacpoole	1,000,000	1,000,000	17.5c	50c	15 Oct-15
Paul Woolrich	1,000,000	1,000,000	17.5c	50c	15 Oct-15
Executives					
Paul Thomson	250,000	250,000	12c	40c	15 Dec-15
	1,500,000	1,500,000	11c	33c	31 Jan-16

Remuneration Report (Continued)

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 Under Options
15/08/2007	-	Exercisable at eighty percent (80%) of market price on exercise date and not exercisable before 14 August 2010 with the grantee required to be in the employ of the Company or subsidiary thereof, at the time of exercise.	10,000
23/06/2010	15/06/2014	$0.44	700,000
12/11/2010	31/10/2014	$0.40	5,000,000
01/04/2011	15/03/2015	$0.45	2,000,000
04/11/2011	15/10/2015	$0.50	4,000,000
22/12/2011	15/12/2015	$0.40	1,000,000
30/03/2012	31/01/2016	$0.33	1,500,000
Total			14,210,000

- 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
- There are no options currently on issue that have not been issued as part of remuneration (refer note 5 of the Financial Report).
- There have been no shares issued on exercise of options

Indemnification And Insurance Of Directors And Officers

The Company has agreed to indemnify all the current Directors and Officers of the Company and of its controlled entities agains all liabilities incurred as an officer except where the liability arises out of conduct involving a lack of good faith. The Indemni y includes costs and expenses in successfully defending any legal proceedings, and applied, from 17 March 2004 when A-Cap ceased to be a controlled entity of Cardia Technologies Ltd.

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 for the purpose of taking 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 2012.

Auditor's Independence Declaration

The lead Auditor's Independence Declaration for the year ended 30 June 2012 has been received and can be found on page 29 of this Report.

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

Robert Pett
Chairman

Dated this 5th day of September 2012
Perth, Western Australia

William Buck

5th September 2012

The Board of Directors
A-Cap Resources Limited
Level 36, Exchange Plaza
2 The Esplanade
PERTH WA 6000

Dear Board Members

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

I declare that, to the best of my knowledge and belief during the year ended 30 June 2012 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.

Yours sincerely

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

H.D. Paton
Director

Dated this 5th day of September 2012

Level 1, 465 Auburn Road, Hawthorn East VIC 3123
Level 20, 181 William Street, Melbourne VIC 300
PO Box 185, Toorak VIC 3142
Telephone: +61 3 9824 8555 Facsimile: +61 3 9824 8580
williambuck.com

Corporate Governance Statement

This Statement reflects A-Cap Resources Limited s corporate governance policies and practices as at 30 June 2012 and which were in place throughout the year.

The Board's philosophy is to adopt practices that are consistent with the best practice recommendations of the ASX Corporate Governance Council and in the best interests of the Company. The governance practices are reviewed regularly.

A description of the Company's main corporate governance practices is set out below.

Principle 1: Lay Solid Foundations For Management And Oversight

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

The Board's responsibilities include:

- Leadership of the organisation
- Strategy formulation
- Overseeing planning activities
- Shareholder liaison
- Monitoring compliance and risk management
- Company finance
- Human resources
- Remuneration policy

The Board has delegated the responsibility for management of the Company to the CEO and senior management who implement the Board's strategies and compliance activities. The Board constantly monitors the performance of the CEO and senior management in their undertaking of these duties.

The Board has not formalised a Diversity Policy due to the size of the Company, however the Company is committed to diversity and recognises the benefits arising from employee and board diversity and the impo tance of benefiting from all available talent. The Consolidated Group currently employs eight women (37 employees) full time, no women currently hold a position on the Board or in a senior management position.

Principle 2: Structure The Board To Add Value

The Board has been formed so that it has an effective mix of personnel who are committed to discharging their responsibilities and duties, and being of value to the Company.

The names of the Directors, and their qualifications and experience are stated on pages 19 and 20 along with the te m of office hel by each.

There are four Directors on the Board at present that are 'Independent'. The number of independent Directors on the Board is likely to increase as the Company develops and the Board believes that it can attract appropriate independent Directors with the necessary industry experience.

However, where any Director has material personal interest in a matter and, in accordance with the Corporations Act 2001, the Director will not be permitted to be present during discussion or to vote on the matter. The enforcement of this requirement aims to ensure that the interest of shareholders, as a whole, is pursued and that their interest or the Director's independence is not adversely affected.

The Company does not have a Nomination Committee because the Board considers that selection and appointment of Directors is such an important task that it should be the responsibility of the entire Board to consider the nominations process.

The Board is responsible for evaluating its performance and that of individual Directors and key executives and in doing so may engage independent external advisors if thought appropriate to do so. The Company has not established a formal process to evaluate the performance of the Board, its committees and individual Directors, however the performance of the Board, the Directors, officers and employees is monitored on a regular basis by the Board, with appropriate feedback and necessary training given to those parties.

Directors collectively or individually have the right to seek independent professional advice at the Company's expense, up to specified limits, to assist them to carry out their responsibilities. All advice obtained is made available to the full Board.

Principle 3: Promote Ethical And Responsible Decision-Making

Due to the size of the Company and the resources available to it, the Board does not consider that a formal Code of Conduct for Directors and other key executives is appropriate. Rather, it is agreed by the Board that all officers of the Company will act ethically and in the best interests of the Company.

The Company has a Securities Trading Policy that regulates the dealings by Directors, officers and employees, in shares, options and other securities issued by the Company.

Under the Company's Securities Trading Policy, an Executive, including a Director, Company Secretary, or employee (and any employee of any subsidiary) must not trade in any securities of the Company at any time when they are in possession of unpublished price sensitive information in relation to those securities or the Company's operations.

Before commencing to trade, an executive must first obtain the approval of the Board to purchase (including the exercise of an options) or sell any securities of the Company.

The policy has been formulated to ensure that Directors, officers, employees and consultants who work on a regular basis for the Company are aware of the legal restrictions on trading in company securities while in possession of unpublished price-sensitive information.

Principle 4: Safeguard Integrity In Financial Reporting

The Chief Executive Officer and Chief Financial Officer provide written declarations to the Board con ming that the Company's financial reports present a true and fair view of the Company's financial condition and operational results and in accordance with the relevant accounting standards.

The Company's Audit Committee during the financial year comprised of the following Directors

Paul Anthony Ingram (Chairman)
Robert James Pett
Henry James Stacpoole

Principle 5: Make Timely And Balanced Disclosure

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the Australian Securities Exchange ("ASX") as well as communicating with the ASX. In accordance with the ASX's 'Listing Rules' the Company immediately notifies the ASX of info mation concerning the Company:

1. That a reasonable person would or may expect to have a material effect on the price or value of the Company's securities; and
2. That would, or would be likely to influence persons who commonly invest in securities in deciding whether to acquire or dispos of the Company's securities.

Due to the size of the Company, it achieves compliance with ASX 'Listing Rules' disclosure requirements without the need for formal policies and procedures, however there are specific processes followed by the Board and officers with regard to ensuring the Co any complies with its disclosure requirements.

Principle 6: Respect The Rights Of Shareholders

Due to the size of the Company, it does not have a formal policy regarding the promotion of effective communications with shareholders and encouraging their participation at general meeting, the Company respects the rights of its Shareholders, and to facilitate the effective exercise of those rights, the Company is committed to:

1. Communicating effectively with shareholders through ongoing releases to the market via the ASX, and the general meetings of the Company;
2. Giving shareholders ready access to balanced and understandable information about the Company and Corporate Proposals;
3. Making it easy for shareholders to participate in general meetings of the Company and providing appropriate notice periods and disclosure for general meetings; and
4. Requesting the External Auditor to attend the Annual General Meeting and be available to answer shareholders' questions about the conduct of the audit, and the preparation and content of the Auditor's Report.

Principle 7: Recognise And Manage Risk

The Company has not established formal policies for the oversight and management of material business risks. Due to the size of the Company and the size of the Board, the Board monitors all key areas of the Company's risk management on an ongoing basis and keeps shareholders informed of any changes in the risk profile of the Compan .

The Board has delegated the responsibility of designing risk management and internal control systems to the CEO and senior management who manage the Company's material business risks and report to the Board on the effectiveness of those systems.

The Board seeks assurance from the CEO and the Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material aspects in relation to financial repo ting risks and discloses accordingly.

Principle 8: Remunerate Fairly And Responsibly

Due to the size of the Company, it has not established a Remuneration Committee and it currently uses independent external consultants to determine the level and components of remuneration for the Directors. The Company has one employee. The remuneration paid to executive Directors and senior executives is distinguished from that paid to non-executive Directors.

Non-Executive Directors are paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of non-executive Directors. Non-executive Directors do not receive performance based bonuses and do not participate in Equity Schemes of the Company without prior shareholder approval. Current remuneration details are disclosed in the Directors' Report.

Financial Report

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012	2011
		$	$
Revenue from ordinary activities	2	407,455	614,227
Other income		11,853	20,537
Communication costs		(122,338)	(97,564)
Corporate expenses		(66,032)	(94,149)
Depreciation		(63,844)	(34,091)
Employment costs		(1,380,943)	(1,354,545)
Impairment expense		(116,971)	(40,651)
Insurance expense		(71,611)	(55,705)
IT costs		(42,978)	(62,558)
Office cost		(245,914)	(188,803)
Professional fees		(465,116)	(272,254)
Promotional costs		(174,595)	(169,869)
Share based payments		(840,756)	(1,386,098)
Travel expenses		(483,919)	(485,272)
Other expenses		(340,433)	(131,554)
Loss from ordinary activities before income tax expense		(3,996,142)	(3,738,349)
Withholding tax expense	3	-	(460,830)
Loss from ordinary activities after income tax expense attributable to the parent		(3,996,142)	(4,199,179)
Other comprehensive loss			
Gains/(losses) arising from translation of foreign controlled operation		609,412	(2,075,468)
Total comprehensive loss attributable to owners of the parent entity		(3,386,730)	(6,274,647)
Basic loss per Share (cents per share)	7	(2.00)	(2.30)
Diluted loss per Share (cents per share)	7	(2.00)	(2.30)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement Of Financial Position

FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012	2011
		$	$
ASSETS			
Current assets			
Cash and cash equivalents	8	3,157,814	12,154,296
Trade and other receivables	9	302,593	564,640
Total current assets		3,460,407	12,718,936
Non-current assets			
Plant and equipment	12	759,192	678,769
Capitalised exploration and evaluation	13	27,754,703	21,244,047
Total non-current assets		28,513,895	21,922,816
TOTAL ASSETS		31,974,302	34,641,752
LIABILITIES			
Current liabilities			
Trade & other payables	14	1,269,558	1,534,445
Total current liabilities		1,269,558	1,534,445
TOTAL LIABILITIES		1,269,558	1,534,445
NET ASSETS		30,704,744	33,107,307
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	15	47,292,877	46,308,710
Reserves	16	(2,510,649)	(3,120,061)
Accumulated losses		(14,077,484)	(10,081,342)
Parent interests		30,704,744	33,107,307
TOTAL EQUITY		30,704,744	33,107,307

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 2012

	Ordinary shares	Options reserve	Accumulated losses	Foreign currency translation reserve	Total
	$	$	$	$	$
At 1 July 2011	44,531,868	1,776,842	(10,081,342)	(3,120,061)	33,107,307
Loss for the period	-	-	(3,996,142)	-	(3,996,142)
Other comprehensive income	-	-	-	609,412	609,412
Total comprehensive income / (loss) for the year	-	-	(3,996,142)	609,412	(3,386,730)
Transactions with owners in their capacity as owners:					
Options granted – share based payments	-	984,167	-	-	984,167
At 30 June 2012	44,531,868	2,761,009	(14,077,484)	(2,510,649)	30,704,744

	Ordinary shares	Options reserve	Accumulated losses	Foreign currency translation reserve	Total
	$	$	$	$	$
At 1 July 2010	28,910,898	3,908,793	(9,657,562)	(1,044,593)	22,117,536
Reversal of previously recognised option expense	-	(3,775,399)	3,775,399	-	-
Loss for the period	-	-	(4,199,179)	-	(4,199,179)
Other comprehensive loss	-	-	-	(2,075,468)	(2,075,468)
Total comprehensive loss for the year	-	(3,775,399)	(423,780)	(2,075,468)	(6,274,647)
Transactions with owners in their capacity as owners:					
Issued capital	16,228,304	-	-	-	16,228,304
Options granted – share based payments	-	1,643,448	-	-	1,643,448
Share issue costs, net of tax	(607,334)	-	-	-	(607,334)
At 30 June 2011	44,531,868	1,776,842	(10,081,342)	(3,120,061)	33,107,307

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 2012

	Notes	2012	2011
		$	$
Cash Flows from Operating Activities			
Payments to suppliers and employees (inclusive of goods and services tax)		(3,739,222)	(2,771,135)
Interest received		554,514	467,168
Net Cash (Outflow) from Operating Activities	20	(3,184,708)	(2,303,967)
Cash Flows from Investing Activities			
Exploration Expenditure		(5,510,296)	(6,757,792)
Purchase of property, plant and equipment		(309,994)	(456,882)
Proceeds from sale of property, plant and equipment		8,516	-
Net Cash (Outflow) from Investing Activities		(5,811,774)	(7,214,674)
Cash Flows from Financing Activities			
Proceeds from issues of ordinary shares & options		-	15,721,161
Payments of share issue costs		-	(607,334)
Net Cash Inflow from Financing Activities		-	15,113,827
Net Increase/(Decrease) in Cash and Cash Equivalents Held		(8,996,482)	5,595,186
Cash and cash equivalents at the Beginning of the Financial Year		12,154,296	6,559,110
Cash and cash equivalents at the End of the Financial Year	8	3,157,814	12,154,296

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 en ties ('Consolidated Group').

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accoun ng 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 ontaining 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 Inte national Financial Reporting Standards. Material accounting policies adopted in the preparation of the financial statements are presented belo . 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 applicabl by the measurement at fair value of selected non-current assets, financial assets and financial liabilitie

Accounting Policies

(a) Principles of Consolidation

A controlled entity is any entity over which A-Cap Resources Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to gove n, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 11 to the financial statements

As at the end of the reporting period, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the Consol dated Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

(b) 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 ax 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.

Notes To The Financial Statements (Continued)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Income Tax (Continued)

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as wel 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 t x 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 profit will be available against which the benefits of deferred tax assets can be utilise

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 asse s or liabilities are expected to be recovered or settled.

(c) Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated 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 th asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in dete mining recoverable amounts.

The cost of fixed assets constructed within the Consolidated Group includes the cost of materials, direct labou , 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 meas ed reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

(c) Plant and Equipment (Continued)

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the Consolidated roup 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	20%
Plant and equipment – furniture and fitting	15%
Plant and equipment – geophysical equipment	20%
Plant and equipment – containers and sheds	15%
Plant and equipment – camp & field establishmen	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 comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(d) Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. T ese 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.

Notes To The Financial Statements (Continued)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Financial Instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

a. The amount at which the financial asset or financial liability is measured at initial recognitio
b. Less principal repayments;
c. Plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
d. Less a reduction for impairment

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 car ying amount of the financial asset or financial liabili . Revisions to expected future net cash flows will necessitate an adjustment to the car ying value with a consequential recognition of an income or expense in profit or loss

Loans and receivables

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

Financial Liabilities

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

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting period, the Consolidated Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the nstrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

(f) Impairment of Assets

At the end of each reporting period, the Consolidated Group reviews the carrying values of its tangible and intangibles 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 comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives

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.

(g) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Consolidated Group's entities is measured using the currency of the primary economic environment in which that entity operates. From the 1st January 2011, following a comprehensive review of the primary economic environment in which our subsidiary entity, A-Cap Resources Botswana (Pty) Ltd operates, the Directors determined that the functional currency be changed prospectively from Botswana Pula to US dollars. Based on historical, current and future operating and commercial activities of the subsidiary, coupled with the spot price of uranium being in US dollars, the Directors are of the opinion that US dollars is the most relevant functional currency for the subsidiary.

Notwithstanding the change in the functional currency of the subsidiary company, 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 comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange di ference 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 comprehensive income.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Foreign Currency Transactions and Balances (Continued)

Group companies

The financial results and position of foreign operations whose functional currency is di ferent 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 di ferences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

(h) Employee Benefits

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

Equity-settled Compensation (Employee Share Ownership Plan)

The Consolidated Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account.

The fair value of shares is ascertained as the market bid price.

The fair value of options is ascertained using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(i) 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.

(j) Provisions

Provisions are recognised when the Consolidated Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will results and that outflow can be reliably measur

(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, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position

(l) Revenue

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rates applicable to the financial assets

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

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

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as pa t 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 GS .

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

(n) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to confo m to changes in presentation for the current financial yea .

Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and b st 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 estimates – Impairment

The Consolidated Group assesses impairment at the end of the reporting period by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. The Directors have evaluated the recoverable amount of Capitalised Exploration and Evaluation expenditure and determined that no impairment trigger exists as at the date of this report.

Key estimates – Withholding Tax

During the year ended 30 June 2011 the Consolidated Group obtained accounting advice in relation to the application of withholding tax to payments made to contractors who are not residents of Botswana. Pursuant to this advice withholding tax will now be applied to all management and consultancy fees paid by the Consolidated Group to non-residents of Botswana.

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 13.

Notes To The Financial Statements (Continued)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Standards for Application in Future Periods

A number of Australian Accounting Standards and Interpretations are in issue but are not effective for the current year end. The following existing group accounting policy will change on adoption of these pronouncements:

- The amendments to AASB 101 retain the option to represent profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to AASB 101 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to ofit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same bas s.

  The amendments to AASB 101 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods

NOTE 2: REVENUE

	2012	2011
	$	$
Revenue from ordinary activities		
Interest - received	407,455	614,227
Other revenue		
Foreign exchange gain	-	20,537
Revenue from ordinary activities	407,455	634,764

NOTE 3: INCOME TAX EXPENSE

	2012	2011
	$	$
a) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:		
Profit/(loss) before income tax expens	(3,996,142)	(4,199,179)
Prima facie tax payable on profit / (loss) from ordina y activities before income tax at 30% (2011: 30%)	(1,198,843)	(1,259,754)
Add:		
Tax effect of		
- Non- deductible expenses	802,997	967,576
	(395,846)	(292,178)
Prior year tax losses not previously brought to account	(1,945,237)	(1,653,059)
The Directors estimate that the potential deferred income tax assets at 30 June in respect of tax losses brought to account is :	(2,341,083)	(1,945,237)
Tax benefits not recognised during the yea	2,341,083	1,945,237
Income Tax Expense for the year	-	-

Notes To The Financial Statements (Continued)

NOTE 4: KEY MANAGEMENT PERSONNEL

Details of Key Management Personnel

The Directors and other members of key management personnel of the Consolidated Group during the year were:

R J Pett (Chairman)
A J Tunks (Non-Executive Director)
P Woolrich (Executive Director)
H Stacpoole (Non-Executive Director)
P A Ingram (Non-Executive Director)
R Lockwood (Non-Executive Director)
P Thomson (Chief Executive Officer
D I Rakich (Company Secretary)

The Company has an Executive and Employee Option Plan. 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 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.

Key Management Personnel Compensation

	2012	2011
	$	$
Short-term employee benefit	1,053,860	929,577
Post-employment benefit	58,961	56,624
Other long-term benefit	-	15,894
Termination benefit	-	-
Share-based payment	888,052	1,292,517
Total compensation	2,000,873	2,294,612

Number of Options Held by Key Management Personnel

2012	Balance 1.7.2011	Remuneration	Options Exercised	Options Expired During the Year	Balance 30.6.2012	Vested during the year 30.6.2012	Vested and exercisable 30.6.2012	Unvested and unexercisable 30.6.2012
Directors								
R J Pett	1,000,000	-	-	-	1,000,000	-	1,000,000	-
A J Tunks	3,000,000	2,000,000	-	-	5,000,000	2,000,000	5,000,000	-
H J Stacpoole	-	1,000,000	-	-	1,000,000	1,000,000	1,000,000	-
P Woolrich	-	1,000,000	-	-	1,000,000	1,000,000	1,000,000	-
P A Ingram	1,000,000	-	-	-	1,000,000	-	1,000,000	-
R Lockwood*	-	-	-	-	-	-	-	-
Executives								
D I Rakich	500,000	-	-	-	500,000	-	500,000	-
P Thomson*	500,000	1,750,000	-	-	2,250,000	1,750,000	2,250,000	-
Total	6,000,000	5,750,000	-	-	11,750,000	5,750,000	11,750,000	-

2011	Balance 1.7.2010	Remuneration	Options Exercised	Options Expired During the Year	Balance 30.6.2011	Vested during the year 30.6.2011	Vested and exercisable 30.6.2011	Unvested and unexerciable 30.6.2011
Directors								
R J Pett	-	1,000,000	-	-	1,000,000	1,000,000	1,000,000	-
A J Tunks	1,750,000	3,000,000	-	1,750,000	3,000,000	3,000,000	3,000,000	-
H J Stacpoole	1,000,000	-	-	1,000,000	-	-	-	-
P Woolrich	1,000,000	-	400,000	600,000	-	-	-	-
P A Ingram	-	1,000,000	-	-	1,000,000	1,000,000	1,000,000	-
Executives								
D I Rakich	-	500,000	-	-	500,000	500,000	500,000	-
Total	3,750,000	5,500,000	400,000	3,350,000	5,500,000	5,500,000	5,500,000	-

Number of Shares held by Key Management Personnel

2012	Balance 1.7.2011	Remuneration	Issue on exercise of options during the year	Net Change Other	Balance 30.6.2012
Directors					
R J Pett	-	-	-	-	-
A J Tunks	74,522	-	-	-	74,522
H J Stacpoole	2,032,947	-	-	-	2,032,947
P Woolrich	474,522	-	-	-	474,522
P A Ingram	-	-	-	-	-
R Lockwood *	-	-	-	-	-
Executives					
D I Rakich	-	-	-	-	-
P Thomson *	-	-	-	-	-
Total	2,581,991	-	-	-	2,581,991

2011	Balance 1.7.2010	Remuneration	Issue on exercise of options during the year	Net Change Other (i)	Balance 30.6.2011
Directors					
R J Pett	-	-	-	-	-
A J Tunks	50,000	-	-	24,522	74,522
H J Stacpoole	1,934,859	-	-	98,088	2,032,947
P Woolrich	50,000	-	400,000	24,522	474,522
P A Ingram	-	-	-	-	-
Executives					
D I Rakich	-	-	-	-	-
Total	2,034,859	-	400,000	147,132	2,581,991

* Richard Lockwood & Paul Thomson both appointed 22 February 2012

Notes To The Financial Statements (Continued)

NOTE 4: KEY MANAGEMENT PERSONNEL (Continued)

There have been no other transactions involving equity instruments other than those described above. For details of other Key Management Personnel transactions, refer to Note 22: Related Party Information.

(i) Net Change Other for the 2011 year represents shares issued resulting from the Share Purchase Plan made available to all Shareholders of the Company.

NOTE 5: SHARE-BASED PAYMENTS

4,000,000 options were issued to Directors on the 4th November 2011 at an exercise price of 50 cents. The options are unlisted but upon exercise will rank equally in all respects with the fully paid ordinary shares in the Company.

1,000,000 options were granted to Employees pursuant to the Executive and Employee Option Plan on the 22nd December 2011 at an exercise price of 40 cents. The options are unlisted but upon exercise will rank equally in all respects with the fully paid ordinary shares in the Company.

1,500,000 options were granted to Employees pursuant to the Executive and Employee Option Plan on the 30th March 2012 at an exercise price of 33 cents. The options are unlisted but upon exercise will rank equally in all respects with the fully paid ordinary shares in the Company.

These shares were issued as compensation to key management of the Consolidated Group. Further details are provided in the Directors' Report.

	2012		2011	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
		$		$
Outstanding at the beginning of the year	7,710,000	0.40	9,560,000	0.31
Granted	6,500,000	0.45	7,000,000	0.41
Forfeited	-	-	(100,000)	-
Exercised	-	-	(400,000)	0.30
Expired	-	-	(8,350,000)	0.30
Outstanding at year-end	14,210,000	0.41	7,710,000	0.40
Exercisable at year-end	14,210,000	0.41	7,710,000	0.40

At 30 June 2012 there were 14,210,000 unissued ordinary shares of the Company for which options were outstanding as follows:

Grant Date	Date of expiry	Exercise price	No. of options	Fair value per option
23 Jan-10	15 Jun-14	44 cents	700,000	15.9c
15 Aug-07	-	80% of market value	10,000	-
12 Nov-10	31 Oct-14	42 cents	5,000,000	23.5c
1 Apr-11	15 Mar-15	45 cents	2,000,000	23.4c
4 Nov-11	15 Oct-15	50 cents	4,000,000	17.5c
22 Dec-11	15 Dec-15	40 cents	1,000,000	12c
30 Mar-12	31 Jan-16	33 cents	1,500,000	11c

The weighted average fair value per option granted during the year was $0.45 (2011: $0.41). These values were calculated using the Black-Scholes option pricing model applying the following inputs:

	Issued Nov -11	Issued Dec-11	Issued Mar-12
Grant date share price	$0.28	$0.20	$0.21
Exercise price	$0.50	$0.40	$0.33
Expected volatility	101.31%	100.35%	81.22%
Option life (years)	3.95	3.98	3.84
Risk-free interest rate	5.25%	5.25%	5.25%

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

The weighted average remaining contractual life of share options outstanding at year end was 2.85 years (2011: 3.40 years)

NOTE 6: REMUNERATION OF AUDITORS

	2012	2011
	$	$
Remuneration of the auditors of the consolidated group for :		
Audit and review of the financial repo t – William Buck Audit (Vic) Pty Ltd	50,573	41,500
Audit and review of the financial repo t of subsidiary entity – Non William Buck audit fi m	11,825	13,761
Total	62,398	55,261

Notes To The Financial Statements (Continued)

NOTE 7: EARNINGS PER SHARE

	2012	2011
	$	$
a) Reconciliation of losses to profit or loss		
Loss used to calculate basic EPS	(3,996,142)	(4,199,179)
Loss used to calculate diluted EPS	(3,996,142)	(4,199,179)
	No.	No.
b) Weighted average number of ordinary shares used in the calculation of basic earnings per share	200,104,986	182,605,040
c) Weighted average number of dilutive options	10,000	10,000
d) Weighted average number of ordinary shares used in the calculation of dilutive earnings per share	200,114,986	182,615,040
e) Anti-dilutive options on issue not used in dilutive earnings per share calculation	14,200,000	7,700,000

NOTE 8: CASH AND CASH EQUIVALENTS

	2012	2011
	$	$
Cash at bank an on hand	18,701	20,569
Call deposit	3,139,113	2,075,000
Term deposits	-	10,058,727
	3,157,814	12,154,296
Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cas flows is reconciled to items in the statement financial position as follow		
Cash and cash equivalents	3,157,814	12,154,296
	3,157,814	12,154,296

NOTE 9: TRADE AND OTHER RECEIVABLES

	2012	2011
	$	$
Current		
Prepayments	67,234	52,312
Related entity*	6,450	4,754
GST / VAT receivable	95,554	249,503
Other receivables	41,184	45,662
Deposits paid	92,171	65,350
Interest receivable	-	147,059
Total	302,593	564,640

* There are no terms & conditions or guarantees provided with respect to the related entity receivables as at the balance date

NOTE 10: PARENT ENTITY INFORMATION

Information relating to the parent entity, A-Cap Resources Ltd	2012	2011
	$	$
ASSETS		
Current assets	3,331,529	12,468,860
Total assets	30,704,744	39,075,588
LIABILITIES		
Current liabilities	397,221	615,187
Total liabilities	397,221	615,187
EQUITY		
Issued capital	47,008,564	46,308,693
Accumulated losses	(16,701,041)	(7,848,292)
Reserves	-	-
Total shareholders' equity	30,307,523	38,460,401
Loss of the parent entity	(8,852,749)	(3,633,178)
Total comprehensive loss of the parent entity	(8,852,749)	(3,633,178)

A-Cap Resources Ltd holds as security the Consolidated Group's exploration assets in Botswana for financial suppo t provided to the Subsidiary. The parent entity does not have any contingent liabilities or contractual commitments for the acquisition of property, plant or equipment (2011: Nil).

NOTE 11: CONTROLLED ENTITIES

	Country of Incorporation	Class of Share	Equity Holding	
			2012 %	2011 %
A-Cap Resources Botswana (Pty) Ltd	Botswana	Ordinary	100	100

NOTE 12: PLANT AND EQUIPMENT

	Motor Vehicles	Computer hardware & software	Furniture & fittings	Geophysical Equipment	Containers & sheds	Camp & field establishment	Total
Balance as at 30 June 2010	223,425	68,979	37,850	79,113	1,693	6,588	417,648
Additions	271,162	107,651	11,664	61,942	-	4,463	456,882
Depreciation expense	(101,303)	(39,766)	(8,384)	(24,725)	(515)	(1,331)	(176,024)
Disposals	-	-	-	-	-	-	-
FX gains / losses	(11,452)	(5,524)	(1,636)	(718)	(67)	(340)	(19,737)
Balance as at 30 June 2011	**381,832**	**131,340**	**39,494**	**115,612**	**1,111**	**9,380**	**678,769**
Additions	147,172	33,673	27,450	75,310	25,240	1,149	309,994
Depreciation expense	(139,036)	(57,458)	(12,658)	(36,245)	(2,135)	(1,873)	(249,405)
Disposals	-	(8,404)	(112)	-	-	-	(8,516)
FX gains / losses	16,508	2,608	2,898	5,549	396	391	28,350
Balance as at 30 June 2012	**406,476**	**101,759**	**57,072**	**160,226**	**24,612**	**9,047**	**759,192**

NOTE 13: CAPITALISED EXPLORATION AND EVALUATION

	2012	2011
	$	$
At cost	**27,754,703**	21,244,047
Movements in carrying values		
Balance at beginning of year	**21,244,047**	15,888,044
Expenditure during the year	**5,785,949**	7,418,239
Expenditure written-off during the year	**(116,971)**	(40,651)
Foreign currency translation	**841,678**	(2,021,585)
Balance at end of year	**27,754,703**	21,244,047

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and sale of Uranium.

Capitalised expenditure on prospecting license's 122/2009 and 125/2009 which amounted to $116,971 were judged to be impaired as at 30 June 2012 and were charged to the Statement of Comprehensive Income.

NOTE 14: TRADE AND OTHER PAYABLES

	2012	2011
	$	$
Current		
Unsecured liabilities		
Trade Payables	429,443	664,602
Provision for employee benefit	179,898	196,197
Sundry payables and accrued expenses	640,272	651,324
Amounts payable to		
- Amount owing to Directors*	4,167	4,167
- Amount payable to Director related entity*	15,778	18,155
	1,269,558	1,534,445

* There are no terms and conditions or guarantee attached to the above related party payables as at the end of the reporting period.

NOTE 15: ISSUED CAPITAL

	2012	2011
	$	$
200,104,986 (2011: 200,104,986) fully paid ordinary shares	44,531,868	44,531,868
14,210,000 (2011: 7,710,000) options (expiring various dates)	2,761,009	1,776,842
	47,292,877	46,308,710

(a) Ordinary Shares

2012	Number of Shares	Issue Price	$
At the beginning of the reporting period	200,104,986	-	44,531,851
At the end of the reporting period	200,104,986	-	44,531,851

Notes To The Financial Statements (Continued)

NOTE 15: ISSUED CAPITAL (Continued)

2011		Number of Shares	Issue Price	$
At the beginning of the reporting period		161,845,078		28,910,881
1 December 2010	Placement of shares	22,860,000	0.42	9,601,200
31 December 2010	Share purchase plan	14,285,622	0.42	5,999,961
25 January 2011	Share issue to Mineral Holdings Botswana	714,286	0.71	507,143
8 February 2011	Exercise of options	400,000	0.30	120,000
	Share capital raising costs			(607,334)
At the end of the reporting period		200,104,986		44,531,851

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

Information relating to the employee share option plan is set out in Note 5: Share-based Payments.

(c) Capital Management

Management controls the capital of the Consolidated Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns 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, suppo ted by financial assets

There are no externally imposed capital requirements.

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. Currently the Group's borrowing activity is limited to its trade & sundry payables and that it has no material commercial borrowings. The gearing ratios for the year ended 30 June 2012 and 30 June 2011 are as follows:

	Note	2012	2011
		$	$
Total liabilities	14	**1,269,558**	1,534,444
Less cash and cash equivalents	8	**(3,157,814)**	(12,154,296)
Net debt		**(1,888,256)**	(10,619,852)
Total equity		**30,704,744**	33,107,307
Total capital		**28,816,488**	22,487,456
Gearing ratio		**(6.55%)**	(47.23%)

NOTE 16: 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(g).

NOTE 17: CAPITAL AND LEASING COMMITMENTS

	2012	2011
	$	$
Minimum exploration expenditure		
Payable		
- not later than 12 months	764,556	450,660
- between 12 months and 5 years	-	176,744
- greater than 5 years	-	-
	764,556	627,404

These are the minimum amounts required to maintain the Consolidated Group's current rights of tenure to exploration and mining tenements up until their expiry.

NOTE 18: CONTINGENT LIABILITIES

There are no outstanding contingent liabilities as at 30 June 2012 (2011: Nil)

NOTE 19: SEGMENT INFORMATION

Identification of reportable segments

The Consolidated Group has identified its operating segments based on the inte nal 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 have reviewed our reportable segments and have subsequently reconsidered its definition of a segment. The Consolidated Group only operates within one business segment being that of minerals exploration. In prior years two segments were identified based on geography of operations, being Botswana and Australia. The parent entity in Australia provides administrati e, corporate & funding support to the subsidiary entity in Botswana, whom runs the day to day management of the mineral exploration activities. Therefore the head office in Australia is suppo ting the minerals exploration in Botswana and is not considered to be a separate segment by management.

Notes To The Financial Statements (Continued)

NOTE 20: CASH FLOW INFORMATION

	2012	2011
	$	$
Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Operating Loss after income tax	**(3,996,142)**	(4,199,179)
Non – Cash flows in pro.		
- Depreciation / impairment of assets	**180,815**	74,742
- Share-based remuneration	**840,756**	1,643,448
- Other	**-**	(20,537)
Changes in assets and liabilities net of the effects of purchase and disposal of subsidiaries		
- (Increase) / decrease in trade and other receivables	**262,047**	(370,417)
- Increase / (decrease) in trade and other payables	**(472,184)**	567,976
Net cash (outflow) from operating activitie	**(3,184,708)**	(2,303,967)

	2012	2011
	$	$
Non-Cash Financing and Investing Activities		
Capitalised depreciation of plant & equipment for the year	**185,861**	143,227
714,286 shares were issued to Mineral Holdings (Botswana) Pty Ltd on 25 January 2011	**-**	507,143
Share-based payments included in capitalised exploration and evaluation	**143,411**	257,350
	329,272	907,720

NOTE 21: EVENTS AFTER THE REPORTING PERIOD

On the 5th July 2012, the Company entered into a Share Exchange Agreement and allotted 18,333,333 ordinary fully paid shares to Praetorian Resources Ltd (Praetorian) at an issue price of 15 cents, in exchange Praetorian allotted to A-Cap 3,536,750 ordinary fully paid shares at an issue price of 50 pence, together with 1,768,375 options exercisable at 70 pence expiring July 2015.

On the 17th July 2012, A-Cap completed a Share Placement Agreement and raised cash of AUD $1,375,000, allotting 9,166,667 ordinary fully paid shares to Praetorian at an issue price of 15 cents.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of thi 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 22: RELATED PARTY INFORMATION

	Consolidated Group	
	2012	2011
	$	$
Key Management Personnel		
Geological and metallurgical consulting fees paid to Woolrich & Associates, a company in which Dr Paul Woolrich is a Director and shareholder.	162,375	208,188
Consulting fees paid to Raba-Rax Solutions, a company in which Mr Paul Thomson is a director. Raba-Rax also provides consulting on health & radiation safety to A-Cap.	335,115	-
	497,490	208,188

Amounts owing to Director-related entities are disclosed in Note 14.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Elstree Nominees Pty Ltd ("Elstree") provides the Group with office premises and associated facilities, and employment se vices at cost. Mr D I Rakich is the sole Director of Elstree and serves as the Company Secretary for A-Cap Resources Limited.

Ownership Interests in Related Parties

Interests held in the following classes of related parties are set out in the following notes:

(a) Controlled Entities Note 11

NOTE 23: FINANCIAL RISK MANAGEMENT

(a) Financial Risk Management Policies

The Consolidated Group's financial instruments consist mainly of deposits with banks, 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 treasu y 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 pe formance.

(ii) Financial Risk Exposures and Management

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

Interest Rate Risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the rep ting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Consolidated Gro is also exposed to earnings volatility on floating rate instruments.

Notes To The Financial Statements (Continued)

NOTE 23: FINANCIAL RISK MANAGEMENT (Continued)

The Consolidated Group is exposed to interest rate risk on its cash deposits. The Consolidated Group manages the risk by monitoring the interest rate movements and transfers or invests the funds into financial institutions which o fer the better rate or invest the funds in other financial instruments that generate better retu n for the Consolidated Group.

The Consolidated Group is not presently exposed to any interest bearing debt and as such does not have any interest rate risk in relation to borrowings.

Foreign Currency Risk

Each individual company within the group is exposed to fluctuations in foreign currencies arising from the purchase of goods an services in currencies other than its own functional currency. The group is not significantly exposed to this foreign currency risk as each group company buys foreign currency at spot rates only to fund short-term cash requirements.

Liquidity Risk

Liquidity risk arises from the possibility that the Consolidated Group might encounter difficulty in settling its debts or othe wise meeting its non-cancellable obligations related to financial liabilities and leases. The Consolidated Group manages liquidity risk by onitoring forecast cash flows and only investing surplus cash with major financial institution

Credit Risk

Credit risk arises from the financial assets of the Consolidated Group which comprise cash and cash equivalents and trade and o her receivables. The credit risk on cash and cash equivalents are minimised through investing funds in financial institutions that aintain high credit ratings. Furthermore, receivable balances are monitored by the Consolidated Group on an ongoing basis, thus, the Consolidated Group is not significantly exposed to credit risk

(b) Financial liability and financial asset maturity analysis

The tables below reflect the undiscounted contractual settlement te ms for financial instruments of a fixed period of maturi , 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

2012	Weighted average effective interest rate	Floating interest rate	Fixed interest rate maturing		Non interest bearing & held at call	Total
			1 year or less	1 to 2 years		
	%	$	$	$	$	$
As at 30 June 2012						
Assets:						
Cash and Cash Equivalents	5.83%	3,153,584	-	-	4,230	3,157,814
Receivables	3.65%	-	53,249	-	182,110	235,359
Total financial asset		3,153,584	53,249	-	186,340	3,393,173
Liabilities:						
Trade and other payables	-	-	-	-	1,089,660	1,089,660
Total financial liabilities		-	-	-	1,089,660	1,089,660
Net financial assets (liabilities)		**3,153,584**	**53,249**	**-**	**(903,320)**	**2,303,513**

* Note that future minimum expenditures on tenements are excluded. For further details refer to note 17.

2011	Weighted average effective interest rate	Floating interest rate	Fixed interest rate maturing		Non interest bearing & held at call	Total
			1 year or less	1 to 2 years		
	%	$	$	$	$	$
As at 30 June 2011						
Assets:						
Cash and Cash Equivalents	5.58%	20,569	12,133,727	-	-	12,154,296
Receivables	6.10%	-	35,000	18,249	459,079	512,328
Total financial asset		20,569	12,168,727	18,249	459,079	12,666,624
Liabilities:						
Trade and other payables	-	-	-	-	1,534,444	1,534,444
Total financial liabilitie		-	-	-	1,534,444	1,534,444
Net financial assets (liabilities)		**20,569**	**12,168,727**	**18,249**	**(1,075,365)**	**11,132,180**

(c) Net Fair Values

The net fair values of financial assets and liabilities approximate their car ying value.

(d) Sensitivity Analysis

We have established that these sensitivities are not material to the group & therefore not necessary.

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 in compliance with Inte national Financial Reporting Standards, as stated in note 1 to the financial statement

(c) In the Directors’ opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and pe formance 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 Directors

Robert Pett
Chairman
Dated this 5th day of September 2012
Perth, Western Australia

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
A-CAP RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
ACN 104 028 542

Report On The Financial Report

We have audited the accompanying consolidated financial repo t comprising A-Cap Resources Limited (the Company) and the entities it controlled at year's end or from time to time during the financial year (the consolidated entity). The consolidated financial repo t comprises the consolidated statement of financial position as at 30 June 2012, 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, notes comprising a summary of significant accounting policies and other explanato y information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial repo t 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 repo t that gives and true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with Inte national Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial repo t based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial repo t is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial repo t. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial repo t, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial repo t that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial repo t.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Independence

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

Level 1, 465 Auburn Road, Hawthorn East VIC 3123
Level 20, 181 William Street, Melbourne VIC 3000
PO Box 185, Toorak VIC 3142
Telephone: +61 3 9824 8555 Facsimile: +61 3 9824 8580
williambuck.com

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF A-CAP RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
ACN 104 028 542 (Continued)

Auditor's Opinion

In our opinion:

a) the financial repo t of the consolidated entity is in accordance with the Corporations Act 2001, including:

   i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

b) the financial repo t also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2012. 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.

Auditor's Opinion

In our opinion, the Remuneration Report of A-Cap Resources Limited for the year ended 30 June 2012, complies with section 300A of the Corporations Act 2001.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial repo t of A-Cap Resources Limited for the year ended 30 June 2012 included on A-Cap Resources Limited's web site. The company's directors are responsible for the integrity of the A-Cap Resources Limited's web site. We have not been engaged to report on the integrity of the A-Cap Resources Limited's web site. The auditor's report refers only to the financial repo t. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial repo t to confi m the information included in the audited financial repo t presented on this web site.

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

H.D. Paton
Director

Dated this 5th day of September 2012

Level 1, 465 Auburn Road, Hawthorn East VIC 3123
Level 20, 181 William Street, Melbourne VIC 3000
PO Box 185, Toorak VIC 3142
Telephone: +61 3 9824 8555 Facsimile: +61 3 9824 8580
williambuck.com

Shareholder Information

The shareholder information set out below was applicable as at 10th August 2012.

(a) Distribution Of Equity Securities

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

	Ordinary Shares
1 – 1,000	217
1,001 – 5,000	771
5,001 – 10,000	513
10,001 – 100,000	1,278
100,001 and over	226
	3,005

There were 698 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
JP MORGAN NOMINEES AUSTRALIA	36,176,374	15.90
CHINA GROWTH MINERALS LIMITED	30,750,000	13.51
VERMAR PTY LTD	15,654,180	6.88
HSBC CUSTODY NOMINEES	12,166,881	5.35
FOR AMY PTY LTD	4,300,000	1.89
NEFCO NOMINEES PTY LTD	3,710,000	1.63
METHUSELAH CAPITAL MANAGEMENT	3,079,522	1.35
CITICORP NOMINEES PTY LIMITED	2,112,539	0.93
STACPOOLE ENTERPRISES PTY LTD	2,032,947	0.89
BERNE NO 132 NOMINEES PTY LTD	1,980,957	0.87
AMARANT HOLDINGS PTY LTD	1,945,372	0.85
RIOTEK PTY LTD	1,854,522	0.81
M WOOD FAMILY INVESTMENTS PTY LTD	1,650,000	0.72
CLARIC 182 PTY LTD	1,539,522	0.68
MR DONALD DOUGLAS THORNTON	1,378,535	0.61
MR JULIAN LEWIS WRIGHT	1,200,000	0.53
EKCO INVESTMENTS PTY LTD	1,149,522	0.51
NATIONAL NOMINEES LTD	1,060,461	0.47
UBS WEALTH MANAGEMENT	1,026,623	0.45
ABLETT PTY LTD	1,024,522	0.45
	125,792,479	55.28

Shareholder Information (Continued)

(c) Substantial Shareholders

Substantial shareholders in the Company are:

	Ordinary Shares	
	Number Held	Percentage of Issued Shares
China Growth Minerals Limited	30,750,000	13.51
Praetorian Holding L.P.	27,500,000	12.08
Vermar Pty Ltd	16,154,180	7.10

(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.

www.a-cap.com.au