

A-CAP RESOURCES

EXPLORER AIMING TO BE FIRST IN BOTSWANA

A Melbourne-based exploration company has plans to become the first uranium producer at its expansive Letlhakane project in the northeast of Botswana.

A-CAP RESOURCES holds 10 prospecting licences covering more than 7000 square kilometres in southern Africa and has left little to chance as it moves steadfastly towards completion of a bankable feasibility study in the second half of 2010.

The main objects of the company's attention are two prospects on ground lightly picked over by Falconbridge in the late 1960s and early 1970s.

A-Cap managing director Dr Andrew Tunks told *RESOURCESTOCKS* the company was totally committed to uranium and to Botswana.

"We're fully focused on our Botswana uranium project and not really interested in going anywhere else at this stage," he said.

"The focus of our attention is with prospects at Letlhakane and Serule, which are seven kilometres apart, although at the moment Serule is in an earlier stage of exploration.

"We only started drilling there in 2008 whereas we have been drilling at Letlhakane since 2006.

"Of the 158 million pounds of U308 resource we announced in November 2009, about 116 million pounds is in Letlhakane and 42 in Serule.

"They're both similar grades, but we started at Letlhakane on the basis

of work that had been done previously by Falconbridge, who made the discovery in the late 1970s."

Tunks said Falconbridge didn't do a lot of work there.

"They found the deposit with airborne radiometrics, although it was broad-spaced, and they trenched a place called Mokobaesi and might have dug half a dozen holes," he explained.

"They decided the deposit was too low grade and walked away. It was forgotten and there was no work done for about 30 years until A-Cap chanced upon it through open file research."

Tunks joined A-Cap shortly afterwards and has led the move to prove up the resource through an extensive drilling program that has elevated the company to the status of having drilled the most metres in Botswana and having the country's first uranium resource.

He said the resource had three types of mineralisation – secondary, oxide and primary.

Secondary mineralisation outcrops at the surface and is continuous over an area of approximately 1km by 1km, extending to a depth of about 18m.

It consists of uranium species including carnotite, francevillite, tyuyamunite and fomalite, and

is highly leachable.

Oxide mineralisation lies above the base of surface-related oxidation and is the result of the weathering process, which renders the material more leachable, while primary mineralisation describes the original deposits into the Karoo Basin where it is hosted by arkosic sandstone and organic rich mudstone lithologies.

The ore mineralogy is typically fine grained and the mineralisation occurs below the base of oxidation and has been identified in all three of the Letlhakane domains and at Serule.

"When uranium comes in, it's in an oxidised form and is reduced so that the U308 drops out when it encounters the carbonaceous shales," Tunks explained.

"It forms in very flat tabular deposits, almost like coal seams.

"During the weathering process we've had some conversion from what is called primary mineralisation, which is the original uranium, to what is called secondary."

Tunks described the secondary mineralisation metallurgy as "fantastic", providing greater than 90% recovery with about 80% in oxide and 50% in primary, making the secondary and oxide the more profitable production alternative at the moment.

A-Cap is looking at the leach characteristics of the primary metallurgy and the company believes the results of this testwork could unlock additional value in the project.

If the metallurgy is positive, a scoping study will look at the primary and include it in the overall plan.

At present, primary mineralisation dominates the JORC-compliant

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DR ANDREW TUNKS
A-CAP RESOURCES

resource estimates, comprising 100 million pounds of the 158Mlb announced last November, with secondary and oxide accounting for the rest.

The 158Mlb of U308 (463 million tonnes at 154 parts per million) was an increase of 59% and included an increase in the grade and tonnage of the secondary mineralisation at Mokobaesi where the new indicated resource of 11.3Mt at 199ppm for 4.9Mlb U308 represented a 17% increase.

“The secondary mineralisation occurs at the surface and it’s very profitable so we’re looking to expand it with the drill program scheduled to start in February 2010,” Tunks added.

The BFS is concentrating on the secondary and oxide mineralisation at the present time, ignoring the primary mineralisation that lies beneath the other two, until results of the metallurgy testwork is known.

There are two major factors in favour of the project.

The first is the shallow nature of the ore body; 90% of it is in the top 50m.

The secondary mineralisation is right at the surface and sticks out of the ground, while the oxide goes down from about 10m to 20m and the primary from 20m to about 50m.

“This is not a hard rock mining venture,” Tunks said.

“What I envisage at this stage is a series of very large, shallow pits with heap leaching to process the ore.”

The second factor is the outstanding infrastructure in the region.

The Letlhakane deposit is only 4km to the west of a dual-lane sealed highway running between Gaborone and Francistown, a railway line, 220,000-volt power and a water pipeline.

“They’re right at our doorstep,” Tunks said.

“In fact, we’ve drilled right up to the rail line.

“However we’ll be sourcing our own water as the heap leach process uses a lot of water, but we have identified two borefields – one within 7 kilometres and the other 30 kilometres – and we’ve started drilling and pump testing.”

The township of Francistown is considered the mining centre of Botswana and Tunks said there were plenty of good, experienced workers available for mining.

The next major step for A-Cap this year will be the completion of the

bankable feasibility study.

Tunks explained that if it was favourable the company would commit to development of the project.

A placement through BGF securities in 2009 to raise \$A10 million for exploration brought a new major shareholder onto the company’s books.

The Alternative Investment Market-listed mining and exploration group Polo Resources picked up 19.9% of A-Cap to go with a number of other uranium investments in companies including Extract, Berkeley, and Impact.

When Polo decided to concentrate its uranium investments in Extract Resources, the subsequent disposal of the A-Cap shareholding resulted in China Growth Minerals taking an 8% stake with an option over another 8%.

A-Cap sees China Growth Minerals as an important strategic partner as the company moves towards development and production, because of its access to potential financial opportunities in China.

But before A-Cap starts thinking about further funding, it will focus on developing the mineral resource at its Botswana tenements with further drilling starting in February 2010 once the wet season is finished.

In Botswana all exploration is carried out under a prospecting licence, but once the company has completed its BFS, it is then able to apply for a mining licence, which provides the right to mine under Botswana law.

Tunks said that based on the net present value determined by the BFS, the Botswana government then has the opportunity to acquire up to 15% of the project at those market rates, paid in cash.

“The Botswana government has been very supportive of the company and the project, and we believe they would be a good partner,” he said, adding that there hadn’t been any serious discussions on the subject at this stage.

“The stability of Botswana is legendary and the government is very transparent.”

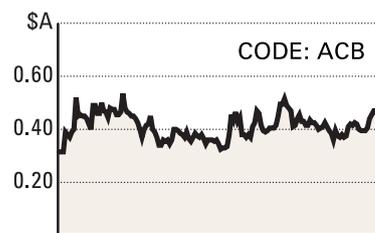
Given A-Cap’s single-minded focus on its Botswana uranium tenements there is every chance the company will move up the scale from being Botswana’s first uranium resource to the mantle of the country’s first uranium producer. – **Ron**

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A-Cap managing director Dr Andrew Tunks

A-CAP RESOURCES AT A GLANCE



7 months ending November 30, 2009

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MARKET CAPITALISATION

\$A61.5 million (at press time)

MAJOR SHAREHOLDERS

China Growth Minerals 8.037%
Polo Australasia 8.037%
Vermar 6.87%