



ASX Release

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DRILLING CAMPAIGN COMMENCES ON BOTSWANA COAL PROJECTS

A diamond drilling campaign has commenced on A-Cap Resources Limited's ("A-Cap" or the "Company") coal projects at Mea and Bolau in Botswana as part of ongoing feasibility work.

HIGHLIGHTS

- 🚧 Drilling at Mea to establish indicated resource on portion of deposit most suitable for early mining
- 🚧 Work to date at Mea has identified some of the best quality coal found in Botswana and near existing infrastructure
- 🚧 Follows positive study by Sedgman recommending feasibility work to establish low tonnage export project
- 🚧 Drilling at Bolau to establish indicated resource on the shallow up dip extension of African Energy's Sese Coal deposit adjacent, also drill down dip extension
- 🚧 Drilling campaign at Bolau follows recommendation from positive coal study conducted by Sedgman announced in May 2014
- 🚧 Drilling has commenced and rig and geological team will work continuously until drilling campaign is completed on both projects expected to be by end of August

A-Cap's CEO, Paul Thomson stated "Current infrastructure constraints in Botswana will allow 1-2 million tonne per annum projects to come on line in the short term, if the commodity price is right. Our rationale is to drill enough coal resources to enable a 'plus ten year' mining operation to be considered, bringing it into the next stage of assessing the economic viability. Later as the infrastructure capacity in Botswana grows, the coal resource on our tenements still has the potential to grow with it".



Figure 1: Foley coal seam core



Figure 2: Downhole geophysical logging

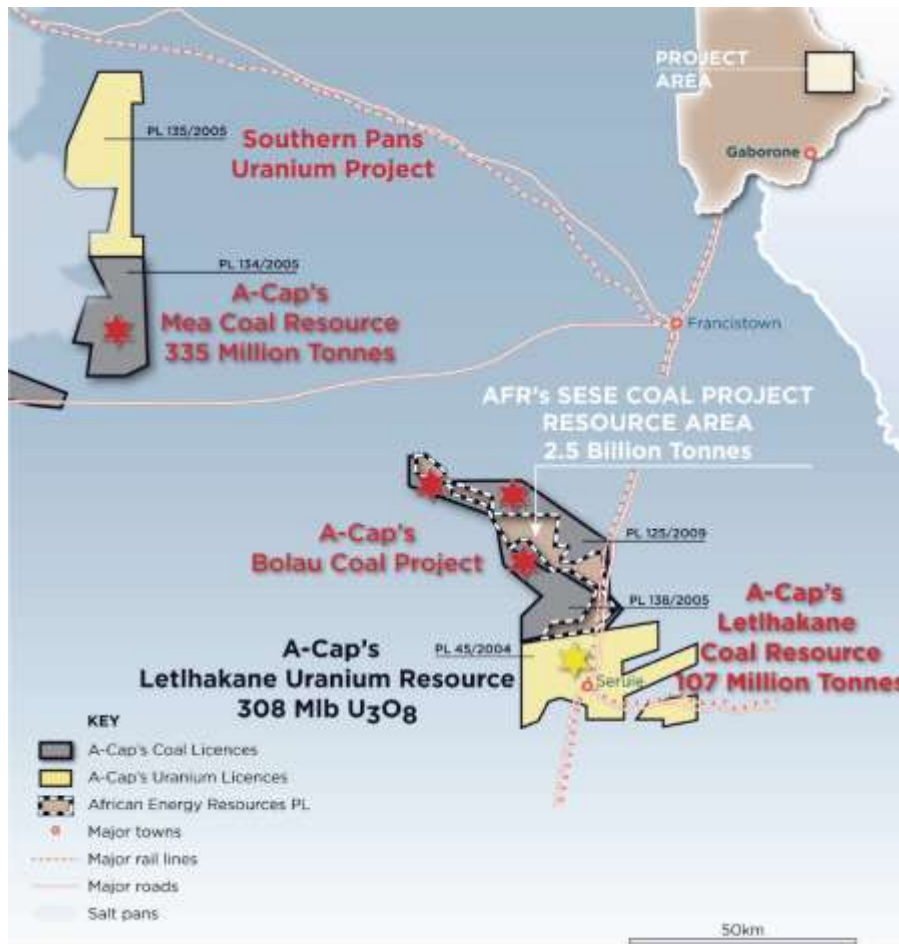


Figure 3: Location Map of A-Cap's main project areas. The Letlhakane Project hosts the Serule Uranium Deposit on PL45/2004.

Mea Coal Project

A-Cap Resources Limited had discovered a major new coal field at Mea Project in northern Botswana. Drilling last year successfully defined a JORC compliant inferred resource within a portion of this field of 335 million tonnes of coal in multiple seams, ranging from high quality domestic thermal coal, export quality coal and possibly material suitable for low ash Pulversied Coal Injection.

Because a significant portion of this resource was identified as export quality and the discovery lies close to existing road, rail and power infrastructure, an independent study was commissioned to assess the commercial development potential of the project.

The Mea Coal Study was completed by Sedgman South Africa in February this year (see announcement 12 February 2014 "Meal Coal Study Positive"). It was a comprehensive study and the phases addressed in sequence included the review of geological data, resource modeling, mining suitability referencing other existing operations, conceptual mine design and block sequencing, high level mining costing, washability analysis and product selection, design of suitable coal handling and washing plant, capital cost definition, operating costs, high level financial model, marketing assessment and recommendations for future development.

The study by Sedgman focused on a low tonnage export coal development within current transport infrastructure capacity with scalability. This study indicated that the project could be robust and recommended the project proceed to a definitive feasibility study.

The drilling campaign at Mea follows this recommendation and is designed to establish a JORC compliant indicated resource on a portion of the known resource with the best potential for early mining, this will consist of infill diamond drilling with diamond core. Downhole density and coal quality testwork will give further information regarding potential mining and product possibilities.

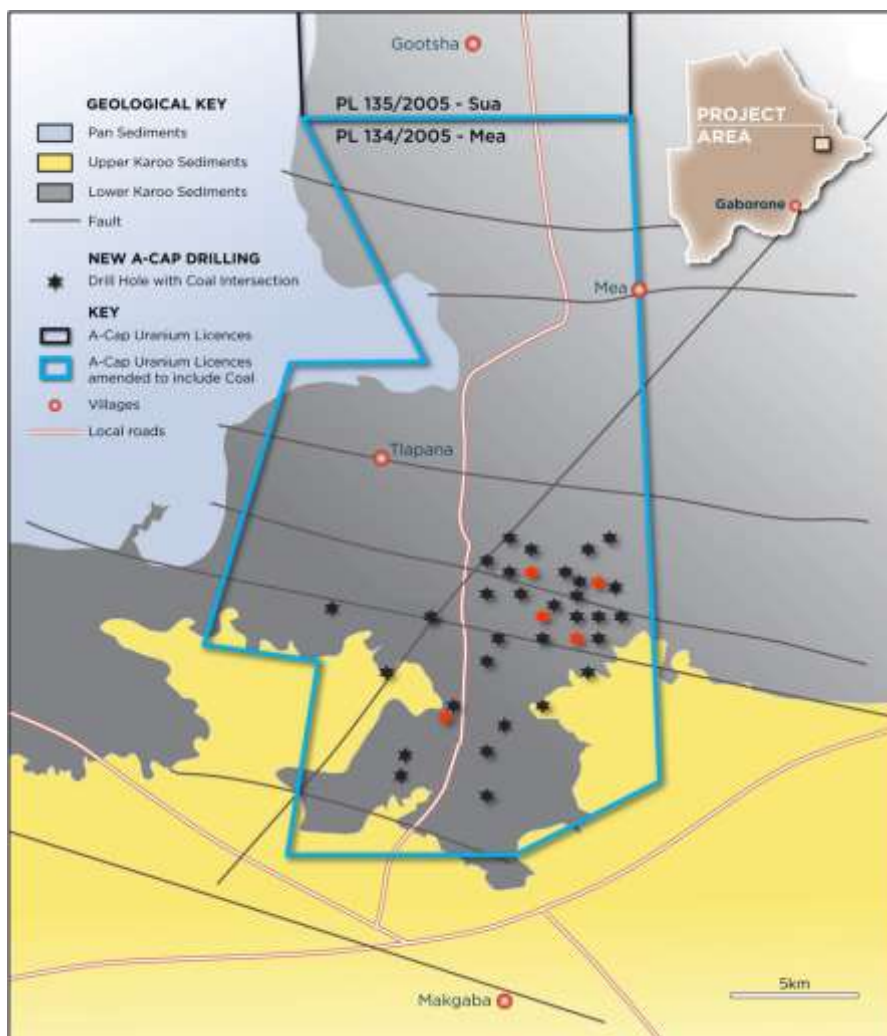


Figure 4: Plan view of the Mea Coal Project showing the location of all drill holes to date. Black stars are percussion holes, red stars are diamond core holes.

The Bolau Coal Project

The Bolau Coal Project constitutes the up and down dip extension of African Energy's Sese Coal Project that extends into A-Cap's prospecting licences **PL138/2005** and **PL125/2009**. The up dip portion is the Foley prospect and the down dip the Bolau prospect. The adjacent Sese thermal coal deposit contains JORC compliant Mineral Resource of over 2.5 billion tonnes, comprising a Measured Resource of over 650 Mt coal, with an additional ~1,850 Mt in Indicated and Inferred Resource category.

In May this year, the Bolau Coal Study was completed by Sedgman South Africa. This study was commissioned to assess the potential for development of the Bolau Coal Project covering geological, engineering and marketing.

This study, which was detailed and comprehensive, was positive and highlighted the project's potential and recommended further drilling and test work.

The drilling campaign at Bolau follows this recommendation and is focused on defining an indicated resource on the basal seam of the shallow up dip extension of the Sese Coal deposit which is approximately 15 – 25 metres deep at this location. Drilling will also be conducted on the down dip extension of the Sese deposit within the Foley tenement.

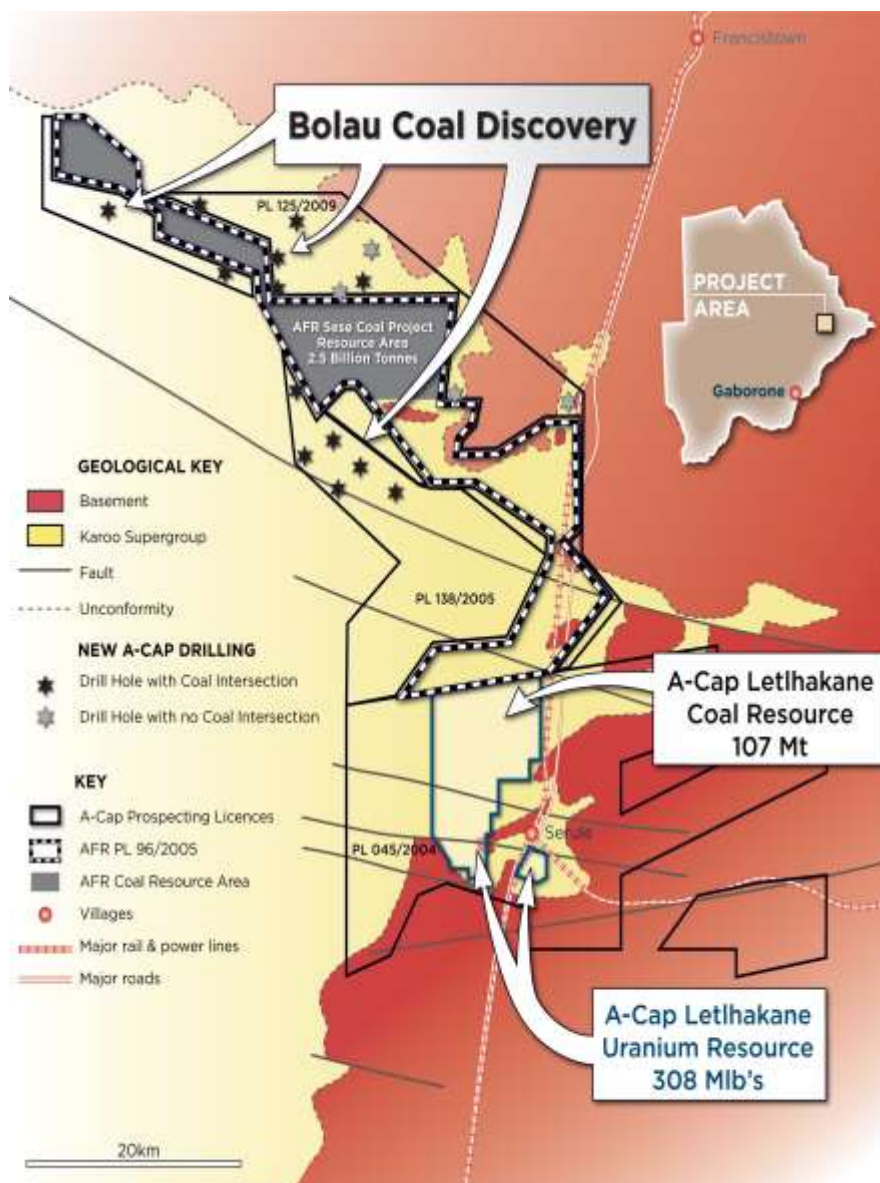


Figure 5: Bolau Coal Project

While A-Cap is approaching development of its coal assets within existing transport capacity, the projects have potential to scalability as further transport infrastructure is established. The Botswana government has been proactive in paving the way for future infrastructure upgrades and has recently signed the Trans Kalahari Railway (TKR) agreement with Namibia. The government and industry are also proactively engaging the Mozambique and Republic of South Africa rail entities regarding increasing capacity.

Letlhakane Uranium Project

At the same time, a drill programme of RC and diamond drilling is currently underway at the Letlhakane Uranium Project designed to further define areas that have been identified as high grade and provide valuable data for ongoing feasibility work and resource modelling. This feasibility work will be completed and incorporated into a mining licence application early next year.

Drilling is targeting the shallow primary resources at Serule West, Kraken and Gorgon South. The location of the drilling is within potential pit areas that would be early in the proposed mine life. A series of RC and diamond drill holes at a 20m spacing will establish the mining scale variability of the uranium mineralisation, defined by down hole gamma probing and advance these areas to a measured resource classification and support inpit reserve definition work.

In parallel, feasibility work including metallurgy, process design and environmental work necessary for a mining licence application is being conducted. This follows a successful \$5.8 million capital raising completed in May 2014 and is designed to prepare the Letlhakane Uranium Project for early development and production so that the Company can immediately capitalise on a recovery in the uranium market.

Competent person's statement

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

Information in this report relating to Coal resources is based on information compiled by Mr Darryl Stevenson (Consulting Coal Geologist to A-Cap Resources). Mr Stevenson has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person under the 2004 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources. Mr Stevenson consents to the inclusion of the data in the form and context in which it appears.



Figure 6: Diamond drill rig

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