



ACN 104 028 542

**TO: COMPANY ANNOUNCEMENTS OFFICE
ASX LIMITED**

DATE: 31 JANUARY 2008

QUARTERLY REPORT TO 31 DECEMBER 2007

The Exploration Activity Report on the Company's tenements in Botswana and the Appendix 5B to 31 December 2007 pursuant to Listing Rule 5.2 follows.

Other major matters reported during the quarter included:

- On 18 December 2007 the Company advised of the appointment of Dr Paul Woolrich as a Non-executive Director and the resignation of Mr Peter Pena from the position of Non-executive Director.
- The Entitlement / Initial Public Offering for shares in Botswana Metals Limited ("BML") was closed on 7 December 2007. The Issue raised approximately \$10.2M. Subsequent to 31 December 2007, A-Cap demerged its non-uranium assets to BML.

EXPLORATION ACTIVITIES – URANIUM EXPLORATION

Highlights of the period include –

- The release of A-Cap's first Inferred Mineral Resource reported in accordance with the JORC Code
- The discovery of Uranium mineralisation at Gorgon
- The completion of airborne radiometrics and magnetic at Letlhakane
- The first results of a ground scintillometer survey at North Uray.

BASE METALS EXPLORATION

Highlights of the period include –

- The commencement of drilling at Maibele North
- Intersection of sulphides at Maibele North (assay results awaited)
- Continuation of geophysical programs identifying new drilling targets

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URANIUM EXPLORATION

Letlhakane Project - PL45/2004 Letlhakane

Resource

A-Cap released its first Inferred Mineral Resource containing 20 million pounds of U_3O_8 during December 2007. The inferred resource was estimated by independent consultants Hellman and Schofield Pty Ltd. and the estimate was reported in accordance with the JORC code (2004). The estimate included both calcrete and Karoo Supergroup mineralisation

Cut off U_3O_8	Tonnes Million	Grade U_3O_8 ppm	Contained U_3O_8 Tonnes	Contained U_3O_8 Million Pounds
80	120	120	14,400	31.7
90	89	130	11,570	25.1
100	65	140	9,100	20.1
120	37	160	6,920	13.3
150	18	190	3,420	7.7
200	6	240	1,440	3.2

Table 1. Inferred mineral resource estimates.

The resource calculation was based 1,148 Reverse Circulation (RC) and 4 diamond holes drilled by A-Cap during 2006 -2007 and includes assays for 8,760 one meter composites as well as radiometric logging data for each hole. The majority of the area under consideration is drilled out on a 200m (east-west) by 50m (north-south) grid with minor infilling to 50m by 50m spacing, in peripheral areas to the east the spacing is 200m by 200m. The Inferred resource is constrained by the current land surface and extends down to approximately 45m covering an area of approximately three kilometers north-south and six kilometers east-west. No historical data from previous exploration is included in the estimate. (Figure 1).

Resources were estimated from an Ordinary Kriged (OK) block model generated from one metre downhole composites of U_3O_8 grades calculated using chemical assay results in preference to radiometric probe results. Based on comparisons between chemical assaying and down hole radiometric probing a bias was evident in the probe data. Consequently were present probe results were multiplied by (0.74 Geotron Probe –used by A-Cap in 2006) and (0.84 Auslog probe used by A-Cap in 2007) to remove this issue. An upper cut of 500ppm was used on all data. The Inferred resource covers an area approximately 6km (east-west) by 3km (north south) and extends from surface to 45m depth.

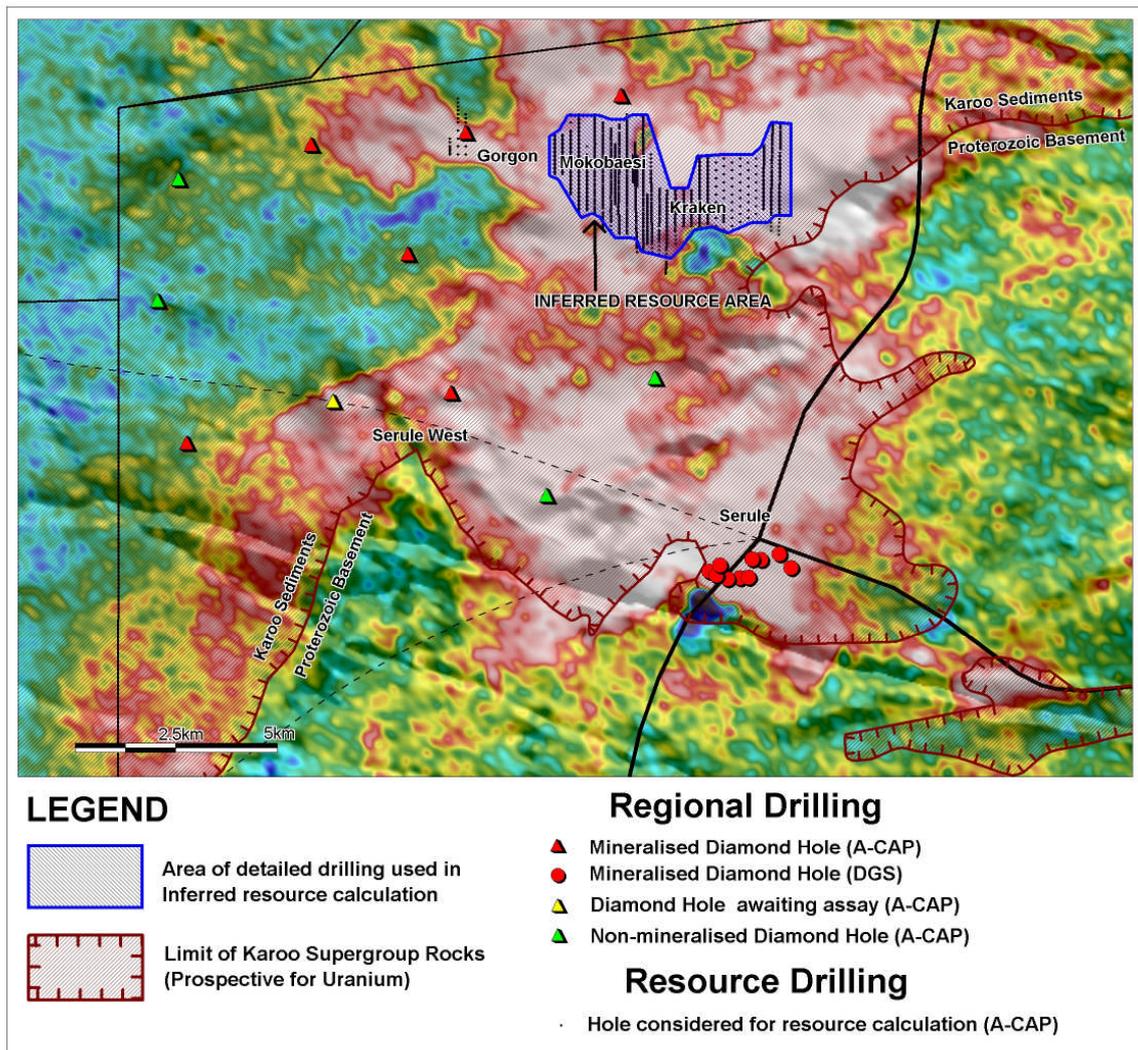


Figure 1 Shows the area used in the Inferred resource calculation (outlined in blue), which is approximately 6km long by 3km wide. Also shown is the outcrop limits of the Karoo Sediments which are prospective for Uranium mineralisation. Regional diamond drilling outside the Inferred Resource Area is also indicated illustrating the potential to substantially increase the resource within the project area (all results for regional drilling have been previously released to market). The backdrop colour image is the Botswana Department of Geological Survey (DGS) Uranium radiometric anomaly map. In this map colours are used to depict anomalous radiation with blue and green showing low levels of anomalism through to yellow – red showing moderate levels of anomalism with white showing the highest levels of radioactivity. This image further highlights the prospectivity of the area

The area considered for the Interim Inferred Resource is only a small area within a much larger radiometric anomaly that occurs on PL45/2004 Letlhakane. Regional diamond drilling has previously confirmed the presence of Uranium mineralisation up to 10km from the boundary of the current Inferred Resource highlighting the potential to grow project. (Figure 1).

Drilling on targets outside the Inferred resource will commence in January 2008.

Metallurgy

Preliminary samples (including diamond core) for metallurgical testwork have been received by MINTEK of South Africa and are currently being processed. This work will provide valuable insight into the leaching characteristic of the various ore- types already recognised. It will also provide detailed studies of the mineralogy and information regarding other potentially economic elements such as Vanadium which are common in this style of mineralisation.

Lethakane drilling.

A-Cap continued its program of Reverse Circulation (“RC”) drilling through to late November 2007. Early rain made drilling and rig placement difficult toward the end of the year. A total of 123 holes and 7,316m were drilled during the final quarter. Drilling in October and November concentrated on the western side of the grid where a new prospect area (Gorgon) has been discovered.

Highlights from drilling during the quarter

MOKR0778	8.8m @ 443 ppm including 0.9m @ 916ppm
MOKR0808	6.8m @ 253 ppm including 0.8m @ 1267 ppm
MOKR0833	5.8m @ 401 ppm
MOKR0834	4.8m @ 324 ppm including 0.6m @ 1563 ppm
MOKR0842	6.2m @ 303 ppm including 0.9m @ 1387 ppm
MOKR0914	7.1m @ 388 ppm
MOKR0933	2.1m @ 369 ppm
MOKR0935	2.9m @ 438 ppm
MOKR0936	2.8m @ 443 ppm
MOKR0946	9.9m @ 273 ppm including 0.6m @ 1107 ppm
MOKR1088	5.1m @ 369 ppm including 1.0m @ 771ppm
MOKR1089	5.3m @ 243 ppm including 0.5m @ 1205ppm

Regional stratigraphic diamond drilling was conducted in the western portion of the license in order to map sedimentary facies and identify a redox boundary between reduced sediments in the west, and oxidised sediments in the east. In the final quarter 8 holes were drilled for 895m

Chemical Assays

In accordance with A-Cap’s QA/QC policy, 3,967 assay results were received from SetPoint Laboratory in Johannesburg South Africa, and 456 check assay results received from MINTEK during the fourth quarter.

Geophysics

A-Cap acquired new Aster satellite imagery over the Lethakane tenement during the final quarter of 2007. The new imagery will aid in planning drilling programs in 2008. An airborne radiometric and magnetic survey was completed in December. The results are currently being processed by GeXservices in Johannesburg, South Africa. It is anticipated that the acquisition of this data will lead to the development of targets for drilling in mid – 2008.

Serule Uranium Prospect

Work at Serule was restricted to line clearing. It is anticipated that scout RC drilling will commence in the first half of 2008.

PL134/2005 - Mea

A-Cap acquired new Aster satellite imagery over the Mea tenement during the final quarter of 2007. The new imagery will aid in planning reconnaissance and future drilling programs in 2008.

PL135/2005 - Sua

A-Cap acquired new Aster satellite imagery over the Sua tenement during the final quarter of 2007. The new imagery will aid in planning reconnaissance and future drilling programs in 2008.

An airborne radiometric and magnetic survey commenced at Sua in December. The survey, which has similar specifications to the Letlhakane survey, will be complete in Jan/Feb 2008. It is anticipated that the acquisition of this data will lead to the development of targets for drilling in mid – 2008.

PL136/2005 – North Uray

A field camp was established at North Uray during November 2007. A three-man reconnaissance team conducted scout exploration and collected 371 ground scintillometer readings on a 500m x 500m grid along the east-west axis of the northern extension of the tenement.

Much of the tenement area was found to be covered with thick Kalahari sand, though where channels in the sand were located, anomalous results, similar to those recorded by Falconbridge, were obtained.

PL137/2005 – South Uray

No significant work was conducted on this tenement during the quarter, however a ground survey, similar to that conducted at North Uray, is planned in the near future. Once the data is examined a decision will be made as to whether an airborne radiometric survey is appropriate for this tenement.

PL138/2005 - Bolau

Three diamond drill holes (LEDD0016 – LEDD0018) for a total of 367m were completed at Bolau in October and November. Unfortunately, LEDD0017 collapsed following extraction of the drill rods from the hole and was not able to be probed. The drill core from LEDD0017 has since been logged and will be selectively sampled.

Encouraging results were encountered from two of the three holes completed.

LEDD0016 – 1.2m @ 213ppm U3O8

2.8m @ 127ppm U3O8

LEDD0018 – 3.9m @ 147ppm U3O8

1.4m @ 290ppm U3O8

New information gained from this diamond drilling has indicated that the eastern portion of Bolau may represent a strong drilling target in 2008. African Energy Resources Limited (an ASX listed company), released the first results of their wide-spaced drilling at Foley (20km north of Mokobaesi and to the east of Bolau) in

November with grades of up to 2,000ppm U₃O₈. These results are encouraging and shows that the mineralised system is developed over a large area.

EXPLORATION ACTIVITIES BASE METALS EXPLORATION

Highlights of the period include –

- The commencement of drilling at Maibele North
- Intersection of sulphides at Maibele North (assay results awaited)
- Continuation of geophysical programs identifying new drilling targets

PL110/94 Magogaphate Drilling at Maibele North

A new drilling programme has been initiated at the Maibele North Ni-Cu-Co-PGE deposit. The programme comprises Reverse Circulation exploration boreholes, RC drilling of pre-collars and diamond drilling of projected mineralised horizons. The programme is aimed at providing sufficient data to generate a resource estimate for the deposit.

Drilling commenced on 7th November 2007 and was suspended for the Christmas break on 13th December 2007. By the end of the quarter a total of 1,875 metres of RC drilling had been completed, and 224.33 metres of core drilled.

A total of 6 RC exploration holes had been completed, 3 precollars completed and 1 in progress, and 3 holes completed with diamond drilling.

HOLE	LINE	Northing	MetresRC	MetresDD	Total Metres	TYPE
MARC0032	5900E	4915N	200	0	200	Reverse Circulation
MARC0033	6000E	4900N	175	0	175	Reverse Circulation
MARC0034	6100E	4910N	200	0	200	Reverse Circulation
MARC0035	5400E	4890N	200	0	200	Reverse Circulation
MARC0036	5300E	4890N	200	0	200	Reverse Circulation
MARC0037	5400E	4840N	200	0	200	Reverse Circulation
MARC0038	6200E	4900N	200	0	200	Reverse Circulation
MARC0039	5800E	4895N	70	65.53	135.53	RC precollar & DD
MARC0040	5800E	4810N	140	69.80	209.80	RC precollar & DD
MARC0041	5800E	4770N	190	59.00	249.00	RC precollar & DD
MARC0042	5900E	4870N	100	30	100	RC precollar & DD
TOTALS			1,875	224.33	2069.33	

Holes drilled at Maibele North during the quarter.

HOLE	TYPE	FROM	TO	METRES	Description
MARC0032	RC	71	72	1.00	10% sulphides
MARC0032	RC	77	78	1.00	20% sulphides
MARC0035	RC	70	74	4.00	10-15% sulphides
MARC0037	RC	133	135	2.00	<5% sulphides
MARC0037	RC	149	150	1.00	<5% sulphides
MARD0039	Core	98.22	98.71	0.49	Massive sulphides
MARD0039	Core	99.00	99.98	0.98	10% disseminated sulphides
MARD0039	Core	99.98	100.15	0.17	Massive sulphides
MARD0042	Core	118.65	119.72	1.07	Massive sulphides
MARD0042	Core	120.32	121.21	0.89	Massive sulphides

Sulphide mineralisation was intersected in the following holes.

Assay results from the previous 6 hole drilling programme at Maibele North are still awaited from the laboratory.

Regional Exploration on PL110/94 Magogaphate

Geophysical models have been received for the Maibele North TDEM, gravity and IP surveys. A conductor has been interpreted to extend the entire length of the surveyed grid (1,400 metres) with the conductor extending to a vertical depth in excess of 300 metres. The conductor is confirmed to dip steeply to the south and plunge to the east, as previously modelled. Results and a preliminary interpretation have been received for the downhole EM (DHEM) geophysical survey conducted on 2005 drill hole MAI-05-25. This hole, the furthest east drillhole at Maibele North, did not intersect sulphides. However, the DHEM survey indicates the presence of “off-hole” conductors both above and below the borehole at the expected depth of the mineralised horizon.

A total of 819 soil samples from the John Bentham/Magogaphate Gold anomaly have been submitted for assay. This sampling programme is designed to check the previous (2002/3) sampling, as well as extending the width and strike extent of the known anomaly. Results are still awaited at the end of the quarter.

PL111/94 Mokoswane

Geophysics – Ground geophysical surveying has been completed at the Mmamanaka Ni-Cu anomaly. This comprised some 30 line kms of Time Domain Electromagnetics (TDEM) and 4.5 kms of Induced Polarisation (IP). Results are awaited from the contractor.

Results for 370 samples have been received for the initial programme of soil sampling conducted over the projected source of the historical Mmamanaka Gold anomaly. The results were disappointing, with low gold level values. Additional results are expected in early 2008. The results of the above soil sampling will be evaluated early in 2008 to determine whether further work is justified.

PL14/2003 Majante

No significant work was undertaken on this tenement during the month.

PL44/2004 Shashe River East

No significant field work was undertaken during the month. Results for 81 historical MagSam samples were received. The results were disappointing, with no significant anomalies apparent.

PL46/2004 Sampowane

An exploration grid comprising some 15 line kms was re-established over the Sampowane Ni-Cu deposit. Four diamond holes were drilled into this deposit in the 1990's by Falconbridge, confirming massive sulphide, nickel mineralization over 500m of strike. Further drilling is planned at this deposit in the first half of 2008.

Results for 222 historical MagSam samples were received during the quarter. Results were disappointing.

PL47/2004 Gobe Shear

No significant field work was undertaken during the month.

PL48/2004 Shashe River West

No significant field work was undertaken during the month. A total of 40 regional stream sediment samples were sent for assay during the quarter, but results had not been received by the end of the period. Each sample comprises a coarse and fine grained sub-sample.

PL130/2005 Bobonong

No significant field work was undertaken during the month.

PL 18/2004 Jims Luck

No significant work was undertaken during the month. An application for renewal of the tenement was previously submitted by IAMGOLD, in conjunction with A-Cap and official notification of renewal is awaited.

China Operations

The Company has one exploration tenement in China that will expire in June 2008. There has been no exploration activity during the quarter. In line with the Company's prime focus, being Uranium exploration in Botswana, it is not anticipated that any future exploration work will be conducted in China.

Dr Andrew Tunks

Managing Director

A-Cap Resources Limited

Information in this report that relates to exploration results is based on information compiled by Dr Andrew Tunks who is a member of the Australian Institute of Geoscientists. Dr Tunks is a fulltime employee of the Company. Dr Tunks has sufficient experience which 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 as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." Dr Tunks consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

A-CAP RESOURCES LIMITED

ABN

28 104 028 542

Quarter ended ("current quarter")

31 DECEMBER 2007

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (..... months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	-2,032	-3,192
(b) development	-	-
(c) production	-	-
(d) administration	-403	-1,007
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	71	236
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	-2,364	-3,964
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	-18	-39
1.9 Proceeds from sale of: (a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities	-191	-230
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-209	-270
1.13 Total operating and investing cash flows (carried forward)	-2,573	-4,234

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	-2,573	-4,234
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	-2,573	-4,234
1.20	Cash at beginning of quarter/year to date	13,637	15,312
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	11,064	11,064

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	187
1.24	Aggregate amount of loans to the parties included in item 1.10	191

1.25 Explanation necessary for an understanding of the transactions

During the quarter, Gross Salaries of \$131,050 were paid to Mr P Volpe (\$75,300) and Dr A Tunks (\$55,750). Total Directors Fees of \$57,083 were paid to Mr P Volpe (\$17,500); Mr P.Pena (\$12,500); Mr H.Stacpoole (\$12,500); Dr P Woolrich (\$2,083) and Dr A Tunks (\$12,500).
During the quarter, a total of \$191,528 was loaned to Botswana Metals Limited, a wholly owned subsidiary.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,800
4.2 Development	-
Total	1,800

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	109	163
5.2 Deposits at call	605	1,973
5.3 Bank overdraft	-	-
5.4 Other (provide details) Term Deposits	10,350	11,500
Total: cash at end of quarter (item 1.22)	11,064	13,637

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	PL45/2004 Letlhakane	Shedding of ground per s19(2) of the Mines and Minerals Act (no.17 of 1999) (Botswana) from 1000 sq. km to 801.1 sq. km.	100%	100%
6.2 Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

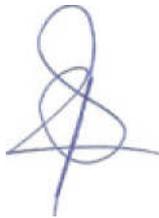
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference + securities <i>(description)</i>	NIL	NIL		
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	NIL	NIL		
7.3 +Ordinary securities	110,095,078	110,095,078		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	NIL	NIL		
7.5 +Convertible debt securities <i>(description)</i>	NIL	NIL		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	NIL	NIL		
7.7 Options <i>(description and conversion factor)</i>	2,200,000 200,000 500,000 300,000 395,000	NIL NIL NIL NIL NIL	<i>Exercise price</i> 40 cents 45 cents 55 cents 80 cents 80% of market price	<i>Expiry date</i> 30 November 2009 30 November 2009 30 November 2009 30 November 2009 On the date the employee ceases to be in the employ of the company or subsidiary.
7.8 Issued during quarter	NIL	NIL		
7.9 Exercised during quarter	NIL	NIL		
7.10 Expired during quarter	NIL	NIL		

+ See chapter 19 for defined terms.

7.11	Debentures <i>(totals only)</i>	NIL	NIL
7.12	Unsecured notes <i>(totals only)</i>	NIL	NIL

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date:31 JANUARY 2008.....
(Company secretary)

Print name:RICHARD BAKER.....

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.