



ACN 104 028 542

**TO: COMPANY ANNOUNCEMENTS OFFICE  
ASX LIMITED**

**DATE: 13 MARCH 2007**

**HALF-YEAR REPORT AND APPENDIX 4D FOR THE PERIOD ENDED 31 DECEMBER  
2007**

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Please find following the Half-Year Report and the Appendix 4D disclosure required per Listing Rule 4.2A.3 for the period ended 31 December 2007.

**Pat Volpe  
Chairman**

**A-Cap Resources Limited**  
REGISTERED OFFICE  
Suite 5.10, 737 Burwood Rd, Hawthorn, Australia  
Telephone +61 3 9813 5888 Facsimile +61 3 9813 2668

**A-CAP RESOURCES LIMITED  
AND ITS CONTROLLED ENTITIES**

ACN 104 028 542

**HALF-YEAR REPORT  
31 DECEMBER 2007**

Lodged with the ASX under Listing Rule 4.2A  
This information should be read in conjunction with the 30 June 2007 Annual Report.

**A-CAP RESOURCES LIMITED AND ITS CONTROLLED ENTITIES  
HALF-YEAR REPORT – 31 DECEMBER 2007****CONTENTS**

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## CORPORATE DIRECTORY

**Directors:** Mr Patrick John Volpe (Chairman)  
Dr Andrew James Tunks (Managing Director)  
Mr Henry James Stacpoole  
Dr Paul Woolrich (appointed 18 December 2007)

**Company Secretary:** Mr Richard Baker (appointed 3 July 2007)  
Mr John Wilson (resigned 3 July 2007)

**Registered Office:** Suite 5.10, Level 5  
737 Burwood Road  
HAWTHORN  
VICTORIA 3122  
Telephone (03) 9813 5888  
Facsimile (03) 9813 2668

**Share Registry:** Computershare Investor Services Pty Limited  
Level 19,  
307 Queen Street  
BRISBANE QLD 4000  
Telephone (07) 3237 2100  
Facsimile (07) 3229 9860

**Bankers:** National Australia Bank  
110 Church Street  
RICHMOND VIC 3121

**Auditors:** Webb Audit Pty Ltd  
Cnr Toorak & Auburn Roads  
HAWTHORN EAST VIC 3123

**Lawyers:** Menzies and Partners  
Level 9, 356 Collins Street  
MELBOURNE VIC 3000

**Stock Exchange:** ASX Limited  
Level 6, Riverside Centre  
123 Eagle Street  
BRISBANE QLD 4000

## DIRECTORS' REPORT

Your Directors submit the financial report on the consolidated entity consisting of A-Cap Resources Ltd ("A-Cap") and the entities it controlled at the end of, or during the half-year ended 31<sup>st</sup> December 2007.

### **DIRECTORS**

The following persons were Directors of A-Cap Resources Ltd during or since the end of the half-year:

Mr Patrick John Volpe  
 Dr Andrew James Tunks  
 Mr Henry James Stacpoole  
 Dr Paul Woolrich (appointed 18 December 2007)  
 Mr Peter Pena (resigned 18 December 2007)

### **REVIEW OF OPERATIONS**

In the six months to 31<sup>st</sup> December 2007 A-Cap focused strongly on exploring its uranium prospects in Northern Botswana.

A brief summary of the period's activity is as follows:-

#### **Botswana**

##### *Letlhakane Uranium Prospect*

A-Cap continued its program of reverse circulation drilling through to late November 2007. Early rain made drilling and rig placement difficult toward the end of the year. Drilling in October and November concentrated on the western side of the grid where a new prospect area (Gorgon) was been discovered. By the end of the year a total of 50,000m of drilling had been completed at Letlhakane.

##### *Resource*

A-Cap released its first Inferred Mineral Resource containing 30 million pounds of U<sub>3</sub>O<sub>8</sub> 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 Karroo Supergroup mineralisation.

<b>Cut off U<sub>3</sub>O<sub>8</sub></b>	<b>Tonnes Million</b>	<b>Grade U<sub>3</sub>O<sub>8</sub> ppm</b>	<b>Contained U<sub>3</sub>O<sub>8</sub> Tonnes</b>	<b>Contained U<sub>3</sub>O<sub>8</sub> Million Pounds</b>
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.

Resources were estimated from an Ordinary Kriged (OK) block model generated from one metre downhole composites of U3O8 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.

#### *Regional Diamond Drilling*

Step out drilling including nine new diamond holes were been drilled across the Letlhakane PL (45/2004). These holes were designed to test the nature of the stratigraphy of the Karoo Supergroup in the general vicinity of the Mokobaesi and Serule radiometric anomalies. Of the eight effective holes (one hole collapsed before it could be probed) four of the holes intersected significant mineralisation. Most importantly three of these four holes were collared well outside (up to 5km away) from the zones of known mineralisation at Mokobaesi and Kraken.

#### *Metallurgy at Letlhakane*

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.

#### *Geophysics at Letlhakane*

A-Cap acquired new Aster satellite imagery over the Letlhakane 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*

A large area of surficial uranium oxide mineralisation was discovered during regional grid clearing at the Serule prospect 10km south of the current drilling at Mokobaesi. The mineralisation is sporadically developed in an area approximately 200m by 200m and consists of abundant visible, bright yellow uranium oxide mineral. Radiometric values of up to 700cps per second have been measured by A-Cap staff using a hand-held scintillometer. Uranium mineralisation appears to be concentrated within a particular rock unit of unknown thickness and lies within the western most portion of the Serule Radiometric Anomaly

The Botswana Department of Geological Survey (DGS) regularly conducts diamond drilling programs throughout Botswana. During the quarter it completed a small program of HQ diameter diamond holes in the Serule anomaly assessing this part of the Karoo for its potential to host deposits of pottery clay. A-Cap workers came across this drilling during the final phases of the Serule ground radiometric survey. The DGS kindly have provided A-Cap with accurately surveyed hole collars and allowed A-Cap to radiometrically probe these holes. The results of A-Cap's radiometric probing indicated that significant mineralisation is present in the Serule area.

Clearing of drill access was completed during December however drilling is not expected to commence preliminary at Serule until Q2 2008.

#### *Other Uranium Prospects*

An airborne radiometric and magnetic survey commenced at Mea and Sua in December. The survey, which has similar specifications to the Letlhakane survey, is expected to be completed in the 2<sup>nd</sup> quarter of 2008. It is anticipated that the acquisition of this data will lead to the development of targets for drilling in mid – 2008.

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 radiometric results, similar to those recorded by Falconbridge, were obtained.

**Base and Precious Metal Exploration in Botswana***Drilling at Maibele North*

A new drilling programme was 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 7<sup>th</sup> November. Drilling was suspended for the Christmas break on 13<sup>th</sup> December. By the end of December a total of 1,875 metres of RC drilling had been completed, and 224.33 metres of NQ diameter 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.

Extensive Geophysical Surveys were also undertaken and geophysical models were 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.

*Regional Exploration*

The Mmamanaka grid was cleared and re-pegged in preparation for ground geophysics and a total of 30 line kms of TDEM and 4.5 kms of IP. Results are awaited from the contractor. A further 4 line kms of IP surveying was completed at the Crescent anomaly. A total of 370 soil samples from the Mmamanaka Gold anomaly have been submitted to a laboratory for assay. Digitisation on the historical airborne radiometric and magnetic survey interpretation has been completed, and has generated a much improved geological map of the tenement.

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 prospect in the first half of 2008.

*Jims Luck JV*

Iamgold Botswana completed rehabilitation of drill sites and tracks at the Jims Luck project. 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**

No work was conducted on the Company's exploration permit during the period.

The Company conducted a review of its operations in China with independent consultants based in China and decided to impair the value of loans by \$157,507 made to the Company's Chinese subsidiary.

**Australia***Hodgkinson Basin Tenements Queensland*

The Company retains its 4% free carried interest in the Hodgkinson Basin J.V in Queensland with Republic Gold and Gateway Mining.

**Corporate**

*Appointment of Director*

On 18 December 2007 the Company announced the appointment of Dr Paul Woolrich as a Non-executive Director of the Company.

*Resignation of Director*

On 18 December 2007 the Company announced the resignation of Mr Peter Pena as a Non-executive Director of the Company.

*Tenement Renewals*

On 18 September 2007 the Company announced the Ministerial approval of the renewal of Prospecting Licence PL 45/2004 (Lethakane) for uranium in Botswana for a further 2 years to 30 June 2009 with the required shedding of ground from 1000 square kilometres to 801.1 square kilometres pursuant to section 19(2) of the Mines and Minerals Act (No. 17 of 1999) (Botswana).

On 8 November 2007 the Company's subsidiary in Botswana, African Metals (Pty) Ltd, received notification from the Department of Geological Survey in Botswana that the following prospecting licences transferred from A-Cap Resources Limited to Botswana Metals Limited and its controlled subsidiaries had been approved:

<b>Prospecting Licence Number</b>	<b>Name</b>	<b>Area in square kilometres</b>	<b>Expiry Date</b>
PL 044/2004	Shashe River East	131	30 June 2009
PL 046/2004	Sampowane	533	30 June 2009
PL 047/2004	Gobe Shear	100	30 June 2009
PL 048/2004	Shashe River West	226	30 June 2009

The following prospecting licences were awaiting ministerial approval for their transfer from A-Cap Resources Limited and its controlled entities to Botswana Metals Limited and its controlled entities:

<b>Prospecting Licence Number</b>	<b>Name</b>
PL 110/94	Magogaphate
PL 111/94	Mokoswane
PL 18/2004	Jim's Luck
PL 54/98	Takane
PL 14/2003	Majante
PL 130/2005	Boboning

*Issue of Options to Botswana Employees*

On 15 August 2007 the Company issued 395,000 non-listed options to acquire ordinary shares in the Company by way of remuneration for services provided to the Company and its subsidiary by employees of the subsidiary, pursuant to the Executive and Employee Option Plan approved at the Company's 2006 AGM held on 29 November 2006.

**EVENTS SUBSEQUENT TO REPORTING DATE**

De-merger of non-uranium assets

On 9 January 2008 the Implementation Agreement in relation to the de-merger Scheme of Arrangement to de-merge Botswana Metals Limited by distribution of the 55,047,637 shares in Botswana Metals Limited to the members of A-Cap Resources Limited was implemented.

Also on 9 January 2008 as part of the abovementioned Scheme of Arrangement the asset base of A-Cap Resources Limited was split into two divisions: the assets pertaining to the Uranium Tenements and the assets pertaining to the Non-Uranium Tenements and ownership transferred of both divisions so that they are held by the Scheme Members in separate entities with the Uranium Tenement assets being held by A-Cap Resources Limited and the Non-Uranium Tenement assets being held by Botswana Metals Limited.

Other than the matters detailed above, there has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of A-Cap Resources Limited to affect the operations of the consolidated entity, the results of these operations or the state of affairs of the consolidated entity in subsequent years.

**AUDITOR'S DECLARATION**

The auditors' independence declaration under section 307C of the Corporations Act 2001 is set out on page 8.

This report is made in accordance with a resolution of the Directors made on 13 March 2008.



P.J. VOLPE  
**Director**

Dated this 13<sup>th</sup> day of March 2008  
Hawthorn, Victoria



13 March 2008

The Board of Directors  
A-Cap Resources Limited  
Suite 5.10, Level 5  
737 Burwood Road  
HAWTHORN VIC 3122

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**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of A-Cap Resources Limited.

As lead audit partner for the review of the financial report of A-Cap Resources Limited for the half-year ended 31 December 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

A handwritten signature in black ink, appearing to read "Jeffrey Luckins". The signature is written in a cursive style with a large initial "J" and "L".

**Jeffrey Luckins**  
Director  
Webb Audit Pty Ltd

Dated in Melbourne on this 13<sup>th</sup> day of March 2008

**Webb Audit Pty Ltd**  
ABN 59 116 151 136

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CONSOLIDATED INCOME STATEMENT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Economic Entity	
	31/12/ 2007	31/12/2006
	\$	\$
Revenue	226,979	119,896
Administration	(178,480)	(166,391)
Conference Fees	(20,272)	(4,476)
Cost of Disposal of Deferred Exploration and Evaluation	(126,782)	-
Depreciation	(33,675)	(1,011)
Directors' Remuneration	(108,299)	(1,480,000)
Employment & Consultancy	(454,031)	(297,680)
Professional Fees	(69,025)	(6,180)
Recruitment Expenses	(28,125)	-
Repairs and Maintenance	(22,247)	-
Travel & Marketing Expenses	(150,179)	(160,180)
Other Expenses from ordinary account	(71,759)	(17,883)
<b>Loss from Ordinary Activities before Income Tax Expense</b>	<b>(1,035,895)</b>	<b>(2,013,905)</b>
Income Tax Expense	-	-
<b>Loss from Ordinary Activities after Income Tax Expense</b>	<b>(1,035,895)</b>	<b>(2,013,905)</b>
 <b>Earnings per share :</b>		
Basic earnings per share (cents per share)	<b>(0.94)</b>	(2.11)
Diluted earnings per share (cents per share)	<b>(0.94)</b>	(2.11)

*The accompanying notes form part of these financial statements*

CONSOLIDATED BALANCE SHEET  
AS AT 31 DECEMBER 2007

	Economic Entity	
	31/12/2007	30/6/2007
	\$	\$
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	11,073,371	15,295,505
Trade and other receivables	19,359	212,860
<b>Total Current Assets</b>	<b>11,092,730</b>	<b>15,508,185</b>
<b>Non-Current Assets</b>		
Trade and other receivables	392,228	965
Plant & Equipment	440,317	415,531
Deferred Exploration and Evaluation expenditure	6,016,536	4,012,542
<b>Total Non-Current Assets</b>	<b>6,849,081</b>	<b>4,429,038</b>
<b>Total Assets</b>	<b>17,941,811</b>	<b>19,937,223</b>
<b>Current Liabilities</b>		
Trade and other payables	19,328	706,181
<b>Total Current Liabilities</b>	<b>19,328</b>	<b>706,181</b>
<b>Non-Current Liabilities</b>	-	-
<b>Total Liabilities</b>	<b>19,328</b>	<b>706,181</b>
<b>Net Assets</b>	<b>17,922,483</b>	<b>19,231,042</b>
<b>Equity</b>		
Issued capital	22,996,619	22,734,221
Reserves	(717,258)	(182,196)
Accumulated losses	(4,356,878)	(3,320,983)
<b>Total Equity</b>	<b>17,922,483</b>	<b>19,231,042</b>

*The accompanying notes form part of these financial statements*

**CONSOLIDATED FINANCIAL STATEMENTS**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF- YEAR ENDED 31 DECEMBER 2007**

	<b>Issued Share Capital</b>	<b>Reserves &amp; Accumulated Losses</b>	<b>Foreign Currency Translation Reserve</b>	<b>Total Equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1/7/2006</b>	6,800,159	(853,526)	5,979	5,952,612
Shares/Options issued during the half year	1,557,500	-	-	1,557,500
Movement of foreign currency translation Reserve	-	-	16,970	16,970
Profit / (Loss) attributable to members of A-Cap Resources Ltd	-	(2,013,905)	-	(2,013,905)
<b>Balance at 31/12/2006</b>	<b>8,357,659</b>	<b>(2,867,431)</b>	<b>22,949</b>	<b>5,513,177</b>
<b>Balance at 1/7/2007</b>	22,734,221	(3,320,983)	(182,196)	19,231,042
Shares/Options issued during the year	262,398	-	-	262,398
Movement of foreign currency translation Reserve	-	-	(535,062)	(535,062)
Profit/ (Loss) attributable to members of A-Cap Resources Ltd	-	(1,035,895)	-	(1,035,895)
<b>Balance at 31/12/2007</b>	<b>22,996,619</b>	<b>(4,356,878)</b>	<b>(717,258)</b>	<b>17,922,483</b>

*The accompanying notes form part of these financial statements*

CONSOLIDATED CASH FLOWS STATEMENT  
FOR THE HALF- YEAR ENDED 31 DECEMBER 2007

	Economic Entity	
	31/12/2007	31/12/2006
	\$	\$
<b>Cash Flows from Operating Activities</b>		
Payments to suppliers and employees	(1,712,345)	(610,638)
Interest received	226,979	33,388
<b>Net cash provided by (used in) operating activities</b>	<b>(1,485,366)</b>	<b>(577,250)</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of non-current assets	(68,848)	(175,313)
Loans to related parties	(391,263)	-
Exploration expenditure	(2,003,994)	(405,257)
<b>Net cash provided by (used in) investing activities</b>	<b>(2,464,105)</b>	<b>(580,570)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds for issue of shares	-	-
<b>Net cash provided by (used in) financing activities</b>	<b>-</b>	<b>-</b>
Net increase (decrease) in cash held	(3,687,073)	(1,157,820)
Cash at 1 July	15,295,505	4,494,434
Effect of exchange rates on cash holding in foreign currencies	(535,061)	(1,878)
<b>Cash at 31 December</b>	<b>11,073,371</b>	<b>3,334,736</b>
<b>Non-Cash Financing and Investing Activities (Note 5)</b>	<b>262,398</b>	<b>1,557,500</b>

*The accompanying notes form part of these financial statements*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF- YEAR ENDED 31  
DECEMBER 2007

**NOTE 1 BASIS OF PREPARATION OF HALF-YEAR FINANCIAL REPORT**

The half-year condensed financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2007 and any public announcements made by A-Cap Resources Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the June 2007 financial report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

Reporting Basis and Conventions

The half- year report has been prepared on an accruals basis and is based on historical costs modified by revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

**(a) Principles of Consolidation**

A controlled entity is any entity controlled by A-Cap Resources Limited whereby A-Cap Resources Limited has the power to control the financial and operating policies of an entity so as to obtain benefits from its activities. All controlled entities have a June financial year end.

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.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

**(b) Income Tax**

The charges for current income tax expense are based on the profit for the half- year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the 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 is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

### **(c) Exploration and Development Expenditure**

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

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

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

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

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

### **(d) Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

### **(e) Plant and Equipment**

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

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

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

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

#### Depreciation

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

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

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Plant and equipment - vehicles	25%
Plant and equipment – computer hardware and software	21%
Plant and equipment – furniture and fittings	14%
Plant and equipment – geophysical equipment	20%
Plant and equipment – containers and sheds	15%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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 and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

#### **(f) Leases**

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

#### **(g) Financial Instruments**

##### **Recognition**

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

##### **Financial assets at fair value through profit and loss**

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

##### **Loans and receivables**

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

##### **Held-to-maturity investments**

These investments have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method.

##### **Available-for-sale financial assets**

Available for sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

**Financial Liabilities**

Non-derivative financial liabilities are recognized at amortized cost, comprising original debt less principal payments and amortization.

**Derivative instruments**

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

**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 each reporting date, the group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognized in the income statement.

**(h) Impairment of Assets**

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an 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 assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.

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 group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**(i) Foreign Currency Transactions and Balances****Functional and Presentation currency**

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

**Transactions and balances**

Foreign currency transactions are translated into 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 income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange difference arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

**Group Companies**

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

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date.
- 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 group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

### **(j) Employee Benefits**

Provision is made for the group's liability for employee benefits arising from services rendered by employees to balance date. 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, plus related on-costs.

### **(k) Provisions**

Provisions are recognised when the 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 result and that outflow can be reliably measured.

### **(l) 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 balance sheet.

### **(m) Revenue**

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

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

### **(n) Goods and Services 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 part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

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

### **(o) Comparative Figures**

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

#### *Critical Accounting Estimates and Judgements*

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group. No impairment has been recognised in respect of plant and equipment.

#### **Key Estimates- Impairment**

The group assesses impairment at each reporting date 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.

## NOTE 2 SEGMENT INFORMATION

### Primary Reporting – Business Segments

The consolidated entity only operates within one business segment being that of mineral exploration.

### Secondary Reporting – Geographical Segments

Although the consolidated entity's divisions are managed on a global basis they operate in three main geographical areas:

#### Australia

The home country of the parent entity and is also the main operating entity. The area of operation is in the mineral exploration industry.

#### Africa

Comprises operations carried on in Botswana.

#### Asia

Comprises operations carried on in the People's Republic of China.

	Segment revenues from sales to external customers		Carrying Amount of Segment Assets		Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	
	2007	2006	2007	2006	2007	2006
	\$	\$	\$	\$	\$	\$
Australia	224,658	119,896	18,958,848	6,023,568	5,469,516	-
Africa	2,321	-	6,528,446	2,028,861	4,411,886	347,258
Asia	-	-	17,696	186,089	(84,699)	4,196
Other / Elimination	-	-	(7,563,178)	(1,921,482)	(7,563,178)	-
	<b>226,979</b>	<b>119,896</b>	<b>17,941,812</b>	<b>6,317,036</b>	<b>2,233,525</b>	<b>351,454</b>

## NOTE 3 CONTINGENT LIABILITIES

The directors are not aware of any contingent liabilities or contingent assets existing at the date of this report. The company is not involved in any material, legal or arbitration proceedings and, so far as directors are aware, no such proceedings are pending or threatened against the company.

#### NOTE 4 EVENTS SUBSEQUENT TO REPORTING DATE

##### De-merger of non-uranium assets

On 9 January 2008 the Implementation Agreement in relation to the de-merger Scheme of Arrangement to de-merge Botswana Metals Limited by distribution of the 55,047,637 shares in Botswana Metals Limited to the members of A-Cap Resources Limited was implemented.

Also on 9 January 2008 as part of the abovementioned Scheme of Arrangement the asset base of A-Cap Resources Limited was split into two divisions: the assets pertaining to the Uranium Tenements and the assets pertaining to the Non-Uranium Tenements and ownership transferred of both divisions so that they are held by the Scheme Members in separate entities with the Uranium Tenement assets being held by A-Cap Resources Limited and the Non-Uranium Tenement assets being held by Botswana Metals Limited.

Other than the matters detailed above, there has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of A-Cap Resources Limited to affect the operations of the consolidated entity, the results of these operations or the state of affairs of the consolidated entity in subsequent years.

#### NOTE 5 NON-CASH FINANCING AND INVESTING ACTIVITIES

Non Cash Financing and Investing Activities occurred during the period of consists of the following:

Particulars	Amount \$
On 15 August 2007 395,000 options were issued free of cost to employees of the subsidiary in Botswana by way of remuneration for services provided to the Company and its subsidiary pursuant to the Executive and Employee Option Plan, valued in terms of AASB 2	262,398

### DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 9 to 19.

- a) comply with Accounting Standard, AASB 134: Interim Financial Reporting and the Corporations Regulations; and
- b) give a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half year ended on that date.

In the Directors' opinion there are reasonable grounds to believe that A-Cap Resources Ltd will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors made on 13 March 2008.



P J VOLPE  
**Director**

Dated this 13<sup>th</sup> day of March 2008  
Hawthorn, Victoria



**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF  
A-CAP RESOURCES LIMITED**

ACN 104 028 542

**Report on the Interim Financial Report**

We have reviewed the accompanying interim financial report of A-Cap Resources Limited and the entities it controlled during the period, which comprises the balance sheet as at 31 December 2007, income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

*Director's Responsibility for the Interim Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the interim financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us to believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB134 Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory financial reporting requirements in Australia. As the auditor of A-Cap Resources Limited and the entities it controlled during the period, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Webb Audit Pty Ltd**  
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**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF  
A-CAP RESOURCES LIMITED**

ACN 104 028 542  
(Continued)

**Independence**

In conducting our review, we have complied with applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

**Conclusion**

Based upon our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of A-Cap Resources Limited and the entities it controlled during the period is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB134 Interim Financial Reporting and the Corporations Regulations 2001; and

**Jeffrey Luckins**  
Director  
Webb Audit Pty Ltd

Dated in Melbourne on this 13<sup>th</sup> day of March 2008



ACN 104 028 542

**APPENDIX 4D FOR THE PERIOD ENDED 31 DECEMBER 2007**

**DATE: 13 MARCH 2007**

Please find following the Appendix 4D disclosure required per Listing Rule 4.2A.3 for the period ended 31 December 2007.

**APPENDIX 4D FOR PERIOD ENDED 31 DECEMBER 2007  
RESULTS FOR ANNOUNCEMENT TO THE MARKET**

	<b>Increase / (Decrease)</b>	<b>% Increase / (Decrease)</b>	<b>\$ Increase / (Decrease)</b>	<b>\$ Value</b>
		<b>%</b>	<b>\$</b>	<b>\$</b>
Revenue from ordinary activities	Increase	189%	\$107,083	\$226,979
Loss from ordinary activities after tax attributable to members	(Decrease)	(49%)	(\$978,010)	\$1,035,895
Net loss for the half-year attributable to members	Decrease	(49%)	(\$978,010)	\$1,035,895

The increase in revenue from ordinary activities is as a result of the Company having more funds on deposit for the half-year period.

The decrease in the loss for the half-year ended 31 December 2007 is due to higher employment costs in the corresponding period of the previous year with the issue of 3,200,000 options over ordinary shares issued to the Directors by way of remuneration for services provided which did not occur in the current half-year period.

**Dividends**

The Company is not proposing to pay any dividends to date.

**Net Tangible Assets per security**

	<b>Consolidated Entity</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
Net Tangible Assets per security	<b>\$0.163</b>	\$0.072

**Foreign Accounting Standards**

The financial statements of Cardia Mining Botswana (Pty) Ltd used in the consolidated accounts have been prepared using International Financial Reporting Standards.

**Pat Volpe**  
**Chairman**

**A-Cap Resources Limited**  
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