

A-Cap Resources Limited

ACN 104 028 542

TO: THE STOCK EXCHANGE OF NEWCASTLE LIMITED

DATE: 13th September 2005

PRELIMINARY ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 30TH JUNE 2005

Attached is the Preliminary Final Report of A-Cap Resources Limited and its Controlled Entities pursuant to Listing Rules 6.11 and 6.12.

JOHN WILSON
Company Secretary

A-CAP RESOURCES LIMITED

ACN 104 028 542

APPENDIX 3

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2005

CONTENTS

	PAGE
Results for Announcement to the Market	2
Preliminary Consolidated Statements of Financial Performance	3
Preliminary Consolidated Statements of Financial Position	4
Preliminary Consolidated Statements of Cash Flows	5
Notes to the Preliminary Consolidated Financial Statements	6
Commentary on Results for the Year	10

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue from ordinary activities	N/A to	\$122,730
Loss from ordinary activities after tax attributable to members	up 290% to	\$294,597
Net loss for the year attributable to members	up 290% to	\$294,597
Dividends/Distributions No interim dividend was paid during the year and it is not proposed to pay a final dividend for the year. A dividend policy will be established when the Company achieves a profitable operation.		

Brief Explanation of the above figures

A-Cap Resources Limited was a wholly-owned subsidiary of Cardia Technologies Ltd until 16th March 2004 and therefore its 2004 figures reflected operations for less than a year.

- (1) *Revenue*
The principle component of the Revenue resulted from the disposal of part of the Company's interest in the Hodgkinson Basin tenements in Queensland to Republic Gold Ltd for a consideration of \$121,500 – being the value of 900,000 Republic shares at their market value of 13.5 cents on 31st December 2004.
- (2) *Net Loss*
The major expenditure items for the year are detailed in the Preliminary Consolidated Statements of Financial Performance.

Foreign Accounting Standards

The financial statements of the Company's controlled Chinese entity Gansu Sino-Australian Mineral Resources Development Co. Ltd have been prepared in accordance with accounting principles generally accepted in China. Material differences between those policies and the policies adopted within the remaining group companies have been adjusted.

PRELIMINARY CONSOLIDATED STATEMENTS OF FINANCIAL PERFORMANCE

	Notes	2005	2004
		\$	\$
Revenue from Ordinary Activities	1	(122,730)	-
Cost of Disposal of Deferred Exploration and Evaluation		61,619	-
Office Expenses		49,781	296
Listing Fees		19,140	-
Provision for investment write-down		35,910	-
Employee Benefits Expense		143,162	36,667
Exploration and Licencing Fees		4,179	1,878
Travel and Marketing Expenses		51,180	20,303
Professional Fees		39,558	21,114
Other Expenses from Ordinary Activities		13,306	2,021
Net foreign Exchange (Gain)/Loss		(508)	(6,793)
Loss from Ordinary Activities before Income Tax Expense		(294,597)	(75,486)
Income Tax Expense/(Credit)		-	-
Loss from Ordinary Activities after Income Tax Expense		(294,597)	(75,486)
Net Loss		(294,597)	(75,486)
Net Loss Attributable to Outside Equity Interest		-	-
Net Loss Attributable to Members of A-Cap Resources Limited		(294,597)	(75,486)
Net Exchange Difference on Transactions of reporting of for Controlled Entity		-	-
Total Changes in Equity other than those resulting from Transactions with Owners as Owners Attributable to Members of A-Cap Resources Limited		(294,597)	(75,486)

PRELIMINARY CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	2005 \$	2004 \$
Current Assets			
Cash Assets	4	39,263	492,578
Receivables		67,234	8,814
Inventories		11,578	-
Other Financial Assets	7	72,000	-
Other Current Assets		7,864	-
Total Current Assets		197,939	501,392
Non-Current Assets			
Exploration and Evaluation	9	475,392	264,171
Total Non-Current Assets		475,392	264,171
Total Assets		673,331	765,563
Current Liabilities			
Payables		276,422	72,340
Loan from Related Party		99,750	-
Total Current Liabilities		376,172	72,340
Non-Current Liabilities			
Loan from Related Party		-	99,750
Total Non-Current Liabilities		-	99,750
Total Liabilities		376,172	172,090
Net Assets		297,159	593,473
Equity			
Parent Entity Interest			
Contributed Equity		668,959	668,959
Reserves	3	(1,717)	-
Accumulated Losses	11	(370,083)	(75,486)
Total Parent Entity Interest in Equity		297,159	593,473
Total Outside Equity Interest		-	-
Total Equity		297,159	593,473

PRELIMINARY CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	2005 \$	2004 \$
Cash Flows from Operating Activities			
Receipts from customers (inclusive of goods and services tax)		-	-
Payments to suppliers and employees (inclusive of goods and services tax)		(200,924)	(76,381)
Interest received		1,230	-
Income tax received		-	-
Net Cash (Outflow) from Operating Activities		(199,694)	(76,381)
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		-	-
Exploration Expenditure		(255,574)	-
Loans to related parties		-	-
Loans from related parties		-	(100,000)
Proceeds from Sale of Investments		10,463	-
Net Cash (Outflow) from Investing Activities		(245,111)	(100,000)
Cash Flows from Financing Activities			
Proceeds (payments) from borrowing		-	-
Proceeds from issues of ordinary shares		-	723,627
Payment of share issue costs		-	(54,768)
Net Cash Inflow from Financing Activities		-	668,859
Net Increase/(Decrease) in Cash Held		(444,805)	492,478
Cash at the Beginning of the Financial Year		492,578	100
Effect of exchange rates on cash holding in foreign currencies		(8,510)	-
Cash at the End of the Financial Year		39,263	492,578
Non-Cash Financing and Investing Activities		-	(43,681)

NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS

1. Revenue from Ordinary Activities

	2005	2004
	\$	\$
Revenue from operating activities	-	-
Revenue from outside the operating activities		
Interest	1,230	-
Gain or disposal of Asset	121,500	-
	122,730	-
Revenues from ordinary activities	122,730	-

2. Comparison of Half-Year Results

Consolidated (loss) from ordinary activities after tax attributable to members reported for the first half-yearly report	(108,212)	-
Consolidated (loss) from ordinary activities after tax attributable to members for the second half-year	(186,385)	(75,486)

3. Reserves

	\$	\$
Foreign currency translation reserve	1,717	-

Movements:

Foreign currency translation reserve		
Balance at the beginning of the period	-	-
Net exchange difference on translation of foreign controlled entity	1,717	-
Balance at the end of the period	1,717	-

4. Reconciliation of Cash

Cash at bank	39,263	492,578
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5. Non-Cash Financing and Investing Activities

Share issue transaction costs settled by the issue of fully paid ordinary shares	-	(43,681)
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**NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL
STATEMENTS (CONTINUED)**

**6. Reconciliation of Profit/(Loss) After Income Tax to Net Cash Flows from
Operating Activities**

	2005	2004
	\$	\$
Operating loss after income tax	(294,597)	(75,486)
Gain on disposal of Exploration	(59,881)	-
Provision for write down of investment	35,910	-
Exploration expenses written off	-	-
Non-cash employee benefits expense	-	-
Changes in assets and liabilities:	-	-
(Increase)/decrease in receivables	8,814	-
(Increase)/decrease in other operating assets	(86,676)	-
Increase/(decrease) in creditors	54,947	(895)
(Decrease)/increase in provisions and other operating liabilities	141,789	-
(Decrease) in provisions and other operating liabilities	-	-
Net cash (outflow) from operating activities	<u>(199,694)</u>	<u>(76,381)</u>

7. Other Financial Assets

	2005	2004
	\$	\$
Shares in listed Corporation		
At cost	107,910	-
Provision of termination of value	<u>(35,910)</u>	<u>-</u>
At market value	<u>72,000</u>	<u>-</u>

8. Reconciliation of Income Tax Expense

	2005	2004
	\$	\$
The income tax expense for the financial year differs from the amount calculated on the loss. The difference is reconciled as follows:		
Loss from ordinary activities before income tax expense	<u>(294,597)</u>	<u>(75,486)</u>
Income tax calculated @ 30%	(88,379)	(22,646)
Tax effect of permanent differences:		
Entertainment expense	-	(1,658)
Income tax adjusted for permanent differences	<u>(88,379)</u>	<u>(24,304)</u>
Losses carried forward	88,379	24,304
Income Tax Expense/(Credit)	<u>-</u>	<u>-</u>

NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Exploration and Evaluation Expenditure Capitalised

	Current Period \$	Previous corresponding period \$
5.1 Opening balance	264,171	-
5.2 Expenditure incurred during current period	269,723	62,680
5.3 Cost of Disposal during current period	(58,502)	-
5.4 Acquisitions, disposals, revaluation increments, etc.	-	201,491
5.5 Expenditure transferred to Development Properties	-	-
5.6 Closing balance as shown in the Consolidated Statements of Financial Position	475,392	264,171

10. Events Occurring After Reporting Date

Other than the matters discussed below, there has not arisen in the interval between the end of the financial year and the date of this 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 entity, the results of these operations or the state of affairs of the consolidated entity in subsequent years.

Sale of Investment

On 2nd September 2005 the Company announced that it had sold its 900,000 shares in Republic Gold Ltd acquired in October 2004 from the reduction of its interest in the Hodgkinson Basin Joint Venture in Queensland.

11. Accumulated Losses

	2005	2004
	\$	\$
Accumulated losses at the beginning of the financial year	(75,486)	-
Net loss attributable to members of A-Cap Resources Limited	(287,804)	(75,486)
Accumulated losses at the end of the financial year	<u>(370,083)</u>	<u>(75,486)</u>

12. Issued and Listed Securities

The Company had 76,730,934 fully paid ordinary shares on issue at 30th June 2005 (2004: 76,730,934) all of which were listed. No other securities have been issued.

**NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL
STATEMENTS (CONTINUED)**

13. NTA Backing

	2005	2004
Net tangible asset backing per ordinary share	<u>\$0.0039</u>	<u>\$0.0026</u>

14. Ratios

Consolidated operating loss before abnormal items and tax as a % of sales revenue	-	-
Consolidated operating loss after tax attributable to members as a % of equity at the end of the period	<u>99.14%</u>	<u>12.72%</u>

15. Controlled Entities

- (1) Gansu Sino-Australian Mineral Resources Development Co. Ltd (Incorporated 12th December 2003).
- (2) Cardia Mining Botswana (Pty) Ltd (Incorporated 5th February 1998).

16. Contingent Liability

Should A-Cap seek and achieve a listing on the ASX at any time it would be required to issue ordinary shares to the face value of \$597,361 to Cardia Technologies Ltd if that Company decided to exercise its conditional convertible notes.

COMMENTARY ON RESULTS FOR THE YEAR

Earnings Per Share

	2005	2004
	\$	\$
Basic Earnings (Loss) Per Share	(\$0.004)	(\$0.004)
Diluted Earnings (Loss) Per Share	(\$0.004)	(\$0.004)

Returns to Shareholders

Not applicable.

Segment Information

Primary reporting – business segments

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

Material Factors Affecting the Preliminary Consolidated Financial Statements

(i) Revenue and Expenses

The material factors affecting the revenue and expenses for the year were:

• Revenue from Disposal of Queensland Interest	\$121,500
• Employee Benefit Expenses	\$143,162
• Cost of Disposal of Deferred Exploration and Evaluation Expenses	\$ 61,619
• Travel and Marketing	\$ 51,180
• Office Expenses	\$ 49,781
• Professional Fees	\$ 39,558
• Provision for Investment Write-down	\$ 35,910

(ii) Assets and Liabilities

An increase in Deferred Exploration and Evaluation Expenditure of \$192,893 being expenditure incurred on the Company's licenced areas in Botswana and China (\$251,395) less the cost of disposal of part of the Company's interests in Queensland (\$58,502).

Other Factors that Affect Results for the Year or which are likely to Affect Results in the Future

There are no particular factors which have affected the results for the year or likely to affect the results in the future other than those mentioned elsewhere in this announcement.

Accounts And Audit

There were no changes in accounting policies during the year and this report is based on accounts which are in the process of being audited.

John Wilson
Company Secretary
Date: 13th September 2005