A-Cap Resources Limited

ACN 104 028 542

TO: **THE STOCK EXCHANGE OF NEWCASTLE LIMITED**

DATE: **30th September 2005**

2005 ANNUAL REPORT

Attached is the 2005 Annual Report of A-Cap Resources Limited and its Controlled Entities.

The Report does not reflect any material amendments to the Preliminary Final Report (Appendix 3) released on 13 September 2005.

JOHN WILSON
Company Secretary

A-CAP RESOURCES LIMITED
AND ITS CONTROLLED ENTITIES

ACN 104 028 542

ANNUAL REPORT
30 JUNE 2005

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CORPORATE DIRECTORY

Directors:	Patrick John Volpe (Executive Chairman) Peter Pena Henry James Stackpoole (appointed 30 March 2005) Desmond Kong-Man Wan
Company Secretary:	John Howden Wilson
Registered Office:	Suite 5.10, Level 5 737 Burwood Road HAWTHORN VICTORIA 3122 Telephone (03) 9813 3228 Facsimile (03) 9813 2668
Share Registry:	Computershare Investor Services Pty Limited Level 27, Central Plaza One 345 Queen Street BRISBANE QLD 4000 Telephone (07) 3237 2100 Facsimile (07) 3229 9860
Banker:	National Australia Bank Limited 110 Church Street RICHMOND VIC 3121
Auditor:	Bentleys MRI Level 7, 114 William Street Melbourne VIC 3000
Lawyers:	Menzies and Partners Level 9 356 Collins Street MELBOURNE VIC 3000
Stock Exchange:	Stock Exchange of Newcastle Limited Ground Floor 384 Hunter Street NEWCASTLE NSW 2300

CHAIRMAN'S REPORT

Dear Shareholder,

Following A-Cap's listing on the Newcastle Stock Exchange last year, 2005 has been one of building up a significant portfolio of exploration ground, particularly in Botswana.

The past 12 months have seen a continuing growth in global interest in base metals and other minerals primarily due to the growing appetite of China and India. Global unrest, currency instabilities and inflation factors have also contributed to price increases.

With an increasing focus on Botswana, A-Cap currently has granted exploration licences over approximately 3830 square kilometres, with a number of other applications over approximately 4186 square kilometres awaiting approval.

The specific focus in Botswana has been gold, base metals such as nickel, copper and zinc and uranium with additional applications made for diamonds and further uranium prospects.

During the year the Company reduced its interest in the Hodgkinson Basin Joint Venture in Queensland from a 40% contributing interest to a 4% free carried interest to a decision to mine.

In China the Company holds an exploration licence over the Ma Yuan North tenement in the Gansu province with three further applications in the same area awaiting approval. Its wholly-owned subsidiary in China has also entered into a Contract of Co-operation with a subsidiary of the Gansu Provincial Bureau of Geology and Mineral Exploration and Development for the exploration of certain areas in the province.

Following the recent successful raising of $500,000 additional working capital through a placement the Company has commenced preparation of a Prospectus as part of its plan to transfer from the Newcastle Stock Exchange to the Australian Stock Exchange and to provide the required funding to commence extensive exploration of its wide range of ground in Botswana and China.

To spread the exploration risk and funding commitments, the Company will consider entering into joint ventures.

The Company appointed two consulting geologists during the year, one based in Botswana to manage the exploration program there and the other overviewing the Chinese activities. Our Contract of Co-operation with the Gansu Provincial Bureau also gives us access to a local Chinese geological team.

I believe that A-Cap is well positioned to benefit from its wide portfolio of exploration tenements, particularly in Botswana, and that further development work on Jim's Luck and Maibele North in that country in the near future could potentially lead to cash flow opportunities for the Company.

I would like to thank all our employees and others who have made a valuable contribution to A-Cap during the year, assisting it to be well positioned to move forward in the 12 months ahead.

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Pat Volpe
Executive Chairman
30 September 2005

DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of A-Cap Resources Limited ("A-Cap") and the entities it controlled ("the Group") at the end of, or during, the year ended 30 June 2005.

DIRECTORS

The following persons were Directors of the Company during the whole of the financial year and up to the date of this report:

Patrick John Volpe (Executive Chairman)

Peter Pena

Desmond Kong-Man Wan

Henry James Stackpoole was appointed a Director on 30 March 2005 and continues in office at the date of this Report.

COMPANY SECRETARY

The Company Secretary is John Howden Wilson B.Com, CPA, who was appointed to the position in 2003. Mr Wilson is also Company Secretary of another listed Company, Cardia Technologies Ltd, and has held similar positions with other listed companies over the past 10 years. Prior to that he worked in accounting and banking positions for many years.

PRINCIPAL ACTIVITIES

The Company's principal activities during the year have been the continuing exploration of its Botswana and China tenements and the seeking of additional prospective ground in Botswana and China.

OPERATING RESULTS

The consolidated loss for the year attributable to the members of the Company was:

	2005	2004
	$	$
Operating loss after income tax	**(294,597)**	(75,486)
Outside equity interests	**-**	-
Net loss attributable to members of the Group	**(294,597)**	(75,486)

DIVIDENDS

The directors do not recommend the payment of a dividend and no dividends have been paid or declared since the end of the last financial year.

DIRECTORS' REPORT (CONTINUED)

REVIEW OF OPERATIONS

During the year the Company was active in examining its existing tenements and applying for additional prospective ground in Botswana and China.

A summary of these activities is as follows:

Botswana

In Botswana the Company was granted new licences over approximately 3570 square kilometres during the year with further applications over another 4186 square kilometres expected to be granted in total or in part before the end of 2005.

The Company's main focus is exploration of its ground based on previous discoveries using more modern technologies with the aim of establishing resources in nickel, copper, gold and uranium.

The following work was conducted on the tenements during the year:

1. A re-assessment of the Maibele North nickel and gold prospect, resulting in a significant upgrading of its potential. The Maibele North tenement lies in the Magogaphate area approximately 110 kilometres south-east of Francistown and is primarily prospective for nickel and copper metals with some associated anomalous gold and platinum value.

   A re-evaluation of the Magogaphate Shear Zone at Maibele North indicated that the zone is not as deformed and sheared as previously thought and that there is potential for a large scale nickel-copper deposit.

   Further work will be carried out on the Prospect including a drill program. The Company's Letlhakane Prospect, also in the Magogaphate area, contains the Mokobaesi uranium prospect, with other tenements in the area also prospective for uranium group elements.

2. Continued drilling exploration on the Jim's Luck gold project with the Company's joint venture partner, Gallery Gold Ltd, has intersected high and medium grade gold values. A-Cap has a 20% contributing interest in the Jim's Luck prospect, which is located in the Tati Schist/Greenstone belt in north-east Botswana near the town of Francistown. Regionally the Tati area forms part of the south-west corner of the Zimbabwe Craton which to date has produced 74 million ounces of gold, and which, up until 1984, was the most productive Archaean Greenstone belt in the world.

3. A reassessment of the Dibete and Airstrip Copper Prospect has commenced following review of the results of four historical wagon drill holes returning grades of 3.9% Cu over 2.44 metres, 4.3% Cu over 4.27 metres and 0.4% Cu over 9.75 metres.

   Available records do not indicate whether these are true widths or drilled widths, but mineralisation may extend over a strike length of at least 750 metres.

   Both prospects are part of the Magogaphate area tenements and have been explored to a very limited degree over the past 40 years.

REVIEW OF OPERATIONS (CONTINUED)

China

In China the Ma Yuan North licence to explore for gold and other minerals in the Gansu province in China was issued by the Central Government.

Licences are expected to be issued in early 2006 for a further three applications for ground in the same highly prospective area.

A-Cap's Chinese subsidiary company entered into a Contract of Co-operation with a company wholly owned by the Gansu Provincial Bureau of Geology and Mineral Exploration and Development for the exploration of four permits held by that company.

Following a review of the four areas and the completion of the due diligence process and decision to proceed, A-Cap can earn 70% of the Joint Venture to be established.

Australia

The effective sale of the Company's interests in the Hodgkinson Basin in Queensland, retaining a 4% free carried interest.

More details on the Company's Prospects and Tenements are as follows:

Jim's Luck Prospect

The Manager/Operator of Jim's Luck, Gallery Gold Ltd, (80% interest) has carried out a 3 phase drilling program of 31 reverse circulation (RC) drill holes on the Jim's Luck joint venture property in north-east Botswana that is only 25 kilometres by existing roads from its Mupane gold mine development.

The exploration program carried out by Gallery included geophysics, geological mapping, trenching (as well as drilling) reveals that there are two primary packages of BIF horizons, the western one (Matsiloje trend BIF0 and the eastern one (Jim's Luck trend BIF). The two trends make up the Matsiloje BIF ridge, with the Matsiloje trend forming higher parts of the ridge and the Jim's Luck trend forming a slightly lower topographical ridge.

The Matsiloje trend has mostly the less deformed, specularite hematite rich BIF horizons (Oxide facies BIF) with less chert than the chert BIF to the east. There is very limited stockwork veining with most of the veins infilling tension gashes. The veins commonly have sharp contacts with the country rock suggesting limited fluid-country rock interaction. There are some lenses of chert BIF along the Matsiloje trend, especially the southern end close to the Ratomo Creek.

The Jim's Luck trend BIF is a more deformed cherty BIF with a stockwork of quartz carbonate veins and veinlets. This unit is gossanous in places especially where it is complexly folded and heavily veined. There are some thinner lenses of oxide facies BIF along the Jim's Luck trend.

Table 1 below sets out the most significant results of the 31 drill holes completed by Gallery.

Table 1—Significant Drilling Results from Drilling Program by Gallery

Hole No	From M	To M	Interval M	Grade g/t Gold
JIMC 01	70	73	3	2.43
JIMC 02	58	67	9	5.13
JIMC 03	34	44	10	7.82
Including	37	40	3	13.7
	51	59	8	3.79
JIMC 06	76	80	4	2.63
including	76	79	3	3.38
JIMC 10	48	57	9	0.73
including	48	53	5	1.17
JIMC 11	24	33	9	2.40
including	24	27	3	5.94
JIMC 16	4	7	3	1.91
including	11	13	2	2.16
JIMC 17	99	107	8	0.92
including	99	102	3	1.42
JIMC 18	29	30	1	2.90
	35	37	2	1.11
JIMC 20	28	30	2	0.74
JIMC 21	25	34	9	4.02
	62	68	6	2.25
JIMC 23	52	57	5	4.27
JIMC 24	52	60	8	5.40
JIMC 25	29	33	4	1.07
JIMC 28	29	30	1	0.98
JIMC 29	31	34	3	2.96
	40	41	1	1.69
JIMC 30	20	37	17	0.92
	44	46	2	3.54
	48	49	1	1.58
JIMC 31	17	24	7	3.04
	27	33	6	3.57
	50	52	2	1.12
JIMC 32	30	33	3	2.54
JIMC 33	47	48	1	2.05
JIMC 34	31	37	6	1.74
JIMC 35	38	40	2	0.75
JIMC 36	41	45	4	1.00
JIMC 37	0	1	1	3.27
	10	15	5	3.95
	23	24	1	2.21
	28	29	1	2.40
JIMC 38	37	39	2	1.48
	42	44	2	2.13
JIMC 40	32	35	3	1.83

REVIEW OF OPERATIONS (CONTINUED)

The RC drilling programme confirmed the observed surface geology, with minor lithological boundary refinements. Most of the geological targets were intersected where expected. The drilling has also shown that most of the outstanding intersections are hosted in the Chert BIF.

Nine of the holes targeted the Jim's Luck Cherty BIF horizon (JIMC 01, 01, 03, 06, 07, 10,11, 14 and 15) and only one of these (JIMC 14) did not intersect significant mineralisation. Within this mineralised zone, there are two localities of particularly elevated values suggesting the presence of two small shoots. The northern shoot is centred around hole JIMC 03 and the southern one around hole JIMC 02.

Six drill holes (JIMC 4, 5, 12, 13, 16 and 17) were drilled to test targets within the Matsiloje trend BIF and three (JIMC 12, 16 and 17) had notable intersections from two different localities.

In its release to the ASX in its December 2004 quarterly, Gallery, in commenting on holes JIMC 06 to JIMC 31, stated "Assay results of the 18 RC holes drilled over three "high grade" zones of contorted BIF (Banded Iron Formation) in the eastern part of Jim's Luck [establishes that] the plunge of the shots appears to be steep north and an additional program of drilling is required to fully test these targets".

The final phase of drilling (Phase 3—23 holes comprising JIMC 18 – 40 inclusive) comprised a total of 1,540 metres of drilling. The drilling was aimed at refining the extent and continuity of the three main mineralised zones (Jim's Luck South, Central and North).

This phase of the drilling programme had very encouraging results and confirmed the results of the initial two phases of drilling.

- The three main mineralised zones (Jim's Luck South, Central and North) are separated by gaps where there is no drilling or where drilling, trenching and grid geological mapping has shown that there are Karo dolerite dykes truncating the mineralisation.

- There is a clear indication that the ore shoots have a steep plunge to the NNW.

The three mineralised zones comprise a combined strike length of 300 metres and an average width of some 5.00 metres, at an average grade of 3.0g Au/t.

Ongoing exploration is proposed by the parties which will have, as an aim, the definition of resources to determine the viability of the project for the purpose of supplying feedstock to Gallery's Mupane plant for processing in due course. A further phase of drilling, which was previously delayed due to lack of drill rig availability, is due to start in September 2005. This is designed to establish the continuity between the three main mineralised zones. Following successful completion of this, it would be expected that the project would move to a close spaced Grade Control RC drilling programme which would allow suitable digital geological modelling to be completed and the subsequent creation of a mining reserve.

Your directors consider that the continuing success of the drilling program is significant and highly encouraging.

Magogaphate Tenements

The Magogaphate tenements cover a series of prospects, which are prospective for gold, copper-gold, zinc-lead gold and nickel-copper gold targets. These prospects are dealt with below.

REVIEW OF OPERATIONS (CONTINUED)

The Magogaphate Shear Zone is a 10 – 25km wide, 70km long zone separating the Central Zone and part of the Northern Marginal Zone of the Limpopo Mobile Zone (LMZ) in the south, from the migmatitic gneisses of the Zimbabwean Craton to the north. Considerable debate has taken place on the structural role and affinities of the Shear Zone. Rock types include leucocratic and quartzo-felspathic gneisses, with numerous amphibolitic and ultramafic bodies.

Modern exploration in the area dates back to gold exploration in the 1930s. Numerous ancient workings for copper (and possibly other metals) were discovered, which probably date back some 500 years. The Bechuanaland Geological Survey (the pre-independence precursor of the Botswana Geological Survey) conducted work in the area in the 1950s. The area was further explored in the 1960s, which exploration led to the discovery of the nearby world-class Selebi Phikwe nickel copper deposits. Further exploration was conducted in the 1970s by Inco and additional work in the late 1980s and early 1990s by Mineral Holdings Botswana and Falconbridge.

The work by Falconbridge was largely based on an airborne geological survey (Geotem EM/Magnetics) conducted on behalf of the Botswana government in 1989, which extended over the Magogaphate Belt and generated a number of geophysical anomalies.

Five "first" priority targets in the Magogaphate area were generated by Falconbridge from Geotem airborne data, together with a further 11 "second" priority and five "third" priority targets. Falconbridge focused most of its attention on the Maibele North Prospect, with substantially less work conducted on a number of the other anomalies. The Company has recently revaluated and digitally modelled the Maibele North deposit, with significant changes to the early interpretations by Falconbridge, and assessment of its potential.

It is considered that there is significant potential for economic mineralisation at other deposits previously investigated by Falconbridge, or not previously investigated due to low target rankings.

NICKEL PROSPECTS

Maibele North Prospect

This prospect has had significant exploration activity on it, and Falconbridge Exploration Botswana Pty Ltd previously reported that the prospect contained an estimated 380,000 tonnes at 2% nickel with 0.5% copper and indications of platinum group elements. This figure is NOT a resource as defined in the AusIMM JORC code, and was not verified by the Company or by its consultants.

After review of the entire database generated by Falconbridge, the Company's consulting geologists have concluded that the structure of the Maibele North Prospect was misinterpreted by Falconbridge.

Previous exploration at Maibele north has been focused on the immediate vicinity of subcropping Ultramafic and nickel-copper gossans associated with the ancient workings. A total of 22 boreholes have been drilled over the years, 18 of which have been drilled within a 500 metre strike length, coincident with the subcropping ultramafic and gossan.

The main ultramafic body dips steeply south and is plunging at a shallow angle to the east. The main ultramafic body is of variable thickness, and appears to be getting thicker again at the eastern-most extent of the drilling that has been carried out. Importantly, there are soil geochemical, magnetic and ground electromagnetic (EM) anomalies coincident with the strike extent of this body for some 600 metres beyond the eastern most borehole, all the way to the limit of the previous exploration grid.

REVIEW OF OPERATIONS (CONTINUED)

Importantly, mineralisation has been confirmed from the surface gossan to the furthest east drill hole: a distance of almost 1,000 metres. Mineralisation is associated with, but not confined to, a serpentised pyroxenite ultramafic body. Mineralisation comprises the sulphide minerals pyrrhotite, pentlandite and chalcopyrite, and the pyrrhotite:pentlandite ratio would appear comparable to that at the BCL orebodies at Selebi Phikwe. Although no detailed metallurgical work has yet been conducted, there appear to be good similarities between the BCL ore and the Maibele North sulphides. This contrasts with some other ultramafic hosted sulphide deposits in the vicinity of Selebi Phikwe.

Best intersections have been MAI-91-07 (5625E) which had an intersection of 2.30% Nickel over approximately 3.92m true width, MAI-92-14 (5650E) which had an intersection of 2.07% Ni over approximately 3.12m true width, MAI92-15 (6000E) which had an intersection of 0.54% Ni over approximately 9.33m true width including 1.26% Ni over approximately 1.69m true width.

It should be noted that, at Maibele North, every recent borehole (MAI-91-07 to 22) has intersected significant sulphide mineralisation, except MAI-922-19.

The maximum vertical depth of sulphides drilled is 190 metres. The most easterly borehole drilled (MAI-92-16, section 6200E) intersected 0.72% Ni over approximately 2.60m true width in what is thought to be a "mineralised halo" up-dip of the projected Main Ultramafic: thus proving the lateral extent of mineralisation over the entire length of the Main Ultramafic as currently drilled, approximately 1,200 metres. The results indicate that the prospect is still open to the east, and at depth.

The table below sets out the significant drill intersections intersected by Falconbridge in drilling the Maibele North Prospect.

Table 2: Significant drill intersections: Maibele North 1991-1995

Section	Hole	Ni %	Cu %	PGE+Au g/t	Drilled thickness (m)	True thickness estimated	Approx. vertical depth
5450	9	0.56	0.11	0.20	1.04	0.94	55
5550	8	2.10	0.15	0.33	0.50	0.45	60
5600	12	0.53	0.21	0.40	2.54	2.30	95
5600	22	2.04	0.47	N/a	0.37	0.37	155
5625	7	1.90	0.72	1.43	4.83	4.83	80
and	7	2.30	0.57	2.43	3.92	3.92	90
5650	11	2.48	0.41	0.16	0.74	0.37	130
5650	14	1.07	0.33	0.96	1.71	1.55	85
and	14	2.07	0.57	2.58	6.23	3.12	110
5650	20	0.44	0.38	N/a	0.10	0.09	185
5700	10	0.58	0.23	0.30	1.09	0.99	70
5750	13	0.77	0.14	0.40	2.95	2.67	120
5750	21	3.10	0.17	N/a	0.13	0.12	190
5850	17	0.62	0.10	N/a	0.30	0.27	120
6000	15	0.54	0.21	0.26	10.29	9.33	115
including		1.22	0.53	0.56	1.29	1.17	120
and		1.26	0.36	0.36	1.86	1.69	125
6100	18	0.54	0.09	N/a	0.56	0.51	165
6200	16	0.72	0.29	0.25	2.87	2.60	155

REVIEW OF OPERATIONS (CONTINUED)

The bulk of the Main Ultramafic body appears unmineralised, with mineralisation concentrated at or near the lower (footwall) contact. The ultramafic appears not to be significantly deformed although it is likely that there has been remobilisation and structural control of the sulphides. Early work (conducted in the 1950s) suggests that the sulphides within the ultramafic post-date the pyroxene mineral in the ultramafic body.

Potentially more significant is the recognition of a non outcropping second ultramafic body in the immediate footwall of the Main Ultramafic and which has been identified to extend some 350 metres along strike.

This second ultramafic body had not previously been recognised in drill core, although it was in fact interested in four boreholes. From analysis of the soil geochemistry and ground geophysics this second ultramafic body, called the Lower Ultramafic unit, may extend the full length of the current exploration grid: two kilometres.

Additionally, a third suspected ultramafic body is believed to lie in the hanging wall of the Main Ultramafic body: with similar, if somewhat less well developed, geochemical and geophysical characteristics as the Lower Ultramafic.

This third suspected ultramafic body also appears, from analysis of the data, to extend the full length of the exploration group.

Faulting of the ultramafic bodies is not as severe as previously believed by Falconbridge. The recognition of three potential ultramafic lithological units extending for the almost entire length of the two kilometre exploration grid established by Falconbridge suggests that the Maibele North Prospect (and possibly the entire Magogaphate Shear Zone) may not be as complexly deformed as believed by Falconbridge. The Magogaphate Shear Zone may be more similar to the Selebi Phikwe area than previously though: if so, this has significant and promising implications for sulphide mineralisation and exploration.

In the greater Maibele North Prospect area there remain additional anomalies. These include two extensive, weak conductors which were identified in the Geotem survey. One of these conductors appears to extend for eight kilometres, and is shown to be associated in part with a magnetic (low) anomaly, and is also less than one kilometre along strike from recognised ancient workings. The other weak conductor is around four kilometres long and appears to lie along strike from the Lower Ultramafic body to the east. In addition there is a four kilometre long magnetic discontinuity which lies along strike to the east of the Main Ultramafic.

A proposed exploration plan has been prepared which would involve the drilling of an initial three diamond drill holes. They are designed to test the continuity of the high grade massive main ultramafic and sulphide mineralisation at the east end of the deposit. The eastern holes will test ground EM anomalies that Falconbridge detected at the east end of their grid, but never investigated. They are believed to represent enhanced sulphide mineralisation.

In addition, trenching and exploration percussion drilling is planned to be carried out on the two other inferred ultramafic bodies to confirm and identify these ultramafic bodies. If successful, that work program would, in due course, be followed up by further, enhanced, geophysical surveying.

Preliminary exploration of the other major uninvestigated anomalies at Maibele North is also planned with a view to justification of follow up with geophysical surveying to generate drill targets.

Summary conclusion

The Company's consulting geologist has concluded that it is not possible to generate any resource estimate for the Maibele North Prospect at this stage, and an additional relatively short drillhole will need to be drilled to establish continuity between the existing high grade intersections. Proposed drillhole #MAI-05-23 will be 225 metres long.

REVIEW OF OPERATIONS (CONTINUED)

The presence of sulphides in almost every drillhole over such an extent as drill tested (5400E to 6200E: approximately 800 metres) is significant, and may indicate that existing exploration has taken place on the periphery of a larger deposit, with drilling to date having been concentrated on a very small, near surface, part of what may be a much larger target.

It appears from re-evaluation of the data that Falconbridge significantly underestimated the extent of the potential of the area by restricting their exploration activities to the outcropping area where the gossan was exposed. It appears that the ultramafic may extend a further 600 metres east to the edge of the old exploration grid established by Falconbridge. There is then a pronounced airborne magnetic discontinuity and nearby weak EM anomaly that extend almost to the edge of the PL some five kilometres to the east beyond the edge of the old grid.

From an exploration point of view, the Maibele North Prospect is viewed by the consulting geologists as exciting for the above reasons: namely the possibility of three extensive ultramafic bodies, the presence of extensive sulphides and a number of high grade intersections.

Computer generated modelling of the Maibele North nickel deposit

The data produced by Falconbridge and reviewed by the Company has been computer modelled to give a more detailed overview of the Maibele North nickel deposit. In that modelling the main Ultramafic and lower Ultramafic bodies have been geologically modelled from the borehole and outcrop mapping information (including previous diamond drilling). It should be noted that the depth extent of the Main Ultramafic body has not been proven or established by drilling and has only been modelled to a depth of 225 metres.

A summary of the parameters of the Maibele North Main Ultramafic is that it has a strike or horizontal length of approximately 800 metres. The extent along the plunge is approximately 1,000 metres with the body remaining open to the east with an expected extent along plunge to be at least 1,200 metres.

The maximum thickness of the Main Ultramafic is estimated at 125 metres true thickness.

The maximum vertical depth of the Main Ultramafic as drilled is 180 metres with the maximum vertical depth of the Lower Ultramafic as drilled being approximately 225 metres. The Main Ultramafic is expected to extend to around a vertical depth of approximately 280 metres down dip.

The computer generated models give a generalised and stylised view of the structures as modelled showing the general structure and nature of the ultramafic bodies as interpreted. These models also show the location of the boreholes in situ but do not identify individual boreholes with any particularity. The detailed plan view of the central section of the Main Ultramafic identifies various of the boreholes showing generalised grades (above and below 1% nickel) together with the location of the planned borehole #23.

The vertical views show the interpreted correlation of the Main Ultramafic, the Lower Ultramafic and the dolerites as interpreted from the data together with generalised positioning of the existing boreholes.

REVIEW OF OPERATIONS (CONTINUED)

GOLD PROSPECTS

Apart from Jim's Luck, a summary outline of the Company's main gold prospects in Botswana is set out below. Limited attention has been given to these as the primary focus of the Company's exploration activity has, to date, been focused elsewhere.

Magogaphate Gold Prospect

The primary gold prospect to date has been the Magogaphate Gold Prospect. A report to the precursor of the Botswana Mines Department in 1955 showed gold associated with quartz veins in a sheared and silicified zone 30m-170m wide and about 1,250m long. The grade of the quartz veins was estimated at about 3gAu/t.

Work carried out by Clutha Ltd in 1988 included soil sampling and trenching and included results from one narrow vein approximately 10cm wide averaging 38.5gAu/t with a spread of values indicating the presence of coarse gold. Additional exploration has established a 2,500m strike length including the John Bentham group of anomalies (gold, copper, molybdenum and silver) which remain open to the east, south-east and west.

The anomalous gold zones are broad: up to 250m width whereas the other anomalous metal zones are even broader: up to 500m width. Drilling has shown alteration styles are very similar to Renco in Zimbabwe. Additional work is required to locate strongly mineralised bodies within the favourable zones identified, and to extend the strike extent of the anomalies.

Makhantlele Gold Prospect

The Makhantlele Gold Prospect is interpreted to have a strike length of at least 8km long with possibly two or three sub-parallel horizons. Multi-element anomalies appear to be partially coincident with the major structures, and potential is though to be present for Renco-style mineralisation similar to that found at the Magogaphate Gold Prospect and Kalula North Gold Prospect, but on a larger scale.

Other Prospects

Other gold prospects (including Mmamanaka and Dibete Prospects), although prospective, are at an earlier stage level of exploration and are to be the subject of additional future work. The Mmamanaka area generated the highest order gold anomaly in regional sampling conducted by Falconbridge and Clutha/Cardia. The source of this anomaly has not yet been identified. Dibete has historically been considered a copper deposit, but similarities with the Kalula deposit investigated by the Company recently, suggest gold mineralisation may be associated.

New tenements issued in 2004 cover the boundary of the Northern Marginal Zone of the LMZ in the north (Shashe River East and West tenements) and the Letlhakane Fault Zone in the south (Sampowane and Letlhakane tenements).

These are considered highly prospective for Renco-style gold deposits, similar to the Renco Mine located not far away in the Northern Marginal Zone in Zimbabwe. In this type of deposit, gold may be associated with copper or other metals in shear zones, and the known occurrence of several small copper deposits along Northern Marginal Zone is encouraging. Renco-type gold is often micron-sized, leading to little or no pannable gold being visible to historical prospectors. The lack of any modern gold exploration in these areas leads to significant potential for new exploration.

REVIEW OF OPERATIONS (CONTINUED)

LEAD ZINC PROSPECTS

Crescent Lead Zinc Prospect
The principal lead zinc prospect is the Crescent Prospect and two holes have been drilled to test this prospect. Wide intersections of disseminated sulphides were found in both holes. Some zones had sulphides, predominantly pyrrhotite, of up to 15%. Low order lead zinc values were found by drilling that confirms the regional prospectivity for copper zinc lead mineralisation.

Other
The 21B, 21D and 21E prospects are prospective for lead zinc mineralisation on which much sampling and mapping work has been done. Data available in relation to these prospects requires reinterpretation to determine their prospectivity and to enable selection of drill targets.

NEW APPLICATIONS

During the year several applications were lodged with the Botswana Department of Geological Survey covering over 6000 square kilometres and considered prospective for uranium, diamonds, gold, copper, nickel and other base metals.

FINANCIAL POSITION

The net assets of the consolidated entity have decreased by $296,314 from 30 June 2004 to $297,159 as at 30 June 2005.

This decrease in net assets resulted largely from the fact that the year to 30 June 2005 was the Company's first full year of operation on its own, resulting in an increased loss of approximately $220,000 over the previous year.

This loss largely resulted from the following factors:

- Increase of administration and office costs of approximately $70,000 over the previous year.
- Increase of accrued Directors' fees of approximately $100,000.
- Part write-off of deferred exploration and evaluation costs due to the sale of the Company's Queensland tenements.

The directors believe the group is in a strong and stable financial position and able to expand and grow its current operations.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the consolidated entity during the financial year were as follows:

New Botswana Exploration Licences

"In July 2004 the Company announced that the Ministry of Minerals, Energy and Water Resources in the Republic of Botswana had renewed three (3) old licences and granted 5 new prospecting licences all in the name of Cardia Mining Botswana (Pty) Limited. The licences cover tenements near or on the Limpopo Belt, north of tenements held by Bamangwato Concessions Limited who are currently mining nickel in the Selebi-Phikwe area. The new licences cover a total area of 3,570 square kilometres and are prospective for nickel, copper, gold and other base metals.

Hodgkinson Basin Joint Venture with Republic Gold Ltd

On 14th October 2004 the Company announced that Republic Gold Ltd had acquired a 90% interest in the mineral interests held by the Company and Gateway Mining N.L. in the Hodgkinson Basin in Queensland.

The Company received 900,000 shares in Republic and retained a 4% free carried interest to a decision to mine.

Botswana Nickel Potential

On 25th November 2004 the Company announced that recent re-evaluation and digital modelling of the Maibele North Nickel deposit in Botswana had resulted in significant changes to the earlier interpretations and to the assessment of the potential of the deposit.

The Company's geologist, Mr Callum Kerr, believes that the mineralisation extends further along plunge than previously believed and appears to be thickening where it was originally believed to be pinching out.

A proposed exploration plan has been prepared involving the drilling of an initial three diamond drill holes.

Potential for additional ground in China

On 23rd December 2004 the Company announced that its wholly owned subsidiary in China, Gansu Sino-Australian Mineral Resources Development Co. Ltd ("GSA") had entered into a Contract of Co-operation with Gansu Qinqi Minerals Co. Ltd of Gansu Provincial Bureau of Geology and Mineral Exploration and Development ("Gansu") for the exploration of certain areas of the Gansu province.

The Contract of Co-operation requires GSA to conduct a due diligence process on four initial exploration permits and if GSA decides to proceed to the exploration stage it can earn 70% of a Joint Venture to be established between the two parties by contributing A$325,000. Should the exploration stage lead to development GSA's interest could increase to 85%.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

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.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR (CONTINUED)

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

On 20th September 2005 the Company announced the completion of a placement of 10,000,000 fully paid ordinary shares raising $500,000. The funds will be used for further exploration of the Company's tenements in Botswana and China and for general working capital purposes.

On 26th September 2005 the Company paid Cardia Technologies Limited $99,750 representing funds originally expended by Cardia in Botswana and part of the consideration for the disposal of Cardia's mineral exploration projects to A-Cap Resources Ltd. The condition of this loan had been met on 20th September 2005 when A-Cap successfully completed a capital raising.

LIKELY DEVELOPMENTS

With the establishment of a significant portfolio of exploration ground over the past year, the Company's immediate developments will surround a more intensive level of examination of these prospects, with a particular emphasis on Botswana.

The likely granting of additional areas applied for in both Botswana and China will require the Company to raise additional capital as mentioned in the Chairman's Report and/or seek joint venture partners to spread the funding commitments.

ENVIRONMENTAL REGULATION

The consolidated entity holds 100% interest in a number of exploration licences and has participating interests in others. The various authorities granting such licences requires the licence holder to comply with directions given to it under the terms of the grant of licence.

There have been no known breaches of the consolidation entity's licence conditions.

INFORMATION ON DIRECTORS

Patrick John Volpe *B.Bus(Acc), P.G.(Tax), CPA*	Experience:	Executive Chairman for 2 years Background in mining, media, transport, manufacturing, banking and stockbroking with a particular emphasis on corporate restructuring, business acquisitions, investment advising and capital raisings.
	Age:	47
	Special Responsibilities:	Corporate finance and investment, Acquisitions and mergers Chairman of Audit Committee
	Interest in Shares:	14,149,131 Ordinary Shares
	Directorships held in Other Listed Entities:	Is currently also a Director of Cardia Technologies Ltd and Dia-B Tech Ltd, but has not held any other directorships over the last 3 years.
Peter Pena *LLB (PNG), LLM (Sydney)*	Experience:	Non-Executive Director for 2 years Principal of a legal practice in Port Moresby specialising in commercial and international business law.
	Age:	42
	Special Responsibilities:	International trade and finance
	Interest in Shares:	Nil
	Directorships held in Other Listed Entities:	Is currently also a Director of Cardia Technologies Ltd, but has not held any other directorships over the last 3 years.
Henry James Stackpoole	Experience:	Non-Executive Director (appointed 30 March 2005) Managing Director of Stackpoole Enterprises Pty Ltd, a civil contracting, drilling and mining exploration company based in Launceston in Tasmania. He was a founding Director of Beaconsfield Gold Mines Ltd in 1987 and was closely involved in the development of that company's mine in Tasmania becoming Chairman of the restructured Beaconsfield Gold N.L. in 1992. He resigned as a Director in 2001.
	Age:	70
	Special Responsibilities:	Mining Engineering
	Interest in Shares:	1,296,477
	Directorships held in Other Listed Entities:	He does not currently hold any other directorships and has not done so over the last 3 years.

INFORMATION ON DIRECTORS (CONTINUED)

Desmond Kong-Man Wan *B.Bus (MKTG)*	Experience:	Non-Executive Director for 2 years Specialist in international marketing and product commercialisation in Asia with a particular emphasis on the People's Republic of China. He does not hold any other directorships and has not done so over the last 3 years.
	Age:	34
	Special Responsibilities:	Business links with the Company's Chinese associates.
	Interest in Shares:	2,011,500 Ordinary Shares
	Directorships held in Other Listed Entities:	He does not hold any other directorships and has not done so over the last 3 years.

DIRECTORS' MEETINGS

The number of meetings of the Company's Board of Directors and the Audit and Compliance Committee held during the year ended 30 June 2005, and the numbers of meetings attended by each director were:

Name	Board		Audit and Compliance Committee	
	Meetings Attended	Meetings Held	Meetings Attended	Meetings Held
P J Volpe	13	13	2	2
P Pena	13	13	-	-
H J Stackpoole (Appointed 30 March 2005)	2	2	-	-
DKM Wan	12	13	-	-
J H Wilson (Company Secretary)	-	-	2	2

REMUNERATION REPORT

Performance-based Remuneration

With the exception of the Executive Chairman, the Company uses external consultants for their exploration activities rather than employees and there is no performance-related remuneration.

Company Performance

As a minerals exploration company, A-Cap Resources Ltd has not as yet paid any dividends and does not see any short-term future return to shareholders via dividend payments.

Remuneration of non-executive directors is determined by the Board within the maximum amount approved by the shareholders from time to time, and the Company's broad remuneration policy is to ensure that remuneration packages properly reflect a person's duties and responsibilities and are set at levels that are intended to attract and retain people of the highest quality.

Performance Income as a Proportion of Total Remuneration

Not applicable—see above.

Employment Contracts of Directors and Senior Executives

There are no employment contracts with Directors and no Senior Executives.

Details of the nature and amount of each major element of the emoluments of each Director of the Company for the year ended 30 June 2005 are:-

	Primary	Post-Employment	
Name	Cash Salary & Fees	Superannuation	Total
P J Volpe (Executive Director)	50,000	-	50,000
H J Stackpoole	-	-	-
P Pena	30,000	-	30,000
D Kong Man Wan	40,000	-	40,000
Total	120,000	-	120,000

REMUNERATION REPORT (CONTINUED)

Information in respect of specified executive officers within the consolidated entity receiving the highest emoluments for the year ended 30 June 2005 are:-

Name	Cash Salary & Fees
D Hotton	23,805
J H Wilson	23,636

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has agreed to indemnify all the current Directors and Officers of the Company and of its controlled entities against all liabilities incurred as an officer except where the liability arises out of conduct involving a lack of good faith. The Indemnity includes costs and expenses in successfully defending any legal proceedings, and applied, from 17 March 2004 when A-Cap ceased to be a controlled entity of Cardia Technologies Ltd.

The Company has not paid or agreed to pay a premium to insure the Directors and Officers against liabilities incurred in their respective capacities.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

NON-AUDIT SERVICES

The Company did not employ its auditor on assignments additional to their statutory audit duties.

AUDITOR'S INDEPENDENCE DECLARATION

The lead Auditor's Independence Declaration for the year ended 30 June 2005 has been received and can be found on page 21 of this Report.

This report is made in accordance with a resolution of the Directors.

P J Volpe
Director
Dated this 30th day of September 2005
Hawthorn, Victoria

CHARTERED
ACCOUNTANTS
& BUSINESS
ADVISORS

A MEMBER OF
MOORES ROWLAND
INTERNATIONAL

Bentleys mri
Thinking ahead

Melbourne
Bentleys MRI
ABN 62 667 316 249
Audit & Assurance Services Division

Level 7, 114 William Street
Melbourne Vic 3000

GPO Box 2266
Melbourne Vic 3001

T +61 3 9274 0600
F +61 3 9274 0736

audit@melb.bentleys.com.au
www.bentleys.com.au

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF A-CAP RESOURCES LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2005 there have been:

a) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation the audit; and

b) No contraventions of any applicable code of professional conduct in relation to the audit.

Bentleys MRI

BENTLEYS MRI
CHARTERED ACCOUNTANTS

MARTIN FENSOME
PARTNER

Dated in Melbourne on this 30th day of September 2005

CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

This Statement reflects A-Cap Resources Ltd's corporate governance policies and practices as at 30 June 2005 and which were in place throughout the year.

The Board's philosophy is to adopt practices that are consistent with the best practice recommendations of the Australian Stock Exchange Corporate Governance Council and in the best interests of the Company. The governance practices are reviewed regularly.

A description of the Company's main corporate governance practices is set out below.

ROLE OF THE BOARD AND MANAGEMENT

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

The Board's responsibilities include:

- Leadership of the organisation
- Strategy formulation
- Overseeing planning activities
- Shareholder liaison
- Monitoring compliance and risk management
- Company finances
- Human resources
- Remuneration policy

STRUCTURE AND COMPOSITION OF THE BOARD

The Board has been formed so that it has an effective mix of personnel who are committed to discharging their responsibilities and duties, and being of value to the Company.

The names of the Directors, and their qualifications and experience are stated on Pages 18 - 19 along with the term of office held by each.

There are no Directors on the Board at present that could be classified as 'Independent'. The number of independent Directors on the Board is likely to increase as the Company develops and the Board believes that it can attract appropriate independent directors with the necessary industry experience.

However, where any Director has material personal interest in a matter and, in accordance with the *Corporations Act 2001,* the Director will not be permitted to be present during discussion or to vote on the matter. The enforcement of this requirement aims to ensure that the interest of shareholders, as a whole, is pursued and that their interest or the Director's independence is not adversely affected.

The Company believes that at this stage in its development, the most appropriate person for the position of Chairman is an Executive Officer of the Company. The Executive Officer's overall expertise has been crucial to the Company's development and negates any perceived lack of independence.

Directors collectively or individually have the right to seek independent professional advice at the Company's expense, up to specified limits, to assist them to carry out their responsibilities. All advice obtained is made available to the full Board.

CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2005 (CONTINUED)

STRUCTURE AND COMPOSITION OF THE BOARD (CONTINUED)

The Company does not have a Nomination Committee because the Board considers that selection and appointment of Directors is such an important task that it should be the responsibility of the entire Board to consider the nominations process.

ETHICAL AND RESPONSIBLE DECISION-MAKING

Due to the size of the Company and the resources available to it, the Board does not consider that a formal Code of Conduct for Directors and other key executives is appropriate. Rather, it is agreed by the Board that all officers of the Company will act ethically and in the best interests of the Company.

The Company has a share trading policy that regulates the dealings by directors, officers and employees, in shares, options and other securities issued by the Company.

The policy has been formulated to ensure that directors, officers, employees and consultants who work on a regular basis for the Company are aware of the legal restrictions on trading in company securities while in possession of unpublished price-sensitive information.

INTEGRITY IN FINANCIAL REPORTING

The Chief Executive Officer and Chief Financial Officer provide written declarations to the Board confirming that the Company's financial reports present a true and fair view of the Company's financial condition and operational results and in accordance with the relevant accounting standards.

As the Company is small with a Board of 4 members it has not established a series of committees to address specific areas of corporate governance such as risk management, strategic review, operations and remuneration but has established an Audit and Compliance Committee.

The members of the Committee are Patrick Volpe (Chairman) and John Wilson (Company Secretary) and it was established by the Board to give additional assurance regarding the quality and reliability of financial information used by the Board and financial information provided by the Company pursuant to its statutory reporting requirements.

TIMELY AND BALANCED DISCLOSURE

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the Stock Exchange of Newcastle Limited ("NSX") as well as communicating with the NSX. In accordance with the NSX's 'Listing Rules' the Company immediately notifies the NSX of information concerning the Company:

1. That a reasonable person would or may expect to have a material effect on the price or value of the Company's securities; and
2. That would, or would be likely to influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

Due to the size of the Company, it achieves compliance with NSX 'Listing Rules' disclosure requirements without the need for formal policies and procedures.

CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2005 (CONTINUED)

RIGHTS OF SHAREHOLDERS

The Company respects the rights of its Shareholders, and to facilitate the effective exercise of the rights, the Company is committed to:

1. Communicating effectively with shareholders through ongoing releases to the market via the NSX, and the general meetings of the Company;
2. Giving shareholders ready access to balanced and understandable information about the Company and Corporate Proposals;
3. Making it easy for shareholders to participate in general meetings of the Company; and
4. Requesting the External Auditor to attend the Annual General Meeting and be available to answer shareholders' questions about the conduct of the audit, and the preparation and content of the Auditor's Report.

RISK MANAGEMENT

The Board reviews all key areas of the Company's risk management on an ongoing basis and keeps shareholders informed of any changes in the risk profile of the Company.

Due to the size of the Company and its Board a Risk Management Committee and formal risk management policies have not been established.

ENCOURAGE ENHANCED PERFORMANCE

The Board is responsible for evaluating its performance and that of individual Directors and key executives and in doing so may engage independent external advisors if thought appropriate to do so.

REMUNERATE FAIRLY AND RESPONSIBLY

The Company has not established a Remuneration Committee as it currently uses external consultants and has no employees.

Non-Executive directors are paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of non-executive directors. Non-executive directors do not receive performance based bonuses and do not participate in Equity Schemes of the Company without prior shareholder approval.

Current remuneration details are disclosed in the Directors' Report.

THE RECOGNITION OF LEGITIMATE INTERESTS OF STAKEHOLDERS

The Board is conscious of the need for sound business practices for dealing with employees, customers, suppliers and other stakeholders and monitors the performance of management in relation to these practices. However, the Board does not believe that it is appropriate to formalise these practices into a Code of Conduct as it believes that stakeholders will be better served by the Company's current informal system.

STATEMENTS OF FINANCIAL PERFORMANCE

For the year ended 30 June 2005

	Notes	Consolidated 2005 $	Consolidated 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Revenue from Ordinary Activities	2	**122,730**	-	**122,730**	-
Cost of Disposal of Deferred Exploration and Evaluation		**(61,619)**	-	**(61,619)**	-
Office Expenses		**(49,781)**	(296)	**(34,411)**	(296)
Listing Fees		**(19,140)**	-	**(10,563)**	-
Provision for Investment Write-down		**(35,910)**	-	**(35,910)**	-
Director and Executive Benefits		**(143,162)**	(36,667)	**(97,545)**	(36,667)
Exploration and Licence Registration		**(4,179)**	(1,878)	**(4,179)**	(1,878)
Travel and Marketing Expenses		**(51,180)**	(20,303)	**913**	(20,303)
Professional Fees		**(39,558)**	(21,114)	**(29,543)**	(21,114)
Net Foreign Exchange Gain		**508**	6,793	**987**	-
Other Expenses from Ordinary Activities		**(13,306)**	(2,021)	**(3,878)**	(2,021)
Loss from Ordinary Activities before Income Tax Expense	3	**(294,597)**	(75,486)	**(153,018)**	(82,279)
Income Tax Expense/(Credit)	4	**-**	-	**-**	-
Loss from Ordinary Activities after Income Tax Expense		**(294,597)**	(75,486)	**(153,018)**	(82,279)
Net Loss Attributable to Members of A-Cap Resources Limited		**(294,597)**	(75,486)	**(153,018)**	(82,279)
Decrease in Foreign Currency Translation Reserve		**(1,717)**	-	**-**	-
Total Revenue, Expenses and Reserve Adjustments Attibutable to Members of A-Cap Resources Limited		**(1,717)**	-	**-**	-
Total Changes in Equity other than those resulting from Transactions with Owners as Owners Attributable to Members of A-Cap Resources Limited		**(296,314)**	(75,486)	**(153,018)**	(82,279)
Basic Earnings (Loss) per Share	26	**($0.004)**	($0.004)	**-**	-

There are no options on issue.

The above statements of financial performance should be read in conjunction with the accompanying notes.

STATEMENTS OF FINANCIAL POSITION

At 30 June 2005

	Notes	Consolidated 2005 $	Consolidated 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Current Assets					
Cash Assets	5	**39,263**	492,578	**22,765**	384,695
Receivables	6	**84,517**	8,814	**5,705**	8,814
Inventories	7	**2,159**	-	**-**	-
Other Financial Assets	8	**72,000**	-	**72,000**	-
Total Current Assets		**197,939**	501,392	**100,470**	393,509
Non-Current Assets					
Deferred Exploration and Evaluation	9	**475,392**	264,171	**374,412**	264,171
Receivables	10	**-**	-	**151,686**	-
Other Financial Assets	11	**-**	-	**101,090**	101,090
Total Non-Current Assets		**475,392**	264,171	**627,188**	365,261
Total Assets		**673,331**	765,563	**727,658**	758,770
Current Liabilities					
Payables	12,18	**376,172**	72,340	**293,996**	72,340
Total Current Liabilities		**376,172**	72,340	**293,996**	72,340
Non-Current Liabilities					
Payables	13	**-**	99,750	**-**	99,750
Total Non-Current Liabilities		**-**	99,750	**-**	99,750
Total Liabilities		**376,172**	172,090	**293,996**	172,090
Net Assets		**297,159**	593,473	**433,662**	586,680
Equity					
Parent Entity Interest					
Contributed Equity	14	**668,959**	668,959	**668,959**	668,959
Reserves	15	**(1,717)**	-	**-**	-
Accumulated Losses	15	**(370,083)**	(75,486)	**(235,297)**	(82,279)
Total Parent Entity Interest in Equity		**297,159**	593,473	**433,662**	586,680
Total Outside Equity Interest in Controlled Entities		**-**	-	**-**	-
Total Equity		**297,159**	593,473	**433,662**	586,680

The above statements of financial position should be read in conjunction with the accompanying notes.

STATEMENTS OF CASH FLOWS

For the Year Ended 30 June 2005

	Notes	Consolidated 2005 $	Consolidated 2004 $	Parent Entity 2005 $	Parent Entity 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)	**(200,701)**	(83,174)
Interest received		**1,230**	-	**1,230**	-
Net Cash (Outflow) from Operating Activities	25	**(199,694)**	(76,381)	**(199,471)**	(83,174)
Cash Flows from Investing Activities					
Payment for purchase of controlled entity, net of cash required		**-**	-	**-**	(101,090)
Exploration Expenditure		**(255,574)**	-	**(172,922)**	-
Loans to related parties		**-**	-	**-**	-
Loans from related parties	21	**-**	(100,000)	**-**	(100,000)
Proceeds from Sale of Investments		**10,463**	-	**10,463**	-
Net Cash (Outflow) from Investing Activities		**(245,111)**	(100,000)	**(162,459)**	(201,090)
Cash Flows from Financing Activities					
Proceeds from issues of ordinary shares		**-**	723,627	**-**	723,627
Payments of share issue costs		**-**	(54,768)	**-**	(54,768)
Net Cash Inflow from Financing Activities		**-**	668,859	**-**	668,859
Net Increase/(Decrease) in Cash Held		**(444,805)**	492,478	**(361,930)**	384,595
Cash at the Beginning of the Financial Year		**492,578**	100	**384,695**	100
Effect of exchange rates on cash holding in foreign currencies		**(8,510)**	-	**-**	-
Cash at the End of the Financial Year	5	**39,263**	492,578	**22,765**	384,695
Non-Cash Financing and Investing Activities	25	**-**	(43,681)	**-**	(43,681)

The above statements of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views, and the Corporations Act 2001.

The financial report covers the consolidated entity of A-Cap Resources Ltd and consolidated entities, and A-Cap Resources Ltd as an individual parent entity.

A-Cap Resources Ltd is a listed public company incorporated and domiciled in Australia.

It has been prepared on an accruals basis and is based on historical cost convention and does not take into account changing money values or except where stated current valuation of non-current assets. Unless otherwise stated, the accounting policies are consistent with those of the previous year.

As a small exploration company, A-Cap has experienced negative operating cash flows during the year ended 30 June 2005 and has ongoing commitments under its exploration licences.

The Directors intend to raise extra funds as and when required but acknowledge that the tenements are likely to be joint ventured, farmed out or relinquished thereby significantly reducing future commitments being the minimum expenditure required to keep the portfolio of exploration tenements as detailed in the Schedule of Interest on page 55 of this report.

Accordingly they have prepared the financial report on a going concern basis.

Note 19 includes estimates of exploration expenditure commitments over the next 2 years.

(A) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by A-Cap Resources Limited ("Company" or "parent entity") as at 30 June 2005 and the results of all controlled entities for the year then ended. A-Cap Resources Limited and its controlled entities together are referred to in this financial report as the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full. Outside equity interests in the results and equity of controlled entities are shown separately in the consolidated statement of financial performance and statement of financial position respectively.

Where control of an entity is obtained during the financial year, its results are included in the consolidated statement of financial performance from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control existed.

(B) Income Tax

Tax effect accounting procedures are followed whereby the income tax expense in the statement of financial performance is matched with the accounting profit after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse.

(C) Foreign Currency Transactions

(i) Transactions

Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of the transaction. At balance date amounts payable and receivable in foreign currencies are translated to Australian currency at rates of exchange current at that date. Resulting exchange differences are brought to account in determining the profit or loss for the year.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(C) Foreign Currency Transactions (continued)

(ii) Foreign Controlled Entities

Monetary assets and liabilities of integrated overseas controlled entities are translated into Australian currency at rates of exchange current at balance date, while revenue and expenses are translated at the average rates ruling during the year. Non-monetary assets and liabilities are translated into Australia currency at historic rates applicable at the time the asset or liability was first recognised. Exchange differences arising on translation of integrated foreign controlled entities are taken directly to the Statements of Financial Performance.

Foreign currency transactions of self sustaining overseas controlled entities are initially translated into Australian currency at the rate of exchange at the date of the transaction. Assets and liabilities are translated into Australian currency at rates of exchange current at balance date. Exchange differences arising on translation of the financial report of self-sustaining foreign controlled entities are taken to the foreign currency reserve. Upon disposal or partial disposal of the self-sustaining operations, the balance of the foreign currency reserve relating to the operation, or to the part disposed of, is transferred to retained profits.

(D) Acquisition of Assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their market price as at the acquisition date. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of the acquisition. The discount rate used is the incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

A liability for restructuring costs is recognised as at the date of acquisition of an entity or part thereof when there is a demonstrable commitment to a restructuring of the acquired entity and a reliable estimate of the amount of the liability can be made.

Where an entity or operation is acquired and the fair value of the identifiable net assets acquired, including any liability for restructuring costs, exceeds the cost of acquisition, the difference, representing a discount on acquisition, is accounted for by reducing proportionately the fair values of the non-monetary assets acquired until the discount is eliminated. Where, after reducing to zero the recorded amounts of the non-monetary assets acquired, a discount balance remains it is recognised as revenue in the statement of financial performance.

(E) Revenue Recognition

Interest Income

Interest Income is recognised as it accrues.

(F) Receivables

All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition. Collectibility of trade debtors is reviewed on an ongoing basis. Debts, which are known to be uncollectible, are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

(G) Recoverable Amount of Non-Current Assets

The recoverable amount of an asset is the net amount expected to be recovered through the cash inflows and outflows arising from its continued use and subsequent disposal.

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. Where net cash inflows are derived from a group of assets working together, recoverable amount is determined on the basis of the relevant group of assets. The decrement in the carrying amount is recognised as an expense in net profit or loss in the reporting period in which the recoverable amount write-down occurs.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(H) 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.

(I) Investments

Interests in listed and unlisted securities, other than controlled entities and associates in the consolidated financial statements, are brought to account at cost and dividend income is recognised in the statement of financial performance when receivable. Controlled entities and associates are accounted for in the consolidated financial statements as set out in Note 1(A). The interest in a joint venture partnership is accounted for as set out in Note 1(K).

(J) Inventories

Raw materials and Stores, Work in Progress and Finished Goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value.

Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of stock on the basis of weighted average costs.

(K) Exploration, Evaluation, Development and Restoration Costs

Exploration, evaluation and development expenditure in relation to separate areas of interest for which rights of tenure are current are brought to account in the year in which they are incurred and are carried at cost.

The cost of the acquisition of an area of interest and exploration expenditure will be carried forward as an asset where:

I. It is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest or by its sale; or

II. Exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves.

Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made. Each area of interest is reviewed annually and accumulated costs written off to the extent that they will not be recoverable in the future.

Where there has been a decision to proceed with development, accumulated expenditure is amortised over the life of the associated resource once mining operations commence.

The costs of restoration obligations are proved for in full at the time of the activities which give rise to the need for restoration. Restoration costs include reclamation, site closure and monitoring of those activities, and are based on undiscounted prospective current cost estimates which satisfy anticipated legal requirements. Estimates of future costs are measured at least annually.

Where part of a joint venture is farmed out in consideration of the farminee undertaking to incur further expenditure on behalf of both the farminee and the entity in the joint venture areas of interest, exploration expenditure incurred and carried forward prior to farmout continues to be carried forward without adjustment, unless the terms of the farmout are excessive based on the diluted interest retained. A provision is then made to reduce exploration expenditure to its recoverable amount. Any cash received in consideration for farming out part of a joint venture interest is treated as a reduction in the carrying value of the related mineral property.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(L) Trade and Other Creditors

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(M) Joint Ventures

The proportionate interests in the assets, liabilities and expenses of joint venture operations have been incorporated in the financial statements under the appropriate headings. Details of joint ventures are set out in note 23.

(N) Employee Benefits

(i) Wages and Salaries, Annual Leave and Sick Leave
Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other creditors in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Superannuation
The amount charged to the statement of financial performance in respect of superannuation represents the contributions paid or payable by the consolidated entity to the employees' superannuation funds.

(iii) Employee benefit on-costs
Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

(iv) Equity-based compensation benefits
Equity-based compensation benefits are provided to employees via an employee option plan. No accounting entries are made in relation to the option plan until options are exercised, at which time the amounts receivable from employees are recognised in the statement of financial position as share capital.

(O) Cash

For purposes of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

(P) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). 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 are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability the statements of financial position.

Cash flows are included in the statements of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(Q) Earnings Per Share

Basic Earnings Per Share

Basic earnings per share is determined by dividing the operating profit after income tax and preference share dividends attributable to members of the Company by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(R) Impacts of the Adoption of Australian Equivalents to International Financial Reporting Standards

A-Cap Resources Ltd will be required to prepare financial statements that comply with Australian equivalents to International Financial Reporting Standards ('A-IFRS') for reporting periods beginning on or after 1 January 2005. Accordingly A-Cap Resources Ltd's first half-year report prepared under A-IFRS will be for the half-year reporting period ended 31 December 2005, and its first annual financial report prepared under A-IFRS will be for the year ended 30 June 2006.

A-Cap Resources Ltd has completed an A-IFRS impact study, including the formulation of the A-IFRS accounting policies that are intended to be adopted from 1 July 2005. The likely impact of the accounting policy changes on the results and financial position of the Company has been determined.

The following proforma statement of financial performance and statement of financial position outlines the impact on the current year result and financial position of the Company had the financial statements been prepared using A-IFRS, based on the directors' accounting policy decisions current at the date of this financial report. Users of the financial report should note that further developments in A-IFRS (for example, the release of further pronouncements by the Australian Accounting Standards Board and the Urgent Issues Group), if any, may result in changes to the accounting policy decisions made by the directors to date and, consequently, the likely impacts outlined in the following proforma financial statements.

The directors may, at any time until the completion of the Company's first A-IFRS compliant financial report, elect to revisit and, where considered necessary, revise the accounting policies applied in preparing the proforma financial statements.

Share based Payments

Current company policy is to expense any share-based payments made in connection for services received. The introduction of the new standard AASB 2: Share-based Payments, will require the Company to also expense any options granted to employees. There will be no effect to the accounts of the consolidated entity.

Income Tax

Currently, the parent entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax benefit. Under the AASB 112, the economic entity will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than effects of the timing and permanent differences between taxable income and accounting profit. There will be no effect to the accounts of the consolidated entity.

The above should not be regarded as a complete list of changes in accounting policies that will result from the transition to AIFRS, as not all standards have been analysed as yet, and some decisions have not yet been made where choices of accounting polices are available. For these reasons it is not yet possible to quantify the impact of the transition to AIFRS on the Company's financial position and reported results.

(R) Impacts of the Adoption of Australian Equivalents to International Financial Reporting Standards (Continued)

Exploration and Development Expenditure

Under AASB 6, 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. There will be no material effect to the accounts of the consolidated entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Impairment of Assets

The economic entity currently determines the recoverable amount of an asset on the basis of undiscounted net cash flows that will be received from the assets use and subsequent disposal. In terms of AASB 136: Impairment of Assets, the recoverable amount of an asset will be determined as the higher of fair value less costs to sell and value in use. It is likely that this change in accounting policy will lead to impairments being recognised more often than under the existing policy. There will be no effect to the accounts of the consolidated entity.

NOTE 2 REVENUE

	Consolidated		Parent Entity	
	2005	2004	**2005**	2004
	$	$	**$**	$
Revenue from Ordinary Activities				
Revenue from outside the operating activities				
Interest	**1,230**	-	**-**	-
Sale of interest in Exploration and Evaluation	**121,500**	-	**122,500**	-
Revenue from ordinary activities	**122,730**	-	**122,500**	-

NOTE 3 OPERATING LOSS FROM ORDINARY ACTIVITIES

	Consolidated		Parent Entity	
	2005	2004	**2005**	2004
	$	$	**$**	$
The loss from ordinary activities before income tax includes the following specific expenses:				
Expenses				
Rental expense	**6,818**	-	**6,818**	-
Exploration	**4,179**	1,878	**4,179**	1,878
Provision for write down of investments	**35,910**	-	**35,910**	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 INCOME TAX EXPENSE

(A) Income Tax

	Consolidated		Parent Entity	
	2005	2004	**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	**(294,597)**	(75,486)	**(153,018)**	(82,279)
Income tax calculated at 30% (2004—30%)	**(88,379)**	(22,646)	**(45,905)**	(24,684)
Tax effect of permanent differences	**-**	(1,658)	**-**	380
Entertainment Expense	**1,655**	-	**1,655**	-
Overprovision in Prior Years	**(266)**	-	**(266)**	-
Income tax adjusted for permanent differences	**(86,990)**	(24,304)	**(44,516)**	(24,304)
Future income tax benefit not taken to account	**86,990**	24,304	**44,516**	24,304
Income Tax Expense/(Credit)	**-**	-	**-**	-

(B) Future Income Tax Benefit not taken to Account

	Consolidated		Parent Entity	
	2005	2004	**2005**	2004
	$	$	**$**	$
The Directors estimate that the potential future income tax benefit in respect of tax losses not brought to account is:	**112,294**	24,304	**68,820**	24,304

The benefit for tax losses will only be obtained if:

a) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the losses to be realised; or

b) the losses are transferred to an eligible entity in the consolidated entity; and

c) the consolidated entity continue to comply with the conditions for deductibility imposed by tax legislation; and

d) no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.

(C) Franked Dividends

	Consolidated	
	2005	2004
	$	$
Franking credits available for subsequent financial years	**-**	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 CURRENT ASSETS – CASH

	Consolidated		Parent Entity	
	2005	2004	**2005**	2004
	$	$	**$**	$
Cash at bank and on hand	**39,263**	492,578	**22,765**	384,695

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	**39,263**	492,578	**22,765**	384,695
Balances per statement of cash flows	**39,263**	492,578	**22,765**	384,695

NOTE 6 CURRENT ASSETS – RECEIVABLES

	Consolidated		Parent Entity	
	2005	2004	**2005**	2004
	$	$	**$**	$
Other Debtors	**67,234**	8,814	**-**	8,814
Prepayments	**11,578**	-	**-**	-
Other	**5,705**	-	**5,705**	-
	84,517	8,814	**5,705**	8,814

NOTE 7 CURRENT ASSETS - INVENTORIES

	Consolidated		Parent Entity	
	2005	2004	**2005**	2004
	$	$	**$**	$
Raw Materials and Spare Parts – at cost	**2,159**	-	**-**	-

NOTE 8 CURRENT ASSETS – OTHER FINANCIAL ASSETS

	Consolidated		Parent Entity	
	2005	2004	**2005**	2004
	$	$	**$**	$
Investments traded on organised markets				
Shares in listed corporation, at cost	**107,910**	-	**107,910**	-
Provision for investment write down	**(35,910)**	-	**(35,910)**	-
	72,000	-	**72,000**	-
Market value of listed companies	**72,000**	-	**72,000**	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 9 NON-CURRENT ASSETS – DEFERRED EXPLORATION AND EVALUATION COSTS

	Consolidated		Parent Entity	
	2005	2004	**2005**	2004
	$	$	**$**	$
Deferred Exploration and Evaluation – at cost	**475,392**	264,171	**374,412**	264,171

NOTE 10 NON-CURRENT ASSETS – RECEIVABLES

	Consolidated		Parent Entity	
	2005	2004	**2005**	2004
	$	$	**$**	$
Loans to related parties	**-**	-	**151,686**	-

NOTE 11 NON-CURRENT ASSETS – OTHER FINANCIAL ASSETS

	Consolidated		Parent Entity	
	2005	2004	**2005**	2004
	$	$	**$**	$
Non-Traded Investments				
Shares in controlled entities – at cost:	**-**	-	**101,090**	101,090

NOTE 12 CURRENT LIABILITIES – PAYABLES

	Consolidated		Parent Entity	
	2005	2004	**2005**	2004
	$	$	**$**	$
Trade creditors	**12,600**	16,682	**12,600**	16,682
Trade creditors owing to related party	**59,029**	-	**59,029**	-
Other creditors	**109,111**	55,658	**26,935**	55,658
Amount owing to Directors	**95,682**	-	**95,682**	-
Loan from Cardia Technologies Limited – Director-Related	**99,750**	-	**99,750**	-
	376,172	72,340	**293,996**	72,340
Number of employees at end of financial year	**-**	-	**-**	-

NOTE 13 NON-CURRENT LIABILITIES – PAYABLES

	Consolidated		Parent Entity	
	2005	2004	**2005**	2004
	$	$	**$**	$
Loan from Cardia Technologies Limited – Director-Related	**-**	99,750	**-**	99,750

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 14 CONTRIBUTED EQUITY

(A) Share Capital

	Consolidated		Parent Entity	
	2005	**2004**	**2005**	2004
	$	$	**$**	$
Ordinary shares, fully paid	**668,959**	668,959	**668,959**	668,959

(B) Movement in Ordinary Share Capital

Date		Number of Shares	Issue Price	$
1 July 2003	**Balance**	**100**		**100**
17 March 2004	Share issue	76,730,834	$0.01	767,309
17 March 2004	Costs associated with capital raising			(98,450)
30 June 2004	**Balance**	**76,730,934**		**668,959**
30 June 2005	**Balance**	**76,730,934**		**668,959**

(C) Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding-up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

NOTE 15 RESERVES AND ACCUMULATED LOSSES

(A) Reserves

	Consolidated		Parent Entity	
	2005	2004	**2005**	2004
	$	$	**$**	$
Reserves				
Foreign currency translation reserve	**(1,717)**	-	**-**	-
Movements:				
Foreign currency translation reserve				
Balance 1 July 2004				
Net exchange differences on translation of foreign controlled entity	**(1,717)**	-	**-**	-
Balance 30 June 2005	**(1,717)**	-	**-**	-

NOTE 15 RESERVES AND ACCUMULATED LOSSES (CONTINUED)

(B) Accumulated Losses

	Consolidated 2005	Consolidated 2004	Parent Entity 2005	Parent Entity 2004
	$	$	**$**	$
Accumulated losses at the beginning of the financial year	**(75,486)**	-	**(82,279)**	-
Net losses attributable to members of A-Cap Resources Limited	**(294,597)**	(75,486)	**(153,018)**	(82,279)
Accumulated losses at the end of the financial year	**(370,083)**	(75,486)	**(235,297)**	(82,279)

(C) Nature and Purpose of Reserves

Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve, as described in note 1(C)

NOTE 16 FINANCIAL INSTRUMENTS

(A) Credit Risk Exposure

The credit risk on financial assets of the consolidated entity which have been recognised in the statement of financial position is the carrying amount, net of any provisions.

(B) Interest Rate Risk Exposure

The consolidated entity's exposure to interest rate risk, which is the risk that a financial instrument's market value will fluctuate as a result of changes in market interest rates, and the effective weighted average interest rates on classes of financial assets and financial liabilities, are as follows:

2005	**Weighted average effective interest rate**	**Floating interest rate**	**Fixed interest rate maturing 1 year or less**	**Fixed interest rate maturing 1 to 5 years**	**Fixed interest rate maturing over 5 years**	**Non interest bearing**	**Total**
	%	$	$	$	$	$	$
From 1 July 2004 to 30 June 2005							
Assets:							
Cash	**0.01**	**1,674**	**-**	**-**	**-**	**37,589**	**39,263**
Receivables	**-**	**-**	**-**	**-**	**-**	**84,517**	**84,517**
Other Financial Asset		**-**	**-**	**-**	**-**	**72,000**	**72,000**
Total financial assets		**1,674**	**-**	**-**	**-**	**194,106**	**195,780**
Liabilities:							
Trade and other creditors		**-**	**-**	**-**	**-**	**376,172**	**376,172**
Total financial liabilities		**-**	**-**	**-**	**-**	**376,172**	**376,172**
Net financial assets (liabilities)		**1,674**	**-**	**-**	**-**	**(182,066)**	**(180,392)**

NOTE 16 FINANCIAL INSTRUMENTS (CONTINUED)

2004	Weighted average effective interest rate %	Floating interest rate $	Fixed interest rate maturing 1 year or less $	1 to 5 years $	over 5 years $	Non interest bearing $	Total $
From 1 July 2003 to 30 June 2004							
Assets:							
Cash	-	1,461	-	-	-	491,117	492,578
Receivables	-	-	-	-	-	8,814	8,814
Total financial assets		1,461	-	-	-	499,931	501,392
Liabilities:							
Trade and other creditors		-	-	-	-	72,340	72,340
Loan to Related Party		-	-	-	-	99,750	99,750
Total financial liabilities		-	-	-	-	172,090	172,090
Net financial assets (liabilities)		1,461	-	-	-	327,841	329,302

(C) Net Fair Values of Financial Assets and Liabilities

The carrying amount of financial assets and liabilities approximates net fair value.

NOTE 17 REMUNERATION OF DIRECTORS AND EXECUTIVES

	Directors of Entities in the Consolidated Entity		Directors of Parent Entity	
	2005	2004	**2005**	2004
	$	$	**$**	$
Income paid or payable, or otherwise made available, to Directors by entities in the consolidated entity and related parties in connection with the management of the affairs of the parent entity or its controlled entities.	**120,000**	25,000	**120,000**	25,000

Details of share and option transactions in respect of Directors during the year ended 30 June 2005 are set out in Note 20.

Other than Directors' Fees, no other remuneration was paid to Directors during the year.

NOTE 17 REMUNERATION OF DIRECTORS AND EXECUTIVES (CONTINUED)

Details of the remuneration of each director of A-Cap Resources Ltd and each of the specified executives of the consolidated entity, including their personally-related entities, are set out in the following tables.

2005 **Name**	**Primary**		**Post-employment**	
	Cash salary and fees $	Non-monetary benefits $	Retirement Benefits $	Total $
Directors of A-Cap Resources Ltd				
P Volpe	50,000	-	-	50,000
H Stackpoole	-	-	-	-
P Pena	30,000	-	-	30,000
D Wan	40,000	-	-	40,000
	120,000	-	-	120,000
Specified executives of the consolidated entity				
D Hotton	23,805	-	-	23,805
J Wilson	23,636	-	-	23,636
	47,441	-	-	47,441

2004 **Name**	**Primary**		**Post-employment**	
	Cash salary and fees $	Non-monetary benefits $	Retirement Benefits $	Total $
Directors of A-Cap Resources Ltd				
P Volpe	9,375	-	-	9,375
H Stackpoole	-	-	-	-
P Pena	9,375	-	-	9,375
D Wan	6,250	-	-	6,250
	25,000	-	-	25,000
Specified executives of the consolidated entity				
J Wilson	11,667	-	-	11,667
	11,667	-	-	11,667

Remuneration Practices

The Company's policy for determining the nature and amount of emoluments of board members and senior executives of the Company is as follows:

The remuneration structure for executive officers, including executive directors, is based on a number of actors, including length of service, particular experience of the individual concerned, and overall performance of the Company. The only existing contract for service between the Company and an executive is on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement, specified directors and executives are paid employee benefit entitlements accrued to date of retirement. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time. Although no executive options are currently on issue, any options issued in the future and not exercised before or on the date of termination will automatically lapse.

NOTE 18 REMUNERATION OF AUDITORS

	Consolidated		Parent Entity	
	2005	2004	**2005**	2004
	$	$	**$**	$
Remuneration for audit or review of the financial reports of the parent entity and the consolidated entity:				
Audit services for group				
Bentleys MRI – Australian firm	**15,300**	-	**15,300**	-
Ian D. Riley	**-**	4,000	**-**	4,000
Audit services for Controlled Entity				
Yue Hue CPAs – Chinese firm	**4,797**	-	**-**	-
	20,097	4,000	**15,300**	4,000

NOTE 19 COMMITMENTS FOR EXPENDITURE

Exploration Expenditure Commitments

	Consolidated	Parent Entity	Parent Entity	
	2005	2004	**2005**	2004
	$	$	**$**	$
Within one year	**1,553,480**	1,249,887	**1,553,480**	1,249,887
Year 2	**1,084,700**	3,667,691	**1,084,700**	3,667,691
	2,638,180	4,917,578	**2,638,180**	4,917,578

The estimated figures include amounts required to maintain A-Cap's current rights of tenure to exploration and mining tenements up until the expiry of the leases. These obligations are subject to renegotiation upon expiry of the leases and are not provided for in the financial statements.

The majority of the Company's tenements are however, likely to be joint ventured, farmed out or relinquished, thereby significantly reducing this figure.

NOTE 20 RELATED PARTY INFORMATION

Directors

The names of persons who were Directors of A-Cap Resources Limited at any time during the year are as follows: Messrs P J Volpe, H J Stackpoole, P Pena and D Kong-Man Wan. Messrs Volpe, Pena and Ingbritsen were also Directors during the year ended 30 June 2004. Mr Stacpoole was appointed on 30 March 2005.

Specified Executives

Messrs J Wilson and D Hotton are the only Specified Executives.

Remuneration

Information on remuneration of Directors and the Specified Executive is disclosed in Note 17.

NOTE 20 RELATED PARTY INFORMATION (CONTINUED)

Transactions of Directors and Director-Related Entities concerning Shares

During the year, aggregate numbers of shares of A-Cap Resources Limited acquired or disposed of by Directors of the parent entity or the consolidated entity or their Director-related entities were:

	Balance as at 1/7/04	Acquired	Disposed	Balance as at 30/6/05
P. Volpe	14,149,131	-	-	14,149,131
H. Stacpoole	-	1,296,477		1,296,477
P. Pena	-	-	-	-
D. Wan	3,011,500	-	-	2,011,500
	17,160,631	1,296,477	-	18,457,108

(1) Mr Stackpoole was appointed on 30 March 2005.

Mr Volpe acquired his shares during the year to 30 June 2004 from his entitlement under the rights issue to Cardia Technologies Ltd Shareholders as an underwriter to the issue and from the payment of underwriting commission in the form of equity at the prospectus issue price.

Mr Wan acquired his shares during the year to 30 June 2004 from his entitlement under the rights issue to Cardia Technologies Ltd Shareholders and from the shortfall of the issue.

Other Transactions with Directors and Director-Related Entities

Mr P J Volpe is a Director and major shareholder of Trayburn Pty Ltd which is paid directors fees on normal commercial terms and conditions.

During the year, A-Cap was invoiced $59,029 by Cardia Technologies Ltd for the provision of office and administration facilities.

Amounts owing to Director-related entities are disclosed in Note 12.

Aggregate amounts of each of the above types of other transactions with Directors and their Director-related entities:

	Consolidated		Parent Entity	
	2005	2004	**2005**	2004
	$	$	**$**	$
Directors' Fees (Note 17)	**120,000**	25,000	**120,000**	25,000

NOTE 20 RELATED PARTY INFORMATION (CONTINUED)

Wholly-owned group

A-Cap Resources Limited was wholly-owned by Cardia Technologies Limited until 16 March 2004, a director-related company listed on the Australian Stock Exchange.

Gansu Sino-Australian Mineral Resources Development Co. Ltd was incorporated during the year to 30 June 2004 with A-Cap subscribing to 100% of the capital for USD75,000.

100% of the share capital of Cardia Mining Botswana (Pty) Limited was transferred during the year to A-Cap as part of the assignment arrangements with Cardia in the year to 30 June 2004.

Transactions between A-Cap Resources Limited and other entities in the wholly-owned group during the years ended 30 June 2004 and 2005 consisted of interest-free loans advanced by Cardia Technologies Ltd.

Aggregate amounts payable by A-Cap Resources Limited to related-party entities at balance date:

	2005	2004
	$	$
Transfer of Deferred Exploration Expenditure	**99,750**	167,950
Trade Creditors owing to related party	**59,029**	31,900
	158,779	199,750
Loan Repayment	**-**	100,000
	158,779	99,750

Ownership Interests in Related Parties

Interests held in the following classes of related parties are set out in the following notes:

(a) Controlled Entities Note 21.
(b) Joint Ventures Note 23.

NOTE 21 INVESTMENTS IN CONTROLLED ENTITIES

	Country of Incorporation	Class of Share	Equity Holding		Cost of Parent Entity's Investment	
			2005	2004	**2005**	2004
			%	%	**$**	$
Gansu Sino-Australian Mineral Resources Development Co. Ltd	China	Ord	**100**	100	**101,090**	101,090
Cardia Mining Botswana (Pty) Limited	Botswana	Ord	**100**	100	**-**	-
					101,090	101,090

NOTE 22 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.

New Placement

On 20th September 2005 the Company announced the completion of a placement of 10,000,000 fully paid ordinary shares raising $500,000. The funds will be used for further exploration of the Company's tenements in Botswana and China and for general working capital purposes.

Related Party Loan Repayment

On 26 September 2005 the Company paid Cardia Technologies Limited $99,750 representing funds originally expended by Cardia in Botswana and part of the consideration for the disposal of Cardia's mineral exploration projects to A-Cap Resources Ltd. . The condition of this loan had been met on 20 September 2005 when A-Cap successfully completed a capital raising.

NOTE 23 INTEREST IN JOINT VENTURES

Botswana

Jim's Luck Prospect

In September 2002 Gallery Gold Botswana (Pty) Ltd ("Gallery") entered into a joint venture agreement with Cardia Technologies Limited (interest since assigned to A-Cap Resources Ltd), and Mineral Holdings (Botswana) Pty Ltd ("MHB") whereby Gallery could earn up to 80% interest in the prospect.

Gallery advised A-Cap on 10 September 2004 that it had earned a 70% interest with A-Cap intending to maintain its 20% interest by meeting its pro-rata expenditure commitments.

A-Cap's share of expenditure for the year to 30 June 2005 is $1,316.

Magogaphate Prospects

A-Cap has a 100% interest in the prospect with MHB holding a 5% net profits share.

Although the budgeted expenditure for the year to 30 June 2005 is $1,553,480 this figure is likely to be significantly reduced as detailed in Note 19.

Queensland

Hodgkinson Basin

A-Cap holds a 4% working interest in a joint venture with Republic Gold Ltd (90%) and Gateway Mining N.L. (6%) over the Hodgkinson Basin tenements in North Queensland. Expenditure for the year to 30 June 2005 is likely to be limited to a level sufficient to meet the requirements under the tenements, i.e. approximately $5,000.

NOTE 24 SEGMENT INFORMATION

Primary Reporting - Business Segments

The consolidated entity only operates within one business segment being that of 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 which is also the main operating entity. The area of operation is in the exploration industry.

Africa
Comprises operations carried on in Botswana.

Asia
Comprises operations carried on in 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	
	2005	2004	**2005**	2004	**2005**	2004
	$	$	**$**	$	**$**	$
Australia	**121,500**	-	**351,572**	556,590	**(11,395)**	264,171
Africa	**1,230**	-	**376,086**	107,883	**172,922**	-
Asia	**-**	-	**180,121**	101,090	**-**	-
Other/Elimination	**-**	-	**(234,448)**	-	**-**	-
	122,730	-	**673,331**	765,563	**161,527**	264,171

NOTE 25 RECONCILIATION OF OPERATING LOSS AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	Consolidated		Parent Entity	
	2005	2004	**2005**	2004
	$	$	**$**	$
Operating Loss after income tax	**(294,597)**	(75,486)	**(153,018)**	(82,279)
Gain on disposal of Exploration	**(59,881)**	-	**(59,881)**	-
Provision for write down of investment	**35,910**	-	**35,910**	-
Changes in assets and liabilities:				
Gain on Disposal of Exploration				
(Increase)/decrease in receivables	**8,814**	-	**-**	-
(Increase)/decrease in other operating assets	**(86,676)**	-	**(3,109)**	-
Increase/(decrease) in creditors	**54,947**	(895)	**54,947**	(895)
Increase/(decrease) in provisions and other liabilities	**141,789**	-	**77,366**	-
Increase/(decrease) in loan to subsidiary	**-**	-	**(151,686)**	-
Net cash (outflow) from operating activities	**(199,694)**	(76,381)	**(199,471)**	(83,174)
Information of Non-Cash Financing and Investing Activities	**-**	(43,681)	**-**	(43,681)

NOTE 26 EARNINGS PER SHARE

	Consolidated 2005	2004
	$	$
Basic earnings (loss) per share	**($0.004)**	($0.004)
	2005	2004
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**76,730,934**	22,222,691

	Consolidated 2005	2004
	$	$
Net loss attributable to members of A-Cap Resources Limited used in calculating earnings per share	**(294,597)**	(75,486)

There is no diluted EPS as there are no options on issue.

NOTE 27 CONTINGENT LIABILITIES

A-Cap and Cardia have entered into an assignment agreement under which Cardia has agreed to assign the whole of its right, title and interest in and to its mineral tenements and joint venture interests to A-Cap in consideration of A-Cap reimbursing it $167,950 for work carried out since 1 July 2002, and in consideration of A-Cap agreeing that on the admission of A-Cap at any future time to listing an Australian Stock Exchange Limited A-Cap will issue and allot to Cardia that number of shares in its capital which could be subscribed for by application of an amount of $597,361 in payment for those shares at a price to be determined as appropriate and set out below. By way of explanation the amount of $597,361 is the aggregate of past expenditure incurred by Cardia in relation to the tenements to 30 June 2002.

The issue price of the shares to be issued and allotted to Cardia shall be as follows:

(a) If A-Cap shall issue a prospectus in support of its application for admission to ASX then the issue price of each share shall be the issue price of shares under that prospectus.

(b) If A-Cap should seek to list on ASX without issuing a prospectus at the time to qualify it for admission to listing then the issue price of each share to be issued to Cardia will be the higher of A$0.20 or that price which is the average market price for all trades recorded on NSX in the 60 days prior to the date on which A-Cap shall make application for listing.

No other consideration shall be payable to Cardia for the assignment of the tenements and mineral interests and it is recorded that A-Cap has not undertaken to make application for admission to ASX within any specific time frame. It is possible that, in adverse circumstances, A-Cap may fail to achieve a sufficient level of success such as to merit application for admission to ASX or that economic circumstances may be such that it is unable to raise funds to enable it to make any such application or to otherwise comply with the requirements for listing on ASX. In those circumstances, Cardia would have, in effect, transferred and assigned its mineral interests for no consideration. It should be noted that the consideration is not a debt, but represents a contingent obligation to issue shares in its capital to Cardia.

Magogaphate Tenement Acquisition

Although A-Cap acquired a 100% interest in the Magogaphate group of tenements in Botswana from Cardia, Mineral Holdings Botswana (Pty) Ltd has retained a 5% net profits share. A-Cap therefore, has a contingent liability to that Company should it establish a profitable mining operation on those tenements.

DIRECTORS' DECLARATION

1. The Directors declare that the financial statements and notes set out on pages 27 to 50 are in accordance with the *Corporations Act 2001* and:

   a. comply with Accounting Standards, the Corporations Regulations 2001; and

   b. give a true and fair view of the financial position as at 30 June 2005 and of the performance for the year ended on that date of the company and economic entity.

2. The Chief Executive Officer and Chief Financial Officer have each declared that:

   a. the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;

   b. the financial statements and notes for the financial year comply with the Accounting Standards; and

   c. the financial statements and notes for the financial year give a true and fair view.

3. In the directors' opinion there are reasonable grounds to believe that the company 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.

P J Volpe
Director

Hawthorn
Dated this 30th day of September 2005

CHARTERED
ACCOUNTANTS
& BUSINESS
ADVISORS

A MEMBER OF
MOORES ROWLAND
INTERNATIONAL

Bentleys mri
Thinking ahead

Melbourne
Bentleys MRI
ABN 62 667 316 249
Audit & Assurance Services Division

Level 7, 114 William Street
Melbourne Vic 3000

GPO Box 2266
Melbourne Vic 3001

T +61 3 9274 0600
F +61 3 9274 0736

audit@melb.bentleys.com.au
www.bentleys.com.au

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF A-CAP RESOURCES LIMITED

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for A-Cap Resources Limited (the company) and A-Cap Resources Limited (the consolidated entity), for the year ended 30 June 2005. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Bentleys mri
Thinking ahead

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF A-CAP RESOURCES LIMITED (continued)

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit Opinion

In our opinion, the financial report of A-Cap Resources Limited is in accordance with:

a. the Corporations Act 2001, including:

   i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2005 and of their performance for the year ended on that date; and

   ii. complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

b. other mandatory professional reporting requirements in Australia.

Bentleys MRI.

BENTLEYS MRI
CHARTERED ACCOUNTANTS

MARTIN FENSOME
PARTNER

Dated in Melbourne on this 30th day of September 2005

Quality System
Quality Endorsed Company

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 22nd September 2005.

(A) DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of equity security holders by size of holding:

	Ordinary Shares
1 – 1,000	29
1,001 – 5,000	152
5,001 – 10,000	103
10,001 – 100,000	203
100,001 and over	61
	548

(B) EQUITY SECURITY HOLDERS

The names of the ten largest holders of quoted equity securities are listed below:

	Ordinary Shares	
	Number Held	**Percentage of Issued Shares**
Tony Technology (Holding) Company Limited	20,517,400	23.66
Vermar Pty Ltd	14,149,131	16.31
Polarity B. Pty Ltd	13,283,794	15.32
Rochelle Olenski	3,011,500	3.47
Bejjal Pty Ltd	3,000,000	3.46
Peter R.J.J. Clarke	2,000,000	2.31
Donald J. Douglas	1,500,000	1.73
Australian Executor Trustee Ltd	1,100,000	1.27
Erebon Pty Ltd	1,100,000	1.27
Stackpoole Enterprises Pty Ltd	1,000,386	1.15
	60,662,211	**69.95**

SHAREHOLDER INFORMATION (CONTINUED)

(C) SUBSTANTIAL SHAREHOLDERS

Substantial shareholders in the Company are:

	Ordinary Shares Number Held	Ordinary Shares Percentage of Issued Shares
Tony Technology (Holding) Company Limited	20,517,400	26.74
Vermar Pty Ltd/Trayburn Pty Ltd	13,974,960	18.21
Polarity B. Pty Ltd	13,283,794	17.31

(D) VOTING RIGHTS

The voting rights attaching to each class of equity security are set out below:

Ordinary Shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options

No voting rights.

SCHEDULE OF INTERESTS IN MINING TENEMENTS

Tenement	Expiry Date	Percentage Holding	Title Holder	Comment
Botswana Jim's Luck PL 18/2004	30/6/11	20	Mineral Holdings (Botswana) Pty Ltd	Gallery Gold Ltd (70% [Can earn up to 80%]
Magogaphate PL 110/94	30/6/06	100	Cardia Mining Botswana (Pty) Ltd	Mineral Holdings (Botswana) Pty Ltd Holds 5% net profits share
Mokoswane PL 111/94	30/6/06	100	Cardia Mining Botswana (Pty) Ltd	Mineral Holdings (Botswana) Pty Ltd Holds 5% net profits share
Takana PL 54/98	30/6/06	100	Cardia Mining Botswana (Pty) Ltd	Mineral Holdings (Botswana) Pty Ltd Holds 5% net profits share
Majante PL 14/2003	31/3/06	100	Mineral Holdings (Botswana) Pty Ltd	Mineral Holdings (Botswana) Pty Ltd Holds 5% net profits share
Shashe River East PL 44/2004	30/6/07	100	Cardia Mining Botswana (Pty) Ltd	Mineral Holdings (Botswana) Pty Ltd Holds 5% net profits share
Letlhakane PL 45/2004	30/6/07	100	Cardia Mining Botswana (Pty) Ltd	Mineral Holdings (Botswana) Pty Ltd Holds 5% net profits share
Sampowane PL 46/2004	30/6/07	100	Cardia Mining Botswana (Pty) Ltd	Mineral Holdings (Botswana) Pty Ltd Holds 5% net profits share
Gobe Shear PL 47/2004	30/6/07	100	Cardia Mining Botswana (Pty) Ltd	Mineral Holdings (Botswana) Pty Ltd Holds 5% net profits share
Shashe River West PL 48/2004	30/6/07	100	Cardia Mining Botswana (Pty) Ltd	Mineral Holdings (Botswana) Pty Ltd Holds 5% net profits share
Queensland Reedy EPM 9934	31/12/05	4	A-Cap Resources Ltd Gateway Mining N.L.	Republic Gold Ltd 90% Gateway Mining N.L. 6%
Tempest EPM 11765	Application	4	A-Cap Resources Ltd Gateway Mining N.L.	Republic Gold Ltd 90% Gateway Mining N.L. 6%
Hurricane South EPM 12240	12/6/05	4	A-Cap Resources Ltd Gateway Mining N.L.	Republic Gold Ltd 90% Gateway Mining N.L. 6%
Campbell Creek EPM 10026	5/4/05	4	A-Cap Resources Ltd Gateway Mining N.L.	Republic Gold Ltd 90% Gateway Mining N.L. 6%