

A-CAP RESOURCES LIMITED

A C N 104 028 542

TO: THE STOCK EXCHANGE OF NEWCASTLE LIMITED

DATE: 18th January 2006

UPDATE ON EXPLORATION ACTIVITIES AND PROGRESS ON NEW PROSPECTUS

The Board of A-Cap Resources Limited is pleased to provide an update on the exploration activities conducted by the Company and by its joint venture partner Gallery Gold Limited during the December quarter 2005, and on the preparation of its new Prospectus.

1. EXPLORATION

(a) Uranium in Botswana

The company was granted several uranium prospecting licences during the quarter. These were applied for based on exploration activity conducted in the 1970's by several major international mining corporations.

The details of these granted tenements were announced to the market on 9th November 2005.

Further public data obtained from the Department of Geological Survey in Botswana by the Company's consulting geologist, Mr Callum Kerr has shown that the most promising known uranium deposit in Botswana, Mokobaesi, has previously been estimated as containing 1.75 million tonnes of mineralisation at a grade of 0.069% U₃O₈ as calculated from data collected from 22 pits to a depth of 3 metres on 300 metre centres, with a best recorded pit sample of 0.173%.

The Mokobaesi deposit lies within the Company's Letlhakane Tenement (PL 45/2004).

Mr Callum Kerr also discovered that data lodged in the 1970's with the Geological Survey Department by Falconbridge the previous tenement holder, estimates that the Karoo sediments underlying the Mokobaesi calcrete deposit contains an estimated 75 million tonnes of uranium mineralisation.

This 75 million tonnes of uranium mineralisation, previously reported to the ASX by another listed entity, is within the company's PL 45/2004 and is based on dimensions

of 1200m x 1000m x 25m thickness by a density of 2.5 and a grade of between 150 and 350 ppm U₃O₈. The volume was based on drill sections and isopachs of the more mineralised mudstone, silty mudstone and fine grained sandstone. The method of calculation cannot be considered a JORC compliant estimate and it is believe to have been provided by Falconbridge to demonstrate the exploration potential of the area.

Whilst the Company can not rely on the above estimates and has not verified or confirmed its adherence to JORC standards, the past workings do indicate the potential of the prospect for uranium exploration and this will be one of the Company's major targets for investigation in 2006.

(b) Jim's Luck Prospect in Botswana (20% A-Cap 80% Gallery Gold Limited)

During the December Quarter Gallery completed a further 9 reverse circulation drill holes on the Jim's Luck Prospect, being the latest phase of a total of 49 holes drilled over the past 2 years.

This phase of the drilling program 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 Karoo 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.

The final phase to date (9 holes comprising JIMC41-49 inclusive) has essentially consolidated the results of the drilling from the initial programs.

It is now expected that the project will move to a close spaced Grade Control RC drilling program which would allow suitable digital geological modelling to be completed and the subsequent creation of mining reserve.

The Board considers that the continuing success of the drilling program is significant and are highly encouraged by Gallery's ASX market announcement of their assessment of Jim's Luck which they "anticipate as having open cut potential".

The latest holes revealed more encouraging gold mineralisation and essentially consolidated the results of the previous 40 holes.

Significant drilling results from the 49 hole program are shown in the following table.

Hole No.	From M	To M	Interval M	Grade g/t Gold
JIMC01	70	73	3	2.43
JIMC02	58	67	9	5.13
JIMC03	34	44	10	7.82
including	37	40	3	13.70
	51	59	8	3.79
JIMC06	76	80	4	2.63
including	76	79	3	3.38
JIMC10	48	57	9	0.73
including	48	53	5	1.17
JIMC11	24	33	9	2.40
including	24	27	3	5.94
JIMC16	4	7	3	1.91
including	11	13	2	2.16
JIMC17	99	107	8	0.92
including	99	102	3	1.42
JIMC18	29	30	1	2.90
	35	37	2	1.11
JIMC20	28	30	2	0.74
JIMC21	25	34	9	4.02
	62	68	6	2.25
JIMC23	52	57	5	4.27
JIMC24	52	60	8	5.40
JIMC25	29	33	4	1.07
JIMC28	29	30	1	0.98
JIMC29	31	34	3	2.96
	40	41	1	1.69
JIMC30	20	37	17	0.92
	44	46	2	3.54
	48	49	1	1.58
JIMC31	17	24	7	3.04
	27	33	6	3.57
	50	52	2	1.12
JIMC32	30	33	3	2.54
JIMC33	47	48	1	2.05
JIMC34	31	37	6	1.74
JIMC35	38	40	2	0.75
JIMC36	41	45	4	1.00
JIMC37	0	1	1	3.27
	10	15	5	3.95
	23	24	1	2.21
	28	29	1	2.40
JIMC38	37	39	2	1.48
	42	44	2	2.13
JIMC40	32	35	3	1.83
JIMC41	28	36	8	3.92
including	32	33	1	14.15
	48	73	25	0.63
including	61	63	2	1.77
and	65	69	4	1.73
	75	85	10	0.77
including	82	83	1	2.72

JIMC42	31	34	3	1.20
including	32	33	1	2.58
and	39	50	11	0.40
JIMC43	34	36	2	0.67
including	34	35	1	1.17
JIMC44	31	33	2	0.49
JIMC45	22	24	2	0.71
including	22	23	1	1.05
JIMC47	32	35	3	1.96
including	43	46	3	0.56
JIMC48	87	106	19	1.25
	92	99	7	2.13
	101	102	1	5.94
	107	116	9	0.67
	113	114	1	1.21
	117	123	6	2.51
	121	122	1	8.53
JIMC49	60	65	5	4.25
	61	64	3	6.14

(c) Maibele North Nickel Prospect in Botswana (100% A-Cap with 5% net profit royalty to Mineral Holdings Botswana (Pty) Ltd)

A-Cap completed a 3 hole diamond drill program at Maibele North in December designed to test the continuity of the high grade massive sulphides at the western end of the deposit and to establish the down-plunge extension of the main ultramafic and sulphide mineralisation at the eastern end.

Two of the three holes intersected massive sulphides with one hole intersecting 1.28 metres of massive sulphides close to the expected target depth. Analytical results of the program are not yet available.

The program confirmed the extension of the Maibele ore body and the Company plans to continue the drilling program in 2006 with the objective of firming up a resource to JORC standards.

(d) Airstrip Copper Prospect in Botswana (100% A-Cap with 5% net profit royalty to Mineral Holdings Botswana (Pty) Ltd)

A-Cap performed trenching over a strike distance of 750 metres with 50 metre spaced trenches over 300 metres. A review of previous data held on public record by the Department of Geological Survey in Botswana, showed that previous drilling completed in the 1990's contained significant intersections of copper including 3.9% Cu over 2.44 metres and 4.3% Cu over 1.83 metres.

The recent trenching showed the presence of visible copper carbonates over a distance of 150 metres with a maximum width of 16 metres in one trench.

Analytical results are not yet available and follow up work is planned.

(e) Other Botswana tenements

Several soil sampling programs were conducted during the quarter on the companies other tenements and not all results have yet been received from the laboratories. The market will be advised once the consulting geologist has reviewed all the data and formed a detailed analysis and recommendation to the company.

(f) China

No work was conducted on the Company's exploration permit (Ma Yuan North) during the period and the Company continues to await the result of the applications made for three additional exploration permits.

The Contract of Co-operation between A-Cap's wholly owned Chinese subsidiary and Gansu Qinqi Minerals Co. Limited (Qinqi), wholly owned by the Gansu Provincial Bureau of Geology and Mineral Exploration and Development (Bureau), for the exploration of Hei Hua Tan, will be revisited early in 2006, with the aim of drawing up a new contract with the legal owner of Hei Hua Tan, a related party of Qinqi and wholly owned by the Bureau.

2. PROGRESS OF PROSPECTUS FOR ASX LISTING

The preparation of the Company's Prospectus for a further capital raising and application for an ASX Listing is almost complete and is expected to be lodged with ASIC before the end of January 2006. Also a meeting of members has been scheduled for the 13th of February 2006 to extend the approval for the issue of 25 million ordinary shares at 20 cents each for a further 3 months.

PAT VOLPE
Chairman

The information in this report is based on public data obtained from the Department of Geological Survey in Botswana by the Company's full time consulting geologist MR Callum Kerr and relates primarily to earlier exploration results on the prospecting licences currently held by A-Cap Resources Ltd.

The information has been reviewed by Mr Tim Summons, BSc, MSc who is a member of the Australian Institute of Geoscientists and who has sufficient experience relevant to the style of mineralisation and types of deposits under consideration and to the activity which has been undertaken to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code of Reporting of Exploration, Results, Mineral Resources and, Ore Reserves"

Mr Summons consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

The information on the Jim's Luck prospect in Botswana has been provided by Gallery Gold Limited the Project Manager. Most of this information has previously been released to the market by Gallery.