

A-Cap Resources Limited

ACN 104 028 542

TO: THE STOCK EXCHANGE OF NEWCASTLE LIMITED

DATE: 16th March 2006

HALF-YEAR REPORT 31st DECEMBER 2005

Attached is the Half-Year Report of A-Cap Resources Limited and its Controlled Entities lodged under Listing Rule 6.10.

JOHN WILSON
Company Secretary

A-CAP RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

ACN 104 028 542

HALF-YEAR REPORT 31 DECEMBER 2005

Lodged with the NSX under Listing Rule 6.10

This information should be read in conjunction with the 30 June 2005 Annual Report.

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A-CAP RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
HALF-YEAR REPORT – 31 DECEMBER 2005

APPENDIX 3

RESULTS FOR ANNOUNCEMENT TO THE MARKET

(Comparative figures being the half year ended 31 December 2004)

				\$
Revenue from ordinary activities	Down	87.53%	to	15,199
Loss from ordinary activities after tax attributable to members	Up	42.52%	to	(153,177)
Net loss for the half year attributable to members	Up	42.52%	to	(153,177)

Dividends/Distributions

It is not proposed to pay dividends.

NTA Backing

	Consolidated Entity	
	2005	2004
	\$	\$
Net tangible asset backing per ordinary share	\$0.0095	\$0.0063

Reconciliation of Cash

	31/12/05	31/12/04
Cash at Bank	<u>137,811</u>	<u>219,755</u>
Total Cash	<u>137,811</u>	<u>219,755</u>

Rates

- (1) Consolidated operating loss before abnormal items and tax for half-year period as % of sales revenue. 100.8% 88.2%
- (2) Consolidated operating loss after tax attributable to members for half-year as % of equity at end of period. 29.8% 22.0%
- (3) Issued and Listed Securities
The Company had 86,730,934 fully paid ordinary shares on issue at 31 December 2005, all of which were listed. No other securities have been issued.

Brief Explanation of the above figures

The drop in revenue was as a result of a one-off amount of \$121,500 received from the disposal of the Company's interest in the Hodgkinson Basin tenements in Queensland in the half-year to 31/12/04.

The increase in the net loss for the period was due largely to administrative expenses as all exploration expenditure is capitalised as Deferred Exploration and Evaluation.

Foreign Accounting Standards

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

**A-CAP RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
HALF-YEAR REPORT – 31 DECEMBER 2005**

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CORPORATE DIRECTORY

Directors:	Patrick John Volpe (Chairman) Peter Pena 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 19 307 Queen Street BRISBANE QLD 4000 Telephone (07) 3237 2100 Facsimile (07) 3229 9860
Bankers:	National Australia Bank 110 Church Street RICHMOND VIC 3121
Auditors:	Webb Callaway Paton Chartered Accountants Cnr Toorak & Tooronga Roads HAWTHORN EAST VIC 3123
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

DIRECTORS' REPORT

Your Directors submit the financial report on the consolidated entity consisting of A-Cap Resources Ltd ("A-Cap") and the entities it controlled at the end of, or during the half-year ended 31st December 2005.

DIRECTORS

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

Patrick John Volpe
Peter Pena
Henry James Stacpoole
Desmond Kong-Man Wan

REVIEW OF OPERATIONS

In the six months to 31st December 2005 A-Cap maintained its focus of progressively establishing an exploration land bank with a particular emphasis on Botswana.

With an overall strategy of continuing its exploration activities and as appropriate, to joint venture its assets to ensure maximum exploration opportunity, a brief summary of the periods activities are as follows:-

Botswana

During the period the Company was granted a further 6 prospecting licences in Botswana giving it licences covering a total area of over 8,000 square kilometres in the Limpopo belt and the Zimbabwe Craton, prospective for gold and base metals (including copper and nickel), uranium and diamonds.

Jim's Luck Prospect

During the period the manager and operator of the Jim's Luck Prospect, Gallery Gold Ltd ("Gallery"), continued exploration work with a total of 49 holes now having been completed. Drill holes are continuing to intersect high and medium gold grades.

The continuing success of the drilling program is considered to be significant by your Directors who are highly encouraged by Gallery's assessment of Jim's Luck as having open cut potential and the fact that Gallery has its own treatment plant only 50km from the Jim's Luck site.

A-Cap retains its 20% contributing interest in Jim's Luck.

Magogaphate Tenements

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

The prime focus of exploration work on the Magogaphate tenements is currently the Maibele North Nickel prospect.

Further exploration of Maibele carried out during the period has led to a significantly enhanced assessment of the Prospect and its prospectivity for the discovery of significant additional nickel resources. This included the drilling of an additional 3 holes to test continuity of the mineralisation and additional follow-up work will be dependent on the results of the drilling which are not yet available.

DIRECTORS' REPORT

A general re-evaluation of the Magogaphate Shear Zone indicates that the zone is not as deformed and sheared as previously thought and that there is reason to believe that large scale nickel-copper deposits may be present in the zone with a thorough re-evaluation of the entire belt being justified.

The Dibete and Airstrip Copper Prospects also fall within the Magogaphate area tenements, with a reassessment of Airstrip having commenced with recent trenching work showing the presence of visible oxidised copper mineralisation in one trench.

Uranium Prospects

The Company was granted 5 new prospecting licences in Botswana for uranium exploration during the period with an existing licence being extended to cover exploration for uranium.

The Company's prospecting licences cover a number of known uranium deposits, particularly in the Mokobaesi area. The Mokobaesi deposit appears to be the most promising uranium prospect detected in Botswana after 30 years of exploration by a number of companies with far more work having been conducted on it than on any other deposit. It falls within one of the Company's original licences.

The focus of the Company's exploration activities will be on resource delineation in relation to the Mokobaesi Prospect with a view to establishing a significant resource.

Generally, the area of the Company's granted prospecting licences is highly under-explored and merits further exploration. Much of this work can be carried out by review of existing data, including archived drill core, percussion drill chips and other data from exploration over the past 30 years. This data can then be used to generate an appropriate exploration program.

China

With only one exploration permit granted to date in the Gansu province of China and another three applications for additional permits awaiting approval, activity during the period has centred around the Contract of Co-operation with the Gansu Government and a series of issues which need to be resolved before the Contract can proceed. No funds have been allocated for exploration in relation to the areas under the Contract until these issues are resolved.

Australia

Hodgkinson Basin Tenements Queensland

During the period the Company sold its shares in Republic Gold Ltd, received as consideration for the effective sale of its Hodgkinson Basin tenements to that Company. The Company retains a 4% carried interest in the tenements.

CORPORATE

New Issue of Securities

During the half-year the Company issued 10 million fully paid ordinary shares raising \$500,000

New Prospectus and application for ASX listing

At a General Meeting of Shareholders on 31 October 2005 approval was given to place up to 25 million additional ordinary shares at 20 cents per share pursuant to a Prospectus to be issued by the Company and for the Company to make application for admission to the Official List of the ASX.

DIRECTORS' REPORT

Change of Auditor

At the Annual General Meeting of Shareholders on 30th November 2005, shareholders appointed Mr Jeffrey Luckins of Webb Callaway Paton as the Company's auditor.

EVENTS SUBSEQUENT TO REPORTING DATE

Other than the matters detailed in Note 5 to the consolidated financial statements on Page 19 of the half year report, there has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of A-Cap Resources Limited to affect the operations of the consolidated entity, the results of these operations or the state of affairs of the consolidated entity in subsequent years.

ADOPTION OF AUSTRALIAN EQUIVALENTS TO IFRS

This interim financial report has been prepared under Australian equivalents to IFRS. A reconciliation of differences between previous GAAP and Australian equivalent to IFRS has been included in Note 2 of the Notes to the Consolidated Financial Statements.

AUDITOR'S DECLARATION

The auditors' independence declaration under section 307C of the Corporations Act 2001 is set out on page 7.

This report is made in accordance with a resolution of the Directors made on 16 March 2006.

P.J. VOLPE

Director

Dated this 16th day of March 2006
Hawthorn, Victoria

Webb Callaway Paton

Chartered Accountants

16 March 2006

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

Dear Board Members

A-CAP RESOURCES LIMITED


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

As lead audit partner for the review of the financial report of A-Cap Resources Limited for the half-year ended 31 December 2005, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely


WEBB CALLAWAY PATON


JEFFREY LUCKINS

Dated in Melbourne on this 16th day of March 2006

**CONSOLIDATED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005**

	Economic Entity	
	31/12/2005	31/12/2004
	\$	\$
Revenue	15,199	121,882
Exploration & Evaluation	-	(58,502)
Office Expenses	(49,622)	(25,417)
Directors & executive benefits expense	(89,667)	(65,000)
Exploration and licence registration	-	(4,179)
Travel and marketing expenses	(9,063)	(40,476)
Professional Fees	(9,380)	(22,051)
Net foreign exchange loss	(2,439)	(236)
Other expenses from ordinary activities	(8,205)	(13,497)
Profit/(Loss) from ordinary activities before income tax	(153,177)	(107,476)
Income tax expense	-	-
Net loss attributable to members of A-Cap Resources Ltd	(153,177)	(107,476)
Increase/(Decrease) in Foreign Currency Translation Reserve	(2,110)	(736)
Total changes in equity other than those resulting from transactions with owners as owners	(155,287)	(108,212)
Basic earnings per share (cents per share)	(0.19)	(0.14)
Diluted earnings per share (cents per share)	(0.19)	(0.14)

The accompanying notes form part of these financial statements.

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2005**

	Economic Entity	
	31/12/2005	30/6/2005
	\$	\$
Assets		
Current Assets		
Cash and cash equivalents	137,811	39,263
Trade and other receivables	115,494	84,517
Inventories	2,298	2,159
Other Financial Assets	-	72,000
Total Current Assets	255,603	197,939
Non-Current Assets		
Deferred Exploration and Evaluation	826,845	475,392
Total non-current assets	826,845	475,392
Total Assets	1,082,448	673,331
Current Liabilities		
Trade and other payables	561,034	376,172
Total Current Liabilities	561,034	376,172
Non-Current Liabilities		
Total Non-Current Liabilities	-	-
Total Liabilities	561,034	376,172
Net Assets	521,415	297,159
Equity		
Issued capital	1,048,502	668,959
Reserves	(3,827)	(1,717)
Accumulated losses	(523,260)	(370,083)
Total Equity	521,415	297,159

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2005**

	\$	\$	\$
	Issued Share Capital	Reserves & Accumulated Losses	Total Equity
Balance at 1/7/2004	668,959	(75,486)	593,473
Profit attributable to members of A-Cap Resources Ltd	-	(108,212)	(108,212)
Balance at 31/12/2004	668,959	(183,698)	485,261
Balance at 1/7/2005	668,959	(371,800)	297,159
Shares issued during the year	474,375	-	474,375
Profit/(Loss) attributable to members of A-Cap Resources Ltd	-	(155,287)	(155,287)
Cost of capital	(94,832)	-	(94,832)
Balance at 31/12/2005	1,048,502	(527,087)	521,415

The accompanying notes form part of these financial statements.

**CONSOLIDATED CASH FLOWS STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2005**

	Economic Entity	
	31/12/2005	31/12/2004
	\$	\$
Cash Flows from Operating Activities		
Payments to suppliers and employees	80,387	(272,823)
Interest received	2,802	-
Net cash provided by (used in) operating activities	83,189	(272,823)
Cash Flows from Investing Activities		
Proceeds from sale of non-current assets/Investments	84,398	-
Loans to/from related parties	(99,750)	-
Exploration Expenditure	(351,454)	-
Net cash provided by (used in) investing activities	(366,806)	-
Cash Flows from Financing Activities		
Proceeds for issue of shares	379,543	-
Net cash provided by (used in) financing activities	379,543	-
Net increase in cash held	95,926	(272,823)
Cash at 1 July 2005	39,263	492,578
Effect of exchange rates on cash holding in foreign currencies	2622	-
Cash at 31 December 2005	137,811	219,755

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

NOTE 1 BASIS OF PREPARATION OF HALF-YEAR FINANCIAL REPORT

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

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2005 and any public announcements made by A-Cap Resources Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

As this is the first interim financial report prepared under Australian equivalents to IFRS, the accounting policies applied are inconsistent with those applied in the 30th June 2005 annual report as this report was presented under previous Australian GAAP. Accordingly, a summary of the significant accounting policies under Australian equivalents to IFRS has been included below. A reconciliation of equity and profit and loss between previous GAAP and Australian equivalents to IFRS has been prepared per Note 2.

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

Going Concern Assumption

The Directors are confident that the Company can successfully secure the necessary funding required to meet expense commitments and continue as a going concern, on the basis that it has continued to be successful in its capital raising activities and with developing a growing bank of tenements with excellent potential in Botswana and opportunities to secure additional prospective ground in China.

The Company raised \$500,000 during the half-year through a placement and a Prospectus for a further capital raising of up to \$5,000,000 is expected to be lodged during the current financial year.

Accordingly, the Directors have prepared the financial report on a going concern basis. At this time, the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report as at 31 December 2005.

(a) Principles of Consolidation

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

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

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

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

(b) Income Tax

The economic entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the operating profit adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

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

(c) Exploration and Development Expenditure

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

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

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

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

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and

building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(d) Financial Instruments

Recognition

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

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Realized and unrealized gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Available-for-sale financial assets

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

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

(e) Interests in Joint Ventures

The economic entity's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated statements of financial performance and financial position.

The economic entity's interests in joint venture entities are brought to account using the equity method of accounting in the consolidated financial statements. The parent entity's interests in joint venture entities are brought to account using the cost method.

(f) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognized net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognized as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

(h) Comparative Figures

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

NOTE 2: FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

	Economic Entity		
	Previous GAAP at 1.7.2004	Adjustments on introduction of Australian equivalents to IFRS	Australian equivalents to IFRS at 1.7.2004
	\$	\$	\$
Reconciliation of Equity at 1 July 2004			
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	492,578	-	492,578
Trade and other receivables	8,814	-	8,814
TOTAL CURRENT ASSETS	501,392	-	501,392
NON-CURRENT ASSETS			
Deferred Exploration and Evaluation	264,171	-	264,171
TOTAL NON-CURRENT ASSETS	264,171	-	264,171
TOTAL ASSETS	765,563	-	765,563
CURRENT LIABILITIES			
Trade and other payables	72,340	-	72,340
TOTAL CURRENT LIABILITIES	72,340	-	72,340
NON-CURRENT LIABILITIES			
Trade and other payables	99,750	-	99,750
TOTAL NON-CURRENT LIABILITIES	99,750	-	99,750
TOTAL LIABILITIES	172,090	-	172,090
NET ASSETS	593,473	-	593,473
EQUITY			
Issued capital	668,959	-	668,959
Retained earnings	(75,486)	-	(75,486)
TOTAL EQUITY	593,473	-	593,473

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Economic Entity		
	Previous GAAP at 31.12.2004	Adjustments on introduction of Australian equivalents to IFRS	Australian equivalents to IFRS at 31.12.2004
	\$	\$	\$
Reconciliation of Equity at 31 December 2004			
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	219,755	-	219,755
Trade and other receivables	56,132	-	56,132
Other current assets	19,534	-	19,534
TOTAL CURRENT ASSETS	295,421	-	295,421
NON-CURRENT ASSETS			
Deferred Exploration and Evaluation	336,132	-	336,132
Other non-current assets	121,500	-	121,500
TOTAL NON-CURRENT ASSETS	457,632	-	457,632
TOTAL ASSETS	753,053	-	753,053
CURRENT LIABILITIES			
Trade and other payables	168,042	-	168,042
TOTAL CURRENT LIABILITIES	168,042	-	168,042
NON-CURRENT LIABILITIES			
Trade and other payables	99,750	-	99,750
TOTAL NON-CURRENT LIABILITIES	99,750	-	99,750
TOTAL LIABILITIES	267,792	-	267,792
NET ASSETS	485,261	-	485,261
EQUITY			
Issued capital	668,959	-	668,959
Reserves	(736)	-	(736)
Retained earnings	(182,962)	-	(182,962)
TOTAL EQUITY	485,261	-	485,261

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Economic Entity		
	Previous GAAP at 30.6.2005	Adjustments on introduction of Australian equivalents to IFRS	Australian equivalents to IFRS at 30.6.2005
	\$	\$	\$
Reconciliation of Equity at 30 June 2005			
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	39,263	-	39,263
Trade and other receivables	84,517	-	84,517
Inventories	2,159	-	2,159
Other current assets	72,000	-	72,000
TOTAL CURRENT ASSETS	197,939	-	197,939
NON-CURRENT ASSETS			
Trade and other receivables			
Deferred Exploration and Evaluation	475,392	-	475,392
TOTAL NON-CURRENT ASSETS	475,392	-	475,392
TOTAL ASSETS	673,331	-	673,331
CURRENT LIABILITIES			
Trade and other payables	376,172	-	376,172
TOTAL CURRENT LIABILITIES	376,172	-	376,172
NON-CURRENT LIABILITIES			
TOTAL NON-CURRENT LIABILITIES	-	-	-
TOTAL LIABILITIES	376,172	-	376,172
NET ASSETS	297,159	-	297,159
EQUITY			
Issued capital	668,959	-	668,959
Reserves	(1,717)	-	(1,717)
Retained earnings	(370,083)	-	(370,083)
TOTAL EQUITY	297,159	-	297,159

Economic Entity

	Previous GAAP	Effect of transition to Australian equivalents to IFRS	Australian equivalents to IFRS
	\$	\$	\$
Reconciliation of Profit or Loss for the half-year to 31 December 2004			
Revenue	121,882	-	121,882
Exploration and Evaluation	(58,502)	-	(58,502)
Office Expenses	(25,417)	-	(25,417)
Director and Executive benefits	(65,000)	-	(65,000)
Other expenses	(80,439)	-	(80,439)
Profit/(Loss) before income tax	(107,476)	-	(107,476)
Increase/(Decrease) in Foreign Currency Translation Reserve	(736)	-	(736)
Profit/(Loss) from continuing operations attributable to members of A-Cap Resources Ltd	(108,212)	-	(108,212)

Reconciliation of Profit or Loss for the year to 30 June 2005

Revenue	122,730	-	122,730
Exploration and Evaluation	(61,619)	-	(61,619)
Office Expenses	(49,781)	-	(49,781)
Director and Executive benefits	(143,162)	-	(143,162)
Provision for Investment Write-down	(35,910)	-	(35,910)
Other expenses	(126,855)	-	(126,855)
Profit/(Loss) before income tax	(294,597)	-	(294,597)
Increase/(Decrease) in Foreign Currency Translation Reserve	(1,717)	-	(1,717)
Profit/(Loss) from continuing operations attributable to members of A-Cap Resources Ltd	(296,314)	-	(296,314)

NOTE 3 SEGMENT INFORMATION

Primary Reporting – Business Segments

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

NOTE 4 CONTINGENT LIABILITIES

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

NOTE 5 EVENTS SUBSEQUENT TO REPORTING DATE

Mining Interests

In January 2006 the Company announced the results of the latest drill program at the Jim's Luck Project in Botswana conducted by its Joint Venture partner and project manager Gallery Gold Ltd. The focus of the program had been on three structurally complex areas along the eastern boundary of the tenement with some encouraging drill results being received. Preparations are being made for a further drilling program in the first half of 2005. A-Cap holds a 20% contributing interest in the Jim's Luck Prospect and will contribute to the June quarter follow-up drill program.

Capital Raising

Following approval by shareholders on 31 October 2005, a prospectus for the issue of up to a further 25 million shares at 20 cents each is expected to be lodged during the current financial year.

DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 8 to 19.

- a) comply with Accounting Standard, AASB 134: Interim Financial Reporting and the Corporations Regulations; and
- b) give a true and fair view of the consolidated entity's financial position as at 31 December 2005 and of its performance for the half year ended on that date.

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

This declaration is made in accordance with a resolution of the Directors made on 16 March 2006.

P J VOLPE
Director

Dated this 16th day of March 2006
Hawthorn, Victoria

INDEPENDENT REVIEW REPORT TO MEMBERS OF A-CAP RESOURCES LIMITED

Scope

The financial report and directors' responsibility

The financial report comprises the income statement, balance sheet, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for A-Cap Resources Limited (the company) and the consolidated entity, for the half-year ended 31 December 2005, as set out on pages 8 to 20. The consolidated entity comprises both the company and the entities it controlled during the half-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.

Review approach

We conducted an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the Corporations Act 2001, Accounting Standards AASB134 "Interim Financial Reporting" and AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards", so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations, its changes in equity and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

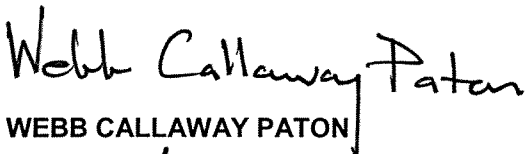
In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report at page 7 of the financial report.

INDEPENDENT REVIEW REPORT TO MEMBERS OF A-CAP RESOURCES LIMITED
(CONTINUED)

Statement

Based upon our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the consolidated entity, comprising A-Cap Resources Limited and the entities it controlled during the half-year is not in accordance with :

- a. the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2005 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standards AASB134 "Interim Financial Reporting" and AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards" and the Corporations Regulations 2001; and
- b. other mandatory financial reporting requirements in Australia.


WEBB CALLAWAY PATON


JEFFREY LUCKINS

Dated in Melbourne on this 16th day of March 2006