

A-CAP RESOURCES LIMITED

ACN 104 028 542

TO: THE STOCK EXCHANGE OF NEWCASTLE LIMITED

DATE: 10 September 2004

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2004 **ANNOUNCEMENT OF RESULTS PURSUANT TO LISTING RULE 6.11**

SUMMARY

During the year to 30 June 2004 the Company acquired all the mineral exploration interests of its parent company Cardia Technologies Ltd and raised \$723,627 from the issue of shares to Cardia shareholders on a pro-rata basis.

The Company acquired Cardia's exploration interests in exchange for the issue of conditional convertible notes with a face value of \$597,361 and a debt of \$167,950 in reimbursement of part of Cardia's prior expenditure on the tenements. \$100,000 of the outstanding debt was paid to Cardia on 29 March 2004 with the balance to be payable from future capital raisings.

A-Cap was listed on the Newcastle Stock Exchange on 25 March 2004.

On 12 December 2003 A-Cap incorporated a wholly owned subsidiary in the Gansu province in the Peoples Republic of China. Gansu Sino-Australian Mineral Resources Development Company Limited ("Gansu") was established as a prelude to making application for mining tenements in China.

Subsequent to the end of the 2004 financial year A-Cap was granted five (5) new prospecting licences in Botswana in close proximity to its existing tenements in the Magogaphate area. The new licences cover a total area of 3,570 square kilometres and are prospective for nickel, copper, gold and other base metals.

In August 2004 Gansu acquired its first exploration ground in China.

The funds raised from A-Cap's initial public offering early in 2004 will be utilised to contribute to the next phase of exploration of the Jims Luck tenements in Botswana, additional exploration on the Magogaphate tenements, including the newly granted prospecting licences, and the investigation of further opportunities in China.

PAT VOLPE
Chairman

A-Cap Resources Limited

REGISTERED OFFICE

Suite 5.10, Level 5, 737 Burwood Rd, Hawthorn, Victoria Australia 3122
Telephone +61 3 9813 3228 Facsimile +61 3 9813 2668

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APPENDIX 3

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2004

CONTENTS

	PAGE
Results for Announcement to the Market	2
Preliminary Consolidated Statement of Financial Performance	3
Preliminary Consolidated Statement of Financial Position	4
Preliminary Consolidated Statement of Cash Flows	5
Notes to the Preliminary Consolidated Financial Statements	6
Commentary on Results for the Year	9

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	\$
Revenue from ordinary activities	nil
Loss from ordinary activities after tax attributable to members	(82,279)
Net loss for the year attributable to members	(82,279)

A-Cap Resources Limited was incorporated as a wholly-owned subsidiary of Cardia Technologies Ltd on 11 March 2003 and had no activity in the year ended 30 June 2003.

Dividends/Distributions

No interim dividend was paid during the year and it is not proposed to pay a final dividend for the year. A dividend policy will be established when the Company achieves a profitable operation.

Brief Explanation of the above figures

(i) Revenue

There was no revenue from ordinary activities for the year.

(ii) Net Loss

The Company's net loss after tax for the year was \$82,279 with the major expenditure items being detailed in Note 6 to the Preliminary Consolidated Financial Statements.

PRELIMINARY CONSOLIDATED STATEMENTS OF FINANCIAL PERFORMANCE

	Notes	2004	2003
		\$	\$
Revenue from Ordinary Activities	1	-	-
Office Expenses		296	-
Employee Benefits Expense		36,667	-
Research and Development, Exploration and Patents		1,878	-
Travel and Marketing Expenses		20,303	-
Professional Fees		21,114	-
Other Expenses from Ordinary Activities		2,021	-
		<hr/>	
Loss from Ordinary Activities before Income Tax Expense		(82,279)	-
Income Tax Expense/(Credit)	8	-	-
		<hr/>	
Loss from Ordinary Activities after Income Tax Expense		(82,279)	-
Net Loss		(82,279)	-
Net Loss Attributable to Outside Equity Interest		-	-
		<hr/>	
Net Loss Attributable to Members of A-Cap Resources Limited		(82,279)	-
		<hr/>	
Total Changes in Equity other than those resulting from Transactions with Owners as Owners Attributable to Members of A-Cap Resources Limited		(82,279)	-
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A-Cap Resources Limited
Year ended 30 June 2004
(Previous corresponding period:
Year ended 30 June 2003)

PRELIMINARY CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	2004 \$	2003 \$
Current Assets			
Cash Assets	3	485,785	100
Receivables		8,814	-
Other Current Assets		-	-
Total Current Assets		<u>494,599</u>	<u>100</u>
Non-Current Assets			
Exploration and Evaluation	6	264,171	-
Total Non-Current Assets		<u>264,171</u>	<u>-</u>
Total Assets		<u>758,770</u>	<u>100</u>
Current Liabilities			
Payables		72,340	-
Total Current Liabilities		<u>72,340</u>	<u>-</u>
Non-Current Liabilities			
Loan from Related Party		99,750	-
Total Non-Current Liabilities		<u>99,750</u>	<u>-</u>
Total Liabilities		<u>172,090</u>	<u>-</u>
Net Assets		<u>586,680</u>	<u>100</u>
Equity			
Parent Entity Interest			
Contributed Equity		668,959	100
Reserves		-	-
Accumulated Losses		(82,279)	-
Total Parent Entity Interest in Equity		<u>586,680</u>	<u>100</u>
Total Outside Equity Interest		-	-
Total Equity		<u>586,680</u>	<u>100</u>

PRELIMINARY CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	2004 \$	2003 \$
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)		(83,174)	-
Interest received		-	-
Income tax received		-	-
Net Cash (Outflow) from Operating Activities	5	(83,174)	-
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		-	-
Loans to related parties		-	-
Loans from related parties	6	(100,000)	-
Payments for patent expenses		-	-
Net Cash (Outflow) from Investing Activities		(100,000)	0
Cash Flows from Financing Activities			
Proceeds (payments) from borrowing		-	-
Proceeds from issues of ordinary shares		723,627	100
Payment of share issue costs		(54,768)	-
Net Cash Inflow from Financing Activities		668,859	100
Net Increase/(Decrease) in Cash Held		485,685	100
Cash at the Beginning of the Financial Year		100	-
Cash at the End of the Financial Year	3	485,785	100
Non-Cash Financing and Investing Activities	4	(43,681)	-

NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS

1. Revenue from Ordinary Activities

	2004	2003
	\$	\$
Revenue from operating activities	-	-
Revenues from outside the operating activities	-	-

2. Comparison of Half-Year Results

Consolidated (loss) from ordinary activities after tax attributable to members reported from the first half-yearly report	-	-
Consolidated (loss) from ordinary activities after tax attributable to members for the second half-year	(82,279)	-

3. Reconciliation of Cash

Cash at bank and on hand	485,785	100
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4. Non-Cash Financing and Investing Activities

Share issue transaction costs settled by the issue of fully paid ordinary shares	(43,681)	-
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5. Reconciliation of Profit/(Loss) After Income Tax to Net Cash Flows from Operating Activities

Operating loss after income tax	(82,279)	-
Exploration expenses written off	(1,878)	-
Non-cash employee benefits expense	(9,375)	-
Changes in assets and liabilities:		-
(Increase)/decrease in receivables	-	-
(Increase)/decrease in other operating assets	27,039	-
Increase/(decrease) in creditors	(16,681)	-
(Decrease) in provisions and other operating liabilities	-	-
Net cash (outflow) from operating activities	(83,174)	-

NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Material Factors Affecting the Preliminary Consolidated Financial Statements

(i) Revenue and Expenses

As noted under the explanation of the net loss for the year, the material factors affecting the revenue and expenses for the year were:

○ Travel and Marketing Expenses	\$20,303
○ Professional Fees	\$21,114
○ Employee Benefits Expenses	\$36,667

(ii) Assets, Liabilities, and Liquidity

The Company paid \$100,000 to its former parent company, Cardia Technologies Ltd as part of the consideration for the acquisition of the mineral exploration interests from that company and referred to in the summary attached to this Appendix 3.

\$264,171 of Non-Current Assets represents the accumulated expenditure incurred on the Botswana and Australian exploration tenements.

(iii) Cash Flows

The major cash item during the year was the \$723,627 received from the Company's Initial Public Offering

7. Changes in Accounting Policies

There were no changes in accounting policies during the year.

NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Reconciliation of Income Tax Expense

	2004	2003
	\$	\$
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	(82,279)	-
Income tax calculated @ 30%	(24,684)	-
Tax effect of permanent differences:		
Entertainment expense	380	-
Income tax adjusted for permanent differences	-	-
Losses carried forward	24,304	-
Income Tax Expense/(Credit)	-	-

9. 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.

On 19 July 2004 the Company announced that Gallery Gold Botswana (Pty) Limited ("Gallery"), the manager and operator of the Jim's Luck Joint Venture prospect had reported that detailed mapping had been completed around one of the high grade shoots in preparation for a detailed drilling of the zone in the December quarter.

On 23 July 2004 the Company was granted 5 new prospecting licences in Botswana in close proximity to its existing tenements in the Magogaphate area.

On 20 August 2004 the Company's Chinese subsidiary company, Gansu Sino-Australian Mineral Resources Development Co. Ltd, acquired it's first exploration ground in that country.

10. Accumulated Losses

Accumulated losses at the beginning of the financial year	-	-
Net loss attributable to members of A-Cap Resources Limited	(82,279)	-
Accumulated losses at the end of the financial year	(82,279)	-

NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. NTA Backing

	2004	2003
Net tangible asset backing per ordinary share	<u>\$0.0026</u>	<u>\$1.00</u>

12. Controlled Entity

Name of entity: Gansu Sino-Australian Mineral Resources Development Co. Ltd
Date Incorporated: 12 December 2003

Gansu did not operate during the period and therefore did not contribute to the reporting entity's Operating Loss from Ordinary Activities during the period.

COMMENTARY ON RESULTS FOR THE YEAR

Earnings per Share

	2004	2003
	\$	\$
Basic Earnings (Loss) Per Share	<u>(\$0.0037)</u>	<u>-</u>
Diluted Earnings (Loss) Per Share	<u>(\$0.0037)</u>	<u>-</u>

Returns to Shareholders

Not applicable.

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

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

Audit

This report is based on accounts which are in the process of being audited.

John Wilson
Company Secretary
Date: 10 September 2004