

A-Cap Resources Limited

ACN 104 028 542

TO: THE STOCK EXCHANGE OF NEWCASTLE LIMITED

DATE: 15th March 2005

HALF-YEAR REPORT 31st DECEMBER 2004

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

REGISTERED OFFICE

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

A-CAP RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

ACN 104 028 542

APPENDIX 3

HALF-YEAR REPORT 31 DECEMBER 2004

Lodged with the NSX under Listing Rule 6.10

This information should be read in conjunction with the 30 June 2004 Annual Report.

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A-CAP RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
HALF-YEAR REPORT – 31 DECEMBER 2004

APPENDIX 3

RESULTS FOR ANNOUNCEMENT TO THE MARKET

(Comparative figures being the half year ended 31 December 2003)

				\$
Revenue from ordinary activities	Up	N/A	to	121,882
Loss from ordinary activities after tax attributable to members	Up	1,279%	to	(107,476)
Net loss for the year attributable to members	Up	1,279 %	to	(107,476)

Dividends/Distributions

It is not proposed to pay dividends.

NTA Backing

	Consolidated Entity	
	2004	2003
	\$	\$
Net tangible asset backing per ordinary share	\$0.0063	(\$143.96)

Brief Explanation of the above figures

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. This is the first half-year report of the Company.

(1) Revenue

The principle component of the Revenue resulted from the disposal of part of the Company's interest in the Hodgkinson Basin tenements in Queensland to Republic Gold Ltd for a consideration of \$121,500 – being the value of 900,000 Republic shares at their market value of 13.5 cents on 31st December 2004.

(2) Net Loss

The major expenditure items for the year are detailed in the Statement of Financial Performance.

Foreign Accounting Standards

The financial statements of 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.

A-CAP RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

HALF-YEAR REPORT – 31 DECEMBER 2004

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2004 and any public announcements made by A-Cap Resources Ltd during the interim half year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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 27, Central Plaza One 345 Queen Street BRISBANE QLD 4000 Telephone (07) 3237 2100 Facsimile (07) 3229 9860
Bankers:	National Australia Bank 110 Church Street RICHMOND VIC 3121
Auditors:	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

DIRECTORS' REPORT

Your Directors present their 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 2004.

DIRECTORS

The following persons were Directors of Cardia during the whole of the half-year and up to the date of this report:

Patrick John Volpe
Peter Pena
Desmond Kong-Man Wan

REVIEW OF OPERATIONS

In the six months to 31st December 2004 A-Cap continued its mineral exploration activities in Botswana, Australia and China.

A brief summary of the activities in each country during the period is as follows:-

Botswana

Jim's Luck Prospect

During the period the manager and operator of the Jim's Luck Prospect, Gallery Gold Ltd, completed the excavation, sampling and mapping of eight trenches on the southern part of the tenement and detailed mapping around one of the high grade shoots and proceeded to an RC drilling program the results of which were announced to the market in January 2005.

A follow up drill program will take place in the June quarter of 2005.

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

Magogaphate Tenements

In July 2004 three of the original four Magogaphate tenements in north eastern Botswana were renewed with all four expiring in 2006. Five additional Magogaphate licences were also granted in July expiring in 2007.

The prime focus of exploration work on the Magogaphate tenements however, is currently the Maibele North Nickel prospect. Re-evaluation and digital modelling of the deposit has resulted in significant changes to the earlier interpretations and to the assessment of the potential of the deposit. The mineralisation appears to extend much further than previously believed, to have less faulting and be less complex and deformed.

Further soil sampling and data analysis work is expected to be completed early in 2005 leading to the establishment of a drilling program to see if a mineable tonnage of nickel ore exists at Maibele North.

Queensland

Hodgkinson Basin Tenements

During the half-year the Company and its joint venture partner Gateway Mining N.L. ("Gateway") entered into a joint venture with Republic Gold Ltd ("Republic") with the latter taking a 90% interest in the Hodgkinson Basin tenements previously held by A-Cap (40%) and Gateway (60%).

DIRECTORS' REPORT

A-Cap and Gateway will retain free carried interests in the new joint venture of 4% and 6% respectively to the point that Republic announce a decision to mine at which point A-Cap can elect to contribute further, dilute to a 1.6% contributing share or revert to a 1% Net Smelter Royalty.

In consideration for transferring a portion of its 40% interest to Republic, A-Cap will receive 900,000 ordinary shares in Republic. The retained 4% interest was written off during the period.

A-Cap's decision to reduce its interest in the Hodgkinson Basin will enable it to focus on its prospective interests in Botswana and China.

China

During the half-year the Company's wholly owned Chinese subsidiary, Gansu Sino-Australian Mineral Resources Development Co. Ltd ("Gansu") acquired at auction its first exploration ground in China.

The Ma Yuan North tenement acquisition was confirmed by the Gansu Provincial Government with the licence yet to be issued by the Central Government.

Gansu is currently applying for additional ground in the Gansu province and negotiating to acquire further interests from Tenglong Mining Industry Co. Ltd ("Tenglong") – a Chinese company associated with Mr. Feng Haowen, the General Manager of Gansu. The Tenglong negotiations are also being discussed with Tony Technology (Holding) Co. Ltd, a substantial shareholder of A-Cap.

Subject to certain terms and conditions, and in particular the delivery of certain mining assets to Gansu, Mr. Feng Haowen can earn 49% of that company.

In December 2004 Gansu entered into a Contract of Cooperation with Gansu Qinqi Minerals Co. Ltd ("Qinqi") – a company wholly owned by the Gansu Provincial Bureau of Geology and Mineral Exploration and Development – for the exploration of 4 permits held by Qinqi. Upon completion of a successful due diligence process and a decision to proceed, Gansu can earn 70% of the Joint Venture to be established between the two parties.

CORPORATE

NSX Listing

A-Cap was successful listed on the NSX in March 2004.

Change of Auditor

At the Annual General Meeting of Shareholders on 30th November 2004, shareholders appointed Bentleys MRI as the Company's auditor.

DIRECTORS' REPORT

EVENTS OCCURRING AFTER REPORTING DATE

Other than the matters detailed in Note 8 to the consolidated financial statements on Page 15 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 Cardia 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.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 8.

This report is made in accordance with a resolution of the Directors made on 15 March 2005.



P.J. VOLPE
Director

Dated this 15th day of March 2005
Hawthorn, Victoria

15 March 2005

The Board of Directors
A-Cap Resources Limited
Suite 5.10, Level 5 Pacific Tower
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.

As lead audit partner for the review of the financial statements of A-Cap Resources Limited for the half-year ended 31 December 2004, 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



**BENTLEYS MRI
CHARTERED ACCOUNTANTS**



**JEFFREY C LUCKINS
PARTNER**

Dated in Melbourne on 15th day of March 2005

Partners

Theo J Eversteyn FCA
Adrian J Beckwith FCA
Greg R Lay FCA
Stirling L Horne CA
Martin A Phelan CA
Bruno A Secatore CA
Scott W Phillips CA
Peter R Vince FCA
Jeffrey C Luckins Affiliate ICAA
Martin E Fensome FCA

Consultants

John J Templeton FCA
Tom Linardos FCA

A member of Moores Rowland International an association of independent accounting firms throughout the world. Associated in all States of Australia. The firms practising as Bentleys MRI and Moores Rowland are independent. They are affiliated only and not in partnership.

**CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF-YEAR ENDED 31 DECEMBER 2004**

		\$
Revenue from ordinary activities	2	121,882
Cost of disposal of deferred exploration and evaluation		(58,502)
Office expenses		(25,417)
Director and executive benefits		(65,000)
Exploration and licence registration		(4,179)
Travel and marketing expenses		(40,476)
Professional fees		(22,051)
Net foreign exchange loss		(236)
Other expenses from ordinary activities		(13,497)
Loss from ordinary activities before income tax		<u>(107,476)</u>
Income tax expense		-
Net loss attributable to members of A-Cap Resources Ltd		<u>(107,476)</u>
Net decrease in foreign currency translation reserve		<u>(736)</u>
Total changes in equity other than those resulting from transactions with owners as owners		<u><u>(100,683)</u></u>
 Basic Earnings (loss) per share (cents)		 <u>(0.14)</u>
 Diluted Earnings (loss) per share (cents)		 <u>(0.14)</u>

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2004

		31 December	30 June
	Notes	2004	2004
		\$	\$
Current Assets			
Cash assets		219,755	492,578
Receivables		56,132	8,814
Other		19,534	-
Total Current Assets		295,421	501,392
Non-Current Assets			
Deferred Exploration and Evaluation		336,132	264,171
Other Financial Assets	3	121,500	-
Total Non-Current Assets		457,632	264,171
Total Assets		753,053	765,563
Current Liabilities			
Payables		168,042	72,340
Total Current Liabilities		168,042	72,340
Non-Current Liabilities			
Loan from Related Party		99,750	99,750
Total Non-Current Liabilities		99,750	99,750
Total Liabilities		267,792	172,090
Net Assets		485,261	593,473
Equity			
Contributed equity		668,959	668,959
Reserves	4	(736)	-
Accumulated losses		(182,962)	(75,486)
Total Equity		485,261	593,473

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

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2004**

	\$
Cash Flows from Operating Activities	
Payments to suppliers and employees (inclusive of GST)	<u>(272,823)</u>
Net cash (outflow) from operating activities	<u>(272,823)</u>
Net (decrease) in cash held	<u>(272,823)</u>
Cash at the beginning of the reporting period	<u>492,578</u>
Cash at the end of the reporting period	<u><u>219,755</u></u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2004

NOTE 1 BASIS OF PREPARATION OF HALF-YEAR FINANCIAL REPORT

The half-year financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 1029 *Interim Financial Reporting*, Urgent Issues Group Consensus Views, and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the Annual Report for the year ended 30 June 2004 and any public announcements made by A-Cap Resources Ltd during the half-year in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001*.

The accounting policies have been consistently applied by the Company and are consistent with those applied in the 30th June 2004 annual report.

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

Going Concern Assumption

Due primarily to the Company's role as a mineral explorer it experienced operating losses and negative operating cash flows for the half-year to 31st December 2004.

The ability of the Consolidated Entity to continue as a going concern and to meet its debts and commitments as they fall due is dependent upon it continuing to access additional capital and/or reducing future exploration expenditure commitments by entering into joint venture and farmout arrangements.

The Directors are confident that the Company has interests in tenements with excellent potential – particularly in Botswana – and opportunities to secure prospective ground in China.

As such, the Board believes it can successfully secure the necessary funding required to meet expenditure commitments and continue as a going concern. The Directors are currently considering raising additional funds through either a rights issue or a private placement.

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 at 31 December 2004.

Comparatives

Statement of Financial Performance and Statement of Cash Flows do not disclose the comparatives for the six months ended 31 December 2004 on the basis that this is the first half year report of the company. Comparatives of the Statement of Financial Position as at 30 June 2004 have been disclosed as the company's financial report for the year ended 30 June 2004 was previously published and audited.

NOTE 2 REVENUE FROM ORDINARY ACTIVITIES

	31 Dec 2004
	\$
Proceeds from disposal of mining interest	121,500
Other Revenue	382
	<u>121,882</u>

NOTE 3 OTHER FINANCIAL ASSETS

	31 Dec 2004	30 June 2004
	\$	\$
Shares in listed corporation, at market value	<u>121,500</u>	

NOTE 4 RESERVES

	31 Dec 2004	30 June 2004
	\$	\$
Foreign currency translation reserve	<u>(736)</u>	

Movements:

	31 Dec 2004	30 June 2004
Foreign currency translation reserve		
Balance at the beginning of the period	-	-
Net exchange difference on translation of foreign controlled entity	(736)	-
Balance at the end of the period	<u>(736)</u>	-

NOTE 5 SEGMENT INFORMATION

Primary reporting – business segments

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

NOTE 6 ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing 1 January 2005. This requires the production of accounting data for future comparative purposes at the beginning of the current financial year.

The parent entity's management, along with its auditors, are assessing the significance of these changes and preparing for their implementation. We will seek to keep shareholders informed as to the impact of these new standards as they are finalised.

NOTE 6 ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

The Directors are of the opinion that the key differences in the economic entity's accounting policies which will arise from the adoption of the IFRS are:

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.

Share based Payments

Current company policy is to expense any share-based payments made in connection for services received. The introduction of AASB 2: Share-based payments, will require the Company to also expense any options granted to employees.

Income Tax

Currently, the economic 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 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.

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

NOTE 7 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 8 EVENTS OCCURRING AFTER REPORTING DATE

In January 2005 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.

DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 8 to 13:

- a) comply with Accounting Standard, AASB 1029: Interim Reporting and the Corporations Regulations; and
- b) give a true and fair view of the consolidated entity's financial position as at 31 December 2004 and of its performance for the half year ended on that date.

In the Directors' opinion:

- (a) the financial statements and notes are in accordance with the *Corporations Act 2001*; and
- (b) there are reasonable grounds to believe that A-Cap Resources Limited 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 15 March 2005.



P J VOLPE
Director

Dated this 15th day of March 2005
Hawthorn, Victoria

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

Scope

We have reviewed the financial report of A-Cap Resources Limited for the half-year ended 31 December 2004 as set out on page 8 to page 14. The company's directors are responsible for the financial report. The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year. We have performed 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 Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Stock Exchange Limited.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of company 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.

Statement

Based on 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 A-Cap Resources Limited is not in accordance with:

- a) the Corporations Act 2001, including:
 - i) giving a true and fair view of the company's financial position as at 31 December 2004 and of its performance for the half-year ended on that date; and
 - ii) complying with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations 2001; and
- b) other mandatory professional reporting requirements in Australia.

Partners

Theo J Eversteyn FCA
Adrian J Beckwith FCA
Greg R Lay FCA
Stirling L Horne CA
Martin A Phelan CA
Bruno A Secatore CA
Scott W Phillips CA
Peter R Vince FCA
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**INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF A-CAP RESOURCES LIMITED (CONTINUED)**

Inherent Uncertainty Regarding Continuation as a Going Concern

Without qualification to the statement expressed above, attention is drawn to the following matter. As a result of the matters described in note 1 to the financial statements, there is inherent uncertainty whether the consolidated entity will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Bentleys MRI

**BENTLEYS MRI
CHARTERED ACCOUNTANTS**



**JEFFREY C LUCKINS
PARTNER**

Dated in Melbourne on 15th day of March 2005