

**A-CAP RESOURCES LIMITED**  
**ACN 104 028 542**

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

**DATE: 23<sup>rd</sup> December 2004**

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**NEW CONTRACT FOR ADDITIONAL GROUND IN GANSU PROVINCE IN CHINA**

The Board of A-Cap is pleased to announce that its wholly owned subsidiary in China Gansu Sino-Australian Mineral Resources Development Co. Ltd ("GSA") has entered into a contract with Gansu Qinqi Minerals Company Limited of Gansu Provincial Bureau of Geology and Mineral Exploration and Development ("GQM") for the development of certain exploration areas of the Gansu province.

The Contract of Co-operation between GSA and GQM covers four exploration permits over a total area of approximately 146 sq kms and will target gold and other precious metals, non-ferrous metals and platinum group metals.

The Contract requires GSA to conduct a due diligence process during which it must pay RMB 24,000 per month (approx. AUD \$3,800) to GQM.

Upon completion of a successful due diligence process and a decision by GSA to proceed to the exploration stage, it can earn 70% of a Contractual Joint Venture ("CJV") to be established between the two parties by contributing RMB 2.1mil (approx. AUD\$325,000).

Payments made by GSA during the due diligence process will be set off against the RMB 2.1mil exploration expenditure.

Should the exploration stage result in a decision to proceed to development, GSA's interest can increase to 85%.

Upon completion of the due diligence process the market will be advised as to whether GSA will proceed with the CJV.

**PAT VOLPE**  
**Chairman**

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