

A-CAP RESOURCES LIMITED

ACN 104 028 542

TO: THE STOCK EXCHANGE OF NEWCASTLE LIMITED

DATE: 25 NOVEMBER 2004

CONFIRMATION OF NICKEL POTENTIAL IN BOTSWANA

The Board is pleased to advise that recent re-evaluation and digital modelling of the Maibele North nickel deposit in Botswana conducted by consulting geologists Qualcon (Pty) Ltd of Francistown, Botswana has resulted in significant changes to the earlier interpretations and to the assessment of the potential of the deposit.

The Maibele North tenement is one of nine tenements held by A-Cap in the Magogaphate Shear Zone in north eastern Botswana. As the primary nickel prospect in the group Maibele North has been explored several times over the past 50 years or so and the recent modelling on modern software conducted by Mr C. P. Kerr of Qualcon suggests that the mineralisation extends much further along plunge than previously believed and also appears to be thickening where it was originally believed to be pinching out.

A second, previously unrecognised ultramafic body has also been confirmed in the immediate footwall. This has been modelled extending some 350 metres along strike, but is believed to extend over a more considerable strike length, probably beyond the length of the previously established (2,000 metre) grid. A third moderately subtle geophysical and geochemical anomaly may also represent a parallel, continuous, ultramafic body in the hanging wall, which appears to extend the entire length of the grid.

Modern exploration in the Magogaphate area dates back to gold exploration in the 1930's leading to the discovery of the world-class Selebi Phikwe nickel copper deposits in the 1960's.

Further work was conducted in the 1970's by International Nickel and in the late 1980's and 1990's by Falconbridge.

Falconbridge prioritised previously identified anomalies in the area with Maibele North being one of their six "first priority" targets. However, after using a number of models in their approach to the deposit and a programme of drill testing they dropped the project in 1995 and withdrew operations from Botswana.

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Falconbridge did however acknowledge that further work should be done on the deposit and their withdrawal was likely to be because they considered that the deposit was unlikely to make the grade as the large deposit they were seeking.

Sulphide mineralisation at Maibele North comprises moderately high grade nickel sulphides comprising the minerals pyrrhotite and pentlandite, with chalcopyrite comprising the copper mineralisation. Grades of up to 3.1% nickel have been recorded with maximum PGE + Au values of around 2.5 g/t.

Faulting does not appear as severe as previously believed, and the recognition of potential ultramafic lithological units extending for the entire length of the 2km exploration grid, suggests that Maibele North (and possibly the entire Shear Zone) may not be as complexly deformed as previously suggested. The Magogaphate Shear Zone may be more similar to the Selebi Phikwe area than previously thought. This has very promising implications for sulphide mineralisation and exploration.

There are numerous targets ready-to-drill at Maibele North, as well as potential for additional surface sampling, trenching and geophysical surveying.

The implications for other deposits in the area are also significant. If similar assumptions, mis-interpretation and omissions have been made at other deposits in the region, there remains very real potential for discovery of additional deposits in a relatively under-explored belt of highly prospective geology, apparently associated with the nearby world class nickel-copper deposits at Selebi Phikwe.

General conclusions in the Qualcon Report from the recent work are that the Magogaphate Shear Zone has been largely ignored in the recent past in terms of base metal exploration. This is largely due to the perception that the geology (and potential mineralisation) has been severely deformed and sheared. Re-evaluation of the existing core and data relating to the Maibele North deposit suggest this perception may be overstated. The presence of numerous ancient workings across the Shear Zone confirms the extensive presence of base metal, and in particular copper, showings at surface. Recent work has also seemed to focus on this very near-surface approach, with what appears to be somewhat limited commitment and resources. Possibly efforts have also been too focussed on a detailed structural model.

With the proximity of the world class ore-bodies of Selebi Phikwe, and the similarities of the lithologies to the Phikwe area, there is reason to hope that significant large nickel-copper deposits may be present, if not exposed at surface. A thorough re-evaluation of the entire Belt is required.

A proposed exploration plan has been prepared involving the drilling of an initial three diamond drill holes. These are designed to test the continuity of the high grade massive sulphides at the western end of the deposit and to establish the extension of the ultramafic and sulphide mineralisation at the east end of the deposit. In addition, trenching and exploration percussion drilling would be conducted on the two other inferred ultramafic bodies to confirm the identification of “blind” ultramafic bodies. If successful, these would need to be followed by extension of the exploration grid, and further, enhanced, geophysical surveying.

PAT VOLPE
Chairman