



**A-CAP RESOURCES LIMITED
AND ITS CONTROLLED ENTITIES**

ACN 104 028 542

**HALF-YEAR REPORT
31 DECEMBER 2016**

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The Directors present the financial report on the Consolidated Group consisting of A-Cap Resources Limited (“A-Cap”) and the entities it controlled (“the Consolidated Group”) at the end of, or during the half-year ended 31 December 2016.

DIRECTORS

The following persons were Directors of A-Cap Resources Limited during or since the end of the half-year and up to the date of this report:

Angang Shen	- Chairman
Paul Anthony Ingram	- Deputy Chairman
Paul William Thomson	- Managing Director
John Fisher-Stamp	
Michael Muhan Liu	
Jijing Niu	(appointed 19 September 2016)
Chenghu Zhu	(appointed 19 September 2016)
Henry James Stacpoole	(resigned 19 September 2016)
Paul Woolrich	(resigned 19 September 2016)

REVIEW OF OPERATIONS

On 12 July 2016 the Company announced a fully underwritten non-renounceable entitlement offer to shareholders to raise \$A4 million through the issue of 113,636,364 new ordinary shares on the basis of 1 new share for every 6.48 shares held at an issue price of 3.5 cents per share. The offer closed on 25 August 2016 with 10,658,884 shares applied for with the balance of 102,977,480 shares underwritten by Jiangsu Shengan. The underwriter fee of \$119,318 was settled in shares to Jiangsu pursuant to the terms of the underwriting agreement. This followed on from the previous successful non-renounceable entitlement offer completed in February 2016 which raised A\$5 million.

The Shanghai-based Jiangsu Shengan is now the Company’s largest shareholder. As a result of this, two new non-executive directors representing Jiangsu Shengan were appointed to the A-Cap Board, whilst two of the non-executive Directors, Mr Harry Stacpoole and Dr Paul Woolrich resigned from the Board. Mr Stacpoole and Dr Woolrich remain actively involved in the project with both on the A-Cap Project Technical Committee. Their knowledge and experience will continue to be reflected at management level, which is vital to our Company’s future.

Following the Company securing approval of the Letlhakane Uranium Project’s (the Project) Environmental Impact Statement (EIS) by the Botswana Department of Environmental Affairs and the grant of provisional surface rights over the Project area by the Mmadinare Sub Land Board during the June 2016 quarter, A-Cap was granted a mining licence for the Letlhakane Uranium Project on 8 September 2016. The Company had been focussing all its efforts since submitting our application for the mining licence in August 2015 to secure the necessary permits, approvals and funding required to take the Project towards development. The mining licence is valid for 22 years and takes effect from 12 September 2016.

Following the grant of the mining licence, A-Cap commenced staged project optimisation activities aimed to improve recovered uranium grade and reduce U₃O₈ process costs, focussing on acid supply and consumption. The optimisation works primary objective is to further de-risk the project prior to undertaking any further feasibility work during the 2017 calendar year including trial mining, variability column testwork and pilot plant. A-Cap has the necessary working capital reserves to undertake the project optimisation activities following the successful completion of the non-renounceable rights issue raising A\$4 million in August 2016.

LETLHAKANE URANIUM PROJECT

The Letlhakane Uranium Project is one of the world's largest undeveloped Uranium Deposits. The Project lies adjacent to Botswana's main North-South infrastructure corridor that includes a sealed all-weather highway, railway line and the national power grid, all of which make significant contributions to keeping the capital cost of future developments low (refer Figure 1). The project has the distinct advantage of having all the major infrastructure in place and is one of the few major undeveloped uranium projects in the world capable of being in production in 3 years at a low capital cost and competitive operating costs in a safe and stable jurisdiction. The strategy is to prepare the project for early development to enable the Company to fully capitalise on an expected recovery in the uranium price.

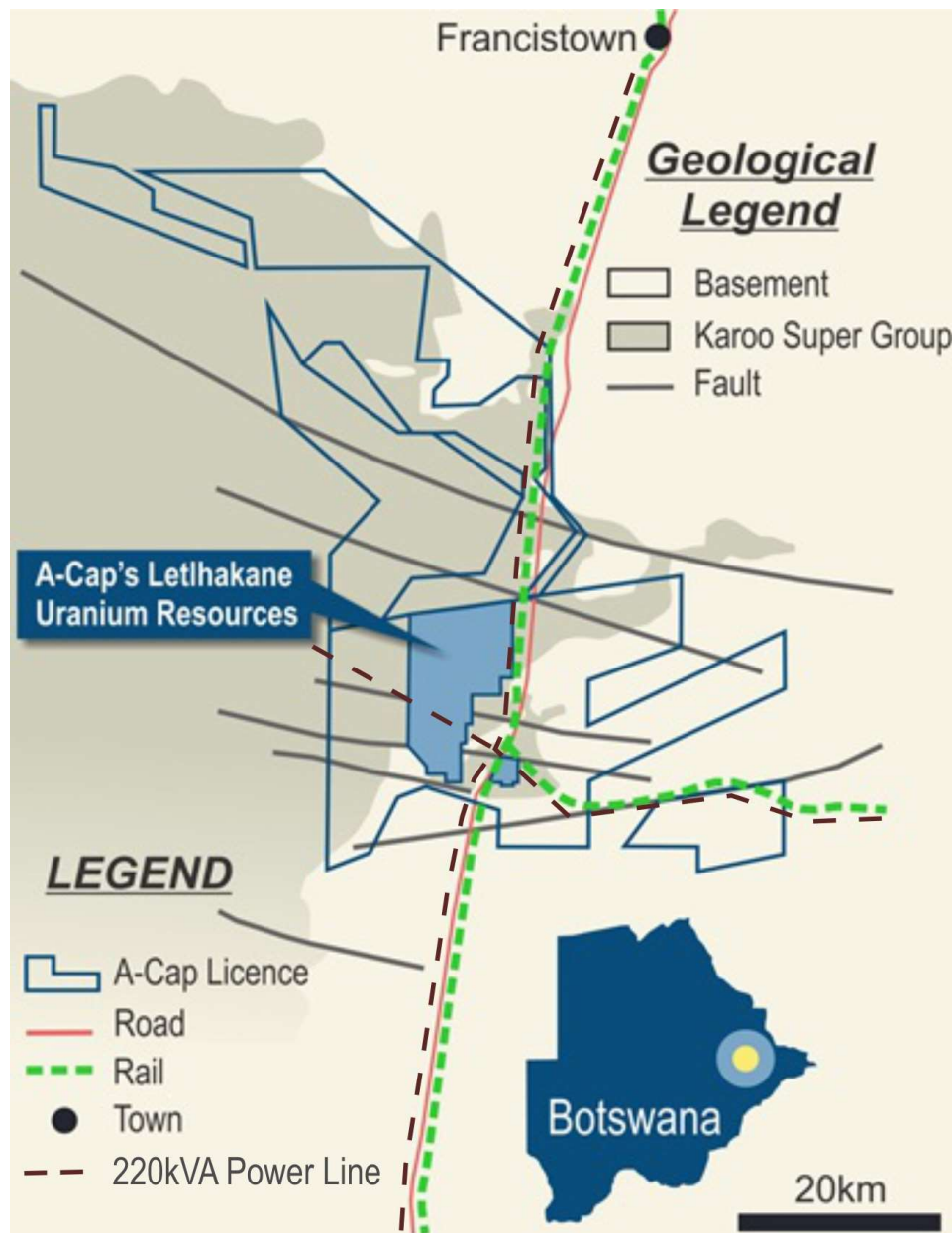


Figure 1: Map of A-Cap's Letlhakane Uranium Project

Mining Licence

On 12 September 2016 A-Cap was granted a Mining Licence designated ML 2016/16L by the Ministry of Minerals, Energy and Water Resources over a portion of PL 45/2004 (Letlhakane). The Mining Licence is valid for a period of 22 years. Demarcation of the licence boundary commenced in November following consultations with stakeholders and public community meetings throughout October and November.

A 3-metre-wide track has been cleared and concrete beacons constructed and surveyed to mark the extent of the mining licence area in compliance with the Botswana Mines and Minerals Act 1999.

The mining licence was granted on the basis of the results of an Environmental Impact Statement and technical study based on shallow open pit mining and heap leach processing to produce up to 3.75 million pounds of uranium per annum over a mine life of 18 years, incorporating the most up to date metallurgical results and process route, optimised mineral resources, mining, capital and operating costs developed by our feasibility specialists in Australia and internationally.

The outcomes of the technical study were released to the market (refer ASX release 11th September 2015), the key parameters summarised in Table 1 below:

Project Economics		Pre-tax	Post-tax
NPV	US\$	\$383M	\$240M
IRR	%	29%	24%
Payback period from start of production	yrs	3	
Capital Costs			
Construction	US\$	351M	
Working Capital		US\$	40M
Inputs & Assumptions			
Price of Uranium (flat price over LOM)	U ₃ O ₈ US\$/lb	\$81	
Discount rate	%	8%	
Life of mine (LOM)	yrs	18	
Project Summary			
Average Mining cost	US\$/lb	\$18	
Average Processing Cost	US\$/lb	\$23	
Cash Flows		Pre-tax	Post-tax
Total Revenue	US\$	\$3,499M	
Project Cash flow	US\$	\$841M	\$549M

Table 1: Summary of outcomes of the technical study

The Technical Study results and production targets reflected in this announcement are preliminary in nature as conclusions are drawn partly from indicated mineral resources and partly from inferred mineral resources. The Technical Study is based on lower level technical and economic assessments and is insufficient to support estimation of ore reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Technical Study will be realised. There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised.

Resources

A-Cap announced on 2 October 2015 a new JORC Mineral Resource Upgrade at Letlhakane completed by Optiro Pty Ltd, an independent expert. The updated resource uses a recoverable resource methodology which takes into account the proposed Standard Mining Unit (SMU). The SMU is defined by the proposed mining method utilising surface miners and the proposed grade control system using in-pit surface gamma radiation measurements.

The Localised Uniform Conditioning (LUC) estimate best reflects the mining methodology envisaged, taking into account the surface miners selective mining capability combined with the proposed grade control methodology. The accurate mining characteristics of surface miners and the ability to measure the gamma radiation on the surface during mining will ensure the optimum grade delivery to the process heap. The SMU of 20m x 4m x 0.25m forms the basis for the LUC estimation. Historic resource estimations were more reflective of conventional open pit mining and therefore had averaged resource data into blocks of bigger mining panels which smoothed or averaged the grade data.

Uniform conditioning (UC) and LUC is used for assessing recoverable resources inside a mining panel when the drill spacing does not provide sufficient coverage for direct grade estimation at the SMU scale. UC provides the proportion of SMUs inside a panel that are above cut-off and its corresponding average grade. LUC takes the UC result and spatially corrects the blocks making it more suited to extraction and optimisation studies.

The global resource estimate is as follows:

Cut-off (U ₃ O ₈ ppm)	Total Indicated			Total Inferred			Global Total		
	Mt	U ₃ O ₈ (ppm)	Contained U ₃ O ₈ (Mlbs)	Mt	U ₃ O ₈ (ppm)	Contained U ₃ O ₈ (Mlbs)	Mt	U ₃ O ₈ (ppm)	Contained U ₃ O ₈ (Mlbs)
100	197.1	197	85.5	625	203	280.1	822.1	202	365.7
200	59.2	323	42.2	209.7	321	148.2	268.9	321	190.4
300	22.2	463	22.7	81.6	446	80.3	103.8	450	102.9

Table 2 - 2015 Mineral resource estimates for ALL DEPOSITS at various U₃O₈ cut-offs

At a 200 ppm U₃O₈ cut-off the resource by prospect is:

2015 Mineral resource estimate for the Gojwane and Serule deposits - 200 ppm U ₃ O ₈ cut off (LUC)											
Ore Type	Deposit	Prospect	Indicated			Inferred			Total		
			Mt	U ₃ O ₈ ppm	U ₃ O ₈ Mlbs	Mt	U ₃ O ₈ ppm	U ₃ O ₈ Mlbs	Mt	U ₃ O ₈ ppm	U ₃ O ₈ Mlbs
Secondary	Gojwane	Gorgon Main/West	2.0	371	1.6				2.0	371	1.6
		Mokobaesi	0.1	261	0.0	0.0	202	0.0	0.1	261	0.0
		Kraken									
	Total Secondary			2.1	367	1.7	0.0	202	0.0	2.1	367
Oxide	Gojwane	Gorgon Main/West	6.1	313	4.2	9.3	280	5.7	15.4	293	10.0
		Mokobaesi	3.4	365	2.7				3.4	365	2.7
		Kraken	3.9	310	2.6	0.7	280	0.4	4.5	306	3.1
		Gorgon South	4.4	323	3.1	2.6	292	1.6	7.0	312	4.8
	Serule	Serule East				0.5	246	0.3	0.5	246	0.3
		Serule West	0.4	302	0.2	11.7	322	8.3	12.1	322	8.6
	Total Oxide			18.1	324	13.0	24.8	301	16.4	42.9	311
Primary	Gojwane	Gorgon Main/West	15.4	280	9.5	98.2	313	67.7	113.5	309	77.2
		Mokobaesi	0.5	359	0.4	0.3	330	0.2	0.8	347	0.6
		Kraken	7.7	350	5.9	1.0	349	0.8	8.7	349	6.7
		Gorgon South	12.1	337	9.0	22.8	309	15.5	34.9	319	24.5
	Serule	Serule East				0.4	259	0.2	0.4	259	0.2
		Serule West	3.3	376	2.8	62.4	345	47.4	65.7	346	50.2
	Total Primary			39.0	321	27.5	185.0	323	131.8	223.9	323
Total			59.2	323	42.2	209.7	321	148.2	268.9	321	190.4

Table 3 - 2015 LUC resource estimate at 200ppm cut-off

A drill spacing study comparison completed by Perth-based resource specialists Optiro on the Kraken deposit confirmed that at a starting drill spacing of 200m by 200m, the change of contained metal is within +/-10% when drilled down to 100m by 50m drill spacing.

The current criteria for inferred resources is nominally greater than 100m by 100m drill spacing. A-Cap has confidence that the deposit will retain its mineralisation continuity when it is further drilled out.

Metallurgy and Process Design

The Process Design is based on a 2-stage acid heap leach route for all the primary, oxide and lower mudstone secondary ores with a modified solvent extraction system being the principal uranium recovery method. The process design and uranium recovery has some novel and innovative steps and two patents have been lodged and both patent applications are pending.

This will be an important step in protecting some of the advances the metallurgical study team have made in the uranium recovery process design on the project. A draft Scope of Work (SOW) for the Pilot plant test programme has been completed and will be submitted to several laboratories to obtain budget quotes for this testwork.

Acid Consumption Studies

A-Cap is undertaking a desktop review with the aim of reducing acid consumption in the process. This included the review of acid soluble uranium (ASU) data that was completed early in the project. This data is being reviewed with respect to the LUC model and the potential of selective mining. Spatial relationships with higher acid consuming mineralisation is a possibility. Selective mining, leaving higher acid consuming areas has the potential to decrease the overall acid consumption and could be incorporated into the mining optimisations. Post the review, pulps from old drilling will be resampled and tested using the ASU testing, creating further data on acid consumption from the spatial mineralised horizons and distinct lithologic samples.

Environmental Impact Statement (EIS)

The Environmental Impact Statement (EIS) for the Letlhakane Uranium Project has been approved by the Botswana Department of Environment Affairs (DEA) in accordance with Section 12 (1a) of the Botswana Environmental Assessment Act, No.10, of 2011. This is a major milestone for A-Cap and its flagship Uranium Project. The DEA formally approved the EIS on 13 May 2016 following a four-week public review process pursuant to the Environmental Act 2011.

A-Cap first commenced work on the environmental study in January 2009, finalising and submitting the report in April 2015. The study identified the overall environmental and social impacts associated with developing a uranium mine in Botswana. The EIS process and documentation was prepared by independent experts SLR Consulting (Africa) (Pty) Ltd (SLR), in conjunction with Botswana-based consulting firm Ecosurv (Pty) Ltd. SLR and Ecosurv completed a professional study process comprising of a screening phase, scoping phase and a detailed impact assessment / environmental management phase, conforming with best practice and IFC guidelines.

Surface Rights and Community Engagement

Provisional surface rights were granted on 6 June 2016 over the 144sqkm area covering the Letlhakane Uranium Project. The surface rights are provisional upon compensation for the affected land rights holders in the area being resolved. A series of meetings in October and November with the community Kgotlas at Serule and Gojwane were extremely well attended and the demarcation of the mining licence boundary was discussed and agreed. The Resettlement action plan (RAP) was also discussed and once demarcation is complete, discussions with directly affected parties will commence in conjunction with relevant government departments and the land boards. Since 2006 A-Cap has continuously engaged with the community and has received ongoing support for the Project from all surrounding communities.

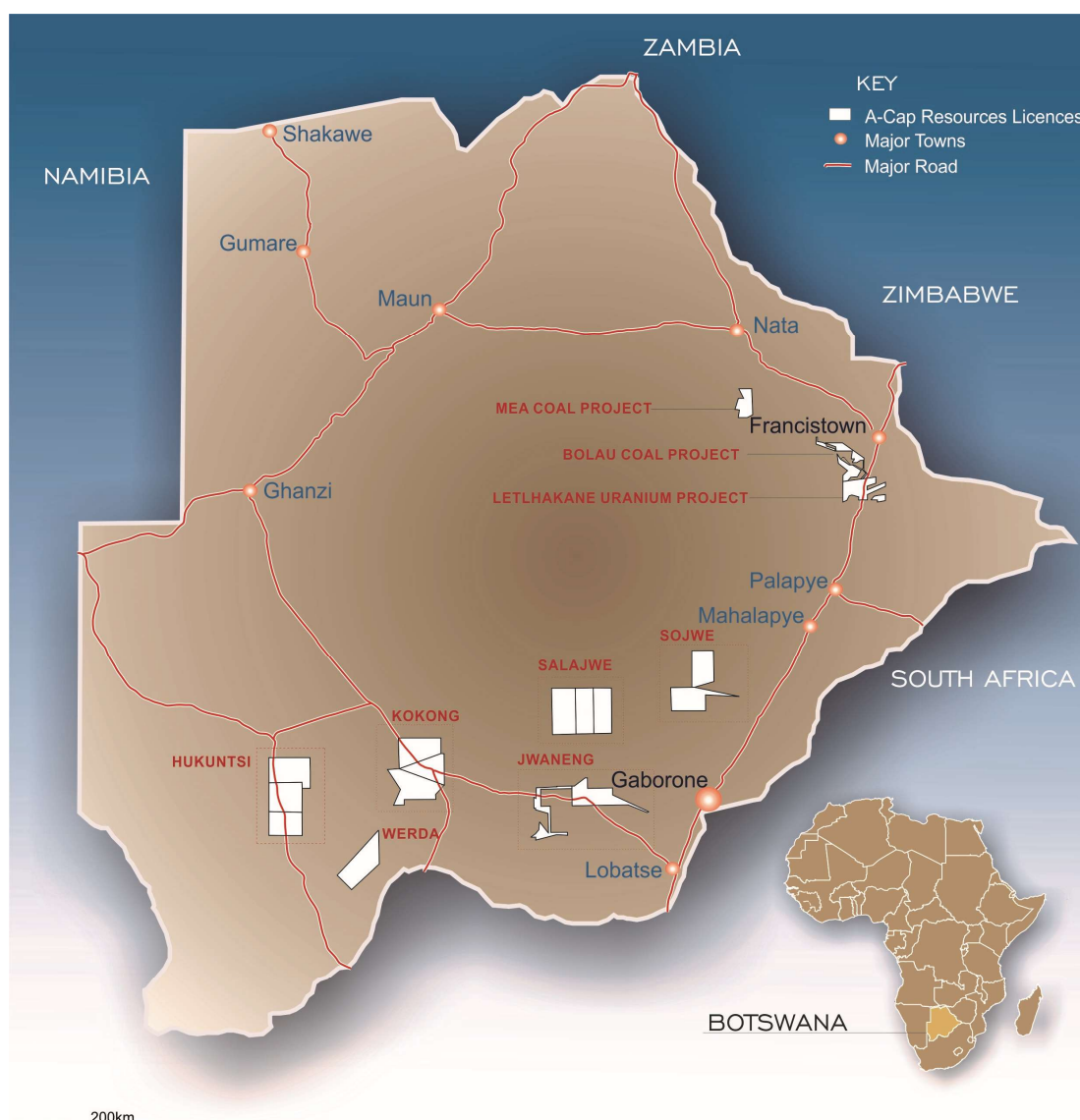


Figure 2: A-Cap's tenement portfolio in Botswana

COAL PROJECTS

A-Cap's Coal projects consists of the Foley Coal Project (which comprises two PLS Foley PL125/2009 and Bolau PL138/2005) and the Mea Coal Project (PL134/2005). The Company is currently considering options to release value and monetise the coal tenement assets through joint venture participation, corporate re-organisation and assets sale.

BASE METALS

The base metal tenements overlay the inferred extents of the Kaapvaal Craton. The Kaapvaal Craton in South Africa is host to a number of platinum and PGEs, iron ore and manganese mines. Whilst ensuring A-Cap continues to meet our commitments in preserving these prospecting licences, A-Cap is currently considering options to release value and monetise these base metals tenements through joint venture participation and corporate re-organisation.

SCHEDULE OF INTEREST IN MINING TENEMENTS

Tenement	Location	Percentage Holding	Title Holder
Letlhakane ML 2016/16L	Botswana	100	A-Cap Resources Botswana (Pty) Ltd
Letlhakane PL 45/2004	Botswana	100	A-Cap Resources Botswana (Pty) Ltd
Mea PL 134/2005	Botswana	100	A-Cap Resources Botswana (Pty) Ltd
Bolau PL 138/2005	Botswana	100	A-Cap Resources Botswana (Pty) Ltd
Foley PL 125/2009	Botswana	100	A-Cap Resources Botswana (Pty) Ltd
Hukuntsi 002/2014	Botswana	100	A-Cap Resources Botswana (Pty) Ltd
Hukuntsi 003/2014	Botswana	100	A-Cap Resources Botswana (Pty) Ltd
Hukuntsi 004/2014	Botswana	100	A-Cap Resources Botswana (Pty) Ltd
Werda 005/2014	Botswana	100	A-Cap Resources Botswana (Pty) Ltd
Kokong 006/2014	Botswana	100	A-Cap Resources Botswana (Pty) Ltd
Kokong 007/2014	Botswana	100	A-Cap Resources Botswana (Pty) Ltd
Kokong 008/2014	Botswana	100	A-Cap Resources Botswana (Pty) Ltd
Salajwe 009/2014	Botswana	100	A-Cap Resources Botswana (Pty) Ltd
Salajwe 010/2014	Botswana	100	A-Cap Resources Botswana (Pty) Ltd
Salajwe 011/2014	Botswana	100	A-Cap Resources Botswana (Pty) Ltd
Jwaneng 012/2014	Botswana	100	A-Cap Resources Botswana (Pty) Ltd
Jwaneng 013/2014	Botswana	100	A-Cap Resources Botswana (Pty) Ltd
Sojwe 014/2014	Botswana	100	A-Cap Resources Botswana (Pty) Ltd
Sojwe 015/2014	Botswana	100	A-Cap Resources Botswana (Pty) Ltd

CORPORATE

- ▲ On 28 July 2016 A-Cap issued 1,718,456 ordinary fully paid shares to directors and consultants in lieu of fee reductions.
- ▲ On 12 August 2016 A-Cap issued 3,685,210 ordinary fully paid shares to consultants pursuant to director service agreements.
- ▲ On 25 August 2016 the non-renounceable entitlement offer to shareholders closed, with A-Cap receiving applications for 10,658,884 ordinary shares, raising \$373,061, and resulting in a shortfall of 102,977,480 ordinary shares. New shares were allotted on 31 August 2016.
- ▲ On 1 September 2016 102,977,480 ordinary shares were allotted to Jiangsu Shengan following settlement of \$3,604,212 for shortfall shares under the non-renounceable entitlement offer pursuant to an Underwriting Agreement.
- ▲ On 7 September 2016 3,409,091 ordinary shares were allotted to Jiangsu Shengan as settlement for the underwriting fee of \$119,318 for the non-renounceable entitlement offer. The shares were allotted pursuant to the prospectus dated 26 July 2016 and an underwriting agreement between A-Cap and Jiangsu Shengan.
- ▲ On 7 September 2016 the Company received a notice from Jiangsu Shengan advising of a change of its relevant interests in the Company from 34.34% to 41.67%;
- ▲ On 19 September 2016:
 - Mr Harry Stacpoole resigned as Independent Non-Executive Director of A-Cap;
 - Dr Paul Woolrich resigned as Executive Director of A-Cap;
 - Mr Jijing Niu was appointed as Non-Executive Director of A-Cap;
 - Mr Chenghu Zhu was appointed as Non-Executive Director of A-Cap.
- ▲ On 27 September 2016 A-Cap released its 2016 Annual report to Shareholders;

- ▲ On 3 October 2016, a new service agreement and revised service agreements were signed with related entities for the provision of consulting services;
- ▲ On 5 October 2016, 682,878 ordinary shares were issued in lieu of director fees pursuant to the Shareholder-approved Director Share Plan and in lieu of consulting fees pursuant to the Company's Cost Reduction Plan;
- ▲ On 18 November 2016 A-Cap's Annual General Meeting was held at the Offices of Ashurst Brisbane;
- ▲ On 1 December 2016 12,350,349 ordinary shares were issued pursuant to a resolution of shareholders at the 2016 Annual General Meeting.

EVENTS SUBSEQUENT TO REPORTING DATE

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 Group, the results of these operations or the state of affairs of the Consolidated Group in subsequent years.

AUDITORS' DECLARATION

The auditors' independence declaration under section 307C of the Corporations Act 2001 is set out on page 10.

This report is made in accordance with a resolution of the Directors made on the 3rd of March 2017.



Paul Thomson
Managing Director

Dated this 3rd day of March 2017
Perth, Australia

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION
307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF
A-CAP RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2016 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink that reads 'William Buck'.

William Buck Audit (Vic) Pty Ltd

ABN: 59 116 151 136

A handwritten signature in blue ink that reads 'J.C. Luckins'.

J.C. Luckins
Director

Dated this 3rd day of March, 2017

**CHARTERED ACCOUNTANTS
& ADVISORS**

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Note	Dec 2016 \$	Dec 2015 \$
Revenue		-	-
Other income		42,423	6,005
Administration		(89,527)	(120,488)
Corporate	7	(1,027,092)	(407,464)
Employment entitlements	7	(444,263)	(661,741)
Impairment of capitalised exploration and evaluation		(51,241)	-
Loss on financial assets at fair value through profit and loss		(10,440)	(2,259)
Occupancy		(34,155)	(48,114)
Travel		(141,183)	(99,042)
Loss from ordinary activities before income tax expense		(1,755,478)	(1,333,103)
Income tax expense		-	-
Loss from ordinary activities after income tax expense attributable to the parent		(1,755,478)	(1,333,103)
Other Comprehensive income			
<i>Items that may be reclassified subsequently to the profit or loss</i>			
Exchange differences on translating foreign operations		1,319,422	1,745,430
Other comprehensive income for the period		1,319,422	1,745,430
Total comprehensive income / (loss) for the half-year attributable to the parent		(436,056)	412,327
Earnings per share:			
Basic loss per share (cents per share)		(0.20)	(0.28)
Diluted loss per share (cents per share)		(0.20)	(0.28)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	Dec 2016 \$	Jun 2016 \$
Assets			
Current Assets			
Cash and cash equivalents		6,080,210	4,090,542
Financial assets held at fair value through profit and loss		142,271	152,711
Trade receivables and other current assets		226,213	215,332
Total Current Assets		6,448,694	4,458,585
Non-Current Assets			
Plant and equipment		132,039	152,920
Capitalised exploration and evaluation	6	52,180,340	49,983,564
Total Non-Current Assets		52,312,379	50,136,484
Total Assets		58,761,073	54,595,069
Current Liabilities			
Trade and other payables		500,587	772,756
Total Current Liabilities		500,587	772,756
Total Liabilities		500,587	772,756
Net Assets		58,260,486	53,822,313
Equity			
Issued capital	5	71,669,156	66,794,927
Reserves		8,297,727	6,978,305
Accumulated losses		(21,706,397)	(19,950,919)
Total Equity		58,260,486	53,822,313

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF- YEAR ENDED 31 DECEMBER 2016

	Ordinary shares	Option reserve	Accumulated losses	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$
At 1 July 2016	66,662,931	131,999	(19,950,919)	6,978,305	53,822,316
Loss for the period	-	-	(1,755,478)	-	(1,755,478)
Other comprehensive income	-	-	-	1,319,422	1,319,422
Total comprehensive income / (loss) for the year	-	-	(1,755,478)	1,319,422	(436,056)
Transactions with owners in their capacity as owners:					
Issued capital	5,038,114	-	-	-	5,038,114
Share issue costs	(163,888)	-	-	-	(163,888)
At 31 December 2016	71,537,157	131,999	(21,706,397)	8,297,727	58,260,486

	Ordinary shares	Option reserve	Accumulated losses	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$
At 1 July 2015	61,702,559	1,116,166	(19,627,250)	6,015,075	49,206,550
Loss for the period	-	-	(1,333,103)	-	(1,333,103)
Other comprehensive income	-	-	-	1,745,430	1,745,430
Total comprehensive income / (loss) for the year	-	-	(1,333,103)	1,745,430	412,327
Transactions with owners in their capacity as owners:					
Issued capital	301,438	-	-	-	301,438
Share issue costs	(28,852)	-	-	-	(28,852)
Expired unlisted options	-	(820,431)	820,431	-	-
At 31 December 2015	61,975,145	295,735	(20,139,922)	7,760,505	49,891,463

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF- YEAR ENDED 31 DECEMBER 2016

	Dec 2016	Dec 2015
	\$	\$
Cash Flows from Operating Activities		
Payments to suppliers and employees	(994,764)	(1,090,970)
Interest / other income received	42,423	6,005
Net cash flows (used in) operating activities	(952,341)	(1,084,965)
Cash Flows from Investing Activities		
Purchase of plant and equipment	(7,302)	(8,966)
Proceeds from sale of assets	-	1,226
Exploration expenditure	(983,392)	(1,286,597)
Net cash flow (used in) investing activities	(990,694)	(1,294,337)
Cash Flows from Financing Activities		
Proceeds from the issue of ordinary shares	3,977,273	13,478
Proceeds from loans and borrowings	-	1,000,000
Cost of shares issued	(44,570)	(28,852)
Net cash flows from financing activities	3,932,703	984,626
Net increase/(decrease) in cash and cash equivalents	1,989,668	(1,394,676)
Cash and cash equivalents at beginning of period	4,090,542	2,207,637
Cash and cash equivalents at end of period	6,080,210	812,961

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 BASIS OF PREPARATION OF HALF-YEAR FINANCIAL REPORT

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Summary of significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year and the corresponding interim reporting period. All new accounting standards and amendments applicable for the first time this financial period have been adopted and have had no material impact on the Consolidated Group.

Basis of preparation

The condensed fair consolidated financial statements have been prepared on the basis of historical cost, except for the valuation of certain financial assets. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise indicated.

NOTE 2 CONTINGENT LIABILITIES

The directors are not aware of any contingent liabilities or contingent assets existing at the date of this report (2015: Nil). The Consolidated Group 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 Consolidated Group.

NOTE 3 EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

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 Group, the results of these operations or the state of affairs of the Consolidated Group in subsequent years.

NOTE 4 CAPITAL AND LEASING COMMITMENTS

	Dec-2016	Dec-2015
	\$	\$
Planned exploration expenditure		
- not later than 12 months	2,486,503	2,719,654
- between 12 months and 5 years	-	673,987
	2,486,503	3,393,641

These estimated figures include amounts submitted to the Department of Geological Survey in Botswana in order to maintain the Consolidated Group's current rights of tenure to exploration and mining tenements up until the expiry of the leases.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 CAPITAL AND LEASING COMMITMENTS (CONTINUED)

The Consolidated Group anticipates future expenditure on its current rights of tenure to exploration and mining tenements up until the expiry of its current Prospecting Licences and on tenement renewals and extensions that have been applied for but not yet granted, which are included in the above table. In the event the Consolidated Group does not meet the minimum exploration expenditure the licences may be cancelled or not renewed.

NOTE 5 ISSUED CAPITAL

i) Ordinary shares

1 July to 31 December 2016		Number of Shares	Issue Price \$	\$
Beginning of the reporting period		736,086,143		66,662,928
1 July 2016	Shares issued to directors, employees & consultants	1,718,456	3.6c	61,864
29 Jul 2016	Shares issued to consultants	3,685,210	3.6c	132,668
12 Aug 2016	Shares issued (entitlement offer)	10,658,884	3.5c	373,061
6 Sep 2016	Shares issued (entitlement offer shortfall)	102,977,480	3.5c	3,604,213
7 Sep 2016	Shares issued in lieu of underwriting fee	3,409,091	3.5c	119,319
5 Oct 2016	Shares issued to directors and consultants	682,878	6.3c	43,022
1 Dec 2016	Shares issued to consultants	12,350,349	5.7c	703,970
	Share issue costs			(163,888)
At the end of the reporting period		871,568,491		71,537,157

1 July to 31 December 2015		Number of Shares	Issue Price \$	\$
Beginning of the reporting period		475,056,253		61,702,559
10 Dec 2015	Ordinary Shares	2,528,631	4.284c	108,333
		279,916	2.178c	6,096
		297,232	2.397c	7,123
		393,571	5.376c	21,158
		373,716	4.838c	18,082
		1,157,992	4.896c	56,700
		1,982,691	4.234c	83,946
	Share issue costs			(28,852)
At the end of the reporting period		482,070,002		61,975,145

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 ISSUED CAPITAL (CONTINUED)

ii) Options

1 July to 31 December 2016		Number of Options	Exercise Price \$	Expiry Date	\$
Beginning of the reporting period		5,710,000			131,999
At the end of the reporting period		5,710,000			131,999

1 July to 31 December 2015		Number of Options	Exercise Price \$	Expiry Date	\$
Beginning of the reporting period		12,210,000			1,116,166
15 October 2015					
15 December 2015	Expired unlisted options	(4,000,000)	50 cents	15 Oct-15	(699,871)
	Expired unlisted options	(1,000,000)	40 cents	15 Dec-15	(120,560)
At the end of the reporting period		7,210,000			295,735

NOTE 6 CAPITALISED EXPLORATION & EVALUATION

	Dec-16 \$	Jun-16 \$
At cost	<u>52,180,340</u>	<u>49,983,564</u>
Movements in carrying values		
Balance at beginning of year	49,983,564	47,335,421
Expenditure during the year	966,259	2,066,675
Expenditure written-off during the year	(51,241)	-
Foreign currency translation	1,281,759	581,468
Balance at end of year	<u>52,180,340</u>	<u>49,983,564</u>

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and sale of uranium. Included in the expenditure during the year is depreciation of plant and equipment for the exploration activities amounting to \$17,075.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 SHARE BASED PAYMENTS

During the period, 21,845,984 ordinary shares were issued to compensate directors, employees and consultants for reductions in their remuneration pursuant to the Director Share Plan and the Company's Cost Reduction Plan.

- ▲ On 28 July 2016 A-Cap issued 1,718,456 ordinary fully paid shares to directors and consultants in lieu of fee reductions.
- ▲ On 12 August 2016 A-Cap issued 3,685,210 ordinary fully paid shares to consultants pursuant to director service agreements.
- ▲ On 7 September 2016 3,409,091 ordinary shares were allotted to Jiangsu Shengan as settlement for the underwriting fee of \$119,318 for the non-renounceable entitlement offer.
- ▲ On 5 October 2016 682,878 ordinary shares were issued in lieu of director fees pursuant to the Shareholder-approved Director Share Plan and in lieu of consulting fees pursuant to the Company's Cost Reduction Plan;
- ▲ On 1 December 2016 12,350,349 ordinary shares were issued to consultants pursuant to a resolution of shareholders at the 2016 Annual General Meeting.

The following equity-settled share-based payment transactions were recognised during the period:

- Included under corporate and employment costs in the Statement of Profit or Loss and Other Comprehensive Income is \$931,231;
- Included under shares issue costs in the Statement of Equity is \$119,318.

NOTE 8 SEGMENT INFORMATION

Identification of reportable segments

The Consolidated Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (Chief Operating Decision Makers) in assessing performance and determining the allocation of resources.

The Consolidated Group only operates within one business segment being that of minerals exploration and mine development in Africa.

The Chief Operating Decision Makers review the Monthly Directors Report on at least a monthly basis. The accounting policies adopted for internal reporting to the Chief Operating Decision Makers are consistent with those adopted in the financial statements.

The reportable segment is represented by the primary statements forming this financial report.

NOTE 9 FAIR VALUE MEASUREMENT

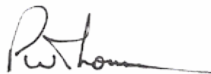
The carrying amounts of all financial assets and liabilities in these financial statements approximate their fair values.

DIRECTORS DECLARATION

In accordance with a resolution of the directors of A-Cap Resources Limited, the Directors of the Company declare that:

- 1) The consolidated financial statements and notes, as set out on pages 11 to 18 are in accordance with the *Corporations Act 2001*, including:
 - a. Complying with Accounting Standard AASB 134: *Interim Financial Reporting and Corporations Regulations 2001*; and
 - b. Giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date.
- 2) In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable

On behalf of the Directors



P.THOMSON
Chief Executive Officer

Dated this 3rd day of March 2017
Perth, Western Australia

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF A-CAP RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of A-Cap Resources Limited (the company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including:

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

As the auditor of A-Cap Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

CHARTERED ACCOUNTANTS & ADVISORS

Level 20, 181 William Street
Melbourne VIC 3000

Telephone: +61 3 9824 8555

williambuck.com

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF A-CAP
RESOURCES LIMITED AND ITS CONTROLLED ENTITIES (CONT)**

Conclusion

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 the Corporations Act 2001 including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Regulations 2001.



William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136



J. C. Luckins
Director

Dated this 3rd day of March, 2017

A-CAP RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

Principal Place of Business	Level 15, AMP Building 140 St Georges Terrace Perth WA 6000														
Registered Office	Level 38, 123 Eagle St Riverside Centre Brisbane QLD 4000														
Directors	<table> <tr> <td>Mr Angang Shen</td> <td>(Chairman)</td> </tr> <tr> <td>Mr Paul Anthony Ingram</td> <td>(Deputy Chairman, Independent Non-Executive Director)</td> </tr> <tr> <td>Mr Paul William Thomson</td> <td>(Managing Director)</td> </tr> <tr> <td>Mr John Fisher-Stamp</td> <td>(Independent Non-Executive Director)</td> </tr> <tr> <td>Mr Michael Liu</td> <td>(Independent Non-Executive Director)</td> </tr> <tr> <td>Mr Jijing Niu</td> <td>(Non-Executive Director)</td> </tr> <tr> <td>Mr Chenghu Zhu</td> <td>(Non-Executive Director)</td> </tr> </table>	Mr Angang Shen	(Chairman)	Mr Paul Anthony Ingram	(Deputy Chairman, Independent Non-Executive Director)	Mr Paul William Thomson	(Managing Director)	Mr John Fisher-Stamp	(Independent Non-Executive Director)	Mr Michael Liu	(Independent Non-Executive Director)	Mr Jijing Niu	(Non-Executive Director)	Mr Chenghu Zhu	(Non-Executive Director)
Mr Angang Shen	(Chairman)														
Mr Paul Anthony Ingram	(Deputy Chairman, Independent Non-Executive Director)														
Mr Paul William Thomson	(Managing Director)														
Mr John Fisher-Stamp	(Independent Non-Executive Director)														
Mr Michael Liu	(Independent Non-Executive Director)														
Mr Jijing Niu	(Non-Executive Director)														
Mr Chenghu Zhu	(Non-Executive Director)														
Contact Details	<p>Telephone (08) 9278 2614 Facsimile (08) 9278 2617 Email: info@a-cap.com.au Website: www.a-cap.com.au</p>														
Chief Executive Officer	Mr Paul Thomson														
Company Secretary	Mr Nicholas Yeak														
Share Registry	Advanced Share Registry Services Limited 110 Stirling Highway Nedlands WA 6009 Telephone (08) 9389 8033 Facsimile (08) 9389 7871														
Bankers	Westpac Banking Corporation 109 St Georges Terrace Perth WA 6000														
Auditors	William Buck Level 20, 181 William St Melbourne VIC 3000														
Solicitors	Ashurst Level 38, 123 Eagle St Brisbane QLD 4000														
Stock Exchange	A-Cap Resources is listed on the Australian Securities Exchange (ASX code: ACB) and the Botswana Stock Exchange (BSE code: A-CAP).														