

ASX RELEASE

Monday 31 July 2017

QUARTERLY REPORT AND APPENDIX 5B FOR THE QUARTER ENDED 30 JUNE 2017

A-Cap Resources Limited (“A-Cap” or “the Company”) (ASX: ACB) is pleased to provide its Quarterly Activities Report for the quarter ended 30 June 2017.

HIGHLIGHTS

- ▲ Acid soluble uranium test work completed, correlations identified;
- ▲ Staged project optimisation activities expanded to include further ASU test work;
- ▲ Demarcation of mining licence area has been completed;
- ▲ Resettlement Action Plan in progress;
- ▲ Scope of works for pilot plant received and evaluated;
- ▲ Change of Company’s principal place of business and contact details.

QUARTERLY ACTIVITIES

During the June 2017 quarter, A-Cap has continued to progress staged project optimisation activities for the Letlhakane Uranium Project (The Project) aimed to improve recovered uranium grade and reduce U₃O₈ process costs, focussing on acid supply and consumption.

Last quarter A-Cap sent 296 samples for acid soluble uranium (ASU) analysis to ANSTO laboratories at Lucas Heights, NSW. This test work has now been completed, with the results indicating acid consumption correlations which have the potential in reducing the overall acid consumption for the Project. This could allow for differentiation of high and low acid consuming mineralisation prior to processing it.

Following the positive results from the ASU test work and given the economic benefits reducing acid supply and consumption would yield, the Board have further expanded the staged project optimisation activities. Further samples are to be sent to ANSTO labs to expand the sample population of this study. The aim is to use predictive data models to assess the acid consumption of the mineralisation based on lithology, spatial location and mineralogy. This will be incorporated into a spatial model to assess the impact on the mine schedule. Selective mining, leaving higher acid consuming areas, could realise a reduction in overall acid consumption which is a key driver for the Project’s operating costs.

Following the completion of the additional ASU test work, mineralogy using QEMscan on known high acid consuming samples is planned. This will define the mineralogical associations for the acid consumption and focus separation studies, if applicable.

The primary objective of the staged project optimisation activities is to further de-risk the project prior to undertaking any further feasibility work. The necessary working capital reserves are in place with the Company’s cash balance at \$3.93M at the end of June.

A-Cap is continuing to attend to all compliance requirements prescribed by the Botswana Mines and Minerals Act 1999 associated with our mining licence including demarcation of the licence boundary and Relocation Action Plan, which is a requirement to convert the provisional surface rights for the project on compensation of affected landed rights holders.

On 13 July, the Company advised of the following changes to its address and contact details:

Principal place of business: Level 1, 136 Stirling Hwy, Nedlands WA 6009

Postal address: PO Box 291, Nedlands WA 6909

Phone: +61 8 9467 2612

Fax: +61 8 7200 7612

All other details remain unchanged.

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. 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 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.

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.

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 "*Mining Licence Application Submitted & Technical Study Outcomes*".

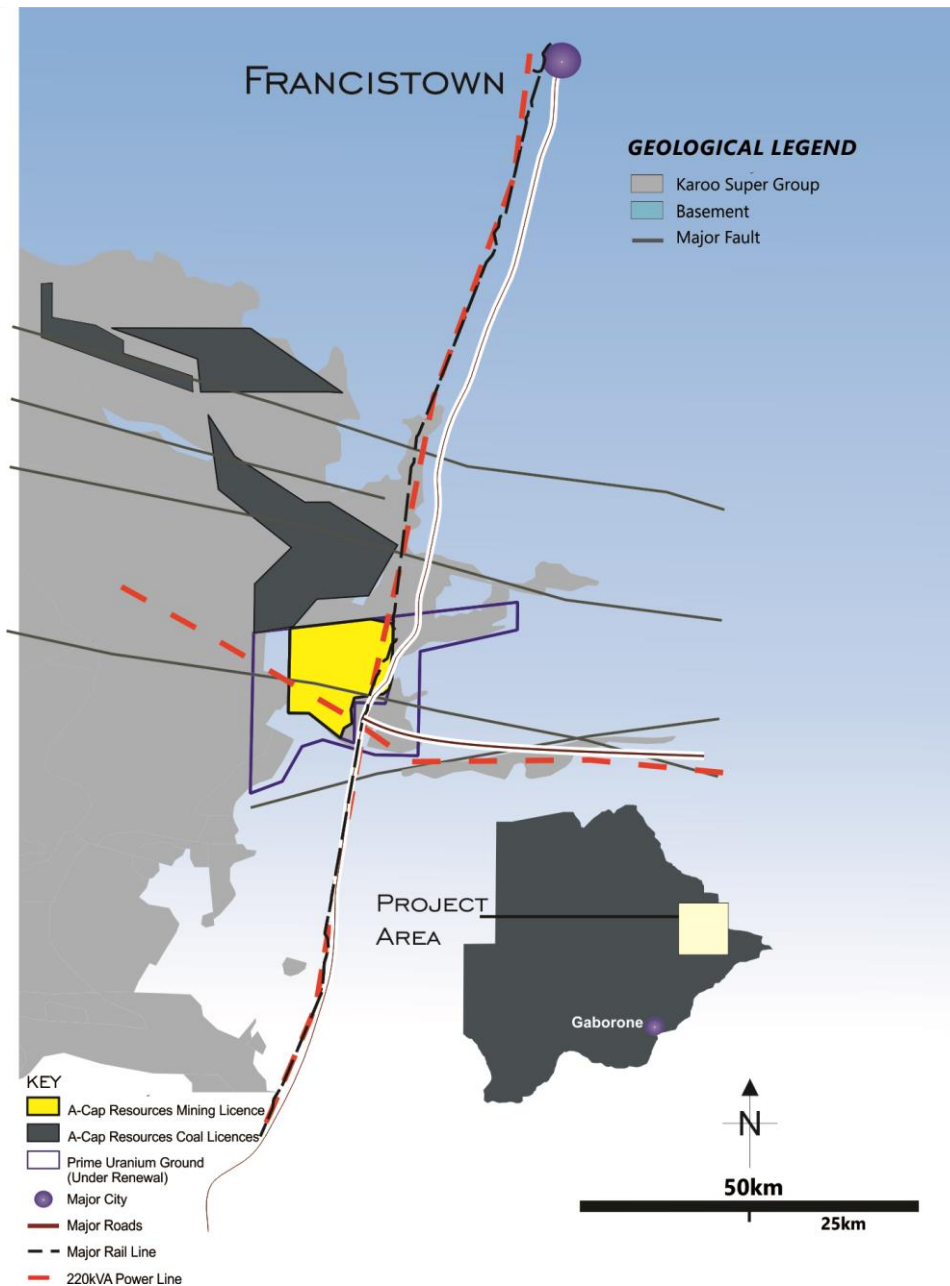


Figure 1: Map of A-Cap's Letlhakane Uranium Project

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 is 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 Scope of Work (SOW) for the Pilot plant test programme has been completed and several proposals from laboratories have been evaluated. The SOW is required for the proposed pilot plant test programme, which will be undertaken the Project has been de-risked and feasibility work recommences.

Acid Consumption Studies

In the quarter ended March 2017, A-Cap sent 296 samples for acid soluble uranium (ASU) analysis to ANSTO laboratories at Lucas Heights, NSW. The test design was aimed at addressing possible correlations with acid consumption and hence the samples were carefully selected to represent lithological, spatial and mineralogical parameters. The samples utilised are all sample pulps from XRF analysis from previous drill programmes.

The results of the analysis indicated acid consumption correlations which could reduce overall acid consumption for the project. The potential savings however are not directly relatable to the process design, as the pulps are pulverised samples and differ from the samples in the column leach studies. The benefit lies in being able to differentiate high and low acid consuming mineralisation prior to processing it.

The results from the ASU analysis showed spatial, lithological and mineralogical relationships with higher acid consumption. At Serule West, around the pit areas, the two basal mineralised lenses indicated an average almost twice the acid consumption of the upper lens. This relative difference in acid consumption from the pulps could change the optimisation parameters, as the higher lens may become more economical relative to the basal units.

The main observations were:

- *Spatially* – where at Serule the basal lenses had higher acid consumptions than the upper lenses; and by prospect where the range of acid consumptions is greater at Serule West than at Kraken or Gorgon.
- *By lithology type*; some mineralised lithologies had higher averages of acid consumption relative to others.
- *By geochemistry*; The samples when arranged in by 'like' geochemical signatures or clusters, some clusters correlated with higher acid consumption.

The geochemical clusters identified by the head assay geochemistry were often prevalent across different lithologies, indicating a mineralogical overprint that is a factor for acid consumption. When taking the observations with the selective mining approach, avoiding higher acid consuming areas could realise a reduction in overall acid consumption which is a key driver for the Project's operating costs.

As the results are only relative, further leach testing will be required simulating process conditions of the heap leach. However, to ensure future test work is optimal and focused, A-Cap are undertaking additional ASU test work this quarter to further refine the correlations. This project optimisation phase will look to address the spatial implications of the analysis by utilising predictive data models, assessing the acid consumption within the mineralisation and the resulting effects of the mining models.

Mineralogy using QEMscan will be completed following the ASU testing, utilising identified high acid consuming samples. QEMscan is a technique that will define the mineralogical assemblage. The identification of the specific minerals associated with high acid consumption and the lithological and spatial mineralogical alterations will allow an assessment of the economic considerations associated by reducing the acid consumption overall. This could be achieved by eliminating the higher acid consumers from the mining process.

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. 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. Environmental consultants Ecosurv, based in Gaborone, have been engaged to undertake the Resettlement action plan (RAP) as outlined in the approved EIS.

The surface rights are provisional upon compensation for the affected land rights holders in the area being resolved. During the quarter, multiple consultations with the greater communities and directly affected parties were completed. An asset inventory survey was completed over the site to ascertain the number of properties and infrastructure within the area. The survey was well advertised in local newspapers and in the community notice boards to ensure that all affected parties could be contacted.

COAL PROJECTS

A-Cap's Coal projects consists of the Foley Coal Project (which comprises two PL's 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. Currently all the coal tenements are under renewal application with the Department of Mines.

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
Jwaneng 012/2014	Botswana	100	A-Cap Resources Botswana (Pty) Ltd
Jwaneng 013/2014	Botswana	100	A-Cap Resources Botswana (Pty) Ltd

A-Cap has submitted applications for renewal and extension for our base metal and coal tenements, which are currently being assessed by the Department of Mines.

CORPORATE

During the quarter ended June 2017:

- ▲ On 19 April 2017, 316,375 ordinary shares in the Company were issued in lieu of consulting fees and in consideration of consulting fees;
- ▲ On 30 June 2017, the Company announced material variations to the terms of director service agreements effective 1 July 2017 as follows:
 - Mr A Shen – previous service fee US\$25,000 per month, new service fee \$US5,000;
 - Mr P Ingram – previous service fee US\$12,500 per month, new service fee \$US5,000;
 - Mr J Fisher-Stamp – previous service fee US\$12,500 per month, new service fee \$US5,000;
 - Mr M Liu – previous service fee US\$12,500 per month, new service fee \$US5,000;
- ▲ At quarter end, the Company held cash totalling \$3.93 million.
- ▲ Following the end of the quarter, on 13 July 2017, the Company updated the following address and contact details:
 - Principal place of business: Level 1, 136 Stirling Hwy, Nedlands WA 6009
 - Postal address: PO Box 291, Nedlands WA 6909
 - Phone: +61 8 9467 2612
 - Fax: +61 8 7200 7612

All other details remain unchanged.



Paul Thomson
CHIEF EXECUTIVE OFFICER

Competent person's statement

Information in this report relating to Mineral Resources is based on information compiled by Mr Ian Glacken, the Principal Consultant of Optiro Pty Ltd and a Fellow of the AusIMM. Mr Glacken has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person under the 2012 Edition of the Australasian Code for reporting of Exploration Results Mineral Resources and Ore Reserves. Mr Glacken consents to the inclusion of the data in the form and context in which it appears.

Information in this report relating to Uranium Exploration results, is based on information compiled by Mr Ashley Jones a full-time employee of A-Cap Resources Limited and a member of AusIMM. Mr Jones has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person under the 2012 Edition of the Australasian Code for reporting of Exploration Results Mineral Resources and Ore Reserves. Mr Jones consents to the inclusion of the data in the form and context in which it appears.

The information presented in this report related to coal resources is based on a geological model that was produced in October 2014. Mrs L. de Klerk (BSc, MSc, Pr.Sci. Nat No. 400090/08, GSSA). Mrs L. de Klerk is Managing Director and Geologist with DK Exploration and has determined coal resource estimates for PL125/2009. Mrs de Klerk has over 12 years industry experience involving modelling and assessing coal resources, which is sufficient relevant experience for the style of mineralisation and type of deposit under consideration and to the activity to which she is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mrs de Klerk consents to the inclusion in the report of the matters based on information in the form and context in which it appears.

Ends

For Further information contact:
Paul Thomson, A-Cap Resources

+ 61 8 9478 2612

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

A-CAP RESOURCES LIMITED

ABN

28 104 028 542

Quarter ended ("current quarter")

30 JUNE 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(428)	(1,546)
(b) development	-	-
(c) production	-	-
(d) staff costs	(184)	(700)
(e) administration and corporate costs	(452)	(1,784)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	7	64
1.5 Interest and other costs of finance paid	-	(1)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,057)	(3,967)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(7)	(10)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	1
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(7)	(9)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	3,977
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(2)	(48)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(2)	3,929

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,128	4,109
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,057)	(3,967)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(7)	(9)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(2)	3,929
4.5	Effect of movement in exchange rates on cash held	(128)	(128)
4.6	Cash and cash equivalents at end of period	3,934	3,934

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	3,184	5,128
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (Term deposit)	750	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,934	5,128

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	455
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Director fees and consulting fees paid to related entities.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(471)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(175)
9.5 Administration and corporate costs	(481)
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	(1,127)

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	NA			
10.2 Interests in mining tenements and petroleum tenements acquired or increased	NA			

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:
(Company secretary)

Date: 31 July 2017

Print name: Nicholas Yeak

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.