

A-CAP RESOURCES LIMITED

ASX (Australia): ACB
Price (August 4): A\$0.38
52-Week Range: A\$0.60-A\$0.28
Shares Outstanding: 161.8 million
Market Cap: A\$61.5 million

Recommendation: Speculative Buy (No Change)
12-Month Target Price: A\$0.80 (No Change)



Source; BigCharts.com

QUARTERLY REPORT

A-Cap Resources Limited has published its quarterly report for the period ended June 30, 2010, with updates on drilling and other operational activities at the Company's flagship Letlhakane uranium project in northeastern Botswana. Letlhakane, one of the world's largest undeveloped uranium deposits, is located adjacent to Botswana's main north-south infrastructure corridor, where there is a sealed all-weather highway, a railway line, and high-tension power lines.

Tables containing assay results from various drilling programs are contained in A-Cap's July 28, 2010 news release, available at www.a-cap.com.au.



Lethakane Project

Bankable Feasibility Study

A Bankable Feasibility Study (BFS), managed by Lycopodium Australia, is underway at the Lethakane uranium project. The study is focused on metallurgical treatment paths, including recovery optimization and beneficiation techniques designed to reduce operating expenditures and enhance recoveries. The study follows a Scoping Study, the results of which were announced in 2009, and which had reported cash costs of US\$33/lb U3O8 and capital costs for plant construction of US\$170 million.

As part of the ongoing BFS, additional metallurgical testwork, aimed at assessing the suitability of heap leaching as a processing option for the Lethakane project, was conducted. Metallurgical testing of oxide and secondary ores suggests that recoveries of above 80% can be achieved using an acid leach, and positive agglomeration results on both types of ore were achieved.

Primary ore contained within Lethakane represents 67% of the total resource base of 158 million lbs of U3O8. The potential recovery of the primary ore uranium greatly alters A-Cap's projected mine plans that are part of the ongoing BFS.

In the recent testwork, recoveries of 80% were achieved after 10 days' leaching. The work was undertaken on a sample of radiometrically sorted primary ore grading 316 ppm U3O8.

COMMENT: *The recovery testwork of the primary ore positively alters the economics of the Lethakane uranium project. We believe that the comments of Managing Director Andrew Tunks capture the significance of the results and the potential impact that continued positive results will have on the project: "This is the equivalent of discovering 100Mlbs of uranium oxide overnight."*

Exploration

A-Cap's exploration team is working outside the ore zone, with four objectives:

- Discover additional near-surface, high-value secondary ores;
- Grow current resources;
- Improve geological knowledge to improve target generation for higher-grade zones; and
- Provide material for metallurgical testwork.

Gorgon West Prospect

At the Gorgon West prospect, west of the main resource area (see map on page 3), a new zone of surface secondary style mineralization was discovered early in 2010 by trenching. Hollow auger drilling followed, with the mineralization discovered by drilling being mainly within five metres of the surface and being covered by less than a metre of windblown sand. This is considered a high-value exploration target.

The work at Gorgon West during the quarter was focused on: (1) defining the extent of secondary mineralization, and (2) testing the mineralization variability in preparation for future resource calculations. Thirteen hollow auger holes were drilled to outline the extent of mineralization, and four diamond and a further thirty hollow auger holes were completed for variability purposes. Assay results are expected during the September quarter.

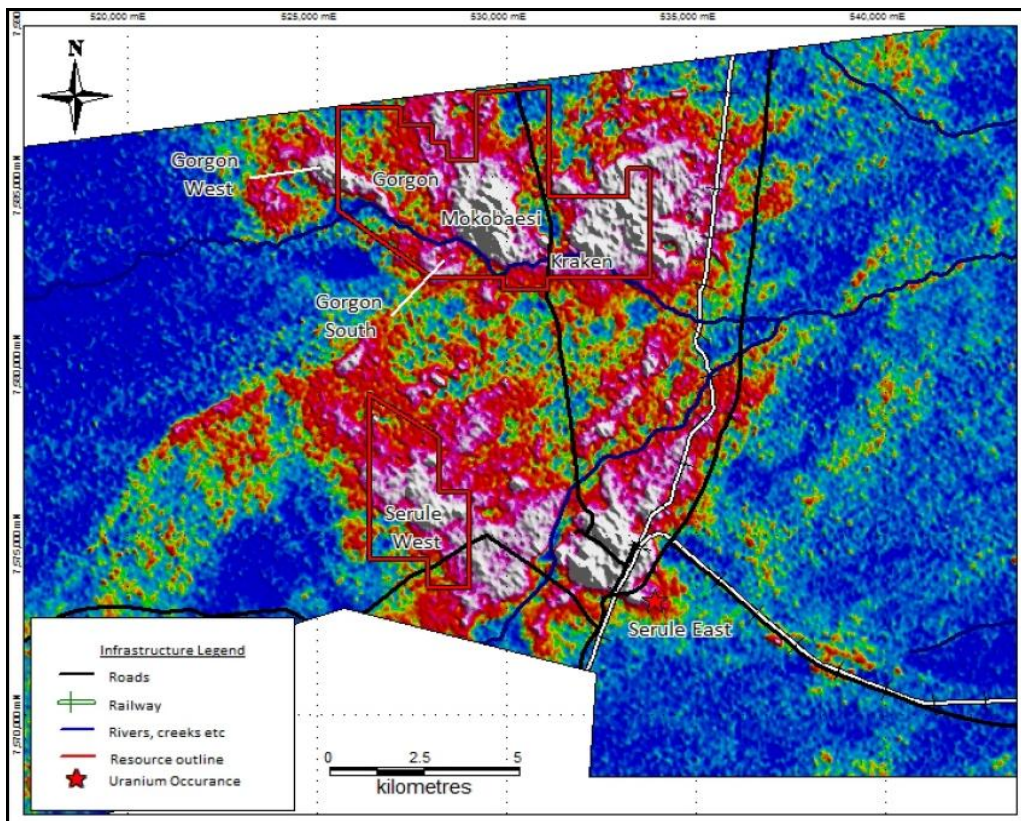
Gorgon South

The Gorgon South resource, currently classified as an Inferred Resource, has returned some of the highest grades and thicknesses at Lethakane. The area will be a focus for exploration in the third quarter, with programs designed to infill the resource to allow for: (1) a resource category upgrade and (2) to extend the resource to the south and southwest.

In the June quarter, 11 diamond holes were drilled at Gorgon South to supply material for the primary mineralization metallurgical test work. Infill drilling was scheduled to begin in early July.

Map 1

The map below shows the location of the main prospects at the Lethakane uranium project. Areas of red and white highlight the exploration potential in the area.



Source: Company

Kraken

The Kraken resource is in the eastern and southern portion of the main resource area. Five trenches were excavated at Kraken with the goal of exposing recently discovered secondary mineralization, with three of the trenches indicating potential uranium mineralization.



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In the recent quarter, 52 auger holes were drilled at Kraken, with the purpose of outlining the extent of secondary mineralization. Geochemical assay results for the drilling are expected early in the September quarter.

Infill drilling at Kraken began in June, with 30 reverse circulation (RC) holes completed (1,775 metres). The drilling is for the purpose of bringing the drill spacing at Kraken to a 100-by-100 metres pattern, which will enable the next resource calculation to convert the majority of the Kraken Inferred Resource to the Indicated category.

Twelve diamond drill holes (508 metres) were completed in the Kraken area in the quarter, as (1) part of the resource upgrade program, and (2) to supply material for the primary mineralization testwork at SGS Lakefield.

COMMENT: *The discovery of the new zones at the Letlhakane uranium project, and the prospect of its eventual delineation, increase the viability of the project and provide positive input for the costing phase of the bankable feasibility study currently underway.*

Well Field Exploration Bore Holes

Drilling to test the quantity and quality of potential process water in an underground aquifer has begun, with promising initial results.

Memorandum of Understanding with KORES

In the June quarter, A-Cap completed a memorandum of understanding (MOU) with Korea Resources Corporation (KORES), relating to the joint development of the Letlhakane project. Under the terms of the MOU, KORES will investigate the potential of participating in the development of the project, by itself or with the involvement of other Korean companies. (KORES, owned by the government of the Republic of Korea, is in charge of development of both domestic and overseas mineral resources.)

A-Cap will make available to KORES all mining-related information, including investment policy, taxation, mineral trade, exploration and development trends in Botswana.

Financial

The Company ended the June 30th quarter with a cash position of A\$6.6 million, having started the quarter with A\$8.2 million in cash. The majority of the cash used in the quarter, A\$1.3 million, was used for exploration.

COMMENT: *The Company exited the quarter with a good cash position to carry out its planned activities for the current quarter.*



THE COMPANY

A-Cap Resources Limited is a junior pure-play uranium exploration company, whose primary focus of activities is in Botswana, where the Company has 12 uranium properties, including the flagship Letlhakane uranium project. The Company is well financed to carry out its 2010 fiscal year activities.

RECOMMENDATION

We consider A-Cap Resources to be an interesting uranium play. The Company has a low-grade, high-tonnage open-pit uranium deposit and good surrounding infrastructure in a mining-friendly jurisdiction. We continue to recommend the shares of A-Cap as a Speculative Buy for long-term risk-tolerant investors, and are leaving our 12-month Target Price at A\$0.80. The shares are quoted on the Australian Stock Exchange.

RATINGS HISTORY

Date	Report Type	Recommendation	Stock Price	Target Price
Dec. 11, 2006	Initiating	Speculative Buy	A\$0.78	A\$1.10
Feb. 2, 2007	Comment	No Change	A\$1.35	A\$1.65 (Increased)
Apr. 5, 2007	Update	Changed to Sell	A\$2.10	A\$1.80 (Increased)
Jan. 29, 2008	Comment	Changed to Spec. Buy	A\$0.44	A\$0.75 (Lowered)
Oct. 16, 2008	Update	No Change	A\$0.25	Withdrawn
Mar. 24, 2009	Bulletin	No Change	A\$0.15	No Change
May 13, 2009	Bulletin	No Change	A\$0.40	No Change
June 12, 2009	Bulletin	No Change	A\$0.465	A\$0.80
July 28, 2009	Bulletin	No Change	A\$0.355	No Change
Sept. 21, 2009	Perspective	No Change	A\$0.405	No Change
Nov. 18, 2009	Update	No Change	A\$0.37	No Change
Feb. 8, 2010	Perspective	No Change	A\$0.38	No Change
June 29, 2010	Perspective	No Change	A\$0.32	No Change
Aug. 5, 2010	Perspective	No Change	A\$0.38	No Change

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