

ASX Release

Friday 22 March 2019

ASX:ACB

Wilconi Cobalt-Nickel Project Update

A-Cap Energy Limited (A-Cap) has commenced detailed work on the Wilconi Co-Ni Project (Wilconi) in Western Australia. As previously reported, in the past, the Wilconi Project has had 1,594 drill holes completed, including 21,266 nickel assays and 20,593 cobalt assays. A mineral resource study was completed in 2005 and a JORC compliant (2004) inferred resource defined¹. Refer ASX Announcement dated 21 December 2018. A-Cap entered into a definitive Farm-In and Joint Venture Agreement with the tenement owners, Blackham Resources Limited, whereby A-Cap can earn 75% interest in the cobalt, nickel and associated reserved minerals of Wilconi.

¹ This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Our initial approach to the rapid advancement of Wilconi is to focus on the major economic parameters that will drive the success of the project – metallurgy and accurate resource definition aided by advanced geophysics.

Metallurgy

The world of laterite processing for nickel and cobalt has been haunted by a legacy of immense capital overruns and overall mediocre performance in metallurgical methods that were selected at the time. High Pressure Acid Leaching (HPAL) has been the “go to” choice for many operators, and, despite a history of failures in the industry, still gets promoted as the ultimate solution. A-Cap plans to move away from this tradition and will be aggressively testing more cost-effective techniques for the Wilconi ore. The focus for the Company will be on atmospheric leaching as opposed to high pressure leaching and aiming towards more environmentally sustainable processes.

A metallurgical sampling programme will commence at the end of March 2019, which will result in the Company having bulk samples being processed using several advanced metallurgical techniques (Figure 1). Acid for metal leaching is the single biggest operating cost in projects such as Wilconi and all efforts will be directed at reducing these costs either by acid recycling or by using a starved acid leach process. The Company will be testing processes using three different acids for three separate atmospheric leach tests – sulphuric, nitric and hydrochloric, with emphasis being placed on the overall Co-Ni recoveries when compared with capex requirements. In addition, the testwork will investigate a number of innovative methods of acid recycling, as well as agitated tank leaching scenarios.

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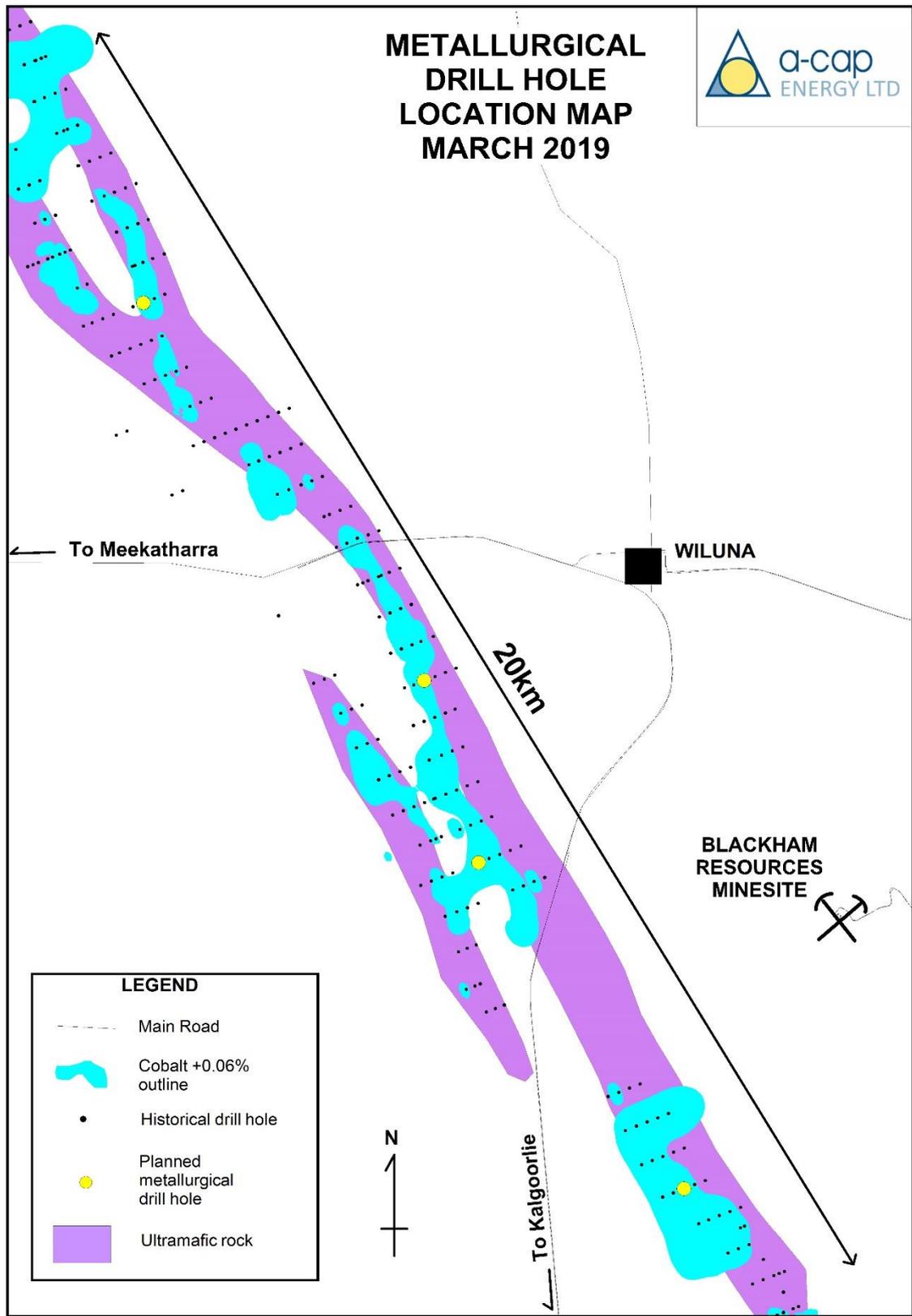


FIGURE 1: Map of Wilconi Project showing location of drill holes for collection of bulk samples for metallurgical testwork.

Geophysics

In late 2018, A-Cap contracted Ultramag Geophysics Pty Ltd to investigate the possibility of utilising deep penetrating ground radar (DGPR) to define the characteristics of the Wilconi laterite. The data has now been processed. A total of 30.5 line-kms of DGPR survey on 35 profiles across the ore zone was completed, with a nominal 100 metre depth. The DGPR technique worked well, and in-house processing of the data by Ultramag and A-Cap's geophysicist was able to correlate important mineralised zones within the lateritic profile (refer figures 2 and 3).

The advantage of using DGPR will be twofold:

1. By combining the DGPR lines with drilling, will enable A-Cap to establish continuity between drillholes, thereby reducing the drilling density and hence costs, to achieve a more reliable outcome.
2. One of our prime exploration targets at Wilconi is to define deeper "keels" to the known mineralisation. Such keels are expected to have higher grades of both cobalt and nickel, as well as positively affecting the overall strip ratio of the deposit. This will result in lower operating costs.

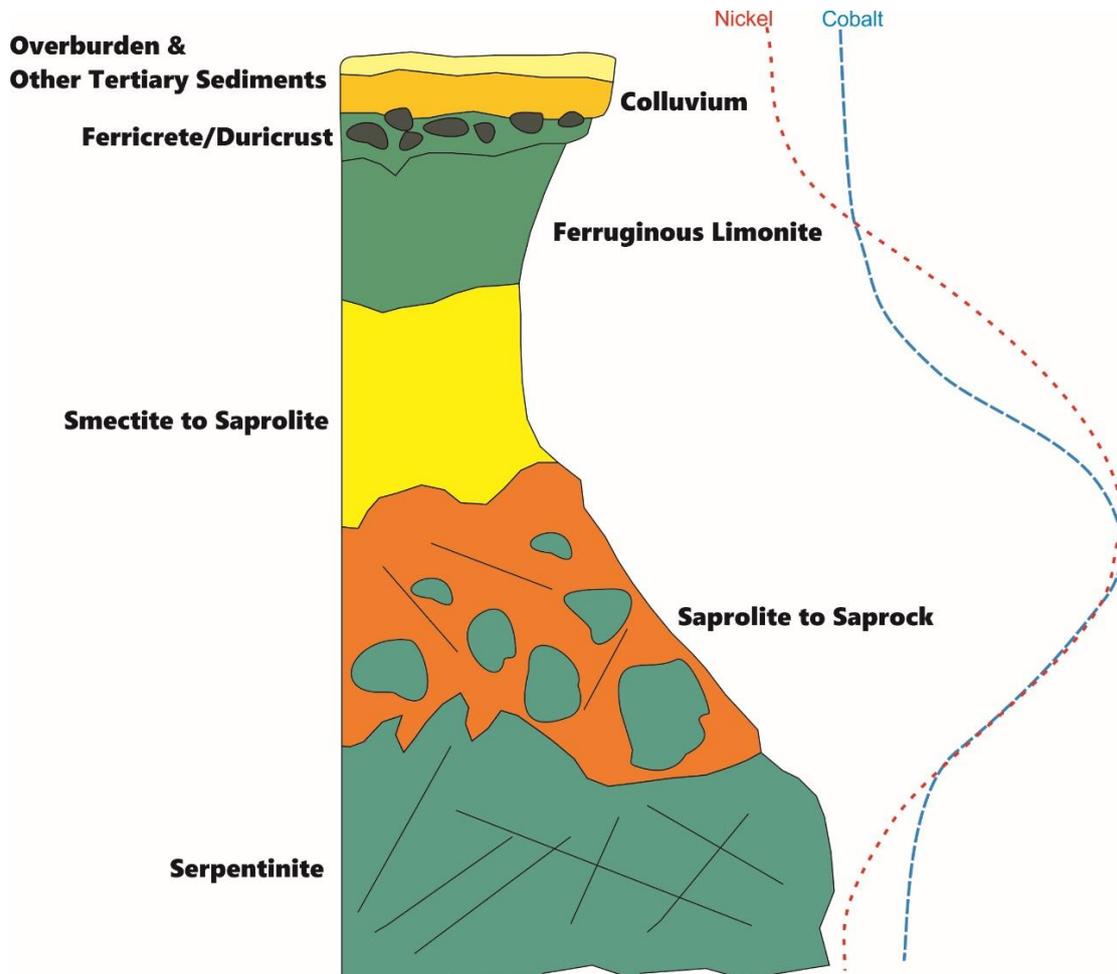
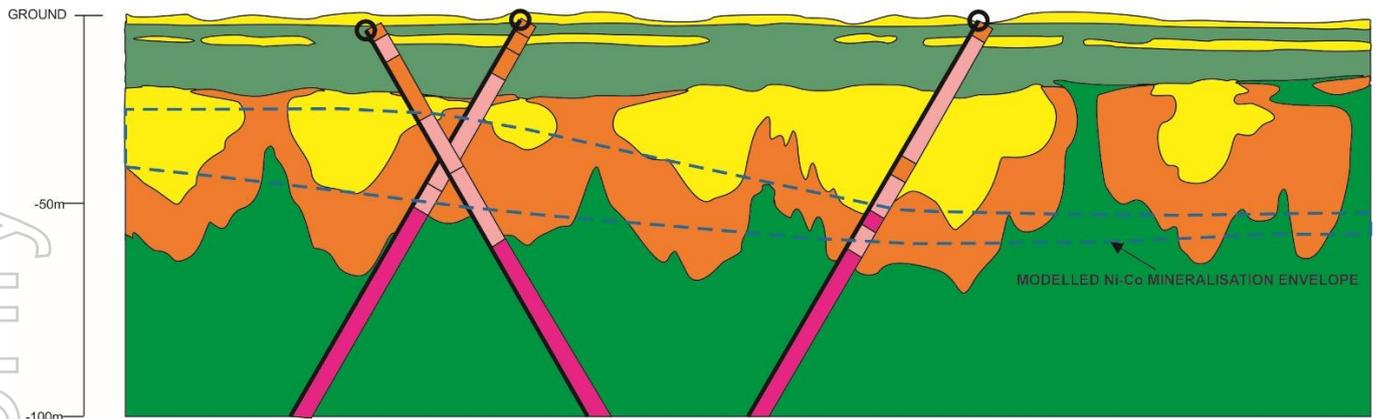


FIGURE 2: Laterite profile found at Wilconi showing lithologies where nickel and cobalt is typically concentrated.



COLLAR LEGEND

ULTRAMAFIC ROCK

LATERITIC ROCK

MINOR ROCK & TERTIARY SEDIMENTS

DGPR LEGEND

SAPROCK TO ULTRAMAFIC ZONE

SAPROLITE TO SAPROCK ZONE

SMECTITE TO SAPROLITE ZONE

FERRICRETE/FERRUGINOUS LIMONITE

FIGURE 3: Deep ground penetrating radar profile with drill holes and Co – Ni mineralisation envelope overlain.

Concluding Remarks

A-Cap’s strategy at Wilconi is the constant use of modern metallurgical and geophysical techniques to more effectively advance our project to feasibility. A-Cap plan to adopt novel approaches to the critical elements of the feasibility study, particularly focussing on the metallurgy. The Chairman of A-Cap, Mr Shen Angang stated: “We are looking forward to the commencement of metallurgical drilling at Wilconi. The Company has the luxury of moving Wilconi forward from a fresh start, with access to a large database of past exploration and metallurgical work”.

For and on behalf of the Board
A-Cap Energy Limited



Paul Ingram
Deputy Chairman

Competed Person Statement

Information in this report relating to nickel, cobalt and associated metals of the Wiluna Cobalt Nickel Project (Wilconi Project) is based on information compiled by Mr Paul Ingram, a director of A-Cap Energy Limited and a Member of AusIMM. Mr Ingram has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and the activity he is undertaking to qualify as a Competent Person under the 2012 Edition of the Australasian Code for reporting Exploration Results Mineral Resources and Ore Reserves. Mr Ingram consents to the inclusion of the data in the form and context in which it appears.

Information relating to the published Wilconi Inferred Resource:

This mineral resource statement has been compiled in accordance with the guidelines defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004 Edition). Andrew Ross is a Fellow of the Australasian Institute of Mining and Metallurgy, and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity undertaken to qualify as Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004 Edition). Sign-off compliance taken from Oxiana’s 2007 Annual Report, with the resources reported in the same format.

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