

ASX RELEASE

Wednesday 31 July 2019

QUARTERLY REPORT AND APPENDIX 5B FOR THE QUARTER ENDED 30 JUNE 2019

A-Cap Energy Limited (“A-Cap” or “the Company”) (ASX: ACB) is pleased to provide its Quarterly Activities Report for the quarter ended 30 June 2019.

HIGHLIGHTS

- ▲ *First stage of metallurgical drilling confirms widths and grade at the Wilconi Project;*
- ▲ *Secondary listing on Frankfurt Stock Exchange in May 2019;*
- ▲ *Strategic partnership with DGWA, a leading European investment banking boutique;*
- ▲ *Work commenced to upgrade existing Wilconi 2004 JORC resource to JORC 2012.*

QUARTERLY ACTIVITIES

The Company commenced the first phase of its metallurgical sampling programme at the end of the prior quarter. In April 2019, four RC drill holes were completed to collect representative samples for metallurgical testwork. Representative ore samples were prepared, sent for external minerals assay and then delivered to selected labs for metallurgical atmospheric leach testing. Lab test results received to-date are currently being studied and interpreted. It is intended to use the lab test interpretations to refine ongoing metallurgical testing into the PFS metallurgical test work, preferred ore processing method, processing technology and flow sheet design. Additionally, ore samples were sent for external lab analyses to establish mineral species, ore specific gravity and XRD analyses. Metallurgical lab testing procedures applied high concentrations of hydrochloric and sulphuric atmospheric leach solutions to independent ore samples over a time horizon of up to six hours.

On 13 May 2019 the Company announced its secondary listing on the Frankfurt Stock Exchange (FSE ticker code: “VUT”). The Frankfurt Stock Exchange is one of the largest exchanges in the world and the most important securities market in continental Europe. This listing will support A-Cap’s European strategic collaborations in the electric vehicle industry, capital raising, market making activities and introducing new shareholders into the Company’s registry. A-Cap also engaged DGWA, a leading European Investment Banking boutique based in Frankfurt and Berlin, Germany. DGWA will collaborate with A-Cap in attracting investment and capital raising opportunities from the European financial markets, investor relation activities, as well as strategic colorations in the European electric vehicle industry.

In June 2019 the Company commenced work to update the existing Wilconi Project 2004 JORC resource to JORC 2012. Remodelling of the zones of cobalt and nickel mineralisation will access the project’s extensive drillhole database, combined with the DGPR results, to complete a block model grade estimation. The results from the metallurgical lab work currently in progress will generate potential recoveries and cut-off grades for the block model estimation results.

DIVERSIFIED MINERALS STRATEGY

A-Cap has a clean energy approach towards future energy requirements, diversifying its minerals portfolio focussing on the acquisition of nickel-cobalt laterite projects. The nickel and cobalt battery materials industry is responding to an anticipated demand increase driven predominantly by the new electric vehicle (EV) battery industry. The Wilconi Project represents A-Cap’s first nickel-cobalt laterite project.

WILCONI PROJECT – JOINT VENTURE WITH BLACKHAM RESOURCES LTD

Project Overview

- ▲ A definitive Farm-In and Joint Venture Agreement (JVA) was finalised between A-Cap and Blackham Resources Limited (BLK) on 29 January 2019 for the Company to acquire a 75 percent Farm-In Joint Venture Interest in the cobalt, nickel and associated metals of the Wiluna Cobalt Nickel Project (Wilconi Project) in Western Australia (refer ASX announcement dated 21 December 2018 for transaction terms and project information).
- ▲ Project highlights (refer ASX announcement dated 21 Dec-18):
 - *The Wilconi project has significant past drilling to enable A-Cap to value its potential*
 - *The deposit lies in largely granted mining tenements*
 - *Infrastructure associated with Blackham's gold mining is in place*
 - *Environmentally safe with a long history of mining in the area*
 - *New and innovative geophysics and metallurgical technology will be utilised during the feasibility work*
 - *The Wilconi Project tenements list comprises twelve granted mining leases, eight granted exploration licences, one prospecting licence and one retention licence. The Project covers a total area of 800 square kilometres.*
- ▲ The Wilconi Project will focus on cobalt and nickel materials supply to the global electric vehicle (EV) market through the establishment of key strategic and commercial relationships to take advantage of new materials processing and refinery technologies, particularly in production of cobalt and nickel sulphates products used directly in battery manufacture. A-Cap's existing Botswana, Letlhakane Uranium U₃O₈ Project will continue to be advanced as a base load power generation energy-related resource.

Wilconi Resource update from JORC 2004 to JORC 2012 (refer ASX release dated 5 Jun-19)

Due diligence studies were completed on the Wilconi Project (refer ASX announcement release dated 21 Dec-18), with initial block modelling demonstrating that an Exploration Target, calculated using cobalt equivalent wireframes, is approaching our target of approximately 60 to 70 million tonnes @ 0.08 - 0.1% cobalt. The potential quantity and grade of the Exploration Target is conceptual in nature, there has been insufficient exploration to estimate a mineral resource and it is uncertain if further exploration will result in the estimation of a mineral resource.

This Exploration Target is based on extensive historical drilling and includes >45,000 assay results from >15,000 drill holes. The holes were drilled at 50 – 100m intervals along lines spaced 400m apart. The lines of holes, typically 1km and 2km long, were drilled across the mineralised trend which has a strike length of over 20km. To quantify the Exploration Target, historical drill hole geochemistry and lithology data was modelled using Micromine 3D mining software. The zone of cobalt mineralisation was modelled and grade – tonnage tables prepared from this data. A metallurgical drill programme was completed in April 2019 with twinned holes matching the historical intercepts. The company has commenced work to update the quoted 2004 inferred resource to a JORC 2012 inferred resource.

Metallurgical Drill Programme

A-Cap plans undertake further metallurgical testing of nickel and cobalt minerals beneficiation during the PFS work programme. Ongoing metallurgical testwork objectives are intended to define the Wilconi ore body's preferred ore processing method, processing technology and flow sheet design. The company will ensure the selection of its preferred processing method and flow sheet design is cost effective in terms of capital investment and operating

expenditures. Additionally, the preferred processing method will need to meet best practice environmental standards in processing and ore refuse management.

The metallurgical drill sampling programme was completed early April 2019, (refer Figure 1 and ASX announcement dated 30 April 2019) with 200kg of representative samples collected for metallurgical testwork. Representative ore samples were prepared, sent for external minerals assay and then delivered to selected labs for metallurgical atmospheric leach testing. Lab test results received to-date are currently being studied and interpreted. It is intended to use the lab test interpretations to refine ongoing metallurgical testing into the PFS metallurgical test work, preferred ore processing method, processing technology and flow sheet design. Additionally, ore samples were sent for external lab analyses to establish mineral species, ore specific gravity and XRD analyses. Metallurgical lab testing procedures applied high concentrations of hydrochloric and sulphuric atmospheric leach solutions to independent ore samples over a time horizon up to six hours.

Further work is required to now optimise the recovery and acid consumption parameters and assess the potential for recycling of the acid. 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.

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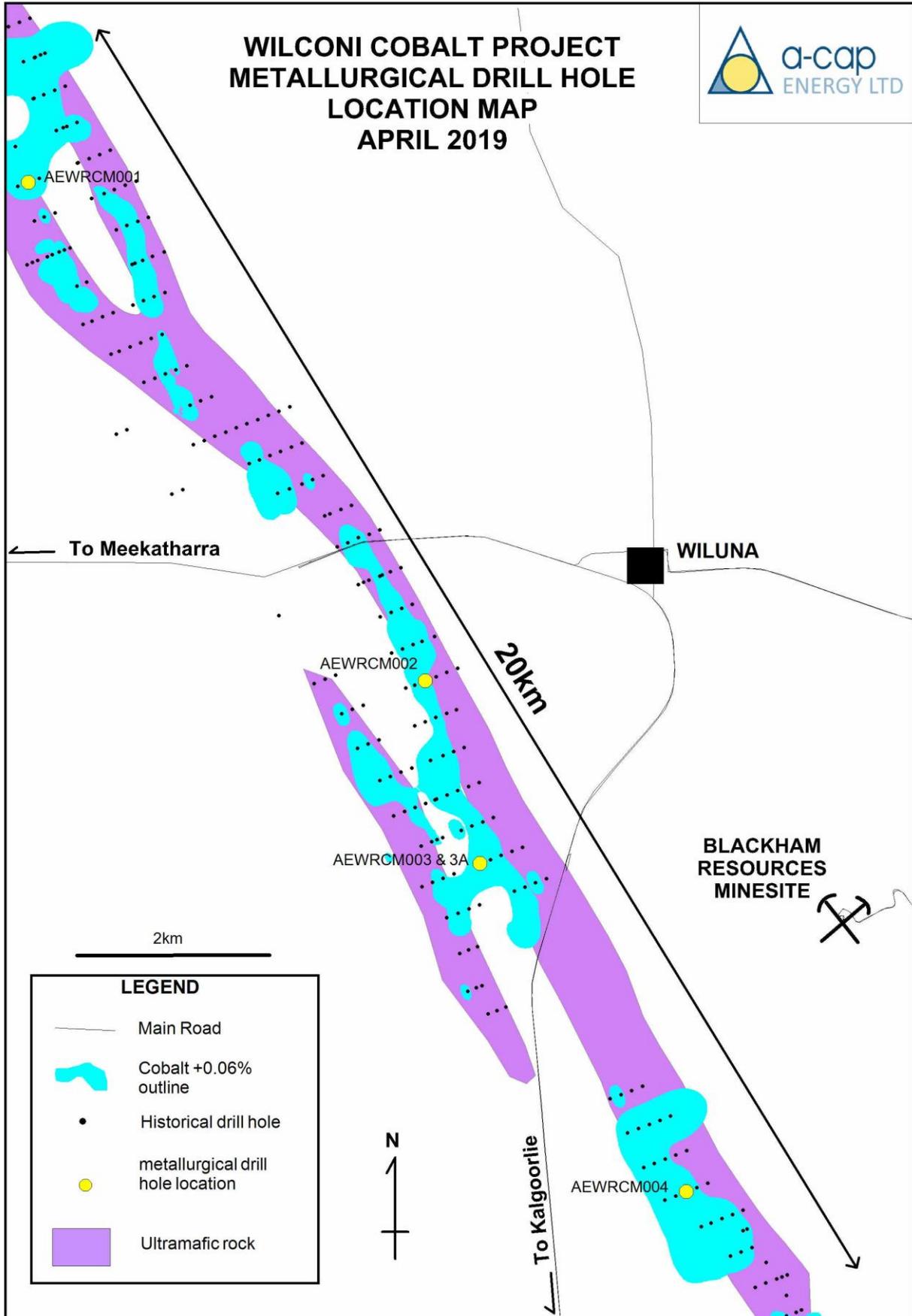


Figure 1 Map of Wilconi Project showing location of drill holes for collection of bulk samples for metallurgical test work.

The drill results from the metallurgical programme returned the following results:

Hole ID	From (m)	To (m)	Interval (m)	Co %	Ni %	Al %	Mg %	Fe %
AERCM001	25	34	9	0.17	0.67	3.83	2.72	20.58
inc.	26.5	32	5.5	0.227	0.73	3.62	3.16	18.91
AERCM002	42	51.5	9.5	0.146	0.82	4.36	4.84	26.6
inc.	45	48.5	3.5	0.31	1.22	4.44	2.52	27.17
AERCM003	26.5	30.5	4.0	0.093	0.78	2.41	1.43	23.68
AERCM003A	29	30	1	0.083	0.63	2.24	1.58	27.25
AERCM004	4.5	12.5	8	0.158	1.01	4.02	0.87	40.93

Table 1 Metallurgical Programme Drill results

In addition to the metallurgical work, the drill samples will also be used for specific gravity determinations and ore mineral characterisation studies including XRD, SEM, Energy Dispersive X-Ray Spectroscopy (EDS) and Raman Spectroscopy. Preliminary mineralogical studies indicate much of the cobalt and nickel mineralisation is associated with a secondary manganese oxide mineral dispersed in saprolite clay above the ultramafic contact.



Figure 2 Drilling at Wilconi in April 2019

Proposed Exploration

As reported on the ASX release dated 21 Dec-18, A-Cap propose to infill the previous drill pattern to define JORC 2012 indicated resources. A-Cap will also focus on the higher cobalt grades within the resource, where many cobalt rich zones were spread across the nickel intercepts. Using a combination of DGPR and targeting higher cobalt zones A-Cap aim to systematically drill out a resource. The approach will also take into account the metallurgical test work done over the years on A-Cap's Letlhakane uranium deposit in Botswana has enabled the company to build a strong background with atmospheric acid leach studies. A-Cap will adopt the most efficient processing route to deliver a battery grade product to the end users, with a final product being a sulphate or hydroxide compound.

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LETLHAKANE URANIUM PROJECT

-  The Letlhakane Uranium Project, located in Botswana, is one of the world's largest undeveloped Uranium Deposits, having all the major infrastructure in place and is one of the few major undeveloped uranium projects in the world. A Mining Licence designated ML 2016/16L was granted on 12 September 2016 and is valid for 22 years. The Department of Environmental Affairs formally approved the Letlhakane Uranium Project's Environmental Impact Statement on 13 May 2016. Provisional surface rights were granted on 6 June 2016.
-  The Company's Letlhakane Uranium Project remains an important project asset within the diversified minerals strategy. While the nuclear industry is confident in the long-term fundamentals of uranium and nuclear power, there is less certainty in the short term with industry expectation that the market will gradually move towards balance from calendar year 2025. Please refer to the Company's 2018 Annual Report for information relating to the Letlhakane Uranium Project's mineral resources and exploration results.

SCHEDULE OF INTERESTS IN MINERAL TENEMENTS

Tenement	Project	A-Cap Energy's Interests
E53/1794	Wilconi	20% of cobalt, nickel and associated metals
M53/92	Wilconi	20% of cobalt, nickel and associated metals
E53/1908	Wilconi	20% of cobalt, nickel and associated metals
M53/139	Wilconi	20% of cobalt, nickel and associated metals
R53/0001	Wilconi	20% of cobalt, nickel and associated metals
E53/1645	Wilconi	20% of cobalt, nickel and associated metals
M53/26	Wilconi	20% of cobalt, nickel and associated metals
M53/24	Wilconi	20% of cobalt, nickel and associated metals
M53/1098	Wilconi	20% of cobalt, nickel and associated metals
M53/49	Wilconi	20% of cobalt, nickel and associated metals
M53/71	Wilconi	20% of cobalt, nickel and associated metals
E53/1644-I	Wilconi	20% of cobalt, nickel and associated metals
E53/1852-I	Wilconi	20% of cobalt, nickel and associated metals
E53/1791	Wilconi	20% of cobalt, nickel and associated metals
E53/1853	Wilconi	20% of cobalt, nickel and associated metals
M53/131	Wilconi	20% of cobalt, nickel and associated metals
M53/34	Wilconi	20% of cobalt, nickel and associated metals
M53/52	Wilconi	20% of cobalt, nickel and associated metals
M53/41	Wilconi	20% of cobalt, nickel and associated metals
M53/188	Wilconi	20% of cobalt, nickel and associated metals
E53/1912	Wilconi	20% of cobalt, nickel and associated metals

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

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CORPORATE

During the quarter ended 30 June 2019:

- ▲ The Company announced on 13 May 2019 that its shares were listed on the Frankfurt Stock Exchange (FSE: VUT). This secondary listing is to support A-Cap's European strategic collaborations in the electric vehicle industry, capital raising, market making activities and introducing new shareholders into the Company's share registry. The Frankfurt Stock Exchange recognises A-Cap's primary listing on the ASX as an approved "like" exchange, as such the secondary listing was completed at minimal cost, without primary listing procedures.
- ▲ The Group's consolidated cash position at the end of the quarter was \$1.97 million.



Paul Ingram
DEPUTY CHAIRMAN

Competent person's statement

Information in this report relating to cobalt, nickel 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 in this report relating to Uranium Exploration results, is based on information compiled by Mr Ashley Jones a consultant of A-Cap Energy 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.

*** Ends***

For further information, contact: +61 8 9467 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 ENERGY LIMITED

ABN

28 104 028 542

Quarter ended ("current quarter")

30 JUNE 2019

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	(387)	(1,222)
(b) development	-	-
(c) production	-	-
(d) staff costs	(64)	(256)
(e) administration and corporate costs	(448)	(1,766)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	12	37
1.5 Interest and other costs of finance paid	-	-
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	(887)	(3,207)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(2)	(5)
(b) tenements	-	(3,364)
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	20	20

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(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	18	(3,349)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
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	-	-
3.5	Proceeds from borrowings	-	7,542
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	(83)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	7,459
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,848	1,075
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(887)	(3,207)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	18	(3,349)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	7,459
4.5	Effect of movement in exchange rates on cash held	(6)	(5)
4.6	Cash and cash equivalents at end of period	1,973	1,973

Mining exploration entity and oil and gas exploration entity quarterly report

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	1,973	2,848
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (Term deposit)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,973	2,848

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

Current quarter \$A'000
160
-

Director fees and consulting fees paid to related entities.

7. Payments to related entities of the entity and their associates

- 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

Current quarter \$A'000
-
-

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	9,959	7,114
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.		

<p>ICBC Revolving credit facility US\$7 million (A\$ equivalent \$9.96 million as at 30 Jun-19)</p> <p><i>Initial drawdown Amount – US\$3 million, Loan Term – 3 years (36 months from withdrawal date 24 Oct-18);</i></p> <p><i>i. Loan Purpose – Working Capital, Interest rate – LIBOR 6 Monthly Interest Rate plus 1.8%;</i></p> <p><i>ii. Penalty Interest Rate – the overdue penalty rate is the Borrowing Rate plus 40%; the interest rate applicable for changing the purpose of the loan is the Borrowing Rate plus 70%;</i></p> <p><i>iii. Interest Payment – 6 months in Advance;</i></p> <p><i>iv. Loan Repayment – By One Payment at any time during the Loan Term or in accordance with the Loan Amortisation Schedule – US\$100,000 by 20 December 2020 and US\$2,900,000 by 16 October 2021. In the event the Loan is repaid early, a 1% early repayment fee shall apply for each month remaining on the Loan unless the loan is repaid during the last month of the Loan Term;</i></p> <p><i>v. Loan Guarantor – Third Party Cash Collateralised Bank Guarantee to ICBC provided by Jiangsu Shengan Resources to the amount of US\$3 million.</i></p> <p><i>Subsequent drawdown amount – US\$2 million, Loan Term – 3 years (36 months from withdrawal date 19 Feb-19)</i></p> <p><i>vi. Loan Purpose – Working Capital, Interest rate – LIBOR 6 Monthly Interest Rate plus 2.0%;</i></p> <p><i>vii. Penalty Interest Rate – the overdue penalty rate is the Borrowing Rate plus 40%; the interest rate applicable for changing the purpose of the loan is the Borrowing Rate plus 70%;</i></p> <p><i>viii. Interest Payment – 6 months in Advance;</i></p> <p><i>ix. Loan Repayment – By One Payment at any time during the Loan Term or in accordance with the Loan Amortisation Schedule – US\$100,000 by 10 November 2021 and US\$1,900,000 by 12 February 2022. In the event the Loan is repaid early, a 1% early repayment fee shall apply for each month remaining on the Loan unless the loan is repaid during the last month of the Loan Term;</i></p> <p><i>x. Loan Guarantor – Third Party Cash Collateralised Bank Guarantee to ICBC provided by Jiangsu Shengan Resources to the amount of US\$2 million.</i></p> <p>Working capital loan (Mr Angang Shen) A\$500,000</p> <p><i>i. Commitment A\$500,000</i></p> <p><i>ii. Interest Rate 10% p.a.</i></p> <p><i>iii. Repayment date 30 September 2019 of principal sum and accrued interest in cash</i></p>	
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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(639)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(64)
9.5 Administration and corporate costs	(484)
9.6 Other (Interest payment on ICBC credit facility))	(144)
9.7 Total estimated cash outflows	(1,331)

Mining exploration entity and oil and gas exploration entity quarterly report

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 2019

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.

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