

ASX RELEASE

Tuesday 30 April 2019

QUARTERLY REPORT AND APPENDIX 5B FOR THE QUARTER ENDED 31 MARCH 2019

A-Cap Energy Limited (“A-Cap” or “the Company”) (ASX: ACB) is pleased to provide its Quarterly Activities Report for the quarter ended 31 March 2019.

HIGHLIGHTS

- ▲ *Blackham JVA Condition Precedent satisfied on 29 Jan-19, JVA now unconditional and binding;*
- ▲ *20% initial earn-in on Wilconi Project Reserved Minerals following A\$2.9 million payment on 30 Jan-19;*
- ▲ *Additional funding secured - US\$2 million drawdown from ICBC Revolving Credit Facility on 19 Feb-19;*
- ▲ *Metallurgical drilling at Wilconi commenced in March 2019.*

QUARTERLY ACTIVITIES

The quarter ended 31 March 2019 saw the Company achieve a significant milestone in diversifying its minerals portfolio, targeting cobalt opportunities for cathode materials production and supply to the battery industry. As reported on 20 December 2018, A-Cap entered into a joint venture agreement (JVA) with Blackham Resources Limited (Blackham) for the Company to acquire a 75 percent Farm-in Interest in the cobalt, nickel and associated reserved minerals (Reserved Minerals) of the Wiluna Cobalt Project (Wilconi Project), Western Australia. The JVA was conditional upon the finalisation of third-party agreements with three stakeholders. These third-party agreements were subsequently finalised and the JVA with Blackham became binding on the parties on 29 January 2019.

On 30 January 2019, A-Cap paid A\$2.9 million to Blackham for a 20% earn-in of the Reserved Minerals of the Wilconi Project. Detailed work on the Wilconi Project has commenced, focussing on metallurgy and accurate resource definition aided by advanced geophysics. A metallurgical sampling programme commenced during March 2019 for the purpose of collecting bulk samples. These will be composited by grade and sent to be processed using several advanced metallurgical techniques.

On 15 February 2019 an application for a further drawdown of US\$2 million (A\$2.8 million equivalent based on 19 Feb-2019 exchange rate) from the Company’s revolving credit facility with the Industrial and Commercial Bank of China Limited (ICBC) Shanghai Hongqiao Branch was approved. The drawdown is for working capital and operational purposes and was received on Tuesday 19 February 2019.

DIVERSIFIED MINERALS STRATEGY

The Company has a clean energy approach towards future energy requirements and is diversifying its minerals portfolio targeting cobalt opportunities on a global basis for cathode materials production and supply to the battery industry.

WILCONI PROJECT – JOINT VENTURE WITH BLACKHAM RESOURCES LTD

Project Overview

- ▲ The Company entered into a binding term sheet on 28 September 2018 with Blackham Resources Limited ACN 119 887 606 (BLK) 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*
 - *Past work was focussed solely on nickel with a cobalt by-product*
 - *A-Cap have remodelled the resource as a **cobalt target** with nickel as a by-product*
 - *New and innovative geophysics and metallurgical technology will be utilised during the feasibility work*
 - *The final 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.*
 - *A-Cap plans to begin an aggressive drilling campaign early 2019 at Wilconi to bring existing inferred resources in line with the JORC 2012 standard, as well as step-out drilling to follow anomalous cobalt away from the currently defined zones.*
- ▲ 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 partner relationships. A-Cap's existing Botswana, Letlhakane Uranium U₃O₈ Project will continue to be advanced as a base load power generation energy related resource.
- ▲ On 20 December 2018, the definitive Farm-In and Joint Venture Agreement (JVA) was entered into between A-Cap and Blackham Resources Limited (Blackham), conditional upon the finalisation of third-party agreements with three stakeholders (Condition Precedent). The JVA Condition Precedent was satisfied on 29 January 2019, with the JVA becoming binding on the parties.

Due Diligence Studies (refer ASX release dated 21 Dec-18)

A-Cap has undertaken due diligence studies on the Wilconi Project, 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.

Project upside is substantial, with additional tonnes to be drilled into:

- Strike extensions of known Cobalt zones
- Deeply oxidised “keels” demonstrated by earlier historical drill intercepts (below)
 - PDW 238A 30m @ 0.13% Co from 64m
 - PDW 031 47.2m @ 0.09% Co from 61m
 - PDW 072 9.5m @ 0.11% Co from 75m

Metallurgical Drill Programme (refer ASX release dated 22 Mar-19)

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 drill sampling programme was completed early April 2019 (refer Figure 1), for the purpose of collecting bulk samples. These will be composited by grade and sent to be processed using several advanced metallurgical techniques. 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 test work will investigate a number of innovative methods of acid recycling, as well as agitated tank leaching scenarios.

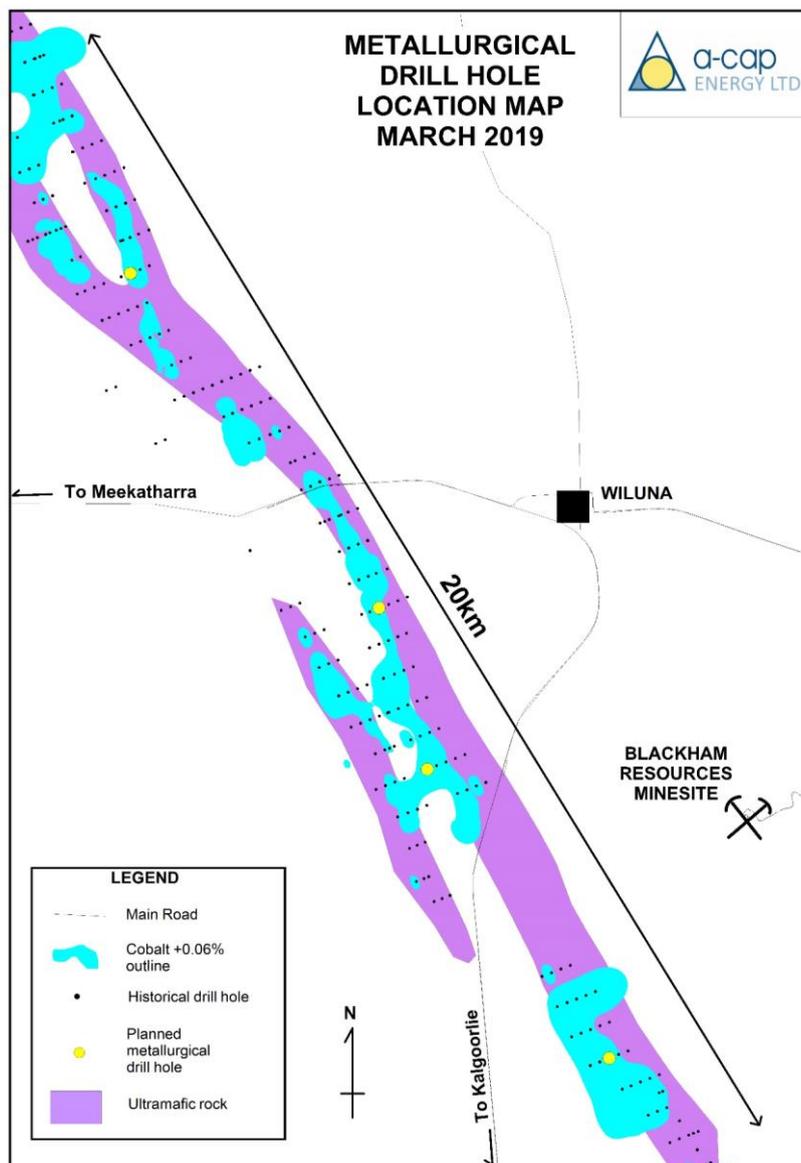


FIGURE 1: Map of Wilconi Project showing location of drill holes for collection of bulk samples for metallurgical testwork.

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Geophysics (refer ASX release dated 22 Mar-19)

In late 2018, A-Cap contracted Ultramag Geophysics Pty Ltd to investigate the possibility of utilising deep ground penetrating 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 figure 2).

The advantage of using DGPR is 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.

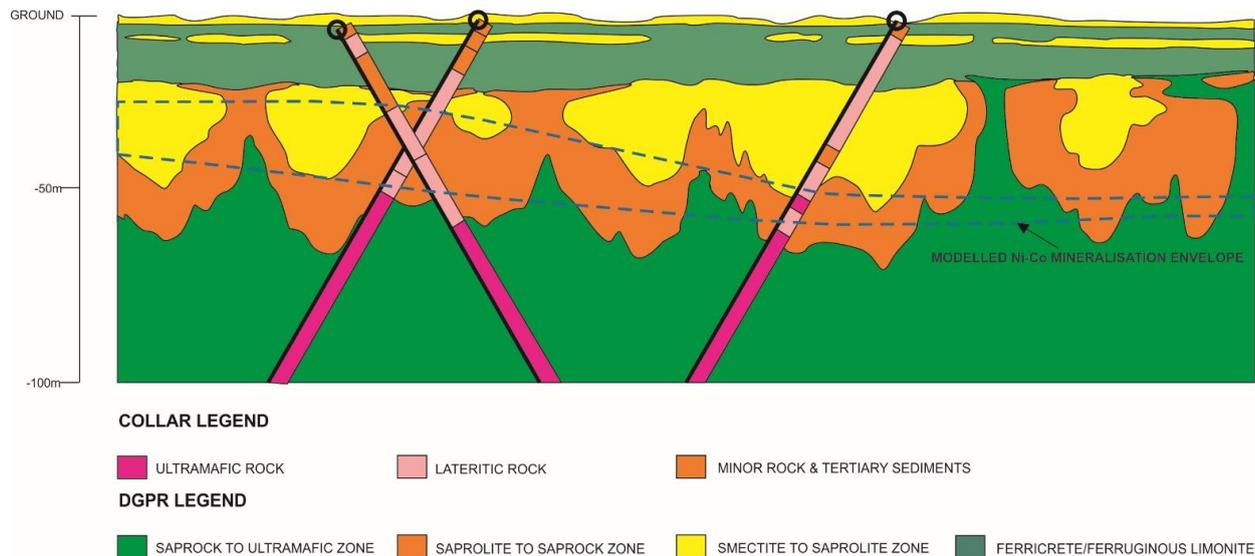


FIGURE 2: Deep ground penetrating radar profile with drill holes and Co – Ni mineralisation envelope overlain.

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 resources and reserves. 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 in to account the metallurgical testwork 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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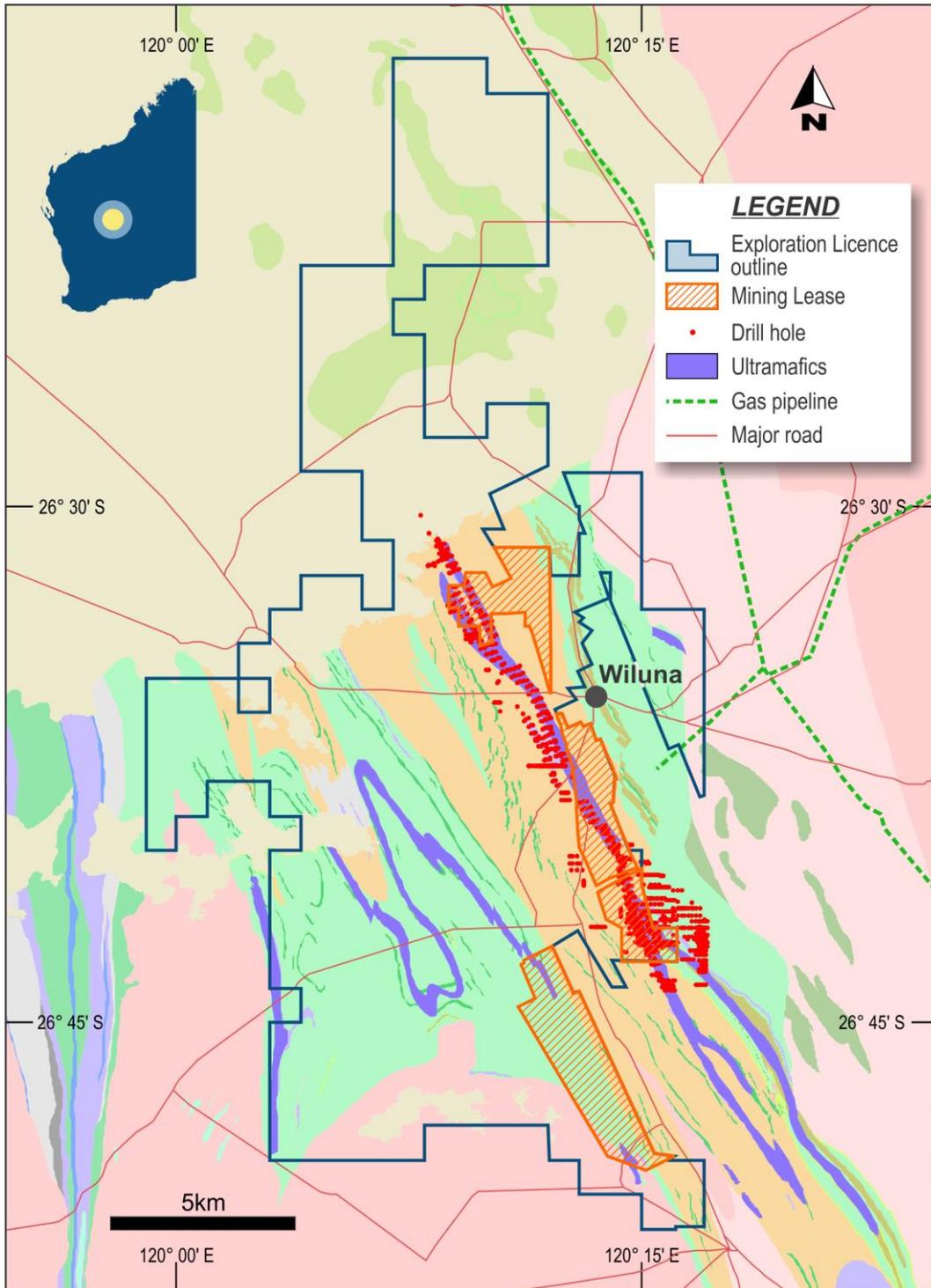


FIGURE 3 Geology of the Wiluna region showing the ultramafic rocks in purple and highlighting previous drilling for nickel laterite mineralisation that had intercepted anomalous cobalt.

LETLHAKANE URANIUM PROJECT

Project Overview

- ▲ The Letlhakane Uranium Project is one of the world's largest undeveloped Uranium Deposits.
- ▲ 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 the safe and stable jurisdiction of Botswana.
- ▲ 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) on 12 September 2016. The Mining Licence is valid for a period of 22 years.
- ▲ 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.
- ▲ Provisional surface rights were granted on 6 June 2016 over the 144sqkm area covering the Letlhakane Uranium Project.
- ▲ Please refer to the Company's 2018 Annual Report for information relating to the Letlhakane Uranium Project's mineral resources and exploration results.

Acid Consumption Studies

The encouraging results of the acid consumption studies completed during the second quarter 2018 (please refer to the June 2018 Quarterly Activities Report for the outcomes of the Acid Consumption Studies) indicated that savings of acid could be up to 26%, greatly improving OPEX. The potential OPEX savings stem from the large variation in acid consumption in the individual samples comprised of metallurgical column leach samples used for the mining licence technical study. Resolving these varying acid consumptions spatially, and then economically, in the mining schedules, prioritises the lower acid consumption areas to be mined first resulting in lower overall acid consumption.

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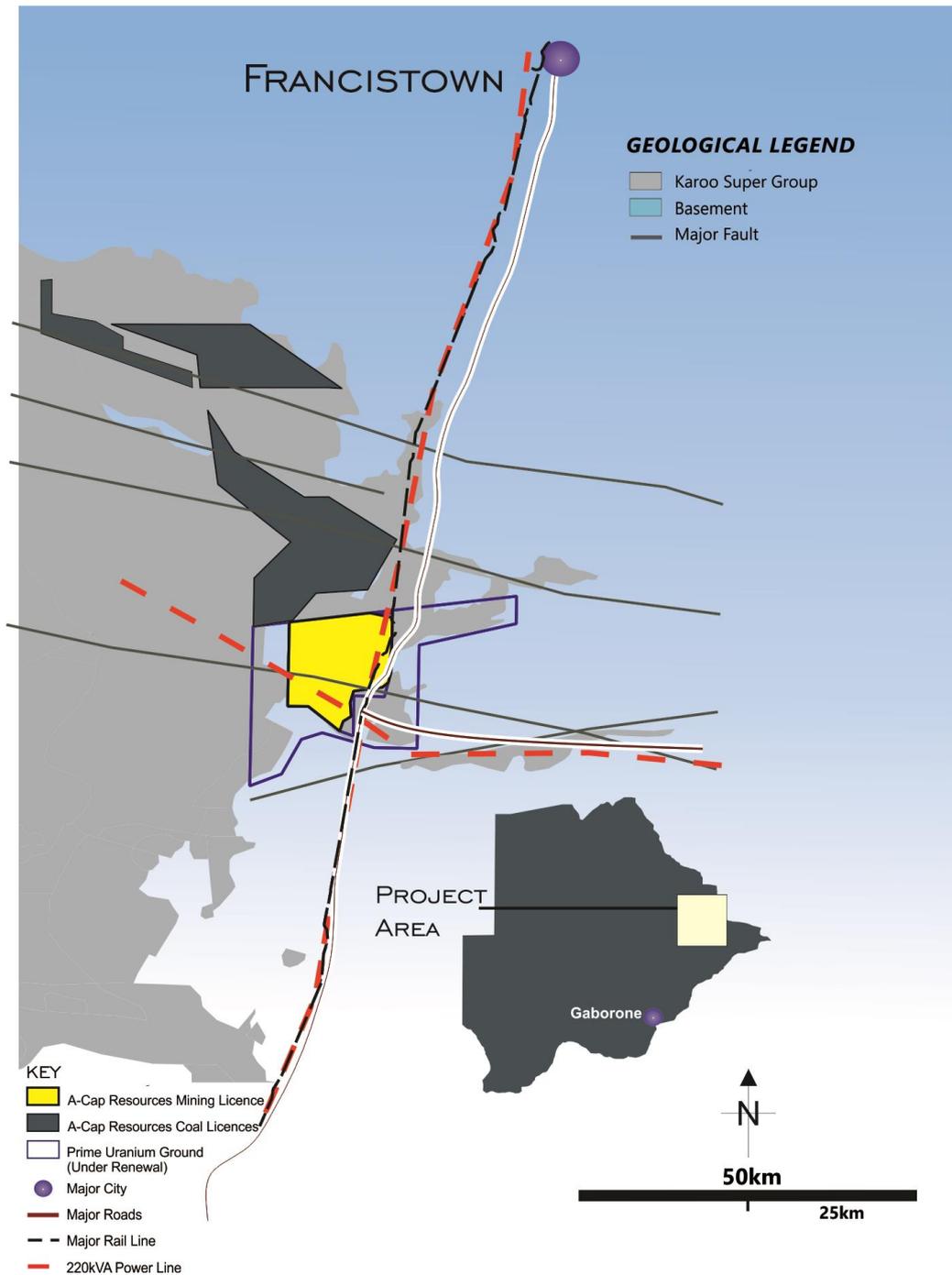


FIGURE 4: Map of A-Cap's Lethakane Uranium Project

SCHEDULE OF INTEREST IN MINING LICENCE AND PROSPECTING LICENCES

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

CORPORATE

During the quarter ended 31 March 2019:

-  The signed JVA was conditional upon satisfaction of a remaining Condition Precedent from the binding term sheet, being the finalisation of third-party agreements with three stakeholders. The Condition Precedent was satisfied on 29 January 2019, with the JVA becoming binding on the parties.
-  Under the terms of the JVA, on 30 January 2019 A-Cap paid to Blackham an amount of A\$2,900,000 to acquire an initial 20% interest in the Reserved Minerals located on the Wilconi Project Tenements and at the same time acquire the third-party exploration data on the project.
-  On 15 February 2019 an application for a further drawdown of US\$2 million (A\$2.8 million equivalent based on 19 Feb-2019 exchange rate) from the Company's revolving credit facility with the Industrial and Commercial Bank of China Limited (ICBC) Shanghai Hongqiao Branch was approved. The drawdown is for working capital and operational purposes and was received on Tuesday 19 February 2019.



Paul Ingram
 DEPUTY CHAIRMAN

Competent person's statement

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.

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.

*** 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")

31 MARCH 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(306)	(835)
(b) development	-	-
(c) production	-	-
(d) staff costs	(64)	(192)
(e) administration and corporate costs	(398)	(1,318)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	13	25
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	(755)	(2,320)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(1)	(3)
(b) tenements (see item 10)	(2,900)	(3,364)
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 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	(2,901)	(3,367)
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	2,805	7,542
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	(83)	(83)
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	2,722	7,459
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	3,782	1,075
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(755)	(2,320)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(2,901)	(3,367)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	2,722	7,459
4.5 Effect of movement in exchange rates on cash held	-	1
4.6 Cash and cash equivalents at end of period	2,848	2,848

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	2,848	3,782
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)	2,848	3,782

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
159
-

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
-
-

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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	10,360	7,543
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.		

ICBC Revolving credit facility US\$7 million (A\$ equivalent \$9,860 million as at 31 Dec-18)	
<i>Initial drawdown Amount – US\$3 million, Loan Term – 3 years (36 months from withdrawal date);</i>	
<i>i. Loan Purpose – Working Capital, Interest rate – LIBOR 6 Monthly Interest Rate plus 1.8%;</i>	
<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>	
<i>iii. Interest Payment – 6 months in Advance;</i>	
<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>	
<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>	
<i>Subsequent drawdown amount – US\$2 million, Loan Term – 3 years (36 months from withdrawal date 19 Feb-19)</i>	
<i>vi. Loan Purpose – Working Capital, Interest rate – LIBOR 6 Monthly Interest Rate plus 2.0%;</i>	
<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>	
<i>viii. Interest Payment – 6 months in Advance;</i>	
<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>	
<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>	
Working capital loan (Mr Angang Shen) A\$500,000	
<i>i. Commitment A\$500,000</i>	
<i>ii. Interest Rate 10% p.a.</i>	
<i>iii. Repayment date 30 September 2019 of principal sum and accrued interest in cash</i>	

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(607)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(64)
9.5 Administration and corporate costs	(403)
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	(1,074)

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	E53/1794, M53/92, E53/1908, M53/139, R53/0001, P53/1560, E53/1645-I, M53/26, M53/24, M53/1098, M53/49, M53/71, E53/1644-I, E53/1852-I, E53/1791, E53/1853, M53/131, M53/34, M53/52, M53/41, M53/188, E53/1912	20% interest in the Reserved Minerals located on the Wilconi Project tenements (nickel, cobalt and associated metals)	0%	20%

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: 30 April 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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