



**A-CAP ENERGY LIMITED
AND ITS CONTROLLED ENTITIES**

ACN 104 028 542

**HALF-YEAR REPORT
31 DECEMBER 2019**

	PAGE
DIRECTORS' REPORT	2
AUDITORS' INDEPENDENCE DECLARATION	7
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	8
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	9
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	10
CONSOLIDATED STATEMENT OF CASH FLOWS	11
NOTES TO THE FINANCIAL STATEMENTS	12
DIRECTORS' DECLARATION	17
INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS	18

The Directors present the financial report on the Consolidated Group consisting of A-Cap Energy Limited (“A-Cap”, “the Company”) and the entities it controlled (“the Consolidated Group”) at the end of, or during the half-year ended 31 December 2019.

DIRECTORS

The following persons were Directors of A-Cap Energy Limited during or since the end of the half-year and up to the date of this report:

Paul Anthony Ingram	Deputy Chairman
Michael Muhan Liu	
Jijing Niu	
Mark Syropoulo	(appointed 2 December 2019)
Jiandong He	(appointed 28 February 2020)
Meng Weijun	(appointed 28 February 2020)
Chenghu Zhu	(resigned 28 February 2020)
Angang Shen	Chairman (resigned 28 February 2020)
John Fisher-Stamp	(resigned 19 February 2020)

REVIEW OF OPERATIONS

Following the completion of a metallurgical drill programme in April 2019, the Wilconi Ni-Co Project resources was re-modelled in-house, involving 3D modelling of an upper saprolite zone and underlying nickel rich lower saprolite zone. The remodelled resource was used by independent geological resource specialists Mining Plus to estimate the Wilconi resource to JORC 2012 standard. The updated resource was announced to the ASX on 17 September 2019, which confirmed a large Nickel-Cobalt resource of 78.8 million tonnes, with significant opportunity to expand and upgrade from inferred to indicated resources with planned drilling campaigns to commence in Q4, 2019.

Representative ore samples from the metallurgical drill programme were sent to a number of selected labs for atmospheric leach testing. Testwork completed by Direct Nickel Pty Ltd and Simulus Laboratories demonstrated that the Wilconi ore reacts favourably to a variety of different leaching solutions used in the industry.

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.

 Project highlights:

- 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.
-  This has been accounted for under AASB 11 as a Joint Operation.

Wilconi Resource update from JORC 2004 to JORC 2012

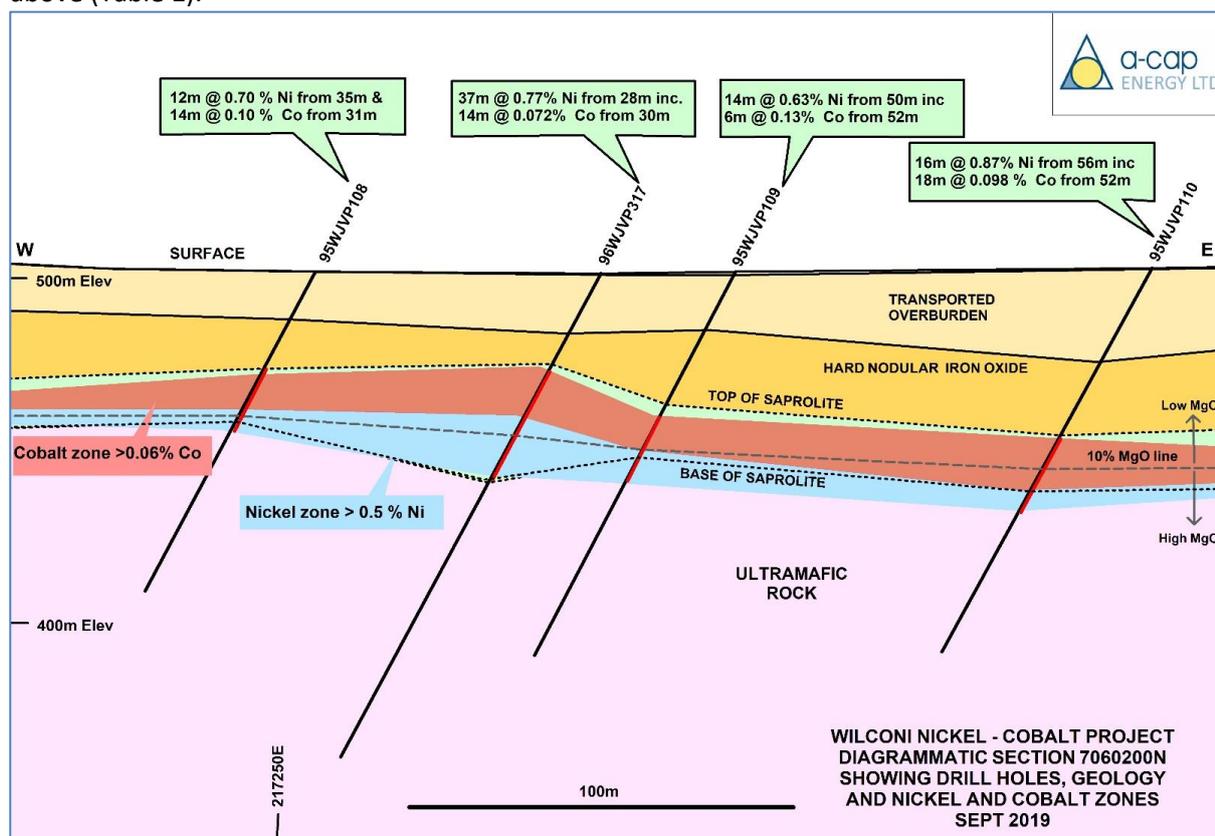
A metallurgical drill programme was completed in April 2019 with twinned holes matching the historical intercepts. The Company commenced work to update the quoted 2004 inferred resource to a JORC 2012 inferred resource during the June 2019 quarter, with the Wilconi resources re-modelled in-house using Micromine, involving 3D modelling of an “upper saprolite” zone which tends to be cobalt rich and an underlying nickel rich “lower saprolite” zone. These re-modelled resource shells were then passed on to Mining Plus Pty Ltd (Mining Plus), independent geological resource specialists commissioned by A-Cap using historical and recent drilling data to estimate the Wilconi resource to JORC 2012 standard. 443 drillholes and 18,425 assays were utilised to create the updated resource model in Table 1.

Mineral Resource Estimate for the Wilconi Deposit - September, 2019							
Domain	Cut-Off (All cut offs are exclusive)	Inferred					
		Tonnes (Mt)	Ni %	Co %	MgO %	Nickel Metal (Tonnes)	Cobalt Metal (Tonnes)
Co (%)	>600 ppm Co (Low MgO, <0.5% Ni)	7.0	0.39	0.10	5.7	27,000	7,000
Ni (%)	>0.5% Ni (Low MgO, >600 ppm Co)	22.0	0.87	0.12	4.4	191,000	27,000
Ni (%)	>0.5% Ni (Low MgO, <600 ppm Co)	18.9	0.73	0.04	6.9	139,000	7,000
Ni (%)	>0.5% Ni (High MgO)	30.8	0.74	0.04	14.8	228,000	12,000
	Total	78.8	0.74	0.07	9.2	585,000	53,000

The preceding statements of Mineral Resources conforms to the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) 2012 edition. All tonnages reported are dry metric tonnes. Minor discrepancies may occur due to rounding to appropriate significant figures.

Table 1 Wilconi Nickel Cobalt Resource prepared by Independent Resource Consultants Mining Plus Pty Ltd September 2019

Figure 1 below is a diagrammatic representation of the broad mineralisation zones as defined in the table above (Table 1).



Metallurgical Drill Programme & Testwork

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.

LETLHAKANE URANIUM PROJECT

- ▲ The Letlhakane Uranium Project, located in Botswana, is one of the world's largest undeveloped Uranium Deposits. 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.
- ▲ On Tuesday 20 August 2019, the Company received confirmation by letter from the Botswana Minister of Mineral Resources, Green Technology and Energy Security, that the amendment was approved. The amended date for the commencement of the pre-construction and construction period is 30th October 2021.

- ⚠ In December 2019, due to the current low price of uranium, regrettably A-Cap have retrenched staff at its Botswana operations. Staff remaining will provide administration and technical continuity for the project whilst waiting for market conditions to improve. The remaining team will keep the mining licence conditions in compliance and complete low-level desktop studies to further the project. The Commissioner of Labour and the Department of Mines were duly informed of the retrenchments. A-Cap would like to thank its outgoing employees for their contribution to discovering and furthering the project to its current stage.
- ⚠ The Company has reduced the carrying value of the Letlhakane Uranium Project during the half-year ended 31 December 2019 to \$25 million. Given the continued low uranium price and decline in the Company's share price, the Company undertook a review of the carrying value and based on past exploration expenditure, status of the uranium market and comparative valuations of similar projects; has assessed the recoverable amount at \$25 million, resulting in a write-down of \$26.4 million during the period.

CORPORATE

- ⚠ From 1 September 2019, the board of directors voluntarily suspended directors fees and director associated service fees until the completion of a capital raising.
- ⚠ The repayment date of the short-term accommodation facility of A\$500,000 from Mr Angang Shen has been extended requiring repayment of all principal and capitalized interest on or before 28 March 2020.
- ⚠ The Company secured a further short-term accommodation facility from Mr Angang Shen of A\$200,000 on 25 September 2019, repayable in 12 months at an interest rate of 10% p.a.
- ⚠ The Company secured a loan of A\$500,000 from Shenke International Investment Pty Ltd which was drawn down on 7 January 2020.

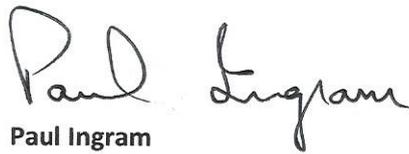
EVENTS SUBSEQUENT TO REPORTING DATE

- ⚠ On 28 February 2020, the Company held a general meeting of shareholders whereby the following resolutions were passed:
 - Resolution 1 – Approval of the Acquisition of shares in the Company by Singapore Shenke International Investment Pty Ltd
 - Resolution 2 – Appointment of Mr Jiangdong as a Director
 - Resolution 3 – Appointment of Mr Meng Weijun as a Director
- ⚠ The approval of the acquisition of shares was for 357,786,934 shares currently held by Jiangsu Shengan Resources Group and the transfer is subject to several conditions that should be fulfilled in the near future. Until these conditions are fulfilled, the shares are held under a voluntary escrow.

AUDITORS' DECLARATION

The auditors' independence declaration under section 307C of the Corporations Act 2001 is set out on page 7.

This report is made in accordance with a resolution of the Directors made on the 11th of March 2020.

A handwritten signature in blue ink that reads "Paul Ingram". The signature is written in a cursive style with a period at the end.

Paul Ingram
Deputy Chairman

Dated this 11th day of March 2020
Perth, Australia

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION
307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF
A-CAP ENERGY LIMITED AND ITS CONTROLLED ENTITIES**

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2019 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

William Buck

William Buck Audit (Vic) Pty Ltd

ABN: 59 116 151 136



N. S. Benbow

Director

Dated this 11th day of March, 2020

ACCOUNTANTS & ADVISORS

Level 20, 181 William Street
Melbourne VIC 3000

Telephone: +61 3 9824 8555

williambuck.com

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Note	Dec 2019	Dec 2018
		\$	\$
Other income		8,564	-
Administration		(144,672)	(198,457)
Corporate		(396,930)	(966,113)
Employment		(228,661)	(744,906)
FX gain/(loss)		19,078	(45,145)
Impairment of capitalised exploration and evaluation	6	(26,395,070)	-
Loss from ordinary activities before income tax expense		(27,137,691)	(1,954,621)
Income tax expense		-	-
Loss from ordinary activities after income tax expense attributable to the parent		(27,137,691)	(1,954,621)
Other Comprehensive income			
<i>Items that may be reclassified subsequently to the profit or loss</i>			
Exchange differences on translating foreign operations		68,169	2,059,232
Other comprehensive income / (loss) for the period		(27,069,522)	104,611
Total comprehensive income / (loss) for the half-year		(27,063,522)	104,611
Earnings per share:			
Basic / Diluted loss per share (cents per share)		(3.11)	(0.22)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	Dec 2019 \$	Jun 2019 \$
Assets			
Current Assets			
Cash and cash equivalents		563,736	1,952,215
Trade and other receivables		76,434	22,313
Prepayments		115,209	183,499
Total Current Assets		755,379	2,158,027
Non-Current Assets			
Plant and equipment		17,400	26,879
Capitalised exploration and evaluation	6	28,632,097	54,307,827
Total Non-Current Assets		28,649,497	54,334,706
Total Assets		29,404,876	56,492,733
Current Liabilities			
Trade and other payables		90,986	244,725
Provision for employee entitlements		33,381	75,396
Interest-bearing liabilities	7	909,598	500,000
Total Current Liabilities		1,033,965	820,121
Non-Current Liabilities			
Provision for employee entitlements		-	104,380
Interest-bearing liabilities	7	6,985,881	7,113,680
Total Non-Current Liabilities		6,985,881	7,218,060
Total Liabilities		8,019,846	8,038,181
Net Assets		21,385,030	48,454,552
Equity			
Issued capital	5	71,552,320	71,552,320
Reserves		9,710,031	9,641,862
Accumulated losses		(59,877,321)	(32,739,630)
Total Equity		21,385,030	48,454,552

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Ordinary shares	Share-based payments reserve	Foreign currency translation reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$
At 1 July 2019	71,552,320	444,998	9,196,864	(32,739,630)	48,454,552
Loss for the period	-	-	-	(27,137,691)	(27,137,691)
Other comprehensive income	-	-	68,169	-	68,169
Total comprehensive income / (loss) for the year	-	-	68,169	(27,137,691)	(27,069,522)
At 31 December 2019	71,552,320	444,998	9,265,033	(59,877,321)	21,385,030
	Ordinary shares	Share-based payments reserve	Foreign currency translation reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$
At 1 July 2018	71,523,263	-	7,076,119	(24,039,180)	54,560,202
Loss for the period	-	-	-	(1,954,621)	(1,954,621)
Other comprehensive income	-	-	2,059,232	-	2,059,232
Total comprehensive income / (loss) for the year	-	-	2,059,232	(1,954,621)	104,611
Share-based payments					
Vesting performance rights	-	403,706	-	-	403,706
Reversal of issue costs	29,057	-	-	-	29,057
At 31 December 2018	71,552,320	403,706	9,135,351	(25,993,801)	55,097,576

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF- YEAR ENDED 31 DECEMBER 2019

	Dec 2019	Dec 2018
	\$	\$
Cash Flows from Operating Activities		
Payments to suppliers and employees	(818,355)	(1,480,234)
Interest / other income received	2,915	-
Interest paid	(144,000)	-
Net cash flows used in operating activities	(959,440)	(1,480,234)
Cash Flows from Investing Activities		
Purchase of plant and equipment	-	(4,672)
Proceeds from sale of assets	8,393	-
Exploration expenditure	(637,432)	(603,599)
Net cash flow used in investing activities	(629,039)	(608,271)
Cash Flows from Financing Activities		
Proceeds from loans and borrowings	200,000	4,736,546
Net cash flows from financing activities	200,000	4,736,546
Net increase/(decrease) in cash and cash equivalents	(1,388,479)	2,648,041
Cash and cash equivalents at beginning of period	1,952,215	1,089,938
Cash and cash equivalents at end of period	563,736	3,737,979

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 BASIS OF PREPARATION

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report any public announcements made by the Consolidated Group during the half-year reporting period in accordance with the continuous disclosure requirement of the Corporations Act 2001.

Summary of significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as noted below and the corresponding interim reporting period. All new accounting standards and amendments applicable for the first time this financial period have been adopted and have had no material impact on the Consolidated Group.

Standards and Interpretations applicable to 31 December 2019

In the period ended 31 December 2019, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Consolidated Group and effective for the current reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Consolidated Group and, therefore, no material change is necessary to Consolidated Group accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all Standards and Interpretations in issue not yet adopted for the period ended 31 December 2019. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted by the Consolidated Group and, therefore, no change is necessary to Consolidated Group accounting policies.

Basis of preparation

These condensed consolidated financial statements have been prepared on the basis of historical cost. Share-based payments pertaining to performance rights were valued using the Hoadley Employee Stock Option Model, with employee share options valued using the Hull-White Enhanced Stock Option Model. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise indicated.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 BASIS OF PREPARATION (CONTINUED)

Going concern

During the half year, the Consolidated Group generated a loss after tax of \$27,137,691 and incurred net cash outflows from operations of \$712,836. As at 31 December 2019, the Consolidated Group had \$563,736 in cash and net investment outflow for the half year attributable to its exploration program was \$884,036.

The Consolidated Group anticipates future expenditure on its current rights of tenure to exploration and mining tenements up until the expiry of its current Prospecting Licences and on tenement renewals that have been applied for but not yet granted. In the event the Consolidated Group does not meet the minimum exploration expenditure the licences may be cancelled or not renewed.

To achieve these objectives and in progressing the Consolidated Group's mineral diversification strategy, the Group's continuing viability, its ability to continue as a going concern and to meet its debts and commitments as they fall due, the Board of Directors of the Group have considered the following:

- The Consolidated Group expects to continue to keep expenditure to a minimum and has the ability to implement cost reduction measures where appropriate, and will continue to monitor any cost reductions already implemented;
- The Company's board believes it has the ability to raise additional capital, based on its previous ability to raise capital when required. The Company additionally continues to engage with institutional investors and investment funds in Europe and in Australia.
- In December 2019, the Company secured a loan of A\$500,000 from Shenke International Investment Pty Ltd which was drawn down on 7 January 2020. The loan is repayable at the earlier of the completion of the next capital raising or 12 months from the drawdown date.
- On 28 February 2020, the Company's shareholders at a general meeting approved the acquisition of shares in the Company by Singapore Shenke International Investment Pty Ltd ("Shenke") from Jiangsu Shengan Resources Group Co. Ltd. Shenke have advised the Company that it is supportive of the Company's new energy strategy including exploration work on nickel-cobalt mineral deposits and that it will continue to use its voting power in the interest of the Company.
- The Consolidated Group is in a net asset and net working capital (excluding interest-bearing liabilities) surplus position.

Should the Consolidated Group not successfully achieve the assumptions as described above, combined with the incurred losses and operating cash outflows, there is a material uncertainty which may cast significant doubt about the Consolidated Group's ability to continue as a going concern.

NOTE 2 CONTINGENT LIABILITIES

The directors are not aware of any contingent liabilities or contingent assets existing at the date of this report (2018: Nil). The Consolidated Group is not involved in any material, legal or arbitration proceedings and, so far as directors are aware, no such proceedings are pending or threatened against the Consolidated Group.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 3 EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

- ⚠ On 28 February 2020, the Company held a general meeting of shareholders whereby the following resolutions were passed:
- Resolution 1 – Approval of the Acquisition of shares in the Company by Singapore Shenke International Investment Pty Ltd
 - Resolution 2 – Appointment of Mr Jiangdong as a Director
 - Resolution 3 – Appointment of Mr Meng Weijun as a Director
- ⚠ The approval of the acquisition of shares was for 357,786,934 shares currently held by Jiangu Shengan Resources Group and the transfer is subject to several conditions that should be fulfilled in the near future. Until these conditions are fulfilled, the shares are held under a voluntary escrow.

Other than the matter discussed above, there has not arisen in the interval between the end of the half year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect the operations of the Consolidated Group, the results of these operations or the state of affairs of the Consolidated Group in subsequent years.

NOTE 4 EXPLORATION COMMITMENTS

	Dec-19	Dec-18
	\$	\$
Planned exploration expenditure on prospecting licenses		
- not later than 12 months	1,078,000	1,342,415
	1,078,000	1,342,415

Estimated figures as at the reporting date includes:

- i. amounts submitted to the Department of Geological Survey in Botswana in order to maintain the Group's current rights of tenure to exploration tenements and mining licenses.
- ii. The Company's expenditure commitments under the Farm-In and Joint Venture Agreement with Blackham Resources Limited on the Wilconi Nickel-Cobalt Project.

The Group anticipates future expenditure on its current rights of tenure to exploration and mining tenements up until the expiry of its current Prospecting Licences and on tenement renewals and extensions that have been applied for but not yet granted, which are included in the above table. In the event the Group does not meet the minimum exploration expenditure the licences may be cancelled or not renewed, notwithstanding, the planned expenditure cannot be called against the Company.

Due to the nature of the Company's operations in exploring and evaluating areas of interest, it is difficult to accurately forecast the nature and amount of future expenditure beyond the next year. Expenditure may be reduced by seeking exemption from individual commitments, by relinquishing of tenure or any new joint venture agreements. Expenditure may be increased when new tenements are granted.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 ISSUED CAPITAL

i) Ordinary shares

1 July to 31 December 2019	Number of Shares	Issue Price \$	\$
Beginning of the reporting period	871,884,866		71,552,320
At the end of the reporting period	871,884,866		71,552,320

1 July to 31 December 2018	Number of Shares	Issue Price \$	\$
Beginning of the reporting period	871,884,866		71,523,263
Reversal of share issue costs			29,057
At the end of the reporting period	871,884,866		71,552,320

NOTE 6 CAPITALISED EXPLORATION & EVALUATION

	Dec-19	Jun-19
	\$	\$
At cost	<u>28,632,097</u>	<u>54,307,827</u>
Movements in carrying values		
Balance at beginning of period	54,307,827	53,533,200
Expenditure during the period	637,432	4,186,536
Expenditure written-off during the period	(26,395,070)	(5,562,527)
Foreign currency translation	81,908	2,150,618
Balance at end of period	<u>28,632,097</u>	<u>54,307,827</u>

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and sale of nickel, cobalt and uranium. During the half-year, the Group decided to re-focus its' exploration efforts on its' nickel/cobalt assets given the continued low uranium price and the difficulty in raising capital for the Group's uranium project. The Group undertook a review of the carrying value of the Letlhakane Uranium Project and based on past exploration expenditure, status of the uranium market and comparative valuations of similar projects; has assessed the recoverable amount at \$25 million, resulting in a write-down of \$26,395,070 during the period.

NOTE 7 INTEREST-BEARING LIABILITIES

On 26 September 2019, the Company secured an additional working capital loan of \$200,000 from Mr Angang Shen. The loan is unsecured and at an interest rate of 10% p.a. The principal and interest are repayable at the earliest of the completion of the next round of capital raising or 12 months from the drawdown date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 8 SEGMENT INFORMATION

Identification of reportable segments

The Consolidated Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (Chief Operating Decision Makers) in assessing performance and determining the allocation of resources. The Consolidated Group only operates within one business segment being that of minerals exploration and mine development. The Chief Operating Decision Makers review the Monthly Directors Report on at least a monthly basis. The accounting policies adopted for internal reporting to the Chief Operating Decision Makers are consistent with those adopted in the financial statements. The reportable segment is represented by the primary statements forming this financial report.

NOTE 9 FAIR VALUE MEASUREMENT

The carrying amounts of all financial assets and liabilities in these financial statements approximate their fair values.

DIRECTORS DECLARATION

In accordance with a resolution of the directors of A-Cap Energy Limited, the Directors of the Company declare that:

- 1) The accompanying interim financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - a. Complying with Accounting Standard AASB 134: *Interim Financial Reporting and Corporations Regulations 2001*; and
 - b. Giving a true and fair view of the Consolidated Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date.
- 2) In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.



Paul Ingram
Deputy Chairman

Dated this 11th day of March 2020
Perth, Western Australia

A-Cap Energy Limited

Independent auditor's review report to members

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of A-Cap Energy Limited (the company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of A-Cap Energy Limited is not in accordance with the Corporations Act 2001 including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Regulations 2001.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the half-year financial report, which indicates that the consolidated entity incurred a net loss of \$27,137,691 and a net cash outflow from operations of \$959,440 during the half year ended 31 December 2019. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Responsibilities of the Directors for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

ACCOUNTANTS & ADVISORS

Level 20, 181 William Street
Melbourne VIC 3000

Telephone: +61 3 9824 8555

williambuck.com

Auditor's Responsibilities for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including:

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

As the auditor of A-Cap Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

William Buck

William Buck Audit (Vic) Pty Ltd

ABN: 59 116 151 136

A handwritten signature in black ink, appearing to read 'N.S. Benbow'.

N.S Benbow

Director

Dated this 11th day of March, 2020