

A-CAP ENERGY LIMITED
AND ITS CONTROLLED ENTITIES
(FORMERLY A-CAP RESOURCES LIMITED)
ACN 104 028 542

ANNUAL FINANCIAL REPORT
30 JUNE 2019

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The Directors present their report on the Consolidated Group consisting of A-Cap Energy Limited (“A-Cap”) and the entities it controlled (the “Consolidated Group”) at the end of, or during the financial year ended 30 June 2019.

DIRECTORS

Directors of A-Cap Energy Limited during and since the end of the financial year are listed below.

Angang Shen **Chairman**

Mr Angang Shen joined the Board of A-Cap in November 2013, bringing with him years of expertise and success in the areas of finance, investment, real estate and mining resources. Mr Shen is the Chairman of China Growth Minerals Ltd and Ansheng Investment Co, Ltd.

Mr Shen has not served as a director of any other ASX listed companies over the past three years.

Paul A. Ingram **Deputy Chairman, Member of Audit Committee** *B. Applied Sc. (Geology), MAusIMM*

Mr Ingram is a geologist with extensive experience in corporate and technical management of exploration and mining companies for over 30 years. He has held senior management positions in a number of successful resource companies in the precious metals sector and energy sector and has managed projects in countries throughout East Asia and in Australia.

During the past 3 years, Mr Ingram has also served as Director of the following ASX listed company:
- Impact Minerals Limited (since July 2009)

John Fisher-Stamp **Independent Non-Executive Director, Chairman of the Audit Committee** *FCA, FTIA, GAICD, MIMC*

Mr Fisher-Stamp is a Chartered Accountant and has worked in the resources sector for the past 14 years. John has held executive and consulting positions in corporate finance and as CFO. These roles covered compliance with corporate regulations and reporting in Australia, USA, UK and Asia. Mr Fisher-Stamp is a director of USA- based mining developer Ouro Mining, Inc and former Deputy Chair and Chair of the Bank Audit Committee of RACQ Bank Limited, an Australian APRA regulated ADI retiring in December 2017 after serving a maximum 8-year term.

Mr Fisher-Stamp is a former Non-Executive Director and Chair of the Audit Committee of delisted ASX biotechnology company Panbio Limited from July 2003 to January 2008 following shareholder approval of a court approved members' scheme takeover. Mr Fisher-Stamp's experience extends to Public Practice as a Chartered Accountant and Principal with DKM Group, Brisbane for 8 years and a Partner with Deloitte, Brisbane, Australia for 10 years providing business advisory, corporate taxation and support services.

During the past three years Mr Fisher-Stamp has not served as Director for any other ASX listed companies.

DIRECTORS INFORMATION (CONTINUED)**Michael Liu****Independent Non-Executive Director, Member of the Audit Committee***MA, MBA*

Mr Liu is the current Chairman of East China Capital Investments Ltd and has over 20 years' experience in public company management, corporate investment and finance, and international M&A. In the past 10 years, Mr Liu has overseen several successful acquisitions and divestitures of mining assets including gold, copper, and coal in China and overseas. Mr Liu holds a Master of Arts from the University of New Brunswick and an MBA from The University of British Columbia in Canada and holds Directorships in a number of public companies listed in Canada, UK, and USA.

During the past three years Mr Liu has not served as Director for any other ASX listed companies.

Mr Jijing Niu**Non-Executive Director***MBA*

Mr Niu graduated from Hunan University majoring in Economics and Information Management and holds an MBA from Fudan University and an EMBA from Cheung Kong School of Business. Mr Niu brings to the Board a wealth of corporate and investment banking experience, having commenced his investment banking career at United Securities Co., Ltd in 1998. From 2005 Mr Niu joined the Investment Banking Division of Guosen Securities Ltd and was promoted to be the Managing Director of the division until 2015. He was appointed as Chairman of Jiangsu Shengan Resources Group Co Ltd on 8 July 2016.

During the past three years Mr Niu has not served as Director for any other ASX listed companies.

Mr Chenghu Zhu**Non-Executive Director, Member of the Audit Committee**

Mr Zhu is an economist having held senior positions across a successful career in Industry & Commerce. Mr Zhu commenced his career as the manager of Yancheng Longgang Supply and Marketing Corporation from 1980 to 1992 and the General Manager of Yancheng Huaxin Industrial General Corporation from 1992 to 1995. Mr Zhu held a Directorship at Yancheng Suburban Government Corporation from 1995 to 1998. Mr Zhu currently holds the following senior positions:

- Chairman of Jiangsu Huaxing Investment Group (since 1998)
- Deputy President of Jiangsu Federation of Industry and Commerce (since 2012)
- Deputy Chairman of Yancheng Federation of Industry and Commerce (since 2012)
- President of Yandu Association of Enterprises (since 2012)
- Director of Jiangsu Shengan Resources Group Co Ltd

During the past three years Mr Zhu has not served as Director for any other ASX listed companies.

Interest in the shares of the Company

As at the date of this report, the interests of the Directors in the shares and options of the Company were:

	A Shen	P Ingram	J Fisher-Stamp	M Liu	JJ Niu	CH Zhu
Ordinary Shares	173,341,278	7,949,234	6,367,868	11,362,900	-	-

Directors' Performance Rights Holdings

As at the date of this report, the number of performance rights held by each Director in the Company were:

Director	As at date of report
A Shen	5,000,000
P Ingram	4,000,000
J Fisher-Stamp	4,000,000
M Liu	4,000,000
JJ Niu	4,500,000
CH Zhu	4,500,000

COMPANY SECRETARY

Nicholas Yeak

BCom, GradDipACG, FCPA, FGIA, FCIS

Mr Yeak is a Fellow of CPA Australia and Chartered Secretary with over 15 years' postgraduate experience in senior finance positions across diverse industries. Mr Yeak joined the Company in 2010 and manages A-Cap's financial, administrative and compliance affairs.

DIRECTORS' MEETINGS

The number of meetings of the Company's Board of Directors held during the year ended 30 June 2019, and the numbers of meetings attended by each Director were:

Director	Board of Directors		Audit Committee	
	Held	Attended	Held	Attended
A Shen	3	3	-	-
P Ingram	3	3	2	2
J Fisher-Stamp	3	3	2	2
M Liu	3	3	2	2
JJ Niu	3	3	-	-
CH Zhu	3	3	2	2

PRINCIPAL ACTIVITIES

The Consolidated Group's principal activities during the year have been:

- The evaluation of opportunities to diversify its minerals portfolio into cathode materials production and supply to the battery industry, including the completion of a joint venture agreement with Blackham Resources Limited to acquire a 75% farm-in interest in the nickel, cobalt and associated reserved minerals of the Wiluna Nickel-Cobalt Project, Western Australia;
- The ongoing project optimisation and feasibility studies into the Letlhakane Uranium Project and continuing exploration of its tenement portfolio in Botswana;

There were no significant changes in the nature of the Consolidated Group's principal activities during the financial year.

REVIEW OF OPERATIONS

- During the year the Company progressed with its diversified minerals strategy, as announced to the market in March 2018, that being the identification of and acquisition of nickel-cobalt laterite projects and, after completion of project and development funding, to supply cathode materials to the battery industry.
- The Company entered into a binding term sheet on 28 September 2018 with Blackham Resources Limited ACN 119 887 606 (Blackham) to acquire a 75 percent Farm-In Joint Venture Interest in the nickel, cobalt and associated metals of the Wiluna Nickel Cobalt Project (Wilconi Project) in Western Australia. The binding term sheet was subject to the satisfaction of the following conditions precedent:
 - i. A-Cap obtaining Foreign Investment Review Board approvals;
 - ii. Blackham obtaining consents from secured funders and royalty interests in the tenements; and
 - iii. A-Cap having received consent from the Minister of Mines and Petroleum to the transfer of an equitable interest in the tenements to the extent required.

An amount of A\$100,000 was paid by the Company to Blackham pursuant to the binding term sheet, within two business days of entering the agreement.

- The Company and Blackham agreed to extend the completion date to finalise the definitive Farm-In and Joint Venture Agreement (JVA) between A-Cap and Blackham to 13 December 2018, to allow additional time to satisfy a condition precedent. The completion date was further extended to 20 December 2018 by mutual agreement of both parties.
- On 20 December 2018, the JVA between A-Cap and Blackham was signed (subject to satisfaction of conditions precedent), which marked a significant milestone for the Company in implementing its diversified minerals strategy. The key terms of the JVA comprise:
 - i. The JV comprise nickel, cobalt and associated metals.
 - ii. Tenements in the JV comprises twelve granted mining leases, eight granted exploration licences, one prospecting licence and one retention licence.
 - iii. A-Cap acquiring an initial 20% interest in the Reserved Minerals located on the Wilconi Project Tenements by paying A\$2,800,000 to Blackham, within two business days of the date on which the last of the Conditions Precedents are satisfied. On making the initial interest payment A-Cap will also acquire the third-party exploration data on the project by making a cash payment of A\$100,000.
 - iv. A-Cap may acquire an additional 35% JV Interest (Second Earn-in Interest) by:
 - Making a cash payment to Blackham of A\$500,000 within a period of 24 months; and
 - Incurring minimum expenditure on exploration works programme activities and investing activities expenditure in respect of the Reserved Minerals on the Tenements (completing the definitive feasibility study (Project DFS); within a period of 36 months of A\$5,000,000;
 - v. A-Cap may acquire an additional 20% JV Interest (Third Earn-in Interest) by:
 - Completing the Project DFS within 36 months;
 - Making a further cash payment to Blackham of A\$1,000,000; and

- Issuing to Blackham on completion of the Project DFS that number of shares which, when multiplied by A-Cap's 30-day volume-weighted average price calculated as at the date of issue of the shares, is equal to \$1,500,000;
 - vi. A-Cap must undertake the works programme activities during the Earn-in Period with the intention of advancing the Project to a completion of the Project DFS;
 - vii. A-Cap will be responsible for the costs of Blackham ownership of the reserved minerals during the Earn-in Period. During the Earn-in Period, A-Cap will be the manager of the Project JV. Blackham will be free carried during the Earn-in Period. At the end of the Earn-in Period, Blackham may elect to fund its share of project development costs or otherwise elect to dilute its JV Interest in accordance with the usual dilution process.
- On 29 January 2019, the Company confirmed that outstanding third-party agreements with three stakeholders to the JVA were finalised. The finalisation of the third-party agreements satisfied the remaining condition precedent to the JVA between A-Cap and Blackham. A payment on 30 January 2019 was made of A\$2.9 million to Blackham to acquire an initial 20% interest in the Reserved Minerals located on the Wilconi Project Tenements and also acquire the third-party exploration data on the project.
 - The Company undertook 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.
 - The Company completed a trial ground deep penetrating radar survey (DGPR) over the Wilconi Project lateralised mineralisation in early December 2018. DGPR is a geophysical technique that uses a proprietary GPR technology which sends very short duration and very high amplitude pulses of electromagnetic energy into the ground using a transmitter, measuring the energy reflected from geological boundaries. This non-invasive technique produces detailed imaging of targets tens of meters deep.
- This exploration technique is particularly suited to the Wilconi deposits characteristics with respect to the layered aspects of the laterisation. The results of this survey were then interpreted with respect to the historical drilling to help target deeper zones and assist in the interpretation of geological continuity.
- A metallurgical drill sampling programme was completed early 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. It is intended to use 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 work included leach tests using hydrochloric, sulphuric and nitric acid, under atmospheric conditions on independent ore samples over a time horizon up to six hours.

- In June 2019 the Company commenced work to update the existing Wilconi 2004 JORC resource to JORC 2012. This follows the completion of 4 RC holes drilled to collect metallurgical samples and field trips confirming the location of past drilling. The RC drilling programme confirmed the widths and grade of the drilling conducted in 1995 and 1996 through the twinning of the holes. Additionally, the zones of mineralisation have been shown to be continuous with the trial ground penetrating radar DGPR which consisted of 35 separate lines completed totalling 30.5kms in length. Remodelling of the zones of cobalt and nickel mineralisation will utilise the 2019 drilling and DGPR results and complete a block model grade estimation. Results of metallurgical test work currently being conducted will generate potential recoveries and cut-off grades for the block model estimation results.
- A-Cap continue to attend to the requirements of the Letlhakane Uranium Project's mining licence including meeting reporting requirements, maintenance of the mining licence boundary, radiation inspectorate compliance and engaging with the community to update them on the Project's status. The Department of Mines confirmed that our mining licence and all prospecting licences continue to be in good standing.
- On 25 July 2018 the Company entered into a binding term sheet with Castillo Copper Limited (ASX:CCZ) which provided for a farm-in joint venture to explore and develop cobalt and nickel tenements in Marlborough, Queensland. The parties subsequently mutually agreed to not proceed with the proposed joint venture (refer ASX:CCZ announcement dated 23 January 2019).
- A-Cap submitted applications for renewal and extension for our base metal tenements during the 2017 financial year. The Department of Mines granted extensions on all base metal tenements from 1 January 2019 to 31 December 2020. The Company continues to engage with interested parties regarding options to monetise our base metal assets.
- The Company's coal tenements in Botswana, prospecting licence PL134/2005, 138/2005 and 125/2009 expire on 30 September 2019. It is the view of the board of directors that the Botswana Department of Mines are unlikely to extend these prospecting licences. On this basis the prospecting licences would be relinquished, the exploration and evaluation expenditure capitalised on these tenements have been impaired to the Profit or Loss and Other Comprehensive Income on the reporting date.

COMPANY STRATEGY

The Company's strategy is to diversify its minerals portfolio focussing on the acquisition of Nickel-Cobalt Laterite projects to supply cathode materials to the battery industry. The strategy is focused on the significant growth expectation in the supply of battery materials to the OEM automotive and battery industries. The Wilconi Project represents the Company's first nickel-cobalt laterite project interest and is committed to becoming a relevant supplier to the OEM automotive and battery industries.

The Company aims to establish 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 key strategic and commercial relationships will be pivotal to the Company's implementation of its diversified minerals strategy. The Company intends to introduce the Wilconi Project to strategic product supply partners identified in Europe, China and the United States.

The Company's Letlhakane Uranium Project located in Botswana remains an important project asset within the diversified mineral strategy.

CORPORATE ACTIVITY

- i. On 19 July 2018 the Company announced the withdrawal of the Non-Renounceable Rights Issue (Offer) to raise A\$4 million by way of an issue of 66,657,864 new ordinary shares to shareholders on the basis of 1 new share for every 13.08 shares held. The Offer was withdrawn because the Board was informed by Jiangsu Shengan Resources Group Co., Ltd (the Underwriter) that they were unable to meet their obligations under the Underwriting Agreement as they would not be issued a Certificate of Overseas Investment by the closing date of the offer. The Underwriter applied for a Certificate of Overseas Investment to the Commercial Bureau of Yancheng, China in April 2018 in response to a notice from the Bureau that a new Certificate of Investment be issued to the Underwriter following a change of its company name from Jiangsu Chixiang Precision Gears Co., Ltd to Jiangsu Shengan Resources Group Co., Ltd. The Certificate of Overseas Investment is required by the Underwriter to transfer investment funds from China to the Company to meet its Underwriter obligations for the shortfall amount under the terms of the Underwriter Agreement. Due to a delay in the processing of its application by the Commercial Bureau of Yancheng, China, the Underwriter will not be issued a Certificate of Overseas Investment by the closing date of the Offer.
- ii. On 23 July 2018, the Company called an ASX trading halt to finalise a potential joint venture agreement. On 25 July 2018, the Company announced entering into a binding Term Sheet with Castillo Copper Limited, which provides for a farm-in joint venture to explore and develop nickel and cobalt tenements in Queensland, Australia.
- iii. The Company announced that a formal notice of termination of the Services Agreement between Raba-Rax Solutions (Pty) Ltd (Raba-Rax) and the Company was served on 14 August 2018. Raba-Rax is the services provider which the Company engages Mr Paul Thomson as CEO of the Company. Mr Thomson's role as Group CEO ceased with effect from 8 August 2018, with the notice period of the services agreement ending on 30 September 2018.
- iv. The Company entered into a binding term sheet on 28 September 2018 with Blackham Resources Limited ACN 119 887 606 (Blackham) to acquire a 75 percent Farm-In Joint Venture Interest in the nickel, cobalt and associated metals of the Wiluna Nickel Cobalt Project (Wilconi Project) in Western Australia (refer Review of Operations for further information).
- v. Chairman Mr Angang Shen extended a short-term accommodation facility to support the Company's working capital requirements, with an amount drawn down of A\$500,000 on 8 October 2018. The loan is unsecured and at an interest rate of 10% p.a. The principal and interest are repayable 12 months from the drawdown date.
- vi. On 24 October 2018, the Company announced that a revolving credit facility for US \$3 million with the Industrial and Commercial Bank of China Limited (ICBC) Shanghai Hongqiao Branch was approved. This amount represents an initial loan application with ICBC, with a further US\$4 million available to be applied for at a later stage. The key terms of the Revolving Credit Facility are:
 - a. Principal Amount – US\$3 million;
 - b. Loan Term – 3 years (36 months from withdrawal date);
 - c. Loan Purpose – Working Capital;
 - d. Interest rate – LIBOR 6 Monthly Interest Rate plus 1.8%;

- e. 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%;
 - f. Interest Payment – 6 months in Advance;
 - g. 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;
 - h. Loan Guarantor – Third Party Cash Collateralised Bank Guarantee to ICBC provided by Jiangsu to the amount of US\$3 million.
- vii. The Company and Blackham agreed to extend the completion date to finalise the definitive Farm-In and Joint Venture Agreement (JVA) between A-Cap and Blackham to 13 December 2018, to allow additional time to satisfy a condition precedent. The completion date was further extended to 20 December 2018 by mutual agreement of both parties.
- viii. The Company held its Annual General Meeting (AGM) on 22 November 2018 at the Offices of Ashurst Brisbane, with all resolutions passed by a show of hands.
- ix. At the Company's AGM, Shareholders resolved to change the Company name to A-Cap Energy Limited. The change was recorded with ASIC and was effective with the ASX from 30 November 2018.
- x. On 18 December 2018 the Company issued 26 million performance rights to directors of the Company pursuant to the Director Long Term Incentive Plan (DLTIP) and 9 million unlisted options to employees and consultants of the Company pursuant to the A-Cap Executive and Consultant Share Option Plan (ESOP). The DLTIP and ESOP, along with the issue of performance rights, were approved by Shareholders at the AGM held on 22 November 2018 (Please refer to the Notice of Annual General Meeting dated 24 October 2018 for further information). Appendix 3Y's were lodged in respect to the performance rights on 27 December 2018.
- xi. On 20 December 2018, the Company entered into a definitive Farm-in and Joint Venture Agreement (JVA) with Blackham Resources, subject to satisfaction of conditions precedent, which provides A-Cap to acquire a 75 percent Farm-in Interest in the cobalt, nickel and associated reserved minerals of the Wiluna Cobalt Project (Wilconi Project), Western Australia (refer Review of Operations for further information).
- xii. On 29 January 2019, the Company confirmed that outstanding third-party agreements with three stakeholders to the JVA were finalised. The finalisation of the third-party agreements satisfied the remaining condition precedent to the JVA between A-Cap and Blackham. A payment on 30 January 2019 was made of A\$2.9 million to Blackham to acquire an initial 20% interest in the Reserved Minerals located on the Wilconi Project Tenements and also acquire the third-party exploration data on the project.
- xiii. 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.

- xiv. 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.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no other significant changes in the state of affairs during this financial year.

FINANCIAL RESULTS

The consolidated loss for the year attributable to the members of the Consolidated Group was \$8,700,450 (2018: \$1,457,842).

The net assets of the Consolidated Group for the financial year ended 30 June 2019 was \$48,454,552 (2018: \$54,560,202).

DIVIDENDS

As the Company's principal activities are minerals exploration it has not as yet paid any dividends and does not see any short-term return to shareholders via dividend payments.

COMPANY PROJECTS

A-Cap currently holds 1 Mining Licence (ML) and 12 Prospecting Licenses (PL) across Botswana, covering over 8,499 sq. km's. A-Cap entered into a joint venture agreement with Blackham Resources for the Wiluna Nickel-Cobalt Project (Wilconi) and holds a 20% farm-in interest in the cobalt, nickel and associated metals.

SCHEDULE OF INTERESTS IN MINING TENEMENTS

Tenement	Expiry Date	% Holding	Title Holder
Lethakane 2016/16L	11/09/2038	100	A-Cap Resources Botswana (Pty) Ltd
Mea PL 134/2005	30/09/2019	100	A-Cap Resources Botswana (Pty) Ltd
Bolau PL 138/2005	30/09/2019	100	A-Cap Resources Botswana (Pty) Ltd
Foley PL 125/ 2009	30/09/2019	100	A-Cap Resources Botswana (Pty) Ltd
Hukuntsi PL 002/2014	31/12/2020	100	Pulse Resources (Pty) Ltd
Hukuntsi PL 003/2014	31/12/2020	100	Pulse Resources (Pty) Ltd
Hukuntsi PL 004/2014	31/12/2020	100	Pulse Resources (Pty) Ltd
Werda PL 005/2014	31/12/2020	100	Pulse Resources (Pty) Ltd
Kokong PL 006/2014	31/12/2020	100	Pulse Resources (Pty) Ltd
Kokong PL 007/2014	31/12/2020	100	Pulse Resources (Pty) Ltd
Kokong PL 008/2014	31/12/2020	100	Pulse Resources (Pty) Ltd
Jwaneng PL 012/2014	31/12/2020	100	Pulse Resources (Pty) Ltd
Jwaneng PL 013/2014	31/12/2020	100	Pulse Resources (Pty) Ltd

Tenement	Project	A-Cap's Farm-in and JVA 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

ENVIRONMENTAL ISSUES

The Consolidated Group's exploration activities in Botswana are governed by the Botswana Mines and Mineral Act 1999 and the Botswana Environmental Assessment Act 2011. The Department of Environmental Affairs formally approved A-Cap's Environmental Impact Statement for the Letlhakane Uranium Project on 13 May 2016 in accordance with Section 12 (1a) of the Botswana Environmental Assessment Act, No.10, of 2011. To the best of the Directors' knowledge, the Group has adequate systems in place to ensure compliance with the requirements of the applicable environmental legislation and is not aware of any breach of those requirements during the financial year and up to the date of the Directors' Report.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

- On 23 April 2019, directors and management of A-Cap met with the Botswana Department of Mines and submitted a letter requesting an amendment to the commencement of the pre-construction and construction period for the Letlhakane Uranium Project for a further two years. 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.
- On 23 August 2019, the Company announced the results of recent metallurgical work at the Wilconi Nickel Cobalt Project, which highlighted that the Company has several treatment options that can be further tested and refined. The Company is currently conducting further metallurgical work in Australia, Canada and China, investigating other metallurgical methods. The early emphasis on metallurgical studies at Wilconi is aimed at producing a metallurgical flowsheet that shows reduced capital costs when compared with traditional high-pressure acid leach processes.
- On 26 August 2019 the Company announced a change to its principal place of business and Post Office Box address to 52 Ord St, West Perth WA 6005 and PO Box 108, West Perth WA 6872 respectively.
- From 1 September 2019, the board of directors voluntarily suspended director fees and director associated service fees until the completion of capital raising.
- Chairman Mr Angang Shen extended a short-term accommodation facility to support the Company's working capital requirements, with an amount drawn down of A\$2000,000 on 25 September 2019. 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 raisings or 12 months from the drawdown date.
- The repayment date for the short-term accommodation facility entered into with Mr Angang Shen for an amount of A\$500,000, drawn down on 8 October 2018 and repayable on 30 September 2019, has been extended. The principal and interest are repayable on 28 March 2020.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial 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.

LIKELY DEVELOPMENTS

The Company entered into a definitive Farm-in and Joint Venture Agreement (JVA) with Blackham Resources on 20 December 2018, which provides A-Cap to acquire a 75 percent Farm-in Interest in the cobalt, nickel and associated reserved minerals of the Wiluna Cobalt Project (Wilconi Project), Western Australia. With funding in place, the Company will complete exploration work programme activities on the Wilconi Project to finalise a Project definitive feasibility study within 36 months of entering the JVA.

The Company will continue to meet the requirements for the Letlhakane Uranium Project mining licence in Botswana and assess options to divest and monetise its base metal tenements. The Company's coal tenements in Botswana, prospecting licence PL134/2005, 138/2005 and 125/2009 expire on 30 September 2019. It is the view of the board of directors that the Botswana Department of Mines are unlikely to extend these prospecting licences. On this basis the prospecting licences would be relinquished, the exploration and evaluation expenditure capitalised on these tenements have been impaired to the Profit or Loss and Other Comprehensive Income on the reporting date.

REMUNERATION REPORT - AUDITED

Remuneration Policy

Executive Director Remuneration

The remuneration policy of A-Cap Energy Limited has been designed to align Executive Director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives. The Board of A-Cap Energy Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and Executive Directors to run and manage the Consolidated Group, as well as create goal congruence between Directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the Consolidated Group is as follows:

- The remuneration policy, setting the terms and conditions for the Executive Directors and other senior executives was developed internally based on industry-wide benchmarks, and approved by the Board based on the research and information provided.
- All executives receive a base salary (which is based on factors such as length of service and experience).
- The Board reviews executive packages annually by reference to executive performance and remuneration packages for similar positions in comparable companies.

Directors and executives receive a superannuation guarantee contribution in compliance with government requirements. All remuneration paid to Directors and executives is valued at the cost to the Company and expensed.

Non-Executive Director Remuneration

The Board's policy is to remunerate Non-Executive Directors at market rates for time, commitment and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. The maximum aggregate directors' fees (currently set at \$400,000 p.a. as of the 2016 Annual General Meeting) that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for Non-Executive Directors are not linked to the performance of the Consolidated Group. The maximum aggregate fees exclude consulting fees paid to Non-Executive Directors for work outside the scope of their role as Non-Executive Directors. Consulting fees paid to Non-Executive Directors are in a Non-Executive capacity and do not impair the independence of Non-Executive Directors.

REMUNERATION REPORT – AUDITED (CONTINUED)

A Director Long Term Incentive Plan (DLTIP) was approved by Shareholders at the 2018 Annual General Meeting, designed to provide long term incentives through the issue of Performance Rights to eligible Directors, subject to shareholder approval in order to assist in the motivation and retention of those Directors. The terms of the DLTIP are set out in detail in the remuneration report. To align Directors' interests with shareholder interest, the Directors are encouraged to hold shares in the Company. Directors performance rights are issued in accordance with resolutions passed at the Company's Annual General Meeting.

Company Performance, Shareholders Wealth and Directors' and Executives Remuneration

Remuneration of Directors is not impacted by the following

- (i) Dividends paid by the Company to its shareholders during the year;
- (ii) Changes in share price at which shares in the Company are traded between the beginning and the end of the year;
- (iii) Any return of capital by the Company to its shareholders during the year that involves cancellation of shares in the Company and payments to shareholders that exceeds the price at which shares in that class are being traded at the time when the shares are cancelled; and
- (iv) Any other relevant matter.

Key Management Personnel (other than Directors) Remuneration Policy

The Board's policy for determining the nature and amount of remuneration of key management (other than directors) for the group follows.

The remuneration structure for key management personnel (other than directors) is based on a number of factors, including length of service and particular experience of the individual concerned. The contracts for service between the Company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement, key management personnel are paid employee benefit entitlements accrued at the date of retirement.

For the reporting year, director and executive remuneration packages included performance-based remuneration relating to the issue of performance rights and unlisted options. Performance rights and options issued are commensurate with the level of responsibility held by the director or executive, and aligns the long-term goals and objectives between shareholders, directors and executives.

Service Agreements

As at the date of this report, the Company has the following service agreements with Directors:

Paul Anthony Ingram

Entity:	Fabian Entertainment Pty Ltd
Related party:	Mr Ingram is a director and major shareholder of Fabian Entertainment Pty Ltd and a beneficiary of the Paul Ingram Family Trust.
Fee:	US\$5,000 per month
Terms of payment:	Monthly invoice issued at the start of each month, 100% settled in cash within 14 days.
Notice period:	30 days

Mr Ingram's service agreement is for the provision of corporate advisory services to A-Cap including capital markets, business development, project technical support and market making.

REMUNERATION REPORT – AUDITED (CONTINUED)**John Fisher-Stamp**

Entity: Catus Pty Ltd
 Related party: Mr Fisher-Stamp is a director and major shareholder of Catus Pty Ltd and a beneficiary of the Innovation Trust
 Fee: US\$5,000 per month
 Terms of payment: Monthly invoice issued at the start of each month, 100% settled in cash within 14 days.
 Notice period: 30 days
 Mr Fisher-Stamp's service agreement is for the provision of corporate advisory services to A-Cap including capital markets, finance, disclosure documents, commercial and contractual advice, key functional responsibilities commensurate with a CFO.

Michael Liu

Entity: V & D Investments
 Related party: Mr Liu is a director and major shareholder of V & D Investments.
 Fee: US\$5,000 per month
 Terms of payment: Monthly invoice issued at the start of each month, 100% settled in cash within 14 days.
 Notice period: 30 days

Mr Liu's service agreement is for the provision of corporate advisory services to A-Cap including capital markets, investor liaison and market making.

Angang Shen

Fee: US\$5,000 per month
 Terms of payment: Monthly invoice issued at the start of each month, 100% settled in cash within 14 days.
 Notice period: 30 days

Mr Shen's service agreement is for the provision of capital markets advisory and support services to be performed in China and Hong Kong.

No executive is entitled to any termination benefits as defined under the Corporations Act 2001.

Use of Remuneration Consultants

Due to the size and nature of the organisation, the Company has not engaged remuneration consultants to review and measure its policy and strategy. The Board reviews remuneration strategy periodically and may engage remuneration consultants in future to assist with this process.

Voting and comments made at the company's 2018 Annual General Meeting ('AGM')

At the 2018 AGM held on 22 November 2018, the following votes were cast in relation to adopting the remuneration report:

In favour:	365,287,347	votes
Against:	103,405	votes
Abstained:	173,341,278	votes

The company did not receive any specific feedback at the AGM regarding its remuneration practices.

REMUNERATION REPORT – AUDITED (CONTINUED)**Key Management Personnel**

The directors and other key management personnel of the Consolidated Group during or since the end of the financial year were:

Mr Angang Shen	Chairman, Non-Executive Director
Mr Paul Anthony Ingram	Deputy Chairman, Independent Non-Executive Director
Mr John Fisher-Stamp	Independent Non-Executive Director
Mr Michael Liu	Independent Non-Executive Director
Mr Jijing Niu	Non-Executive Director
Mr Chenghu Zhu	Non-Executive Director
Mr Harry Mustard	Exploration Manager from 10 August 2018
Mr Nicholas Yeak	Group Financial Controller & Company Secretary
Mr Ashley Jones	Operations Manager, resigned 9 December 2018, Consultant from 15 January 2019
Mr Paul Thomson	Chief Executive Officer, retired 8 August 2018

Directors

Name	Short-term Benefits			Long-term benefits	Post-employment benefits	Share-based payments	Total	Relative proportion of remuneration linked to performance	
	Salary & Fees \$	Consulting Fees \$	Annual Leave \$	Long Service leave \$	Superannuation \$	Performance Rights \$		Fixed %	Performance based %
30 June 2019									
A Shen	50,004	83,423	-	-	-	77,637	211,064	63	37
P Ingram	45,662	83,526	-	-	4,338	62,110	195,636	68	32
J Fisher-Stamp	45,662	83,526	-	-	4,338	62,110	195,636	68	32
M Liu	50,004	83,564	-	-	-	62,110	195,678	68	32
JJ Niu	50,004	-	-	-	-	69,874	119,878	52	58
CH Zhu	50,004	-	-	-	-	69,874	119,878	52	58
Total	291,340	334,039	-	-	8,676	403,715	1,037,770	61	39
30 June 2018									
A Shen	50,004	77,641	-	-	-	-	127,645	100	-
P Ingram	45,662	77,334	-	-	4,338	-	127,334	100	-
P Thomson*	68,081	-	53,170	-	-	-	121,251	100	-
J Fisher-Stamp	45,662	77,334	-	-	4,338	-	127,334	100	-
M Liu	50,004	77,641	-	-	-	-	127,645	100	-
JJ Niu	50,004	-	-	-	-	-	50,004	100	-
CH Zhu	50,004	-	-	-	-	-	50,004	100	-
Total	359,421	309,950	53,170	-	8,676	-	731,217	100	-

* Mr Thomson retired from the board of A-Cap on 31 August 2017.

REMUNERATION REPORT – AUDITED (CONTINUED)

Executives

Name	Short-term Benefits			Long-term Benefits	Post-employment benefits		Share-based payments	Relative proportion of remuneration linked to performance		
	Salary \$	Consulting Fees \$	Annual leave \$	Long service leave \$	Superannuation \$	Termination benefits \$	Options \$	Total \$	Fixed %	Performance Based %
30 June 2019										
P Thomson*	54,449	-	-	-	-	-	-	54,449	100	-
A Jones**	107,074	-	19,676	-	-	-	-	126,750	100	-
H Mustard***	-	191,739	-	-	-	-	13,761	205,500	93	7
N Yeak****	161,207	-	-	3,441	15,675	-	13,761	194,084	93	7
Total	322,730	191,739	19,676	3,441	15,675	-	27,522	580,783	95	5
30 June 2018										
P Thomson	172,539	-	-	-	-	-	-	172,539	100	-
A Jones	251,207	-	-	-	-	-	-	251,207	100	-
N Yeak	164,999	-	-	-	15,674	-	-	180,673	100	-
Total	588,745	-	-	-	15,674	-	-	604,419	100	-

* Mr Thomson retired as Chief Executive Officer on 8 August 2018. The service agreement with his company Raba-Rax Solutions (Pty) Ltd ended on 30 September 2018.

** Mr Jones ceased being a key management personnel of the Company following his resignation from his position as Operations Manager based in Francistown, Botswana on 9 December 2018. Mr Jones is engaged as a consultant of the Company from 15 January 2019.

*** Mr Mustard holds the position of Exploration Manager, entering into a service agreement with the Company from 10 August 2018.

**** Mr Yeak's salary includes an annual leave adjustment of (\$3,792).

Performance Rights Issued as part of remuneration of Key Management Personnel

26,000,000 performance rights were issued to directors as part of remuneration during the year and up to the date of this report, pursuant to the A-Cap Director Long Term Incentive Plan approved by shareholders at the 2018 AGM (2018: Nil). These performance rights remain on issue as at the balance date and the date of this report.

Name	Balance 1 Jul-18	Grant date	No. of Performance Rights granted	Exercised	Balance 30 Jun-19	Unvested	Fair Value at Grant Date \$	Expiry Date
A Shen	-	18/12/2018	5,000,000	-	5,000,000	5,000,000	\$151,334	18/12/2021
P Ingram	-	18/12/2018	4,000,000	-	4,000,000	4,000,000	\$121,067	18/12/2021
J Fisher-Stamp	-	18/12/2018	4,000,000	-	4,000,000	4,000,000	\$121,067	18/12/2021
M Liu	-	18/12/2018	4,000,000	-	4,000,000	4,000,000	\$121,067	18/12/2021
JJ Niu	-	18/12/2018	4,500,000	-	4,500,000	4,500,000	\$136,201	18/12/2021
CH Zhu	-	18/12/2018	4,500,000	-	4,500,000	4,500,000	\$136,201	18/12/2021

Refer Note 5 of the Financial Report for vesting conditions. No rights had vested as at the reporting date.

Options Issued as part of remuneration of Key Management Personnel

3,000,000 unlisted options were issued to key management personnel as part of remuneration during the year and up to the date of this report, pursuant to the A-Cap Executive and Consultant Share Option Plan approved by shareholders at the 2018 AGM (2018: Nil). These options remain on issue as at the balance date and the date of this report.

REMUNERATION REPORT – AUDITED (CONTINUED)

Grant Date	Vesting Period	Number of Options	Exercise Price	Fair Value of Options at Grant Date \$	Expiry Date
18/12/2018	Vesting Period 1	1,500,000	\$0.115	\$24,375	17/06/2022
18/12/2018	Vesting Period 2	1,500,000	\$0.115	\$24,375	17/06/2022
18/12/2018	Vesting Period 3	3,000,000	\$0.115	\$48,750	17/06/2022

Refer Note 5 of the Financial Report for vesting conditions. No options had vested as at the reporting date.

- The options are unlisted but upon exercise will rank equally in all respects with the fully paid ordinary shares in the Company
- The options tabled above are performance related
- No option holder has the right under the options to participate in any other share issue of the Company or any other entity
- No options vested or were exercised during the financial year to 30 June 2019 and subsequent to the reporting date.

Number of Shares held by Key Management Personnel

2019	Balance 1.7.2018	Remuneration	Net Change Other	Balance 30.6.2019
Directors				
A Shen	173,341,278	-	-	173,341,278
P Ingram	7,949,234	-	-	7,949,234
J Fisher-Stamp	6,367,868	-	-	6,367,868
M Liu	11,362,900	-	-	11,362,900
JJ Niu	-	-	-	-
CH Zhu	-	-	-	-
Executives				
P Thomson *	-	-	-	-
A Jones **	-	-	-	-
H Mustard ***	-	-	-	-
N Yeak	-	-	-	-
Total	198,921,280	-	-	198,921,280

* Mr Thomson retired as Chief Executive Officer on 8 August 2018.

** Mr Jones ceased being a key management personnel of the Company following his resignation from his position as Operations Manager based in Francistown, Botswana on 9 December 2018. Mr Jones is engaged as a consultant of the Company from 15 January 2019.

*** Mr Mustard holds the position of Exploration Manager, entering into a service agreement with the Company from 10 August 2018.

Director Long Term Incentive Plan

A resolution to establish a Director Long Term Incentive Plan (DLTIP) was approved by Shareholders at the 2018 Annual General Meeting held on 22 November 2018. The Director LTI Plan superseded the A-Cap Directors Share Plan that was previously approved by shareholders at the Annual General Meeting of A-Cap Energy Limited held on the 16th November 2015 (**Old Plan**).

REMUNERATION REPORT – AUDITED (CONTINUED)

The DLTIP is designed to provide long term incentives through the issue of Performance Rights to eligible Directors, subject to shareholder approval in order to assist in the motivation and retention of those Directors. The Performance Rights will entitle eligible Directors to Shares, subject to certain performance measures (vesting conditions) being met. The Director LTI Plan seeks to:

- i. link the reward of Directors to the performance of the Company and the creation of shareholder value; and
- ii. align the interests of Directors more closely with those of shareholders.

The Director LTI Plan operates as follows:

- All non-executive and independent directors of the Company are eligible to participate in the Director LTI Plan. The board may also determine any other director of the Company to be eligible
- The Board will make an offer to eligible directors to participate in the Director LTI Plan by providing an offer document. Upon acceptance of the offer by the director (Participant), the Company will issue the director the number of Performance Rights specified in the offer document. The Performance Rights are granted at a nil issue price and for nil consideration.
- The Performance Rights will be subject to performance measures which will be outlined in the offer document. The performance measures will be linked to certain milestones in the market capitalisation of the Company. The Performance Rights will be allocated between four equal tranches between each of the four performance measures.
- Once the performance measures attached to each Performance Right are met, the Performance Right will vest and the Director will be entitled to Shares in the Company, the number of which will be equal to the number of Performance Rights which have vested. Following the vesting of the Performance Rights, the Company will, at the Company's discretion, either issue new Shares to directors or acquire Shares on the ASX for the benefit of directors under the Director LTI Plan.
- The Performance Rights issued are subject to adjustment in certain circumstances, including in the event of the Company making a pro rata entitlement offer of new Shares, a pro rata bonus issue, subdividing or consolidating its Shares, making a return of capital to shareholders, cancelling share capital or reorganising its share capital.
- A Participant may retain its Performance Rights and entitlement to be issued Shares, subject to the terms of the Director LTI Plan if the Participant ceases office as a director of the Company in circumstances where the Participant is a good leaver. A Participant will be a vested leaver if they are not a non-vested leaver. A Participant will be a non-vested leaver if they are disqualified or prohibited from being a director under the Corporations Act, the constitution, or if the Board determines the Participant is a non-vested leaver. If a Participant is a non-vested leaver, then all Performance Rights held by that Participant will automatically lapse, unless the Board determines otherwise.
- The Director LTI Plan will be administered by the Board who, subject to the ASX Listing Rules, may amend or vary the plan.

REMUNERATION REPORT – AUDITED (CONTINUED)

- In the event of any reorganisation of the issued ordinary share capital of the Company, the number of Shares to be delivered in respect of each Vested Right or the amount payable, if any, by a Participant in respect of Shares to be delivered to a Participant will be reorganised in the manner specified in the ASX Listing Rules as applicable at the time of the reorganisation.
- A Participant cannot participate in new issues of Shares or other securities to holders of Shares unless the Shares in respect of the Vested Rights held by the Participant have been issued, or purchased and transferred, as applicable, to and registered in the name of, the Participant before the record date for determining entitlements to the new issue.

A-Cap Executive and Consultant Share Option Plan

A resolution to establish the A-Cap Executive and Consultant Share Option Plan (ESOP) was approved by Shareholders at the 2018 AGM held on 22 November 2018. The ESOP superseded the A-Cap Share Option Plan (Old Share Plan) previously approved at the AGM of A-Cap Energy Limited on 16 November 2015.

The purpose of the ESOP is to provide certain employees and executives, as determined by the Board, an opportunity to accept an offer from the Company to acquire an option to acquire Shares. Such an employee incentive scheme assists the Company with recruitment, reward, retention and motivation of certain employees and executives of the Company.

In summary, the ESOP operates as follows:

- The following persons are eligible participants for the purpose of the ESOP:
 - a full or part time employee of the Company or an associated body corporate;
 - a contractor, consultant or casual employee of the Company or an associated body corporate, who is or might reasonably be expected to be engaged in work the number of hours that are the pro-rata equivalent of 40% or more of a comparable full-time position; and
 - any other person that the Board resolves to be an eligible participant.
- On issuing an offer inviting an eligible participant to participate in the ESOP, the Board will determine the terms of the options proposed to be issued, including any vesting conditions, the exercise price, the exercise period and any other terms or conditions that will apply to the options.
- The Company will not be permitted to issue options under the ESOP if the number of Shares issued under any employee incentive scheme of the Company, together with the number of Shares that would be issued on the exercise of issued options, issued within the previous 3 years, exceeds 5% of the issued outstanding Shares.
- Options are non-transferrable except with the prior written consent of the Board or where required by law in certain circumstances. The options will not be quoted on the ASX.
- The Board may impose any restriction as to disposal or other dealing by an eligible participant for a period in respect of the Shares issued as part of the terms and conditions of the grant of the options and may implement any procedure it considers appropriate that complies with the ASX Listing Rules to ensure the Eligible Participants' compliance with the restrictions.

REMUNERATION REPORT – AUDITED (CONTINUED)

- There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to shareholders of the Company during the currency of the Options.
- The options issued are subject to adjustment in certain circumstances, including in the event of the Company making a pro rata entitlement offer of new Shares, a pro rata bonus issue, subdividing or consolidating its Shares, making a return of capital to shareholders, cancelling share capital or reorganising its share capital.
- An eligible participant may retain its Options and entitlement to be issued Shares, subject to the terms of the ESOP if the eligible participant ceases employment by or engagement with the Company in circumstances where the Eligible Participant is good leaver. An eligible participant will be a good leaver if they cease employment on the basis of retirement, redundancy or voluntary resignation or if the eligible participant dies or suffers total and permanent disability.
- If an eligible participant is a bad leaver, then all Options held by that eligible participant will automatically lapse, unless the Board determines otherwise. An Eligible Participant will be a bad leaver if they cease to be an eligible participant and they are not a good leaver, including where the eligible participant's employment is terminated for cause or the Board determines in its absolute discretion to be a bad leaver.
- The Board will manage and administer the ESOP for the Company and may amend the ESOP at any time, subject to certain exceptions (such as where the amendment would reduce existing rights, and where required otherwise by the ASX Listing Rules).
- If at any time the capital of the Company is reorganised, the terms of the Options will be changed in a manner required by the ASX Listing Rules at the time of the reorganisation or, subject to the Corporations Act and the ASX Listing Rules, as determined by the Board or the shareholders of the Company.

Number of Options Held by Key Management Personnel

2019	Balance 1.7.2018	Remuneration	Options Exercised	Options Expired During the Year	Net Change Other	Balance 30.6.2019	Vested and exercisable 30.6.2018	Unvested and unexercisable 30.6.2019
Directors								
A Shen	-	-	-	-	-	-	-	-
P Ingram	-	-	-	-	-	-	-	-
J Fisher-Stamp	-	-	-	-	-	-	-	-
M Liu	-	-	-	-	-	-	-	-
JJ Niu	-	-	-	-	-	-	-	-
CH Zhu	-	-	-	-	-	-	-	-
Executives								
P Thomson*	-	-	-	-	-	-	-	-
A Jones**	-	-	-	-	-	-	-	-
H Mustard***	-	3,000,000	-	-	-	3,000,000	-	3,000,000
N Yeak	-	3,000,000	-	-	-	3,000,000	-	3,000,000
Total	-	-	-	-	-	-	-	-

* Mr Thomson retired as Chief Executive Officer on 8 August 2018.

** Mr Jones resigned from his position as Operations Manager based in Francistown, Botswana on 9 December 2018. Mr Jones is engaged as a consultant of the Company from 15 January 2019.

*** Mr Mustard holds the position of Exploration Manager, entering into a service agreement with the Company from 10 August 2018.

REMUNERATION REPORT – AUDITED (CONTINUED)

There have been no other transactions involving equity instruments other than those described in the remuneration report. For details of other Key Management Personnel transactions, refer to Note 23: Related Party Information.

Company Performance and its Consequences on Shareholder Wealth

It is currently not possible to accurately determine the Company's performance using generally accepted measures such as profitability and total shareholder return, as the Company is a minerals exploration company with no operating revenue. This assessment will be developed if and when the Company progresses into the mining production phase. The table below shows the gross revenue, losses and loss per share for the last five years for the Company:

		2019	2018	2017	2016	2015
Revenue and other income	\$	19,991	94,960	214,171	993,060	543,236
Net loss	\$'000	8,700,450	1,457,842	2,762,418	1,307,836	2,969,116
Loss per share	cents	1.00	0.17	0.33	0.23	0.78
Share price at year end	\$	0.031	0.046	0.051	0.039	0.026

OPTIONS ON ISSUE

9,000,000 unlisted options were issued as part of remuneration during the year (2018: Nil).

At the date of this Report, the unissued ordinary shares of the Company under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number of Options
15/8/2007	-	Exercisable at 80% of market price on exercise date with the grantee required to be in the employ of the Company or subsidiary thereof, at the time of exercise	10,000
18/12/18	17/06/2022	11.5c*	9,000,000
Total			9,010,000

* Please refer Note 5 of the Financial Report for vesting conditions. No options vested during the period.

The options are unlisted and subject to vesting conditions and the terms of the A-Cap Executive and Consultant Share Option Plan.

This concludes the remuneration report which has been audited.

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITORS

The Company has agreed to indemnify the current directors and officers of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their designated position of the Company, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet to the maximum extent permitted by law, the full amount of any such liabilities, including costs and expenses.

The Company paid a premium during the year in respect of a director and officer liability insurance policy, insuring the directors of the Company, the company secretary, and all executives of the Company against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001.

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor. During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

The amount paid for the indemnification of directors, officers and auditors cannot be disclosed due to commercial confidential reasons.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party to take responsibility on behalf of the Company for all or any part of those proceedings.

NON-AUDIT SERVICES

There were no fees for non-audit services paid to the external auditors during the year ended 30 June 2019.

AUDITOR'S INDEPENDENCE DECLARATION

The lead Auditor's Independence Declaration for the year ended 30 June 2019 has been received and can be found on page 24 of this Report.

This report is made in accordance with a resolution of the Directors.



Paul Ingram

Deputy Chairman

Dated this 30th day of September 2019

Perth, Western 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 year ended 30 June 2019 there have been:

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

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', written over a light blue horizontal line.

N. S. Benbow
Director

Dated this 30th day of September, 2019

ACCOUNTANTS & ADVISORS

Level 20, 181 William Street
Melbourne VIC 3000

Telephone: +61 3 9824 8555

williambuck.com

CORPORATE GOVERNANCE STATEMENT

A copy of the Company's Corporate Governance Statement was lodged with the ASX on 30 September 2019 and is set out on our website www.a-cap.com.au.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 \$	2018 \$
Revenue	2	-	8,398
Other income	2	19,991	86,562
Administration expenses		(193,534)	(197,481)
Corporate expenses		(1,271,824)	(509,647)
Employment entitlements		(1,078,624)	(648,390)
Finance costs		(296,488)	(8,039)
Impairment of capitalised exploration and evaluation	12	(5,562,527)	-
Loss on financial assets at fair value through profit and loss		-	(9,669)
Occupancy		(43,417)	(59,019)
Travel		(274,027)	(120,557)
Loss before income tax expense		(8,700,450)	(1,457,842)
Income tax expense	3	-	-
Loss after income tax expense		(8,700,450)	(1,457,842)
Other Comprehensive Income			
Items that may be reclassified to profit & loss			
Gains / (losses) arising from translation of foreign controlled operation		2,120,745	(1,479,479)
Total comprehensive income / (loss)		(6,579,705)	21,637
Basic loss per Share (cents per share)	7	(1.00)	(0.17)
Diluted loss per Share (cents per share)	7	(1.00)	(0.17)

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 30 JUNE 2019

	Notes	2019 \$	2018 \$
ASSETS			
Current assets			
Cash and cash equivalents	8	1,952,215	1,089,938
Trade and other receivables	9	205,812	150,690
Total current assets		2,158,027	1,240,628
Non-current assets			
Plant and equipment		26,879	44,006
Capitalised exploration and evaluation	12	54,307,827	53,533,200
Total non-current assets		54,334,706	53,577,206
TOTAL ASSETS		56,492,733	54,817,834
LIABILITIES			
Current liabilities			
Trade & other payables	13	244,725	37,151
Provision for employee entitlements		75,396	104,724
Loans	15	500,000	-
Total current liabilities		820,121	141,875
Non-Current liabilities			
Provision for employee entitlements		104,380	115,757
Loans	15	7,113,680	-
Total current liabilities		7,218,060	115,757
TOTAL LIABILITIES		8,038,181	257,632
NET ASSETS		48,454,552	54,560,202
EQUITY			
Contributed equity	14	71,997,318	71,523,263
Reserves	16	9,196,864	7,076,119
Accumulated losses		(32,739,630)	(24,039,180)
TOTAL EQUITY		48,454,552	54,560,202

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	Ordinary shares	Options & Rights	Accumulated losses	Foreign currency translation reserve	Total
	\$		\$	\$	\$
At 1 July 2018	71,523,263	-	(24,039,180)	7,076,119	54,560,202
Loss for the period	-	-	(8,700,450)	-	(8,700,450)
Other comprehensive income	-	-	-	2,120,745	2,120,745
Total comprehensive income for the year	-	-	(8,700,450)	2,120,745	(6,579,705)
Transactions with owners in their capacity as owners:					
Issued capital	-	444,998	-	-	444,998
Share issue costs – net of tax	29,057	-	-	-	29,057
At 30 June 2019	71,552,320	444,998	(32,739,630)	9,196,864	48,454,552

	Ordinary shares	Options & Rights	Accumulated losses	Foreign currency translation reserve	Total
	\$		\$	\$	\$
At 1 July 2017	71,552,319	131,999	(22,713,337)	5,596,640	54,567,621
Loss for the period	-	-	(1,457,842)	-	(1,457,842)
Other comprehensive income	-	-	-	1,479,479	1,479,479
Total comprehensive income for the year	-	-	(1,457,842)	1,479,479	21,637
Transactions with owners in their capacity as owners:					
Issued capital	-	-	-	-	-
Share issue costs – net of tax	(29,056)	-	-	-	(29,056)
Options expired unexercised	-	(131,999)	131,999	-	-
At 30 June 2018	71,523,263	-	(24,039,180)	7,076,119	54,560,202

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 \$	2018 \$
Cash Flows from Operating Activities			
Payments to suppliers and employees (inclusive of goods and services tax)		(2,435,882)	(1,619,279)
R&D tax credit		-	157,151
Interest received		350	8,021
Interest paid		(179,193)	-
Net Cash (Outflow) from Operating Activities	20	(2,614,725)	(1,454,107)
Cash Flows from Investing Activities			
Payments for exploration expenditure		(4,075,790)	(1,476,175)
Purchase of plant and equipment		(6,863)	(6,499)
Proceeds from sale of plant and equipment		19,991	5,964
Sale of investments held at fair value		-	115,982
Net Cash (Outflow) from Investing Activities		(4,062,662)	(1,360,728)
Cash Flows from Financing Activities			
Proceeds from loans		7,539,664	-
Payments of share issue costs		-	(29,056)
Net Cash Inflow from Financing Activities		7,539,664	(29,056)
(Decrease) / Increase in Cash and Cash Equivalents Held			
Cash and cash equivalents at the Beginning of the Financial Year		1,089,938	3,933,829
Cash and cash equivalents at the End of the Financial Year	8	1,952,215	1,089,938

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements include the consolidated financial statements and notes of A-Cap Energy Limited and controlled entities ('Consolidated Group'). A-Cap Energy Limited is a for-profit company limited by shares incorporated in Australia and whose shares are publicly traded on the Australian Securities Exchange. These financial statements for the year ended 30 June 2019 were authorised for issue in accordance with a resolution of the directors on 30 September 2019.

Supplementary information about the parent entity is disclosed in Note 11: Parent Entity Information.

(a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, ('AASB') and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of the financial statements are presented below. They have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Going concern

During the year, the Consolidated Group generated a loss after tax of \$8,700,450 (30 June 2018: \$1,457,842), incurred net cash outflows from operations of \$2,614,725 (30 June 2018: \$1,454,107) and net investment outflow for the year was \$4,062,661 (30 June 2018: \$1,360,728). As at 30 June 2019, the Group had \$1,952,215 in cash (30 June 2018: \$1,089,938) and consolidated net assets of \$48,454,552 (2018: 54,560,202).

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

To achieve these objectives and in progressing the 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:

- 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(a) Basis of Preparation (continued)***Going concern (continued)*

- The Company secured a short-term accommodation facility from Chairman Mr Angang Shen of A\$200,000 on 25 September 2019 to provide working capital for the Company to continue to operate as a going concern. The funding will also allow the board of directors to finalise capital raising activities, focussing on a private placement to raise up to A\$10 million through institutional and sophisticated investors. Furthermore, Mr Shen extended the repayment date for the short-term accommodation facility for an amount of A\$500,000, drawn down on 8 October 2018 and repayable on 30 September 2019. The principal and interest are repayable on 28 March 2020.
- The Company's substantial shareholders Jiangsu Shengan Resources Group Co., Ltd and Ansheng Investment Co., Ltd have each confirmed to the Company's Board they will continue to support the implementation of the company's diversified minerals strategy and, if required, are prepared to further extend short term debt accommodation facilities to the Company subject to commercial agreement and corporate approvals to meet the company's assessed working capital requirement.
- The Consolidated Group is in a net asset and net working capital 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.

(b) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of A-Cap Energy Limited ('company' or 'parent entity') as at 30 June 2019 and the results of all subsidiaries for the year then ended. A-Cap Energy Limited and its subsidiary together are referred to in these financial statements as the 'Consolidated Group'. Subsidiaries are all those entities over which the Consolidated Group has control. The Consolidated Group controls an entity when the Consolidated Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Consolidated Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Consolidated Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Accounting Policies****(c) Income Tax**

The income tax expense (benefit) for the year comprises current income tax expense (income) and deferred tax expense (income). Current income tax expense charged to profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses. Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantially enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profits will be available against which the benefits of deferred tax assets can be utilised.

When temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(d) Plant and Equipment

Plant and equipment are measured on a cost basis less, where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment

Plant and equipment are measured on a cost basis. The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(d) Plant and Equipment (continued)**

The cost of fixed assets constructed within the Consolidated Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Consolidated Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the Consolidated Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment – vehicles	25%
Plant and equipment – computer hardware & software	33%
Plant and equipment – furniture and fittings	15%
Plant and equipment – geophysical equipment	20%
Plant and equipment – containers and sheds	15%
Plant and equipment – camp & field establishment	15%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

(e) Exploration, Evaluation and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(e) Exploration, Evaluation and Development Expenditure (continued)**

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on a present value basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(f) Financial Instruments*Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Consolidated Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(f) Financial Instruments (continued)***Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

(g) Impairment of Assets

At the end of each reporting period, the Consolidated Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income. Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(h) Foreign Currency Transactions and Balances*Functional and presentation currency*

The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency. The Directors have determined that an Australian dollar presentation currency will continue to deliver Shareholders with more relevant and reliable information, on the basis that users of A-Cap Energy Limited's financial statements are currently predominantly Australian investors, with the majority of funds raised to date being in line with the presentation currency of the parent entity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(h) Foreign Currency Transactions and Balances (continued)***Transaction and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss and other comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange difference arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the gain or loss is directly recognised in other comprehensive income, otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Consolidated Group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at the end of the reporting period.
- Income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are transferred directly to the Consolidated Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

(i) Employee Benefits

Provision is made for the Consolidated Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits expected to be wholly settled later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those benefits are discounted using market yields on corporate bonds with terms to maturity that match the expected timing of cash flows.

(j) Trade & Other Payables

Trade and other payables represent liabilities outstanding at the end of the reporting period for goods and services received by the Consolidated Group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of liability.

(k) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(l) Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

(m) Goods and Services Tax (GST) and Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of GST/VAT, except where the amount of GST/VAT incurred is not recoverable from the Australian Tax Office and Botswana Unified Revenue Services. In these circumstances the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST/VAT.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST/VAT component of investing and financing activities, which are disclosed as operating cash flows.

(n) Operating Segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

(o) Fair Value Measurement

The fair value of financial instruments traded in active markets (such as publicly traded securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1 of the Fair Value Hierarchy as defined in AASB13 *Fair Value Measurement*.

(p) AASB 9 Financial InstrumentsMeasurement and classification

At the date of initial application, existing financial assets and liabilities of the Group were assessed in terms of the requirements of AASB 9. In this regard, the Group has determined that the adoption of AASB 9 has impacted on the classification of financial instruments as follows:

Class of Financial Instrument	Measurement under AASB 139 (i.e. prior to 1 July 2018)	New measurement category under AASB 9 (i.e. from 1 July 2018)
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost
Trade and other receivables	Loans and receivables	Financial assets at amortised cost
Trade and other payables	Financial liability at amortised cost	Financial liability at amortised cost

The change in classification has not resulted in any re-measurement adjustments at 1 July 2018.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(q) Earnings or Loss per Share***Basic earnings or loss per share*

Basic earnings or loss per share is calculated by dividing the profit attributable to the owners of A-Cap Energy Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings or loss per share

Diluted earnings or loss per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(r) Share-based payments

Equity-settled share-based compensation benefits are provided to employees. Equity-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services. The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using Hoadley's ESO Model option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied. If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(s) Critical Accounting Estimates and Judgements**

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Consolidated Group.

Key judgement – Exploration and Evaluation Expenditure

The Consolidated Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the Directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. For further details refer to note 13. The Department of Mines have confirmed that all our other prospecting licences are in good standing and all annual rental payments due have been paid. On this basis, exploration and evaluation costs relating to tenements which have expired and renewal and extension applications have been lodged with the Department of Mines are not considered impaired.

In the event that a portion of a prospecting licence is voluntarily relinquished, an impairment will be considered if the expenditure incurred relates specifically to the area deemed not prospective and therefore relinquished.

Key estimates – Withholding Tax

Withholding tax is applicable to all management and consultancy fees paid by the Consolidated Group to non-residents of Botswana. On an annual basis, any withholding tax liability estimates are reviewed and where a more appropriate and correct amount is calculated, the re-estimated balance is adjusted against the statement of profit or loss and other comprehensive income.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Hoadley's ESO Model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity

Deferred tax assets

The Directors have determined that it is unreliable to predict when future assessable income will be available to offset against carried-forward losses. On this basis the Consolidated Group has not recognised a net deferred tax asset in the financial statements.

(t) New or amended Accounting Standards and Interpretations Not Yet Adopted

Standard	Mandatory date for annual reporting periods beginning on or after	Reporting period standard adopted by the Company
AASB 16 Leases	1 January 2019	1 July 2019
Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019	1 July 2019

Following an assessment by management, these standards are not expected to impact the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 REVENUE

	2019	2018
	\$	\$
Revenue		
Interest - received	-	8,398
Other income		
Dividend received (Duke Royalty shares)	-	1,534
Sale of assets	19,991	15,777
Gain on foreign exchange	-	69,251
Total other income	19,991	86,562

NOTE 3 INCOME TAX EXPENSE

	2019	2018
	\$	\$
The prima facie tax on profit before income tax is reconciled to the income tax as follows:		
Loss before income tax expense	(8,700,450)	(1,457,842)
Prima facie tax payable on loss before income tax at the Australian tax rate of 27.5% (2018: 27.5%):	(2,392,624)	(400,907)
Difference in overseas tax rates (Botswana tax rate: 22% (2018: 22%))	(2,295)	8,032
Add:		
Tax effect of:		
- Non-assessable income	-	43,217
- Non- deductible expenses	1,676,016	56,382
Income Tax benefit not recognised	(718,903)	(293,276)

There was no current income tax expense for the year ended 30 June 2019 (2018: \$nil) due to the loss from operations. At 30 June 2019, the Consolidated Group reviewed the quantum of its unrecognised carry forward tax losses and timing differences. As at that date management has assessed that its carry forward tax losses and timing differences of \$5,235,570 (2018: \$4,516,667) potentially available to offset against future years' taxable income.

These tax losses have not been brought to account as utilisation of these losses is not probable. Income tax losses can only be recovered by the company deriving future assessable income, conditions for deductibility imposed by law being complied with and no changes in tax legislation adversely affecting the realisation of the benefit from the deductions. Therefore, carry forward losses may not be available to offset future assessable income.

Due to the inherent uncertainty whether or not the Consolidated Group's existing losses can be used going forward, which will be dependent upon satisfaction of the "same business test" as required by the Australian Tax Office, the directors have not estimated the potential carry-forward loss tax credits available to the company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 KEY MANAGEMENT PERSONNEL

Details of key management personnel

The Directors and key management personnel of the Company during the financial year were:

DIRECTORS		KEY MANAGEMENT PERSONNEL	
A Shen	Chairman	P Thomson*	Chief Executive Officer
P A Ingram	Deputy Chairman, Independent Non-Executive Director	N Yeak	Company Secretary, Group Financial Controller
M Liu	Independent Non-Executive Director	A Jones**	Operations Manager
J Fisher-Stamp	Independent Non-Executive Director	H Mustard***	Exploration Manager
JJ Niu	Non-Executive Director		
CH Zhu	Non-Executive Director		

* Mr Thomson retired as Chief Executive Officer on 8 August 2018.

** Mr Jones resigned from his position as Operations Manager based in Francistown, Botswana on 9 December 2018. Mr Jones is engaged as a consultant of the Company from 15 January 2019.

*** Mr Mustard holds the position of Exploration Manager, entering into a service agreement with the Company from 10 August 2018.

Key management personnel compensation

	2019 (\$)	2018 (\$)
Short-term employee benefits	1,159,524	1,311,286
Post-employment benefits	24,351	24,350
Other long-term benefits	3,441	-
Termination benefits	-	-
Share-based payment	431,237	-
Total compensation	1,618,553	1,335,636

Refer Note 5: Share-based payments for further information relating to the Company's Director Long Term Incentive Plan and A-Cap Executive and Consultant Share Option Plan.

NOTE 5 SHARE-BASED PAYMENTS

Performance Rights

A resolution to establish a Director Long Term Incentive Plan (DLTIP) was approved by Shareholders at the 2018 AGM held on 22 November 2018. The following performance rights were issued during the year, pursuant to the terms of the DLTIP:

Performance Rights	Grant date	No. of Performance Rights	Fair Value at Grant Date \$	Expiry Date
Tranche 1	18/12/2018	6,500,000	\$220,418	18/12/2021
Tranche 2	18/12/2018	6,500,000	\$209,790	18/12/2021
Tranche 3	18/12/2018	6,500,000	\$183,288	18/12/2021
Tranche 4	18/12/2018	6,500,000	\$173,442	18/12/2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**NOTE 5 SHARE-BASED PAYMENTS (CONTINUED)**

The Company has valued the performance rights using the Hoadley ESO Model. The valuation model uses the following variables to determine the value of the Performance Rights:

- i. value of the underlying asset – share price of \$0.043 (4.3 cents) being the 20-day trailing volume-weighted average closing share price on ASX as at the date of valuation, 28 August 2018;
- ii. vesting conditions as detailed below;
- iii. expected volatility of the share price - 94.3% as calculated by Hoadley's volatility calculator for a 3 year period;
- iv. risk free rate – the Australian Government 5 -year bond rate at 30 June 2018 of 2.15%;
- v. time to maturity – the Performance Rights expire 3 years from the date of issue; and
- vi. expected dividend yield – Nil, given the Company is a mineral exploration company and has no history in paying dividends.

The terms and conditions of the performance rights are as follows:

- a) issued for no consideration, and no consideration will be payable upon the vesting of the Performance Rights on the achievement of the vesting conditions;
- b) have an exercise period of 3 years commencing on the date of Shareholder approval is granted and expiring on the third anniversary of that date;
- c) vest according to the following performance measures:
 - i. Tranche 1 - 25% of Performance Rights to vest upon the Closing Price of A-Cap Resources Limited is at least \$0.10 (10 cents) for 10 consecutive trading days. The Closing Stock Price represents a 286% increase in the fully underwritten rights issue at 3.5 cents per share completed in August 2016;
 - ii. Tranche 2 – 25% of Performance Rights to vest upon the Closing Price of A-Cap Resources Limited is at least \$0.115 (11.5 cents) for 10 consecutive trading days subject to an overriding condition that the Company's Total Shareholder Return (TSR) is at least equal to that of the ASX Small Resources Index for a trailing 6-month period preceding the vesting date;
 - iii. Tranche 3 - 25% of Performance Rights to vest upon the Closing Price of A-Cap Resources Limited is at least \$0.16 (16 cents) for 10 consecutive trading days. The closing stock price reflects a 160% increase in the exercised vesting stock price required under Tranche 1 and 139% increase under Tranche 2; and
 - iv. Tranche 4 – 25% of Performance Rights to vest upon the Closing Price of A-Cap Resources Limited is at least \$0.18 (18 cents) for 10 consecutive trading days subject to an overriding condition that the Company's TSR is at least equal to that of the ASX Small Resources Index for a trailing 6-month period preceding the vesting date;
 - v. Tranches 1, 2, 3 and 4 may vest together and in combination of each other subject to the performance measures of each Tranche being met over the 3-year exercise term;

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 SHARE-BASED PAYMENTS (CONTINUED)

- vi. Any unvested Performance Rights will vest if a Change of Control event occurs and on the date such Change of Control event occurs, the Closing Price of A-Cap Resources Limited is at least \$0.10 (10 cents) for 10 consecutive trading days. A Change of Control event includes where a takeover bid of the Company is declared unconditional, a person's voting power in the Company increases from less than 50% to 50% or more, if a merger by way of scheme of arrangement has been approved by the court, the Company passes a resolution for a voluntary winding up or an order is made for the compulsory winding up of the Company;
- vii. Any unvested Performance Rights will vest if the Company sells a diversified mineral project after the Commencement Date of the Director LTI Plan and on the date that the Company releases an ASX announcement announcing the completion of the Project Sale, the Closing Price of the Company is at least \$0.10 (10 cents); and
- viii. Any unvested Performance Rights will lapse if unvested, 3 years from the date Shareholder approval is granted and otherwise in accordance with the terms and conditions of the Director LTI Plan.

The performance rights were issued to the following directors:

Name	Grant date	Tranche 1	Tranche 2	Tranche 3	Tranche 4
A Shen	18/12/2018	1,250,000	1,250,000	1,250,000	1,250,000
P Ingram	18/12/2018	1,000,000	1,000,000	1,000,000	1,000,000
J Fisher-Stamp	18/12/2018	1,000,000	1,000,000	1,000,000	1,000,000
M Liu	18/12/2018	1,000,000	1,000,000	1,000,000	1,000,000
JJ Niu	18/12/2018	1,125,000	1,125,000	1,125,000	1,125,000
CH Zhu	18/12/2018	1,125,000	1,125,000	1,125,000	1,125,000

Refer to the Remuneration Report for the Director Long Term Incentive Plan rules.

Options

A resolution to establish the A-Cap Executive and Consultant Share Option Plan (Share Option Plan) was approved by Shareholders at the 2018 AGM held on 22 November 2018. The following options were issued during the year:

Grant Date	Vesting Period	Number of Options	Exercise Price	Fair Value of Options at Grant Date \$	Expiry Date
18/12/2018	Vesting Period 1	2,250,000	\$0.115	\$36,346	17/06/2022
18/12/2018	Vesting Period 2	2,250,000	\$0.115	\$36,522	17/06/2022
18/12/2018	Vesting Period 3	4,500,000	\$0.115	\$75,382	17/06/2022

The Company has valued the options using the Hoadley ESO Model. The valuation model uses the following variables to determine the value of the Performance Rights:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 SHARE-BASED PAYMENTS (CONTINUED)

- i. value of the underlying asset – share price of \$0.043 (4.3 cents) being the 20-day trailing volume-weighted average closing share price on ASX as at the date of valuation, 28 August 2018;
- ii. vesting conditions as detailed below;
- iii. expected volatility of the share price - 94.3% as calculated by Hoadley's volatility calculator for a 3 year period;
- iv. risk free rate – the Australian Government 5 -year bond rate at 30 June 2018 of 2.15%;
- v. time to maturity – the Performance Rights expire 3 years from the date of issue; and
- vi. expected dividend yield – Nil, given the Company is a mineral exploration company and has no history in paying dividends.

The terms and conditions of the options are as follows:

- a) granted for nil consideration;
- b) the options are subject to exercise conditions and will vest in stages in accordance with the vesting schedule;
- c) subject to the Share Option Plan and fulfilment of the applicable exercise conditions, each option will entitle the option holder to one share;
- d) Have up to until the date that is six months after the end of Vesting Period 3 to exercise the options that have vested and any options which you have not exercised in accordance with the Share Option Plan during that six month period will expire; and
- e) The Exercise Conditions and vesting schedule for the Options is set out below:

1.	<ul style="list-style-type: none"> • The participant has been an eligible participant for a continuous period of one year, commencing on the grant date and ending on the date that is one year after grant date; and • the official closing price of the shares as published on the ASX of the Company is at least \$0.115 (11.5 cents) for 10 consecutive trading days. 	25%
2.	<ul style="list-style-type: none"> • The participant has been an eligible participant for a continuous period of two years, commencing on the grant date and ending on the date that is two years after grant date; and • the official closing price of the shares as published on the ASX of the Company is at least \$0.115 (11.5 cents) for 10 consecutive trading days. 	25%
3.	<ul style="list-style-type: none"> • The participant has been an eligible participant for a continuous period of three years, commencing on the grant date and ending on the date that is three years after grant date; and • the official closing price of the shares as published on the ASX of the Company is at least \$0.115 (11.5 cents) for 10 consecutive trading days. 	50%

Refer to the Remuneration Report for the A-Cap Executive and Consultant Share Option Plan rules.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 SHARE-BASED PAYMENTS (CONTINUED)

	2019		2018	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Outstanding at the beginning of the year	10,000	0.115	5,710,000	0.09
Granted	9,000,000	0.115	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	(5,700,000)	0.09
Outstanding at year-end	9,010,000	0.115	10,000	0.09
Exercisable at year-end	10,000	-	10,000	0.09

10,000 options exercisable at 80% of market value were issued to an employee which expires on the day the employee ceases to be in the employ of the Company of subsidiary thereof.

NOTE 6 REMUNERATION OF AUDITORS

	2019 \$	2018 \$
Remuneration of the auditors of the Consolidated Group for:		
Audit and review of the financial report – William Buck Audit (Vic) Pty Ltd	37,000	33,500
Audit and review of the financial report of subsidiary entity – Non William Buck audit firm	16,283	17,028
	53,283	50,528

NOTE 7 EARNINGS PER SHARE

	2019 \$	2018 \$
a) Reconciliation of losses to profit or loss		
Loss used to calculate basic EPS	(8,700,450)	(1,457,842)
Loss used to calculate diluted EPS	(8,700,450)	(1,457,842)
b) Weighted average number of ordinary shares used in the calculation of basic earnings per share	871,884,866	871,884,866
c) Weighted average number of ordinary shares used in the calculation of dilutive earnings per share	871,884,866*	871,894,866*

9,010,000 options have not been included as they are considered anti-dilutive as the entity is in a loss making position.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 8 CASH AND CASH EQUIVALENTS

	2019	2018
	\$	\$
Cash at bank and on hand	1,942,581	1,076,687
Call deposit	9,634	13,251
	1,952,215	1,089,938

2019	2018
\$	\$

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows are reconciled to items in the statement financial position as follows:

Cash and cash equivalents	1,952,215	1,089,938
	1,952,215	1,089,938

NOTE 9 TRADE AND OTHER RECEIVABLES

	2019	2018
	\$	\$
Current		
Prepayments / Deposits paid	183,499	123,552
Other receivables	22,313	27,138
	205,812	150,690

There were no impaired receivables for the financial year 30 June 2019. There were no receivables past due but not impaired for the financial years ended 30 June 2019 and 30 June 2018.

NOTE 10 CONTROLLED ENTITIES

Entity	Country of Incorporation	Class of Share	Equity Holding		Parent Entity
			2019 %	2018 %	
A-Cap Resources Botswana (Pty) Ltd	Botswana	Ordinary	100	100	A-Cap Energy Limited
Foley Coal (Pty) Ltd	Botswana	Ordinary	100	100	A-Cap Resources Botswana (Pty) Ltd
Pulse Resources Botswana (Pty) Ltd	Botswana	Ordinary	100	100	A-Cap Resources Botswana (Pty) Ltd
Wilconi Pty Ltd *	Australia	Ordinary	100	100	A-Cap Energy Limited

* Registered 11 May 2018, company name changed from ACB Marlborough Pty Ltd on 28 October 2018.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 11 PARENT ENTITY INFORMATION

Information relating to the parent entity, A-Cap Energy Limited	2019	2018
	\$	\$
ASSETS		
Current assets	2,105,682	1,193,046
Total assets	58,604,476	53,452,306
LIABILITIES		
Current liabilities	667,167	75,687
Total liabilities	7,814,682	102,463
EQUITY		
Issued capital	71,552,301	71,523,245
Reserves	310,874	(107,026)
Accumulated losses	(21,073,381)	(18,066,376)
Total shareholders' equity	50,789,794	53,349,843
Loss of the parent entity	(3,007,005)	(1,180,990)
Total comprehensive loss of the parent entity	(3,007,005)	(1,180,990)

A-Cap Energy Limited holds as security the Consolidated Group's exploration assets in Botswana for financial support provided to the Subsidiary. The parent entity does not have any contingent liabilities or contractual commitments for the acquisition of plant or equipment (2018: Nil).

NOTE 12 CAPITALISED EXPLORATION AND EVALUATION

	2019	2018
	\$	\$
At cost	54,307,827	53,533,200
Movements in carrying values		
Balance at beginning of year	53,533,200	50,580,159
Expenditure during the year	4,186,536	1,785,951
Expenditure written-off during the year	(5,562,527)	-
Foreign currency translation	2,150,618	1,194,091
Balance at end of year	54,307,827	53,533,200

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and sale of Nickel, Cobalt, Uranium and Coal. Included in the expenditure during the year is depreciation of plant and equipment for the exploration activities amounting to \$19,749 (2018: \$41,183). The Company's coal tenements in Botswana, prospecting licence numbers 134/2005, 138/2005 and 125/2009 expire on 30 September 2019. It is unlikely that these licenses will be renewed, expenditure commitments have not been met and it is planned that relinquishment applications are submitted for these tenements. Exploration and evaluation expenditure of \$5,562,257 has been written off at the reporting date.

The foreign currency translation movement of \$2,150,618 reflects exchange differences between the Australian dollar and the US dollar during the financial year. The functional currency of the Consolidated Group's Controlled Entity, A-Cap Resources Botswana (Pty) Ltd is US dollars. Exchange rates fluctuate from time to time and there is no impact on shareholders as the Financial Statements have been prepared on a going concern basis, with the Parent Entity holding 100% control of the Controlled Entity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 13 TRADE AND OTHER PAYABLES

	2019	2018
	\$	\$
Current (unsecured liabilities)		
Trade and Sundry Payables	208,287	37,151
Accrued Interest	36,438	-
	<u>244,725</u>	<u>37,151</u>

*** Amounts not expected to be settled within the next 12 months**

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Consolidated Group does not have an unconditional right to defer settlement. However, based on past experience, the Consolidated Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The employee leave benefit obligation not expected to be taken within the next 12 months is \$104,380 (2018: \$123,870)

NOTE 14 ISSUED CAPITAL

		2019	2018
		\$	\$
871,884,866 fully paid ordinary shares (2018: 871,884,866)	(a)	71,552,320	71,523,263
26,000,000 performance rights (2018: Nil)	(b)	403,715	-
9,010,000 options (2018: 10,000)	(b)	41,283	-
		<u>71,997,318</u>	<u>71,523,263</u>

(a) Ordinary Shares

2019		Number of Shares	\$
At the beginning of the reporting period		871,884,866	71,523,263
	Reversal of accrued share issue costs		29,057
At the end of the reporting period		871,884,866	71,552,320

2018		Number of Shares	\$
At the beginning of the reporting period		871,884,866	71,552,319
	Share issue costs		(29,056)
At the end of the reporting period		871,884,866	71,523,263

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**NOTE 14 ISSUED CAPITAL (CONTINUED)**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding-up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(b) Movements in performance rights and options over ordinary shares on issue

	2019	2018
Number at the beginning of the financial year	10,000	5,710,000
Issue of performance rights on 18 December 2018	26,000,000	-
Issue of unlisted options on 8 December 2018	9,000,000	-
Lapsing of unlisted performance rights or options	-	(5,700,000)
Number at the end of the financial year	35,010,000	10,000

The Company's ordinary shares have no par value, and the Company does not have a limited amount of authorised capital.

(c) Capital Management

Management controls the capital of the Consolidated Group to maintain a good debt to equity ratio and ensure that the Consolidated Group can fund its operations and continue as a going concern. The Consolidated Group's debt and capital includes ordinary share capital and financial liabilities.

Management effectively manages the Consolidated Group's capital by assessing the Consolidated Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels and share issues.

NOTE 15 BORROWINGS

The Chairman of the Company extended a short-term accommodation facility to support the Company's working capital requirements, with an amount drawn down of A\$500,000 on 8 October 2018. The loan is unsecured and at an interest rate of 10% p.a. The principal and interest are repayable 12 months from the drawdown date.

On 24 October 2018, the Company announced that a revolving credit facility for US\$3 million with the Industrial and Commercial Bank of China Limited (ICBC) Shanghai Hongqiao Branch was approved. This amount represents an initial loan application with ICBC, with a further US\$4 million available to be applied for at a later stage. The key terms of the Revolving Credit Facility are:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 15 BORROWINGS (CONTINUED)

- i. Principal Amount – US\$3 million;
- ii. Loan Term – 3 years (36 months from withdrawal date);
- iii. Loan Purpose – Working Capital;
- iv. Interest rate – LIBOR 6 Monthly Interest Rate plus 1.8%;
- v. 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%;
- vi. Interest Payment – 6 months in Advance;
- vii. 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;
- viii. Loan Guarantor – Third Party Cash Collateralised Bank Guarantee to ICBC provided by Jiangsu to the amount of US\$3 million

On 15 February 2019 an application for a further drawdown of US\$2 million from the ICBC revolving credit facility was approved. The drawdown is for working capital and operational purposes and was received on Tuesday 19 February 2019.

The key terms of the Revolving Credit Facility with respect to the US\$2 million drawdown are as follows:

- i. Drawdown amount – US\$2 million;
- ii. Loan Term – 3 years (36 months from withdrawal date);
- iii. Loan Purpose – Working Capital;
- iv. Interest rate – LIBOR 6 Monthly Interest Rate plus 2%;
- v. 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%;
- vi. Interest Payment – 6 months in Advance;
- vii. 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.
- viii. 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;
- ix. Loan Guarantor – Third Party Cash Collateralised Bank Guarantee to ICBC provided by Jiangsu to the amount of US\$2 million.

The revolving credit facility is considered by the board as interim funding whilst other capital raising options are advanced to ensure no disruption occurs with the implementation of the Company's diversified minerals strategy. There have been no changes in the strategy adopted by management to control the capital of the Consolidated Group since the prior year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 15 BORROWINGS (CONTINUED)

	2019 \$	2018 \$
Total facilities		
Director loan	500,000	-
Bank loans	9,959,152	-
	<u>10,459,152</u>	<u>-</u>
Used at the reporting date		
Director loan	500,000	-
Bank loans	7,113,680	-
	<u>7,613,680</u>	<u>-</u>
Unused at the reporting date		
Director loan	-	-
Bank loans	2,845,472	-
	<u>2,845,472</u>	<u>-</u>

NOTE 16 RESERVES

Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled operations as described in Note 1(h).

Options Reserve

The options reserve records the value of performance rights and unlisted options issued by the Company and unexercised options lapsed during the year.

NOTE 17 EXPLORATION & EVALUATION COMMITMENTS

	2019 \$	2018 \$
Planned exploration expenditure		
- not later than 12 months	1,142,921	6,041,107

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**NOTE 17 EXPLORATION & EVALUATION COMMITMENTS (CONTINUED)**

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.

NOTE 18 CONTINGENT LIABILITIES

There are no outstanding contingent liabilities as at 30 June 2019 (2018: Nil).

NOTE 19 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. 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 20 CASH FLOW INFORMATION

	2019	2018
	\$	\$
Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Operating Loss after income tax	(8,700,450)	(1,457,842)
Non-Cash flows in profit		
- Depreciation / impairment of assets	5,546,776	11,889
- Share-based remuneration	444,998	-
- Loss on investments held at fair value	-	11,137
Changes in assets and liabilities net of the effects of purchase and disposal of subsidiaries		
- (Increase)/decrease in trade and other receivables	(55,123)	171,194
- Increase/(decrease) in trade and other payables	149,074	(190,483)
Net cash (outflow) from operating activities	(2,614,725)	(1,454,105)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**NOTE 21 EVENTS OCCURRING AFTER THE REPORTING PERIOD**

- On 23 April 2019, directors and management of A-Cap met with the Botswana Department of Mines and submitted a letter requesting an amendment to the commencement of the pre-construction and construction period for the Letlhakane Uranium Project for a further two years. 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.
- On 23 August 2019, the Company announced the results of recent metallurgical work at the Wilconi Nickel Cobalt Project, which highlighted that the Company has several treatment options that can be further tested and refined. The Company is currently conducting further metallurgical work in Australia, Canada and China, investigating other metallurgical methods. The early emphasis on metallurgical studies at Wilconi is aimed at producing a metallurgical flowsheet that shows reduced capital costs when compared with traditional high-pressure acid leach processes.
- On 26 August 2019 the Company announced a change to its principal place of business and Post Office Box address to 52 Ord St, West Perth WA 6005 and PO Box 108, West Perth WA 6872 respectively.
- From 1 September 2019, the board of directors voluntarily suspended director fees and director associated service fees until the completion of capital raising.
- Chairman Mr Angang Shen extended a short-term accommodation facility to support the Company's working capital requirements, with an amount drawn down of A\$2000,000 on 25 September 2019. 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.
- The repayment date for the short-term accommodation facility entered into with Mr Angang Shen for an amount of A\$500,000, drawn down on 8 October 2018 and repayable on 30 September 2019, has been extended. The principal and interest are repayable on 28 March 2020.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 22 FINANCIAL RISK MANAGEMENT

(A) Financial Risk Management Policies

The Consolidated Group's financial instruments consist mainly of cash held at bank, borrowings, accounts receivable and payable and loans to subsidiaries.

(i) Treasury Risk Management

The Board of Directors meets on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The Board's overall risk management strategy seeks to assist the Consolidated Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

(ii) Financial Risk Exposures and Management

The main risks the Consolidated Group is exposed to through its financial instruments are foreign currency risk and liquidity risk.

Foreign Currency Risk

The Consolidated Group is exposed to foreign currency risk arising from:

- USD currency bank account
- ICBC revolving credit facility

These are subject to fluctuations in exchange rates between the Australian dollar and the US dollar. Relevant consensus currency rate forecasts are continuously reviewed and analysed by management, and appropriate measures are put in place where necessary to protect the Group's cash from significant fluctuations in foreign currency exchange rates.

The following foreign currency amounts are recognised on the balance sheet:

	2019	2018
	US \$	US \$
Financial Assets		
Cash and cash equivalents	1,347,140	777,344
Financial Liabilities		
Bank loans	5,000,000	-

The Consolidated Group may apply for a further US\$2 million to drawdown from the ICBC revolving credit facility.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 22 FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity Risk

Liquidity risk arises from the possibility that the Consolidated Group might encounter difficulty in settling its debts or otherwise meeting its non-cancellable obligations related to financial liabilities and leases. The Consolidated Group manages liquidity risk by:

- Preparing forward-looking cash flow analyses in relation to its exploration & evaluation, investing and financing activities;
- Where possible, obtaining funding from capital markets rather than debt;
- Only investing surplus cash with major financial institutions;
- Comparing the maturity profile of financial liabilities with the realisation profile of financial assets; and
- Cash flows realised from financial assets reflect management's expectation as to the timing of realisation.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Consolidated Group's exposure to Interest rate risk relates to the ICBC revolving credit facility as disclosed in note 15(c). The weighted average interest rate paid on the ICBC revolving credit facility was 4.546% (2018: nil).

(B) Financial liability and maturity analysis

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the statement of financial position.

	Within 1 Year		> 12 months		Total	
	2019	2018	2019	2018	2019	2018
Consolidated Group	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment						
Trade and other payables	169,329	28,427	-	-	169,329	28,427
Loans	-	-	7,113,680	-	7,113,680	-
Amounts payable to related parties	500,000	-	-	-	500,000	-
Net contractual outflows	(669,329)	(28,427)	(7,113,680)	-	(7,783,009)	(28,427)

* Note that planned expenditures on tenements are excluded. For further detail refer to note 18.

(C) Net Fair Values

The net fair values of financial assets and liabilities approximate their carrying value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 22 FINANCIAL RISK MANAGEMENT (CONTINUED)

(D) Sensitivity Analysis

The following table illustrates sensitivities to the Consolidated Group's exposures to changes in the value of securities and exchange rates. The table indicates the impact on how profit and asset values reported as at the end of the reporting period would have been affected by changes in relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

Consolidated Group 2019

Profit

\$

Interest Rate Risk

Increase in LIBOR by 100 basis points
Decrease in LIBOR by 100 basis points

27,781

(27,781)

Foreign Currency Risk

Increase in AUD to USD by 10%
Decrease in AUD to USD by 10%

472,460

(519,706)

NOTE 23 RELATED PARTY INFORMATION

	Consolidated Group	
	2019	2018
	\$	\$
Transactions with Key Management Personnel		
Consulting fees paid to Raba-Rax Solutions, a company in which Mr Paul Thomson is a Director. Raba-Rax also provides consulting on health & radiation safety to A-Cap.	54,449	293,789
Consulting fees paid to Fabian Entertainment Pty Ltd, a company in which Mr Paul Ingram is a Director.	83,526	77,334
Consulting fees paid to Catus Pty Ltd, a company in which Mr John Fisher-Stamp is a Director.	83,526	77,334
Consulting fees paid to V&D Investments Ltd, a company in which Mr Michael Liu is a Director.	174,564	77,641
Consulting fees paid to Mr Angang Shen	83,423	77,641
	479,488	603,739

Chairman Mr Angang Shen extended a short-term accommodation facility to support the Company's working capital requirements, with an amount drawn down of A\$500,000 on 8 October 2018. The loan is unsecured and at an interest rate of 10% p.a. The principal and interest are repayable 12 months from the drawdown date. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Payments made to Raba-Rax Solutions include remuneration paid to Paul Thomson under his service agreement with A-Cap.

Other than the principal and accrued interest on the loan from Mr Angang Shen, no amounts were due to key management personnel as at the reporting date.

DIRECTORS' DECLARATION

The Directors declare that:

- (a) 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
- (b) In the Directors' opinion, the attached financial statements are compliant with International Financial Reporting Standards, as stated in note 1 to the financial statements
- (c) In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with Australian Accounting Standards and the *Corporations Regulations 2001*, giving a true and fair view of the financial position and performance of the Consolidated Group, and
- (d) The Directors have been given the declarations required by s.295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the Board of Directors



Paul Ingram

Deputy Chairman

Dated this 30th day of September 2019

Perth, Western Australia

A-Cap Energy Limited and its controlled entities

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of A-Cap Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

ACCOUNTANTS & ADVISORS

Level 20, 181 William Street
Melbourne VIC 3000

Telephone: +61 3 9824 8555

williambuck.com

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements which indicates that the Group incurred a net loss before income tax of \$8,700,450 and a net cash outflow from operations of \$2,614,725 for the year ended 30 June 2019. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

CARRYING VALUE OF EXPLORATION COSTS	
Area of focus	How our audit addressed it
<p>The Group has incurred exploration and evaluation costs for exploration projects in Botswana over a number of years.</p> <p>There is a risk that the Group may lose or relinquish its rights to explore or mine those areas of interest and therefore amounts capitalised to the statement of financial position from the current and historical periods be no longer recoverable.</p> <p>During the year exploration and evaluation expenditure of \$5.56M was written off in relation to the Groups coal tenements. These tenements are due to expire on 30 September 2019, the group has not met the minimum expenditure in relation to these and does not plan to renew them and as such these were fully impaired.</p>	<p>In order to meet this risk, our audit procedures included the following:</p> <ul style="list-style-type: none"> — Understanding and vouching the underlying contractual entitlement to explore and evaluate each area of interest, including an evaluation of the Group's renewal in that area of interest at its expiry; — Examining project spend per each area of interest and comparing this spend to the minimum expenditure requirements set out in the underlying tenement expenditure plan; — Examining project spend to each area of interest to ensure that it is directly attributable to that area of interest; — Evaluating management's impairment analysis which included the company's analysis of recoverability of the carrying value of the mining tenements; and — From an overall perspective, comparing the market capitalisation of the Group to the net carrying value of its assets on the statement of financial position to identify any other additional indicators of impairment. <p>We also assessed the adequacy of the Group's disclosures in respect of capitalised exploration costs and the planned expenditures.</p>

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our independent auditor's report.

Report on the Remuneration Report

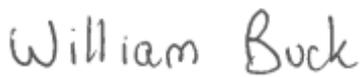
Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of A-Cap Energy Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in black ink that reads "William Buck".

William Buck Audit (Vic) Pty Ltd

ABN: 59 116 151 136

A handwritten signature in black ink, appearing to be "N. S. Benbow".

N. S. Benbow

Director

Melbourne, 30 September 2019

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 19 September 2019.

(A) DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of equity security holders by size of holding:

	Ordinary Shares	Unlisted Options	Performance Rights
1 – 1,000	208	-	-
1,001 – 5,000	442	-	-
5,001 – 10,000	272	-	-
10,001 – 100,000	731	-	-
100,001 and over	189	-	-
	1,842	1	1

There were 1,094 holders of less than a marketable parcel of ordinary shares.

(B) EQUITY SECURITY HOLDERS

The names of the twenty largest holders of quoted equity securities are listed below:

	Ordinary Shares	
	Number Held	Percentage of Issued Shares
JIANGSU SHENGAN RESOURCES GROUP CO LTD	357,786,934	41.04%
ANSHENG INVESTMENT CO LTD	172,491,060	19.78%
BNP PARIBAS NOMINEES PTY LTD	120,687,501	13.84%
JP MORGAN NOMINEES AUSTRALIA LIMITED	37,666,918	4.32%
VERMAR PTY LTD	27,878,544	3.20%
FABIAN ENTERTAINMENT PTY LTD	7,849,234	0.90%
MS XUPING SONG	6,546,059	0.75%
CATUS PTY LTD	6,367,868	0.73%
MR MICHAEL LIU	6,185,790	0.71%
MR MARK ANTHONY O’SULLIVAN & MRS JAMIE JANE O’SULLIVAN	5,993,270	0.69%
CITICORP NOMINEES PTY LIMITED	5,880,255	0.67%
CS THIRD NOMINEES PTY LIMITED	4,315,871	0.50%
WOOLRICH & ASSOCIATES	4,298,420	0.49%
MR HENRY JAMES STACPOOLE	4,222,696	0.48%
BERNE NO 132 NOMINEES PTY LTD	3,926,667	0.45%
HSBC CUSTODY NOMINEES (AUSTRALIA) LTD	3,267,343	0.37%
MR STEPHEN LOOM	3,100,000	0.36%
MONEX BOOM SECURITIES (HK) LTD	2,933,198	0.34%
METHUSELAH CAPITAL MANAGEMENT PTY LIMITED	2,879,522	0.33%
AMARANT HOLDINGS PTY LTD	1,945,372	0.22%
	786,222,522	90.18%

SHAREHOLDER INFORMATION (CONTINUED)

(C) SUBSTANTIAL SHAREHOLDERS

Substantial shareholders in the Company are:

	Ordinary Shares	
	Number Held	Percentage of Issued Shares
Jiangsu Shengan Resources Group Co Ltd	357,786,934	41.04%
Ansheng Investment Co Ltd	172,491,060	19.78%

(D) VOTING RIGHTS

The voting rights attaching to each class of equity security are set out below:

Ordinary Shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options

No voting rights.

(E) UNQUOTED SECURITIES

- 26,000,000 performance rights are on issue to 6 holders.
- 9,010,000 unlisted options are on issue to 9 holders.

A-Cap Energy Limited and Its Controlled Entities

Principal Place of Business:	52 Ord St West Perth WA 6005
Registered Office:	Level 38/123 Eagle St Brisbane QLD 4000
Contact Details:	Telephone (08) 9467 2612 Facsimile (08) 7200 7612 Email: info@a-cap.com.au Website: www.a-cap.com.au
Directors:	Angang Shen (Chairman) Paul Anthony Ingram (Deputy Chairman, Independent Non-Executive Director) John Fisher-Stamp (Independent Non-Executive Director) Michael Liu (Independent Non-Executive Director) Jijing Niu (Non-Executive Director) Chenghu Zhu (Non-Executive Director)
Company Secretary:	Nicholas Yeak
Share Registry:	Advanced Share Registry Services Limited 150 Stirling Highway Nedlands WA 6009 Telephone (08) 9389 8033 Facsimile (08) 9389 7871
Bankers:	Westpac Banking Corporation 109 St Georges Terrace Perth WA 6000
Auditors:	William Buck Level 20, 181 William St Melbourne VIC 3000
Solicitors:	Ashurst Level 38/123 Eagle St Brisbane QLD 4000
Stock Exchange:	A-Cap Energy Limited is listed on the Australian Securities Exchange (ASX code: ACB), Frankfurt Stock Exchange (FSE code: VUT) and the Botswana Stock Exchange (BSE code: A-CAP).

Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

Introduced 01/07/14 Amended 02/11/15

Name of entity

A-CAP ENERGY LIMITED

ABN / ARBN

28 104 028 542

Financial year ended:

30 JUNE 2019

Our corporate governance statement² for the above period above can be found at:³

- These pages of our annual report:
- This URL on our website: <http://acap.com.au/corporate/corporate-governance>

The Corporate Governance Statement is accurate and up to date as at 30 September 2019 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 30 September 2019

Name of Director or Secretary authorising lodgement: Nicholas Yeak



¹ Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

² "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

³ Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location] ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input checked="" type="checkbox"/> at www.acap.com.au/corporate/corporate-governance/	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

⁴ If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴	
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at www.acap.com.au/corporate/corporate-governance/</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>... our board skills matrix:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at www.acap.com.au/corporate/corporate-governance/</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location] ... and, where applicable, the information referred to in paragraph (b): <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location] ... and the length of service of each director: <input type="checkbox"/> in our Corporate Governance Statement OR <input checked="" type="checkbox"/> at Directors Report of the 2019 Financial Report	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location]	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location]	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input type="checkbox"/> in our Corporate Governance Statement OR <input checked="" type="checkbox"/> at www.acap.com.au/corporate/corporate-governance/	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴	
PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at www.acap.com.au/corporate/corporate-governance/</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> at Directors Report of the 2018 Financial Report</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>... the fact that we follow this recommendation:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	... our continuous disclosure compliance policy or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: <input checked="" type="checkbox"/> at www.acap.com.au/corporate/corporate-governance/	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴	
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	<p>[If the entity complies with paragraph (a):] ... how our internal audit function is structured and what role it performs:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):] ... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴	
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at www.acap.com.au/corporate/corporate-governance/</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> at Remuneration Report of the Financial Report</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES			
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

This Statement reflects A-Cap Resources Limited’s corporate governance policies and practices as at **30 September 2019**.

The Board of Directors of A-Cap Resources Limited (the “Company”) is responsible for monitoring the business undertakings of the Company and protecting the rights and interests of shareholders. High standards of corporate governance are considered essential to give effect to these responsibilities.

The Company’s corporate governance policies are set and reviewed from time to time by the Board having regard to any changing circumstances of the Company and the best interests of shareholders. Accordingly, the Company has, where appropriate, sought to adopt the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations (the ‘Principles’). The corporate governance principles and practices adopted by the Company may differ from those set out in the ASX Recommendations where the Board considers that adherence is not appropriate, having regard to the nature, complexity and size of the Company’s business. Documents referenced in this statement as being available on the Company’s website can be found on www.a-cap.com.au

Item	ASX Best Practice Recommendation	Compliance	Comment
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should disclose: a) the respective roles and responsibilities of its board and management; and b) those matters expressly reserved to the board and those delegated to management.	Comply	The Company has adopted a Board Charter that formalises its roles and responsibilities and defines the matters that are reserved for the Board and those that are delegated to management. The Board Charter is located in the Corporate Governance section on the Company’s website.
1.2	A listed entity should: a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	Comply	The Company has a Policy and Procedure for the Selection and Appointment of New Directors and this is located in the Corporate Governance section on the Company’s website. The Company provides sufficient information in its Notice of Meeting when a director is to be elected or re-elected at a General meeting of the Company.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Comply	Remuneration and other terms of engagement for the directors are formalised in consulting agreements individually or with their respective companies. The terms of these agreements are summarised in the annual Remuneration Report forming part of the Directors’ Report which accompanies the Annual Report sent shareholders. Any new directors who may be appointed to the Board will be provided with a letter of appointment which includes their remuneration details together with copies of Company and Board policies, the Constitution and access to prior Board minutes and papers. New directors will also be advised of their confidentiality and disclosure obligations, share trading policy guidelines, indemnity and insurance arrangements.
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Comply	The Board is responsible for the appointment of the Company Secretary. The Company Secretary supports the effectiveness of the board and its committees including the governance matters. The Company Secretary role extends to the following responsibilities: <ul style="list-style-type: none"> • ASX & Corporations laws regulatory compliance & filings; • timely dispatch of board and committee papers; • Accurately record meeting business in the minutes; • Monitoring board, committee policies & procedures are followed and helping organise, facilitate induction, professional development of directors.

Item	ASX Best Practice Recommendation	Compliance	Comment
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PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.5	<p>A listed entity should:</p> <p>a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>b) disclose that policy or a summary of it; and</p> <p>c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either;</p> <p>1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	Do not comply	<p>In accordance with the diversity requirements set out in the ASX Principles and Recommendations, the Company continues to consider its approach to diversity.</p> <p>The Board takes the view that it is impractical and unnecessary to establish a diversity policy due to the Company's size, its stage of development and nature of operations. However, the Board is committed to revisiting this position if the Company progresses to the development and construction stage of the project.</p> <p>The Company believes that non-compliance by the Company with this Principle will not have a detrimental effect on the Company.</p> <p>The Consolidated Group currently employs four women (23 employees) full time and one part-time. No women currently hold a position on the Board or in a senior management position.</p> <p>The Company is not a relevant employer under the Workplace Gender Equality Act.</p>
1.6	<p>A listed entity should:</p> <p>a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Comply	<p>An annual review of performance comprises a questionnaire and Board member interview with the Chairman. Suggestions and deficiencies identified through this process are then considered by the Chair and where necessary, appropriate remedial action taken.</p> <p>A formal review was not undertaken during the year.</p>
1.7	<p>A listed entity should:</p> <p>a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Comply	<p>The Deputy Chairman and Finance Director are responsible for setting the performance objectives of the Company's senior executives and for evaluating their performance against them.</p> <p>An annual review of performance of the Company's senior executives was not undertaken during the year.</p>

Item	ASX Best Practice Recommendation	Compliance	Comment
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PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE			
2.1	<p>The board of a listed entity should:</p> <p>a) have a nomination committee which:</p> <ol style="list-style-type: none"> 1) has at least three members, a majority of whom are independent directors; and 2) is chaired by an independent director, and disclose: 3) the charter of the committee 4) the members of the committee; and 5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR <p>b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively</p>	Partial compliance	<p>The Nomination Committee Charter is located in the Corporate Governance section on the Company’s website. The full Board comprise the Nomination Committee. The full Board did not formally convene as the Nomination Committee during the reporting period.</p> <p>The Board considers that it is in the best interests of the Company to determine the criteria for the selection of new directors based on any perceived “gaps” in the skill set of the Board as and when a casual vacancy arises.</p> <p>Retirement and rotation of directors is governed by the Corporations Act and the constitution of the Company. Each year, one-third of the directors must retire and offer themselves for re-election. Any casual vacancy filled between general meetings will be subject to a shareholder vote at the next Annual General Meeting of the Company.</p> <p>Re-appointment of directors is not automatic. Shareholders are provided with relevant information on each of the candidates for election or, where applicable, re-election.</p>
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Partial compliance	The Company provides full details in its Annual Report of each Director’s past and present directorships, and the skills associated with those directorships, and how they provide benefits to the Company.
2.3	<p>A listed entity should disclose:</p> <p>a) The names of the directors considered by the board to be independent directors;</p>	Comply	<p>The following directors are considered by the board to be independent directors:</p> <ul style="list-style-type: none"> · Mr Michael Liu · Mr Paul Ingram · Mr John Fisher-Stamp <p>The following directors are not considered by the board to be independent directors:</p> <ul style="list-style-type: none"> · Mr Angang Shen · Mr Jijing Niu · Mr Chenghu Zhu <p>In respect to the directors not considered-independent directors by the board:</p> <ul style="list-style-type: none"> · Mr Angang Shen is the Chair of substantial shareholder Ansheng Investment Co Ltd. · Mr Jijing Niu is the Chair of substantial shareholder Jiangsu Shengan Resource Group Co Ltd. · Mr Chenghu Zhu is a director of substantial shareholder Jiangsu Shengan Resource Group Co Ltd.

Item	ASX Best Practice Recommendation	Compliance	Comment
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PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE			
2.3	<p>b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>c) the length of service of each director</p>	Comply	<p>The following independent directors provide consulting services to the Company through their associated company services entity:</p> <ul style="list-style-type: none"> · Mr Michael Liu · Mr Paul Ingram · Mr John Fisher-Stamp <p>The Board have determined that the contractual relationships do not materially interfere with each director's independent exercise of judgment.</p> <p>The length of service of each director is detailed in the Annual Report</p>
2.4	A majority of the board of a listed entity should be independent directors.	Do not Comply	<p>The Board is of the opinion that the objectives and current strategy of the Company are well served by retaining the current composition of the Board, irrespective of the Directors' degree of independence. A determination with respect to independence is made by the Board on an annual basis.</p> <p>In addition, the Directors are required on an ongoing basis to disclose relevant personal interests and conflicts of interest which may in turn trigger a review of a director's independent status.</p>
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Do Not Comply	<p>The Chair of the Company is not deemed to be independent for the following reasons:</p> <ul style="list-style-type: none"> · The Chair is also the Chair of major shareholder Ansheng Investment Co Ltd. <p>The Chair is not the CEO of the Company.</p>
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Comply	<p>New directors are inducted into the Company at the time of their appointment.</p> <p>New directors who may be appointed to the Board will be provided with a letter of appointment which includes their remuneration details together with copies of Company and Board policies, the Constitution and access to prior Board minutes and papers. New directors will also be advised of their confidentiality and disclosure obligations, share trading policy guidelines, indemnity and insurance arrangements.</p>
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY			
3.1	<p>A listed entity should:</p> <p>a) have a code of conduct for its directors, senior executives and employees; and</p> <p>b) disclose that code or a summary of it.</p>	Comply	<p>A copy of the Company's Corporate Code of Conduct can be found on the Company's website.</p> <p>The Policy sets out that the Company conduct its activities with honesty, integrity and high ethical standards.</p>

Item	ASX Best Practice Recommendation	Compliance	Comment
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PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING

4.1	<p>The board of a listed entity should:</p> <p>a) have an audit committee which:</p> <ol style="list-style-type: none"> 1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and 2) is chaired by an independent director, who is not the chair of the board. <p>and disclose:</p> <ol style="list-style-type: none"> 3) the charter of the committee; 4) the relevant qualifications and experience of the members of the committee; and 5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings <p>b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	Comply	<p>The audit committee charter is available in the Corporate Governance section of the Company’s website.</p> <p>The Company’s Audit Committee during the financial year comprised of the following Directors:</p> <p>John Fisher-Stamp (Chairman, Independent Non-Executive Director) Paul Ingram (Independent Non-Executive Director) Michael Liu (Independent Non-Executive Director) Chenghu Zhu (Non-Executive Director)</p> <p>The qualifications and experience of Audit Committee members are disclosed in the 2019 Financial Report (Directors Report).</p> <p>The number of meetings of the Company’s Audit Committee held during the year ended 30 June 2019 and the numbers of meetings attended by Committee members were:</p> <table border="1" data-bbox="882 857 1426 1077"> <thead> <tr> <th>Director</th> <th>Held</th> <th>Attended</th> </tr> </thead> <tbody> <tr> <td>J Fisher-Stamp</td> <td>2</td> <td>2</td> </tr> <tr> <td>P Ingram</td> <td>2</td> <td>2</td> </tr> <tr> <td>M Liu</td> <td>2</td> <td>2</td> </tr> <tr> <td>CH Zhu</td> <td>2</td> <td>2</td> </tr> <tr> <td></td> <td></td> <td></td> </tr> <tr> <td>N Yeak</td> <td>2</td> <td>2</td> </tr> </tbody> </table> <p>The Company Secretary attends Audit Committee meetings as management representative.</p> <p>Not applicable, refer above</p>	Director	Held	Attended	J Fisher-Stamp	2	2	P Ingram	2	2	M Liu	2	2	CH Zhu	2	2				N Yeak	2	2
Director	Held	Attended																						
J Fisher-Stamp	2	2																						
P Ingram	2	2																						
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Item	ASX Best Practice Recommendation	Compliance	Comment
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PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING

4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Partial compliance	The Deputy Chairman and Finance Director provide declarations to the board stating in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Comply	The auditors of the Company, William Buck Audit (Vic) Pty Ltd are invited to the AGM to answer any questions related to the audit of the financial statements of the Company, in line with the requirements of the <i>Corporations Act 2001</i> .

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

5.1	A listed entity should: a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and b) disclose that policy or a summary of it.	Comply	In accordance with Compliance Procedures and the ASX's Listing Rules the Company immediately notifies the ASX of information concerning the Company: 1. That a reasonable person would or may expect to have a material effect on the price or value of the Company's securities; and 2. That would, or would be likely to influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities. A summary of the Company's Compliance Procedures Policy is available on the Company's website.
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PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

6.1	A listed entity should provide information about itself and its governance to investors via its website.	Comply	The Company's Shareholder Communication Policy is available on the Company's website. The Company maintains a website at www.a-cap.com.au on which the Company makes the following information available on a regular and up to date basis: <ul style="list-style-type: none"> · company announcements; · information briefings to media & analysts; · notices of meetings and explanatory materials; · financial information; and · annual and half year reports. In the event that an announcement is not available on the Company's website it will be available on the ASX website.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communications with investors.	Comply	Shareholders may contact the Company Secretary who supports the Board in managing investor relations.
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Comply	The Company encourages full participation of shareholders at the annual general meeting, and other meetings, of the Company.

Item	ASX Best Practice Recommendation	Compliance	Comment
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PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.4	A listed entity should give security holders the option to receive communications from, and send communication to, the entity and its security registry electronically.	Comply	The Company provides shareholder materials directly to shareholders through electronic means. A shareholder may request a hard copy of the Company's annual report to be posted to them.
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	<p>The board of a listed entity should:</p> <p>a) have a committee or committees to oversee risk, each of which:</p> <ol style="list-style-type: none"> 1) has at least three members, a majority of whom are independent directors; and 2) is chaired by an independent director, and disclose: 3) the charter of the committee; 4) the members of the committee; and 5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR <p>b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	Do not comply	<p>The Board is responsible for overseeing the establishment and implementation of an effective risk management system and reviewing and monitoring the Company's application of that system</p> <p>Day-to-day management of risk is the responsibility of the relevant members of the Company's Management.</p> <p>Refer above</p>
7.2	<p>The board or a committee of the board should:</p> <p>a) Review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	Comply	<p>The role of the Board is to:</p> <ul style="list-style-type: none"> • review the Company's internal financial control system and risk management systems; • monitor and review the external audit function including matters concerning appointment and remuneration, independence and non-audit services; • monitor and review compliance with the Company's Code of Conduct and the Whistle-blower Policy. <p>The Annual Report sent to shareholders contains details of meetings held during the year.</p>
7.3	<p>A listed entity should disclose:</p> <p>a) if it has an internal audit function, how the function is structured and what role it performs; OR</p> <p>b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	Partial compliance	<p>The Board considers that adherence is not appropriate, having regard to the nature, complexity and size of the Company's business in pre-development stage.</p> <p>The Board is responsible for overseeing the establishment and implementation of an effective risk management system and reviewing and monitoring the Company's application of that system.</p> <p>Day-to-day management of risk is the responsibility of the relevant members of the Company's Management.</p>
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks	Comply	Management maintains a key risks register which is reported monthly to the board of directors as well as completing filings with statutory agencies in respect to environmental and land management compliance obligations under mining lease and permits granted to the Company.

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PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	<p>The board of a listed entity should:</p> <p>a) have a remuneration committee which:</p> <ol style="list-style-type: none"> 1) has at least three members, the majority of whom are independent directors; and 2) Is chaired by an independent director, and disclose: 3) the charter of the committee; 4) the members of the committee; and 5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR <p>b) if it does not have a remuneration committee disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	Partial Compliance	<p>The Remuneration Committee Charter can be found on the Company’s website. The full Board comprise the Remuneration Committee.</p> <p>The Board reviews, on an annual basis, executive remuneration and incentive policies. The Board reviews consultants’ engagements against project activities on a quarterly basis.</p> <p>In addition, the Board reviews and approves the audited remuneration report set out in the Directors’ Report contained in the Company’s Annual Report. The Board consults external consultants and specialists where needed.</p> <p>Whilst the Charter specifies for the Committee to meet at least once a year, the Board did not convene in its capacity as the Remuneration Committee, rather, the Board regularly reviews Group remuneration at meetings of Directors.</p> <p>Refer above</p>
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Comply	This information can be found in the remuneration report of the Company’s annual report.
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>b) disclose that policy or a summary of it.</p>	Comply	<p>The Company has established a Director Long Term Incentive Plan and Executive and Consultant Share Option Plan, which were approved by shareholders at the 2018 Annual General Meeting.</p> <p>Performance Rights and Options issued to directors and executives, along with a summary of the respective plans, are detailed in the Company’s 2018 Annual Report to shareholders.</p>