

# Prospectus

**A-Cap Energy Limited**

**ACN 104 028 542**

For a renounceable pro rata offer to Eligible Shareholders of approximately 218 million New Shares at an issue price of \$0.065 per New Share on the basis of one New Share for every four Existing Shares held by an Eligible Shareholder to raise up to approximately \$14.17 million before issue costs.

Eligible Shareholders may, in addition to their Entitlement, apply for Shortfall Shares.

ASX Code: ACB

The Offer is fully underwritten by Mahe Capital Pty Limited, with Shenke International Pte Ltd agreeing to take up its Entitlement and sub-underwrite for collectively \$13.18 million.

This Prospectus provides important information about the Company. You should read the entire Prospectus including your personalised Entitlement and Acceptance Form. If you have any questions about the New Shares being offered under this Prospectus, or any other matter relating to an investment in the Company, you should consult your professional adviser. An investment in the New Shares offered under this Prospectus is highly speculative.

This Prospectus is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This Prospectus is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

### **Important Notice**

This Prospectus is dated 24 September 2021 and was lodged with ASIC on that date. Application will be made to ASX for quotation of the securities offered under this Prospectus within 7 days of this date.

Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. No securities will be allotted or issued on the basis of this Prospectus later than 3 months after the date of this Prospectus.

### **Nature of this Prospectus**

The New Securities which will be issued pursuant to this Prospectus are in the same class of Shares that have been quoted on the official list of the ASX during the 12 months prior to the issue of this Prospectus.

This Prospectus is a 'transaction specific prospectus' to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities in a class which has been continuously quoted by ASX in the 3 months prior to the date of the prospectus. In general terms 'transaction specific prospectuses' are only required to contain information in relation to the effect of the issue of New Shares on the Company and the rights attaching to the New Shares. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus contains information only to the extent to which it is reasonable for investors and their professional advisers to expect to find the information in it. It does not include all of the information that would be included in a prospectus for an initial public offer.

### **Prospectus availability**

Eligible Shareholders can obtain a copy of this Prospectus during the Offer period on the Company's website at <https://acap.com.au/> or by contacting the Company. If you access an electronic copy of this Prospectus, you should ensure that you download and read the entire Prospectus.

The electronic copy of this Prospectus available from the Company's website will not include a personalised Entitlement and Acceptance Form. Eligible Shareholders will only be able to accept the Offer by completing the personalised Entitlement and Acceptance Form which accompanies this Prospectus or by making payment using BPAY® (refer to section 7.8 of this Prospectus for further information).

### **Foreign jurisdictions**

The distribution of this Prospectus in jurisdictions outside Australia, New Zealand or Singapore may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are residents in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it should not be lawful to make such an offer.

### **Disclaimer of representations**

No person is authorised to provide any information or make any representation in connection with the Offer which is not contained in this Prospectus.

### **Forward looking statements**

This Prospectus contains forward looking statements that, despite being based on the Company's current expectations about future events, are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors. These known and unknown risks, uncertainties and assumptions, could cause actual results, performance or achievements to materially differ from future results, performance or achievements expressed or implied by forward-looking statements in this Prospectus. These risks, uncertainties and assumptions include, but are not limited to, the risks outlined in section 6 of this Prospectus. Forward-looking statements include those containing such words as 'anticipate', 'estimate', 'believe', 'should', 'will', 'may' and similar expressions.

### **Privacy**

Please read the privacy information located in section 8.17 of this Prospectus. By submitting an Entitlement and Acceptance Form, you consent to the matters outlined in that section.

### **Definitions**

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in the Glossary.

### **Enquiries**

If you have any questions please contact the Company Secretary on [mal.smartt@hotmail.com](mailto:mal.smartt@hotmail.com) or +61 41 999 7171. Alternatively, consult your broker, accountant or other professional adviser.

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## Corporate Directory

### Directors

|                   |                         |
|-------------------|-------------------------|
| Jiandong He       | Chairman                |
| Paul Ingram       | Deputy Chairman         |
| Michael Myhan Liu | Non-Executive Director  |
| Jijing Niu        | Non- Executive Director |
| Mark Syropoulo    | Non- Executive Director |
| Zhenwei Li        | Non- Executive Director |

### Registered Office

Level 38/123 Eagle Street  
Brisbane Qld 4000  
Tel: +61 401 876 534  
Email: info@acap.com.au

### Auditor\*

William Buck

### Company Secretary

Malcolm Smartt

Website <https://acap.com.au/>

### Share Registry\*

Advance Share Registry Services Limited  
Tel: +61 8 9389 8033  
Fax: +61 8 6370 4203

### Solicitor to the Offer

Atkinson Corporate Lawyers

\*This party is named for informational purposes only and was not involved in the preparation of this Prospectus.

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## 1 TIMETABLE TO THE OFFER

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|   |                   |
|---|-------------------|
| Ex date - Shares trade ex Entitlement ( <b>Ex Date</b> )    | 29 September 2021 |
| Rights trading starts on a deferred settlement basis        |                   |
| Record date to determine Entitlement ( <b>Record Date</b> ) | 30 September 2021 |
| Prospectus with Entitlement and Acceptance Form dispatched  | 5 October 2021    |
| Offer opens for receipt of Applications                     |                   |
| Rights trading ends   | 12 October 2021   |
| Closing date for acceptances under the Offer                | 19 October 2021   |
| Notify ASX of results of the Offer                          | 22 October 2021   |
| Issue of New Shares   | 26 October 2021   |
| Normal trading of New Shares expected to commence           | 27 October 2021   |
| Last date to issue Shortfall Shares (see section 8.6)       | 19 January 2022   |

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**Note:** The timetable is indicative and may change, subject to the Corporations Act and Listing Rules.

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## 2 KEY OFFER TERMS AND CAPITAL STRUCTURE

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|   | Underwritten Amount |
|---|---------------------|
| Shares currently on issue <sup>1</sup>                          | 871,884,866         |
| New Shares offered under this Prospectus <sup>2, 3</sup>        | 217,971,217         |
| Total Shares on issue following the Offer                       | 1,089,856,083       |
| Options offered under this Prospectus <sup>3</sup>              | 8,000,000           |
| Amount raised under this Prospectus (before costs) <sup>1</sup> | \$14,168,129        |

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1. This assumes no further Shares are issued prior to the Record Date.
2. The Company reserves the right to issue further securities in conjunction with the Offer using its existing 25% capacity under Listing Rules 7.1 and 7.1A.
3. The Underwriter will also be issued 8 million Options and have the right to have certain fees payable to it for acting as Underwriter to the Offer satisfied through the issue of Shares. See section 8.4 for details.

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### 3 CHAIRMAN'S LETTER

Dear Shareholders

On behalf on A-Cap Energy Limited (**Company**), I am pleased to invite you to participate in a renounceable pro rata offer available to Eligible Shareholders on the basis of one new Share for every four Shares held at an issue price of \$0.065 per new Share, to raise approximately \$14.17 million (**Offer**). Funds raised under the Offer will be used to repay shareholder debts of approximately \$14 million, including \$13.18 million owed to Singapore Shenke International Pte Ltd (**Shenke**), the Company's largest Shareholder, and meet the costs of the Offer. The debt owed to Shenke was incurred to fund the initial purchase of Wilconi, repay existing debts owed by the Company and to meet earn-in obligations for Wilconi.

The Offer represents a discount of 22% to the 30 day volume weighted average price of \$0.083 prior to the Offer being announced to the ASX on 24 September 2021. Mahe Capital Pty Limited has agreed to fully underwrite the Offer, and Shenke, the Company's largest Shareholder currently holding 41.04% of the Company, has agreed to both (i) take up its Entitlement in full and (ii) also sub-underwrite for the Offer, for collectively \$13.18 million; as a result of which the maximum voting power that Shenke may have following the Offer is 51.44%, subject to certain assumptions as to the extent to which other Shareholders take up Entitlement (see section 5.5).

Shareholders have the opportunity to apply for additional Shares, in excess of their Entitlement.

The risks associated with the Offer are detailed in section 6 and include risks ordinarily associated with a junior exploration company, including exploration risks, funding risks and share market and commodity risks. Furthermore, as a result of sub-underwriting the Offer, Shenke may increase its holding in the Company from 41.04% to up to 51.44%.

On behalf of your Directors, I invite you to consider this investment opportunity as the Company embarks on its growth strategy.

Yours sincerely

Mr Jiandong He  
Chairman

## 4 INVESTMENT OVERVIEW AND KEY RISKS

This information is a selective overview only. Prospective investors should read the Prospectus in full before deciding to invest in New Shares.

| Question                      | Response  | Where to find more information |
|-------------------------------|---|--------------------------------|
| What is the Offer?            | <p>One New Share for every four Existing Shares held on the Record Date an issue price of \$0.065.</p> <p>The Offer seeks to issue up to approximately 218 million New Shares to raise up to approximately \$14.17 million (before costs).</p> <p>The Offer is lead managed and fully underwritten by Mahe Capital Pty Limited.</p> | Section 8                      |
| Am I an Eligible Shareholder? | <p>The Offer is made to Eligible Shareholders, being Shareholders who:</p> <p>(a) are the registered holders of Shares as at 5.00pm (AEST) on the Record Date; and</p> <p>(b) have a registered address in Australia, New Zealand or Singapore.</p>   | Section 8.5                    |

How will the proceeds of the Offer and fund on hand be used?

Section 5.2

| Use of funds (A\$) (approx.)   | Underwritten Amount |
|--|---------------------|
| Repayment of Shenke Debt (which will be repaid first from the proceeds raised under the Offer) | 13,183,735          |
| Part repayment of Angang Shen Debt   | 811,125             |
| Cash costs of the Offer <sup>1</sup>   | \$173,269           |
| Total use of funds   | 14,168,129          |

<sup>1</sup> See section 8.4 for details.

The above table is a statement of the proposed application of the funds raised under the Offer as at the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the Company's decisions, and the Company reserves the right to, other than in respect of the

| Question   | Response  | Where to find more information |
|--|---|--------------------------------|
|  | <p>repayment of Shenke's Debt, vary the way funds are applied.</p> <p>Funds raised through exercising of the Options issued to the Underwriter will be used for general working capital.</p>  |                                |
| <p>What are the key risks of a subscription under the Offer?</p> | <p>An investment in the Company has risks that you should consider before making a decision to invest. These risks include:</p> <ul style="list-style-type: none"> <li>• funding risk - there is risk that the Company may need to reduce its exploration program and/or farm-out/relinquish some of its projects. This will have an adverse effect on the Company.</li> <li>• exploration risk - completion of the current drilling program is required on the Company's Wilconi project prior to any resource being announced, if at all. Exploration for economic mineral deposits is inherently risky - the Company does not guarantee it will discover an economic mineral deposit.</li> <li>• permit risk - the Company requires exploration tenure to conduct exploration activities on the Wilconi project - the Company does not guarantee that all permits will be granted or maintained.</li> <li>• commodity and market risk - the Company's Share price and future prospects are, to a significant extent, dependent on favourable commodity prices (cobalt, nickel and uranium) and securities markets; both of which are outside the Company's control.</li> <li>• requirement for capital - the Company currently does not generate material revenue, and currently is reliant upon raising capital to fund its business activities.</li> <li>• control - Shenke currently holds 41.04% of the Company's issued Shares and will, following the Offer hold up to a maximum of 51.44% (assuming only the Underwriter and Volpe Entities subscribe for Shares under this Prospectus).</li> </ul> <p>Please carefully consider these risks and the information contained in other sections of this Prospectus before deciding whether or not to apply for New Shares.</p> | <p>Section 6</p>               |

| Question  | Response  | Where to find more information |
|---|---|--------------------------------|
| Is the Offer underwritten?  | <p>Yes, the Offer is fully underwritten by Mahe Capital, with Shenke agreeing to take up its Entitlement and sub-underwrite the Offer for, collectively \$13,183,735.</p> <p>The Underwriter is entitled to certain fees for lead managing and underwriting the Offer (see Section 8.4 for further details of the fees to be payable to the Underwriter).</p> <p>Shenke is not entitled to any fees as a result of its commitment to take up its Entitlement and sub-underwrite the Offer.</p>  | Section 8.4                    |
| Is the Offer subject to any conditions?                             | No, although the Company reserves the right to withdraw the Offer.  | Section 8.2                    |
| What will be the effect of the Offer on control of the Company?     | <p>There will be no effect on control of the Company if all Shareholders take up their Entitlement.</p> <p>Shenke has agreed to take up its Entitlement and sub-underwrite the Offer for collectively \$13,183,735. In the event only the Volpe Entities and Shenke take up their Entitlement and Mahe Capital places the minimum number of Shortfall Shares with its clients and others (an outcome the Directors and Underwriter consider unlikely), the maximum increase in voting power that Shenke may have as a result of its participation in, and sub-underwriting of, the Offer is from 41.03% to 51.44%.</p> <p>The Company has taken a number of steps to reduce the increase, including by having the Offer fully underwritten and offering Shareholders Shortfall in priority to Shenke (see section 8.6 for further details).</p> | Section 5.5                    |
| How do I apply for New Shares and Shortfall Shares under the Offer? | Applications for New Shares and Shortfall Shares can be made by Eligible Shareholders completing the relevant sections of the personalised Entitlement and Acceptance Form and sending it to the Share Registry together with payment by cheque, or BPAY in the amount of Entitlement and Shortfall Shares applied for.   | Section 7.2                    |
| Can I sell my Entitlements  | Yes, the Offer is renounceable meaning Entitlement may be transferred.  | Section 7.4                    |

| Question                                    | Response  | Where to find more information |
|---|---|--------------------------------|
| under the Offer?                            |   |                                |
| How will the Shortfall Shares be allocated? | The Directors reserve the right to, in conjunction with the Underwriter and subject to the terms of the Underwriting Agreement, place any Shortfall Shares at their discretion within 3 months of the Closing Date. | Section 8.6                    |
| How can I obtain further advice?            | Contact the Company Secretary by email on <a href="mailto:mal.smartt@hotmail.com">mal.smartt@hotmail.com</a> or +61 41 999 7171. Alternatively, consult your broker, accountant or other professional adviser.      |                                |

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## 5 PURPOSE AND EFFECT OF THE OFFER

### 5.1 Introduction

On 18 June 2021 the Company announced that it had commenced an RC drilling programme at its Wilconi nickel-cobalt project at Wiluna, Western Australia. The programme marks the commencement of the pre-feasibility study on the laterite Ni-Co resource reported in an announcement on 17 September 2019. The Company has plans to drill approximately 30,000 metres of RC drilling, designed to infill previous drilling to begin the conversion of resources to reserves. In addition to the RC drilling, the Company plans to complete a series of large-diameter diamond drillholes for metallurgical studies in the coming months.

The program was funded through a A\$3.97 million unsecured loan (**Shenke Loan**) from Shenke. Shenke currently holds 41.04% of the Company's issued Shares and inclusive of the Shenke Loan, the Company owes Shenke a total of \$13,183,735 as at 31 August 2021 (**Shenke Debt**). The Shenke Debt was incurred to:

- (a) fund the remaining payment of \$500,000 to acquire the initial interest in Wilconi;
- (b) commence exploration at Wilconi;
- (c) repay facilities provided by ICBC; and
- (d) provide working capital.

Further information on the Shenke Debt is set out in the Company's 2020 annual report and half yearly report as at 31 December 2020.

To repay the Shenke Debt, a shareholder loan owed to Mr Angang Shen and pay for the costs of the Offer, the Company is seeking to raise up to approximately \$14.17 million under the Offer at a price of \$0.065 per Share, on the basis of one New Share for every four Existing Shares held as at the Record Date.

Shareholders may, in addition to their Entitlement, apply for Shortfall Shares. Shortfall Shares will be placed by Mahe Capital at its discretion, however in a manner that will minimise the number of Shortfall Shares to be issued to Shenke.

The Offer is lead managed and fully underwritten by Mahe Capital. Shenke has agreed to sub-underwrite for the Offer for \$13,183,735, with its Entitlement and sub-underwriting obligation (if any) to be set off against the Shenke Debt.

As at the date of this Prospectus, the Company has approximately \$2 million cash on hand. These funds will be used to complete the next phase of work at Wilconi (diamond drilling). However the optimisation study at Letlhakane will require additional funding, as will the continuation of the Wilconi Prefeasibility Study leading on to a Definitive Feasibility Study. The Company will need additional funding to continue this work. There are a number of funding options available to the Company for this work, including a subsequent rights issue, a placement to new shareholders and/or Shenke advancing loans to the Company.

### 5.2 Purpose of the Offer

The Directors intend to apply the proceeds from the Offer as follows:

| Use of funds (\$) (approx.) <sup>1</sup> | Underwritten Amount |
|--|---------------------|
|--|---------------------|

|                                      |                   |
|--------------------------------------|-------------------|
| Repayment of Shenke Debt             | 13,183,735        |
| Part repayment of Angang Shen Debt   | 811,125           |
| Cash costs of the Offer <sup>2</sup> | 173,269           |
| <b>Total use of funds</b>            | <b>14,168,129</b> |

**Notes:**

- 1 This table is a statement of the proposed application of the funds raised as at the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the Company's decisions and, other than in respect of the repayment of the Shenke Debt, the Company reserves the right to vary the way funds are applied.
- 2 The Underwriter will also be issued 8 million Options and may elect to have its lead management fee paid through the issue of Shares on the same terms as the Offer. See section 8.4 for details. See section 10.5 for further details relating to the estimated expenses of the Offer.

### 5.3 Statement of financial position

Set out in section 13 is the audit reviewed Statement of Financial Position of the Company as at 31 December 2020 and the Pro-Forma Statement of Financial Position as at 31 December 2020, on the basis of the following assumptions:

- (a) the Offer was effective on 31 December 2020;
- (b) the Underwritten Amount is raised;
- (c) no further Shares are issued other than all Shares offered under this Prospectus or as set out in this section;
- (d) receipt of additional short term loans funds from Shenke in January 2021 and June 2021 totalling \$5,220,000;
- (e) accrual of interest on interest-bearing liabilities for the period 1 January 2021 to 31 August 2021 totalling \$344,904 ;
- (f) repayment of the ICBC loan in January 2021 out of a portion cash held at 31 December 2020 and a reduction in prepaid interest; and
- (g) cash costs of the Offer are \$173,269.

The Pro-Forma Statement of Financial Position has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company set out in section 13. The pro-forma financial information is unaudited and presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

### 5.4 Effect of the Offer on the Company's securities

Assuming that no further Shares are issued prior to the Record Date, at the close of the Offer, the capital structure of the Company will be:

| Shares   | Underwritten Amount  |            |
|--|----------------------|------------|
|  | Number               | %          |
| Shares   | 871,884,866          | 80         |
| New Shares offered under this Prospectus                 | 217,971,217          | 20         |
| <b>Total Shares</b>                                      | <b>1,089,856,083</b> | <b>100</b> |
| Options offered to the Underwriter under this Prospectus | 8,000,000            |            |

The Company will also, at the Underwriter's election, pay the lead manager's fee through the issue of Shares on the same terms as the Offer. See section 8.4 for details.

The Company reserves the right to issue further securities in conjunction with the Offer using its existing 25% capacity under Listing Rule 7.1 and 7.1A. Any funds raised in excess of the Offer will be used to repay the Angang Shen Debt and exploration on the Wilconi project.

## 5.5 Effect on control

The Offer is fully underwritten by Mahe Capital, of which Shenke has agreed to take up its Entitlement and sub-underwrite for collectively \$13,183,735. Shenke currently holds approximately 41% of the Company's issued Shares. The Directors have taken various steps in mitigate any increase in Shenke's voting power, including by pricing the Offer at a 22% discount to the 30 day VWAP for Shares, by offering Shortfall Shares to Eligible Shareholders other than Shenke, and by appointing Mahe Capital to fully underwrite the Offer and seeking to place Shortfall Shares to others in priority to Shenke. Furthermore, Pat Volpe (the Company's former chairman) has indicated that entities he controlled will take up their Entitlement.

The effect of the Offer on control of the Company depends upon various factors, including the following:

- (a) The extent to which Eligible Shareholders take up their Entitlement and apply for additional New Shares (this having priority over Shortfall Shares being issued to Shenke).
- (b) The extent to which Foreign Shareholders hold Shares on the Record Date and, as a nominee is appointed to sell their entitlement, the extent to which those rights and Entitlements of Eligible Shareholders who do not wish to participate in the Offer, are sold. As at the date of this Prospectus approximately 20.63% of the Company's Shares are held by Shareholders with an address outside Australia, New Zealand or Singapore. To comply with section 615 of the Corporations Act and Listing Rule 7.7.1(c), the Company has obtained ASIC approval to appoint Mahe Capital as nominee to arrange for the sale of the entitlements that would have been given to Ineligible Shareholders and to account to them for the net proceeds of the sale. The Company assumes that any rights sold will be taken up; reducing Shortfall.
- (c) The extent to which Eligible Shareholders, Mahe Capital and others apply for Shortfall Shares. The allocation policy for Shortfall Shares, which is set out in section 5.1, is structured to minimise the issue of Shortfall Shares to Shenke.

Mahe Capital has agreed to use best efforts to place shortfall to persons other than Shenke. Notwithstanding this and assuming the Volpe Entities take up their Entitlement and Mahe Capital allocates the maximum sub-underwriting commitment to Shenke (an outcome the Directors consider unlikely given the discounted issue price and Mahe Capital's obligation to use best efforts to place shortfall to others), the maximum number of Shortfall Shares that can be issued to Shenke is 113,379,959. Doing so will increase Shenke voting power from 41.036% to 51.44%.

Shenke has informed the Company that, based on the facts and circumstances presently known to them, it does not currently intend to make any major changes to the direction or objectives of the Company, and that Shenke:

- (d) does not currently intend to make any significant changes to the existing business of the Company;
- (e) although it will continue to support the Company through shareholder loans if required, Shenke does not currently intend to inject further capital into the Company other than by taking up the Entitlement and its sub-underwriting commitment.
- (f) intends to support the Company's decisions regarding the future employment of its present employees and contemplates that they will continue in the ordinary course of business;
- (g) does not currently intend to transfer any property between the Company and Shenke or any of his associates;
- (h) does not currently intend to redeploy fixed assets of the Company; and
- (i) does not currently intend to change the Company's existing financial or dividend policies.

The intentions of Shenke are based on information concerning the Company, its business and the business environment which is known to Shenke at the date of this Prospectus. These present intentions may change as new information becomes available, as circumstances change or in the light of all material information, facts and circumstances necessary to assess the operational, commercial, taxation and financial implications of those decisions at the relevant time.

## 5.6 Dilution

Shareholders who do not participate in the Offer will have their holdings diluted. Following is a table which sets out the dilutionary effect, assuming the full amount is raised and no further Shares are issued or Options exercised:

| Holder | Holding at Record Date |       | Entitlement | Holding following the Offer if no Entitlement taken up |      |
|--------|------------------------|-------|-------------|--|------|
|        | Number                 | %     |             | Number   | %    |
| 1      | 4,359,424              | 0.50% | 1,453,141   | 4,359,424  | 0.40 |
| 2      | 6,539,136              | 0.75% | 2,179,712   | 6,539,136  | 0.60 |
| 3      | 8,718,849              | 1.00% | 2,906,283   | 8,718,849  | 0.80 |

|   |            |       |           |            |      |
|---|------------|-------|-----------|------------|------|
| 4 | 21,797,122 | 2.50% | 7,265,707 | 21,797,122 | 2.00 |
|---|------------|-------|-----------|------------|------|

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## 6 RISK FACTORS

The New Securities offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below and together with information contained elsewhere in this Prospectus and to consult with your professional advisers before deciding whether to apply for the New Securities pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the New Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### 6.1 Company specific risks

The business, assets and operations of the Company are subject to certain risk factors that have the potential to influence the future operating and financial performance of the Company. These risks can impact on the value of an investment in the securities of the Company. The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which they can be effectively managed is limited.

#### (a) Exploration Risks

The Company has commenced a pre-feasibility study on the laterite Ni-Co resource reported in an announcement on 17 September 2019 at its Wilconi project. There is a risk that results from the exploration program may not validate earlier exploration results. Exploration carries significant risks, and there is no certainty that the project will prove to be feasible.

Subject to having sufficient funds, the Company intends to recommence work on its 100% owned Letlhakane uranium project in Botswana by reviewing all past work and the commencement of an upgraded optimisation study.

#### (b) Funding Risks

Funds raised from the Offer will be used to repay the Shenke Debt, which was incurred to fund exploration to confirm previous exploration results for the Wilconi Ni-Co Project in Western Australia, pay the costs of the Offer and, to the extent funds are available, repay the Angang Shen Debt. See section 5.1 for further information on the Company's intentions following the current exploration program at Wilconi. There is a risk that the Company may not have sufficient funds to complete its exploration program, although Shenke has indicated that it will continue to support the Company.

#### (c) Going Concern Risk

The Company's 2020 financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business. For the year

ended 30 June 2020, the Group incurred net cash outflows of US\$3,028,967 (2019: net cash outflows of US\$873,126).

Whilst the Directors believe that it is reasonably foreseeable that the Company and Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of applicable factors, there is a risk that the factors may not eventuate.

(d) Control

Shenke will hold up to 51.44% of the Company's issued Shares following the Offer, assuming the maximum number of Shortfall Shares are placed to Shenke. Practicably, Shenke will be able to unilaterally pass ordinary resolutions at Shareholder meetings, including resolutions regarding the composition of the Company's Board.

(e) Regulation Risk

The Company's main projects are located in Botswana and Australia.

There is a risk that, with respect to Botswana applicable foreign investment law, or mining law, other laws, or other regulations of the governing authorities could change, and that such changes could result in additional material expenditures or time delays.

There is a risk that the necessary land acquisitions, permits, certificates, consents, authorisations and agreements required to implement future exploration and project development may not be obtained under conditions or within time frames that make such plans economic.

(f) Operating Risk

The operations of the Company may be affected by various factors outside its control. Funds raised under the Offer are intended to be used to repay debt incurred to conduct exploration programs at Wilconi as part of a Prefeasibility Study.

The operations of the Company may be affected by failure to establish sufficient quantity or grade of Resources to justify the proposed development of a mine at Wilconi. Operations may also be impacted by unanticipated metallurgical problems which may affect eventual extraction costs, possible seismic activity, operational and technical difficulties encountered in drilling and exploration, operating and maintaining plant and equipment, mechanical failure, industrial and environmental accidents, labour shortages, industrial and environmental disputes, obtaining government approvals, extreme weather events such as flooding, heatwaves, bushfires, droughts and unexpected shortages or increases in the costs of consumables, spare parts, plant, equipment or labour.

These risks and hazards could also result in damage to or destruction of property, plant and equipment, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. The Company may become subject to liability for accidents, pollution or other hazards against which it cannot insure or against which it may elect not to insure because of premium costs or for other reasons, or in amounts which exceed policy limits.

No assurances can be given that the Company will achieve commercial viability through exploration success and exploitation of its projects and, until the Company

is able to realise value from its projects, it is likely to incur ongoing operational losses.

(g) Sovereign Risk

The Company cannot guarantee that the Government in Botswana will remain stable or supportive of the mining and resources sector and existing ownership structures. Accordingly, the Company cannot guarantee ongoing access, surety of title and tenure of its Botswana assets. Outcomes in Courts in Botswana may be less predictable than in Australia, which could affect the enforceability of contracts entered into by the Company or its subsidiary in Botswana.

(h) Government Policies and Legislation Risk

Any material adverse changes in government policies, legislation or shifts in political attitude in Australia or Botswana that affect mineral exploration activities, tax laws, royalty regulations, government subsidies and environmental issues may affect the viability of a project, projects or the Company.

No assurance can be given that amendments to current laws and regulations or new rules and regulations will not be enacted, or that existing rules and regulations will not be applied in a manner which could substantially limit or affect the Company's exploration, development, and operating activities.

(i) Commodity Price and Exchange Rate Risk

The Company's Wilconi project is prospective for nickel and cobalt, and the Letlhakane Project in Botswana is prospective for uranium.

The market price of these commodities fluctuates and is affected by numerous factors beyond the control of the Company. These factors include current and expected future supply and demand, forward selling by producers, production cost levels in major metal producing centres as well as macroeconomic conditions such as inflation and interest rates. Fluctuations in commodity prices may impact on the commercial attractiveness or viability of the Company's projects. Depressed uranium prices resulted in the Letlhakane Project being placed in care and maintenance.

Furthermore, the international prices of most commodities are denominated in United States dollars and the Company's cost base will be in a combination of United States dollars and Australian dollars, and Botswana pula. Consequently, changes in these exchange rates may impact on the expenditure of the Company and the Company's purchasing capacity. The exchange rate is affected by numerous factors beyond the control of the Company, including interest rates, inflation and the general economic outlook.

(j) Environmental Risk

The Company's activities are expected to have some impact on the environment, particularly if mine development occurs in the future. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

The Company will, in future, require additional approval from authorities before it can undertake mining activities that will impact the environment. Failure to obtain such approvals may prevent the Company from undertaking its desired activities. The

Company is unable to predict the effect of additional environmental laws and regulations that may be adopted in the future, including whether any such laws and regulations would materially increase the Company's costs of doing business or affect its operations in any area.

## 6.2 Industry Risk

### (a) Mining and Exploration Risk

The business of mineral exploration, development and production is subject to risk by its nature. The success of the business depends, inter alia, on successful exploration and/or acquisition of reserves, securing and maintaining title to concessions and tenements, successful design, construction, commissioning and operating of mining and processing facilities, successful development and production in accordance with forecasts and successful management of the operations. Exploration and mining are speculative undertakings which may be hampered by force majeure circumstances, land claims and unforeseen mining problems. Increased costs, lower output or high operating costs may all contribute to make a project less profitable than expected at the time of the development decision. There is no assurance that the Company's attempts to exploit its exploration activities will be successful.

The Company's exploration activities to date are not advanced to a stage where reliable reserve or resource estimates can be made. Reserve and resource estimates, if made in the future, are judgments based on drilling results, past experience with mining properties, knowledge, experience, industry practice and many other factors. Estimates which are valid when made may change substantially when new information becomes available. Ore estimation is an interpretive process based on available data and interpretations and, thus, estimations may prove inaccurate.

The actual quality and characteristics of ore deposits cannot be known until mining takes place, and will almost always differ from the assumptions used to develop reserves. Further, reserves are valued based on future costs and future prices and, consequently, the actual reserves and resources may differ from those estimated, which may result in either a positive or negative effect.

No assurance can be given that commercial tonnages, grades or recovery will be achieved or realised. Commodity price fluctuations, increased production costs, or reduced recovery rates, may render possible reserves containing relatively lower grades uneconomic and may result in a restatement of such reserves. Moreover, short-term operating factors relating to possible reserves, such as sequential development of ore bodies and processing of new or different ore types or grades, may cause mining operations to be unprofitable in any particular accounting period.

There is a risk that unforeseen geological and geotechnical difficulties may be encountered if and when developing and mining reserves. In this event, a loss of revenue may be caused by lower than expected production and/or higher than anticipated operation and maintenance costs, and/or on-going unplanned capital expenditure in order to meet production targets.

### (b) Title

The Company's mining exploration activities are dependent on the grant, or as the case may be, the maintenance of appropriate licences, which may be withdrawn or made subject to limitations. The granting of licence, maintaining of licence or obtaining renewals, often depends on the Company being successful in obtaining required statutory approvals for its proposed activities and that the licences, concessions, tenements, leases, permits or consents it holds will be renewed as and when required. There is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed in connection therewith.

(c) Results of Studies

Subject to the results of future exploration and testing programs, the Company may progressively undertake a number of studies in respect to the Company's current or new projects. These studies may include pre-feasibility and bankable feasibility studies.

These studies will be completed within certain parameters designed to determine the economic feasibility of the Company's current or new projects within certain limits. There can be no guarantee that any of the studies will confirm the economic viability of the Company's current or new projects or the results of other studies undertaken by the Company (e.g. the results of a feasibility study may materially differ to the results of a scoping study).

Further, even if a study determines the economics of the Company's current or new projects, there can be no guarantee that the current or new projects will be successfully brought into production as assumed or within the estimated parameters in the feasibility study once production commences including but not limited to operation costs, mineral recoveries and commodity prices. In addition, the ability of the Company to complete a study may be dependent on the Company's ability to raise further funds to complete the study if required.

(d) Metallurgy

Metal or mineral recoveries are dependent upon the metallurgical process, and by its nature processing contains elements of significant risk such as:

- (i) identifying a metallurgical process through test work to produce a saleable metal or concentrate;
- (ii) developing an economic process route to produce a metal or concentrate; and
- (iii) changes in mineralogy in the ore deposit can result in inconsistent metal recovery, affecting the economic viability of the project.

No assurance can be given that any particular level of recovery from mineral resources or reserves will in fact be realised or that a mineral resource will ever qualify as commercially viable which can be legally and economically exploited.

(e) Economic and Government Risks

The future viability of the Company is also dependent on a number of other factors affecting the performance of all industries, not just the exploration and mining industries. These factors include, but are not limited to:

- (i) Changes in government policies, taxation and other laws.
- (ii) The strength of the equity and share markets in Australia and throughout the world, and in particular investor sentiment towards the commodities (resources) sector.
- (iii) Movement in, or outlook on, interest rates and inflation rates.
- (iv) Natural disasters.

Industry profitability can be affected by changes in government within Botswana and other jurisdictions, which are outside the control of the Company. The Company's activities are subject to extensive laws and regulations controlling not only the exploration for and mining of minerals, but also the possible effects of such activities upon the environment. Permits from regulatory authorities are required for many aspects of mine operation and reclamation. There is no assurance that permits will be obtained when sought or that unfavourable conditions will not be imposed. Future legislation and regulations could cause additional expense, capital expenditures, restrictions and delays in development of the Company's tenements, the extent of which cannot be predicted.

(f) Reliance on Key Personnel

The responsibility of overseeing the day to day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their involvement with the Company.

(g) Insurance

Insurance of all risks associated with exploration or project development is not always available and, where it is available, the cost may be high. The Company will have insurance in place considered appropriate for the Company's needs.

The business of the Company is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as extreme weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties, buildings, personal injury or death, environmental damage to properties of the Company or others, delays in mining, monetary losses and possible legal liability.

Although the Company seeks to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, insurance will not always be available or cover all the potential risks associated with its operations and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability.

It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration, development or production is not generally

available to the Company or to other companies in the mining industry on acceptable terms. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

### 6.3 General Risk

#### (a) Securities investments

There are risks associated with any securities investment. The prices at which the Company's securities trade may fluctuate in response to a number of factors. Furthermore, the stock market, and in particular the market for mining and exploration companies, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of such companies. There can be no guarantee that trading prices will be sustained. These factors may materially affect the market price of the Company's securities regardless of the Company's operational performance.

#### (b) Share Market Conditions

Share market conditions may affect the price of the Company's securities regardless of the Company's operating performance. Share market conditions are affected by many factors including but not limited to the following:

- (i) General economic outlook.
- (ii) Interest rate and inflation rates.
- (iii) Currency fluctuations.
- (iv) Mineral price fluctuations.
- (v) Changes in investor sentiment toward particular market sectors and the domicile of projects.
- (vi) The demand for, and supply of, capital.
- (vii) Terrorism or other hostilities.
- (viii) Other factors beyond the control of the Company.

The market price of the Company's securities may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company, or any return on an investment in the Company.

#### (c) Economic Risk

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the Company, industrial disruption, the rate of growth of gross domestic product in Australia or Botswana, interest rates, exchange rates and the rate of inflation.

#### (d) Competition Risk

The Company will compete with other companies, including other mineral exploration and mining companies. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. Many of the Company's competitors not only explore for and produce minerals, but also carry out refining operations and produce other products on a worldwide basis. There can be no assurance that the Company can compete effectively with these companies.

#### **6.4 Investment Speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors and others not specifically referred to above, may, in the future, materially affect the financial performance of the Company and the value of the Securities offered under the Prospectus.

The Securities offered pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Securities.

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## **7 ACTIONS REQUIRED BY ELIGIBLE SHAREHOLDERS**

### **7.1 What you may do**

As an Eligible Shareholder, you may:

- (a) subscribe for all or part of your Entitlement (see section 7.2);
- (b) subscribe for all of your Entitlement and apply for Shortfall Shares (see section 7.3);
- (c) sell your Entitlement (see section 7.4);
- (d) take up part of your Entitlement and sell the balance on ASX (see section 7.5);
- (e) take up part of your Entitlement and transfer the balance other than on ASX (see section 7.6); or
- (f) allow all or part of your Entitlement to lapse (see section 7.7).

### **7.2 Subscribe for all or part of your Entitlement**

Applicants should read this Prospectus in its entirety in order to make an informed decision on the prospects of the Company and the rights attaching to the New Shares offered by this Prospectus before deciding to apply for New Shares. If you do not understand this Prospectus you should consult your stockbroker, accountant or other professional adviser in order to satisfy yourself as to the contents of this Prospectus.

If you wish to subscribe for all or part of your Entitlement, complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. The Entitlement and Acceptance Form sets out the number of New Shares you are entitled to subscribe for.

### **7.3 Subscribe for all of your Entitlement and apply for Shortfall Shares**

Eligible Shareholders who take up their Entitlement in full may, in addition to their Entitlement, apply for Shortfall Shares regardless of the size of their present holding by completing the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. See section 8.6 for details of the manner in which Shortfall Shares will be allocated.

Surplus application moneys will be returned to Applicants as soon as practicable following the close of the Offer.

### **7.4 Sell your Entitlement**

If you wish to sell your entitlement, you should instruct your Stockbroker in accordance with the instructions on the front of the Entitlement and Acceptance Form.

Rights trading will commence on ASX on 29 September 2021. Sale of your Rights must be completed by 12 October 2021 when Rights trading is expected to cease.

### **7.5 Take up part of your Entitlement and sell the balance on ASX**

Please complete the accompanying personalised Entitlement and Acceptance Form and submit your application monies, or make payment via BPAY, in respect of the number of New Shares for which you wish to accept (being less than as specified on the Entitlement and Acceptance Form) and instruct your Stockbroker in respect of that part of your Entitlement you wish to sell.

Rights trading will commence on ASX on 29 September 2021. Sale of your Rights must be completed by 12 October 2021 when Rights trading is expected to cease.

### **7.6 Take up part of your Entitlement and transfer the balance other than on ASX**

If you are an Eligible Shareholder and you hold your Shares on the issuer sponsored sub-register, forward a completed Renunciation and Transfer Form (obtainable through your stockbroker or the Share Registry) together with your personalised Entitlement and Acceptance Form completed by the transferee together with a cheque for the appropriate application monies so that it is received by the Company's Share Registry by 5.00 pm (AEST) on 19 October 2021.

If you are a Shareholder and hold Existing Shares registered on CHESS, you should contact your sponsoring broker.

Cash will not be accepted and no receipts will be issued. Application Monies must be received by the Share Registry before 5.00pm (AEST) on the Closing Date.

### **7.7 Allow all or part of your Entitlement to lapse**

If you are an Eligible Shareholder and do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

If you take no action, your Entitlement will lapse. You will receive no benefit or New Shares and your Entitlement will become Shortfall Shares.

The number of Existing Shares you hold as at the Record Date and the rights attached to those Existing Shares will not be affected if you choose not to accept any of your Entitlement.

## 7.8 Payment methods

### ***BPAY***

If you are paying by BPAY, refer to your personalised instructions on your Entitlement and Acceptance Form. Shareholders who wish to pay by BPAY must ensure that payment is received by no later than 5.00pm AEST on the Closing Date.

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY are received by 5.00pm AEST on the Closing Date.

If you have more than one shareholding and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those shareholdings only use the Customer Reference Number specific to that shareholding as set out in the applicable Entitlement and Acceptance Form. Do not use the same Customer Reference Number for more than one of your shareholdings. This can result in your application monies being applied to your Entitlement in respect of only one of your shareholdings (with the result that any application in respect of your remaining shareholdings will not be recognised as valid).

The Company shall not be responsible for any postal or delivery delays or delay in the receipt of the BPAY payment.

### ***Cheque, bank draft or money order***

Alternatively, if you are paying by cheque, bank draft or money order, the completed Entitlement and Acceptance Form must be accompanied by a cheque, bank draft or money order made payable to 'ATF A-Cap Energy Limited' and crossed 'Not Negotiable' for the appropriate application money in Australian dollars calculated at \$0.065 per New Share accepted. Your cheque, bank draft or money order must be paid in Australian currency and be drawn on an Australian branch of an Australian financial institution. The Company will present the cheque or bank draft on the day of receipt. You must ensure that your cheque account has sufficient funds to cover your payment, as your cheque will be presented for payment on receipt. If your bank dishonours your cheque your application will be rejected. Dishonoured cheques will not be represented.

If the amount of your cheque(s), bank draft(s) or money order(s) for application money (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is insufficient to pay for the number of New Shares you have applied for in your Entitlement and Acceptance Form, you may be taken to have applied for such lower number of New Shares as your cleared application money will pay for (and to have specified that number of New Shares in your Entitlement and Acceptance Form) or your Application may be rejected.

The Entitlement and Acceptance Form must be received by the Company at the following addresses by no later than 5.00pm (AEST) on the Closing Date:

| <b>By Post to:</b>   | <b>By hand to:</b>                       |
|--|--|
| A-Cap Energy Limited<br>c/- Advanced Share Registry Pty Limited<br>PO Box 1156<br>Nedlands WA 6909 | 110 Stirling Highway<br>Nedlands WA 6009 |

## 7.9 Set off

If you have an Agreed Claim against the Company and wish to set that off against your Entitlement, please contact the Company Secretary on [mal.smartt@hotmail.com](mailto:mal.smartt@hotmail.com) or +61 41 999 7171 prior to the Closing Date, and so that you can be provided documentation to effect the set-off. You will need to return this documentation with your completed Entitlement and Acceptance Form.

## 7.10 Entitlement and Acceptance Form is binding

Receipt of a completed and lodged Entitlement and Acceptance Form together with a cheque, bank draft or money order for the application monies, or by making a payment in respect of an Application by BPAY, constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Prospectus and, once lodged, cannot be withdrawn.

By completing and returning your Entitlement and Acceptance Form with the requisite application monies, or by making a payment in respect of an Application by BPAY, you will be deemed to have represented that you are an Eligible Shareholder. In addition, you will also be deemed to have represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given the Prospectus, does not prohibit you from being given the Prospectus and that you:

- (a) agree to be bound by the terms of the Offer;
- (b) declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- (c) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- (d) authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Company's share registry upon using the contact details set out in the Entitlement and Acceptance Form;
- (e) declare that you are the current registered holder of Shares and are an Australian, New Zealand or Singapore resident, and either:
  - (i) you are not in the United States or a US Person, or acting for the account or benefit of a US Person, or
  - (ii) your circumstances are such that the Offer cannot lawfully be made to you;
- (f) acknowledge that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs; and
- (g) acknowledge that the New Shares have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia, New Zealand or Singapore and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws in particular the US Securities Act.

The Entitlement and Acceptance Form does not need to be signed to be a valid application. An Application will be deemed to have been accepted by the Company upon the issue of the New Shares.

If the Entitlement and Acceptance Form is not completed correctly or if the accompanying payment of the application monies is for the wrong amount, it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final. However, an Applicant will not be treated as having applied for more Shares than is indicated by the amount of the application monies received by the Company.

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## **8 DETAILS OF THE OFFER**

### **8.1 Shares offered for subscription**

By this Prospectus the Company makes a renounceable pro rata offer to Eligible Shareholders on the basis of one New Share for every 4 Existing Shares held as at the Record Date at a price of \$0.065 per New Share to raise up to approximately \$14.17 million before issue costs. Fractional entitlements will be rounded down to the nearest whole number.

The Offer is only open to Eligible Shareholders, being holders of Shares with a registered address in Australia, New Zealand or Singapore. The Company reserves the right to reject any application that it believes comes from a person who is not an Eligible Shareholder, or to withdraw the Offer at any time (in which case application monies received will be returned without interest).

Details of how to apply for New Shares are set out at section 7.

All New Shares offered under this Prospectus will rank equally with existing Shares. The rights and liabilities of the New Shares offered under this Prospectus are summarised in section 9.

### **8.2 Minimum subscription**

The Offer is fully underwritten and is not subject to a minimum subscription. See section 10.2 for details of Shenke's sub-underwriting arrangements.

The Company reserves the right to issue further securities in conjunction with the Offer using its existing 25% capacity.

### **8.3 Acceptances**

This Offer may be accepted in whole or in part prior to the Closing Date subject to the rights of the Company to (subject to the Corporations Act and Listing Rules) extend the Offer period or close the Offer early.

Instructions for accepting your Entitlement are set out in section 7 and on the Entitlement and Acceptance Form which accompanies this Prospectus.

## 8.4 Underwriting

The Underwriter has agreed to fully underwrite the Offer in accordance with an underwriting agreement dated 24 September 2021 (**Underwriting Agreement**). The Underwriter will be paid the following fees:

- (a) 8 million Options.
- (b) A lead manager's fee of \$40,000. The Underwriter may elect to have this fee satisfied through the issue of Shares on the same terms as under the Offer.
- (c) An underwriting fee of 5% of the Underwritten Amount. The Underwriter will rebate back to the Company the underwriting fee on the amount sub-underwritten by Shenke.
- (d) A placement fee of 5% of any Shortfall and other Shares placed by the Underwriter in excess of the Underwritten Amount (i.e. using the Company's 25% capacities).

The Company relies upon its existing capacity under Listing Rule 7.1 to agree to issue the above securities.

The Underwriter will, in the event the Underwriting Agreement is terminated in certain circumstances be entitled to a termination fee of \$30,000. The Company will also be required to reimburse the Underwriter for all of the reasonable costs incurred by the Underwriter in relation to the Offer.

The underwriting of the Offer is conditional upon the satisfaction or waiver by the Underwriter of the certain conditions ordinarily found in an agreement of this type, including that:

- (a) the Underwriter being satisfied with the due diligence investigations by the Company in relation to the Offer; and
- (b) the Company's solicitors providing the Underwriter with a legal sign off letter in relation to the due diligence investigations.

The Underwriter can satisfy their obligation to subscribe for, or procure subscriptions for, Shortfall Shares by either paying the issue price (\$0.065 per Share) or, in the case of Shortfall Shares issued to Shenke, procuring an acknowledgement of release and discharge of debt from Shenke for the amount the Shenke Debt is set off against Shenke's sub-underwriting obligation.

The Underwriting Agreement provides that Shortfall Shares will be allocated at the Underwriter's discretion, save that the Underwriter must:

- (c) use best efforts to place shortfall to persons other than Shenke; and
- (d) allocate Shortfall Shares to Shareholders other than Shenke in priority to Shenke.

In accordance with the Underwriting Agreement and as is customary with these types of arrangements:

- (a) the Underwriter may determine allocation of Shortfall Shares, subject to the allocation policy set out in this Prospectus (see section 8.6);
- (b) the Company has (subject to certain limitations, including where the loss arises through the Underwriter performing its underwriting obligation) agreed to indemnify the Underwriter, its officers, employees, advisers and related bodies corporate, and

the officers, employees and advisers of any of its related bodies corporate against losses suffered or incurred in connection with the Offer;

- (c) the Company and the Underwriter have given representations, warranties and undertakings in connection with (among other things) the conduct of the Offer;
- (d) the Underwriter may (in certain circumstances, including having regard to the materiality of the relevant event) terminate the Underwriting Agreement and be released from their obligations under it on the occurrence of certain events, including (but not limited to) where:
  - (i) (Indices fall): the S&P ASX 200 Index is at any time after the date of the Underwriting Agreement 7% or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement;
  - (ii) (Commodities): the price of COMEX gold or NYMEX WTI crude is at any time after the date of the Underwriting Agreement 7% or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement;
  - (iii) (Price): the Price is greater than the volume weighted average price of Shares calculated over three consecutive trading days after the date of the Underwriting Agreement;
  - (iv) (Misleading Announcement): it transpires that the Company has made a statement via the ASX that is misleading or deceptive or likely to mislead or deceive.
  - (v) (Adverse change): an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a likely Material Adverse Effect after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time. Material Adverse Event means:
    - (A) a material adverse effect on the outcome of the Offer or on the subsequent market for the underwritten Shares (including, without limitation, matters likely to have a material adverse effect on a decision of an investor to invest in underwritten Shares); or
    - (B) a material adverse effect on the assets, condition, trading or financial position and performance, profits and losses, results, prospects, business or operations of the Company and its Subsidiaries either individually or taken as a whole;
  - (vi) (Board and senior management composition): there is a change in the composition of the Board or a change in the senior management of the Company before the date of issue of the underwritten Shares without the prior written consent of the Underwriter, such consent not to be unreasonably withheld;

- (vii) (Change in shareholdings): there is a material change in the major or controlling shareholdings of the Company (other than as a result of the Offer or a matter disclosed in the Prospectus) or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to the Company;
- (viii) (Market Conditions): a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, China, the United Kingdom, the United States of America or other international financial markets.

For the purposes of section 706 of the Corporations Act, the Company offers the Underwriter 8 million Options. This offer may only be accepted by the Underwriter or (subject to the Corporations Act and Listing Rules) its nominees by completing a personalized application form which accompanies this Prospectus. The Company relies upon its 15% capacity under Listing Rule 7.1 to issue these securities to the Underwriter and its nominees.

See section 10.2 for a summary of Shenke's sub-underwriting arrangements.

#### **8.5 Entitlement to Offer**

The Offer is made to Eligible Shareholders, who are those Shareholders that:

- (a) are the registered holder of Shares as at 5.00pm (AEST) on the Record Date; and
- (b) have a registered address in Australia, New Zealand or Singapore.

#### **8.6 Shortfall**

Any New Shares not applied for under the Offer will become Shortfall Shares. The Directors reserve the right, in conjunction with the Underwriter, to issue any Shortfall Shares at their discretion within 3 months after the Closing Date (**Shortfall Offer**).

The Shortfall Offer is, to the extent it is made in Australia, made under this Prospectus. To the extent the Shortfall Offer is made outside Australia, the Shortfall Offer is made without disclosure, a prospectus, lodgement, filing or registration, or other requirements of any applicable securities law, and only in circumstances where it is lawful to do so (such as to institutional or sophisticated investors).

Eligible Shareholders may apply for Shortfall Shares by completing the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. Other investors who are not Eligible Shareholders may apply for Shortfall Shares using the Shortfall Application Form attached to this Prospectus. Persons outside Australia doing so represent to the Company that they can apply for Shortfall Shares in circumstances which do not require the offer for Shortfall Shares or this Prospectus to be registered.

It is possible that there may be no Shortfall Shares available for issue.

Shortfall Shares will be placed by Mahe Capital at its discretion, however in a manner that will minimise the number of Shortfall Shares to be issued to Shenke.

## **8.7 Set off**

Eligible Shareholders and others to whom New Shares and Shortfall Shares are offered may pay for their applications by set off against any Agreed Claims they have against the Company. Persons wishing to do so will need to complete an acknowledgement and release, which can be obtained from the Company Secretary on [mal.smartt@hotmail.com](mailto:mal.smartt@hotmail.com) or +61 41 999 7171. The acknowledgement will need to be returned to the Company with a completed Entitlement and Acceptance Form and/or Shortfall Offer application form. Set off is in full satisfaction of the Agreed Claim and, where for applications of Shortfall Shares, allocated in accordance with the policy set out in section 8.6.

## **8.8 New Zealand Shareholders**

The Offer contained in this Prospectus to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand). Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any New Shares. This Prospectus has not been registered, filed or approved by any New Zealand regulatory authority. This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

## **8.9 Singapore**

The Offer contained in this Prospectus to Eligible Shareholders with registered addresses in Singapore is made in reliance on the exemption under s273(1)(cd)(i) of the Securities and Futures Act (Cap. 289) of Singapore. Members of the public in Singapore who are not existing Shareholders on the Record Date are not entitled to apply for any New Shares. This Prospectus has not been registered, filed or approved by the Monetary Authority of Singapore. This Prospectus is not an investment statement or prospectus under Singapore law and is not required to, and may not, contain all the information that an investment statement or prospectus under Singapore law is required to contain.

## **8.10 Treatment of Ineligible Shareholders and sale for Ineligible Shareholders' Entitlement**

Given the cost of complying with applicable regulations outside Australia, New Zealand and Singapore, the Company has decided that it would be unreasonable to extend the Offer to Ineligible Shareholders. The Prospectus will not be sent to those Shareholders.

This Prospectus does not constitute an offer of securities in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus or make the Offer. No action has been taken to register or qualify the New Shares or the Offer or otherwise to permit an offering of the New Shares in any jurisdiction other than as set out in this section.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States or elsewhere where it would be unlawful to do so.

Recipients may not send or otherwise distribute this Prospectus or the Entitlement and Acceptance Form to any person outside Australia, New Zealand or Singapore (other than to Eligible Shareholders).

For the purposes of Listing Rule 7.7.1(c) and section 615 of the Corporations Act, the Company has obtained ASIC approval to appoint the Underwriter as nominee to arrange for the sale of the Ineligible Shareholders' Entitlements and to account to them for the net proceeds of the sale (if any). The net proceeds of sale (in Australian dollars) will be distributed to the Ineligible Shareholders for whose benefits the Rights have been sold in proportion to their shareholdings as at the Record Date (after deducting the costs of the sale).

#### **8.11 Beneficial holders, nominees, trustees and custodians**

Nominees and custodians that hold Shares should note that the Offer is available only to Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of securities. If any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws.

#### **8.12 Allotment and application money**

New Shares will be issued only after all application money has been received and ASX has granted permission for the New Shares to be quoted. It is expected that New Shares will be issued on 22 October 2021 and normal trading of the New Shares on ASX is expected to commence on 26 October 2021.

All application monies will be deposited into a bank account separate to the Company and held in trust for Applicants until the Shares are issued or application monies returned. Any interest that accrues will be retained by the Company and will not be paid to Applicants.

#### **8.13 Quotation**

The Company will apply to ASX within 7 days after the date of this Prospectus for quotation of the New Shares offered by this Prospectus (together the **Offered Securities**) on ASX. If ASX does not grant permission for the quotation of the Offered Securities within 3 months after the date of this Prospectus, or such longer period as modified by ASIC, none of the Offered Securities offered by this Prospectus will be allotted or issued. In these circumstances, all Applications will be dealt with in accordance with the Corporations Act including the return of all application monies without interest.

A decision by ASX to grant official quotation of the New Shares is not to be taken in any way as an indication of ASX's view as to the merits of the Company or of the Offered Securities.

Quotation, if granted, of the New Shares offered by this Prospectus will commence as soon as practicable after statements of holdings of the Offered Securities are dispatched.

#### **8.14 Market prices of existing Shares on ASX**

The highest and lowest market sale price of the existing Shares, which are on the same terms and conditions as the New Shares being offered under this Prospectus, during the 3 months immediately preceding the lodgement of this Prospectus with the ASIC, and the last market

sale price on the date before the lodgement date of this Prospectus, are (on a post-consolidation basis) set out below.

|            | 3 month high      | 3 month low    | Last market sale price |
|------------|-------------------|----------------|------------------------|
| Price (\$) | \$0.135           | \$0.045        | \$0.135                |
| Date       | 14 September 2021 | 23 August 2021 | 14 September 2021      |

### 8.15 CHESS

The Company participates in the Clearing House Electronic Sub register System (**CHESS**). CHESS is operated by ASX Settlement Pty Ltd (**ASPL**), a wholly owned subsidiary of ASX.

Under CHESS, the Company does not issue certificates to investors. Instead, security holders will receive a statement of their holdings in the Company, including New Shares issued under this Prospectus. If an investor is broker sponsored, ASPL will send a CHESS statement.

The CHESS statement will set out the number of New Shares issued under this Prospectus, provide details of your holder identification number and give the participation identification number of the sponsor.

If you are registered on the issuer sponsored sub register, your statement will be dispatched by the Company's share registrar and will contain the number of New Shares issued to you under this Prospectus and your security holder reference number.

A CHESS statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

### 8.16 Taxation and duty implications

The Directors do not consider that it is appropriate to give Eligible Shareholders advice regarding the taxation consequences of the Company conducting the Offer or Eligible Shareholders applying for New Shares under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation positions of Eligible Shareholders. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Shareholders in the Offer. Eligible Shareholders should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Offer.

No brokerage or stamp duty is payable by Applicants in respect of Applications for New Shares under this Prospectus.

### 8.17 Privacy

The Company collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Entitlement and Acceptance Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Entitlement and Acceptance Form for the purposes set out in this privacy disclosure statement and may disclose it for those

purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

The Corporations Act requires the Company to include information about the Shareholders (including name, address and details of the Shares held) in its public register. The information contained in the Company's public register must remain there even if that person ceases to be a Shareholder. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your Application. An Applicant has the right to gain access to the information that the Company holds about that person subject to certain exceptions under law. A fee may be charged for access. Such requests must be made in writing to the Company's registered office.

#### **8.18 Enquiries**

Any queries regarding the Offer should be directed to the Company Secretary on [mal.smartt@hotmail.com](mailto:mal.smartt@hotmail.com) or +61 41 999 7171.

You can also contact your stockbroker or professional adviser with any queries in relation to the Offer.

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## **9 RIGHTS AND LIABILITIES ATTACHING TO SECURITIES**

### **9.1 Rights and liability attaching to Shares**

The following is a summary of the more significant rights and liabilities attaching to New Shares to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution which is available at the Company's registered office during normal business hours.

#### **(a) General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution.

#### **(b) Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (i)** each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;

- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
  - (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.
- (c) **Payment of Dividend**

Subject to the Corporations Act, the Constitution and the rights of any persons entitled to shares with special rights to dividend, the Directors may determine that a dividend is payable, fix the amount and the time for payment of the dividend and authorise the payment or crediting of the dividend by the Company to, or at the direction of, each Shareholder entitled to that dividend. No dividend shall carry interest as against the Company.
- (d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.
- (e) **Transfer of Shares**

Generally, Shares in the Company are freely transferable, subject to the Constitution and to any restrictions attached to a Share, a Shareholder may transfer any of the Shareholder's Shares by:

  - (i) a proper ASTC transfer;
  - (ii) a written transfer in any usual form or in any other form approved by the Directors; or
  - (iii) any other electronic system established or recognised by the Listing Rules.
- (f) **Future increase in capital**

The allotment and issue of any Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing Share or class of Shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.
- (g) **Variation of rights**

Under Section 2468 of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(h) Changes to Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of the members present and voting at a general meeting of the Company. At least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

(i) Meetings and Notices

Each Shareholder will be entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive notices, accounts and other documents required to be furnished to Shareholders under the Constitution, the Corporations and the Listing Rules.

(j) Dividend Policy

The Company does not intend to declare or pay any dividends in the foreseeable future. Any future determination as to payment of dividends by the Company will be at the sole discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

## 9.2 Rights and liability attaching to Options

A summary of the rights attaching to the Options is detailed below. The summary is qualified by the full terms and conditions of the Constitution (and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of holders of Options. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements.

A holder of Options should seek legal advice to obtain a definitive assessment of rights and liabilities which attach to the Options in any specific circumstances.

(a) Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option before the Expiry Date.

(b) Exercise Price

The amount payable on exercise of each Option will be \$0.10 (**Exercise Price**):

(c) Expiry Date

The Options will expire at 5.00pm (AEST) three years from issue (Expiry Date):

Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Exercise Period

Options may be exercised at any time prior to the Expiry Date (**Exercise Period**).

(e) Notice of Exercise

The Options may be exercised by notice in writing to the Company (**Exercise Notice**) and payment of the Exercise Price, in Australian currency, for each Option being exercised.

A minimum of 5,000 Options (having a total exercise price of \$500) must be exercised at any time. Where a holder holds less than 5,000 Options then they must exercise their entire holding of Options.

(f) Exercise Date

Any Exercise Notice received by the Company will be deemed effective on and from the later of: (i) the date of receipt of the Exercise Notice and (ii) the date of Company's receipt of the Exercise Price, for each Option being exercised, in cleared funds (**Exercise Date**).

(g) Timing of Issue of Shares on Exercise

Within 15 Business Days after a Option is validly exercised or such other period specified by the Listing Rules, the Company will:

- (i) allot and issue that number of Shares pursuant to the exercise of the Options; and
- (ii) if admitted to the official list of the ASX at the time, apply for official quotation on the ASX of the Shares issued pursuant to the exercise of the Options.

(h) Shares Issued on Exercise

Shares issued pursuant to the exercise of the Options will rank equally with the then issued Shares of the Company.

(i) Quotation of Shares on Exercise

If admitted to the official list of the ASX at the time, the Company will apply for Official Quotation of the Shares issued pursuant to the exercise of the Options.

(j) Participation in New Issues

There are no participation rights or entitlements inherent in the Options and the holder will not be entitled to participate in new issues of capital to Shareholders during the currency of the Options without exercising the Options.

(k) Reconstruction of Capital

If at any time the issued share capital of the Company is reconstructed, all rights of a Option holder will be varied to comply with the Corporations Act and the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction.

- (l) Options Transferable  
The Options are transferable.
- (m) Change in Exercise Price  
An Option does not confer the right to a change in the Exercise Price or a change in the number of underlying Shares over which the Option can be exercised.
- (n) Adjustments for Rights Issues  
If the Company makes a pro rate issue of Shares to existing Shareholders, there will be no adjustment to the Exercise Price of a Option.
- (o) Adjustment for Bonus Issue of Shares  
If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than in satisfaction of dividends or by way of dividend reinvestment):
  - (i) The number of Shares which must be issued on the exercise of a Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
  - (ii) there will be no adjustment to the Exercise Price of a Option.

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## 10 ADDITIONAL INFORMATION

### 10.1 Continuous disclosure obligations

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The New Shares which will be issued pursuant to this Prospectus are in the same class of Shares that have been quoted on the Official List during the 12 months prior to the issue of this Prospectus.

This Prospectus is a "transaction specific prospectus" to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus. In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of New Shares on the Company and the rights attaching to the New Shares. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to the ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have

regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of the ASX as applicable from time to time throughout the period from lodgement of the Company's annual financial statements of the Company for the financial year ended 30 June 2020 to the issue of this Prospectus which required the Company to notify the ASX of information about specified events or matters as they arise for the purpose of the ASX making that information available to the stock market conducted by the ASX.

The Company confirms that, to the extent to which it is reasonable for investors and their professional advisers to expect to find the information in this Prospectus, there is no information

- (a) that has been excluded from a continuous disclosure notice in accordance with ASX Listing Rules; and
- (b) is information that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
  - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
  - (ii) the rights and liabilities attaching to New Shares.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the annual financial statements of the Company for the financial year ended 30 June 2020 being the last financial statements for a financial year, of the Company lodged with the ASIC before the issue of this Prospectus; and
  - (ii) any continuous disclosure notices given by the Company after the lodgement of the financial statements referred to in paragraph (i) and before the lodgement of this Prospectus with ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be obtained free of charge from the Company's registered office during normal office hours or from [asx.com.au](http://asx.com.au).

The Company has lodged the following announcements with ASX since its 2020 annual report was lodged with the ASX on 27 October 2020:

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| Date | Description of Announcement |
|------|-----------------------------|
|------|-----------------------------|

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|              |   |
|--------------|---|
| 22 Sep 2021  | Request to extent voluntary suspension        |
| 16 Sep 2021  | Suspension from Official Quotation            |
| 14 Sep 2021  | Trading Halt                                  |
| 28 July 2021 | CASH FLOW REPORT FOR QUARTER ENDED 30 JUN 21  |
| 28 July 2021 | ACTIVITIES REPORT FOR QUARTER ENDED 30 JUN 21 |
| 28 Jun 2021  | Change in substantial holding from MQG        |
| 18 Jun 2021  | DRILLING COMMENCEMENT AND FUNDING UPDATE      |
| 28 Apr 2021  | Quarterly Cashflow Report                     |
| 28 Apr 2021  | Quarterly Activities Report                   |
| 31 Mar 2021  | Change in substantial holding from MQG        |
| 15 Mar 2021  | Half Year Accounts                            |
| 1 Mar 2021   | Change in substantial holding from MQG        |
| 24 Feb 2021  | DECEMBER QUARTERLY ACTIVITIES REPORT ADDENDUM |
| 28 Jan 2021  | Quarterly Cashflow Report                     |
| 28 Jan 2021  | Quarterly Activities Report                   |
| 28 Jan 2021  | APOINTMENT OF CHAIRMAN                        |
| 27 Nov 2020  | Results of Meeting                            |
| 16 Nov 2020  | SUMMARY OF EXPENDITURE QTR ENDED 30 SEP 20    |
| 12 Nov 2020  | CORPORATE GOVERNANCE STATEMENT 2020           |
| 4 Nov 2020   | Change in substantial holding from MQG        |
| 30 Oct 2020  | Quarterly Cashflow Report                     |
| 27 Oct 2020  | Letter and Proxy to Shareholders              |

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ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at the ASX during normal office hours or from [www.asx.com.au](http://www.asx.com.au).

## 10.2 Directors' interests

As at the date of this Prospectus the Directors have a relevant interest in securities of the Company and are entitled to be paid the following annual remuneration as set out below.

|                                 | Jiandong He <sup>1</sup> | Paul Ingram | Michael Myhan Liu | Jijing Niu | Mark Syropoulo | Zhenwei Li |
|---------------------------------|--------------------------|-------------|-------------------|------------|----------------|------------|
| Annual Remuneration             | Nil                      | \$230,760   | Nil               | Nil        | Nil            | Nil        |
| Shares                          | 357,786,934              | 7,949,234   | 6,185,790         | 0          | 0              | 0          |
| Entitlement (New Shares)        | 89,446,734               | 1,987,308   | 1,546,447         | 0          | 0              | 0          |
| Performance shares <sup>2</sup> |                          | 4,000,000   | 4,000,000         | 4,500,000  |                |            |

- 1 Mr He is a director and chairman of Shenke. Shenke has agreed to take up its Entitlement and sub-underwrite the Offer for collectively \$13,183,735. This amount is to be set off against a debt owed by the Company to Shenke for an equal amount. Shenke will not receive any fee or other financial benefit for sub-underwriting, and the sub-underwriting arrangement is on terms the Directors (other than Mr He) consider standard market practice. The Directors other than Mr He have determined that the financial benefit received by Mr He and Shenke as a result of the Shenke Debt and sub-underwriting are reasonable in the circumstances so that shareholder approval is not required under Chapter 2E of the Corporations Act.
- 2 The Company has 12.5 million performance shares on issue, each with an expiry date of 22 November 2021 and which vest upon certain milestones being met (see the Company's notice of 2018 notice of annual general meeting and 2020 annual report for details).

As a result of the Company's financial position and market conditions, directors' fees had been frozen pending a capital raising. The Company will re-consider directors' fees (monetary and otherwise) following the Offer. Further information on the remuneration and other benefits received by the Directors over the last two years is set out in the Company's 2019 and 2020 annual reports; copies of which are available from [www.asx.com.au](http://www.asx.com.au).

The Constitution provides that the Directors may be paid for their services as Directors. Non-executive directors may only be paid a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the non-executive directors and in default of agreement then in equal shares.

The Company also pays premiums to insure all of the Directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct whilst acting in the capacity as a Director of the Company.

Other than as set out above or elsewhere in this Prospectus, no Director or proposed Director holds at the date of this Prospectus, or held at any time during the last 2 years before the date of lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given:

- (d) to a Director or proposed Director or to any firm which any such Director is a partner, to induce him or her to become, or to qualify as, a Director; or
- (e) for services provided by a Director or proposed Director or to any firm which any such Director is a partner, in connection with the formation or promotion of the Company or the Offer.

### **10.3 Interests of promoters and named persons**

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer.

Mahe Capital Pty Limited has acted as lead manager to the Offer. The fees to be paid for this service are set out in section 8.4. Mahe Capital Pty Limited has not received any fees or services to the Company in the 2 years prior to the date of this Prospectus.

William Buck has acted as auditor of the Company's financial statements for the year ending 30 June 2020. William Buck has received approximately \$61,500 in fees for services to the Company, disbursements and GST in the 2 years prior to the date of this Prospectus

Atkinson Corporate Lawyers has acted as solicitor to the Offer. In respect of this work, the Company will pay approximately \$25,000 exclusive of GST. Subsequently fees will be paid in accordance with normal hourly rates. Atkinson Corporate Lawyers has received approximately \$31,000 fees for services to the Company (inclusive of GST) in the 2 years prior to the date of this Prospectus.

### **10.4 Consents**

Each of the persons referred to in this section:

- (a) has given and has not, before the date of lodgement of this Prospectus with ASIC withdrawn their written consent:
  - (i) to be named in the Prospectus in the form and context which it is named; and
  - (ii) where applicable, to the inclusion in this Prospectus of the statement(s) and/or reports (if any) by that person in the form and context in which it appears in this Prospectus;
- (b) has not caused or authorised the issue of this Prospectus;

- (c) has not made any statement in this Prospectus or any statement on which a statement in this Prospectus is based, other than specified below;
- (d) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Prospectus, other than the references to their name and the statement(s) and/or report(s) (if any) specified below and included in this Prospectus with the consent of that person.

| Name                       | Role                         |
|----------------------------|------------------------------|
| Mahe Capital Pty Limited   | Lead manager and underwriter |
| Atkinson Corporate Lawyers | Lawyer                       |
| William Buck               | Auditor                      |

### 10.5 Expenses of the Offer

The cash total expenses of the Offer are estimated to be up to \$173,269 exclusive of GST, consisting of the following:

| Cost \$                   | Underwritten Amount |
|---------------------------|---------------------|
| Underwriter               | 89,220              |
| Legal fees                | 25,000              |
| ASIC and ASX fees         | 29,049              |
| Printing, postage & other | 30,000              |
| <b>Total</b>              | <b>173,269</b>      |

**Notes:**

- 1 This table assumes that the lead manager fee is paid in cash. . The Underwriter is also entitled to be issued 8 million Options. See section 8.4 for details.

### 10.6 Litigation

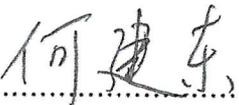
As at the date of this Prospectus and other than as disclosed to ASX, the Company is not involved in any legal proceedings of a material nature and the Directors are not aware of any material legal proceedings pending or threatened against the Company.

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11 DIRECTORS' RESPONSIBILITY AND CONSENT

Each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

Dated: 24 September 2021

  
.....

Signed for and on behalf of A-Cap Energy Limited

By Jiandong He

Chairman

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## 12 GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

|  |  |
|--|--|
| <b>\$, A\$ or Dollars</b>              | Australian dollars unless otherwise stated.  |
| <b>AEST</b>                            | Australian Eastern Standard Time.  |
| <b>Agreed Claim</b>                    | means a claim against, or a debt owed by, the Company which the Company has acknowledged in writing.   |
| <b>Angang Shen Debt</b>                | means the debt owed by the Company to Mr Angang Shen, as disclosed in the Company's half yearly accounts for the period ending 31 December 2021. |
| <b>Applicant</b>                       | a person who submits a valid Entitlement and Acceptance Form pursuant to this Prospectus.  |
| <b>Application</b>                     | a valid application made on an Entitlement and Acceptance Form to subscribe for New Shares pursuant to this Prospectus.                          |
| <b>ASIC</b>                            | the Australian Securities & Investments Commission.  |
| <b>ASX</b>                             | ASX Limited ACN 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.                            |
| <b>Board</b>                           | the board of Directors.  |
| <b>Business Day</b>                    | Monday to Friday inclusive, except any day that ASX declares is not a business day.  |
| <b>Closing Date</b>                    | the date set out in section 1.   |
| <b>Company or ACB</b>                  | A-Cap Energy Limited (ACN 104 028 542).  |
| <b>Constitution</b>                    | the constitution of the Company.   |
| <b>Corporations Act</b>                | the <i>Corporations Act 2001</i> (Cth).  |
| <b>Director</b>                        | a director of the Company.   |
| <b>Eligible Shareholders</b>           | a holder of Shares as at the Record Date with a registered address in Australia, New Zealand or Singapore.                                       |
| <b>Entitlement and Acceptance Form</b> | the personalised entitlement and acceptance form attached to this Prospectus.  |

|                               |   |
|-------------------------------|---|
| <b>Entitlement or Right</b>   | a Shareholder's entitlement to subscribe for New Shares offered by this Prospectus. |
| <b>Ex Date</b>                | the date set out in section 1.  |
| <b>Existing Share</b>         | a Share issued as at 5.00pm (AEST) on the Record Date.                              |
| <b>Ineligible Shareholder</b> | a holder of Shares on the Record Date who is not an Eligible Shareholder.           |
| <b>Listing Rules</b>          | the listing rules of the ASX.   |
| <b>New Shares</b>             | Shares issued pursuant to this Prospectus.  |
| <b>Offer</b>                  | an offer made under this Prospectus to subscribe for New Shares.                    |
| <b>Official List</b>          | the official list of the ASX.   |
| <b>Option</b>                 | means an Option on the terms set out in section 9.2 offered under this Prospectus   |
| <b>Prospectus</b>             | this Prospectus and includes the electronic prospectus.                             |
| <b>Record Date</b>            | the date set out in section 1.  |
| <b>Share</b>                  | A fully paid ordinary share in the Company.   |
| <b>Share Registry</b>         | Advance Share Registry Services Limited.  |
| <b>Shareholder</b>            | the registered holder of Shares in the Company.                                     |
| <b>Shenke</b>                 | has the meaning given in section 5.1.   |
| <b>Shenke Debt</b>            | has the meaning given in section 5.1.   |
| <b>Shenke Loan</b>            | has the meaning given in section 5.1.   |
| <b>Shortfall Offer</b>        | has the meaning given in section 8.6.   |
| <b>Shortfall Shares</b>       | New Shares for which valid Applications have not been received by the Closing Date. |
| <b>Underwriter</b>            | Mahe Capital Pty Limited.   |
| <b>Underwriting Agreement</b> | has the meaning given in section 8.4.   |
| <b>Underwritten Amount</b>    | means \$14,168,129.   |
| <b>US person</b>              | has the meaning given to that term in Regulation S under the US Securities Act.     |

**US Securities Act**

the *United States Securities Act of 1933*, as amended.

**Volpe Entities**

means Shareholders controlled by Pat Volpe.

### 13 PRO FORMA STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

|  | A-Cap<br>31.12.20<br>\$ | Pro-forma entries       |                        |                           | Pro-forma<br>Total<br>\$ | Subsequent events     |                       |                       | Sub-event<br>Total<br>\$ | PRO-FORMA<br>A-Cap<br>31.12.20<br>\$ |                   |
|--|-------------------------|-------------------------|------------------------|---------------------------|--------------------------|-----------------------|-----------------------|-----------------------|--------------------------|--------------------------------------|-------------------|
|  |                         | 1<br>Rights Issue<br>\$ | 2<br>Trans costs<br>\$ | 3<br>Debt repayment<br>\$ |                          | 4<br>Sub events<br>\$ | 5<br>Sub events<br>\$ | 6<br>Sub events<br>\$ |                          |                                      |                   |
| <b>Current Assets</b>                  |                         |                         |                        |                           |                          |                       |                       |                       |                          |                                      |                   |
| Cash and cash equivalents              | 541,070                 | 14,168,129              | -                      | 173,269                   | -                        | 14,049,915            | 5,220,000             | -                     | 116,540                  | 5,103,460                            | 5,589,475         |
| Security deposits                      | 61,411                  |                         |                        |                           | ✓                        | -                     |                       |                       |                          | -                                    | 61,411            |
| Trade and other receivables            | 19,119                  |                         |                        |                           | ✓                        | -                     |                       |                       |                          | -                                    | 19,119            |
| Prepayments                            | 125,035                 |                         |                        |                           | ✓                        | -                     |                       |                       | 97,391                   | 97,391                               | 27,644            |
| <b>Total Current Assets</b>            | <b>746,635</b>          | <b>14,168,129</b>       | <b>-</b>               | <b>173,269</b>            | <b>-</b>                 | <b>14,049,915</b>     | <b>5,220,000</b>      | <b>-</b>              | <b>213,931</b>           | <b>5,006,069</b>                     | <b>5,697,649</b>  |
| <b>Non-Current Assets</b>              |                         |                         |                        |                           |                          |                       |                       |                       |                          |                                      |                   |
| Plant and equipment                    | 9,295                   |                         |                        |                           | ✓                        | -                     |                       |                       |                          | -                                    | 9,295             |
| Capitalised exploration and evaluation | 26,684,753              |                         |                        |                           | ✓                        | -                     |                       |                       |                          | -                                    | 26,684,753        |
| <b>Total Non-Current Assets</b>        | <b>26,694,048</b>       | <b>-</b>                | <b>-</b>               | <b>-</b>                  | <b>-</b>                 | <b>-</b>              | <b>-</b>              | <b>-</b>              | <b>-</b>                 | <b>-</b>                             | <b>26,694,048</b> |
| <b>TOTAL ASSETS</b>                    | <b>27,440,683</b>       | <b>14,168,129</b>       | <b>-</b>               | <b>173,269</b>            | <b>-</b>                 | <b>14,049,915</b>     | <b>5,220,000</b>      | <b>-</b>              | <b>213,931</b>           | <b>5,006,069</b>                     | <b>32,391,697</b> |
| <b>LIABILITIES</b>                     |                         |                         |                        |                           |                          |                       |                       |                       |                          |                                      |                   |
| <b>Current Liabilities</b>             |                         |                         |                        |                           |                          |                       |                       |                       |                          |                                      |                   |
| Trade and other payables               | 481,140                 |                         |                        |                           | ✓                        | -                     |                       |                       |                          | -                                    | 481,140           |
| Provision for employee entitlements    | 45,602                  |                         |                        |                           | ✓                        | -                     |                       |                       |                          | -                                    | 45,602            |
| Interest-bearing liabilities           | 6,104,586               |                         |                        | -                         | -                        | 11,455,559            | 5,220,000             | 344,904               | -                        | 213,931                              | 5,350,973         |
| <b>Total Current Liabilities</b>       | <b>6,631,328</b>        | <b>-</b>                | <b>-</b>               | <b>-</b>                  | <b>-</b>                 | <b>11,455,559</b>     | <b>5,220,000</b>      | <b>344,904</b>        | <b>-</b>                 | <b>213,931</b>                       | <b>5,350,973</b>  |
| <b>Non-Current Liabilities</b>         |                         |                         |                        |                           |                          |                       |                       |                       |                          |                                      |                   |
| Interest-bearing liabilities           | 2,594,356               |                         |                        | -                         | -                        | 2,594,356             |                       |                       |                          | -                                    | -                 |
| <b>Total Non-Current Liabilities</b>   | <b>2,594,356</b>        | <b>-</b>                | <b>-</b>               | <b>-</b>                  | <b>-</b>                 | <b>2,594,356</b>      | <b>-</b>              | <b>-</b>              | <b>-</b>                 | <b>-</b>                             | <b>-</b>          |
| <b>TOTAL LIABILITIES</b>               | <b>9,225,684</b>        | <b>-</b>                | <b>-</b>               | <b>-</b>                  | <b>-</b>                 | <b>14,049,915</b>     | <b>5,220,000</b>      | <b>344,904</b>        | <b>-</b>                 | <b>213,931</b>                       | <b>5,350,973</b>  |
| <b>NET ASSETS</b>                      | <b>18,214,999</b>       | <b>14,168,129</b>       | <b>-</b>               | <b>173,269</b>            | <b>-</b>                 | <b>13,994,860</b>     | <b>-</b>              | <b>-</b>              | <b>344,904</b>           | <b>-</b>                             | <b>344,904</b>    |
| <b>EQUITY</b>                          |                         |                         |                        |                           |                          |                       |                       |                       |                          |                                      |                   |
| Issued capital                         | 71,552,320              | 14,168,129              |                        |                           | ✓                        | 14,168,129            |                       |                       |                          | -                                    | 85,720,449        |
| Reserves                               | 8,201,340               |                         |                        |                           | ✓                        | -                     |                       |                       |                          | -                                    | 8,201,340         |
| Accumulated losses                     | -                       | -                       | -                      | 173,269                   | -                        | 173,269               | -                     | 344,904               | -                        | 344,904                              | -                 |
| <b>TOTAL EQUITY</b>                    | <b>18,214,999</b>       | <b>14,168,129</b>       | <b>-</b>               | <b>173,269</b>            | <b>-</b>                 | <b>13,994,860</b>     | <b>-</b>              | <b>344,904</b>        | <b>-</b>                 | <b>344,904</b>                       | <b>31,864,955</b> |