A-CAP ENERGY LIMITED

AND ITS CONTROLLED ENTITIES

ACN 104 028 542

ANNUAL FINANCIAL REPORT

30 JUNE 2021

A-Cap Energy Limited and Its Controlled Entities

Principal Place of Business:	52 Ord St West Perth WA 6005	
Registered Office:	Level 38/123 Eagle St Brisbane QLD 4000	
Contact Details:	Telephone +61 (8) 6383 7836 Email: info@a-cap.com.au Website: www.a-cap.com.au	
Directors:	Jiandong He	(Chairman)
	Paul Anthony Ingram	(Deputy Chairman)
	Michael Liu	(Non-Executive Director)
	Jijing Niu	(Non-Executive Director)
	Mark Syropoulo	(Non-Executive Director)
	Zhenwei Li	(Non-Executive Director)
Company Secretary:	Malcolm Smartt	
Share Registry:	Advanced Share Registry Services Limited 150 Stirling Highway Nedlands WA 6009 Telephone (08) 9389 8033 Facsimile (08) 9389 7871	
Bankers:	Westpac Banking Corporation 109 St Georges Terrace Perth WA 6000	
Auditors:	William Buck Level 20, 181 William St Melbourne VIC 3000	
Solicitors:	Ashurst Level 38/123 Eagle St Brisbane QLD 4000	
Stock Exchange:	A-Cap Energy Limited is listed on the Australian Securities Exchange (ASX code: ACB) and Frankfurt Stock Exchange (FSE code: VUT).	

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The Directors present their report on the Consolidated Group consisting of A-Cap Energy Limited ("A-Cap") and the entities it controlled (the "Consolidated Group") at the end of, or during the financial year ended 30 June 2021.

DIRECTORS

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

Mr Jiandong He
Chairman
B.Eng

Mr He is one of the founders of the Shenke Slide Bearing Corporation a Chinese listed company. He was appointed as the vice general manager and general manager of the Shenke Slide Bearing Corporation. He is currently the general manager of Shanghai Shenke Slide Bearing company and director and chairman of Singapore Shenke International Investment Pte. Ltd.

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

Paul A. Ingram
Deputy Chairman
B. Applied Sc. (Geology), MAusIMM

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

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

Michael Liu
Non-Executive Director
MA, MBA

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

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

DIRECTORS (CONTINUED)

Mr Jijing Niu
Non-Executive Director
MBA

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

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

Mr Mark Syropoulo
Non-Executive Director
BSc (Mathematics and Economics); BSc Hons (Economics)

Mr Syropoulo has over 40 years' experience in corporate finance, mainly resources and technology. He has been an Independent Corporate Consultant since 1994 and has during that time provided services to entities in the natural resources, information technology, environmental services and investment sectors, principally in Australia, USA and China where he completed six years residence in Shanghai. Mr Syropoulo also has considerable experience in Africa, Europe and Russia.

Mr Syropoulo has served as an executive or non-executive director on several public companies boards on LSE, AIM, Nazdaq and ASX markets.

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

Mr Zhenwei Li (appointed 1 October 2020)
Non-Executive Director
M.Mining Engineering

Mr Li has over 10 years' experience in mining operation and investment. He worked as a manager of the mining sector in several mining projects (gold, copper, lead and zinc projects, and he was a director of research in a private equity firm in China. Mr Li has professional knowledge in mining exploration and capital markets.

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

Mr Meng Weijun (resigned 1 October 2020)
Non-Executive Director
Ph.D Economics

Mr Weijun was appointed as the general manager of Zhejiang Jiyang Construction Group, the CEO of Taiyuan Lion Head Cement Co. LTD a Chinese listed company, the Chairman of Zhejiang Long Water Purification Industry Co. LTD. He is the Vice Chairman of Jiangsu Dazhou Biotechnology Co., Ltd, the director of Shanghai Naco Lube Co., Ltd.

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

Interest in the shares of the Company

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

	J He	P Ingram	M Liu	JJ Niu	M Syropoulo	Z Li
Ordinary Shares	-	7,949,234	11,362,900	-	-	-

Directors' Performance Rights Holdings

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

Director	As at date of report
P Ingram	4,000,000
M Liu	4,000,000
JJ Niu	4,500,000

COMPANY SECRETARY

Malcolm Smartt
BA (Accounting), Grad Dip Corporate Management, FCPA, FCIS, FCIM

Mr Smartt is a Corporate Consultant to listed and unlisted public companies. He is a qualified Accountant and Company Secretary having had considerable experience in Directorial, Financial and Company Secretary roles with a number of listed companies in the resource sector in Australia, South East Asia and Africa.

DIRECTORS' MEETINGS

The number of meetings of the Company's Board of Directors held during the year ended 30 June 2021, and the numbers of meetings attended by each Director were:

Director	Board of Directors	
	Held	Attended
J He	9	9
P Ingram	9	9
M Liu	9	9
JJ Niu	9	6
M Syropoulo	9	9
Z Li[1]	6	6
M Weijun[2]	3	-

[1] Appointed 1 October 2020
[2] Resigned 1 October 2020

PRINCIPAL ACTIVITIES

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

- Farm-in to the exploration joint venture with Wiluna Mining Limited to acquire a 75% farm-in interest in the nickel, cobalt and associated reserved minerals of the Wiluna Nickel-Cobalt Project, Western Australia.

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

REVIEW OF OPERATIONS

WILCONI PROJECT – JOINT VENTURE WITH WILUNA MINING LTD (FORMERLY BLACKHAM RESOURCES LTD)

A definitive Farm-In and Joint Venture Agreement (JVA) was finalised between A-Cap and Wiluna Mining Corporation Limited (formerly Blackham Resources Limited (BLK)) on 29 January 2019 for the Company to acquire a 75 percent Farm-In Joint Venture Interest in the cobalt, nickel and associated metals of the Wiluna Cobalt Nickel Project (Wilconi Project) in Western Australia.

Project highlights:

- The Wilconi project has significant past drilling to enable A-Cap to value its potential
- The deposit lies in largely granted mining tenements
- Infrastructure associated with Blackham's gold mining operation is in place
- Environmentally safe with a long history of mining in the area
- New and innovative geophysics and metallurgical technology will be utilised during the feasibility work
- The Wilconi Project tenements list comprises twelve granted mining leases, fourteen exploration licences, one retention licence. The Project covers a total area of 880 square kilometres.

REVIEW OF OPERATIONS (CONTINUED)

The Wilconi Project will focus on cobalt and nickel materials supply to the global electric vehicle (EV) market through the establishment of key strategic and commercial relationships to take advantage of new materials processing and refinery technologies, particularly in production of cobalt and nickel sulphates products used directly in battery manufacture.

In June 2021, a +10,000 metre combined RC and diamond drill programme commenced at Wilconi. In addition to collecting metallurgical samples, drilling will be focussed on closing up the drill spacing across near surface (<20m) higher grade areas and thicker zones of mineralisation localised along steep structures, "keels".

A-Cap plan to infill the previous drill pattern to increase the confidence in the JORC resources from inferred to indicated. Ground geophysics (DGPR) aimed at showing continuity of the mineralized horizons between drill lines will also be applied.

Based on the results of this drilling, MiningPlus (Perth) has been contracted to prepare an updated mineral resource estimate (MRE) in compliance with the JORC code. The updated MRE is expected to be completed in the 4th quarter 2021.

Simulus Engineers (Perth) have provided A-Cap with a proposal for a desktop study on producing a cobalt-nickel sulphate from Wilconi and made recommendations for the next phase of testing once suitable core samples have been collected in light of the positive results obtained in 2020. Refer ASX announcement dated 30th April 2020 for further information. To continue the metallurgical testing programme more sample representative of ores across the deposit are required. These samples will be collected as part of the current drill programme commenced in June.

Letlhakane Uranium Project

The Letlhakane Uranium Project, located in Botswana, is one of the world's largest undeveloped Uranium Deposits. A Mining Licence designated ML 2016/16L was granted on 12 September 2016 and is valid for 22 years. The Department of Environmental Affairs formally approved the Letlhakane Uranium Project's Environmental Impact Statement on 13 May 2016. Provisional surface rights were granted on 6 June 2016.

The Company's Letlhakane Uranium Project remains an important project asset within the diversified minerals strategy. While the nuclear industry is confident in the long-term fundamentals of uranium and nuclear power, there is less certainty in the short term with industry expectation that the market will gradually move towards balance from calendar year 2025.

On Tuesday 20 August 2019, the Company received confirmation by letter from the Botswana Minister of Mineral Resources, Green Technology and Energy Security, that the amendment was approved. The amended date for the commencement of the pre-construction and construction period is 30th October 2021.

A-Cap is keeping its Letlhakane Uranium Project on a low-cost strategy with a small team in Botswana to keep the licence in good stead and keep communicating the project to the local communities. There has been some upward movement in the uranium price this financial year which is a positive sign of a forecast supply constraints in the coming years.

The Company has reduced the carrying value of the Letlhakane Uranium Project during the half-year ended 31 December 2019 to $25 million. Given the continued low uranium price, the Company undertook a review of the carrying value and based on past exploration expenditure, status of the uranium market and comparative valuations of similar projects; has assessed the recoverable amount at $25 million.

CORPORATE ACTIVITY

- The Company entered into an agreement with Singapore Shenke International Pte Ltd for a revolving credit facility on identical terms to the ICBC revolving credit facility. The purpose of the loan was to replace the ICBC facility which occurred in January 2021.
- The Company and Mr Angang Shen entered into a Deed of Variation to extend the repayment date of the A$500,000 loan to 28 March 2022.
- Singapore Shenke International Pte Ltd advanced the Company working capital loans of A$5.7 million.

LIKELY DEVELOPMENTS

Likely developments in the operations of the consolidated group and the expected results of those operations in future years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the consolidated group.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

FINANCIAL RESULTS

The consolidated loss for the year attributable to the members of the Consolidated Group was $633,562 (2020: $29,052,604).

The net assets of the Consolidated Group for the financial year ended 30 June 2021 was $17,920,649
(2020: $20,648,698).

DIVIDENDS

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

ENVIRONMENTAL ISSUES

The Consolidated Group's exploration activities in Botswana are governed by the Botswana Mines and Mineral Act 1999 and the Botswana Environmental Assessment Act 2011. The Department of Environmental Affairs formally approved A-Cap's Environmental Impact Statement for the Letlhakane Uranium Project on 13 May 2016 in accordance with Section 12 (1a) of the Botswana Environmental Assessment Act, No.10, of 2011.

The Department of Mines, Industry Regulation and Safety (DMIRS) ensures the responsible development of Western Australia's (WA) mineral, petroleum and geothermal resources. This includes regulating industry to ensure environmental compliance and implementation of best practice environmental management. Environmental approvals for exploration activities are granted in accordance with the *Mining Act 1978* and include a Programme of Work, submitted when a company plans to disturb the ground with mechanised equipment to explore or prospect for minerals.

To the best of the Directors' knowledge, the Group has adequate systems in place to ensure compliance with the requirements of the applicable environmental legislation and is not aware of any breach of those requirements during the financial year and up to the date of the Directors' Report.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Subsequent to 30 June 2021, the follow loan variations were entered into:

- The Company and Singapore Shenke International Pte Ltd entered into a Deed of Variation to extend the repayment date of the A$100,000 loan to 22 July 2022.
- The Company and Singapore Shenke International Pte Ltd entered into a Deed of Variation to extend the repayment date of the US$100,000 loan to 28 August 2022.
- The Company and Singapore Shenke International Pte Ltd entered into a Deed of Variation to extend the repayment date of the A$120,000 loan to 28 September 2022.
- The Company and Mr Angang Shen entered into a Deed of Variation to extend the repayment date of the A$200,000 loan to 25 September 2022.

On 24 September 2021, the Company announced a one for four fully underwritten renounceable entitlement issue at $0.065 per share to raise approximately $14.17 million. Funds raised will be used to repay shareholder loans, including approximately $13.18 million owed to Singapore Shenke International Pte Ltd.

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

REMUNERATION REPORT - AUDITED

Remuneration Policy

Executive Director Remuneration

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

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

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

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

Non-Executive Director Remuneration

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

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

REMUNERATION REPORT – AUDITED (CONTINUED)

Company Performance, Shareholders Wealth and Directors' and Executives Remuneration

Remuneration of Directors is not impacted by the following

(i) Dividends paid by the Company to its shareholders during the year;
(ii) Changes in share price at which shares in the Company are traded between the beginning and the end of the year, with the exception to the share hurdles and TSR requirement attaching to some tranches of shares and options, as disclosed in this Remuneration Report;
(iii) Any return of capital by the Company to its shareholders during the year that involves cancellation of shares in the Company and payments to shareholders that exceeds the price at which shares in that class are being traded at the time when the shares are cancelled; and
(iv) Any other relevant matter.

Key Management Personnel (other than Directors) Remuneration Policy

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

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

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

Service Agreements

As at the date of this report, the Company has the following service agreements with Directors. All the fees under these service agreements have been voluntarily suspended from 1 September 2020:

Paul Anthony Ingram

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

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

REMUNERATION REPORT – AUDITED (CONTINUED)

Michael Liu

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

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

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

Use of Remuneration Consultants

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

Voting and comments made at the company's 2020 Annual General Meeting ('AGM')

At the 2020 AGM held on 27 November 2020, the remuneration report was passed by the required majority.

REMUNERATION REPORT – AUDITED (CONTINUED)

Key Management Personnel

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

Mr Jiandong He	Chairman
Mr Paul Anthony Ingram	Deputy Chairman
Mr Michael Liu	Non-Executive Director
Mr Jijing Niu	Non-Executive Director
Mr Mark Syropoulo	Non-Executive Director
Mr Zhenwei Li	Non-Executive Director, appointed 1 October 2020
Mr Meng Weijun	Non-Executive Director, resigned 1 October 2020
Mr Harry Mustard	Exploration Manager

Directors

Name	Short-term Benefits			Long-term benefits	Post-employment benefits	Share-based payments		Relative proportion of remuneration linked to performance	
	Salary & Fees $	Consulting Fees $	Annual Leave $	Long Service leave $	Superannuation $	Performance Rights $	Total $	Fixed %	Performance based %
30 June 2021									
J He	-	-	-	-	-	-	-	**100**	-
P Ingram	-	**115,380**	-	-	-	-	**115,380**	**100**	-
M Liu	-	-	-	-	-	-	-	**100**	-
JJ Niu	-	-	-	-	-	-	-	**100**	-
M Syropoulo	-	-	-	-	-	-	-	**100**	-
Z Li[1]	-	-	-	-	-	-	-	**100**	-
M Weijun[2]	-	-	-	-	-	-	-	**100**	-
Total	-	**115,380**	-	-	-	-	**115,380**	**100**	-
30 June 2020									
P Ingram	7,610	14,383	-	-	723	-	22,716	100	-
M Liu	8,334	14,473	-	-	-	-	22,807	100	-
JJ Niu	8,334	-	-	-	-	-	8,334	100	-
M Syropoulo	-	-	-	-	-	-	-	100	-
J He	-	-	-	-	-	-	-	100	-
M Weijun	-	-	-	-	-	-	-	100	-
J Fisher-Stamp	7,610	14,383	-	-	723	-	22,716	100	-
A Shen	8,334	14,473	-	-	-	-	22,807	100	-
CH Zhu	8,334	-	-	-	-	-	8,334	100	-
Total	48,556	57,712	-	-	1,446	-	107,714	100	-

[1] Appointed 1 October 2020
[2] Resigned 1 October 2020

REMUNERATION REPORT – AUDITED (CONTINUED)

Executives

Name	Short-term Benefits			Long-term Benefits	Post-employment benefits		Share-based payments		Relative proportion of remuneration linked to performance	
	Salary $	Consulting Fees $	Annual leave $	Long service leave $	Superannuation $	Termination benefits $	Options $	Total $	Fixed %	Performance Based %
30 June 2021										
H Mustard	**-**	**117,000**	**-**	**-**	**-**	**-**	**11,215**	**128,215**	**91**	**9**
Total	**-**	**117,000**	**-**	**-**	**-**	**-**	**11,215**	**128,215**	**91**	**9**
30 June 2020										
H Mustard	-	126,000	-	-	-	-	19,847	145,847	86	14
N Yeak	51,412	-	41,144	38,549	4,884	-	-	135,989	100	-
Total	51,412	126,000	41,144	38,549	4,884	-	19,847	281,836	93	7

Performance Rights Issued as part of remuneration of Key Management Personnel

26,000,000 performance rights were issued to directors as part of remuneration during the 2019 financial year, pursuant to the A-Cap Director Long Term Incentive Plan approved by shareholders at the 2018 AGM. 12,500,000 of these performance rights remain on issue as at the balance date and the date of this report.

Name	Balance 1 July 20	Granted	Forfeited	Exercised	Balance 30 June 21	Unvested	Fair Value at Grant Date $	Expiry Date
P Ingram	4,000,000	-	-	-	4,000,000	4,000,000	$121,067	18/12/2021
M Liu	4,000,000	-	-	-	4,000,000	4,000,000	$121,067	18/12/2021
JJ Niu	4,500,000	-	-	-	4,500,000	4,500,000	$136,201	18/12/2021

Refer Note 13 of the Financial Report for vesting conditions. No rights had vested as at the reporting date.

Options Issued as part of remuneration of Key Management Personnel

6,000,000 unlisted options were issued to key management personnel as part of remuneration during the 2019 financial year, pursuant to the A-Cap Executive and Consultant Share Option Plan approved by shareholders at the 2018 AGM. Some of these options were forfeited on resignation of the key management personnel in the 2020 financial year.

REMUNERATION REPORT – AUDITED (CONTINUED)

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

Refer Note 13 of the Financial Report for vesting conditions. No options had vested as at the reporting date.

- The options are unlisted but upon exercise will rank equally in all respects with the fully paid ordinary shares in the Company
- The options tabled above are performance related
- No option holder has the right under the options to participate in any other share issue of the Company or any other entity
- No options vested or were exercised during the financial year to 30 June 2021 and subsequent to the reporting date.

Number of Shares held by Key Management Personnel

2021	Balance 1.7.2020	Remuneration	Net Change Other	Balance 30.6.2021
Directors				
J He	-	-	-	-
P Ingram	7,949,234	-	-	7,949,234
M Liu	11,362,900	-	-	11,362,900
JJ Niu	-	-	-	-
M Syropoulo	-	-	-	-
Z Li	-	-	-	-
M Weijun	-	-	-	-
Executives				
H Mustard	-	-	-	-
Total	**19,312,134**	**-**	**-**	**19,312,134**

Director Long Term Incentive Plan

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

REMUNERATION REPORT – AUDITED (CONTINUED)

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

i. link the reward of Directors to the performance of the Company and the creation of shareholder value; and

ii. align the interests of Directors more closely with those of shareholders.

The Director LTI Plan operates as follows:

- All non-executive and independent directors of the Company are eligible to participate in the Director LTI Plan. The board may also determine any other director of the Company to be eligible

- The Board will make an offer to eligible directors to participate in the Director LTI Plan by providing an offer document. Upon acceptance of the offer by the director (Participant), the Company will issue the director the number of Performance Rights specified in the offer document. The Performance Rights are granted at a nil issue price and for nil consideration.

- The Performance Rights will be subject to performance measures which will be outlined in the offer document. The performance measures will be linked to certain milestones in the market capitalisation of the Company. The Performance Rights will be allocated between four equal tranches between each of the four performance measures.

- Once the performance measures attached to each Performance Right are met, the Performance Right will vest and the Director will be entitled to Shares in the Company, the number of which will be equal to the number of Performance Rights which have vested. Following the vesting of the Performance Rights, the Company will, at the Company's discretion, either issue new Shares to directors or acquire Shares on the ASX for the benefit of directors under the Director LTI Plan.

- The Performance Rights issued are subject to adjustment in certain circumstances, including in the event of the Company making a pro rata entitlement offer of new Shares, a pro rata bonus issue, subdividing or consolidating its Shares, making a return of capital to shareholders, cancelling share capital or reorganising its share capital.

- A Participant may retain its Performance Rights and entitlement to be issued Shares, subject to the terms of the Director LTI Plan if the Participant ceases office as a director of the Company in circumstances where the Participant is a good leaver. A Participant will be a vested leaver if they are not a non-vested leaver. A Participant will be a non-vested leaver if they are disqualified or prohibited from being a director under the Corporations Act, the constitution, or if the Board determines the Participant is a non-vested leaver. If a Participant is a non-vested leaver, then all Performance Rights held by that Participant will automatically lapse, unless the Board determines otherwise.

- The Director LTI Plan will be administered by the Board who, subject to the ASX Listing Rules, may amend or vary the plan.

REMUNERATION REPORT – AUDITED (CONTINUED)

- In the event of any reorganisation of the issued ordinary share capital of the Company, the number of Shares to be delivered in respect of each Vested Right or the amount payable, if any, by a Participant in respect of Shares to be delivered to a Participant will be reorganised in the manner specified in the ASX Listing Rules as applicable at the time of the reorganisation.

- A Participant cannot participate in new issues of Shares or other securities to holders of Shares unless the Shares in respect of the Vested Rights held by the Participant have been issued, or purchased and transferred, as applicable, to and registered in the name of, the Participant before the record date for determining entitlements to the new issue.

A-Cap Executive and Consultant Share Option Plan

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

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

In summary, the ESOP operates as follows:

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

REMUNERATION REPORT – AUDITED (CONTINUED)

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

Number of Options Held by Key Management Personnel

2021	Balance 1.7.2020	Remuneration	Options Exercised	Options Expired During the Year	Net Change Other[1]	Balance 30.6.2021	Vested and exercisable 30.6.2021	Unvested and unexercisable 30.6.2021
Executives								
H Mustard	3,000,000	-	-	-	-	3,000,000	-	3,000,000
Total	**3,000,000**	**-**	**-**	**-**	**-**	**3,000,000**	**-**	**3,000,000**

There are no options held by Directors during the year ended 30 June 2021.

There have been no other transactions involving equity instruments other than those described in the remuneration report. For details of other Key Management Personnel transactions, refer to Note 21: Related Party Information.

REMUNERATION REPORT – AUDITED (CONTINUED)

Company Performance and its Consequences on Shareholder Wealth

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

		2021	**2020**	**2019**	**2018**	**2017**
Revenue and other income	$	14,816	97,148	19,991	94,960	214,171
Net loss	$	633,562	29,052,604	8,700,450	1,457,842	2,762,418
Loss per share	cents	0.07	3.33	1.00	0.17	0.33
Share price at year end	$	0.06	0.007	0.031	0.046	0.051

OPTIONS ON ISSUE

No unlisted options were issued as part of remuneration during the year (2020: Nil).

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

Grant Date	Date of Expiry	Exercise Price	Number of Options
18/12/18	17/06/2022	11.5c*	4,250,000
Total			**4,250,000**

* Refer Note 13 of the Financial Report for vesting conditions. No options vested during the period.

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

This concludes the remuneration report which has been audited.

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITORS

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

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

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

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

PROCEEDINGS ON BEHALF OF THE COMPANY

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

NON-AUDIT SERVICES

There were no fees for non-audit services paid to the external auditors during the year ended 30 June 2021.

AUDITOR'S INDEPENDENCE DECLARATION

The lead Auditor's Independence Declaration for the year ended 30 June 2021 has been received and can be found on page 20 of this Report.

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

Paul Ingram

Paul Ingram
Deputy Chairman
Dated this 29th day of September 2021
Perth, Western Australia

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

I declare that, to the best of my knowledge and belief during the year ended 30 June 2021 there have been:

— no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

N. S. Benbow
Director

Dated this 29th day of September, 2021

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021	2020
		$	$
Revenue		**-**	-
Other income	2	**14,816**	97,148
Administration		**(625,939)**	(666,283)
Corporate		**(71,152)**	(79,411)
Employment		**(116,613)**	(273,178)
Finance cost		**(432,782)**	(377,155)
FX gain/(loss)		**598,108**	(127,646)
Impairment of capitalised exploration and evaluation	6	**-**	(27,626,079)
Loss before income tax expense		**(633,562)**	(29,052,604)
Income tax expense	3	-	-
Loss after income tax expense		**(633,562)**	(29,052,604)
Other Comprehensive Income			
Items that may be reclassified to profit & loss			
Losses arising from translation of foreign controlled operation		**(2,110,375)**	1,218,634
Total comprehensive loss		**(2,743,937)**	(27,833,970)
Loss per Share:			
Basic / Diluted loss per Share (cents per share)	11	**(0.07)**	(3.33)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Notes	2021 $	2020 $
ASSETS			
Current assets			
Cash and cash equivalents	4	**3,584,498**	280,531
Security deposits		**61,411**	61,411
Trade and other receivables	5	**73,868**	13,296
Prepayments		**29,206**	98,330
Total current assets		**3,748,983**	453,568
Non-current assets			
Plant and equipment		**8,568**	13,066
Capitalised exploration and evaluation	6	**28,275,826**	28,923,966
Total non-current assets		**28,284,394**	28,937,032
TOTAL ASSETS		**32,033,377**	29,390,600
LIABILITIES			
Current liabilities			
Trade & other payables	7	**313,870**	106,519
Provision for employee entitlements		**45,375**	39,475
Interest-bearing liabilities	8	**13,753,483**	1,471,440
Total current liabilities		**14,112,728**	1,617,434
Non-current liabilities			
Interest-bearing liabilities	8	**-**	7,124,468
Total non-current liabilities		**-**	7,124,468
TOTAL LIABILITIES		**14,112,728**	8,741,902
NET ASSETS		**17,920,649**	20,648,698
EQUITY			
Issued capital	9	**71,552,320**	71,552,320
Reserves	10	**8,794,125**	10,888,612
Accumulated losses		**(62,425,796)**	(61,792,234)
TOTAL EQUITY		**17,920,649**	20,648,698

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

	Issued capital	Share-based payment reserve	Foreign currency translation reserve	Accumulated losses	Total
	$	$	$	$	$
At 1 July 2020	**71,552,320**	**473,114**	**10,415,498**	**(61,792,234)**	**20,648,698**
Loss for the period	-	-	-	(633,562)	(633,562)
Other comprehensive income	-	-	(2,110,375)	-	(2,110,375)
Total comprehensive income for the year	**-**	**-**	**(2,110,375)**	**(633,562)**	**(2,743,937)**
Transactions with owners in their capacity as owners:					
Vesting of share-based payments	-	15,888	-	-	15,888
At 30 June 2021	**71,552,320**	**489,002**	**8,305,123**	**(62,425,796)**	**17,920,649**

	Issued capital	Share-based payment reserve	Foreign currency translation reserve	Accumulated losses	Total
	$	$	$	$	$
At 1 July 2019	**71,552,320**	**444,998**	**9,196,864**	**(32,739,630)**	**48,454,552**
Loss for the period	-	-	-	(29,052,604)	(29,052,604)
Other comprehensive income	-	-	1,218,634	-	1,218,634
Total comprehensive income for the year	**-**	**-**	**1,218,634**	**(29,052,604)**	**(27,833,970)**
Transactions with owners in their capacity as owners:					
Vesting of share-based payments	-	28,116	-	-	28,116
At 30 June 2020	**71,552,320**	**473,114**	**10,415,498**	**(61,792,234)**	**20,648,698**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021	2020
		$	**$**
Cash Flows from Operating Activities			
Payments to suppliers and employees		**(880,418)**	(1,164,474)
Interest received		**817**	1,780
Interest paid		**(124,726)**	(316,765)
Net Cash (Outflow) from Operating Activities	12	**(1,004,327)**	(1,479,459)
Cash Flows from Investing Activities			
Payments for exploration expenditure		**(1,275,500)**	(947,493)
Proceeds from sale of plant and equipment		**10,378**	88,153
Net Cash (Outflow) from Investing Activities		**(1,265,122)**	(859,340)
Cash Flows from Financing Activities			
Proceeds from loans and borrowings		**12,005,825**	700,000
Repayment of loans and borrowings		**(6,431,152)**	-
Net Cash Inflow from Financing Activities		**5,574,673**	700,000
Net (Decrease) / Increase in Cash and Cash Equivalents Held		**3,305,224**	(1,638,799)
Cash and cash equivalents at the Beginning of the Financial Year		**280,531**	1,952,215
FX impact on cash		**(1,257)**	(32,885)
Cash and cash equivalents at the End of the Financial Year	4	**3,584,498**	280,531

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements include the consolidated financial statements and notes of A-Cap Energy Limited and controlled entities (‘Consolidated Group’). A-Cap Energy Limited is a for-profit company limited by shares incorporated in Australia and whose shares are publicly traded on the Australian Securities Exchange. These financial statements for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 29 September 2021.

Supplementary information about the parent entity is disclosed in Note 15: Parent Entity Information.

(a) Basis of Preparation

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

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

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

Going concern

During the year, the Consolidated Group generated a loss after tax of $633,562, incurred net cash outflows from operations of $1,004,327and net investment outflow for the year was $1,265,122. As at 30 June 2021, the Group had $3,584,498 in cash and consolidated net assets of $17,920,649.

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

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

- The Company announced on 24 September 2021 that it is undertaking a one for four fully underwritten renounceable entitlement issue at $0.065 per share to raise approximately $14.17 million. Funds raised will be used to repay shareholder loans, including approximately $13.18 million owed to Singapore Shenke International Pte Ltd. The issue is fully underwritten by Mahe Capital Pty Ltd which also acts as Lead Manager. Shenke has agreed to take up its entitlement and partially sub-underwrite the issue for collectively $13.18 million, with the entitlement and any shortfall commitment set off against the debt owed by the Company to Shenke.
- The Company’s board believes it has the ability to raise additional capital, based on its previous ability to raise capital when required. The Company additionally continues to engage with institutional investors and investment funds in Europe and in Australia.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of Preparation (continued)

Going concern (continued)

- The Consolidated Group expects to continue to keep expenditure to a minimum and has the ability to implement cost reduction measures where appropriate, and will continue to monitor any cost reductions already implemented;
- The Company expects the continuing support from shareholders who have provided working capital loans to the Company.
- The Consolidated Group is in a net asset and net working capital surplus position. Should the Consolidated Group not successfully achieve the assumptions as described above, combined with the incurred losses and operating cash outflows, there is a material uncertainty which may cast significant doubt about the Consolidated Group's ability to continue as a going concern.

(b) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of A-Cap Energy Limited ('company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. A-Cap Energy Limited and its subsidiary together are referred to in these financial statements as the 'Consolidated Group'. Subsidiaries are all those entities over which the Consolidated Group has control. The Consolidated Group controls an entity when the Consolidated Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Group. They are de-consolidated from the date that control ceases.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Income Tax

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

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

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

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

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

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

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

(d) Plant and Equipment

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

Plant and Equipment

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Plant and Equipment (continued)

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

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

Depreciation

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

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

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

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

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

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

(e) Exploration, Evaluation and Development Expenditure

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Exploration, Evaluation and Development Expenditure (continued)

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

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

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

(f) Financial Instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial Instruments (continued)

Financial assets at fair value through profit or loss

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

Financial Liabilities

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

Impairment of financial assets

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

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

(g) Impairment of Non-Financial Assets

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

(h) Foreign Currency Transactions and Balances

Functional and presentation currency

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Foreign Currency Transactions and Balances (continued)

Transaction and balances

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

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

Group companies

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

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

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

(i) Employee Benefits

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

(j) Trade & Other Payables

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

(k) Cash and Cash Equivalents

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Borrowings

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

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

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

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

(n) Operating Segments

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

(o) Earnings or Loss per Share

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Share-based payments

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

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

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

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

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

(q) Critical Accounting Estimates and Judgements

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

Key judgement – Exploration and Evaluation Expenditure
The Consolidated Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the Directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. For further details refer to note 6. The Department of Mines have confirmed that all our other prospecting licences are in good standing and all annual rental payments due have been paid. On this basis, exploration and evaluation costs relating to tenements which have expired and renewal and extension applications have been lodged with the Department of Mines are not considered impaired.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Key estimate: Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

(r) New accounting standards and interpretations
The Group has adopted all new accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for annual reporting periods beginning 1 July 2020. The adoption of these new and revised standards and interpretations did not have any effect on the financial position or performance of the Group.

Accounting standards and interpretations issued but not yet effective
Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the reporting year ended 30 June 2021. The Directors have not early adopted any of these new or amended standards or interpretations. The Directors have not yet fully assessed the impact of these new or amended standards (to the extent relevant to the Group) and interpretations.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 OTHER INCOME

	2021	2020
	$	$
Interest - received	**817**	1,780
Profit on sale of assets	**9,987**	95,368
Other	**4,012**	-
Total other income	**14,816**	97,148

NOTE 3 INCOME TAX EXPENSE

	2021	2020
	$	$
The prima facie tax on profit before income tax is reconciled to the income tax as follows:		
Loss before income tax expense	**(633,562)**	(29,052,604)
Prima facie tax payable on loss before income tax at the Australian tax rate of 26% (2020: 27.5%):	**(164,726)**	(7,989,466)
Difference in overseas tax rates (Botswana tax rate: 22% (2020: 22%)	**(715)**	1,732
Add:		
Tax effect of:		
- Non-assessable income	**-**	-
- Non- deductible expenses	**34,730**	7,655,562
Income Tax benefit not recognised	**(130,711)**	(332,172)

There was no current income tax expense for the year ended 30 June 2021 (2020: $nil) due to the loss from operations. At 30 June 2021, the Consolidated Group reviewed the quantum of its unrecognised carry forward tax losses and timing differences. As at that date management has assessed that its carry forward tax losses and timing differences of $5,698,454 (2020: $5,567,743) potentially available to offset against future years' taxable income.

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 CASH AND CASH EQUIVALENTS

	2021 $	2020 $
Cash at bank and on hand	**3,584,498**	280,531
	3,584,498	280,531

	2021 $	2020 $
Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows are reconciled to items in the statement financial position as follows:		
Cash and cash equivalents	**3,584,498**	280,531
	3,584,498	280,531

NOTE 5 TRADE AND OTHER RECEIVABLES

	2021 $	2020 $
Current		
Other receivables	**73,868**	13,296
	73,868	13,296

There were no impaired receivables for the financial year 30 June 2021. There were no receivables past due but not impaired for the financial years ended 30 June 2021 and 30 June 2020.

NOTE 6 CAPITALISED EXPLORATION AND EVALUATION

	2021 $	2020 $
At cost	**28,275,826**	28,923,966
Movements in carrying values		
Balance at beginning of year	**28,923,966**	54,307,827
Expenditure during the year	**1,454,568**	1,017,746
Expenditure written-off during the year	**-**	(27,626,079)
Foreign currency translation	**(2,102,708)**	1,224,472
Balance at end of year	**28,275,826**	28,923,966

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and sale of nickel, cobalt and uranium. During the 2020 financial year, the Group decided to re-focus its exploration efforts on its' nickel/cobalt assets given the continued low uranium price and the difficulty in raising capital for the Group's uranium project. The Group undertook a review of the carrying value of the Letlhakane Uranium Project and based on past exploration expenditure, status of the uranium market and comparative valuations of similar projects; has assessed the recoverable amount at $25 million, resulting in a write-down of $27,626,079 during the last financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 6 CAPITALISED EXPLORATION AND EVALUATION (CONTINUED)

The foreign currency translation movement of $2,102,708 reflects exchange differences between the Australian dollar and the US dollar during the financial year. The functional currency of the Consolidated Group's Controlled Entity, A-Cap Resources Botswana (Pty) Ltd is US dollars. Exchange rates fluctuate from time to time and there is no impact on shareholders as the Financial Statements have been prepared on a going concern basis, with the Parent Entity holding 100% control of the Controlled Entity.

NOTE 7 TRADE AND OTHER PAYABLES

	2021	2020
	$	$
Current *(unsecured liabilities)*		
Trade and Sundry Payables	**313,870**	106,519

NOTE 8 INTEREST-BEARING LIABILITIES

	2021	2020
	$	$
Current		
Revolving credit facility – ICBC (i)	**-**	145,397
Working capital loan 1 (ii)	**636,575**	586,575
Working capital loan 2 (iii)	**235,358**	215,358
Working capital loan – Shenke (iv)	**574,110**	524,110
Working capital loan – Shenke (v)	**109,425**	-
Working capital loan – Shenke (vi)	**144,402**	-
Working capital loan – Shenke (vii)	**129,074**	-
Working capital loan – Shenke (viii)	**1,304,452**	-
Working capital loan – Shenke (ix)	**3,985,224**	-
Revolving credit facility – Shenke (x)	**6,634,863**	-
Total current interest-bearing liabilities	**13,753,483**	1,471,440
Non-current		
Revolving credit facility – ICBC (i)	**-**	7,124,468
Total non-current interest-bearing liabilities	**-**	7,124,468
Total interest-bearing liabilities	**13,753,483**	8,595,908

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 8 INTEREST-BEARING LIABILITIES (CONTINUED)

(a) Terms and conditions of loan facilities

(i) Revolving credit facility – ICBC

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

i. Principal Amount – US$3 million;
ii. Loan Term – 3 years (36 months from withdrawal date);
iii. Loan Purpose – Working Capital;
iv. Interest rate – LIBOR 6 Monthly Interest Rate plus 1.8%;
v. Penalty Interest Rate – the overdue penalty rate is the Borrowing Rate plus 40%; the interest rate applicable for changing the purpose of the loan is the Borrowing Rate plus 70%;
vi. Interest Payment – 6 months in Advance;
vii. Loan Repayment – By One Payment at any time during the Loan Term or in accordance with the Loan Amortisation Schedule – US$100,000 by 20 December 2020 and US$2,900,000 by 16 October 2021. In the event the Loan is repaid early, a 1% early repayment fee shall apply for each month remaining on the Loan unless the loan is repaid during the last month of the Loan Term;
viii. Loan Guarantor – Third Party Cash Collateralised Bank Guarantee to ICBC provided by Jiangsu to the amount of US$3 million

On 15 February 2019 an application for a further drawdown of US$2 million from the ICBC revolving credit facility was approved. The drawdown is for working capital and operational purposes and was received on Tuesday 19 February 2019. The key terms of the Revolving Credit Facility with respect to the US$2 million drawdown are as follows:

i. Drawdown amount – US$2 million;
ii. Loan Term – 3 years (36 months from withdrawal date);
iii. Loan Purpose – Working Capital;
iv. Interest rate – LIBOR 6 Monthly Interest Rate plus 2%;
v. Penalty Interest Rate – the overdue penalty rate is the Borrowing Rate plus 40%; the interest rate applicable for changing the purpose of the loan is the Borrowing Rate plus 70%;
vi. Interest Payment – 6 months in Advance;
vii. Loan Repayment – By One Payment at any time during the Loan Term or in accordance with the Loan Amortisation Schedule – US$100,000 by 10 November 2021 and US$1,900,000 by 12 February 2022.
viii. In the event the Loan is repaid early, a 1% early repayment fee shall apply for each month remaining on the Loan unless the loan is repaid during the last month of the Loan Term;
ix. Loan Guarantor – Third Party Cash Collateralised Bank Guarantee to ICBC provided by Jiangsu to the amount of US$2 million.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 8 INTEREST-BEARING LIABILITIES (CONTINUED)

The revolving credit facility was replaced by a facility on identical terms with Singapore Shenke International Pte Ltd ("Shenke") in January 2021.

(ii) Working capital loan 1

On 8 October 2018, the Company secured a short-term accommodation facility from Mr Angang Shen to support the Company's working capital requirements, with an amount drawn down of A$500,000 on 8 October 2018. The loan is unsecured and at an interest rate of 10% p.a. The repayment date of the loan has been extended to 28 March 2022.

(iii) Working capital loan 2

On 25 September 2019, the Company secured an additional working capital loan of $200,000 from Mr Angang Shen. The loan is unsecured and at an interest rate of 10% p.a. The principal and interest are repayable at the earliest of the completion of the next round of capital raising or 12 months from the drawdown date. The repayment date of the loan has been extended to 25 September 2022.

(iv)-(ix) Working capital loans – Shenke

Drawdown date	Principal	Interest rate	Repayment date
(iv) 07/01/2020	A$500,000	10%	07/01/2022
(v) 22/07/2020	A$100,000	10%	22/07/2022
(vi) 28/08/2020	US$100,000	10%	28/08/2022
(vii) 28/09/2020	A$120,000	10%	28/09/2022
(viii) 23/02/2021	A$1,250,000	10%	23/02/2022
(ix) 16/06/2021	A$3,970,000	10%	16/06/2022

The principal and interest are repayable at the earliest of the completion of the next round of capital raising or 12 months from the drawdown date.

(x) Revolving credit facility – Shenke

Initial drawdown Amount – US$3 million;

i. Loan Purpose – Working Capital, Interest rate – LIBOR 6 Monthly Interest Rate plus 1.8%;
ii. Penalty Interest Rate – the overdue penalty rate is 40% above the Borrowing Rate; the interest rate applicable for changing the purpose of the loan is 70% above the Borrowing Rate;
iii. Interest Payment – annually;
iv. Loan Repayment – By One Payment at any time during the Loan Term or in accordance with the Loan Amortisation Schedule – US$63,000 by 20 December 2020 and US$2,937,000 by 16 October 2021. In the event the Loan is repaid early, a 1% early repayment fee shall apply for each month remaining on the Loan unless the loan is repaid during the last month of the Loan Term;

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 8 INTEREST-BEARING LIABILITIES (CONTINUED)

Subsequent drawdown amount – US$2 million

v. Loan Purpose – Working Capital, Interest rate – LIBOR 6 Monthly Interest Rate plus 2.0%;

vi. Penalty Interest Rate – the overdue penalty rate is 40% above the Borrowing Rate; the interest rate applicable for changing the purpose of the loan is 70% above the Borrowing Rate;

vii. Interest Payment – annually;

viii. Loan Repayment – By One Payment at any time during the Loan Term or in accordance with the Loan Amortisation Schedule – US$100,000 by 10 November 2021 and US$1,900,000 by 12 February 2022. In the event the Loan is repaid early, a 1% early repayment fee shall apply for each month remaining on the Loan unless the loan is repaid during the last month of the Loan Term;

None of the above borrowing facilities had or have any attaching equity conversion rights.

NOTE 9 ISSUED CAPITAL

	2021	2020
	$	$
871,884,866 fully paid ordinary shares (2020: 871,884,866) (a)	**71,552,320**	71,552,320

(a) Ordinary Shares

	Number of Shares	**$**
1 July 2019	871,884,866	71,523,263
30 June 2020	871,884,866	71,552,320
30 June 2021	**871,884,866**	**71,552,320**

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

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

(b) Capital Management

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 10 RESERVES

Foreign Currency Translation Reserve

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

Options Reserve

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

NOTE 11 LOSS PER SHARE

	2021	2020
	$	$
a) Reconciliation of losses to profit or loss		
Loss used to calculate basic EPS	**(633,562)**	(29,052,604)
Loss used to calculate diluted EPS	**(633,562)**	(29,052,604)
b) Weighted average number of ordinary shares used in the calculation of basic earnings per share	**871,884,866**	871,884,866
c) Weighted average number of ordinary shares used in the calculation of dilutive earnings per share	**871,884,866***	871,884,866*

*Options and performance rights have not been included as they are considered anti-dilutive as the entity is in a loss making position.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 12 CASH FLOW INFORMATION

	2021	2020
	$	$
Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Operating Loss after income tax	**(633,562)**	(29,052,604)
Non–Cash flows in profit		
- Depreciation	**4,564**	14,443
- Impairment of capitalised exploration and evaluation	**-**	27,626,079
- Share-based remuneration	**15,888**	28,116
- FX (gain)/loss	**(598,108)**	-
Changes in assets and liabilities		
- (Increase)/decrease in trade and other receivables	**(60,572)**	9,017
- (Increase)/decrease in prepayments	**69,124**	-
- Increase/(decrease) in trade and other payables	**198,339**	(104,510)
Net cash (outflow) from operating activities	**(1,004,327)**	(1,479,459)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 13 SHARE-BASED PAYMENTS

Performance Rights

A resolution to establish a Director Long Term Incentive Plan (DLTIP) was approved by Shareholders at the 2018 AGM held on 22 November 2018. The following performance rights were issued during the 2019 financial year, pursuant to the terms of the DLTIP:

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

At 30 June 2021, there were 12,500,000 performance rights on issue. There were no performance rights issued, forfeited or vested during the 2021 financial year.

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

i. value of the underlying asset – share price of $0.043 (4.3 cents) being the 20-day trailing volume-weighted average closing share price on ASX as at the date of valuation, 28 August 2018;
ii. vesting conditions as detailed below;
iii. expected volatility of the share price - 94.3% as calculated by Hoadley's volatility calculator for a 3 year period;
iv. risk free rate – the Australian Government 5 -year bond rate at 30 June 2019 of 2.15%;
v. time to maturity – the Performance Rights expire 3 years from the date of issue; and
vi. expected dividend yield – Nil, given the Company is a mineral exploration company and has no history in paying dividends.

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

a) issued for no consideration, and no consideration will be payable upon the vesting of the Performance Rights on the achievement of the vesting conditions;

b) have an exercise period of 3 years commencing on the date of Shareholder approval is granted and expiring on the third anniversary of that date;

c) vest according to the following performance measures:

    i. Tranche 1 - 25% of Performance Rights to vest upon the Closing Price of A-Cap Resources Limited is at least $0.10 (10 cents) for 10 consecutive trading days. The Closing Stock Price represents a 286% increase in the fully underwritten rights issue at 3.5 cents per share completed in August 2016;

    ii. Tranche 2 – 25% of Performance Rights to vest upon the Closing Price of A-Cap Resources Limited is at least $0.115 (11.5 cents) for 10 consecutive trading days subject to an overriding condition that the Company's Total Shareholder Return (TSR) is at least equal to that of the ASX Small Resources Index for a trailing 6-month period preceding the vesting date;

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 13 SHARE-BASED PAYMENTS (CONTINUED)

iii. Tranche 3 - 25% of Performance Rights to vest upon the Closing Price of A-Cap Resources Limited is at least $0.16 (16 cents) for 10 consecutive trading days. The closing stock price reflects a 160% increase in the exercised vesting stock price required under Tranche 1 and 139% increase under Tranche 2; and

iv. Tranche 4 – 25% of Performance Rights to vest upon the Closing Price of A-Cap Resources Limited is at least $0.18 (18 cents) for 10 consecutive trading days subject to an overriding condition that the Company's TSR is at least equal to that of the ASX Small Resources Index for a trailing 6-month period preceding the vesting date;

v. Tranches 1, 2, 3 and 4 may vest together and in combination of each other subject to the performance measures of each Tranche being met over the 3-year exercise term;

vi. Any unvested Performance Rights will vest if a Change of Control event occurs and on the date such Change of Control event occurs, the Closing Price of A-Cap Resources Limited is at least $0.10 (10 cents) for 10 consecutive trading days. A Change of Control event includes where a takeover bid of the Company is declared unconditional, a person's voting power in the Company increases from less than 50% to 50% or more, if a merger by way of scheme of arrangement has been approved by the court, the Company passes a resolution for a voluntary winding up or an order is made for the compulsory winding up of the Company;

vii. Any unvested Performance Rights will vest if the Company sells a diversified mineral project after the Commencement Date of the Director LTI Plan and on the date that the Company releases an ASX announcement announcing the completion of the Project Sale, the Closing Price of the Company is at least $0.10 (10 cents); and

viii. Any unvested Performance Rights will lapse if unvested, 3 years from the date Shareholder approval is granted and otherwise in accordance with the terms and conditions of the Director LTI Plan.

Options

A resolution to establish the A-Cap Executive and Consultant Share Option Plan (Share Option Plan) was approved by Shareholders at the 2018 AGM held on 22 November 2018.

There were no options issued during the 2021 financial year.

The following options were issued during the 2019 financial year:

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 13 SHARE-BASED PAYMENTS (CONTINUED)

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

i. value of the underlying asset – share price of $0.043 (4.3 cents) being the 20-day trailing volume-weighted average closing share price on ASX as at the date of valuation, 28 August 2018;
ii. vesting conditions as detailed below;
iii. expected volatility of the share price - 94.3% as calculated by Hoadley's volatility calculator for a 3 year period;
iv. risk free rate – the Australian Government 5 -year bond rate at 30 June 2019 of 2.15%;
v. time to maturity – the Performance Rights expire 3 years from the date of issue; and
vi. expected dividend yield – Nil, given the Company is a mineral exploration company and has no history in paying dividends.

The terms and conditions of the options are as follows:

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

Vesting Period No.	Exercise Conditions	% of total Options that Vest
1.	• The participant has been an eligible participant for a continuous period of one year, commencing on the grant date and ending on the date that is one year after grant date; and • the official closing price of the shares as published on the ASX of the Company is at least $0.115 (11.5 cents) for 10 consecutive trading days.	25%
2.	• The participant has been an eligible participant for a continuous period of two years, commencing on the grant date and ending on the date that is two years after grant date; and • the official closing price of the shares as published on the ASX of the Company is at least $0.115 (11.5 cents) for 10 consecutive trading days.	25%
3.	• The participant has been an eligible participant for a continuous period of three years, commencing on the grant date and ending on the date that is three years after grant date; and • the official closing price of the shares as published on the ASX of the Company is at least $0.115 (11.5 cents) for 10 consecutive trading days.	50%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 13 SHARE-BASED PAYMENTS (CONTINUED)

	2021		2020	
	Number of Options	**Weighted Average Exercise Price $**	**Number of Options**	**Weighted Average Exercise Price $**
Outstanding at the beginning of the year	**4,250,000**	0.115	9,010,000	0.115
Granted	**-**	-	-	-
Forfeited	**-**	-	(4,760,000)	-
Exercised	**-**	-	-	-
Expired	**-**	-	-	-
Outstanding at year-end	**4,250,000**	0.115	4,250,000	0.115
Exercisable at year-end	**-**	-	-	-

NOTE 14 CONTROLLED ENTITIES

Entity	Country of Incorporation	Class of Share	Equity Holding		Parent Entity
			2021 %	2020 %	
A-Cap Resources Botswana (Pty) Ltd	Botswana	Ordinary	**100**	100	A-Cap Energy Limited
Pulse Resources Botswana (Pty) Ltd	Botswana	Ordinary	**100**	100	A-Cap Resources Botswana (Pty) Ltd
Wilconi Pty Ltd	Australia	Ordinary	**100**	100	A-Cap Energy Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 15 PARENT ENTITY INFORMATION

Information relating to the parent entity, A-Cap Energy Limited	2021 $	2020 $
ASSETS		
Current assets	**3,669,408**	348,796
Total assets	**31,716,750**	29,309,473
LIABILITIES		
Current liabilities	**13,796,102**	1,536,307
Total liabilities	**13,796,102**	8,660,775
EQUITY		
Issued capital	**71,552,301**	71,552,301
Reserves	**354,879**	338,990
Accumulated losses	**(53,986,531)**	(51,242,593)
Total shareholders' equity	**17,920,649**	20,648,698
Loss of the parent entity	**(2,743,938)**	(30,169,212)
Total comprehensive loss of the parent entity	**(2,743,938)**	(30,169,212)

A-Cap Energy Limited holds as security the Consolidated Group's exploration assets in Botswana for financial support provided to the Subsidiary. The parent entity does not have any contingent liabilities or contractual commitments for the acquisition of plant or equipment (2020: Nil).

NOTE 16 EXPLORATION COMMITMENTS

	2021 $	2020 $
Minimum exploration expenditure		
- not later than 12 months	**1,245,012**	1,100,054

Estimated figures as at the reporting date includes:

i. amounts submitted to the Department of Geological Survey in Botswana in order to maintain the Group's current rights of tenure to exploration tenements and mining licenses.

ii. The Company's expenditure commitments under the Farm-In and Joint Venture Agreement with Blackham Resources Limited on the Wilconi Nickel-Cobalt Project.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 16 EXPLORATION COMMITMENTS (CONTINUED)

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

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

NOTE 17 CONTINGENT LIABILITIES

There are no material contingent liabilities as at 30 June 2021 (2020: Nil).

NOTE 18 SEGMENT INFORMATION

Identification of reportable segments

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

The operations and assets of the Consolidated Group are employed in exploration activities relating to minerals in Australia and Africa.

2021	Australia	Botswana	Eliminations	Consolidated
Revenue				
Other income	3,015	11,801	-	14,816
Total segment revenue	3,015	11,801	-	14,816
Results				
Segment result	(311,537)	(322,025)	-	(633,562)
Assets				
Segment assets	55,906,647	22,924,733	(46,798,003)	32,033,377
Liabilities				
Segment liabilities	(19,240,937)	(41,669,794)	46,798,003	(14,112,728)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 18 SEGMENT INFORMATION (CONTINUED)

2020	Australia	Botswana	Eliminations	Consolidated
Revenue				
Other income	1,776	95,371	-	97,147
Total segment revenue	1,776	95,371	-	97,147
Results				
Segment result	(1,307,616)	(27,744,988)	-	(29,052,604)
Assets				
Segment assets	49,635,515	25,034,154	(45,279,069)	29,390,600
Liabilities				
Segment liabilities	12,666,985	41,353,986	(45,279,069)	8,741,902

NOTE 19 FINANCIAL RISK MANAGEMENT

(A) Financial Risk Management Policies

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

(i) Treasury Risk Management

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

(ii) Financial Risk Exposures and Management

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

Foreign Currency Risk

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

- USD currency bank account
- USD revolving credit facility

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 19 FINANCIAL RISK MANAGEMENT (CONTINUED)

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

	2021	2020
	$	$
Financial Assets		
Cash and cash equivalents	**11,268**	1,259
Financial Liabilities		
Bank loans	**6,709,239**	7,271,500
Interest accrued	**70,023**	-

(A) Financial Risk Management Policies (continued)

Liquidity Risk

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

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

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Consolidated Group's exposure to Interest rate risk relates to the ICBC revolving credit facility as disclosed in note 8(a)(i). The weighted average interest rate paid on the ICBC revolving credit facility was 2.33% (2020: 3.57%).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 19 FINANCIAL RISK MANAGEMENT (CONTINUED)

(B) Financial liability and maturity analysis

The contractual maturities of the Consolidated Group's interest-bearing liabilities are set out in Note 8. All other financial liabilities were repayable as at year-end within 60 days (2020: 60 days).

(C) Net Fair Values

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

(D) Sensitivity Analysis

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

	Consolidated Group Profit or Loss	
	2021	2020
	$	$
Interest Rate Risk		
Increase in LIBOR by 100 basis points	**66,950**	72,699
Decrease in LIBOR by 100 basis points	**(66,950)**	(72,699)
Foreign Currency Risk		
Increase in AUD to USD by 10%	**691,088**	728,844
Decrease in AUD to USD by 10%	**(640,903)**	(725,467)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 20 KEY MANAGEMENT PERSONNEL

Key management personnel compensation

	2021 **$**	2020 $
Short-term employee benefits	**232,380**	324,824
Post-employment benefits	**-**	6,330
Other long-term benefits	**-**	38,549
Termination benefits	**-**	-
Share-based payment	**11,215**	19,847
Total compensation	**243,595**	389,550

Refer Note 13: Share-based payments for further information relating to the Company's Director Long Term Incentive Plan and A-Cap Executive and Consultant Share Option Plan.

NOTE 21 RELATED PARTY INFORMATION

Refer to Note 8 for details of loans from Singapore Shenke International Investment Pte Ltd of which Mr Jiandong He is a director. Interest accrued on the related party loans totalled $232,308 (2020: $89,605).

Other than the principal and accrued interest on the loans described above, no amounts were due to key management personnel as at the reporting date.

NOTE 22 REMUNERATION OF AUDITORS

	2021 **$**	2020 $
Remuneration of the auditors of the Consolidated Group for:		
Audit and review of the financial report – William Buck Audit (Vic) Pty Ltd	**30,000**	30,000
Audit and review of the financial report of subsidiary entity – Non William Buck audit firm	**-**	15,618
	30,000	45,618

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 23 EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to 30 June 2021, the follow loan variations were entered into:

- The Company and Singapore Shenke International Pte Ltd entered into a Deed of Variation to extend the repayment date of the A$100,000 loan to 22 July 2022.
- The Company and Singapore Shenke International Pte Ltd entered into a Deed of Variation to extend the repayment date of the US$100,000 loan to 28 August 2022.
- The Company and Singapore Shenke International Pte Ltd entered into a Deed of Variation to extend the repayment date of the A$120,000 loan to 28 September 2022.
- The Company and Mr Angang Shen entered into a Deed of Variation to extend the repayment date of the A$200,000 loan to 25 September 2022.

On 24 September 2021, the Company announced a one for four fully underwritten renounceable entitlement issue at $0.065 per share to raise approximately $14.17 million. Funds raised will be used to repay shareholder loans, including approximately $13.18 million owed to Singapore Shenke International Pte Ltd.

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

DIRECTORS' DECLARATION

The Directors declare that:

(a) In the Directors' opinion, subject to the matters described in Note 1(a) 'Going concern', there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable

(b) In the Directors' opinion, the attached financial statements are compliant with International Financial Reporting Standards, as stated in note 1 to the financial statements

(c) In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with Australian Accounting Standards and the *Corporations Regulations 2001*, giving a true and fair view of the financial position and performance of the Consolidated Group, and

(d) The Directors have been given the declarations required by s.295A of the *Corporations Act 2001*.

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

On behalf of the Board of Directors

Deputy Chairman
Dated this 29th day of September 2021
Perth, Western Australia

William Buck

A-Cap Energy Limited and its controlled entities

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of A-Cap Energy Limited (the Company) and its controlled entities (together, the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:
(i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

ACCOUNTANTS & ADVISORS
Level 20, 181 William Street
Melbourne VIC 3000
Telephone: +61 3 9824 8555
williambuck.com

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements which indicates that the Group incurred a net loss before income tax of $633,562 and a net cash outflow from operations of $1,004,327 for the year ended 30 June 2021. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. For this engagement, with the exception of the *material uncertainty relating to going concern* discussed above, we have no further key audit matters.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021 but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of A-Cap Energy Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

William Buck

William Buck Audit (Vic) Pty Ltd
ABN: 59 116 151 136

N. S. Benbow
Director

Melbourne, 29 September 2021

CORPORATE GOVERNANCE STATEMENT

A copy of the Company's Corporate Governance Statement was lodged with the ASX on 29 September 2021 and is set out on the website, with the Corporate Governance Plan at www.a-cap.com.au.