



ASX RELEASE

Wednesday 31 October 2018

QUARTERLY REPORT AND APPENDIX 5B FOR THE QUARTER ENDED 30 SEPTEMBER 2018

A-Cap Resources Limited (“A-Cap” or “the Company”) (ASX: ACB) is pleased to provide its Quarterly Activities Report for the quarter ended 30 September 2018.

HIGHLIGHTS

- ▲ *Binding term sheet for 75% cobalt-nickel project farm-in and joint venture with Blackham Resources Limited (ASX:BLK)*
- ▲ *Binding term sheet with Castillo Copper Limited (ASX:CCZ) – Cobalt-Nickel Project farm-in JV*
- ▲ *Following the end of quarter, a US\$3 million ICBC loan was secured*

QUARTERLY ACTIVITIES

A-Cap continues to progress its diversified minerals strategy focussing on cobalt and energy related resources during the quarter, entering into two binding term sheets to enter joint venture agreements for cobalt-nickel projects in Queensland and Western Australia respectively. A-Cap announced on 25 July 2018 entering into a binding term sheet with Castillo Copper Limited (ASX:CCZ) which provides for a farm-in joint venture to explore and develop cobalt and nickel tenements in Marlborough, Queensland. On 28 September the Company entered into a binding term sheet with Blackham Resources Limited (ASX:BLK) to acquire a 75% farm-in joint venture interest in the cobalt, nickel and associated metals of the Wiluna Cobalt Nickel Project (Wilconi Project) in Western Australia.

Following the encouraging results of the Letlhakane acid consumption studies indicating savings in acid OPEX could be up to 26%, project management has continued its planning for gangue minerals beneficiation test programmes and CAPEX review throughout the quarter.

Chairman Mr Angang Shen extended a short-term accommodation facility following the end of the quarter, with the Company drawing down an amount of A\$500,000 on 8 October 2018.

Following the end of the September quarter, an ICBC US\$3 million revolving loan facility was approved and subsequently drawn down on 24 October 2018, with Jiangsu providing cash-backing through a third-party bank guarantee to UCBC as the loan’s security interest over the full term of the loan. (refer ASX announcement dated 24 Oct-18 for further details).

DIVERSIFIED MINERALS STRATEGY

The Company has a clean energy approach towards future energy requirements and is diversifying its minerals portfolio targeting cobalt opportunities on a global basis for cathode materials production and supply to the battery industry. A-Cap will leverage off the studies completed on the heap leach acid mitigation studies at its Letlhakane Uranium project and apply them to Co – Ni laterite projects. Acid consumptions are generally a large proportion of the operating costs for these types of projects.

Wilconi Project – Blackham Resources Limited

The Company entered into a binding term sheet on 28 September 2018 (Effective Date) with Blackham Resources Limited ACN 119 887 606 (BLK) to acquire a 75 percent Farm-In Joint Venture Interest in the cobalt, nickel and associated metals of the Wiluna Cobalt Nickel Project (Wilconi Project) in Western Australia.

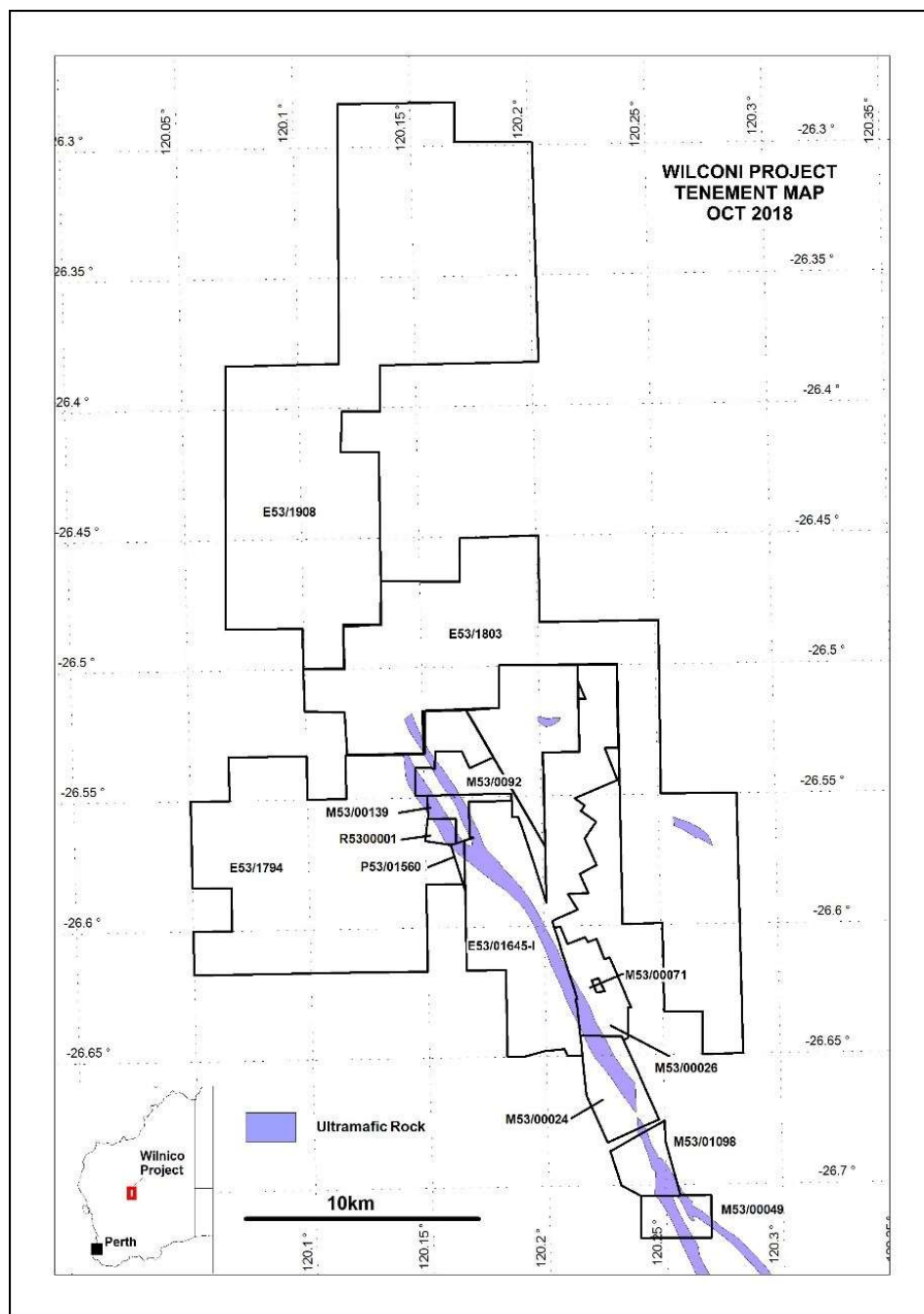


Figure 1 Locality diagram of the Wilconi Project area showing the position of the cobalt-bearing ultramafic rocks (purple).

A previous operator had commissioned Snowden Mining Industry Consultants (Snowden) to conduct a mineral resource study. This study, completed in 2005, returned a JORC (2004) inferred resource of 80.5 Mt grading 0.77% Ni and 0.058% Co using a 0.5% Ni cut-off grade. It is the intention of A-Cap to infill this resource and focus on the cobalt zones in and around the known resource to bring the resource into a JORC (2012) compliant figure.

The Wilconi Project is situated 700 kms from Perth and has excellent associated infrastructure in the vicinity. BLK has a 280-man camp and operates a fly-in fly-out mining roster for its Wiluna Gold Operation. Power generation is fuelled by a gas pipeline connected to the Goldfields Gas transmission line with backup diesel power. The township of Wiluna lies immediately east of the project.

A-Cap plans to immediately begin an aggressive drilling campaign at Wilconi to bring existing inferred resources in line with the JORC 2012 standard, as well as step-out drilling to follow anomalous cobalt away from the currently defined zones. Please refer ASX announcement dated 1 October 2018 for further information and the key terms of the proposed joint venture agreement.

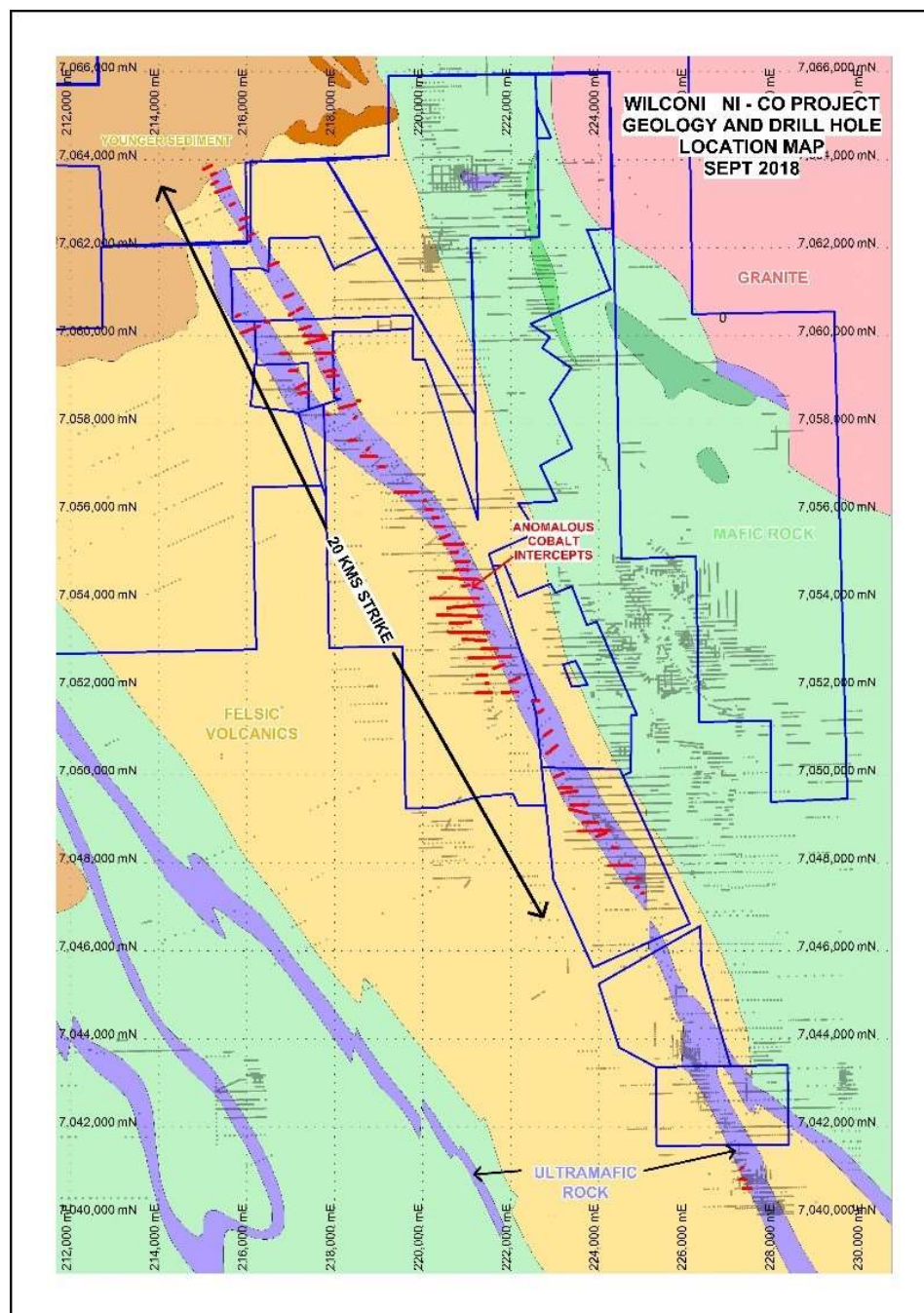


Figure 2 Geology of the Wiluna region showing the ultramafic rocks in purple and highlighting previous drilling for nickel laterite mineralisation that had intercepted anomalous cobalt.

Marlborough Project – Castillo Copper Limited

On 24 July 2018 it was announced that A-Cap had entered into a binding term sheet with Castillo Copper Limited (ASX:CCZ) which provides for a farm-in joint venture to explore and develop cobalt and nickel tenements in Queensland, Australia. Please refer ASX announcement dated 25 July 2018 for further information on the proposed joint venture agreement and its key terms.

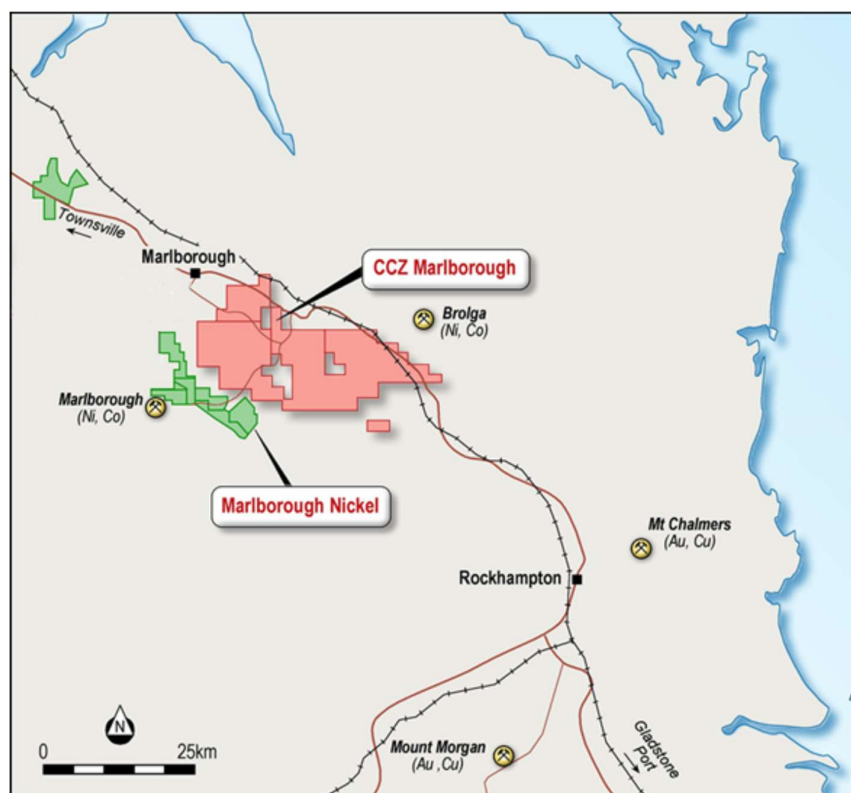


Figure 3 Locality Map of Castillo tenements, Marlborough, Queensland

LETLHAKANE URANIUM PROJECT

Project Overview

- ▲ The Letlhakane Uranium Project is one of the world's largest undeveloped Uranium Deposits.
- ▲ The project has the distinct advantage of having all the major infrastructure in place and is one of the few major undeveloped uranium projects in the world in the safe and stable jurisdiction of Botswana.
- ▲ A-Cap was granted a Mining Licence designated ML 2016/16L by the Ministry of Minerals, Energy and Water Resources over a portion of PL 45/2004 (Letlhakane) on 12 September 2016. The Mining Licence is valid for a period of 22 years.
- ▲ The Environmental Impact Statement (EIS) for the Letlhakane Uranium Project has been approved by the Botswana Department of Environment Affairs (DEA) in accordance with Section 12 (1a) of the Botswana Environmental Assessment Act, No.10, of 2011. The DEA formally approved the EIS on 13 May 2016 following a four-week public review process pursuant to the Environmental Act 2011.
- ▲ Provisional surface rights were granted on 6 June 2016 over the 144sqkm area covering the Letlhakane Uranium Project.
- ▲ Please refer to the Company's 2018 Annual Report for information relating to the Letlhakane Uranium Project's mineral resources and exploration results.

Acid Consumption Studies

Planning for gangue minerals beneficiation test programmes and CAPEX reviews continued through the September quarter, following the encouraging results of the acid consumption studies completed during the second quarter 2018 (please refer to the June 2018 Quarterly Activities Report for the outcomes of the Acid Consumption Studies). The results were encouraging, indicating savings of acid could be up to 26% greatly improving OPEX. This was examined after first recognising that there was a large variation in acid consumption in the individual samples comprised of metallurgical column leach samples used for the mining licence technical study.

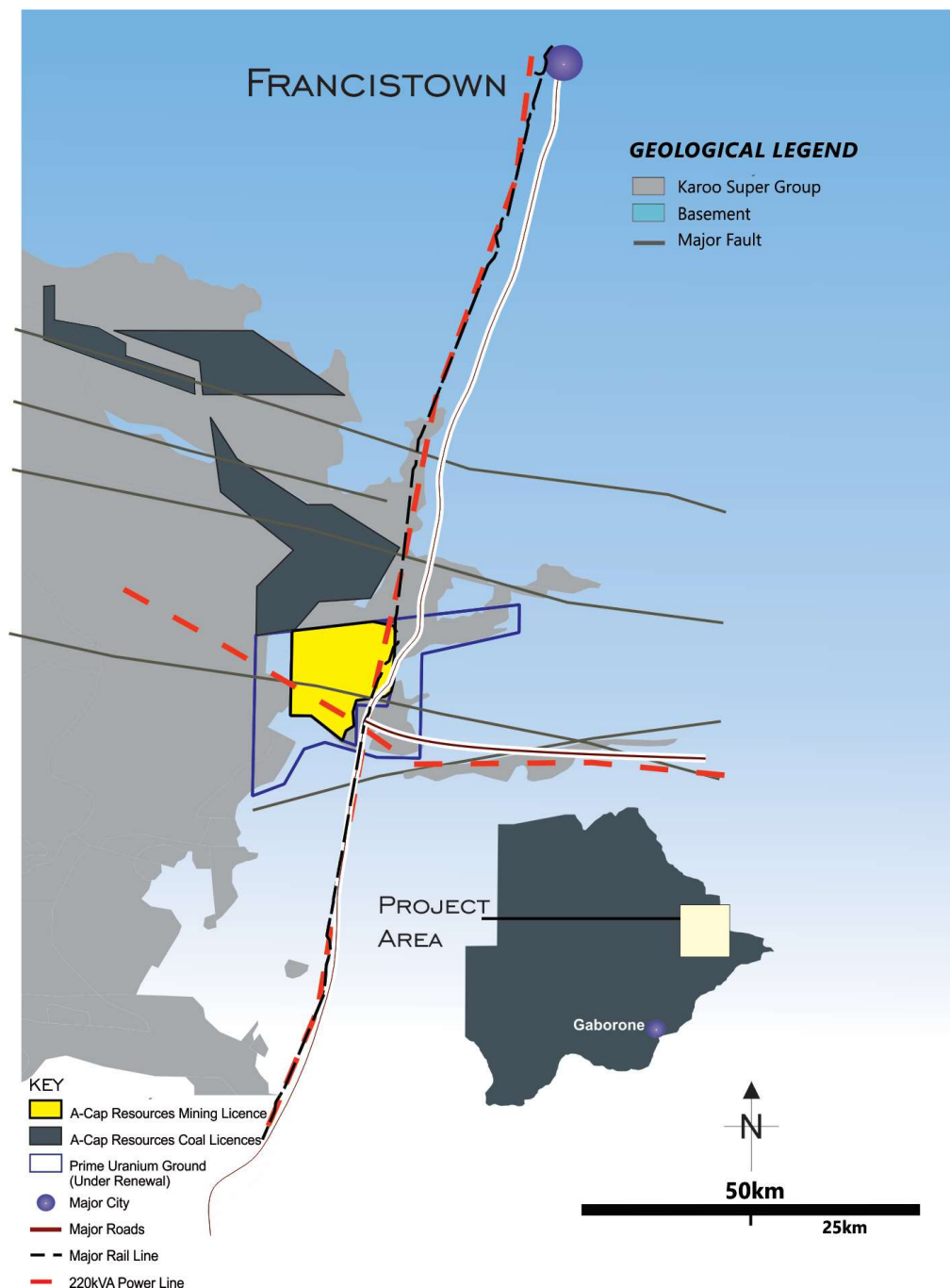
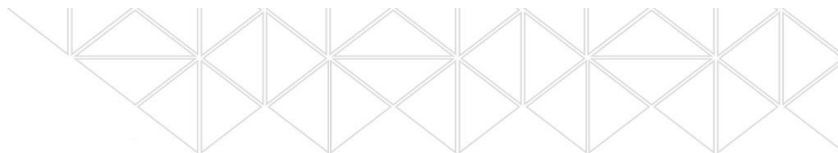


Figure 4: Map of A-Cap's Lethakane Uranium Project



SCHEDULE OF INTEREST IN MINING LICENCE AND PROSPECTING LICENCES

Tenement	Location	Percentage Holding	Title Holder
Letlhakane ML 2016/16L	Botswana	100	A-Cap Resources Botswana (Pty) Ltd
Letlhakane PL 45/2004	Botswana	100	A-Cap Resources Botswana (Pty) Ltd
Mea PL 134/2005	Botswana	100	A-Cap Resources Botswana (Pty) Ltd
Bolau PL 138/2005	Botswana	100	A-Cap Resources Botswana (Pty) Ltd
Foley PL 125/2009	Botswana	100	A-Cap Resources Botswana (Pty) Ltd
Hukuntsi 002/2014	Botswana	100	A-Cap Resources Botswana (Pty) Ltd
Hukuntsi 003/2014	Botswana	100	A-Cap Resources Botswana (Pty) Ltd
Hukuntsi 004/2014	Botswana	100	A-Cap Resources Botswana (Pty) Ltd
Werda 005/2014	Botswana	100	A-Cap Resources Botswana (Pty) Ltd
Kokong 006/2014	Botswana	100	A-Cap Resources Botswana (Pty) Ltd
Kokong 007/2014	Botswana	100	A-Cap Resources Botswana (Pty) Ltd
Kokong 008/2014	Botswana	100	A-Cap Resources Botswana (Pty) Ltd
Jwaneng 012/2014	Botswana	100	A-Cap Resources Botswana (Pty) Ltd
Jwaneng 013/2014	Botswana	100	A-Cap Resources Botswana (Pty) Ltd

CORPORATE

During the quarter ended September 2018:

- ▲ On 19 July 2018 the Company withdrew its Non-Renounceable Rights Issue announced on 30 April 2018 to raise \$4 million.
- ▲ On 25 July 2018 the Company announced entering into a binding Term Sheet with Castillo Copper Limited (ASX:CCZ) which provides for a farm-in joint venture to explore and develop cobalt and nickel tenements in Queensland, Australia. The key-terms of the binding term are detailed under the Diversified Minerals Strategy section.
- ▲ On 27 September the Company lodged its 2018 financial report, corporate governance statement and appendix 4G with the ASX;
- ▲ On 28 September the Company entered into a binding term sheet with Blackham Resources Limited ACN 119 887 606 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. The terms of the binding term sheet are detailed under the Diversified Minerals Strategy section.
- ▲ The Group's consolidated cash position at the end of the quarter was \$303k.

Following the quarter ended September 2018:

- ▲ Chairman Mr Angang Shen extended a short-term accommodation facility to support the Company's going concern and working capital requirements, with an amount drawn down of A\$500,000 on 8 October 2018. The loan is unsecured and at an interest rate of 10% p.a. The principal and interest are repayable 12 months from the drawdown date.
- ▲ A-Cap secured an ICBC US\$3 million revolving loan facility, which was drawn down on 24 October 2018 (refer ASX announcement dated 24 Oct-18).



Paul Ingram
DEPUTY CHAIRMAN



Competent person's statement

Information in this report relating to Uranium Exploration results, is based on information compiled by Mr Ashley Jones a full-time employee of A-Cap Resources Limited and a member of AusIMM. Mr Jones has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person under the 2012 Edition of the Australasian Code for reporting of Exploration Results Mineral Resources and Ore Reserves. Mr Jones consents to the inclusion of the data in the form and context in which it appears.

Information in this report relating to cobalt, nickel and associated metals of the Wiluna Cobalt Nickel Project (Wilconi Project), is based on information compiled by Mr Paul Ingram, a director of A-Cap Resources Limited and a Member of AusIMM. Mr Ingram has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and the activity he is undertaking to qualify as a Competent Person under the 2012 Edition of the Australasian Code for reporting Exploration Results Mineral Resources and Ore Reserves. Mr Ingram consents to the inclusion of the data in the form and context in which it appears.

*** Ends***

For further information, contact: +61 8 9467 2612

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

A-CAP RESOURCES LIMITED

ABN

28 104 028 542

Quarter ended ("current quarter")

30 SEPTEMBER 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(283)	(283)
(b) development	-	-
(c) production	-	-
(d) staff costs	(64)	(64)
(e) administration and corporate costs	(426)	(426)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(773)	(773)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,075	1,075
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(773)	(773)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	1	1
4.6	Cash and cash equivalents at end of period	303	303

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	303	1,075
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Term deposit)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	303	1,075

6. Payments to directors of the entity and their associates

**Current quarter
\$A'000**

6.1 Aggregate amount of payments to these parties included in item 1.2

157

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Director fees and consulting fees paid to related entities.

7. Payments to related entities of the entity and their associates

**Current quarter
\$A'000**

7.1 Aggregate amount of payments to these parties included in item 1.2

-

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Mining exploration entity and oil and gas exploration entity quarterly report

8.	Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	(230)
9.2	Development	-
9.3	Production	-
9.4	Staff costs	(64)
9.5	Administration and corporate costs	(401)
9.6	Other (provide details if material)	-
9.7	Total estimated cash outflows	(695)

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	NA			
10.2	Interests in mining tenements and petroleum tenements acquired or increased	NA			

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Company secretary)

Date: 31 October 2018

Print name: Nicholas Yeak

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.