



A-CAP ENERGY LIMITED
(ABN 28 104 028 542)

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY MEMORANDUM

PROXY FORM

Date : Friday 29 November 2019

Time : 10.30am (AEST)

Venue : Santos Place, Level 27, 32 Turbot St, Brisbane QLD 4000

These documents should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

A-CAP ENERGY LIMITED
(ABN 28 104 028 542)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of A-Cap Energy Limited (the "Company") will be held at Santos Place, Level 27, 32 Turbot St, Brisbane QLD 4000 on Friday 29 November 2019 at 10:30am (AEST).

AGENDA

ORDINARY BUSINESS

FINANCIAL STATEMENTS

To receive, consider and discuss the Company's financial statements for the year ended 30 June 2019 and the reports of the directors and auditors on those statements.

RESOLUTION 1 – RE-ELECTION OF MR JIJING NIU AS A DIRECTOR

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That Mr. Jijing Niu, who retires in accordance with Rule 58.1 of the Company's Constitution and Listing Rule 14.4 and, being eligible for re-election, is re-elected as a director."

RESOLUTION 2 – RE-ELECTION OF MR CHENGHU ZHU AS A DIRECTOR

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That Mr. Chenghu Zhu, who retires in accordance with Rule 58.1 of the Company's Constitution and Listing Rule 14.4 and, being eligible for re-election, is re-elected as a director."

RESOLUTION 3 – ADOPTION OF REMUNERATION REPORT

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report contained in the 2019 Annual Report be adopted by Shareholders"

Note:

(1) In accordance with section 250R(3) of the Corporations Act, this resolution is advisory only and does not bind the directors of the Company.

(2) **Voting Exclusion Statement:**

The Corporations Act prohibits any votes being cast on Resolution 3 by or on behalf of a person who is a member of the key management personnel of the Company (which includes the chairman and the directors), whose remuneration details are included in the Remuneration Report ("Key Executive") or any closely related party of a Key Executive ("CRP"). The Company will disregard any votes cast on Resolution 3 (in any capacity) by or on behalf of a Key Executive or any CRP.

However, the Company need not disregard a vote if it is cast by a Key Executive or any CRP as a proxy appointed in writing that specifies how the proxy is to vote on the resolution and the vote is not cast on behalf of a Key Executive or any CRP.

(2) **Voting Exclusion Statement (continued):**

Further, the Company will disregard a vote if it is cast by a Key Executive or any CRP as a proxy appointed in writing where the proxy appointment does not specify the way the proxy is to vote on Resolution 3, unless the proxy is the Chairman of the AGM and the proxy appointment expressly authorises the Chairman to exercise the proxy even if Resolution 3 is connected directly or indirectly with the remuneration of a Key Executive.

SPECIAL BUSINESS

RESOLUTION 4 – APPROVAL OF ADDITIONAL 10% PLACEMENT CAPACITY

To consider, and if thought fit, to pass the following resolution as a special resolution:

“That, pursuant to and in accordance with ASX Listing Rule 7.1A and for all other purposes, the issue of up to 10% of the company’s Equity Securities (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rules 7.1A.2, and on the terms and conditions set out in the Explanatory Statement, is approved”.

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 4 by:

- (a) any person who may participate in the issue of equity securities under this Resolution and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed; and
- (b) any associates of those persons.

However, the Company need not disregard a vote if it is cast by:

- (c) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (d) the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

SNAPSHOT TIME

In accordance with regulation 7.11.37 of the Corporations Regulations 2001, the Company determines that shares held as at 10.30 am (EST) on Wednesday 27 November 2019 will be taken, for the purposes of the Annual General Meeting, to be held by the persons who held them at that time.

PROXIES

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company;
- a member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

In accordance with section 250BA of the Corporations Act, the Company specifies the following information for the purposes of receipt of proxy appointments:

Postal Address:	PO Box 108, West Perth, WA 6872
Principal Place of Business:	52 Ord St, West Perth WA 6005
Facsimile Number:	(08) 7200 7612

Each member entitled to vote at the Annual General Meeting has the right to appoint a proxy to attend and vote at the AGM on his behalf. The member may specify the way in which the proxy is to vote on each resolution or may allow the proxy to vote at his discretion.

The instrument appointing the proxy must be received by the Company at the address specified above at least 48 hours before the time notified for the AGM (proxy forms can be lodged by facsimile).

By Order of the Board

MALCOLM SMARTT
Company Secretary
A-Cap Energy Limited

31 October 2019

A-CAP ENERGY LIMITED
(ABN 28 104 028 542)

EXPLANATORY MEMORANDUM TO SHAREHOLDERS

1. INTRODUCTION

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be transacted at the Annual General Meeting of the Company to be held on Friday 29 November 2019.

At that AGM, Shareholders will be asked to consider resolutions:

- i. Re-electing two directors who retire by rotation;
- ii. Adopting the remuneration report;
- iii. Approving an additional 10% placement capacity.

The purpose of this Explanatory Memorandum is to provide information that the Board believes to be material to Shareholders in deciding whether or not to pass those resolutions. The Explanatory Memorandum explains the resolutions and identifies the Board's reasons for putting them to Shareholders. It should be read in conjunction with the accompanying Notice of Meeting.

2. GLOSSARY

The following terms and abbreviations used in this Explanatory Memorandum have the following meanings:

Act or Corporations Act	<i>Corporations Act 2001 (Cth)</i>
AGM or Annual General Meeting	The annual general meeting of the Company to be held on Friday 29 November 2019
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited (ACN 008 624 691)
ASX Register	The ASX share register of the Company
ASX Listing Rules or Listing Rules	The Official Listing Rules of ASX, as amended from time to time
Board	The board of directors of the Company
Company or A-Cap	A-Cap Energy Limited (ABN 28 104 028 542)
Constitution	The Company's Constitution from time to time
Equity Securities	Has the same meaning as in the Listing Rules
Notice of Meeting	The notice convening the Annual General Meeting which accompanies this Explanatory Memorandum
Proxy Form	The proxy form which accompanies this Explanatory Memorandum
Shareholder	A registered holder of Shares in the Company
Shares	A fully paid ordinary share in the capital of the Company

3. FINANCIAL STATEMENTS AND REPORTS

The first item on the Notice of Meeting deals with the presentation of the Company's Annual Financial Report for the financial year ended 30 June 2019. Shareholders will be given an opportunity to raise any matters of interest with directors when this item is being considered.

The Company's Annual Financial Report for the year ended 30 June 2019 has been released to the ASX and is available on the Company's website (www.a-cap.com.au).

No vote is required on this item of business.

4. ELECTION OF DIRECTORS

In accordance with ASX Listing Rule 14.4 and pursuant to Rule 58.1 of the Constitution, at each AGM, one-third of the directors (excluding the Managing Director) must retire from office. Each retiring director is entitled to offer himself for re-election as a director at the AGM.

Each of Mr Jijing Niu and Mr Chenghu Zhu will retire by rotation in accordance with the requirements of the Constitution at the AGM. Being eligible, each of Mr Jijing Niu and Mr Chenghu Zhu seek re-election as a director of the Company at the AGM.

5. RESOLUTION 1 – RE-ELECTION OF MR JIJING NIU AS A DIRECTOR

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.

Mr Niu was appointed as a director of the Company on 19 September 2016.

Recommendation

The directors (with Mr Niu abstaining) recommend that Shareholders vote in favour of Mr Niu's re-election.

The Chairman intends to vote all undirected proxies in favour of this Resolution.

6. RESOLUTION 2 – RE-ELECTION OF CHENGHU ZHU AS A DIRECTOR

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

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

Mr Zhu was appointed as a director of the Company on 19 September 2016.

Recommendation

The directors (with Mr Zhu abstaining) recommend that Shareholders vote in favour of Mr Zhu's re-election.

The Chairman intends to vote all undirected proxies in favour of this Resolution.

7. RESOLUTION 3 – ADOPTION OF REMUNERATION REPORT

The Corporations Act includes disclosure requirements for companies whose shares are quoted on the ASX by requiring that the directors of the company include a remuneration report in the Company's annual report and that a resolution be put to Shareholders each year to adopt that report.

The remuneration report is set out in the Company's Annual Report.

The remuneration report:

- outlines the Board's policy for determining the nature and amount of remuneration for directors and executives of the Company;
- discusses the relationship between the Board's remuneration policy and the Company's performance;
- details and explains any performance condition applicable to the remuneration of a director or executive;
- details the remuneration (including Options) of each director and executive of the Company for the year; and
- summarises the terms of any contract under which any director or executive is engaged, including the period of notice required to terminate the contract and any termination payments provided for under the contract.

The vote on the resolution is advisory only and does not bind the directors or the Company, nor does it affect the remuneration paid or payable to the Company's directors or the executives. However, the Board will take the outcome of the resolution into account when considering future remuneration policy.

Section 250R(4) of the Corporations Act prohibits any votes on this resolution being cast by senior executives (or their associates) whose remuneration details are disclosed in the report.

This prohibition extends to undirected proxy votes to be cast by the Chairman. In this regard, you should specifically note that if you indicate on the Proxy Form that you do not wish to specify how your proxy should vote on Resolution 3, you will be deemed to have expressly directed the Chairman to cast your votes **in favour of** Resolution 3.

If you wish to appoint the Chairman as your proxy but do NOT want your votes to be cast in favour of Resolution 3, you must indicate your voting intention by marking either 'against' or 'abstain' against Resolution 3 in the Proxy Form.

8. RESOLUTION 4 - APPROVAL OF ADDITIONAL PLACEMENT CAPACITY

The Company is seeking Shareholder approval to enable the Company to issue an additional 10% of the issued share capital of the Company without the need for further Shareholder approval in accordance with ASX Listing Rule 7.1A (10% Placement). This is in addition to the 15% annual placement capacity permitted under Listing Rule 7.1.

Eligibility Criteria

ASX Listing Rule 7.1A is available to "eligible entities". The Company is an "eligible entity" in that it meets the following conditions:

- 1) It is not included in the S&P/ASX 300 Index; and
- 2) It has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of equal to or less than \$300 million.

Placement capacity under Listing Rule 7.1 and 7.1A

The effect of Resolution 4 will be to allow the Company to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue during the period up to 12 months after the meeting, without using (and in addition to) the Company's 15% annual placement capacity granted under Listing Rule 7.1.

The Equity Securities must be in the same class as an existing class of quoted Equity Securities. The Company currently has only one class of Equity Securities on issue, being fully paid ordinary shares.

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

A is the number of Shares on issue 12 months before the date of issue or agreement:

- (a) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
- (b) plus the number of partly paid shares that became fully paid in the previous 12 months;
- (c) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under ASX Listing Rules 7.1 and 7.4 (this does not include an issue of fully paid ordinary shares under the Company's 15% placement capacity under Listing Rule 7.1 without Shareholder approval); and
- (d) less the number of Shares cancelled in the previous 12 months.

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Shares under ASX Listing Rules 7.1 or 7.4.

Technical Information required by ASX Listing Rule 7.1A

In accordance with ASX Listing Rule 7.3A, the information below is provided in relation to Resolution 4:

(a) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed (**Agreed Issue Date**); or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the Agreed Issue Date, the date on which the Equity Securities are issued.

(b) Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of this Annual General Meeting and expiring on the first to occur of the following:

- (i) that date that is 12 months after the date of this Annual General Meeting; and
- (ii) the date of approval by the Shareholders of any transaction under ASX Listing Rule 11.1.2 (a significant change to the nature or scale of the Company's activities) or ASX Listing Rule 11.2 (disposal of the Company's main undertaking) or such longer period if allowed by the ASX,
("Additional Placement Period").

(c) **Risk of dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the voting interests and may dilute the economic interests of Shareholders who do not receive Equity Securities under the issue.

The table below seeks to demonstrate the potential dilution of existing Shareholders resulting from the issue of Equity Securities under the 10% Placement Capacity calculated in accordance with the formula contained in ASX Listing Rule 7.1A(2). The table does this by setting out the potential number of Shares issued and funds raised on the basis of:

- (i) the current number of Shares on issue;
- (ii) the number of Shares on issue changing (variable 'A' in the formula); and
- (iii) a variation in the issue price of the Shares (noting that Shares may only be issued at up to a 25% discount based on the volume weighted average price of the Shares calculated over the 15 ASX trading days preceding the issue).

Share Capital (Variable A)	Dilution		
	\$ 0.015	\$ 0.030	\$ 0.060
	50% decrease in Issue Price	Assumed Issue Price	100% increase in Issue Price
Current	26,156,546	26,156,546	26,156,546
871,884,866	\$ 392,348	\$ 784,696	\$ 1,569,393
50% increase	39,234,819	39,234,819	39,234,819
1,307,827,299	\$ 588,522	\$ 1,177,045	\$ 2,354,089
100% increase	52,313,092	52,313,092	52,313,092
1,743,769,732	\$ 784,696	\$ 1,569,393	\$ 3,138,786

The table has been prepared on the following assumptions. The Company does not represent that they will necessarily occur:

- (i) The current number of shares on issue is the Shares on issue as at 25 September 2019;
- (ii) The current issue price is the closing price of the Shares on the ASX on 25 September 2019;
- (iii) The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity;
- (iv) The calculations above do not show the dilution that any one particular Member will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances;
- (v) Other than as shown in the table, the Company does not issue any additional Equity Securities during the Additional Placement Period;
- (vi) No options to subscribe for Shares issued by the Company are exercised during the Additional Placement Period;

- (vii) This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1. Shareholders should note that there is a risk that:
 - a. the market price for the Shares may be significantly lower on the issue date than on the date of the Annual General Meeting; and
 - b. the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) Purpose of Issue under 10% Placement Capacity

The Company may issue Equity Securities under the 10% Placement Capacity for various purposes including the following:

- (i) to raise cash for working capital or for other corporate purposes; or
- (ii) as non-cash consideration such as the acquisition of new assets or investments, settlement of fees, subject to any applicable ASX requirements.

(e) Allocation under the 10% Placement Capacity

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue under the 10% Placement. The identity of the allottees under the 10% Placement will be determined on a case by case basis having regard to the factors including the following:

- (i) the methods of raising funds that are available to the Company, including a rights issue or other issue in which existing Shareholders can participate;
- (ii) the effect of the issue of the Shares on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisors (if applicable).

Special Resolution

Resolution 4 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the meeting must be in favour of Resolution 4 for it to be passed.

Recommendation

A voting exclusion statement is included in this notice. As at the date of this notice of meeting, the Company has not invited any existing Member to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 4.

The Directors recommend that Shareholders vote in favour of the Resolution 4 to increase the Placement Capacity under ASX Listing Rule 7.1A.

The Chairman intends to vote all undirected proxies in favour of this Resolution.

9. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders should read this Explanatory Memorandum carefully before deciding how to vote on the Resolutions set out in the Notice of Meeting.

Attached to the Notice of Meeting is a Proxy Form for use by Shareholders. All Shareholders are invited and encouraged to attend the AGM or, if they are unable to attend in person, to complete, sign and return the Proxy Form to the Company in accordance with the instructions contained in the Proxy Form and the Notice of Meeting. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Annual General Meeting in person.

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