

Quarterly Report

For the quarter ending 30 September 2022

acap.com.au

A-Cap Energy (ASX: ACB) is a minerals exploration and development company focused on the development of “new energy” projects including the company’s flagship Letlhakane Uranium Project in Botswana, host to one of the world’s top 10 uranium deposits.

Highlights

- New development program announced to revitalise Letlhakane Uranium Project in Botswana. In October 2022, experienced mining executive Mr Peter Sheehan was appointed as Botswana country manager to drive this program.
- A comprehensive beneficiation test work program starts, including ore sorting and gravity separation, designed to improve the mill feed grade to the mill and reduce operating costs.
- A review of hydrometallurgy and potential redesign of the process circuit is underway.
- Drilling starts at the Wilconi Nickel Cobalt Project to convert current indicated resources to measured resources.
- As detailed in an ASX Release dated 28 July 2022, Wiluna Mining went into insolvency, and appointed FTI Consulting as voluntary administrators.

Letlhakane Uranium Project

Botswana, Africa

Located in Botswana, the Letlhakane Uranium Project, is host to one of the world's largest undeveloped uranium deposits. The project has a total JORC resource of 366 million pounds (822 Mt @ 202ppm U₃O₈ using a 100ppm cut-off grade).¹

New development program to revitalise Letlhakane Project

A significant rise in the uranium price and nuclear energy's increasing role in decarbonising the world's power systems underpins a new development plan to revitalise Letlhakane.

A-Cap has begun a comprehensive program of development activities led by a new country manager, Mr Peter Sheehan, to advance Letlhakane.

Mr Sheehan's 25-year plus career in mining and resources has been highlighted by roles around the world including Managing Director, Chief Geologist, Geologic Consultant, Exploration Manager, and Senior Mine Geologist. Notably, he has vast experience in managing mining work programs in Africa including the management of large exploration teams and feasibility studies.

Mr Sheehan will be based in A-Cap's Francistown office until November when the company's Botswana headquarters are relocated to the capital Gaborone.

Drilling to start in November as part of new beneficiation study underway

Planned for November, a 3000m diamond drilling program (PQ) will collect sufficient metallurgical samples for a new, detailed beneficiation study currently underway.

The new study follows a 2010 beneficiation study that reported significant upgrades of uranium grade of around 1.5 times (ASX:ACB 18/08/2010). The 2010 study also highlighted leaching test work which utilised advances in sorting technology.

The company has taken possession of two new field vehicles to support exploration activities and is in negotiation for a new field base at Serule, just 7 km south of the Letlhakane deposit.

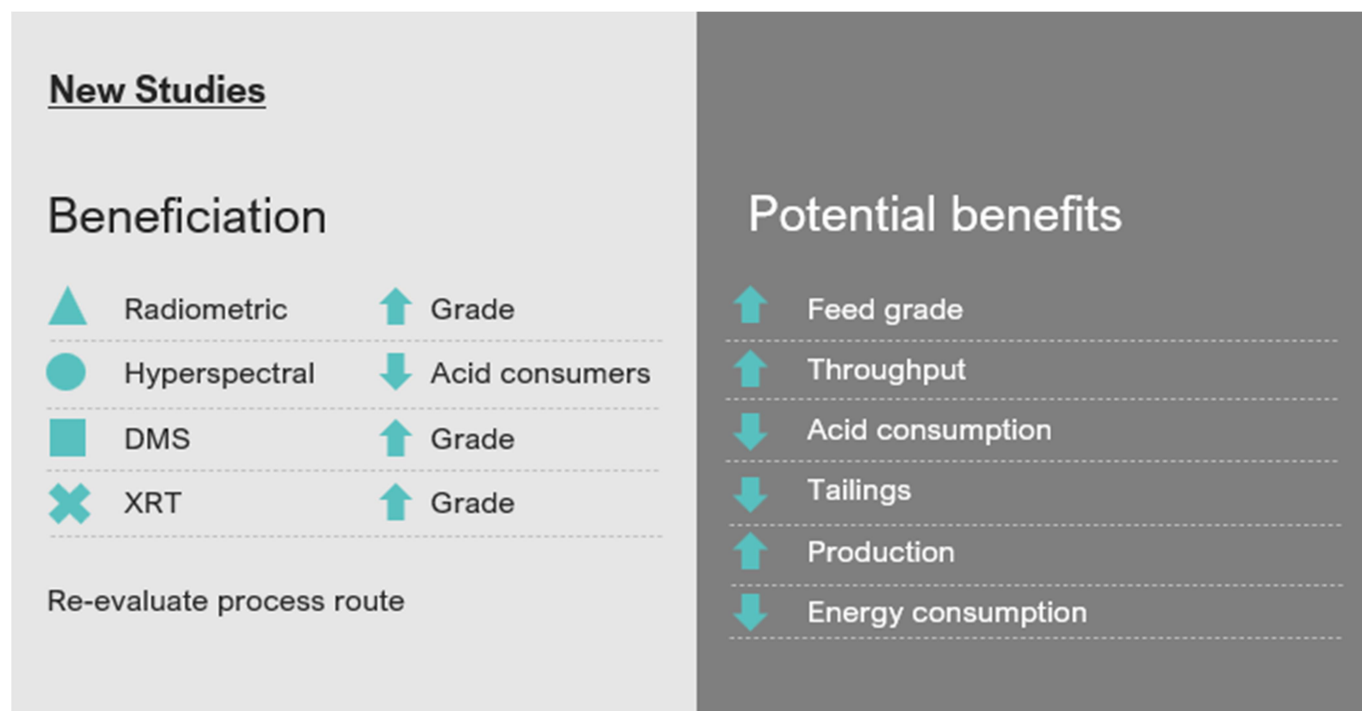
New technical parties engaged

To increase Letlhakane's profitability, A-Cap has engaged technical partners with world-leading expertise in uranium ore sorting and processing that specialise in increasing the ore feed grade to the mill as well as removing acid consuming gangue.

¹ Refer to Resource Statement and disclaimer on page 10.

A selection of ore grade material stored at Australia's Nuclear Science and Technology Organisation, (ANSTO) has been selected for sighter beneficiation testwork of historic composite ore material from Letlhakane using radiometric, XRT and hyperspectral sensors, as well as gravity separation using spirals and dense media separation. Preliminary radiometric sorting test work in 2010 showed an average upgrade in uranium grade of 1.5 times and a reduction of greater than 45% of material to the leaching plant. This work was not included in the 2016 Feasibility but the Company is confident that if previous results can be repeated or improved upon, project economics will significantly improve.

This program will later be expanded to test new samples obtained from the upcoming drill program



Additionally, a gap analysis of mineralogy and hydrometallurgy led by MinAssist (experts in uranium extraction) has highlighted the need for some additional mineralogy (QXRD) analysis.

Existing head and residue samples from: Gorgon South, Kraken and Serule West were recovered from ANSTO in Sydney from previous Acid Soluble Uranium (ASU) test work. These samples are perfect for quantitative XRD analysis to build a critical database recording the mineralogy of head and residue samples for the main ore types.

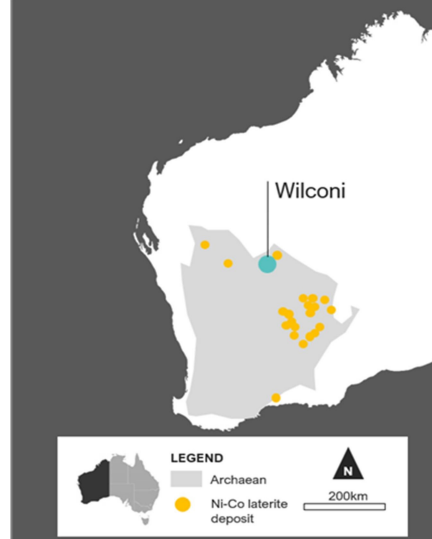
Completed as part of the Mining Licence application for Letlhakane (ASX:ACB 11/09/2015), the 2015 feasibility study forecast an annual production of 3 million pounds (Mlbs) of uranium per year for the project. The project has a low strip ratio, flat lying, shallow orebody that is amenable to free dig mining due to the relatively soft host rocks.

Running in parallel with the beneficiation work, A-Cap has engaged MinAssist, experts in uranium processing, to review and test historical work on the process route used in the 2016 Letlhakane feasibility study.

Wilconi-Nickel Cobalt Project

Western Australia, Australia

A-Cap Energy 55% Wiluna Mining Corp. 45%



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Last quarter, Acap Energy increased its interest in the Wilconi Nickel Cobalt Project in Western Australia from 20% to 55% after fulfilling phase 2 of its second earn-in milestone as part of its Joint Venture with Wiluna Mining (ASX: WMC) (Refer ASX announcement dated 28 June 2022).

As per the terms of the JV agreement signed in 2018, A-Cap has the right to earn up to 75% of the project by meeting various requirements including completion of a DFS (Refer ASX announcement dated 20 December 2018).

The 10,000 metre reverse circulation (RC) and 2,000 metre diamond drill programme commenced in July is on-going. The drill programme is designed to convert current indicated resources to measured resources. The large-diameter (PQ sized) core holes will contribute to the resource/reserve definition and enable bulk samples to be collected for further metallurgical testwork. Results for the RC drilling will be available in Q4

A contract has been signed with Plotlogic Pty Ltd for the short-term hire of a hyperspectral scanning unit at Wilconi. The unit is expected to arrive on site in November and will be used to scan diamond drill core. The study is aimed at identifying ore mineralogy, ore distribution and what beneficiation methods maybe used to increase the nickel grade of the ore prior to processing.

Testwork conducted by Stimulus Laboratories (Perth) to determine the best methods of nickel and cobalt extraction and optimise metal recoveries for the various ore types, is close to being finalised. Results from the latest testwork are expected in October. A-Cap Chairman Mr Jiandong He said “Our earlier metallurgical studies demonstrated that the project can deliver high recoveries of both nickel and cobalt, and we look forward to more good news from this upcoming work”.

In addition to the drilling and metallurgical testwork several other work streams are underway to gather information for completion of a PFS in 2023.

On-going PFS work and additional studies include:

- Hydrogeological studies including Baseline surface and ground water studies
- Subterranean fauna studies
- Soil and waste rock characterisation studies

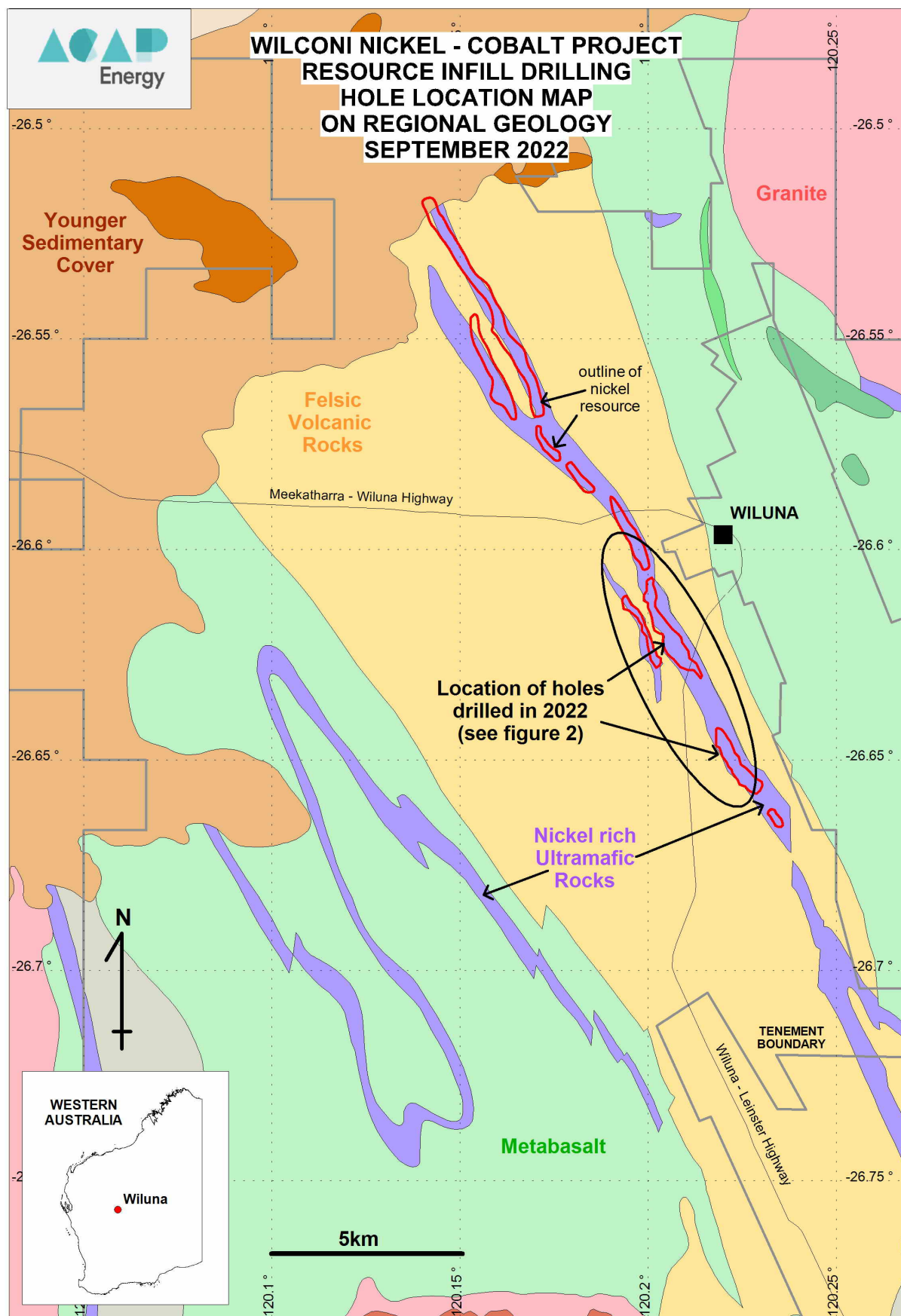


Figure 1: Regional geological setting of the Wilconi Nickel-Cobalt Project showing extent of nickel bearing ultramafic rocks, outline of the Wilconi nickel resource and location of recent drilling.

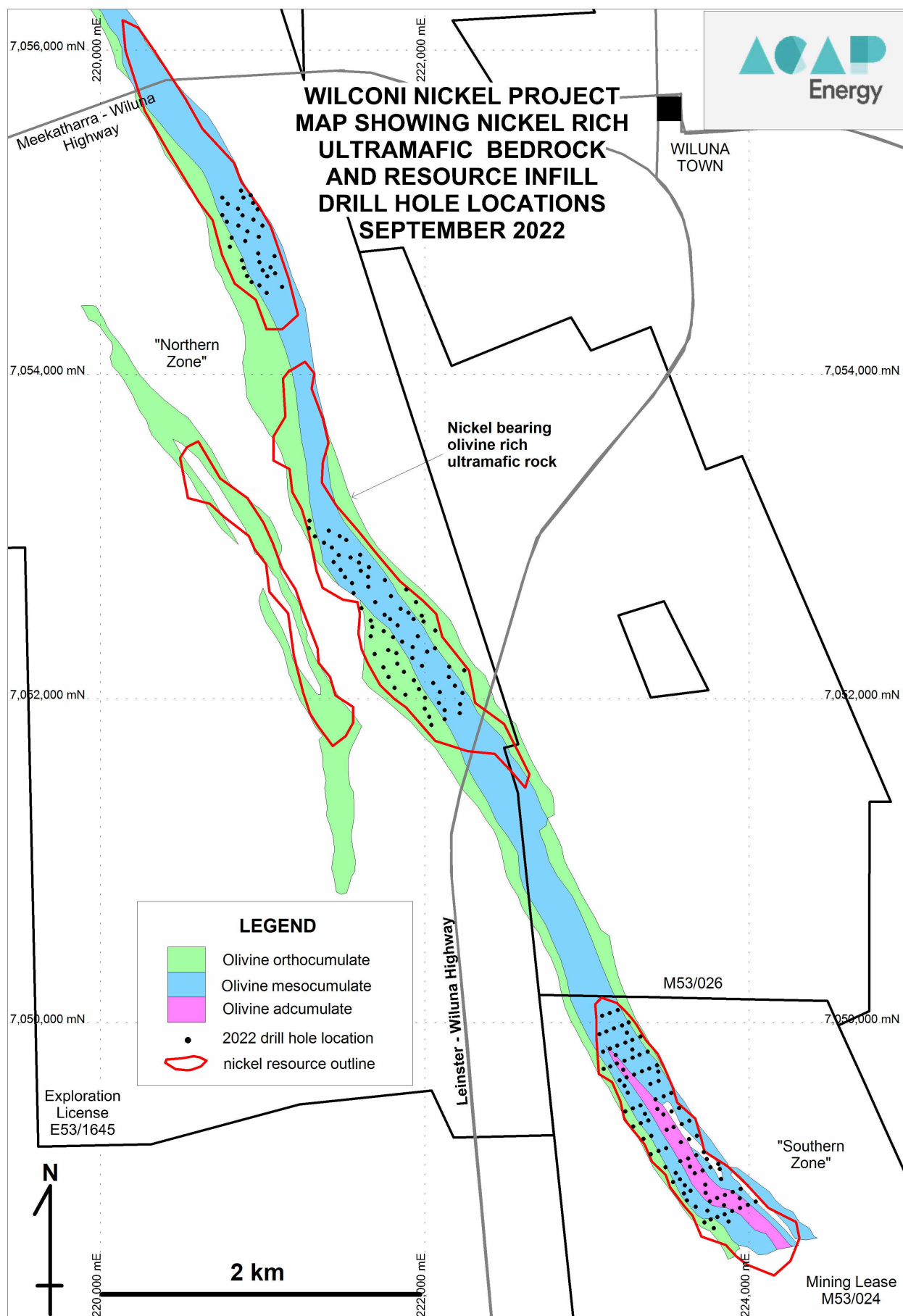


Figure 2: Map showing location of holes completed in the current reverse circulation and diamond drill programme and underlying nickel rich ultramafic bedrock.



Figure 3: New reverse circulation drilling has been completed at the Wilconi Nickel Cobalt Project.

Other PFS work that has been previously completed includes:

- Assay results for the 31 hole (1490.7m) diamond core drill programme completed in January were reported in April (Refer ASX announcement dated 1st April 2022).
- An updated mineral resource estimate to JORC standards by Miningplus. Recently completed (Refer ASX announcement dated 18th March 2022).
- Animal Plant Mineral Pty Ltd (APM) completed a fauna and flora study over the entire resource area in December 2021.
- Peter O'Bryan & Associates supervised engineering and geotechnical testwork on selected core samples.
- A desktop hydrogeological study of the Wilconi project area was completed by Rockwater Hydrogeological and Environmental Consultants. As recommended by Rockwater, six water monitoring wells were established across the Wilconi resource area.
- On-going PFS work and additional studies include:
 - Hydrogeological studies including Baseline surface and ground water studies
 - Subterranean fauna studies
 - Design and geotechnical assessment of constructed landforms including waste dumps, open cuts and tailings storage facilities
 - Soil, waste rock and tailings characterisation studies
 - Noise and greenhouse gases assessment

Corporate

Directors:

Jiandong He

Andrew Tunks

Zhenwei Li

Michael Liu

Paul Ingram

Jijing Niu

Mark Syropoulo

Dr Andrew Tunks appointed as Managing Director

During the Quarter, A-Cap Energy appointed its current Chief Executive Officer, Dr Andrew Tunks, as the Managing Director. Dr Tunks re-joined A-Cap as chief executive in July 2022. With the revitalisation of the Letlhakane Uranium Project in Botswana now ramping up and a pre-feasibility study advancing at the Wilconi Nickel-Cobalt Project in Western Australia, A-Cap's Board has unanimously voted for Dr Tunks to resume his previous role as Managing Director. Dr Tunks is a qualified geologist and has held numerous leadership and exploration during his 30+ year career, including board positions with ASX-listed companies Meteoric Resources (ASX:MEI), Auroch Minerals (ASX:AOU) and West Wits Mining (ASX:WWI). Most notably, he was Managing Director of A-Cap Resources from 2006 to 2011 where he led the development of the Letlhakane Project from discovery and first drill hole to one of the world's largest uranium resources.

New Country Manager appointed

Subsequent to the end of the quarter, A-Cap announced it had appointed experienced mining executive, Mr Peter Sheehan, as the company's new Country Manager in Botswana to drive the development program at its flagship Letlhakane Uranium Project. Mr Sheehan's 25-year plus career in mining and resources has been highlighted by roles around the world including Managing Director, Chief Geologist, Geologic Consultant, Exploration Manager, and Senior Mine Geologist. Notably, he has vast experience in managing mining work programs in Africa including the management of large exploration teams and feasibility studies. Mr Sheehan will be based in A-Cap's Francistown office until November when the company's Botswana headquarters are relocated to the capital Gaborone.

Capital Structure as at 24 October 2022.

ACB - 1,232,435,060 – Fully Paid Ordinary Shares

ACBO – 46,039,445 Listed Options Expiring 25 Mar 24 Strike 20 cents

ACBAU – 3,500,000 Options Expiring 31 May 24 Strike 22 cents

ACBAC – 8,000,000 Options Expiring 31 Oct 24 Strike 10 cents

ACBAB – 22,000,000 Options Expiring 31 Oct 21 Strike 11 cents

ACBAS – 24,000,000 Options expiring 31 Oct 24 Strike 11 cents

ACBAT - 30,000,000 Performance Rights

ACBAV - 5,000,000 Performance Rights

Market Capitalisation as at 23 October 2022

\$86.2 million (last quarter end \$98.6 million)

Shareholder Information:

2,661 shareholders with Top 20 holding 84.21% (Last quarter end 84.02%)

Payment of fees, salary and superannuation to directors for September 2022 Quarter:

Director fees of \$5,000 and Consulting fees of \$42,306. (As per App 5B Para 6.1.)

Details of Expenditure incurred during Quarter

Details of expenditure during the quarter are shown in the Appendix 5B released this day.

This update has been authorised on behalf of A-Cap Energy Limited by the Board.

Disclaimers

Competent Person Statement

Information in this report relating to Wilconi Mineral Resources is based on information compiled by Dr Andrew Richmond, a full-time employee of Martlet Consultants Pty Ltd. Dr Richmond is a Member of the AusIMM (#111459) and a Fellow of the AIG (#4840). Dr Richmond 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. Dr Richmond consents to the inclusion of the data related to Mineral Resources in the form and context in which it appears.

Information in this report relating to Exploration drill results, is based on information compiled by Mr Harry Mustard, a full-time employee of A-Cap Energy Limited and a member of AusIMM. Mr Mustard 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 Mustard 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 Energy 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.

Information in this report relating to Uranium Exploration results, is based on information compiled by Mr Ashley Jones a consultant of A-Cap Energy 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.

Cautionary Note Regarding Forward-Looking Statements

This quarterly report contains forward looking statements which involve a number of risks and uncertainties. These forward-looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this announcement. The forward-looking statements are made as at the date of this announcement and the Company disclaims any intent or obligation to update publicly such forward looking statements, whether as the result of new information, future events or results or otherwise.

Tenement Information

Held as at the end of the September 2022 Quarter

Tenement Id	Location	Project	Status	Interest at Start of Quarter	Interest at End of Quarter
E53/2076	Wiluna	Wilconi	Granted	20%	20%
E53/1645	Wiluna	Wilconi	Granted	20%	20%
E53/1791	Wiluna	Wilconi	Granted	20%	20%
E53/1794	Wiluna	Wilconi	Granted	20%	20%
E53/1803	Wiluna	Wilconi	Application	20%	20%
E53/1852	Wiluna	Wilconi	Granted	20%	20%
E53/1853	Wiluna	Wilconi	Granted	20%	20%
E53/1864	Wiluna	Wilconi	Application	20%	20%
E53/1908	Wiluna	Wilconi	Granted	20%	20%
E53/1912	Wiluna	Wilconi	Granted	20%	20%
E53/1908	Wiluna	Wilconi	Granted	20%	20%
E53/1912	Wiluna	Wilconi	Granted	20%	20%
E53/2048	Wiluna	Wilconi	Granted	20%	20%
E53/2050	Wiluna	Wilconi	Granted	20%	20%
M53/0024	Wiluna	Wilconi	Granted	20%	20%
M53/0026	Wiluna	Wilconi	Granted	20%	20%
M53/0034	Wiluna	Wilconi	Granted	20%	20%
M53/0041	Wiluna	Wilconi	Granted	20%	20%
M53/0052	Wiluna	Wilconi	Granted	20%	20%
M53/0071	Wiluna	Wilconi	Granted	20%	20%
M53/0092	Wiluna	Wilconi	Granted	20%	20%
M53/0139	Wiluna	Wilconi	Granted	20%	20%
M53/0188	Wiluna	Wilconi	Granted	20%	20%
M53/1098	Wiluna	Wilconi	Granted	20%	20%
P53/1560	Wiluna	Wilconi	Granted	20%	20%
R53/0001	Wikuna	Wilconi	Granted	20%	20%

Resource Statement

Letlhakane Uranium Project JORC 2012 Resource Estimate

Cut-off	Total Indicated			Total Inferred			Global Total		
	Mt	Grade U ₃ O ₈ (ppm)	Contained U ₃ O ₈ (Mlbs)	Mt	Grade U ₃ O ₈ (ppm)	Contained U ₃ O ₈ (Mlbs)	Lbs U ₃ O ₈ (000)	Grade U ₃ O ₈ (ppm)	Contained U ₃ O ₈ (Mlbs)
100	197.1	197	85.5	625	203	280.1	822.1	202	365.7
200	59.2	323	42.2	209.7	321	148.1	268.9	321	190.4
300	22.2	463	22.7	81.6	446	80.3	103.8	450	103.1

The 2015 global resource estimate using LUC best reflects the mining methodology envisaged, taking into account the surface miners' selective mining capability, combined with the proposed grade control methodology.

A drill spacing study comparison completed by Perth-based resource specialists Optiro on the Kraken deposit confirmed that at a starting drill spacing of 200m by 200m, the change of contained metal is within +/-10% when drilled down to 100m by 50m drill spacing. The current criteria for inferred resources is nominally greater than 100m by 100m drill spacing. A-Cap has confidence that the deposit will retain its mineralisation continuity when it is further drilled out.

A-Cap continues to assess the LUC resource in terms of mining optimisations. Optimisations of the LUC resource model has been completed to assess the different mining techniques and also to determine the optimal areas for conversion from inferred to indicated resources. The mine scheduling and optimisation work going forward will be undertaken internally, which will allow for considerable savings in external resource modelling and optimisation costs going forward. Furthermore, in-house optimisation and scheduling capabilities will allow the complex nature of the Project to be examined in more detail and continuously.

Wilconi Nickel-Cobalt Project JORC 2012 Resource Estimate

Rounding may cause minor inconsistencies

Category	Cut-Off (Ni %)	Mt	Ni %	Co %	Ni Metal (t)	Co Metal (t)
Indicated	0.5	29	0.80	0.063	230,000	17,900
Inferred	0.5	62	0.70	0.046	430,000	28,500
Total	0.5	90	0.73	0.051	660,000	46,400

Cut-Off (Ni %)	Mt	Ni %	Co %	Ni Metal (t)	Co Metal (t)
0.5	90	0.73	0.051	660,000	46,400
0.6	70	0.78	0.055	540,000	38,200
0.7	44	0.86	0.061	380,000	27,100
0.8	25	0.94	0.069	240,000	17,400
0.9	13	1.02	0.078	130,000	10,300

Company Profile

A-Cap Energy is an Australian resources company focused on the development of critical minerals serving the world's path to carbon net zero. Amid renewed global focus on nuclear energy, the company's flagship Letlhakane Uranium Project in Botswana hosts one of the world's top 10 undeveloped uranium resources – 365.7 million pounds of contained U_3O_8 (100ppm U_3O_8 cut-off).

A-Cap's Wilconi Project, which represents the company's first nickel-cobalt laterite project interest, is being advanced in response to the significant growth expectation in the supply of battery materials to the OEM automotive and battery industries. The company aims to establish key strategic and commercial relationships to take advantage of material processing and refinery technologies according to the highest Environmental, Social and Governance (ESG) standards.

