

24 June 2016

Ms Anjuli Sinniah
Adviser, Listings Compliance (Perth)
Level 40, Central Park
152 – 158 St Georges Terrace
Perth WA 6000

By email: anjuli.sinniah@asx.com.au

Dear Ms Sinniah

A-Cap Resources Limited (ACB): ASX AWARE QUERY

We refer to your letter dated 22 June 2016 in which you have requested a response to a number of questions (**your letter**). Our responses to those questions are set out in blue text below. Unless otherwise defined, capitalised terms in this letter have the same meaning given to them in your letter.

- 1. Does ACB consider the Grant Information, or any part thereof, announced on 16 June 2016 to be information that a reasonable person would expect to have a material effect on the price or value of its securities?**

ACB does not consider the Grant Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities.

- 2. If the answer to question 1 is “no”, please advise the basis for that view.**

Securing provisional Surface Rights for the Lethakane Uranium Project is a procedural matter that is not a condition precedent to securing a mining licence for the project.

- 3. If the answer to question 1 is “yes”, did ACB first become aware of the Grant Information, or any part thereof on 6 June 2016 or at any time prior to 6 June 2016?**

N/A – for completeness the answer is no.

- 4. If the answer to question 1 is “yes” and ACB first became aware of the Grant Information, or any part thereof, on or before 6 June 2016, did ACB make any announcement disclosing the Grant Information or any part thereof prior to the Surface Rights Announcement released on 16 June 2016? If so, please provide details. If not, please explain why the Grant Information, or any part thereof, was not released to the market prior to 16 June 2016, commenting specifically on when you believe ACB was obliged to release the Grant Information, or any part thereof, under Listing Rules 3.1 and 3.1A and what steps ACB took to ensure that the information was released promptly and without delay.**

N/A – for completeness, ACB was only made aware of the Grant Information on 14 June 2016.

5. Does ACB consider the agreement of the Convertible Note Agreement on 8 June 2016, and the formalisation of the Convertible Note Agreement on 20 June 2016, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

Yes, ACB considers the agreement and formalisation of the Convertible Note Agreement on 20 June 2016 to be information that a reasonable person would expect to have a material effect on the price or value of its securities. The terms of the Convertible Note Agreement were not agreed on 8 June 2016, but on 20 June 2016, as is further detailed in our response to question 8 below.

6. If the answer to question 5 is “no”, please advise the basis for that view.

N/A

7. If the answer to question 5 is “yes”, did ACB initiate the Convertible Note Agreement on 8 June 2016 or at any time prior to 8 June 2016?

ACB initiated negotiations on the Convertible Note Agreement prior to 8 June 2016, however agreement was not reached until 20 June 2016.

8. If the answer to question 5 is “yes”, did ACB make any announcement prior to the Convertible Note Announcement released on 21 June 2016, which disclosed the initiation of the Convertible Note Agreement on 8 June 2016 and the formalisation of the Convertible Note Agreement on 20 June 2016 respectively? If so, please provide details. If not, please explain:

No

ACB's Convertible Note Announcement released on 21 June 2016 incorrectly stated that the key terms of the Convertible Note Agreement were agreed on 8 June 2016. Rather the parties were negotiating the key terms of the Convertible Note Agreement on 8 June 2016 and the terms of the Convertible Note Agreement. The Convertible Note Agreement terms were not agreed, or considered by ACB's board of directors until 20 June 2016. ACB sought a trading halt on 20 June 2016 pending the release of an announcement by the company in relation to a capital raising.

As at 8 June 2016:

- a) there was no agreement between the parties in relation to the terms of the Convertible Note Agreement;*
- b) no agreement had been entered into in relation to the terms of the Convertible Note Agreement; and*
- c) the information relating to the terms of the Convertible Note Agreement concerned an incomplete proposal or negotiation.*

- a. **Why the creation and key terms of the Convertible Note Agreement were not released to the market prior to 21 June 2016;**

The key terms of the Convertible Note Agreement were not agreed by the parties until 20 June 2016, following which time an announcement was made to the market.

As noted above, ACB was placed into a trading halt on 20 June 2016 pending an announcement in relation to a capital raising.

- b. **When you believe ACB was obliged to release the information pertaining to the initiation of the Convertible Note Agreement under Listing Rules 3.1 and 3.1A and what steps ACB took to ensure that the information was released promptly and without delay.**

ACB requested a trading halt on 20 June 2016, the day on which the key terms of the Convertible Note Agreement were agreed and the Convertible Note Agreement was signed. ACB released the information pertaining to the entry into the Convertible Note Agreement the following day.

Prior to 20 June 2016, there was a period of negotiations between the respective parties in regards to the terms of the Convertible Note Agreement and the information relating to the Convertible Note Agreement concerned an incomplete proposal.

9. **Please confirm that ACB is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.**

I confirm that ACB is in compliance with the Listing Rules and in particular Listing Rule 3.1.

For and on Behalf of the Board of
A-CAP RESOURCES LIMITED



NICHOLAS YEAK
Company Secretary

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22 June 2016

Nicholas Yeak
Company Secretary
Level 15, AMP Building
140 St Georges Terrace
Perth WA 6000

By email: nyeak@a-cap.com.au

Dear Mr Yeak

A-Cap Resources Limited ("ACB"): ASX aware query

ASX Limited ("ASX") refers to the following:

1. ACB's response to ASX's price and volume query released on ASX Market Announcements Platform at 5:19pm on 27 May 2016 ("First Price and Volume Query") and ACB's response to ASX's price and volume query released on ASX Market Announcements Platform at 1:52pm on 30 May 2016 ("Second Price and Volume Query").
2. ACB's announcement entitled "Lethlkane Uranium Project – Approval of Surface Rights" lodged with ASX Market Announcements Platform and released at 11:50am on 16 June 2016 (the "Surface Rights Announcement"), disclosing the approval of surface rights over the 144sqkm area covering the Lethlakane Uranium Project from the Mmadinare Sub Land Board at a meeting held on 6 June 2016 (referred to as the "Grant Information").
3. ACB's announcement entitled "A-Cap Signs \$5 million Convertible Note Agreement" lodged with ASX Market Announcements Platform and released at 12:22pm on 21 June 2016 (the "Convertible Note Announcement"), disclosing ACB had entered into a convertible note agreement with Jiangsu Chixiang Precision Gear Co Ltd for a total face value of A\$5,000,000 on 8 June 2016 ("Convertible Note Agreement"), with the convertible note subscription deed signed by both parties on 20 June 2016.
4. The movement in ACB's share price between 14 and 15 June 2016, where the share price increased from \$0.029 to \$0.035 noting specifically, ACB did not release any announcements immediately prior to the stipulated period.
5. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of ACB's securities.
6. The definition of "aware" in Chapter 19 of the Listing Rules. This definition states that:

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“an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity.”

Additionally, you should refer to section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B “When does an entity become aware of information”*.

7. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

“3.1A Listing rule 3.1 does not apply to particular information while each of the following requirements is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed.”

5. ASX’s policy position on the concept of “confidentiality” which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B “Listing Rule 3.1A.2 – the requirement for information to be confidential”*. In particular, the Guidance Note states that:

“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”

Having regard to the above, we ask that you answer the following questions in a format suitable for release to the market in accordance with Listing Rule 18.7A:



1. Does ACB consider the Grant Information, or any part thereof, announced on 16 June 2016 to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is “no”, please advise the basis for that view.
3. If the answer to question 1 is “yes”, did ACB first become aware of the Grant Information, or any part thereof on 6 June 2016 or at any time prior to 6 June 2016?
4. If the answer to question 1 is “yes” and ACB first became aware of the Grant Information, or any part thereof, on or before 6 June 2016, did ACB make any announcement disclosing the Grant Information or any part thereof prior to the Surface Rights Announcement released on 16 June 2016? If so, please provide details. If not, please explain why the Grant Information, or any part thereof, was not released to the market prior to 16 June 2016, commenting specifically on when you believe ACB was obliged to release the Grant Information, or any part thereof, under Listing Rules 3.1 and 3.1A and what steps ACB took to ensure that the information was released promptly and without delay.
5. Does ACB consider the agreement of the Convertible Note Agreement on 8 June 2016, and the formalisation of the Convertible Note Agreement on 20 June 2016, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
6. If the answer to question 5 is “no”, please advise the basis for that view.
7. If the answer to question 5 is “yes”, did ACB initiate the Convertible Note Agreement on 8 June 2016 or at any time prior to 8 June 2016?
8. If the answer to question 5 is “yes”, did ACB make any announcement prior to the Convertible Note Announcement released on 21 June 2016, which disclosed the initiation of the Convertible Note Agreement on 8 June 2016 and the formalisation of the Convertible Note Agreement on 20 June 2016 respectively? If so, please provide details. If not, please explain:
- a. Why the creation and key terms of the Convertible Note Agreement were not released to the market prior to 21 June 2016;
 - b. When you believe ACB was obliged to release the information pertaining to the initiation of the Convertible Note Agreement under Listing Rules 3.1 and 3.1A and what steps ACB took to ensure that the information was released promptly and without delay.
9. Please confirm that ACB is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **9.30 a.m. WST on Friday 24 June 2016**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity’s securities under Listing Rule 17.3.



You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, ACB's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at anjuli.sinniah@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to ACB's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in ACB's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.



If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Anjuli Sinniah
Adviser, Listings Compliance (Perth)

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