

12 July 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 8 July 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 Transfer Turndown, or any part thereof, announced on 6 July 2016 to be information that a reasonable person would expect to have a material effect on the price or value of its securities?**

Yes.

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

N/A

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

Yes.

- 4. If the answer to question 1 is “yes” and ACB first became aware of the Transfer Turndown, or any part thereof, on or before 6 July 2016, did ACB make any announcement disclosing the Transfer Turndown or any part thereof prior to the Update Announcement released on 6 July 2016? If so, please provide details. If not, please explain why the Transfer Turndown, or any part thereof, was not released to the market prior to 6 July 2016, commenting specifically on when you believe ACB was obliged to release the Transfer Turndown, 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.**

ACB first became aware of the Transfer Turndown when an email from Jiangsu Chixiang was received on Monday 4 July 2016 at 7:45PM WST. Jiangsu Chixiang advised that the transfer of the A\$5 million issue price in order to subscribe for a convertible note in ACB, pursuant to a convertible note agreement entered into between ACB and Jiangsu Chixiang had been turned down by the State Administration of Foreign Exchange, Yancheng Branch, China.

Having become aware of the Transfer Turndown on the morning of Tuesday 5 July 2016, ACB requested a trading halt on that same day at 8:08AM WST in order to prepare an ASX announcement regarding the Transfer Turndown.

5. Does ACB consider the condition that Jiangsu Chixiang was required to obtain approval from the State Administration of Foreign Exchange, Yancheng Branch, China, in order to transfer A\$5 million to ACB pursuant to the convertible note subscription deed (“Transfer Requirement”) to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

Yes.

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 first become aware of the Transfer Requirement, or any part thereof on 6 July 2016 or at any time prior to 6 July 2016?

Yes.

8. If the answer to question 5 is “yes” and ACB first became aware of the Transfer Requirement, or any part thereof, on or before 6 July 2016, did ACB make any announcement disclosing the Transfer Requirement or any part thereof prior to the Update Announcement released on 6 July 2016? If so, please provide details. If not, please explain why the Transfer Requirement, or any part thereof, was not released to the market prior to 6 July 2016, commenting specifically on when you believe ACB was obliged to release the Transfer Requirement, 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.

ACB first became aware of the Transfer Requirement when an email from Jiangsu Chixiang was received on Monday 4 July 2016 at 7:45PM WST, the same time ACB became aware of the Transfer Turndown. Having become aware of the Transfer Requirement and Transfer Turndown on the morning of Tuesday 5 July 2016, ACB requested a trading halt on that same day at 8:08AM WST in order to prepare an ASX announcement regarding the Transfer Requirement and Transfer Turndown.

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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8 July 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 announcement entitled "A-Cap Signs \$5 million Convertible Note Agreement" lodged with ASX Market Announcements Platform and released at 12:22pm EST on 21 June 2016 (the "Convertible Note Announcement"), disclosing ACB had entered into a convertible note agreement with Jiangsu Chixiang Precision Gear Co Ltd ("Jiangsu Chixiang") 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.
2. ACB's announcement entitled "Convertible Note Agreement" lodged with ASX Markets Announcements Platform and released at 5:38pm EST ("Update Announcement"), disclosing that ACB has been notified by Jiangsu Chixiang that the transfer of the A\$5 million issue price in order to subscribe for a convertible note in ACB, pursuant to the convertible note subscription deed entered into between ACB and Jiangsu Chixiang on 20 June 2016, has been turned down by the State Administration of Foreign Exchange, Yancheng Branch, China ("Transfer Turn Down").
3. 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.
4. The definition of "aware" in Chapter 19 of the Listing Rules. This definition states that:

"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"*.

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5. 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 Transfer Turndown, or any part thereof, announced on 6 July 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 Transfer Turndown, or any part thereof on 6 July 2016 or at any time prior to 6 July 2016?



4. If the answer to question 1 is “yes” and ACB first became aware of the Transfer Turndown, or any part thereof, on or before 6 July 2016, did ACB make any announcement disclosing the Transfer Turndown or any part thereof prior to the Update Announcement released on 6 July 2016? If so, please provide details. If not, please explain why the Transfer Turndown, or any part thereof, was not released to the market prior to 6 July 2016, commenting specifically on when you believe ACB was obliged to release the Transfer Turndown, 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 condition that Jiangsu Chixiang was required to obtain approval from the State Administration of Foreign Exchange, Yancheng Branch, China, in order to transfer A\$5 million to ACB pursuant to the convertible note subscription deed (“Transfer Requirement”) 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 first become aware of the Transfer Requirement, or any part thereof on 6 July 2016 or at any time prior to 6 July 2016?
8. If the answer to question 5 is “yes” and ACB first became aware of the Transfer Requirement, or any part thereof, on or before 6 July 2016, did ACB make any announcement disclosing the Transfer Requirement or any part thereof prior to the Update Announcement released on 6 July 2016? If so, please provide details. If not, please explain why the Transfer Requirement, or any part thereof, was not released to the market prior to 6 July 2016, commenting specifically on when you believe ACB was obliged to release the Transfer Requirement, 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.
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 Wednesday 13 July 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)