A-Cap Resources Limited enters into binding Term Sheet with Castillo Copper Limited in relation to a farm-in joint venture on a Nickel-Cobalt project in Queensland, Australia

A-Cap Resources Limited (A-Cap) has today entered into a binding Term Sheet with Castillo Copper Limited ACN 137 606 476 (ASX:CCZ) which provides for a farm-in joint venture to explore and develop nickel and cobalt tenements in Queensland, Australia.

The proposed joint venture represents a strategic opportunity for A-Cap to diversify its mineral portfolio into cathode materials production and supply to the battery industry. A-Cap’s current Letlhakane Uranium Project located in Botswana, continues as a core strategy to ultimately supply uranium U$_3$O$_8$ product to nuclear facilities as prime fuel for base load power generation and its service to the battery industry markets and its consumers.

Key Terms

The key terms of the binding Term Sheet provide for a Definitive Joint Venture Agreement to be prepared and entered within thirty days from the signing of the binding Term Sheet, unless otherwise agreed by both parties, the terms of which are summarised as follows:

- A-Cap has agreed to invest $2.25 million over two years to fund exploration activities within CCZ Marlborough project tenements comprising EPM 26522, EPM 26541 and EPM 26528 – up to completing the bankable feasibility study – to earn 60% interest in the CCZ Marlborough project, with CCZ free-carried with 40%. The application for the grant of EPM 26522 to CCZ or one of its wholly-owned subsidiaries whilst lodged with the Queensland Department of Natural Resources, Mines and Energy, has not yet been granted;

- The minimum expenditure that A-Cap has agreed to invest to fund exploration activities within CCZ Marlborough project tenements comprising EPM 26522, EPM 26541 and EPM 26528 is:
  
  i. Year 1 - $200,000; and
  ii. Year 2 - $300,000.

- A-Cap must fund exploration activities through to the completion of the bankable feasibility study, following which the parties will decide whether to progress the bankable feasibility study collaboratively or dissolve the arrangement;

- The Definitive Joint Venture Agreement may be terminated by A-Cap at any time within the initial two (2) year term with thirty (30) days’ notice in writing to CCZ and, by CCZ in the event A-Cap does not expend $2.25 million in project works programme expenditure within the initial term. In the event the Joint Venture Agreement is terminated without the required project works expenditure amounting to $2.25 million then, A-Cap shall assign all its JV interests in tenement works project data, test results and reports undertaken by A-Cap at no cost to CCZ.
The Chairman of A-Cap, Mr Angang Shen commented: “The proposed farm-in, joint-venture agreement with Castillo is consistent with A-Cap’s implementation of its diversified mineral strategy and represents an important step for A-Cap with the clear intent to focus on cobalt opportunities. As well as a clean energy approach to our vision of future energy requirements, A-Cap welcomes the close association with Castillo to further our goal to target other cobalt opportunities on a global basis. China is committed to become one of the world leaders in clean energy storage technology, and we consider that the increasing requirement for sound cobalt resources provides A-Cap with a clear path for future resource development”.

The trading halt in the Company’s shares can now be lifted.

For and on behalf of the Board of
A-Cap Resources Limited

Nicholas Yeak
Company Secretary