
A C C E N T
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Quarterly Activities Report For The Period Ending 30 June 2019



Highlights for the quarter ending 30 June 2019

- An independent review has been completed of past metallurgical test work at the Magnetite Range Project. A geological zonation exercise is underway to ensure appropriate sampling of diamond drill hole MGD045. Once this is completed metallurgical test work will take place.
- The Norseman gold project external review is progressing; Stage one Plan Of Work (POW) for reverse circulation (RC) drilling has been granted by Department of Mines, Industry Regulation and Safety. Stage two RC/diamond drill planning has commenced and POW is due for submission next quarter. Heritage Survey planning has been submitted for review; Native Title discussions have slowed due to the assignment of another new lawyer by the Ngadju Native Title Aboriginal Corporation (NNTAC), Accent are awaiting a fourth draft Mining Lease Agreement to be supplied by NNTAC.
- The Company continues to concentrate on the identification of investment opportunities in the resources sector and is targeting projects which are generating or will generate positive cashflow.

Capital Structure

Ordinary Fully Paid Shares at 30 June 2019	181,000,233
12 month high-low	\$0.008 - \$0.006

Directors & Management

Yuzi (Albert) Zhou	Executive Chairman
Dianzhou He	Deputy Chairman
Jun Shang Liang (alternate Jie You)	Non Executive Director
Rob Allen	Company Secretary

Top 10 Shareholders

	No.	%
Xingang Resources (HK) Limited	98,026,518	54.16%
Rich Mark Development (Group) Pty Ltd	28,218,366	15.59%
Grandmaster Fortune	21,563,603	11.91%
Sino Oriental International Limited	10,000,000	5.52%
Mr Bin Cui	9,993,998	5.52%
Mrs Li Li Zhao	2,102,500	1.16%
Mr Gregory Ian Willims & Mrs Judith Anne Willims	875,000	0.48%
Mr Tony James Pears & Mrs Lynda Pamela Pears	650,300	0.36%
Tolsutra Pty Ltd	500,000	0.28%
Brownward Pty Ltd <Brian Hayward S/F A/C>	500,000	0.28%

Corporate

In conjunction with majority shareholder Xingang Resources (HK) Limited and Rich Mark Development the Company continues to assess investment opportunities and projects for acquisition or development.

MZI Resources Ltd (ACS 3.7%)

The Company announced on 30th November 2015 that it had acquired a substantial shareholding in MZI Resources (“MZI”) which is a listed West Australian mineral sands producer (ASX Code: MZI). MZI carried out a \$43 million share placement in 3 Tranches, the first 2 of which the Company participated in. The Company acquired 10m shares or 6.25% of MZI at an issue price of 40 cents for a total consideration of \$4.0 million. The third Tranche of the MZI placement, which took place in late February 2016, and subsequent share issues have diluted the Company’s interest to 3.7%.

The Company funded its participation in the MZI placement by way of a \$4 million loan facility extended by the Company’s major shareholder Xingang Resources (HK) Ltd.

In November 2015 MZI commissioned a mineral sands mine at Keysbrook which is 70kms south of Perth. During 2016 the project was expected to ramp up to its initial production target of 96ktpa of leucoxene (L70 and L88) and zircon concentrate comprising 38ktpa of L88, 29ktpa of L70 and 29ktpa of zircon concentrate.

Despite the project being completed on time and within budget operating performance in 2016 was disappointing with production being at 55%-60% of design capacity and operating costs being above budget. Performance in 2016 was affected by below design level recoveries in the wet concentrator plant (WCP), necessitating an additional 48 spirals to be installed and mining problems caused by equipment breakdown, long haul distances and noise restrictions limiting 24 hour operations.

In November 2016 MZI announced a Board and Management transition with Mr Rod Baxter becoming the new Chairman and Mr Steve Ward becoming the interim Managing Director. At the same time it also advised that a US\$16m debt funding package had been provided by the major shareholder Resource Capital Fund VI LP (RCF). The funding package was for expenditure on plant modifications and working capital. In May 2017, MZI announced that it had appointed a new Managing Director Mr Martin Purvis who commenced on 1st July 2017. Later that month it announced that it had secured an additional US\$5 million funding package from Resource Capital Fund VI L.P. for land acquisition.

In September 2017 MZI announced a new operating plan to increase Keysbrook throughput to 5.25 mtpa by mid 2018. To finance the expansion two further funding packages of US\$5m each from RCF were announced with the second one taking short term borrowings from RCF to US\$31m in January 2018. These short term loans were to be repaid by 1st April 2018.

On 29th March 2018 MZI announced a new funding package had been provided by RCF comprising an additional US\$10m working capital loan and a new US\$61m 3 year term loan to retire short term debt and provide working capital, land access expenses and operational optimization.

For the year to June 2018 MZI announced a loss of \$35.4m (2017; \$31.4m loss) on sales of \$42.5m (2017: \$39.6m). Saleable production was 74.7k tonnes (2017: 62.2k tonnes). The Company reported that by year end the operations were operating at the expanded 5.25 mtpa throughput rate but recovery of the major product L88 had still not reached targeted levels at both the WCP and Mineral Separation Plant. These recovery problems together with high financing costs have been the major reasons for the ongoing losses.

In the half year to December 2018 significant losses continued with company announcing a loss of \$32.3m (2017: \$11.3m loss). The auditors noted that there was material uncertainty about MZI's ability to continue as a going concern. The company also announced in January that it was exploring a sale or other transaction which would realise the inherent value in the Keysbrook operations and that it had appointed Azure Capital to advise on this process. On 18th March MZI shares were suspended pending an announcement

On 16th April 2019 MZI announced that it had appointed McGrath Nicol as Voluntary Administrators. The appointment related only to the listed entity and did not extend to its wholly owned subsidiaries. On 28th June 2019 MZI announced that the Voluntary Administrators had sold subsidiary Keysbrook Leucoxene Pty Ltd to Doral Mineral Sands Pty Ltd for approximately \$32m plus future landowner debt obligations. Shares in MZI remain suspended until further notice. MZI retains the Tiwi Islands mineral sands project.

Keysbrook is a high value, low cost operation and is expected to be the world's largest primary producer of leucoxene. With resources equivalent to 30 years mine life at initial production rates it has significant expansion potential. The Keysbrook project has mineral resources totalling 78.2mt at 2.2% total heavy mineral content and within this resource a Proved and Probable Ore Reserve of 57.6 mt at 2.2% heavy mineral grade.

Magnetite Range Iron Ore Project (ACS 100%)

The Company's wholly owned Magnetite Range Project is located in the Midwest region of Western Australia, immediately adjacent to the Extension Hill iron ore mine, and contains a total JORC resource of **435 Mt at 31.4% Fe** at 15% weight recovery cut off, as announced to the ASX on 28 November 2012.

Diamond hole (MGD045) was completed during 2018 at the Julia Prospect for a total of 131m. MGD045 was designed as a twin test hole located on infill section 10465E. The hole location was restricted to previously cleared survey areas and located close to the tenement boundary between E59/875 and M59/166; located wholly within E59/875; the main Julia target zone was intercepted in drilling; test work and results are pending the completion of the downhole geological zonation exercise.

A visit to Nagrom labs last quarter completed quality control checks on field orientated core, photo logs and geology logging. CSA global are providing ongoing specialist high level pre-feasibility advice on core sampling and appropriate test work.

The Company remains committed to development of the project and continue to review land access, infrastructure and corporate options.

Norseman Gold Project (ACS 100%)

The Norseman Gold Project occurs within a strongly mineralised portion of the southern Norseman-Wiluna greenstone belt and is located 5km south of the Norseman town site. A JORC 2004 Code Mineral Resource for Iron Duke and Surprise deposits of **1,039,400 tonnes @ 1.8 g/t Au for 59,500 ounces** (99 percentile upper cut, 1.0 g/t Au lower cut off) was announced to the ASX on 26 November 2012. Over 70-80% of the resource is shallow, within 50m of surface.

The 2017-2018 review and resource estimation exercise clearly demonstrated that additional drilling is required to test deeper potential and newly identified zones. Recommendations were reviewed resulting in an initial Plan Of Work (POW) submitted to the Department of Mines, Industry Regulation and Safety during 2018. This 2018 POW application was amended and re-submitted as POW77898. Stage one reverse circulation (RC) drill campaign POW77898 was subsequently granted last quarter. Appropriate surveys are required prior to drilling and have been planned, draft requests have been submitted and are awaiting feedback. Stage two RC and diamond drilling design and planning has commenced based on recommendations to gain further information on depth potential. Stage two drilling will use the draft 3D resource model completed last quarter to help with geological and structural targeting.

Mining Lease application (M63/657) applied for on 3 September 2015 is pending with the WA Department of Mines, Industry Regulation and Safety. This application seeks to convert 7 contiguous granted Prospecting Licenses and 5 contiguous granted Mining Leases into one consolidated Mining Lease (M63/657). The 12 tenements are P63/1380-1381; P63/1383-1384; P63/1642; P63/1893; P63/1904; M63/225-226; M63/229; M63/247 and M63/369 (*See Figure 1*).

Mining Lease Agreement Native Title negotiations for MLA63/657 have again commenced with a newly assigned NNTAC lawyer to the project. ACS requested a copy of the draft agreement during December 2018, and again last quarter, the draft MLA agreement is still pending.

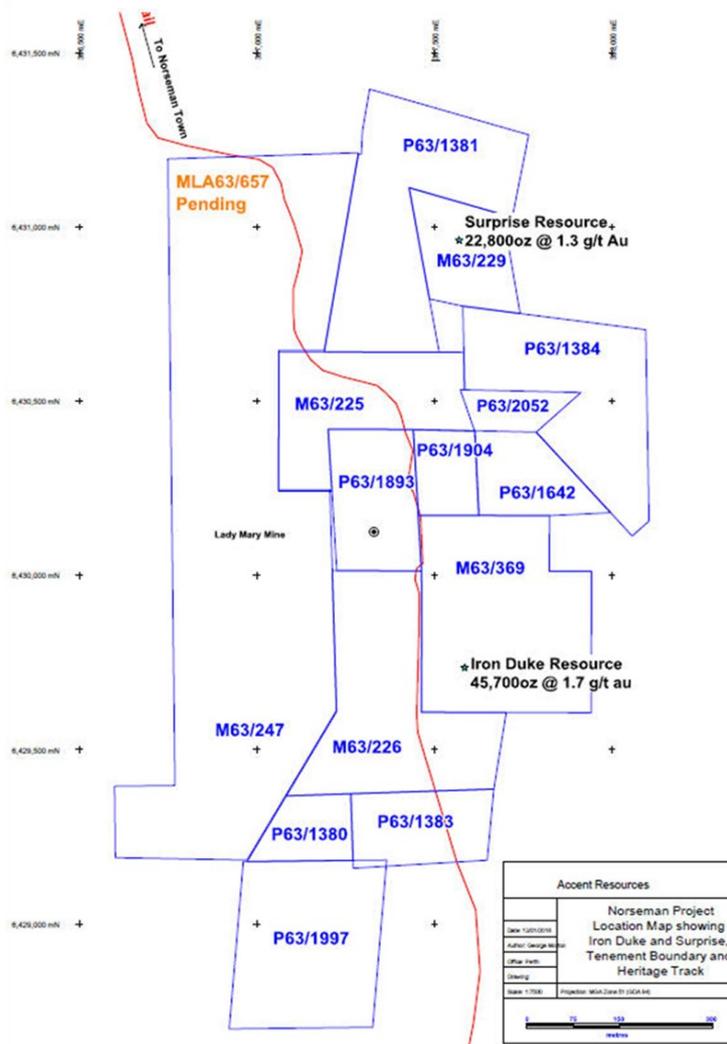


Figure 1—Norseman Project Area

For Quarter Ended 30 June 2019

All of the company's projects are located within Western Australia.

PROJECT	TENEMENT	STATUS / GRANT DATE	EXPIRY DATE	% OWNERSHIP
Mt Gibson	E59/875	22/03/2006	21/03/2019	100%
(Magnetite Range)	M59/166	05/10/1989	04/10/2031	100%
	L59/106	01/08/2012	31/07/2033	100%
	E59/2303	31/8/18	30/8/23	100%
	E59/2043	18/06/2015	17/06/2020	100%
	E59/2044	18/06/2015	17/06/2020	100%
Norseman	M63/225	04/01/1991	03/01/2033	100%
	M63/226	04/01/1991	03/01/2033	100%
	M63/229	19/11/1990	18/11/2032	100%
	M63/247	04/12/1992	03/12/2034	100%
	M63/369	01/07/2011	30/07/2032	100%
	M63/657	Application	Application	100%
	P63/1642	06/06/2008	05/06/2016 ¹	100%
	P63/1380	05/09/2007	04/09/2015 ¹	100%
	P63/1381	05/09/2007	04/09/2015 ¹	100%
	P63/1383	05/09/2007	04/09/2015 ¹	100%
	P63/1384	05/09/2007	04/09/2015 ¹	100%
	P63/1893	03/09/2012	02/09/2016 ¹	100%
P63/1904	07/09/2012	06/09/2016 ¹	100%	
P63/1997	04/07/2016	03/07/2020	100%	
P63/2052	26/10/2017	25/10/2021	100%	

¹ Subject to consolidation under Mining Lease Application 63/657

WESTERN AUSTRALIA

All of the company's Mineral resources and Ore Reserves are located within Western Australia.

IRON (MAGNETITE) RESOURCES

There was no change to the company's iron (magnetite) resources during the June Quarter 2019.

Table: Magnetite Range Project

JORC 2004 Category	Tonnes (Mt)	DTR Wt Recovery (%)	Whole Rock Assay				DTR Concentrate Assay						
			Fe (%)	Al ₂ O ₃ (%)	S (%)	SiO ₂ (%)	Fe (%)	Al ₂ O ₃ (%)	S (%)	SiO ₂ (%)	P (%)	FeO (%)	LOI (%)
Measured	6.8	41.66	33.86	0.86	0.11	46.92	69.61	0.1	0.16	2.93	0.01	24.53	-3.08
Indicated	305.7	37.26	31.82	1.92	0.33	46.27	67.32	0.24	0.49	5.32	0.01	27.37	-2.77
Inferred	122	32.57	30.28	2.34	0.41	47.12	67.6	0.24	0.62	4.91	0.01	27.43	-2.68
Total	434.5	36.01	31.42	2.02	0.35	46.52	67.43	0.24	0.52	5.17	0.01	27.34	-2.75

- Source: ACS 30/06/2018 Annual Report
- Small discrepancies may occur due to rounding effects
- Calculated on the fresh zone, 15% DTR weight recovery cut off

GOLD RESOURCES

There was no change to the Company's gold resources during the June Quarter 2019.

Table: Norseman Project (at 0.5 g/t Au lower cut off)

Deposit	JORC 2004 Category											
	Measured			Indicated			Inferred			Total		
	Ore (t)	Grade (g/t)	Total (Oz)	Ore (t)	Grade (g/t)	Total (Oz)	Ore (t)	Grade (g/t)	Total (Oz)	Ore (t)	Grade (g/t)	Total (Oz)
Iron Duke	450,900	1.8	25,300	272,500	1.6	14,000	126,500	1.6	6,400	850,000	1.7	45,700
Surprise	299,200	1.4	13,300	137,600	1.3	5,900	94,300	1.2	3,600	531,100	1.3	22,800
Total	750,100	1.6	38,600	410,100	1.5	19,900	220,800	1.4	10,000	1,381,000	1.5	68,500

Table: Norseman Project (at 1 g/t Au lower cut off)

Deposit	JORC 2004 Category											
	Measured			Indicated			Inferred			Total		
	Ore (t)	Grade (g/t)	Total (Oz)	Ore (t)	Grade (g/t)	Total (Oz)	Ore (t)	Grade (g/t)	Total (Oz)	Ore (t)	Grade (g/t)	Total (Oz)
Iron Duke	328,300	2.1	22,200	213,700	1.8	12,500	111,100	1.7	6,000	653,200	1.9	40,700
Surprise	210,800	1.6	10,900	111,900	1.4	5,200	63,500	1.4	2,800	386,200	1.5	18,800
Total	539,100	1.9	33,100	325,600	1.7	17,700	174,600	1.6	8,800	1,039,400	1.8	59,500

- Source: ACS 30/06/2018 Annual Report
- Small discrepancies may occur due to rounding effects

COMPETENT PERSONS STATEMENTS

For the Quarter Ended 30 June 2019

Competent Persons Statement – Magnetite Range Project

The information that relates to Mineral Resources at the Magnetite Range Iron (magnetite) Ore Project is based on a resource estimate that was prepared by Mr Stephen Hyland of Ravensgate Mineral Industry Consultants. Mr Hyland is a Fellow of the Australasian Institute of Mining and Metallurgy. The preparation was supervised by Mr G Rodney Dale FRMIT of PROMET Engineers Pty Ltd. Mr Dale is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Hyland takes overall responsibility for the Resource Estimate; Mr Dale takes responsibility for the geological model. Mr Hyland and Mr Dale have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Hyland and Mr Dale consent to the inclusion in this report of the matters based on their information (and the public reporting of these statements) in the form and context that the information appears.

Competent Persons Statement – Norseman Project

The information that relates to Mineral Resources at the Norseman Gold Project is based on a resource estimate that was prepared by Mr Stephen Hyland of Ravensgate Mining Industry Consultants. Mr Hyland is a Fellow of the Australian Institute of Mining and Metallurgy. Mr Hyland has sufficient experience which 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 as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Hyland consents to the inclusion in this report of the matters based on his information (and the public reporting of these statements) in the form and context that the information appears.

Competent Persons Statement – Annual Mineral Reserves and Resources Statement

The Mineral Resources and Ore Reserves statement in this Quarterly Report is based on, and fairly represents, information and supporting documentation prepared by a competent person or persons. The Mineral Resources and Ore Reserves statement as a whole has been approved by Ms G Morton, who is a full-time employee of the Company and a Member of the Australian Institute of Geoscientists. Ms Morton consents to the inclusion of the Mineral Resources and Ore Reserves statement in the form and context in which it appears in this Annual Report.

Yours faithfully,
Accent Resources NL

Yuzi Zhou
Executive Chairman

For further details contact:
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