
A C C E N T
R E S O U R C E S N . L .



ACN: 113 025 808

ASX : ACS

REGISTERED OFFICE

Level 9, 250 Queen Street
Melbourne, VIC 3000
Telephone: +61 3 9670 0888
Facsimile: +61 3 9670 3883
www.accentresources.com.au

EXPLORATION OFFICE

Suite 4, 29 Ord Street
West Perth, WA 6005
Telephone: +61 8 9481 3006
Facsimile: +61 8 9481 3007
www.accentresources.com.au

Quarterly Activities Report For The Period Ending 31 March 2019



Highlights for the quarter ending 31 March 2019

- The Magnetite Range Project has commenced a review of existing metallurgical test work; a lab visit to Nagrom was completed during the quarter and test work is on hold until completion of the consultation period with CSA.
- A geochem soils orientation multielement survey over the eastern portion of the Magnetite Range Project is under review; tenement E59/1878 expired on 10th January 2019.
- The Norseman gold project review is ongoing; Stage one RC POW has been granted by the DMP, initial review and planning of necessary surveys required prior to drilling has commenced; Native Title discussions for a renewed MLA agreement have slowed due to the assignment of another new lawyer 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 31 March 2019	181,000,233
12 month high-low	\$0.03 - \$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 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 leuconite (L70 and L88) and zircon concentrate comprising 38ktpa of L88, 29ktpa of L70 and 29ktpa of zircon concentrate. However 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 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. 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\$5m funding package from RCF 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 8th March 2018 MZI announced that Accent's Chairman, Mr Albert Zhou, had been appointed a Non Executive Director. Accent, together with major shareholder Rich Mark Development Pty Ltd, held at that time a total associated interest of 13.2% in MZI.

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 mining operations were operating at the expanded rate of 5.25mtpa but recovery of the major product L88 had still not reached targeted levels at both the WCP and MSP. 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

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 139mt at 2.0% heavy mineral content and within these resources Proved and Probable Reserves are 57.6 mt at 2.2% heavy mineral grade. The reserves are sufficient for 10 years.

Magnetite Range Iron Ore Project (ACS 100%)

The Company's wholly owned Magnetite Range Project ('MRP') 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 **434.5 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 130.7m. **(See Figure 1)**. 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.

A visit to Nagrom labs during the quarter completed QAQC checks on field orientated core and geology logging. CSA global are providing specialist high level pre-feasibility advice on core sampling and appropriate test work and is pending final instruction. Test work on the diamond core will be complete during the next reporting period.

A geochemical soils orientation survey proposed for Magnetite Range east tenements E59/1878 (491 soils), E59/2043 (231 soils) and E59/2044 (170 soils) for a total of 892 will be reduced to include only E59/2043 and 2044 (Total 401 soils). The extension of term decision for E59/1878 was rejected during the reporting period.

Accent project drill samples from all projects are stored in secure shipping containers previously located in the field. Light industrial site Lot 163 England Crescent, Perenjori, purchased by Accent during May 2017, is ideally placed as a regional base and storage area for all project work. Delivery of the final shipping containers are pending.

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

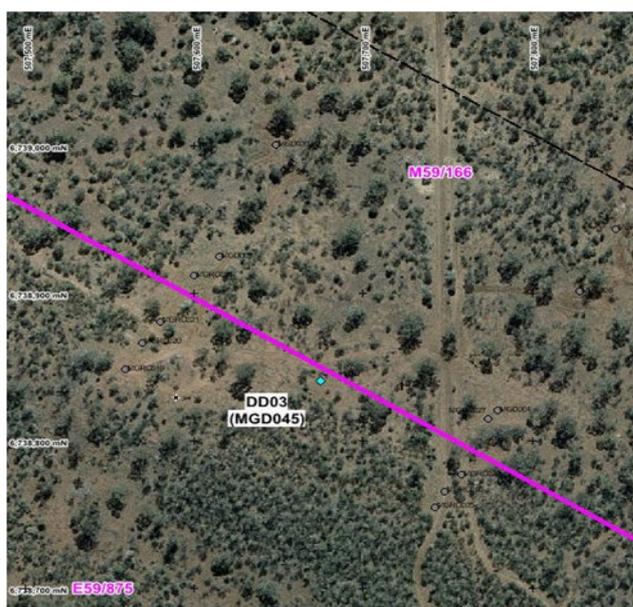


Figure 1 - Magnetite Range Project - MGD045 Collar Location (10465E)



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 POW submitted during 2018. This 2018 POW application was amended and re submitted as POW77898. Stage one RC drill campaign POW77898 was subsequently granted and covers 10 out of 14 tenements on the Norseman Project area. Appropriate surveys are required prior to drilling and are currently under review and planning.

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 2**).

Mining Lease Agreement Native Title negotiations for MLA63/657 have again commenced with a newly assigned NNTAC lawyer to the project.

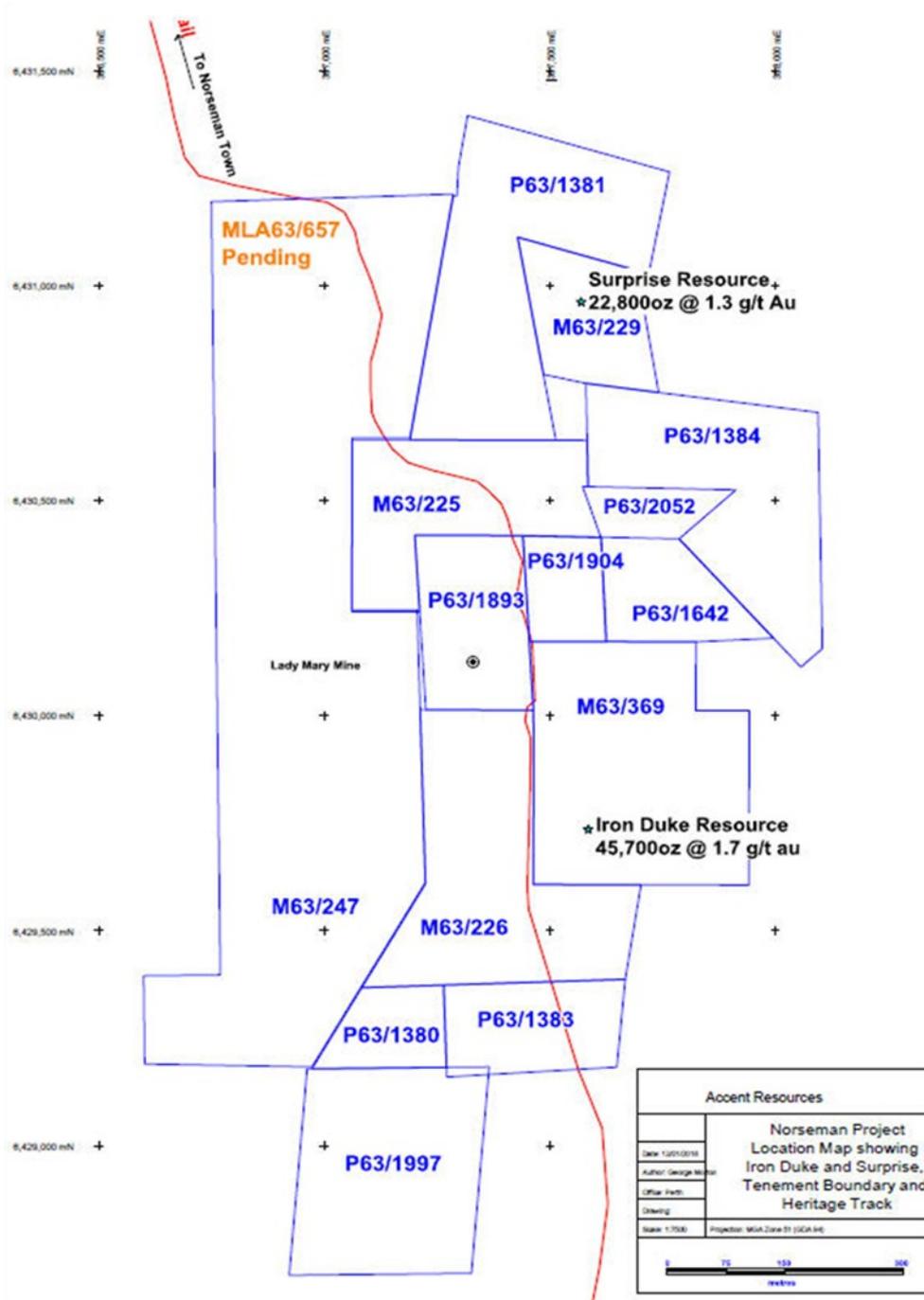


Figure 2 - Norseman Project Tenement Map



Yours faithfully,
Accent Resources NL

A handwritten signature in blue ink, appearing to be the Chinese characters '周宇子' (Zhou Yuzi).

Yuzi Zhou
Executive Chairman

For further details contact:
Yuzi (Albert) Zhou - Executive Chairman (08-94813006)

Competent Persons Statement

The information in this report that relates to Exploration Results, Mineral Resource and Ore Reserves is based on information compiled by Ms George Morton, a Competent Person who is a Member of the Australian Institute of Geoscientists. Ms Morton is a full time employee of Accent Resources NL. Ms Morton has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Ms Morton consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.