

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



ACN 113 025 808

**HALF-YEAR REPORT**

**FOR THE SIX MONTHS ENDED  
31 DECEMBER 2010**

# ACCENT

RESOURCES N.L.



ACN 113 025 808

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### Directors

Ian Hastings – Non Executive Chairman  
Ian Richer – Non Executive Director  
Jun Sheng Liang - Non Executive Director  
Jie You (alternate director to Jun Sheng Liang)

### Company Secretary

Ranko Matic

### Auditors

Crowe Horwath Perth  
Level 6  
256 St Georges Terrace  
PERTH WA 6000

### Bankers

BankWest  
1/1215 Hay St  
WEST PERTH WA 6005

### Solicitors

Hilary Macdonald  
Suite 29, 18 Stirling Highway  
NEDLANDS WA 6009

Steinepreis Paganin  
Level 4, Next Building  
16 Milligan Street  
PERTH WA 6000

### Share Registry

Advanced Share Registry  
150 Stirling Highway  
NEDLANDS WA 6009

### Stock Exchange Listing

Australian Securities Exchange Limited  
(Home Branch - Perth)  
ASX Code: ACS

### Registered Office

Level 1, 12 Kings Park Road  
WEST PERTH WA 6005

### Exploration & Administration Office

4/29 Ord Street  
WEST PERTH WA 6005

### Contacts

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Your Directors present their report together with the financial report of Accent Resources NL (“the Company”) for the half-year ended 31 December 2010.

## **Directors**

The Directors in office at the date of this report and at any time during the half-year are as follows: Directors were in office for the entire period unless otherwise stated.

Ian Hastings

Ian Richer

Fiona K.C. Li (resigned 30 November 2010)

Jun Sheng Liang

Jie You (appointed 8 September 2010) as alternate director to Jun Sheng Liang

## **Results of Operations**

The net loss of the Company after income tax for the six months ended 31 December 2010 amounted to \$616,095 (2009: \$876,240).

## **Review of Operations**

### **Corporate**

During the period the company raised \$4,500,000 via a placement to assist with funding of ongoing projects. A further \$1,400,000 was raised upon the exercise of options which were due to expire on 13 September 2010 or 1 December 2012.

### **Exploration Activities**

The Company continued with Exploration and Evaluation activities at its Western Australian projects during the reporting period. The emphasis at the Magnetite Range Iron Ore project, located in the mid west region of Western Australia and adjacent to the Mt Gibson / Extension Hill mine development, was on its sale to Chinese producers. Confidentiality Agreements were signed with a number of interested parties and a data room prepared to allow due diligence of data. Sale discussions are continuing.

In anticipation of a favourable sale outcome the Company has reduced expenditure and activities on the Magnetite Range project. The Company commenced looking at new project opportunities and preparation of work programmes at its other gold and vanadium projects.

### **Magnetite Range Iron Ore Project (ACS 100%).**

The Magnetite Range Iron Ore project is considered a high priority value adding opportunity. Significant drilling activity and a maiden resource estimate were reported in the first half of 2010.

During the reporting period advanced metallurgical, process flow sheet and engineering studies continued under the supervision of consultant engineers METS. This included variability metallurgical testwork to characterise various classes of mineralisation. Engineering estimates were developed for a 4Mtpa concentrator and associated infrastructure. This included electric power and water infrastructure requirements and the shipping of magnetite concentrate by road / existing light rail or a slurry pipeline to Geraldton port.

Preliminary operating costs of approx \$58.88 - \$61.56 / tonne dry concentrate is indicated for low SiO<sub>2</sub> and high SiO<sub>2</sub> ore respectively. This includes a basic processing cost of \$25.84. These operating costs, are reduced considerably to approximately \$34.4 - \$37.17 for slurry pipeline transport. Capital costs of up to \$815 million is indicated for a nominal 4Mtpa concentrate plant, including provision for supply of electric power, water, camp, initial tailings storage and road / rail upgrades and additions to treat high SiO<sub>2</sub> ore. Final reporting is awaited.

Winter Fauna and Flora surveys were also completed.

#### **Katanning Vanadium Project (ACS 90%).**

Accent has interests in a large area of tenure in the southwest mineral field of Western Australia which contains several areas of interest for vanadium mineralisation. The Katanning project is well served by infrastructure including road, rail, grid power and proximity to regional centres.

During the reporting period geological mapping, rock and soil sampling was completed over more than 20 geophysical and geological targets. Drill follow up is planned in H1 - 2011.

The geological complexity of the mineralisation is likely to require significant levels of exploration expenditure. Previous drill results reported by the company warrant follow up drilling.

#### **Norseman Gold Project (ACS 100%)**

Rock and soil sampling, man portable drill rig sampling and metallurgical testwork were completed on the project area during the reporting period.

A gold mineral resource has previously been reported for the Norseman project. Although the resource is unlikely to be of sufficient scale to support a stand-alone operation, there may be joint venture opportunities for development and or toll processing with other operators in the region.

Progress is also being made towards the grant of a mining lease and a project scale Mining Agreement with the Ngadjju People.

The tenements are endorsed by the Minister to explore for iron ore. Previous sampling of haematite rich outcrops returned significant iron values with 12 samples greater than 53% iron.

Results are considered sufficiently promising to warrant follow up work within the project area, which occurs in close proximity to rail and road transport.

#### **Arcadia Gold Project (ACS 100%)**

The Hope River prospect area, located in the Meekatharra area, is characterised by a large number of anomalous intersections up to 8m @ 4.24 and 3.89 g/t Au that require follow up. A minimum 2km untested strike length of the mineralized shear extending north of Hope River was identified and requires follow-up with aircore drilling.

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#### **Competent Person Statement**

The information in this report that relates to exploration results, mineral resources or ore reserves has been compiled by Mr Philip Ash MAusIMM who is a Full time employee of Accent Resources NL. Mr Ash has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a competent person as defined in the 2004 edition of the Australasian Code for the reporting of exploration results, mineral resources and ore reserves. Mr Ash consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

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**Events After the Balance Sheet Date**

1,000,000 options were exercised on 7 February 2011 providing the Company with funds of \$200,000.

Other than the above mentioned, no matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

**Auditor's Independence Declaration**

The auditor's independence declaration has been received and is included with this half-year report.

Signed in accordance with a resolution of the Board of Directors.



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Ian Hastings  
Chairman

Dated this 11<sup>th</sup> day of March 2011



ACCENT RESOURCES NL  
 STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2010



	31 December 2010 \$	31 December 2009 \$
Interest income	94,028	98,952
Other income	-	79,686
Employee benefits expense	(135,084)	(706,895)
Insurances, listing, compliance and auditors' fees	(186,283)	(151,683)
Exploration assets written off	-	(11,182)
Depreciation expense	(20,825)	(11,102)
Directors' fees	(135,267)	(111,696)
Occupancy expenses	(35,948)	(34,372)
Travel expenses	(133,972)	(16,154)
Other expenses	(62,744)	(11,794)
	<hr/>	<hr/>
Loss before income tax expense	(616,095)	(876,240)
Income tax expense	-	-
	<hr/>	<hr/>
<b>Loss for the period</b>	<b>(616,095)</b>	<b>(876,240)</b>
Other Comprehensive income	-	-
	<hr/>	<hr/>
<b>Total comprehensive income for the period</b>	<b>(616,095)</b>	<b>(876,240)</b>
	<hr/> <hr/>	<hr/> <hr/>
	<b>Cents Per Share</b>	
Basic and diluted earnings/(loss) per share	(0.38)	(0.75)

The accompanying notes form part of these financial statements.



ACCENT RESOURCES NL  
STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2010



	31 December 2010 \$	30 June 2010 \$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	6,806,502	3,136,301
Trade and other receivables	76,196	236,001
<b>Total Current Assets</b>	<b>6,882,698</b>	<b>3,372,302</b>
<b>Non-Current Assets</b>		
Plant and equipment	110,796	131,185
Deferred exploration and evaluation costs	14,884,545	13,612,015
<b>Total Non-Current Assets</b>	<b>14,995,341</b>	<b>13,743,200</b>
<b>Total Assets</b>	<b>21,878,039</b>	<b>17,115,502</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	243,565	522,258
<b>Total Current Liabilities</b>	<b>243,565</b>	<b>522,258</b>
<b>Total Liabilities</b>	<b>243,565</b>	<b>522,258</b>
<b>NET ASSETS</b>	<b>21,634,474</b>	<b>16,593,244</b>
<b>EQUITY</b>		
Issued capital	26,245,616	19,893,154
Reserves	777,400	1,472,537
Accumulated losses	(5,388,542)	(4,772,447)
<b>TOTAL EQUITY</b>	<b>21,634,474</b>	<b>16,593,244</b>

The accompanying notes form part of these financial statements.





ACCENT RESOURCES NL  
STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 2010



	Issued Capital \$	Accumulated Losses \$	Option Reserve \$	Total Equity \$
<b>Balance at 1 July 2009</b>	<b>14,451,809</b>	<b>(3,408,585)</b>	<b>881,509</b>	<b>11,924,733</b>
Total comprehensive income for the period	-	(876,240)	-	(876,240)
Issue of share capital, net of transaction costs	2,635,782	-	-	2,635,782
Share based payments and option fees	240,000	-	704,400	944,400
Transfer from option reserve	-	-	(245,072)	(245,072)
<b>Balance at 31 December 2009</b>	<b>17,327,591</b>	<b>(4,284,825)</b>	<b>1,340,837</b>	<b>14,383,603</b>
<b>Balance at 1 July 2010</b>	<b>19,893,154</b>	<b>(4,772,447)</b>	<b>1,472,537</b>	<b>16,593,244</b>
Total comprehensive income for the period	-	(616,095)	-	(616,095)
Issue of share capital, net of transaction costs	6,352,462	-	-	6,352,462
Transfer from option reserve	-	-	(695,137)	(695,137)
<b>Balance at 31 December 2010</b>	<b>26,245,616</b>	<b>(5,388,542)</b>	<b>777,400</b>	<b>21,634,474</b>

The accompanying notes form part of these financial statements.



**ACCENT RESOURCES NL**  
**STATEMENT OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2010**



	<b>31 December 2010</b>	<b>31 December 2009</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest received	94,028	98,952
Other income from operating activities	-	41,716
Payments for exploration and evaluation	(1,582,202)	(3,251,290)
Payments to suppliers and employees	(498,514)	(126,641)
Net cash used in operating activities	<u>(1,986,688)</u>	<u>(3,237,263)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Tenements	-	(50,000)
Payments for plant and equipment	(436)	-
Sale of Tenements	-	48,000
Net cash used in investing activities	<u>(436)</u>	<u>(2,000)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares and options	5,900,000	2,448,460
Transaction costs relating to issue of shares	(242,675)	(57,750)
Net cash provided by financing activities	<u>5,657,325</u>	<u>2,390,710</u>
Net increase/(decrease) in cash and cash equivalents held	3,670,201	(848,553)
Cash and cash equivalents at the beginning of the financial period	3,136,301	3,893,736
Cash and cash equivalents at the end of the financial period	<u><b>6,806,502</b></u>	<u><b>3,045,183</b></u>

The accompanying notes form part of these financial statements.



## 1. SIGNIFICANT ACCOUNTING POLICIES

### Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

### Basis of Preparation

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2010 annual financial report for the financial year ended 30 June 2010, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant to the company include:

- Amendments to AASB 5, 8, 101, 107, 117, 118, 136 and 139 as a consequence of AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project.

AASB 2009-5 Introduces amendments into Accounting Standards that are equivalent to those made by the IASB under its program of annual improvements to its standards. A number of the amendments are largely technical, clarifying particular terms, or eliminating unintended consequences. Other changes are more substantial, such as the current/non-current classification of convertible instruments, the classification of expenditure on unrecognised assets in the statement of cash flows and the classification of leases of land and buildings.

The adoption of these amendments has not resulted in any changes to the company's accounting policies and have no affect on the amounts reported for the current or prior periods.

## 2. DIVIDENDS PAID

There have been no dividends paid nor declared since the last reporting date.

## 3. CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

#### 4. SEGMENT INFORMATION

##### Identification of Reportable Segment

The Company identifies its operating segments based on internal reports that are reviewed and used by the Board of Directors (chief operating decision maker) in assessing performance and determining the allocation of resources.

The Company operates in mineral exploration in Australia. The financial information in the Statement of Comprehensive Income and the Statement of Financial Position is the same as that presented to the chief operating decision maker.

##### Basis of Accounting for Purposes of Reporting by Operating Segments

###### *Accounting Policies Adopted*

Unless otherwise stated, all amounts reported to the Board of Directors as the chief operating decision maker, is in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Company.

#### 5. EVENTS AFTER THE BALANCE SHEET DATE

1,000,000 options were exercised on 7 February 2011 providing the Company with funds of \$200,000.

Other than the above mentioned, no matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

#### 6. ISSUED CAPITAL

The increase in Issued Capital to \$26,245,616 (June 2010: \$19,893,154) is the result of shares issued and options exercised during the period as follows:

	<b>31 December 2010</b>
	<b>\$</b>
<b>Ordinary Shares</b>	
At the beginning of the reporting period	19,893,154
Shares Issued during the year	
7 September 2010	1,200,000
7 September 2010	636,437
15 September 2010	4,500,000
7 December 2010	200,000
7 December 2010	58,700
Costs associated with the above issue of shares	(242,675)
	<hr/>
At the end of the reporting period	<u>26,245,616</u>

On the 7<sup>th</sup> September 2010 the Company issued 10,000,000 ordinary shares upon the exercising of 10,000,000 options at 12 cents. This also resulted in an increase to Issued Capital of \$636,437 through an adjustment to the Option Reserve.

On 15<sup>th</sup> September 2010 the Company issued 15,000,000 ordinary shares at 30 cents each to Xinyang Iron and Steel Co. Ltd. Providing funds of \$4,500,000 to the Company less costs.

On 7<sup>th</sup> December 2010 the Company issued 1,000,000 ordinary shares upon the exercising of 1,000,000 options at 20 cents. This also resulted in an increase to Issued Capital of \$58,700 through an adjustment to the Options Reserve

Ordinary shares participate in dividends and the proceeds on winding up of the entity in proportion to the number of shares held.

At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

The above transactions provided the Company \$5,900,000 plus adjustments from Options Reserve of \$695,137 less costs of \$242,675.



In accordance with a resolution of the Board of Directors, the Directors of the Company declare that:

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Company's financial position at 31 December 2010 and of its performance for the half-year ended on that date; and
  - (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting.
- (b) in the Directors opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



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Ian Hastings  
Chairman

Dated this 11<sup>th</sup> day of March 2011

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ACCENT RESOURCES NL

### Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Accent Resources NL (the Company), which comprises the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, statement of accounting policies, other selected explanatory notes and the directors' declaration.

### Directors' responsibility for the half-year financial report

The directors of the Company entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Company's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with the Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Accent Resources NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

### Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Accent Resources NL is not in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the Company entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

### CROWE HORWATH PERTH



**SEAN MCGURK**  
Partner

Perth, WA

Dated this 11<sup>th</sup> day of March 2011



**AUDITOR'S INDEPENDENCE DECLARATION**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Accent Resources NL for the half-year ended 31 December 2010, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

**CROWE HORWATH PERTH**

A handwritten signature in black ink, appearing to read "Sean McGurk".

**SEAN MCGURK**  
Partner

Perth, WA

Dated this 11<sup>th</sup> day of March 2011