ACCENT RESOURCES N.L.

ACN 113 025 808

HALF-YEAR REPORT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

ACN 113 025 808

CONTENTS

Directors

Yuzi (Albert) Zhou – Executive Chairman
Dianzhou He - Non-Executive Director and Deputy Chairman
Jun Sheng Liang – Non-Executive Director
Jie You (alternate Director to Jun Sheng Liang)

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Robert Allen

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Stock Exchange Listing

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ASX Code: ACS

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Your Directors present their report together with the financial report of Accent Resources NL ("the Company" or "Accent" or "ACS") for the half-year ended 31 December 2018.

Directors

The Directors in office at the date of this report and at any time during the half-year are as follows:

Yuzi (Albert) Zhou – Executive Chairman
Dianzhou He – Non-Executive Director and Deputy Chairman
Jun Sheng Liang – Non-Executive Director
Jie You (alternate Director to Jun Sheng Liang)

Directors were in office for the entire period unless otherwise stated.

Results of Operations

The net loss of the Company after income tax for the six months ended 31 December 2018 amounted to $2,516,720 (2017: $1,372,800.)

Review of Operations

MZI Resources NL (3.4 %)

The Company announced on 30th November 2015 that it had acquired a substantial shareholding in MZI Resources Ltd ("MZI") which is a listed West Australian mineral sands producer (ASX Code: MZI). MZI carried out a $43 million share placement in three tranches, the first two of which the Company participated in. The Company acquired 10 million 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 placement, which took place in late February 2016, and subsequent issues have diluted the Company's interest to 4.0%. The Company currently holds 10 million shares. The Company funded its participation in the MZI placement by way of a $4.0 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 70km south of Perth. During 2016 the project was expected to ramp up to its initial production target of 96ktpa of leuxcone 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, the operating performance in 2016 was disappointing with production being 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$16 million debt funding package had been provided by the major shareholder Resource Capital Fund VI LP ("RCF"). The funding package was for 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 throughout to 5.25mtpa 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 MXI announced that Accent's Chairman, Mr. Albert Zhou, had been appointed a Non Exeuctive Director of MZI. Accent, together with major shareholder Rich Mark Development (Group) 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 ended 30 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: 62.2 k 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.

Keysbrook is a high value, low cost operation and is expected to be the world's largest primary producer of leuxocene. 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 production.

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.

One diamond hole (MGD045) for 130.7m was completed over E59/875 located on the Julia Resource. POW Application ID **69651** was submitted on 6th November 2017 and was granted on the 22nd January 2018. Drill hole MGD045 was designed as a metallurgical test hole within the northern most resource and was designed on a previously undrilled infill section 10465E. Logging of the core confirmed the main resource target zone was intercepted; appropriate test work is pending.

E59/1732 (36 blocks) expired on the 12th October 2017, application for E59/2303 (18 blocks of the original 36 blocks of E59/1732) was submitted on the 15th Jan 2018 after a 3-month moratorium period. This tenement was granted by DMIRS on the 31 August 2018 upon successful BHA land access agreement negotiations dated 6th August 2018.

A geochemical soils orientation survey proposed for the Magnetite Range east tenements E59/1878 (491 soils), E59/2043 (231 soils) and E59/2044 (170 soils) for a total of 892 samples is pending EOT decision for E59/1878. Program logistics and budget has been completed and is scheduled to commence early 2019 access and contractor dependent.

Light industrial site Lot 163 England Crescent, Perenjori has seen the delivery of 6 of 8 shipping containers to site. This 3,850sqm lot is ideally placed as a regional base or hub for the future development of the Magnetite Range Iron Project.
The Company remains committed to development of the project and continue to review land access, infrastructure and corporate options.

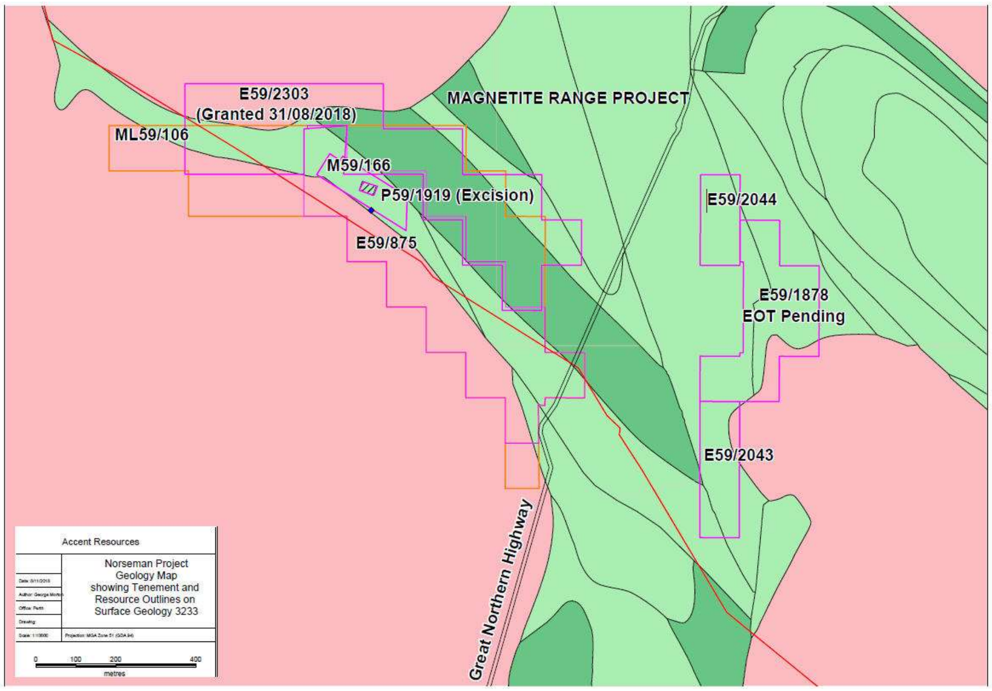

Figure 1 – Magnetite Range 2019 – Tenement Boundaries, showing MGD045 location on surface geology 3233 (black dot)

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 2012 review and resource estimation exercise clearly demonstrated that additional drilling is required to test deeper potential and newly identified zones, an update of the existing 2012 optimisation studies was completed by external engineering consultants and results of the updated optimisations were used to complete a high level geological technical strategic review of the project during 2017.

This high-level Strategic Review was finalised on 24th December 2017 by Cube Consulting. Recommendations were prioritized and an initial stage one relog program of historical drilling including BOH multielement geochemical analysis; in parallel, digitising historical maps and data will also be completed, followed by an updated geological model.

Drill finalisation was completed during the last quarter and POW74353 was submitted and is currently pending DMIRS approval. Upon grant of POW74353, drill logistics and planning will continue with drilling anticipated to begin mid-2019. A total of 89 RC holes have been planned over 10 Norseman tenements. 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 Licences 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. Mining Lease Agreement Native Title negotiations have for the 3rd time stalled due to another new native Title lawyer being assigned.

Arcadia Gold Project - Meekatharra (ACS 100%)

The Arcadia-Meekatharra gold project (E51/1209) is located in the southern portion of the Abbots greenstone belt some 45km south west of Meekatharra and 30km south west of Bluebird gold mine (Metals X) in the Murchison district of Western Australia.

A drill proposal was proposed and granted during 2018 to complete an RC drill program over a high priority conceptual target located on the western edge of Lake Annean and east of previous historical drilling. An extension of term ("EOT") submission was submitted on 20th June 2018 and subsequently rejected by the DMP. Accent were notified by McMahon Mining Title Services Pty Ltd on 13th December 2018. This has resulted in the tenement expiring, Accent therefore no longer hold this tenement and drilling has been cancelled.

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 his information in the form and context in which it appears.

Subsequent Events

Subsequent to the end of the half year, the Company signed an agreement with Xingang Resources (HK) Ltd to extend the term of the existing $4m unsecured loan from 31 December 2018 to 31 December 2021. The loan will be accruing interest six monthly at 4% (previously interest free).

No other matters or circumstances have arisen since the end of the half year which significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future 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.

Yuzi (Albert) Zhou
Executive Chairman
13th March 2019

	Note	31 December 2018 $	31 December 2017 $
Other income	2	2,898	6,880
Administration expenses		(105,106)	(135,618)
Depreciation		(5,019)	(6,335)
Occupancy expenses		(24,141)	(23,135)
Directors fees		(61,396)	(61,396)
Finance costs		(335,499)	(269,177)
Other expenses		(20,324)	(17,650)
Impairment of exploration expenditure	9	(1,508,133)	(166,369)
Impairment of financial assets	10	-	(700,000)
Loss before income tax expense		(2,056,720)	(1,372,800)
Income tax expense		-	-
Loss for the period attributable to the members of the company		**(2,056,720)**	**(1,372,800)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net fair value loss on financial assets	10	(460,000)	-
Other comprehensive loss		(460,000)	-
Total comprehensive loss for the period attributable to the members of the company		**(2,516,720)**	**(1,372,800)**
		Cents Per Share	
Basic and diluted loss per share		(1.14)	(0.76)

The accompanying notes form part of these financial statements.

	Note	31 December 2018 $	30 June 2018 $
ASSETS			
Current Assets			
Cash and cash equivalents		811,953	354,778
Trade and other receivables		10,663	7,683
Total Current Assets		**822,616**	**362,461**
Non-Current Assets			
Property, plant and equipment		105,616	111,970
Exploration and evaluation assets	9	2,964,062	4,167,067
Financial assets	10	300,000	760,000
Total Non-Current Assets		**3,369,678**	**5,039,037**
Total Assets		**4,192,294**	**5,401,498**
LIABILITIES			
Current Liabilities			
Trade and other payables		157,327	119,713
Provisions for employee entitlements		115,153	129,947
Total Current Liabilities		**272,480**	**249,660**
Non-Current Liabilities			
Borrowings	11	6,353,837	5,209,661
Total Non-Current Liabilities		**6,353,837**	**5,209,661**
Total Liabilities		**6,626,317**	**5,459,321**
NET LIABILITIES		**(2,434,023)**	**(57,823)**
EQUITY			
Issued capital		29,058,955	29,058,955
Financial assets reserve		(460,000)	-
Parent and shareholder contribution		2,026,646	1,886,126
Accumulated losses		(33,059,624)	(31,002,904)
TOTAL EQUITY		**(2,434,023)**	**(57,823)**

The accompanying notes form part of these financial statements.

	Note	Issued Capital $	Accumulated Losses $	Financial assets reserve $	Parent Contribution $	Total Equity $
Balance at 1 July 2017		**29,058,955**	**(28,428,419)**	**-**	**1,237,982**	**1,868,518**
Loss for the year		-	(1,372,800)	-	-	(1,372,800)
Total Comprehensive loss for the period		-	(1,372,800)	-	-	(1,372,800)
Transactions with owners in their capacity as owners						
Contribution from parent	11	-	-	-	227,938	227,938
Balance at 31 December 2017		**29,058,955**	**(29,801,219)**	**-**	**1,465,920**	**723,656**
Balance at 1 July 2018		**29,058,955**	**(31,002,904)**	**-**	**1,886,126**	**(57,823)**
Loss for the year		-	(2,056,720)		-	(2,056,720)
Net fair value loss on financial assets		-	-	(460,000)	-	(460,000)
Total Comprehensive loss for the period		-	(2,056,720)	(460,000)	-	(2,516,720)
Transactions with owners in their capacity as owners						
Contribution from parent	11	-	-	-	140,520	140,520
Balance at 31 December 2018		**29,058,955**	**(33,059,624)**	**(460,000)**	**2,026,646**	**(2,434,023)**

The accompanying notes form part of these financial statements.

	31 December 2018 $	31 December 2017 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(242,164)	(228,377)
Interest received	2,898	6,880
Net cash used in operating activities	**(239,266)**	**(221,497)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	-	(496)
Payments for exploration and evaluation	(303,559)	(254,766)
Net cash used in investing activities	**(303,559)**	**(255,262)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	1,000,000	1,000,000
Net cash provided by financing activities	**1,000,000**	**1,000,000**
Net increase in cash and cash equivalents held	457,175	523,241
Cash and cash equivalents at the beginning of the financial period	354,778	354,074
Cash and cash equivalents at the end of the financial period	**811,953**	**877,315**

The accompanying notes form part of these financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation and Statement of Compliance

These general purpose financial statements for the interim half-year reporting period ended 31 December 2018 have been prepared in accordance with requirements of the *Corporations Act 2001* and comply with Australian Accounting Standards including AASB 134 *Interim Financial Reporting* ("AASB 134"). Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. The half-year report has been prepared on an accruals basis and is based on historical cost.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the company. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the company. 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. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the company for the year ended 30 June 2018, together with any public announcements made during the half-year.

Going Concern

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The company has incurred a loss of $2,056,720 (2017: $1,372,800) and experienced net cash outflows from operating and investing activities of $542,825 (December 2017: $476,759) for the half-year ended 31 December 2018. As at 31 December 2018, the company had a cash balance of $811,953, a working capital surplus of $550,136 (June 2018: $112,801) and a net liability position of $2,434,023 (June 2018: $57,823). During the period, the company entered into a loan agreement for $1,300,000 with Rich Mark Development (Group) Pty Ltd and has received funds of $1,000,000 to date, with a further $300,000 available for draw down.

The directors have prepared a cash flow forecast for the period ending 31 March 2020 which indicates current cash resources will not meet expected cash outflows without additional funding. The ability of the company to continue as a going concern is dependent on:

a. Drawing on the $300,000 relating to Tranche B of the Rich Mark Development (Group) Pty Ltd loan, which is contingent upon drilling results;

b. Financial support from Xingang Resources (HK) Ltd and/or Rich Mark Development (Group) Pty Ltd by providing further funding of at least $200,000 by 30 September 2019. A letter of support has been received by the company from both parties undertaking to provide funding to enable the company to meet its financial commitments for the next 12 months from 1 March 2019; and

c. Managing and deferring costs where applicable to coincide with the funding received outlined above to ensure all obligations can be met.

The directors are satisfied that they will achieve the matters set out above and therefore the going concern basis of preparation is appropriate.

Should the company be unable to achieve the matters listed above, there is a material uncertainty that may cast significant doubt as to whether the company will be able to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business.

The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the company not continue as a going concern.

New Standards and Interpretations

(a) Adoption of new and revised Accounting Standards

The company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and are effective for the current financial reporting period, being the half-year ended 31 December 2018. New and revised standards and amendments thereof and interpretations effective for the current reporting period that are relevant to the company include:

- AASB 9 *Financial Instruments*, and relevant amending standards;
- AASB 15 *Revenue from Contracts with Customers*

The adoption of new and revised standards and amendments has not affected the amounts reported for the current or prior half years. A discussion on the impact of the adoption of AASB 9 and AASB 15 is included below. The company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

AASB 9 - *Financial Instruments*

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The company has adopted AASB 9 from 1 July 2018, which have resulted in changes to accounting policies, and the analysis for possible adjustments to amounts recognised in the half-year financial report. In accordance with the transitional provisions in AASB 9, the reclassifications and adjustments are not reflected in the balance sheet as at 30 June 2018, but recognised in the opening balance sheet as at 1 July 2018.

Classification and Measurement

On 1 July 2018, the company has assessed financial instruments held by the company and have classified them into the appropriate AASB 9 categories. The main effects resulting from this reclassification are shown in the table below.

On adoption of AASB 9, the company classified financial assets and liabilities measured at either amortised cost or fair value, depending on the business model for those assets and on the asset's contractual cash flow characteristics. The company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income.

The following table summarises the impact on the classification and measurement of the company's financial instruments at 1 July 2018:

Presented in statement of financial position	Financial Instrument	AASB 139	AASB 9	Reported $	Restated $
Investment in shares of MZI Ltd	Investment	Fair value through P/L	Fair value through OCI	No change	No change
Cash and cash equivalents	Bank deposits	Loans and receivables	Amortised cost	No change	No change
Trade and other receivables	Loans and receivables	Loans and receivables	Amortised cost	No change	No change
Trade and other payables	Loans and receivables	Loans and receivables	Amortised cost	No change	No change
Borrowings	Loans and receivables	Loans and receivables	Amortised cost	No change	No change

The company does not currently engage in any hedging activities and accordingly any changes to hedge accounting rules under AASB 9 do not have any impact on the company.

Impairment

AASB 9 introduces a new expected credit loss ("ECL") impairment model that requires the company to adopt an ECL position across the company's financial assets from 1 July 2018. The loss allowances for financial assets are based on the assumptions about risk of default and expected loss rates as opposed to the previously applied incurred loss model. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. The company has assessed that the risk of default is minimal for trade receivables, and as such, no impairment loss has been recognised against these receivables as at 31 December 2018.

AASB 15 - *Revenue from Contracts with Customers*

AASB 15 supersedes the prior standards for revenue recognition including, AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations. AASB 15 applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers and is recognised at an amount that reflects the consideration to which an company expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly delated to fulfilling a contract..

Impact of adoption

The adoption of AASB 15 has not affected any of the company's revenue recognition areas.

(b) Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the company for the half-year ending 31 December 2018. Management is in the process of assessing the impact of the adoption of these standards and interpretations on the company.

2. REVENUE FROM CONTINUING OPERATIONS

	31 December 2018	31 December 2017
	$	$
Interest income from financial institutions	2,898	6,880
Total Revenue	2,898	6,880

3. DIVIDENDS PAID

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

4. COMMITMENTS

The Company has annual exploration expenditure and rent commitments of $212,100 (2018: $306,100) and $26,023 (2018: $61,248), respectively.

5. CONTINGENT LIABILITIES

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

6. RELATED PARTY TRANSACTIONS

(a) Loans from Related Parties

The Company funded its participation in the MZI placement in 2016 by way of a $4 million loan facility extended by the Company's major shareholder Xingang Resources (HK) Ltd. As per Note 11, The loan is unsecured, presented as a non-current liability with an effective interest rate of 10% per annum and maturity has been extended to 31 December 2021. This loan incurred interest of $174,232 during the reporting period (30 June 2018: 349,038). The Company has also borrowed $1 million from Rich Mark Development (Group) Pty Ltd which has shareholdings representing 15.590% of the Company. The loan is unsecured and subject to interest at 4% which accrues six monthly and is payable along with the principal at maturity. The loan matures on 31 August 2020. This loan incurred interest of $58,468 during the reporting period (30 June 2018: $108,047). During the financial year ending 30 June 2018 the Company has also borrowed a further $1 million from Rich Mark Development (Group) Pty Ltd. The loan is unsecured and subject to interest at 4% which accrues six monthly and is payable along with the principal at maturity. The loan matures on 19 August 2021. This loan incurred interest of $53,918 during the reporting period (30 June 2018: $90,725). During the current period the Company has also borrowed a further $1 million from Rich Mark Development (Group) Pty Ltd. The loan is unsecured and subject to interest at 10% which accrues six monthly and is payable along with the principal at maturity. The loan matures on 21 July 2021. This loan incurred interest of $47,236 during the reporting period (30 June 2018: nil).

(b) Transactions with Related Parties

There has been no change with other transactions with related parties that have already been disclosed in the annual financial report for the year ended 30 June 2018.

7. 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 Profit or loss and other Comprehensive Income and the Statement of Financial Position is the same as that presented to the chief operating decision maker.

8. ISSUED CAPITAL

There was no change in Issued Capital during the period.

9. EXPLORATION AND EVALUATION COSTS

	31 December 2018 $	30 June 2018 $
Carrying amount at the beginning of the year (net of R&D incentives)	4,167,067	3,919,394
Deferred exploration expenditure incurred during the period	305,128	604,244
Impairment of capitalised expenditure	(1,508,133)	(356,571)
Closing Balance	2,964,062	4,167,067

During the half-year ended 31 December 2018, the exploration and evaluation expenditure relating to the Meekatharra (Arcadia) Project was fully impaired to Nil.

10. FINANCIAL ASSETS

At Fair Value	31 December 2018 $	30 June 2018 $
Opening Balance	760,000	2,000,000
Acquisitions	-	-
Net loss from fair value adjustments	(460,000)	(1,240,000)
Closing Balance	300,000	760,000

The Company has participated in a $43 million share placement by MZI which is in three Tranches, the first two of which the Company participated in. The Company has acquired 10m shares at an issue price of 40 cents for a total consideration of $4.0 million.

At 31 December 2018 the investment was determined to be impaired due to a prolonged decline in value in comparison to the original acquisition. The Company has recognised a total of $460,000 (2017: $700,000) as an impairment expense in other comprehensive income in FY 2018 and profit and loss in FY 2017.

11. BORROWINGS

	31 December 2018	30 June 2018
	$	$
Unsecured loans from related parties	6,353,837	5,209,661
	6,353,837	5,209,661

In the 2016 year the major shareholder of the Company, Xingang Resources (HK) Ltd, extended a loan facility of $4 million to enable the Company to participate in a placement of shares by MZI Resources Ltd. The borrowings have been drawn as a source of long-term finance. The fair value of the loan at draw down was $2,904,723 with the difference of $1,095,277 recognised as a contribution by the parent. During the period ending 30 June 2018, this loan was extended to 31 December 2021. The extension has been accounted for as an extinguishment of the old loan with the extension being treated as a new loan with principal of $4,785,760. This resulted in an additional contribution by the parent of $420,205. The loan is unsecured and presented as a non-current liability with an effective interest rate of 10% per annum. At 31 December 2018, the carrying value of the liability is $3,544,553 (2018: $3,370,220), and the balance recognised as contribution by the parent is $1,515,482 (2018: $1,515,482).

The Company also has borrowings of $1 million from Rich Mark Development (Group) Pty Ltd which has shareholdings representing 15.590% of the Company. During the period ending 30 June 2018, this loan has been extended to 1 September 2020. The extension has been accounted for as an extinguishment of the old loan with the extension being treated as a new loan with a principal of $1,105,962. This resulted in an additional shareholder contribution of $85,233. The loan is unsecured and subject to interest at 4% per annum which accrues six monthly and is payable along with the principal at maturity. At 31 December 2018, the carrying value of the liability is $986,547 (2018: $930,704), and the balance recognised as shareholder contribution is $227,939 (2018: $142,705).

The Company has additional borrowings for a further $1 million from Rich Mark Development (Group) Pty Ltd. During the current period, this loan has been extended to 19 August 2021. The extension has been accounted for as an extinguishment of the old loan with the extension being treated as a new loan with a principal of $1,105,962. This resulted in an additional shareholder contribution of $85,233. The loan is unsecured and subject to interest at 4% per annum which accrues six monthly and is payable along with the principal at maturity. At 31 December 2018, the carrying value of the liability is $878,023 (2018: 930,704), and the balance recognised as shareholder contribution is $227,939 (2018: 142,705).

During the current period, the Company borrowed a further $1 million from Rich Mark Development (Group) Pty Ltd. The loan is unsecured and subject to interest at 10% per annum which accrues six monthly and is payable along with the principal at maturity on 31 July 2021. The liability is presented as a non-currently liability with an effective interest rate of 10%. The fair value of the loan at draw down was $944,715 with the difference of $55,286 recognised as a shareholder contribution. As at 31 December 2018, the carrying value of the liability is $944,715 (2018: Nil), and the balance recognized as shareholder contribution is $55,285 (2018: Nil).

12. FAIR VALUE MEAUREMENTS

(a) Fair value of assets and liabilities

The Company measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- Financial assets, held in listed entities.

All financial assets in listed securities are classified as fair value hierarchy 1, which fair values are by reference to quoted prices in an active market. There have been no transfer of fair value hierarchy levels during the period.

(b) Fair Value of Financial Assets and Liabilities Not Measured at Fair Value

The Directors are of the opinion that the carrying value of the following financial instruments approximates the fair value of these instruments:

- trade and other receivables
- trade and other payables
- loan from related parties (refer note 11 for details).

13. SUBSEQUENT EVENTS

No other matters or circumstances have arisen since the end of the financial 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 future financial years.

In accordance with a resolution of the Board of Directors pursuant to s.303(5) of the Corporations Act 2001, 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 2018 and of its performance for the half-year ended on that date; and

 (ii) complying with Accounting Standards.

(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

Yuzi (Albert) Zhou
Executive Chairman

Dated this 13th day of March 2019

Deloitte.

Deloitte Touche Tohmatsu
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Independent Auditor's Review Report to the members of Accent Resources NL

We have reviewed the accompanying half-year financial report of Accent Resources NL, which comprises the condensed statement of financial position as at 31 December 2018, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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 Auditing Standard on Review Engagements ASRE 2410 *Review of a 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 half-year 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 2018 and its performance for the half-year ended on that date; and complying with 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.

Deloitte.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Accent Resources NL, would be in the same terms if given to the directors as at the time of this auditor's review report.

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 financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report which indicates that for the half-year ended 31 December 2018 the company incurred a loss of $2,056,720 (December 2017: $1,372,800), experienced net cash outflows from operating and investing activities of $542,825 (December 2017: $476,759) and, as at that date had a working capital surplus of $550,136 (June 2018: $112,801) and a net liability position of $2,434,023 (June 2018: $57,823). These conditions, along with other matters set out in Note 1, indicate that a material uncertainty exists that may cast significant doubt about the company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

N Menezes

Nicole Menezes
Partner
Chartered Accountants
Perth, 13 March 2019

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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The Board of Directors
Accent Resources NL
Level 9, 250 Queen Street
MELBOURNE VIC 3000

13 March 2019

Dear Board Members,

Auditor's Independence Declaration to Accent Resources NL

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Accent Resources NL.

As lead audit partner for the review of the financial statements of Accent Resources NL for the half year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

N Menezes

Nicole Menezes
Partner
Chartered Accountants