

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 2021**



CONTENTS

| | |
|--|----|
| Corporate Directory | 1 |
| Directors' Report | 2 |
| Condensed Statement of Profit or Loss and Other Comprehensive Income | 7 |
| Condensed Statement of Financial Position | 8 |
| Condensed Statement of Changes in Equity | 9 |
| Condensed Statement of Cash Flows | 10 |
| Notes to the Condensed Financial Statements | 11 |
| Directors' Declaration | 19 |
| Independent Auditor's Review Report | 20 |
| Auditor's Independence Declaration | 22 |

Directors

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

Company Secretary

Robert Allen

Auditors

Deloitte Touche Tomatsu
Tower 2
Brookfield Place
123 St Georges Terrace
PERTH WA 6000

Bankers

BankWest
1/1215 Hay St
WEST PERTH WA 6005

Solicitors

House Legal
86 First Avenue
MT LAWLEY WA 6050

Lawton Macmaster legal
Level 9, 40 The Esplanade

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

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Exploration & Administration Office

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WEST PERTH WA 6005
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Contacts

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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 2021.

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 – Non-Executive Director

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 2021 amounted to \$980,533 (2020: \$1,217,612.).

Review of Operations

Accent has two projects in Western Australia, the Magnetite Range Iron Ore project located in the Midwest region of WA and the Norseman Gold project. Accent Resources NL (ASX: ACS) is pleased to provide the following report on its activities for the half ending 31 December 2021.

Highlights Include:

Magnetite Range Project (MRP)

- Stage one RC drilling was completed during the reporting period over M59/764 and M59/166 (Julia Prospect). A total of 57 RC drill holes for 9,861m were drilled, final samples were submitted to the labs on 6th October 2021, final assay results are pending;
- MRP whole area spring flora and fauna level II surveys have been completed over M59/764 and M59/166, final results are pending;
- MRP whole area heritage surveys have been completed over M59/764 and M59/166, final results are pending;
- MRP phase one RC downhole geophysical surveys have commenced; field activities have been completed, results are due next reporting period;
- MRP Mining Licence Application M59/764 was granted on 11th August 2021;
- Miscellaneous Licence application L59/196 was granted on 15th November 2021;
- M59/2423 application submitted on 17th April 2021 and Miscellaneous Licence L59/197 application submitted on 12th August 2021 are pending DMIRS grant process; and
- MRP Exploration Licence applications E59/2664, E59/2666 and E59/2668 submitted on 5th January 2022;

Norseman Gold Project

•Several low order targets have been identified from desktop review, ranking of targets and preliminary RC drill targeting has been completed;

The Company has continued to focus on the Magnetite Range Project Julia Prospect during the reporting period. The Company continues to concentrate on the identification of investment opportunities in the resources sector and are successfully targeting tenure and projects which are aligned with corporate strategy.

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 434.5 Mt at 31.4% Fe at 15% weight recovery cut off, as announced to the ASX on 28 November 2012.

A total of 57 (MGRC096-152) infill RC drill holes completed on the 19th September 2021 for 9,861m over the Julia Prospect have been submitted to Nagrom laboratories for analysis.

Anticipated turnaround of lab results has doubled, resulting in delays for final results. Assay results returned only represent a portion of all samples submitted. A separate announcement of partial drill results received to date is pending release. DTR intervals will be selected and subsequently submitted for analysis next reporting quarter. All results are required to be received and a thorough interpretation undertaken.

Phase one RC drilling over the Julia prospect resulted in an approx. grid coverage of 100m x 50m over the main Julia resource area and has resulted in increased confidence in geology. An updated geological model over the prospect is pending, followed by a resource model over the Julia prospect.

The next phase of infill RC drilling over Julia prospect is due to commence early 2022. This will increase confidence in grade continuity and domaining and test depth potential of the existing resource. A Program of Work for this next phase of drilling is currently pending approval.

Ecoscape completed level II environmental flora and fauna surveys over the Julia prospect covering M59/764 and M59/166. The field portion of this work has been completed. Level II flora and fauna survey results and final reports are pending.

Heritage Link completed a whole area ethnographic and archaeological survey over the Julia prospect covering M59/764 and M59/166. A team of Badimia Native title representatives and Terra Rosa consultants completed 3 field trips to complete whole area surveys during the reporting period. Final results and report are pending.

Further work planned for the next reporting period includes completing downhole geophysical surveys on 2021 phase one RC drill program and finalisation of phase two 2022 infill RC drill program. The company has engaged a specialist to complete a detailed geophysical data review of open file datasets over the Magnetite Range Project area.

Management note that the right to tenure the Project area is current and the expenditure is expected to be recouped through successful development and exploration of the area of interest in the future. The carrying value of the exploration and evaluation asset for the Project was nil at 30 June 2021. However, since mid-2021



as is evident in the announcements by the Company, the focus in relation to this area of interest to Julia. As a result has the Company increased significantly its expenditure on this project with the aim of also continuing this investment through the evaluation and exploration phases. The increased in spend on the Project was approved by the Board on the basis the management deem the costs on the Project to be recoverable by mining or development of the Julia Project (as an initial focus).

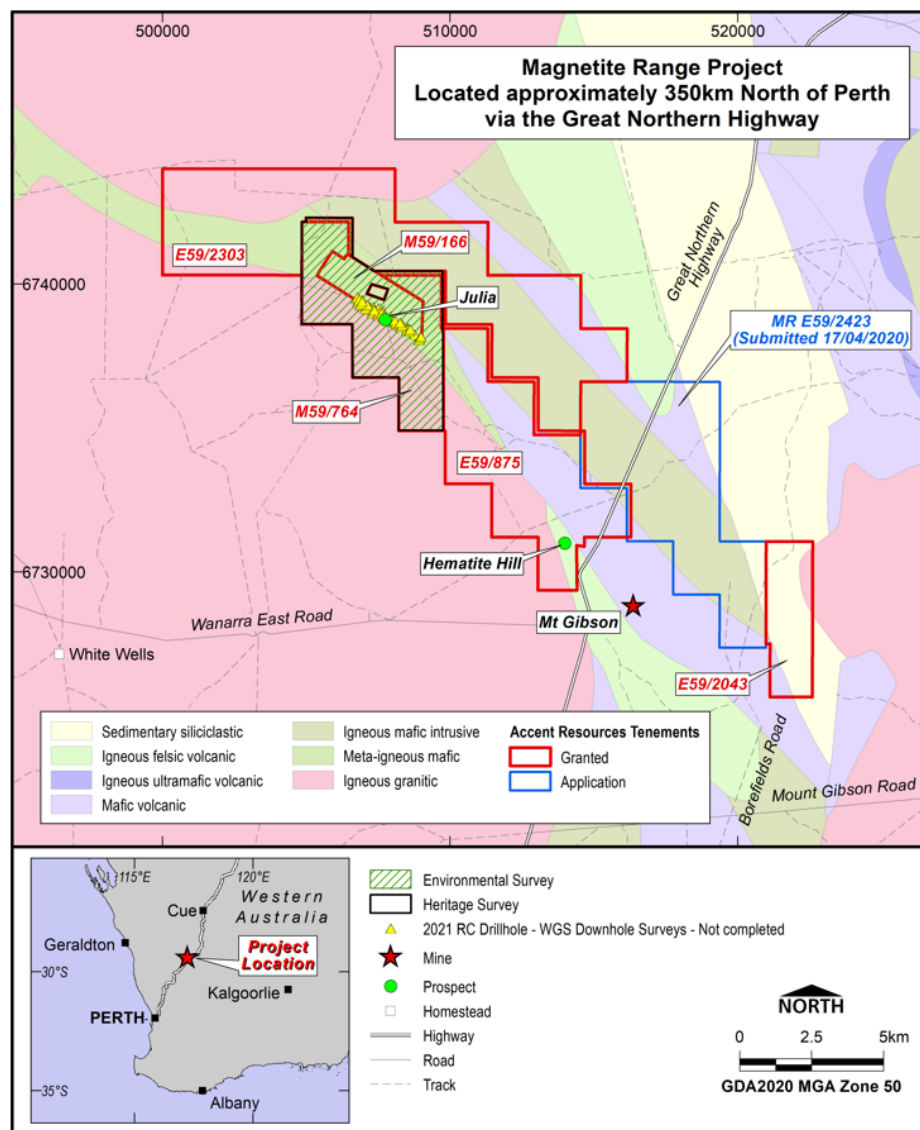


Figure one – MRP Activities Map for quarter ending 31 Dec 2021

Norseman Gold Project (ACS 100%)

The Norseman Gold Project occurs within a strongly mineralized 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.

Several low order targets have been identified from a desktop review, ranking of conceptual targets has taken place and desktop RC drill targeting has been completed. Preliminary phase two RC drill design and site checks have taken place, next reporting period will complete field pegging and finalisation of phase two RC 2022. A program of Work is in place to complete a phase two RC drill program.

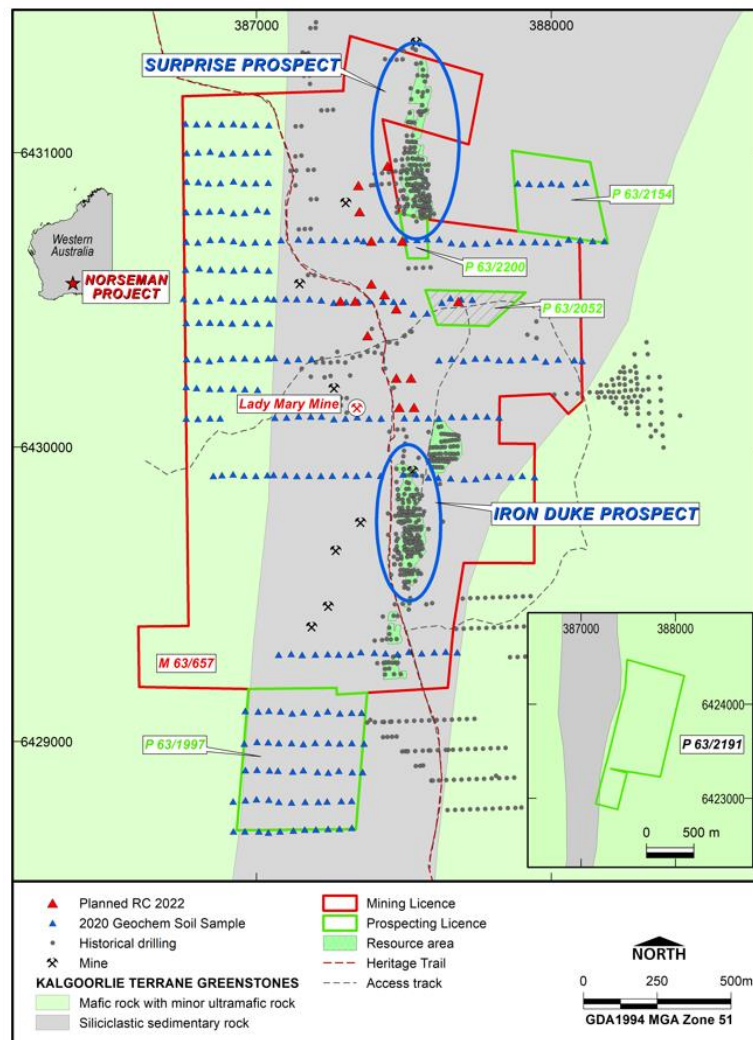


Figure two – Norseman Project Activities Map for quarter ending 31 Dec 2021

Financing Arrangements

The loans from Rich Mark Development (Group) Pty Ltd and Xingang Resources (HK) Ltd were converted to a convertible note on 23 December 2021, following shareholder approval at the AGM on 22 December 2021, with a subscription price of \$4,848,981 and \$4,500,778, respectively. Details of the convertible note have been disclosed in Note 14.

On 19 November 2021, a new loan agreement of \$7,500,000 was entered into with Rich Mark Development (Group) Pty Ltd which matures on 30 November 2026. In accordance with the loan agreement, the Company will receive the loan funding quarterly over 6 tranches to 31 March 2023 and in accordance with the Company's cash flow forecast to the period ending 31 March 2023. The loan is unsecured and subject to interest of 2.2%, which accrues six monthly and is payable along with the principal at maturity and matures on 30 November 2026. During the current period, the Company drew down \$500,000 of this loan. Details of the borrowings have been disclosed in Note 13.

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.

Subsequent Events

3 Exploration Tenements have been applied for over the Magnetite Range Project on 5 January 2022 namely E59/2664; E59/2666 and E59/2668. These Tenements were also applied for by two other 3rd party companies therefore applications will be decided by ballot.

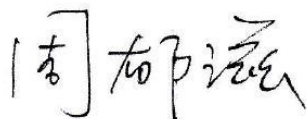
There were no other significant events after the balance date.

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 made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors



Yuzi (Albert) Zhou
Executive Chairman
16th March 2022

ACCENT RESOURCES NL
CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021



| | Note | 31 December 2021 \$ | 31 December 2020 \$ |
|---|------|---------------------------|---------------------------|
| Other income | 3 | 280 | 52,548 |
| Administration expenses | | (309,050) | (226,224) |
| Depreciation | | (22,216) | (22,696) |
| Occupancy expenses | | (26,004) | (23,544) |
| Directors fees | | (158,558) | (131,635) |
| Finance costs | 4 | (440,780) | (554,148) |
| Other expenses | | (14,067) | (17,893) |
| Impairment of exploration expenditure | 12 | (10,138) | (294,020) |
| Loss before income tax expense | | (980,533) | (1,217,612) |
| Income tax expense | | - | - |
| Loss for the period attributable to the members of the company | | (980,533) | (1,217,612) |
| Other comprehensive income | | | |
| Items that may be reclassified subsequently to profit or loss | | | |
| Net fair value loss on financial assets | | - | - |
| Total other comprehensive loss | | - | - |
| Total comprehensive loss for the period attributable to the members of the company | | (980,533) | (1,217,612) |
| Cents Per Share | | | |
| Basic and diluted loss per share | | (0.21) | (0.55) |

The accompanying notes form part of these financial statements.

ACCENT RESOURCES NL
CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021



| | Note | 31 December 2021 \$ | 30 June 2021 \$ |
|--------------------------------------|------|---------------------------|-----------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | | 1,402,253 | 1,851,034 |
| Trade and other receivables | | 109,217 | 162,132 |
| Total Current Assets | | 1,511,470 | 2,013,166 |
| Non-Current Assets | | | |
| Property, plant and equipment | 11 | 226,270 | 246,868 |
| Exploration and evaluation assets | 12 | 6,230,339 | 3,749,719 |
| Total Non-Current Assets | | 6,456,609 | 3,996,587 |
| Total Assets | | 7,968,079 | 6,009,753 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | | 260,808 | 363,893 |
| Provisions for employee entitlements | | 260,789 | 211,479 |
| Lease liabilities | | 37,616 | 35,789 |
| Total Current Liabilities | | 559,213 | 611,161 |
| Non-Current Liabilities | | | |
| Borrowings | 13 | 234,555 | 3,822,405 |
| Convertible loan notes | 14 | 5,710,393 | - |
| Provisions for employee entitlements | | 10,269 | 11,520 |
| Lease liabilities | | 109,543 | 128,818 |
| Total Non-Current Liabilities | | 6,067,760 | 3,962,743 |
| Total Liabilities | | 6,623,973 | 4,573,904 |
| NET ASSETS | | 1,344,106 | 1,435,849 |
| EQUITY | | | |
| Issued capital | 10 | 33,665,126 | 33,665,126 |
| Shareholder contribution | | 5,092,167 | 6,512,607 |
| Share based payment reserve | | 10,171 | - |
| Convertible note reserve | | 2,299,059 | - |
| Financial asset reserve | | (760,000) | (760,000) |
| Accumulated losses | | (38,962,417) | (37,981,884) |
| TOTAL EQUITY | | 1,344,106 | 1,435,849 |

The accompanying notes form part of these financial statements.

ACCENT RESOURCES NL
CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2021



| | Issued Capital | Accumulated Losses | Financial Assets Reserve | Convertible Note Reserve | Shareholder Contribution | Share Based Payment Reserve | Total Equity |
|---|-------------------|-----------------------|--------------------------------|--------------------------------|-----------------------------|--------------------------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2020 | 29,058,955 | (35,780,431) | (760,000) | 61,497 | 3,430,441 | - | (3,989,538) |
| Loss for the year | - | (1,217,612) | - | - | - | - | (1,217,612) |
| Net fair value loss on financial assets | - | - | - | - | - | - | - |
| Comprehensive Income | - | (1,217,612) | - | - | - | - | (1,217,612) |
| Transactions with owners in their capacity as owners | | | | | | | |
| Conversion of convertible note | 4,606,171 | - | - | (61,497) | - | - | 4,544,674 |
| Balance at 31 December 2020 | 33,665,126 | (36,998,043) | (760,000) | - | 3,430,441 | - | (662,476) |
| Balance at 1 July 2021 | 33,665,126 | (37,981,884) | (760,000) | - | 6,512,607 | - | 1,435,849 |
| Loss for the year | - | (980,533) | - | - | - | - | (980,533) |
| Net fair value loss on financial assets | - | - | - | - | - | - | - |
| Comprehensive Income | - | (980,533) | - | - | - | - | (980,533) |
| Transactions with owners in their capacity as owners | | | | | | | |
| Share based payments | - | - | - | - | - | 10,171 | 10,171 |
| Equity component of convertible note | - | - | - | 2,299,059 | - | - | 2,299,059 |
| Decrease in Contribution from shareholder (note 8) | - | - | - | - | (1,420,440) | - | (1,420,440) |
| Balance at 31 December 2021 | 33,665,126 | (38,962,417) | (760,000) | 2,299,059 | 5,092,167 | 10,171 | 1,344,106 |

The accompanying notes form part of these financial statements.

ACCENT RESOURCES NL
CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021



| | 31 December 2021 \$ | 31 December 2020 \$ |
|--|---------------------------|---------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Payments to suppliers and employees | (291,930) | (363,051) |
| Interest received | 278 | 2,548 |
| Government grants and tax incentives | - | 50,000 |
| Net cash used in operating activities | (291,652) | (310,503) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Payments for plant and equipment | (2,775) | (4,470) |
| Payments for exploration and evaluation | (2,629,247) | (655,130) |
| Net cash used in investing activities | (2,632,019) | (659,600) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from borrowings | 2,500,000 | - |
| Repayment of lease liabilities | (17,449) | - |
| Interest on lease liability | (7,661) | - |
| Net cash provided by financing activities | 2,474,890 | - |
| Net decrease in cash and cash equivalents held | (448,781) | (970,103) |
| Cash and cash equivalents at the beginning of the financial period | 1,851,034 | 1,092,953 |
| Cash and cash equivalents at the end of the financial period | 1,402,253 | 122,850 |

The accompanying notes form part of these financial statements.



1. GENERAL INFORMATION

Accent Resources NL (the Company) is a Company limited by shares incorporated and registered in Australia. The address of the Company's registered office is shown on page 1.

The principal activities of the Company and the nature of the Company's operations are explained on page 2.

The functional currency and presentation currency of Accent Resources NL is Australian dollars.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These general purpose financial statements for the interim half year reporting period ended 31 December 2021 have been 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 should be read in conjunction with the most recent financial report.

The condensed 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 2021 annual financial report for the financial year ended 30 June 2021, except for the impact of the Standards and Interpretations described below. The accounting policies are consistent with Australian Accounting Standards and International Financial Reporting Standards.

The financial statements were authorised for issue on 16 March 2022.

Going Concern

The half-year 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 incurred a net loss of \$980,533 (December 2020: \$1,217,612) and experienced net cash outflows from operating and investing activities of \$2,923,670 (December 2020: \$970,103) for the half year ended 31 December 2021. As at 31 December 2021, the Company had a cash balance of \$1,402,253 (June 2021: \$1,851,034), a working capital surplus of \$952,257 (June 2021: \$1,402,005) and a net asset position of \$ 1,344,106 (June 2021: \$1,435,849).

During the period the Shareholders of the Company approved the issuance and conversion of the existing debt from its major shareholders Rich Mark Development (Group) Pty Ltd and Xingang Resources (HK) Ltd into convertible notes, with a subscription price of \$4,848,981 and \$4,500,778 respectively. The Company will receive a further \$300,000 on 31 March 2022 from Rich Mark Development (Group) Pty Ltd per the terms of the convertible note. The Company also entered into a new loan agreement with Rich Mark Development (Group) Pty Ltd maturing on 30 November 2026,

amounting to \$7,500,000, of which \$500,000 was drawn on 31 December 2021, with further staged quarterly drawdowns up to and including 31 March 2023.

The directors have prepared a cash flow forecast for the period ending 31 March 2023 which indicates current cash resources will not meet expected cash outflows in relation to the Company's planned exploration and evaluation program and working capital requirements without receipt of the abovementioned funding from Rich Mark Development (Group) Pty Ltd. Consequently, the ability of the Company to continue as a going concern is dependent on:

- Progressively receiving the remaining tranche drawdowns totalling \$7,300,000 under its current loan and convertible note agreement both with Rich Mark Development (Group) Pty Ltd as detailed in Notes 13 and 14 respectively; and
- Managing and deferring costs where applicable to coincide with the funding to be 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, a material uncertainty would exist 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 half-year 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.

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 end 31 December 2021.

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

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 year ending 31 December 2021. Management is in the process of assessing the impact of the adoption of these standards and interpretations on the Company.

3. REVENUE AND EXPENSES

| | 31 December 2021 | 31 December 2020 |
|---------------------------|------------------|------------------|
| Other income | \$ | \$ |
| Interest income | 280 | 2,548 |
| ATO Stimulus Package | - | 50,000 |
| Total other income | 280 | 52,548 |

4. FINANCE COSTS

| | 31 December 2021 | 31 December 2020 |
|------------------------------|------------------|------------------|
| Finance costs | \$ | \$ |
| Borrowing costs | 1,153 | - |
| Interest on borrowings | 410,424 | 212,860 |
| Interest on convertible note | 21,542 | 331,973 |
| Interest on lease liability | 7,661 | 9,315 |
| Total finance costs | 440,780 | 554,148 |

5. DIVIDENDS PAID

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

6. COMMITMENTS

The Company has annual exploration expenditure commitments of \$482,942 (2020: \$251,118).

The Company currently has a contractual commitment in place for substitutable office space at 9/250 Queen Street, Melbourne. The agreement runs on a month-by-month basis at \$500 per month plus \$200 per month for outgoings.

7. CONTINGENT LIABILITIES

The Company has no contingent liabilities as at 31 December 2021. There has been no change since the last annual reporting date.

8. RELATED PARTY TRANSACTIONS

(a) Loans from Related Parties

The Company's related party loans remained consistent during the period, with the exception of the following:

The loans from Rich Mark Development (Group) Pty Ltd and Xingang Resources (HK) Ltd were converted to a convertible note on 23 December 2021, following shareholder approval at the AGM on 22 December 2021, with a subscription price of \$4,848,981 and \$4,500,778 respectively. Details of the convertible note have been disclosed in Note 14. During the current period and prior to the conversion of the pre-existing debt to the convertible note, \$2,000,000 of the original Rich Mark Development (Group) Pty Ltd loan was drawn down.

The Company also signed a new loan agreement with Rich Mark Development (Group) Pty Ltd on 19 November 2021 for \$7,500,000. The loan is available for drawdown in 6 tranches through to 31 March 2023. The loan is unsecured and subject to interest of 2.2%, which accrues six monthly and is payable along with the principal at maturity and matures on 30 November 2026. During the current period, the Company drew down \$500,000 of this loan. Rich Mark Development (Group) Pty Ltd have the option to convert the principal and interest in part or whole into Company shares. This will be subject to ASIC and ASX regulations, an independent expert report and shareholder approval.

| Party | Description | Balance 30 June 2021 | Shareholder contribution | Interest expense for period | Balance as at 23 December 2021 | Balance as at 31 December 2021 |
|---------------------------------------|---------------------|----------------------|--------------------------|-----------------------------|--------------------------------|--------------------------------|
| Xingang Resources (HK) Ltd. | Loan-ACS2015-001 | \$2,157,806 | - | \$204,274 | \$nil | \$nil |
| | Convertible Note | \$nil | (\$1,600,889) | \$10,011 | \$2,534,474 | \$2,844,485 |
| Rich Mark Development (Group) Pty Ltd | Loan-RM-ACS2021-006 | \$1,664,599 | \$447,523 | \$206,150 | \$nil | \$nil |
| | Convertible Note | \$nil | (\$532,519) | \$11,531 | \$2,834,474 | \$2,865,909 |
| | Loan-RM-ACS2021-007 | \$nil | \$265,445 | \$nil | \$nil | \$234,555 |

*The negative balance represents a notional distribution to the named shareholders.

(b) Performance Rights

On 22 December 2021 at its AGM, the Company passed a resolution to issue performance rights to four of its directors as below, the only vesting conditions are that the directors remain employed by the Company for the period shown below:

- 5,000,000 Performance Rights to Mr Yuzi (Albert) Zhou (12 months);
- 3,000,000 Performance Rights to Mr Dian Zhou He (36 months);
- 3,000,000 Performance Rights to Mr Jun Sheng (Jerry) Liang (36 months); and
- 500,000 Performance Rights to Mr Jie (Charlie) You (12 months).

\$10,171 has been recognized as an expense in the period from the grant date of 22 December 2021 to 31 December 2021.

(c) Transactions with Related Parties

There has been no other changes to transactions with related parties that have already been disclosed in the annual financial report for the year ended 30 June 2021.

9. 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.

10. ISSUED CAPITAL

Total shares on issue at 31 December 2021 is 633,997,776 shares.

| | 31 December 2021 | 30 June 2021 | 31 December 2021 | 30 June 2021 |
|--|-----------------------------|-----------------|---------------------------|-----------------|
| | Number of Securities No. | | Value of Securities \$ | |
| <u>Issued Shares</u> | 466,027,283 | 181,000,233 | 33,665,126 | 29,058,955 |
| Fully paid ordinary shares | | | | |
| Ordinary shares on issue at beginning of period | | | | |
| <u>Movements during the period:</u> | | | | |
| Shares issued: | | | | |
| In the previous period (value net of costs) | | | | |
| 6 December 2020 | | 285,027,050 | | 4,606,171 |
| Transaction costs relating to issues | | | | |
| Shares on issue at end of period | 466,027,283 | 466,027,283 | 33,665,126 | 33,665,126 |

11. PROPERTY, PLANT AND EQUIPMENT

| | 31 December 2021 | 30 June 2021 |
|-------------------------------------|------------------|----------------|
| | \$ | \$ |
| PROPERTY | | |
| Freehold land | | |
| At cost | 50,007 | 50,007 |
| Accumulated depreciation | - | - |
| | <u>50,007</u> | <u>50,007</u> |
| RIGHT-OF-USE ASSET | | |
| Right-of-use asset | | |
| At cost | 197,003 | 197,003 |
| Accumulated depreciation | (59,101) | (39,401) |
| | <u>137,902</u> | <u>157,602</u> |
| PLANT AND EQUIPMENT | | |
| Plant and equipment | | |
| At cost | 300,005 | 297,384 |
| Accumulated depreciation | (261,644) | (258,125) |
| | <u>38,361</u> | <u>39,259</u> |
| Total Property, Plant and Equipment | <u>226,270</u> | <u>246,868</u> |

12. EXPLORATION AND EVALUATION COSTS

| | 31 December 2021 | 30 June 2021 |
|--|------------------|------------------|
| | \$ | \$ |
| Carrying amount at the beginning of the year (net of R&D incentives) | 3,749,719 | 3,537,795 |
| Deferred exploration expenditure incurred during the period | 2,490,758 | 852,000 |
| Impairment of capitalised expenditure | (10,138) | (640,076) |
| Closing Balance | <u>6,230,339</u> | <u>3,749,719</u> |

The Company has changed its focus and decided to move towards development on the Magnetite Range Project in stages. The costs incurred prior to this decision are deemed to be in relation to the previous period of focus, which were based on maintaining development options on the Project and are separate to the refreshed development strategy. The Company has assessed the impairment triggers and deem the costs on the Project during from 1 July 2021 to be recoverable by mining or development of the Project.

13. BORROWINGS

| | 31 December 2021 | 30 June 2021 |
|------------|------------------|------------------|
| | \$ | \$ |
| Borrowings | 234,555 | 3,822,405 |
| | <u>234,555</u> | <u>3,822,405</u> |

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. On 4 March 2021, the original loan facility of \$4 million and the accrued interest was extended for further 4 years, repayable at 31 December 2025. The fair value of the loan was measured based on an effective interest rate of 18.09%.

On 23 December 2021, following shareholder approval at the AGM on 22 December 2021, the loan was then converted to a convertible note. Consequently, the carrying value of the loan facility is \$nil (30 June 2021: \$2,157,806) at 31 December 2021. Details of the convertible note are shown in note 14.

During the current period \$2,000,000 of the original Rich Mark Development (Group) Pty Ltd loan was drawn down. On 23 December 2021, following shareholder approval at the AGM on 22 December 2021, the loan was then converted to a convertible note. Consequently, the carrying value of the loan facility is \$nil (30 June 2021: \$1,664,599) at 31 December 2021. Details of the convertible note are shown in note 14.

On 19 November 2021, a new loan agreement of \$7,500,000 was entered into with Rich Mark Development (Group) Pty Ltd which matures on 30 November 2026. In accordance with the loan agreement, the Company will receive the loan funding quarterly over 6 tranches to 31 March 2023 and in accordance with the Company's cash flow forecast to the period ending 31 March 2023. The loan is unsecured and subject to interest of 2.2%, which accrues six monthly and is payable along with the principal at maturity and matures on 30 November 2026. During the current period, the Company drew down \$500,000 of this loan. The fair value of the loan was measured based on an effective interest rate of 18.09%. The tranche drawdown of \$500,000 on 31 December 2021 resulted in an additional shareholder contribution of \$265,445 based on the fair value of the loan being measured based on an effective interest rate of 18.09%. At 31 December 2021, the carrying value of the liability is \$234,555 (30 June 2021: \$nil).

14. CONVERTIBLE NOTES

| Non-Current | 31 December 2021 | 30 June 2021 |
|---|------------------|--------------|
| | \$ | \$ |
| Proceeds from issue of convertible notes | 5,798,514 | - |
| Shareholder contribution | 2,313,128 | - |
| Convertible note reserve | (2,299,059) | - |
| Borrowing costs | (102,190) | - |
| Carrying amount of legality at 31 December 2021 | 5,710,393 | - |

On 22 December 2021, the shareholders approved the Company to issue a convertible note to Rich Mark Development (Group) Pty Ltd and Xingang Resources (HK) Ltd, which replaced the loans advanced to the Company as well as further advances to be drawn down progressively to 31 March 2023, as detailed in Note 13. Interest related to the financial liability before conversion was recognised in profit or loss at an interest rate of 18.09% per annum.

The convertible notes have a subscription price of \$4,848,981 and \$4,500,778, respectively and subject to shareholder approval:

- Will be convertible into fully paid ordinary shares in the Company at a conversion price of 6 cents per share ;
- The Convertible Note can only be converted at 6 monthly intervals through to, and including, the redemption date of 23 December 2024 and for the full amount of the face value at that time
- Have a nominal interest rate at 2.5%
- The conversion of the convertible note is at Rich Mark Development (Group) Pty Ltd and Xingang Resources (HK) Ltd's election.

Rich Mark Development (Group) Pty Ltd have the option to convert the principal and interest in part or whole into Company shares. This will be subject to ASIC and ASX regulations, an independent expert report and shareholder approval.

15. SUBSEQUENT EVENTS

3 Exploration Tenements have been applied for over the Magnetite Range Project on 5th January 2022 namely E59/2664; E59/2666 and E59/2668. These Tenements were also applied for by two other 3rd party companies therefore applications will be decided by ballot.

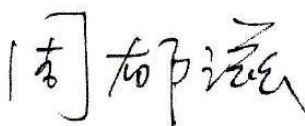
At the AGM of the Company, it was resolved to grant the issuance of the performance rights. These were subsequently issued on 14th January 2022 but have been accounted for from grant date which was 22 December 2021.

There were no other significant events after the balance date.

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) 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; and
- (b) in the directors' opinion, the attached interim financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Company.

On behalf of the Directors



Yuzi (Albert) Zhou
Executive Chairman

Dated this 16th day of March 2022

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

Conclusion

We have reviewed the half-year financial report of Accent Resources NL ("the Company"), which comprises the condensed statement of financial position as at 31 December 2021, 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.

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 the Company is not in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2021 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.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Half-year Financial Report section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the "Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the half-year financial report which indicates for the half-year ended 31 December 2021 the Company incurred a net loss of \$980,533 (December 2020 \$1,217,612) and experienced net cash outflows from operating and investing activities of \$2,923,670 (December 2020: \$970,103) and had a net asset position of \$1,344,106 (June 2021: \$1,435,849). These conditions, along with other matters set out in Note 2, 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.

Directors' Responsibilities 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 Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 2021 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.

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 TOUCHE TOHMATSU



Penelope Pink

Partner

Chartered Accountants

Perth, 16 March 2022

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

16 March 2022

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 half-year financial report of Accent Resources NL for the half-year ended 31 December 2021, 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



Penelope Pink
Partner
Chartered Accountants