



NOTICE OF ANNUAL GENERAL MEETING

TIME: 1:00pm (AEDT)

DATE: 22 December 2021

PLACE: Accent Resources NL
Level 9, 250 Queen Street, Melbourne, Victoria, 3000

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Shareholders of the Company should carefully consider the Independent Expert's Report (IER) prepared by PKF Melbourne Corporate Pty Ltd (Independent Expert) before considering the Proposed Transaction the subject of Resolutions 4A and 4B in this Notice of Meeting. The IER comments on the fairness and reasonableness of the Proposed Transaction the subject of Resolutions 4A and 4B as a whole to the current Shareholders in the Company who are not associated with Rich Mark Development (Group) Pty Ltd and Xingang Resources (HK) Ltd.

The Independent Expert has concluded that the Proposed Transaction is not fair but reasonable to the current Shareholders in the Company who are not associated with Rich Mark Development (Group) Pty Ltd and Xingang Resources (HK) Ltd.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+ 61 3) 9670 0888.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE AND TIME OF MEETING

The Annual General Meeting of the Shareholders of Accent Resources NL which this Notice of Annual General Meeting relates to will be held at Accent Resources NL, Level 9, 250 Queen Street, Melbourne, Victoria, 3000 on 22 December 2021 at 1:00pm (AEDT).

VOTING IN PERSON

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes is set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

ASIC AND ASX INVOLVEMENT

A copy of this Notice of Annual General Meeting has been lodged on 5 November 2021 with ASIC pursuant to ASIC Regulatory Guide 74 and with ASX on 5 November 2021 pursuant to the Listing Rules. Neither ASIC, ASX nor any of their officers take any responsibility for the contents of this Notice of Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Accent Resources N.L. (ABN 67 113 025 808) (**Company**) will be held at Accent Resources NL, Level 9, 250 Queen Street, Melbourne, Victoria, 3000 on 22 December 2021 at 1:00pm (AEDT). The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders of the Company at 7.00pm AEDT on 20 December 2021.

The Explanatory Statement which accompanies and forms part of this Notice describes the matters to be considered at the Meeting.

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2021 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

“That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2021.”

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (c) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (d) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR DIAN ZHOU HE

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of rule 53 of the Constitution and for all other purposes Dian Zhou He, a Director, retires by rotation, and being eligible, is re-elected as a Director."

4. RESOLUTION 3 – ELECTION OF DIRECTOR – MR CHARLIE YOU

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That for the purposes of Rule 52 of the Constitution and for all other purposes, Charlie You, a Director, who is an addition to the Board since the last AGM, retires and being eligible, is elected as a Director."

5. RESOLUTIONS 4A AND 4B – APPROVAL OF THE PROPOSED ISSUE OF ONE CONVERTIBLE NOTE TO RICH MARK AND ONE CONVERTIBLE NOTE TO XINGANG, ISSUE OF SHARES ON CONVERSION OF EACH CONVERTIBLE NOTE TO, AND INCREASE IN VOTING POWER OF, RICH MARK AND XINGANG

Resolution 4A

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

"That, subject to the passing of Resolution 4B, for the purposes of section 611 (item 7) of the Corporations Act and for all other purposes, approval is given for:

- (a) the issue of 1 Convertible Note (**RM Convertible Note**) to Rich Mark Development (Group) Pty Ltd (**Rich Mark**);*
- (b) the resultant issue of Shares to Rich Mark on conversion of the RM Convertible Note pursuant to the terms of the convertible note deed entered into between the Company and Rich Mark; and*
- (c) the increase in the voting power of Rich Mark and its Associates (including Xingang Resources (HK) Ltd (**Xingang**)) following the issue of Shares contemplated by paragraph (b) above, to up to 91.36%,*

on the further terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 4A by or on behalf of Rich Mark, and any of its Associates (which includes Xingang).

Resolution 4B

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

"That, subject to the passing of Resolution 4A, for the purposes of section 611 (item 7) of the Corporations Act and for all other purposes, approval is given for:

- (a) the issue of 1 Convertible Note (**XG Convertible Note**) to Xingang Resources (HK) Ltd (**Xingang**);
- (b) the resultant issue of Shares to Xingang on conversion of the XG Convertible Note pursuant to the terms of the convertible note deed entered into between the Company and Xingang; and
- (c) the increase in the voting power of Xingang and its Associates (including Rich Mark Development (Group) Pty Ltd) following the issue of Shares contemplated by paragraph (b) above), to up to 91.36%,

on the further terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of Resolution 4B by or on behalf of Xingang, and any of its Associates (which includes Rich Mark).

Independent Expert's Report: Shareholders should carefully consider the IER prepared by the Independent Expert for the purposes of the Shareholder approvals required under section 611 (item 7) of the Corporations Act. The IER comments on the fairness and reasonableness of the Proposed Transaction the subject of Resolutions 4A and 4B to the Shareholders in the Company who are not associated with either of Rich Mark or Xingang and has concluded that the proposal the subject of Resolutions 4A and 4B is not fair but reasonable to the current Shareholders in the Company who are not associated with Rich Mark and Xingang.

APPROVAL OF ISSUE OF PERFORMANCE RIGHTS TO DIRECTORS UNDER THE PERFORMANCE RIGHTS PLAN

6. RESOLUTION 5 – GRANT OF PERFORMANCE RIGHTS TO YUZI (ALBERT) ZHOU, EXECUTIVE CHAIRMAN AND DIRECTOR OF THE COMPANY

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the grant of 5,000,000 Performance Rights to Mr Yuzi (Albert) Zhou, Executive Chairman and Director of the Company under the Performance Rights Plan and on the terms summarised in the Explanatory Statement.”

Voting Exclusion:

The Company will disregard any votes cast on Resolution 5 in favour of the Resolution by or on behalf of a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Performance Rights Plan and any of their associates. However, this does not apply to a vote cast in favour of Resolution 5 by:

- a person as proxy or attorney for a person entitled to vote on the Resolution in accordance with a direction given to the proxy or attorney to vote on the Resolution in that way; or
- the Chair of the AGM as proxy or attorney for a person entitled to vote on the Resolution, in accordance with a direction given to the Chair of the AGM to vote on the Resolution as the Chair of the AGM decides; or

- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

In addition, a vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (i) a member of the Key Management Personnel; or
- (ii) a Closely Related Party of such a member.

However, a person (the **voter**) described in (i) and (ii) above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described in (i) and (ii) above and either:

- (iii) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (iv) the voter is the Chair of the AGM and the appointment of the Chair of the AGM as proxy:
 - (A) does not specify the way the proxy is to vote on this Resolution; and
 - (B) expressly authorises the Chair of the AGM to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

The term 'closely related party' is defined in the Corporations Act and includes the Key Management Personnel's spouse, dependants and certain other close family members, as well as any companies controlled by the Key Management Personnel.

7. RESOLUTION 6 – GRANT OF PERFORMANCE RIGHTS TO DIAN ZHOU HE, NON-EXECUTIVE DIRECTOR AND DEPUTY CHAIRMAN OF THE COMPANY

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the grant of 3,000,000 Performance Rights to Mr Dian Zhou He, Deputy Chairman and Non-Executive Director of the Company under the Performance Rights Plan and on the terms summarised in the Explanatory Statement.”

Voting Exclusion:

The Company will disregard any votes cast on Resolution 6 in favour of the Resolution by or on behalf of a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Performance Rights Plan and any of their associates.

However, this does not apply to a vote cast in favour of Resolution 6 by:

- a person as proxy or attorney for a person entitled to vote on the Resolution in accordance with a direction given to the proxy or attorney to vote on the Resolution in that way; or
- the Chair of the AGM as proxy or attorney for a person entitled to vote on the Resolution, in accordance with a direction given to the Chair of the AGM to vote on the Resolution as the Chair of the AGM decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

In addition, a vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (i) a member of the Key Management Personnel; or
- (ii) a Closely Related Party of such a member.

However, a person (the **voter**) described in (i) and (ii) above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described in (i) and (ii) above and either:

- (iii) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (iv) the voter is the Chair of the AGM and the appointment of the Chair of the AGM as proxy:
 - (A) does not specify the way the proxy is to vote on this Resolution; and
 - (B) expressly authorises the Chair of the AGM to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

The term 'closely related party' is defined in the Corporations Act and includes the Key Management Personnel's spouse, dependants and certain other close family members, as well as any companies controlled by the Key Management Personnel.

8. RESOLUTION 7 – GRANT OF PERFORMANCE RIGHTS TO JUN SHENG (JERRY) LIANG, NON-EXECUTIVE DIRECTOR OF THE COMPANY

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the grant of 3,000,000 Performance Rights to Mr Jun Sheng (Jerry) Liang, Non-Executive Director of the Company under the Performance Rights Plan and on the terms summarised in the Explanatory Statement.”

Voting Exclusion:

The Company will disregard any votes cast on Resolution 7 in favour of the Resolution by or on behalf of a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Performance Rights Plan and any of their associates.

However, this does not apply to a vote cast in favour of Resolution 7 by:

- a person as proxy or attorney for a person entitled to vote on the Resolution in accordance with a direction given to the proxy or attorney to vote on the Resolution in that way; or
- the Chair of the AGM as proxy or attorney for a person entitled to vote on the Resolution, in accordance with a direction given to the Chair of the AGM to vote on the Resolution as the Chair of the AGM decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

In addition, a vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (i) a member of the Key Management Personnel; or
- (ii) a Closely Related Party of such a member.

However, a person (the **voter**) described in (i) and (ii) above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described in (i) and (ii) above and either:

- (iii) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (iv) the voter is the Chair of the AGM and the appointment of the Chair of the AGM as proxy:
 - (A) does not specify the way the proxy is to vote on this Resolution; and
 - (B) expressly authorises the Chair of the AGM to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

The term 'closely related party' is defined in the Corporations Act and includes the Key Management Personnel's spouse, dependants and certain other close family members, as well as any companies controlled by the Key Management Personnel.

9. RESOLUTION 8 – GRANT OF PERFORMANCE RIGHTS TO JIE (CHARLIE) YOU, NON-EXECUTIVE DIRECTOR OF THE COMPANY

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the grant of 500,000 Performance Rights to Mr Jie (Charlie) You, Non-Executive Director of the Company under the Performance Rights Plan and on the terms summarised in the Explanatory Statement.”

Voting Exclusions:

The Company will disregard any votes cast on Resolution 8 in favour of the Resolution by or on behalf of person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Performance Rights Plan and any of their associates.

However, this does not apply to a vote cast in favour of Resolution 8 by:

- a person as proxy or attorney for a person entitled to vote on the Resolution in accordance with a direction given to the proxy or attorney to vote on the Resolution in that way; or
- the Chair of the AGM as proxy or attorney for a person entitled to vote on the Resolution, in accordance with a direction given to the Chair of the AGM to vote on the Resolution as the Chair decides; or
- in favour of the Resolution by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

In addition, a vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (i) a member of the Key Management Personnel; or
- (ii) a Closely Related Party of such a member.

However, a person (the **voter**) described in (i) and (ii) above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described in (i) and (ii) above and either:

- (iii) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (iv) the voter is the Chair of the AGM and the appointment of the Chair of the AGM as proxy:
 - (A) does not specify the way the proxy is to vote on this Resolution; and
 - (B) expressly authorises the Chair of the AGM to exercise the proxy even though this Resolution is connected directly or

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indirectly with the remuneration of a member of the Key Management Personnel.

The term 'closely related party' is defined in the Corporations Act and includes the Key Management Personnel's spouse, dependants and certain other close family members, as well as any companies controlled by the Key Management Personnel.

DATED: 17 NOVEMBER 2021

BY ORDER OF THE BOARD

**MR ROBERT ALLEN
COMPANY SECRETARY
ACCENT RESOURCES N.L.**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the Annual General Meeting to be held at Accent Resources NL, Level 9, 250 Queen Street, Melbourne, Victoria, 3000 on 22 December 2021 at 1:00pm (AEDT).

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution and the Corporations Act, the business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2021 together with the declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report.

The Corporations Act does not require Shareholders to vote on the Annual Report. However, Shareholders attending the AGM will be given a reasonable opportunity:

- (a) to ask questions about, or make comments on, the annual financial report; and
- (b) to ask the Company's auditor or the auditor's representative questions relevant to:
 - (i) the conduct of the audit;
 - (ii) the preparation and content of the Auditor's Report;
 - (iii) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
 - (iv) the independence of the auditor in relation to the conduct of the audit.

Shareholders are encouraged to submit any questions that they may have regarding the above matters in writing (including by email) to the Company by no later than 1:00pm (AEDT) on 15 December 2021. This will allow the Company time to prepare and present a comprehensive response to Shareholders at the Annual General Meeting.

A Shareholder who is entitled to cast a vote at the Annual General Meeting may also submit a written question to the auditor if the question is relevant to:

- (a) the content of the Auditor's Report to be considered at the Annual General Meeting; or
- (b) the conduct of the audit of the Annual Report to be considered at the Annual General Meeting.

A written question to the auditor may only be submitted by giving the question to the Company (attention: the Company Secretary) by no later than 1.00 pm (AEDT) on 15 December 2021, which the Company will then pass on to the auditor. The Company

will allow a reasonable opportunity for the auditor's representative to answer the written questions submitted to the auditor.

The Company will make available to Shareholders attending the Annual General Meeting copies of the list of Shareholder questions presented to the auditor, which the auditor considers relevant.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind a company or the directors of a company.

The Remuneration Report sets out the Company's remuneration arrangements for the directors and senior management of the Company. The remuneration report is part of the directors' report contained in the annual financial report of the Company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the Company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the Company who were in office when the directors' report (as included in the Company's annual financial report for the previous financial year) was approved, other than the managing director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the Company is approved will be the directors of the Company.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

2.4 Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the following:

If you appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member as your proxy

You must direct your proxy how to vote on this Resolution. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

If you appoint the Chair as your proxy (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member)

You **do not** need to direct your proxy how to vote on this Resolution.

If you appoint any other person as your proxy

You **do not** need to direct your proxy how to vote on this Resolution, and you **do not** need to mark any further acknowledgement on the Proxy Form.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR DIAN ZHOU HE

Rule 53 of the Constitution requires that at the Company's annual general meeting in every year, one-third of the Directors (except a Managing Director) for the time being, or, if their number is not a multiple of 3, then the number nearest one-third, shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

A Director who retires by rotation under rule 53 of the Constitution is eligible for re-election.

Pursuant to rule 53 of the Constitution, Mr Dian Zhou He will retire by rotation at the Annual General Meeting and, being eligible, offers himself for re-election.

Mr Dian Zhou He is Chairman and President of Xingang Iron and Steel Ltd of the Angang Group and director of Xingang. He is a mining engineer and has been engaged in iron and steel production for over 35 years.

The Directors of the Company, other than Mr Dian Zhou He, unanimously recommend the re-election of Mr Dian Zhou He.

4. RESOLUTION 3 – ELECTION OF DIRECTOR - MR CHARLIE YOU

Rule 52 of the Constitution requires that a Director appointed since the last AGM is required to be proposed for election at the next AGM.

Pursuant to Rule 52 of the Constitution, Mr Charlie You offers himself for election at the Annual General Meeting.

Mr Charlie You, who was appointed as an Alternate Director on 8th September 2010, was appointed as an additional director on 25th February 2021. Mr You joined Xiamen International Trade Group after he graduated from University in 1989. He worked for ITG for 10 years and was General Manager of two ITG subsidiaries between 1996 and 2001. Mr You subsequently joined Rich Mark Development (Group) Pty Ltd as a marketing manager.

The Directors of the Company, other than Mr You, unanimously recommend election of Mr You.

5. RESOLUTIONS 4A AND 4B – APPROVAL OF THE PROPOSED ISSUE OF ONE CONVERTIBLE NOTE TO RICH MARK AND ONE CONVERTIBLE NOTE TO XINGANG, ISSUE OF SHARES ON CONVERSION OF EACH CONVERTIBLE NOTE TO, AND INCREASE IN VOTING POWER OF, RICH MARK AND XINGANG

BACKGROUND TO RESOLUTIONS 4A AND 4B

5.1 Background

Resolutions 4A and 4B seek the approval of the Shareholders of the Company, in respect of:

- **Resolution 4A** - to issue one Convertible Note, with a Face Value of \$5,224,995.80 (**RM Face Value**) (**RM Convertible Note**) to Rich Mark Development (Group) Pty Ltd (**Rich Mark**) and for the conversion of that RM Convertible Note into Shares, which will have the effect of increasing the voting power of Rich Mark and its Associates in the Company; and
- **Resolution 4B** - to issue one Convertible Note, with a Face Value of \$4,853,233.80 (**XG Face Value**) (**XG Convertible Note**) to Xingang Resources (HK) Ltd (**Xingang**) and for the conversion of that XG Convertible Note into Shares, which will have the effect of increasing the voting power of Xingang and its Associates in the Company.

The Company has entered into a binding convertible note deed with each of Rich Mark (**RM Convertible Note Deed**) and Xingang (**XG Convertible Note Deed**) pursuant to which the Company has agreed (subject to Shareholder approval sought pursuant to Resolutions 4A and 4B as applicable) to issue each of the Convertible Notes to Rich Mark and Xingang to replace two shareholder loans, each of which have been advanced to the Company by Rich Mark and Xingang respectively (**Proposed Transaction**).

The passing and approval of Resolutions 4A and 4B are interconditional and interdependent. In other words, where there are insufficient votes in favour of either Resolution 4A or Resolution 4B, the Company will not proceed to issue the other

Convertible Note (even where sufficient Shareholder approval is received in respect of the other Resolution).

5.2 Existing shareholder loans

There are currently 2 shareholder loans in place with lenders, Rich Mark and Xingang, which have principal and interest repayment (maturity) dates of 31 January 2024 and 31 December 2025 respectively. In respect of the Xingang loan, the repayment date was an extension of the initial repayment date which was 31 December 2021.

Interest is intended to continue to accrue on the two loans until their respective maturity dates. As such, interest will continue to accrue on a 6 monthly basis on these amounts at a rate of 2.5% per annum, until the date of issue of the Convertible Notes. Further, an interest component will continue to accrue and be included in the Face Value of each Convertible Note, at a rate of 2.5% per annum, which will be payable at such time as each Convertible Note is redeemed. It is intended that the Convertible Notes will be issued on 23 December 2021, the date following this AGM. Therefore, the value of each Convertible Note will be as follows:

- **RM Convertible Note** is \$5,224,995.80 (being the RM Face Value, representing \$4,800,000, being all outstanding and undrawn amounts under the shareholder loan, together with \$424,995.80 in accrued interest over the term of the RM Convertible Note); and
- **XG Convertible Note** is \$4,853,233.80 (being the XG Face Value, representing \$4,000,000, being all outstanding and undrawn amounts under the shareholder loan, together with \$853,233.80 in accrued interest over the term of the XG Convertible Note).

As noted above, each Convertible Note is intended to replace each of the existing Rich Mark and Xingang shareholder loans, and Resolutions 4A and 4B are interconditional. Therefore, in the absence of the approval sought pursuant to Resolutions 4A and 4B, the Company will be required to repay all amounts outstanding (plus accrued interest) under the two loans on the applicable loan maturity date, which could be as early as 31 January 2024 in respect of the Rich Mark loan.

5.3 Convertible Note Terms

Except where separately indicated below, both of the Convertible Notes as detailed in the Convertible Note Deeds are in substantially the same form and contain substantially the same key terms, which are as follows:

- (a) Conditions precedent and consequences of failure to obtain Shareholder approval: It is a condition precedent to the issue of each Convertible Note that all shareholder approvals required under the Corporations Act and ASX related party rules and regulations are obtained for the issue of both Convertible Notes. As such, if Shareholder approval is not obtained pursuant to each of Resolutions 4A and 4B, the Company will have no obligation to issue each Convertible Note to Rich Mark and Xingang. The Convertible Note Deeds also include the following additional conditions precedent:
 - (i) no event has occurred or is continuing which has had or is likely to have a material adverse effect on the ability of the Company to perform its obligations under the Convertible Note Deed, the rights or benefits of the noteholder (being Rich Mark under the RM Convertible Note Deed or Xingang under the XG Convertible Note Deed, as

applicable) or the validity, priority or enforceability of the relevant Convertible Note Deed (a **Material Adverse Effect**);

- (ii) no default or breach has occurred which is continuing or will occur under any material agreements to which the Company is a party;
 - (iii) the Company is not in default in the payment of any material sum and is in compliance with its material obligations in respect of any of its other financial indebtedness;
 - (iv) the Company's representations and warranties set out in the Convertible Note Deed are true and correct;
 - (v) all fees and expenses due and payable by the Company under or in respect of the Convertible Note Deed and the Convertible Note have been paid or will be paid; and
 - (vi) the other Convertible Note Deed not having been terminated, rescinded, varied or otherwise withdrawn prior to the issue of the Convertible Note.
- (b) Security, status and ranking: The Convertible Note is unsecured and the Company's payment obligations under each Convertible Note will rank in priority to the issued share capital and all future preference shares and shall rank at least pari passu in right and priority of payment with all the Company's present and future unsecured and unsubordinated obligations (other than obligations mandatorily preferred by any law applying to companies generally).
- (c) Maturity Date: 31 December 2024.
- (d) Face Value and Pro Rata Face Value (as defined below): The Face Value of each Convertible Note is as follows:
- (i) RM Convertible Note - \$5,224,995.80 at the Maturity Date, which is calculated by aggregating:
 - (A) the RM Subscription Price (which comprises \$4,000,000 of the outstanding existing Rich Mark shareholder loan, plus accrued and capitalised interest on the outstanding existing Rich Mark shareholder loan, plus \$800,000 of undrawn commitments under the Rich Mark shareholder loan as at the date of issue, 23 December 2021); and
 - (B) interest on the RM Subscription Price, calculated at a rate of 2.5% per annum (and accruing each 6 months) for the term of the RM Convertible Note.
 - (ii) XG Convertible Note - \$4,853,233.80 at the Maturity Date, which is calculated by aggregating:
 - (A) the XG Subscription Price (which comprises \$4,000,000 of the outstanding existing Xingang shareholder loan, plus accrued and capitalised interest on the outstanding existing Xingang shareholder loan as at the date of issue, 23 December 2021); and

- (B) interest on the XG Subscription Price, calculated at a rate of 2.5% per annum (and accruing each 6 months) for the term of the XG Convertible Note.

In circumstances where a noteholder exercises their rights to convert the Face Value into ordinary shares in accordance with the terms of the relevant Convertible Note prior to the Maturity Date, the Face Value is subject to reduction to a pro rata face value that is applicable on the relevant conversion date, which reflects the reduction in the interest component of the Face Value as a result of that early conversion (**Pro Rata Face Value**).

Pro Rata Face Values corresponding to each of the dates on which conversion is permitted under each of the Convertible Note Deeds are as follows:

| Date | Pro Rata Face Value |
|----------------------------|----------------------------|
| RM Convertible Note | |
| 30 June 2022 | \$4,909,496.32 |
| 31 December 2022 | \$4,971,373.31 |
| 30 June 2023 | \$5,033,003.61 |
| 31 December 2023 | \$5,096,434.42 |
| 30 June 2024 | \$5,159,964.93 |
| 31 December 2024 | \$5,224,995.80 |
| XG Convertible Note | |
| 30 June 2022 | \$4,560,957.80 |
| 31 December 2022 | \$4,617,969.77 |
| 30 June 2023 | \$4,675,694.39 |
| 31 December 2023 | \$4,734,140.57 |
| 30 June 2024 | \$4,793,317.33 |
| 31 December 2024 | \$4,853,233.80 |

- (e) Subscription Price: The Subscription Price in respect of the Convertible Notes is payable as follows:

- (i) RM Convertible Note - by Rich Mark in instalments in the following amounts and at the following times:

- (A) the Company acknowledges and agrees that \$4,048,981 of the RM Subscription Price is paid by way of set off against principal amounts drawn and accrued and unpaid interest on the existing Rich Mark shareholder loan referred to in section 5.2, such set off being in full and final repayment of

the outstanding liabilities owed by the Company to the investor under that shareholder loan.

(B) \$500,000 to be paid in cleared funds on 31 December 2021.

(C) \$300,000 to be paid in cleared funds on 31 March 2022.

(ii) XG Convertible Note - by Xingang to the Company, whereby the Company acknowledges and agrees that \$4,500,778 of the XG Subscription Price is paid by way of set off against principal amounts drawn and accrued and unpaid interest on the existing Xingang shareholder loan referred to in section 5.2, such set off being in full and final repayment of the outstanding liabilities owed by the Company to the investor under that shareholder loan.

(f) Interest: The Face Value of each Convertible Note includes an interest component calculated at the rate of 2.5% p.a. on the basis of a 3 year term from the date of issue of the Convertible Note to the Maturity Date. Such interest is intended to be calculated 6 monthly and accrue in each period of 6 months from 31 December 2021.

(g) Conversion and Conversion Price: On 30 June 2022 and on any of the dates falling 6, 12, 18, or 24 months after 30 June 2022, and on the Maturity Date:

(i) Rich Mark (in relation to the RM Convertible Note); and

(ii) Xingang (in relation to the XG Convertible Note),

may elect to convert all of the Face Value of the Convertible Note to ordinary shares in the Company by giving notice to the Company. If a Convertible Note holder gives the Company such a notice, the number of ordinary shares the Company must issue to that holder is determined in accordance with the following formula:

$$x = P / CP,$$

where:

x is the number of ordinary shares in the Company to be issued;

P is:

- on the Maturity Date, the Face Value of the Convertible Note; or
- on any conversion date prior to the Maturity Date, the Pro Rata Face Value of the Convertible Note applicable on that date; and

CP is the conversion price, which is \$0.06.

(h) Transferability and other restrictions: The Convertible Note is transferable to another party by way of a written transfer in the form prescribed under the Convertible Note Deed and which is signed by the Convertible Note holder (as transferor) and the relevant transferee. This entitlement to transfer the Convertible Note is subject to the restriction that the Convertible Note holder is not permitted to transfer the Convertible Note in the first 12 months from the Issue Date unless the transferee is a person to whom disclosure is not required under Chapter 6D of the Corporations Act. The Company is also obliged not

to alter its issued share capital, including by any reduction, repayment by way of reduction, consolidation or reclassification or division of its issued share capital or by issue of shares, options, warrants or further convertible instruments.

- (i) Undertakings and covenants: before the earlier of the redemption or conversion of all of the Face Value of the Convertible Note and the Maturity Date, the Company's undertakings and covenants include (but are not limited to) ensuring that:
 - (i) each authorisation required for the execution, delivery and performance by it of the Convertible Note Deed and the conduct and operation of the Company's business is obtained and maintained and in full force and effect;
 - (ii) it complies fully with all laws binding on it in all respects where failure to do so may be reasonably likely to have a Material Adverse Effect;
 - (iii) it does not substantially change the general nature of its business from that carried out at the time the Convertible Note Deed is entered into;
 - (iv) its constitution or other constituent documents are not materially amended; and
 - (v) it immediately notifies the Convertible Note holder if it becomes aware of any Event of Default that has occurred and the steps being taken (if any) to remedy it.

- (j) Events of default: The events of default that apply to the Convertible Note will include (but are not limited to) the following:
 - (i) the Company fails to pay any amounts owing to the Convertible Note holder under the Convertible Note and such non-payment is not remedied within 60 days;
 - (ii) the Company fails to perform any obligation under the Convertible Note Deed unless the failure is capable of remedy and is so remedied within 60 days of such failure;
 - (iii) there is a material breach of representations, unless that breach is capable of remedy and is so remedied within 60 days of that breach;
 - (iv) an insolvency event occurs in respect of the Company;
 - (v) it becomes unlawful for a party to perform any of its obligations under the Convertible Note Deed;
 - (vi) any obligation under the Convertible Note Deed is repudiated, terminated, rescinded or becomes void, unenforceable or otherwise of limited force and effect; and
 - (vii) an event or series of events whether related or not occurs which has or is likely to have a Material Adverse Effect.

5.4 Listing Rule 10.11

Listing Rule 10.11 provides that shareholder approval is required for a company to issue or agree to issue Equity Securities to a Related Party or their Associates, unless an exception in Listing Rule 10.12 applies. In this case, Exception 6 of Listing Rule 10.12 applies, whereby an issue of Equity Securities that is approved for the purposes of section 611 (item 7) of the Corporations Act, does not require Shareholder approval under Listing Rule 10.11. Additionally, refer to section 5.6.1 below for a summary of the reasons why approval for the purposes of Listing Rule 7.1 is not required.

5.5 Corporations Act

5.5.1 Corporations Act takeovers prohibition

Section 606 of the Corporations Act prohibits a person acquiring a relevant interest in issued voting shares in a listed company if, as a result of the acquisition that person's or someone else's voting power in the company increases from 20% or below, to more than 20%, or from a starting point that is above 20% and below 90%.

Generally, under section 608 of the Corporations Act, a person has a relevant interest in securities if they:

- (a) are the holder of the securities; or
- (b) have power to exercise, or control the exercise of, a right to vote attached to securities; or
- (c) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

The voting power of a person is determined under section 610 of the Corporations Act. It involves calculating the number of voting shares in the company in which the person and the person's Associates have a relevant interest.

A person (**second person**) will be an "Associate" of the other person (**first person**) if:

- (d) the first person is a body corporate and the second person is:
 - (i) a body corporate the first person controls;
 - (ii) a body corporate that controls the first person; or
 - (iii) a body corporate that is controlled by an entity that controls the first person;
- (e) the second person has entered or proposes to enter into a relevant agreement with the first person for the purposes of controlling or influencing the composition of the company's board or the conduct of the company's affairs; and
- (f) the second person is a person with whom the first person is acting, or proposing to act, in concert in relation to the company's affairs.

5.5.2 Exceptions to the section 606 prohibition

There are various exceptions to the prohibition in section 606 of the Corporations Act. Section 611 of the Corporations Act contains a table setting out circumstances in which acquisitions of relevant interests are exempt from the prohibition. Item 7 of the table in section 611 of the Corporations Act provides an exemption where the acquisition is approved by a resolution passed at a general meeting of the company before the acquisition is made. The parties involved in the acquisition and their Associates are not able to cast a vote on the resolution.

5.5.3 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
- (b) shareholder approval is obtained prior to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

Under the Corporations Act, an entity that controls a public company is a related party of the company. Rich Mark is a related party of the Company because Rich Mark holds more than 50% of the issued shares in the Company and therefore controls the Company.

In addition, under the Corporations Act, a director of a public company, or an entity controlled by a director of the public company, is a related party of the public company. Rich Mark is therefore also a related party of the Company because Mr Jun Sheng Liang (a Director of the Company) controls Rich Mark. Similarly, Xingang is a related party of the Company because Mr Dian Zhou He (a Director of the Company), holds more than 50% of the issued shares in Xingang and therefore controls Xingang.

The issue of the Convertible Note to each of Rich Mark and Xingang constitutes the giving of a financial benefit to a related party of the Company and therefore requires Shareholder approval under Chapter 2E of the Corporations Act unless a relevant exception applies.

Section 210 of the Corporations Act broadly provides that Shareholder approval under Chapter 2E is not required where the financial benefit provided by the public company to the related party is on arm's length terms (or less favourable for the related party).

The Directors (in the absence of Mr Jun Sheng Liang, who has a material personal interest in Resolution 4A) consider that the arm's length exception in section 210 of the Corporations Act applies to the proposed issue of the Convertible Note to Rich Mark.

The Directors (in the absence of Mr Dian Zhou He, who has a material personal interest in Resolution 4B) consider that the arm's length exception in section 210 of the Corporations Act applies to the proposed issue of the Convertible Note to Xingang.

Accordingly, Shareholder approval under Chapter 2E of the Corporations Act for the issue of one Convertible Note to each of Rich Mark and Xingang is not required.

5.6 Purpose of Resolutions 4A and 4B

5.6.1 Listing Rules

The Convertible Notes and the Shares to be issued on conversion of the Convertible Notes are Equity Securities for the purposes of the Listing Rules.

Resolutions 4A and 4B seek Shareholder approval for the issue of the two Convertible Notes, one to each of Rich Mark and Xingang for the purposes of Listing Rule 10.11.

Approval for the proposed issue of the Convertible Notes, and the proposed issue of Shares on conversion of each Convertible Note, is not required for the purposes of either Listing Rule 7.1 or Listing Rule 10.11 on the following bases:

- Exception 16 of Listing Rule 7.2 provides that Listing Rule 7.1 does not apply to, and Exception 6 of Listing Rule 10.12 provides that shareholder approval is not required for an issue of Equity Securities to a Related Party where, an issue of securities that is approved for the purposes of item 7 of section 611 of the Corporations Act. As noted at section 5.6.2 below, Shareholder approval is being sought for the purposes of item 7 of section 611 of the Corporations Act for the proposed issue of Convertible Notes and the proposed issue of Shares on conversion of each Convertible Note.
- Exception 7 of Listing Rule 10.12 provides that shareholder approval is not required for an issue of Equity Securities to a Related Party where the Related Party receives the Equity Securities on the conversion of convertible securities, provided that the entity complied with the Listing Rules when the convertible securities were issued. As noted, the Company is seeking Shareholder approval for the proposed issue of each Convertible Note and issue of Ordinary Securities on conversion of each Convertible Note for the purposes of section 611 (item 7) of the Corporations Act. As such, exception 7 of Listing Rule 10.12 will also apply to the proposed issue of Shares on conversion of each Convertible Note.

The effect of Resolutions 4A and 4B will be to allow the Company to issue each Convertible note the subject of Resolutions 4A and 4B during the period of 1 month after the Meeting (or a longer period if allowed by ASX), without using the Company's 15% placement capacity under Listing Rule 7.1, and to issue the RM Convertible Note to Rich Mark (being a Related Party of the Company) and the XG Convertible Note to Xingang (also being a Related Party of the Company and an associate of Rich Mark).

5.6.2 Corporations Act

The Conversion Price of each Convertible Note is \$0.06.

Accordingly:

- (a) if all of the RM Face Value of the RM Convertible Note is converted on the Maturity Date, it would result in 87,083,263 Shares being issued to Rich Mark. The Company currently has 466,027,283 Shares on issue. If all of the RM Face Value of the RM Convertible Note is converted, and assuming that no other Shares are issued prior to the conversion of the RM Convertible Note (including as a result of the conversion of the XG Convertible Note), the total number of Shares held by Rich Mark following conversion of the RM Convertible Note would comprise 72.4% of the issued capital of the Company.

As the voting power of Rich Mark and its Associates (which includes Xingang) immediately prior to the issue of Shares on conversion of the Convertible Note will be 88.25%, following the issue of Shares on conversion of the RM Convertible Note only, the voting power of Rich Mark and its Associates (including Xingang) in the Company may increase to as much as 90.1%.

- (b) if all of the XG Face Value of the XG Convertible Note is converted on the Maturity Date, it would result in 80,887,230 Shares being issued to Xingang. The Company currently has 466,027,283 Shares on issue. If all of the XG Face Value of the XG Convertible Note is converted, and assuming that no other Shares are issued prior to the conversion of the XG Convertible Note (including as a result of the RM Convertible Note), the total number of Shares held by Xingang following conversion of the XG Convertible Note would comprise 32.7% of the issued capital of the Company.

As the voting power of Xingang and its Associates (which includes Rich Mark) immediately prior to the issue of Shares on conversion of the Convertible Note will be 88.25%, following the issue of Shares on conversion of the XG Convertible Note only, the voting power of Xingang and its Associates in the Company may increase to as much as 90.0%.

- (c) if all of the Face Value of both Convertible Notes are converted at the Maturity Date, it would result in a total number of 167,970,493 Shares being issued. The Company currently has 466,027,283 Shares on issue. If all of the Face Value of the Convertible Notes is converted, and assuming that no other Shares are issued prior to the conversion of the Convertible Notes, the total number Shares held by Rich Mark and Xingang (in aggregate) following conversion of the Convertible Notes would comprise 91.36% of the issued capital of the Company.

As the voting power of Rich Mark and Xingang immediately prior to the issue of Shares on conversion of the Convertible Notes will be 88.25%, following the issue of Shares, the voting power of Rich Mark and Xingang in the Company may increase to as much as 91.36%. Such increase would be in breach of section 606 of the Corporations Act (refer to section 5.5 above), unless Shareholder approval is obtained.

The purpose of Resolutions 4A and 4B is therefore to obtain Shareholder approval for the issue of:

- the RM Convertible Note to Rich Mark; and
- the XG Convertible Note to Xingang, and

the issue of Shares on conversion of each Convertible Note to Rich Mark and Xingang respectively and the increase in voting power of Rich Mark and Xingang to up to 91.36%, in accordance with item 7 of section 611 of the Corporations Act for the reasons set out in this section 5 of this Explanatory Statement.

REGULATORY INFORMATION REQUIREMENTS

5.7 Resolutions 4A and 4B - Information required by item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74

The following paragraphs set out information required to be provided to Shareholders under item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74. Given the interconditional nature of the transactions, and the

fact that Rich Mark and Xingang are Associates, the following information is provided in respect of each of Resolution 4A and Resolution 4B.

Shareholders are also referred to the Independent Expert's Report (**IER**) set out at Appendix A to this Notice.

(a) Identity

The following table sets out the identity of each person proposing to acquire one Convertible Note and the Shares on conversion of each Convertible Note and its Associates:

| Resolution | Convertible Note | Acquirer | Associate |
|-------------------|-------------------------|---------------------------------------|---------------------------------------|
| Resolution 4A | RM Convertible Note | Rich Mark Development (Group) Pty Ltd | Xingang Resources (HK) Ltd |
| Resolution 4B | XG Convertible Note | Xingang Resources (HK) Ltd | Rich Mark Development (Group) Pty Ltd |

(b) Increase in Rich Mark's and Xingang's voting power in the Company resulting from the issue of Shares on conversion of the Convertible Notes

As at the date of this Notice:

- (i) Rich Mark has a relevant interest in 313,245,410 Shares; and
- (ii) Xingang Resources has a relevant interest in 98,026,518 Shares.

As such, the current voting power of Rich Mark and Xingang, each of which are an Associate of one another, is 88.25% based on 466,027,283 Shares on issue.

Each Convertible Note, of itself, will not be counted as part of Rich Mark's or Xingang's voting power in Shares in the Company. Rich Mark's or Xingang's voting power will only increase if and when the Face Value of their applicable Convertible Note is converted, and Shares are issued to Rich Mark or Xingang on conversion.

The individual and isolated effect of each of the acquisition of Shares on conversion of the RM Convertible Note by Rich Mark and on the conversion of the XG Convertible Note by Xingang respectively, is summarised in Table 1 below. Shareholders should note that Table 1 assumes that: (a) no other Shares are issued prior to the conversion of the Convertible Note; and (b) each of Rich Mark and Xingang convert their Convertible Note at the same time. More specifically, the table outlines:

- (iii) **As at the date of this Notice** - the shareholding and voting power of each of Rich Mark and Xingang in the Company individually and on an aggregated basis (as they are Associates); and
- (iv) **Issue of Shares on conversion of Convertible Note** - the maximum extent of the increase in, and total, shareholding and voting power of each of Rich Mark and Xingang in the Company following the issue of Shares to each of Rich Mark and Xingang on conversion of both Convertible Notes. Neither Rich Mark nor Xingang individually will become the

holder of more than 90% of Shares in the Company by value as a result of the conversion of the Convertible Notes (such that the compulsory acquisition power under the Corporations Act would come into effect).

Table 1 - Approval of Resolution 4A and 4B and both Convertible Notes

| | Maximum number of Shares to be issued | | Total Shares held | | | Maximum extent of increase in % holding / voting power | | | Total % holding / voting power | | |
|--|---------------------------------------|------------|-------------------|-------------|--|--|-------------------|--|--------------------------------|-------------------|--|
| | Rich Mark | Xingang | Rich Mark | Xingang | Rich Mark and Xingang (on an agg. basis) | % holding Rich Mark | % holding Xingang | Voting power (i.e. Rich Mark and Xingang on an agg. basis) | % holding Rich Mark | % holding Xingang | Voting power (i.e. Rich Mark and Xingang on an agg. basis) |
| As at the date of this Notice | N/A | N/A | 313,245,410 | 98,026,518 | 411,271,928 | N/A | N/A | N/A | 67.22% | 21.03% | 88.25% |
| Approval for issue of Shares on conversion of both Convertible Notes is obtained and both Convertible Notes are fully converted at the end of the first year of the term | 82,856,222 | 76,966,163 | 396,101,632 | 174,992,681 | 571,094,313 | -3.93% | 6.93% | 3.00% | 63.29% | 28.00% | 91.25% |
| Approval for issue of Shares on conversion of both Convertible Notes is obtained and both Convertible Notes are fully converted at the end of the second year of the term | 84,940,574 | 78,902,343 | 398,185,984 | 176,928,861 | 575,114,845 | -4.00% | 7.06% | 3.06% | 63.22% | 28.09% | 91.31% |
| Approval for issue of Shares on conversion of both Convertible Notes is obtained and both Convertible Notes are fully | 87,083,263 | 80,887,230 | 400,328,673 | 178,913,748 | 579,242,633 | -4.07% | 7.19% | 3.11% | 63.14% | 28.22% | 91.36% |

| | | | | | | | | | | | | |
|---|--|--|--|--|--|--|--|--|--|--|--|--|
| <i>converted at the end of the third year of the term</i> | | | | | | | | | | | | |
|---|--|--|--|--|--|--|--|--|--|--|--|--|

Note: The figures in the above table have been calculated based on the assumption that Resolutions 4A and 4B are passed, no other Shares are issued by the Company, and the shareholding of Rich Mark and Xingang (which are an Associate of one another) in the Company does not otherwise change. The table also assumes that Rich Mark and Xingang convert the relevant Convertible Note at the same time. However, it is possible that the Convertible Notes may be converted at different intervals, which could give rise to different voting power than as contemplated in the above table. However, the table discloses the maximum possible increase in voting power of Rich Mark and Xingang (being where approval for the issue of both Convertible Notes is obtained, and both Convertible Notes are fully converted at the end of the third year of the term).

Shareholders should be aware that Rich Mark and Xingang are entitled to increase their shareholding in the Company in the manner permitted under the Corporations Act.

(c) Reasons for the Proposed Transaction

As noted above, the Company has agreed to issue:

- (i) one Convertible Note to Rich Mark; and
- (ii) one Convertible Note to Xingang,

in each case, to replace existing shareholder loans, that have been advanced to the Company by each of Rich Mark and Xingang. Upon conversion, the Convertible Notes entitle Rich Mark and Xingang to receive such number of Shares in the Company calculated in accordance with the formula set out in section 5.3(g) above.

(d) Expected Timing of the Proposed Transaction

If Shareholder approval is obtained under Resolutions 4A and 4B, both Convertible Notes will be issued within 5 Business Days of the date of the Meeting, and no later than 1 month after the date of the Meeting.

Resolutions 4A and 4B are interconditional, such that neither Convertible Note will be issued unless shareholder approval is obtained to issue both Convertible Notes.

Rich Mark and Xingang may at any time on or before the Maturity Date, elect to convert all or part of the Face Value of the Convertible Note to ordinary shares in the Company by giving notice to the Company. The issue of Shares on conversion of either or both of the Convertible Notes may therefore occur prior to the Maturity Date of the relevant Convertible Note. Upon receipt of a conversion notice from Rich Mark or Xingang as applicable, the Company must issue the Shares within 5 Business Days of the relevant conversion date.

(e) Material terms of the Proposed Transaction and other relevant agreements

Details of the terms of each Convertible Note and each Convertible Note Deed are summarised in section 5.3 of the Explanatory Statement for

Resolutions 4A and 4B. Other than each Convertible Note Deed being interconditional on the receipt of necessary shareholder approvals under the other Convertible Note Deed, there are no other contracts or proposed contracts between either the Company and Rich Mark, the Company and Xingang, or the Company and any of Rich Mark's or Xingang's Associates which are conditional upon, or directly or indirectly dependent on, Shareholder approval of Resolutions 4A and 4B.

(f) Future intentions of Rich Mark and Xingang for the Company if Shareholders approve the Proposed Transaction

Both of Rich Mark and Xingang have informed the Company that each of their intentions mentioned in this section are based on the facts and information regarding the Company, its business and the general business environment which are known to Rich Mark and Xingang as at the date of the Notice, which is limited to publicly available information. Any future decisions regarding these matters will only be made based on all material information and circumstances at the relevant time. Accordingly, the statements set out below are statements of current intention only which, if circumstances change or new information becomes available in the future, could change accordingly.

No change to the composition of the Company's Board is currently proposed by any of Rich Mark, Xingang or the Company.

Other than as disclosed above or elsewhere in this Explanatory Statement, each of Rich Mark and Xingang:

- (i) has no current intention of making any significant changes to the existing business of the Company;
- (ii) has no current intention to inject further capital into the Company;
- (iii) has no current intention of making changes regarding the future employment of the Company's present employees;
- (iv) does not currently intend for any assets to be transferred between the Company and itself or any person associated with it;
- (v) has no current intention to otherwise redeploy the fixed assets of the Company; and
- (vi) has no current intention to significantly change the Company's existing financial or dividend distribution policies,

if the proposed issue of Shares on conversion of either or both of the Convertible Notes is approved by Shareholders.

The Company understands that both Rich Mark and Xingang support the Board's current strategy for the Company.

(g) Directors' interests in the proposed issue of Shares on conversion of the Convertible Notes and recommendations

The current Directors of the Company are Messrs Yuzi (Albert) Zhou, Dian Zhou He, Jun Sheng (Jerry) Liang and Jie (Charlie) You.

Each Director (apart from Mr Jun Sheng Liang and Mr Dian Zhou He, who abstain from making a recommendation) recommends that Shareholders vote in favour of both Resolutions 4A and 4B for the following reasons:

- (i) the issue of both Convertible Notes provides extended financing for the Company;
- (ii) the Convertible Notes allow the Company to satisfy its repayment obligations that would otherwise exist under the two existing shareholder loan agreements by issuing Shares in the Company in lieu of making cash payments to Rich Mark and Xingang, which will, in turn, ensure that the cash remains available to the Company to satisfy its general working capital requirements;
- (iii) should either or both of Resolutions 4A and 4B not be approved by Shareholders, no Convertible Note will be issued and the two existing shareholder loan agreements would remain in full force and effect, which would require the Company to repay amounts owing under such shareholder loan agreements in cash on the relevant maturity dates of such loans; and
- (iv) the Company has been funded by way of one loan from Rich Mark and one loan from Xingang and conversion of both the Rich Mark and Xingang loans to equity will improve the financial position of the Company.

No votes can be cast on:

- (v) Resolution 4A by Rich Mark or any of its Associates (which includes Xingang); and
- (vi) Resolution 4B by Xingang or any of its Associates (which includes Rich Mark).

(h) Details of any person who is intended to become a Director if either or both of Resolutions 4A and 4B are passed

No person will be appointed as a Director of the Company if either or both of Resolutions 4A and 4B are passed.

(i) IER as to whether the acquisition by Rich Mark and Xingang is fair and reasonable

Accompanying this Notice is an IER prepared by the Independent Expert. The IER assesses whether the acquisition of Shares on conversion of each Convertible Note by Rich Mark and Xingang, and the increase in the voting power of Rich Mark and Xingang to up to 91.36%, pursuant to Resolutions 4A and 4B is fair and reasonable to the Shareholders not associated with Rich Mark and Xingang.

The IER concludes that the acquisition of Shares by each of Rich Mark and Xingang on the conversion of the applicable Convertible Note, and the resultant increase in the voting power of Rich Mark and Xingang to up to 91.36%, pursuant to Resolutions 4A and 4B, is not fair but reasonable to the current Shareholders in the Company who are not associated with Rich Mark and Xingang.

Please refer to the IER at Appendix A for further details and in particular the advantages and disadvantages of the issue of Shares to either or both of Rich Mark and Xingang on conversion of each Convertible Note, the subject of Resolutions 4A and 4B. This assessment is designed to assist all Shareholders in reaching their voting decision. It is recommended that all Shareholders read the IER in full.

(j) Further background information on Rich Mark

Rich Mark was established in Melbourne in 2000 and is now a diversified business group in bulk commodities and investments. Its trading partners include the significant resources companies, such as Vale, Rio Tinto, BHP, FMG and SIMEC. Iron ore trading exceeds 10 million tonnes and the business income exceeds US\$1 billion. In Australia, it has invested in the Company.

In China, Rich Mark has investments in two large scale steel mills, a shipping company, an iron ore terminal and a power plant. Rich Mark has also expanded its business into the finance sector and is a significant investor in a listed bank and a listed security company in Hong Kong. The finance investment is now evolving as the third pillar of the Rich Mark group besides trading and investment.

(k) Further background information on Xingang

Xingang was established in and pursuant to the laws of Hong Kong under the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) on 20 April in 2010. Xingang was established in Hong Kong for Australian business.

6. RESOLUTIONS 5, 6, 7 AND 8 – GRANT OF PERFORMANCE RIGHTS TO DIRECTORS: MESSERS YUZI (ALBERT) ZHOU, DIAN ZHOU HE, JUN SHENG (JERRY) LIANG AND JIE (CHARLIE) YOU

6.1 Background

The Company is seeking approval under ASX Listing Rule 10.14, and for all other purposes, for the proposed issue of performance rights (**Performance Rights**) pursuant to the Company's Performance Rights Plan (**PRP**) to directors, Messers Yuzi (Albert) Zhou, Dian Zhou He, Jun Sheng (Jerry) Liang and Jie (Charlie) You (each a **Director Participant**).

The Company has determined to implement the PRP pursuant to which it has agreed, subject to obtaining Shareholder approval, to issue up to 11,500,000 Performance Rights in aggregate to the Director Participants (or each of their nominees) pursuant to the terms of the PRP and on the terms and conditions set out below.

The objective of the issue of the Performance Rights to the Director Participants is to reward the Director Participants for past and future services whilst preserving cash reserves and to also strengthen the alignment between Directors' and Shareholders' interests through the grant of Performance Rights under the PRP. In particular, the Performance Rights are being issued to the Director Participants in lieu of directors fees, in light of the Company's view that the historical Director fees payable to the Director Participants are considered to have been below those fees payable to directors of companies comparable to the Company. The Board considers it desirable for Shareholders that the interests of the Director Participants be aligned

with the interests of other Shareholders through the grant of Performance Rights under the PRP.

6.2 Overview of the proposed grant of Performance Rights to each of Messrs Yuzi (Albert) Zhou, Dian Zhou He, Jun Sheng (Jerry) Liang and Jie (Charlie) You

The proposed issue of Performance Rights to the Director Participants will be pursuant to the terms of the Company's PRP (a summary of which is included as Appendix B, and also the specific terms set out below).

| | |
|--|---|
| <p>Nature of Award</p> | <ul style="list-style-type: none"> • The award proposed to be offered to the Director Participants are Performance Rights. • Each Performance Right constitutes a right to receive 1 Share, subject to the terms and conditions of the PRP Rules. • Following Vesting of a Performance Right held by a Director Participant, a Share will be issued by the Company to that Director Participant, subject to: <ul style="list-style-type: none"> ○ compliance with the Company's Securities Trading Policy; ○ any dealing restrictions imposed by the Company; and ○ further post Vesting Conditions noted below. • Subject to satisfaction of any Vesting Condition attached to each Performance Right, the Performance Rights: <ul style="list-style-type: none"> ○ in respect of Messrs Zhou and You (under Resolutions 5 and 8 respectively), will Vest on the date which is 12 months after the date of issue; and ○ in respect of Messrs He and Liang (under Resolutions 6 and 7 respectively), will Vest on the date which is 3 years after the date of issue. |
| <p>Vesting Conditions</p> | <p>Resolutions 5 and 8 - The Performance Rights of Messrs Zhou and You are subject to, and will not Vest unless, at the end of the 12 month Vesting period:</p> <ul style="list-style-type: none"> • in relation to Resolution 5, executive director (being Mr Zhou), remains employed with the Company; and • in relation to Resolution 8, the non-executive director (being Mr You), remains engaged as a director of the Company. <p>Resolutions 6 and 7 - The Performance Rights of Messrs He and Liang are subject to, and will not Vest unless, at the end of the 3 year Vesting period:</p> <ul style="list-style-type: none"> • in relation to the Performance Rights held by Mr He, Mr He remains engaged as a director of the Company; and • in relation to the Performance Rights held by Mr Liang, Mr Liang remains engaged as a director of the Company. |
| <p>Restrictions following Vesting</p> | <p>In relation to Resolutions 5 and 8, any dealing in the issued Shares held by each of Messrs Zhou and You on Vesting of a Performance Right (including but not limited to any sale, transfer, assignment, declaration of trust, encumbrance, option, swap or any alienation), be prohibited:</p> <ul style="list-style-type: none"> • on all of the Performance Rights granted to each of Messrs Zhou and You for a period of the latter of 12 months from the date of grant and the first available trading period after 12 months from the date of grant; |

| | |
|--|---|
| | <ul style="list-style-type: none">• on two-thirds of the Performance Rights granted to each of Messrs Zhou and You for a period of the latter of 24 months from the date of grant and the first available trading period after 24 months from the date of grant; and• on one-third of the Performance Rights granted to each of Messrs Zhou and You for a period of the latter of 36 months from the date of grant and the first available trading period after 36 months from the date of grant. <p>In relation to Resolutions 6 and 7, following the Vesting of Messrs He and Liang's Performance Rights (and issue and transfer of Shares on Vesting of such Performance Rights, to occur 3 years from the granting of those Performance Rights, provided Messrs He and Liang remain engaged as directors of the Company), Messrs He and Liang will not be subject to any post-Vesting restrictions on dealing with such Shares issued to them.</p> |
|--|---|

6.3 ASX Listing Rule 10.14

ASX Listing Rule 10.14 provides that an entity must not permit any of the following persons to acquire Equity Securities under an employee incentive scheme without the approval of the Shareholders:

- 10.14.1 a director of the Company;
- 10.14.2 an Associate of a director of the Company; or
- 10.14.3 a person whose relationship with the Company or a person referred to in Listing Rules 10.14.1 to 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by Shareholders.

The issue of Performance Rights to each Director Participant falls within Listing Rule 10.14.1 and therefore requires the approval of Shareholders under Listing Rule 10.14.

Accordingly, Resolutions 5 to 8 seek the required Shareholder approval for the grant of the Performance Rights to the Director Participants under and for the purposes of Listing Rule 10.14.

If Resolutions 5 to 8 are passed, the Company will be able to proceed with the issue of the Performance Rights to each Director Participant under the PRP within 3 years after the date of the meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Performance Rights (because the approval is being obtained under Listing Rule 10.14), the issue of the Performance Rights will not use up any of the Company's 15% placement capacity.

If Resolutions 5 to 8 are not passed, the Company will not be able to proceed with the grant of the Performance Rights to the Director Participants under the PRP.

6.4 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must (for the purposes of s 208(1) of the Corporations Act):

- (a) obtain the approval of the public company's shareholders in the manner set out in sections 217 to 227 of the Corporations Act; and

(b) give the benefit within 15 months following such approval,

unless the giving of the benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

A "financial benefit" is defined in the Corporations Act in broad terms and includes the grant of equity incentives by a public company.

Accordingly, the issue of the Performance Rights pursuant to the PRP constitutes the giving of a financial benefit and each of the Director Participants are related parties of the Company because they are directors of the Company.

Section 211 of the Corporations Act provides an exception to the prohibition in section 208 of the Corporations Act where the financial benefit is given to a related party as an officer of the company and to give the remuneration would be reasonable given the circumstances of the company and the related party's circumstances (including the responsibilities involved in the office or employment) (**Reasonable Remuneration Exemption**).

It is the view of the directors that the proposed grant of Performance Rights to each of Messrs Yuzi (Albert) Zhou, Dian Zhou He, Jun Sheng (Jerry) Liang and Jie (Charlie) You (as contemplated in Resolutions 5 to 8) falls within the Reasonable Remuneration Exemption given the circumstances of the Company and the position held by each of Messrs Zhou, He, Liang and You.

Accordingly, the directors have determined not to seek Shareholder approval for the purposes of section 208 of the Corporations Act for the grants of the Performance Rights contemplated by Resolutions 5 to 8.

6.5 Technical information required by ASX Listing Rule 10.15

The following information is provided to Shareholders for the purposes of ASX Listing Rule 10.15 in relation to Resolutions 5 to 8:

| Information relating to the grant of Performance Rights to each Director Participant | |
|---|--|
| Individual details | <p>The proposed issue of Performance Rights under the PRP is to, in relation to:</p> <ul style="list-style-type: none"> Resolution 5, Mr Yuzi (Albert) Zhou; Resolution 6, Mr Dian Zhou He; Resolution 7, Mr Jun Sheng (Jerry) Liang; and Resolution 8, Mr Jie (Charlie) You. <p>All 4 persons (the Director Participants) fall under ASX Listing Rule 10.14.1 as each is a director of the Company.</p> |
| Number of Performance Rights | <p>The maximum number of Performance Rights that will be granted is 11,500,000 in aggregate. The maximum number of Performance Rights that will be granted to each of the 4 Director Participants is:</p> <ul style="list-style-type: none"> Resolution 5, 5,000,000 Performance Rights to Mr Yuzi (Albert) Zhou; Resolution 6, 3,000,000 Performance Rights to Mr Dian Zhou He; Resolution 7, 3,000,000 Performance Rights to Mr Jun Sheng (Jerry) Liang; and Resolution 8, 500,000 Performance Rights to Mr Jie (Charlie) You. |
| Price of Securities | <p>The Performance Rights granted under Resolutions 5 to 8 will be granted for \$nil consideration, and as such, no funds will be raised from the issue of the Performance Rights. No price is payable on Vesting of the Performance</p> |

| Information relating to the grant of Performance Rights to each Director Participant | | | |
|---|---|---------------|---------------|
| | Rights. | | |
| Equity Securities granted under the Performance Rights Plan since the last approval | The Company has recently established the PRP and as such, no Equity Securities have previously been issued to any Director Participant pursuant to the PRP. | | |
| Current (and previous) total remuneration package of each of the 4 Director Participants | Director Participant | FY2021 | FY2020 |
| | Mr Yuzi (Albert) Zhou (1) | \$201,230 | \$201,239 |
| | Mr Dian Zhou He (2) | \$50,000 | \$50,000 |
| | Mr Jun Sheng (Jerry) Liang (3) | \$36,000 | \$36,000 |
| | Mr Jie (Charlie) You (4) | \$9,125 | N/A |
| | <p>(1) FY2021 - Mr Zhou's remuneration comprises salary (including annual leave) of \$182,151, post-employment benefits of \$15,960 and long service leave of \$3,119.</p> <p>(2) FY2021 - Mr He's remuneration comprises solely of salary and fees of \$50,000.</p> <p>(3) FY2021 - Mr Liang's remuneration comprises \$32,877 of salary and fees and \$3,123 in additional post-employment benefits.</p> <p>(4) FY2021 - Mr You's remuneration comprises \$8,333 of salary and fees and \$792 in additional post-employment benefits.</p> <p>Shareholders are referred to the Remuneration Report for further details of each of the 4 Director Participants' remuneration.</p> | | |
| Value of Performance Rights | <p>The Company attributes an aggregate value of \$575,000 for all of the Performance Rights to (if Resolutions 5 to 8 are approved) be granted to the 4 Director Participants, which is broken down as follows:</p> <ul style="list-style-type: none"> • Resolution 5 (Mr Zhou) - \$250,000; • Resolution 6 (Mr He) - \$150,000; • Resolution 7 (Mr Liang) - \$150,000; and • Resolution 8 (Mr You) - \$25,000. <p>The valuation above, which is equal to \$0.05 per Performance Right, is based on and derived from the following assumptions:</p> <ul style="list-style-type: none"> • the market value of the underlying Share the subject of each Performance Right is \$0.05 per Share at the time of the grant; • no discount has been applied to determine the fair value of the performance rights for the employment / engagement Vesting Condition referred to in section 6.2 above applicable in respect of Resolutions 6 and 7; • no discount has been applied to determining the fair value of the performance rights subject to the disposal restriction (referred to in section 6.2 above) following Vesting, which is applicable in respect of Resolutions 5 to 8; and • the fair value of each Performance Right as disclosed is consistent with (and no less than) the value that would be ascribed to each Performance Right in accordance with applicable accounting standards. | | |

| Information relating to the grant of Performance Rights to each Director Participant | |
|--|---|
| | If all Performance Rights are granted, issued and Vest and are subsequently exercised and Shares issued, this will increase the number of Shares on issue from 466,027,283 (as at the date of this Notice) to 477,527,283 (assuming that no other Shares are issued and no convertible securities vest or are exercised) with the effect that the Shareholding of the existing Shareholders would be diluted by an aggregate of 2.4%, comprising Messrs Zhou 1.04%, He 0.63%, Liang 0.63% and You 0.1%. |
| Purpose of the issue of the Performance Rights and why the Company has chosen to grant them | Pursuant to Resolutions 5 to 8, the Company has chosen to grant the Performance Rights under the PRP to the 4 Director Participants to reward the 4 Director Participants for past and future services whilst preserving cash reserves and to also strengthen the alignment between Directors' and Shareholders' interests through the grant of Performance Rights under the PRP. In particular, the Performance Rights are being issued to the Director Participants in lieu of directors fees, in light of the Company's view that the historical directors fees payable to the 4 Director Participants are considered to have been below those fees payable to directors of companies comparable to the Company. |
| Summary of Performance Rights Plan's material terms | The nature of, Vesting Conditions and expiry date of the Performance Rights to be granted under the PRP are set out in section 6.2. The Performance Rights will otherwise be granted on the terms of the PRP, a summary of which is set out in Appendix B. |
| Voting exclusion statement | Details of the voting exclusion which applies to each of Resolutions 5 to 8 can be found earlier in the Notice of Meeting. |
| Loans to acquire securities | Not applicable - no loans are being made to the Director Participants in connection with the granting / acquisition of the Performance Rights. |
| Issue of Performance Rights | If Resolutions 5 to 8 are approved, the Company intends to grant the Performance Rights to each of Messrs Zhou, He, Liang and You as soon as practicable after the date of this meeting and within 1 month. |
| Further disclosures | <ul style="list-style-type: none"> • Details of any securities issued to each of Messrs Zhou, He, Liang and You pursuant to Resolutions 5 to 8 and under the Performance Rights Plan will be published in the annual report of the Company for the period in which they were issued, along with a statement that the approval for the issue was obtained under ASX Listing Rule 10.14. • Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in the Performance Rights Plan after Resolutions 5 to 8 are approved and who are not named in this Notice will not participate until approval is obtained under that rule. |

If approval is given for the abovementioned granting of Performance Rights to each of Messrs Zhou, He, Liang and You under ASX Listing Rule 10.14, further approval is not required (and will not be sought) under ASX Listing Rule 7.1.

Directors' Recommendation

The Board (other than each of Messers Zhou, He, Liang and You in relation to Resolutions 5, 6, 7 and 8 respectively, who each abstains from voting on each of that Resolution pertaining to the issue of Performance Rights to themselves) recommends that Shareholders vote in favour of Resolutions 5 to 8.

7. ENQUIRIES

Shareholders may contact the Company Secretary on (+ 61 3) 9670 0888 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

\$ means Australian dollars.

AEDT means Australian Eastern Daylight Time.

Annual General Meeting means the meeting convened by the Notice of Meeting.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning set out in the ASX Listing Rules, for which a summarised meaning is provided in section 5.5.1 of the Explanatory Statement for Resolutions 4A and 4B.

ASX means ASX Limited (ACN 008 524 691).

ASX Listing Rules or **Listing Rules** means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means a day other than a Saturday, Sunday or public holiday and on which banks are open for business generally in Victoria, Australia.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001* (Cth) for the purposes of the definition of 'closely related party' in the *Corporations Act*.

Company means Accent Resources N.L. (ABN 67 113 025 808).

Constitution means the Company's constitution.

Convertible Note means either or both of the RM Convertible Note and the XG Convertible Note as the context requires.

Convertible Note Deed means either or both of the RM Convertible Note Deed and the XG Convertible Note Deed as the context requires.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Director Participant means a Director who holds a Performance Right or Share under the terms of the Performance Rights Plan from time to time.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Event of Default has the meaning given to that term within the Convertible Note Deed, whereby some of the events of default are detailed in section 5.3(j) of the Explanatory Statement for Resolutions 4A and 4B.

Explanatory Statement means the explanatory statement accompanying the Notice of Meeting.

Face Value means either or both of the RM Face Value and the XG Face Value as the context requires.

IER or Independent Expert's Report means the independent expert's report prepared by the Independent Expert set out in Appendix A to this Notice.

Independent Expert means PKF Melbourne Corporate Pty Ltd (ACN 063 564 045).

Issue Date is the date the Convertible Note is issued by an entry in the register kept by the Company as notified by the Company to the noteholder (i.e. being either Richard Mark or Xingang as the context requires) in writing.

Key Management Personnel or KMP has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Listing Rules means the listing rules of ASX.

Maturity Date has the meaning given in section 5.3(c) of the Explanatory Statement for Resolutions 4A and 4B.

Notice or Notice of Meeting or Notice of Annual General Meeting means this notice of annual general meeting including the Explanatory Statement.

Option means an option to acquire Shares.

Ordinary Securities has the meaning set out in the ASX Listing Rules.

Performance Rights Plan or PRP means the Accent Resources NL equity incentive plan, the material terms of which are set out in Appendix B to this Notice.

Performance Rights Plan Rules or PRP Rules means the terms and conditions of the Performance Rights Plan dated on or around the date of this Notice of Meeting as amended from time to time.

Proposed Transaction has the meaning given in section 5.1 of the Explanatory Statement for Resolutions 4A and 4B.

Pro Rata Face Value has the meaning given in section 5.3(d) of the Explanatory Statement for Resolutions 4A and 4B.

Proxy Form means the proxy form attached to the Notice.

Related Party has the meaning set out in the ASX Listing Rules.

Remuneration Report means the remuneration report set out in the Directors' report section of the Company's annual financial report for the year ended 30 June 2021.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Rich Mark means Rich Mark Development (Group) Pty Ltd (ACN 091 877 780).

RM Convertible Note means the single convertible note to be issued by the Company to Rich Mark pursuant to the RM Convertible Note Deed.

RM Convertible Note Deed has the meaning given to that term in section 5.1 of the Explanatory Statement for Resolutions 4A and 4B.

RM Face Value has the meaning given to that term in section 5.1 of the Explanatory Statement for Resolutions 4A and 4B.

RM Subscription Price means the amount payable by Rich Mark to the Company in respect of the RM Convertible Note which is payable in accordance with the terms of the RM Convertible Note Deed.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Subscription Price means either or both of the RM Subscription Price and the XG Subscription Price as the context requires.

Vest or **Vesting** means the process by which the holder of a Performance Right becomes entitled to be issued a Share, following all Vesting Conditions that apply to that Performance Right being satisfied or otherwise waived by the Board.

Vesting Condition means one or more conditions which must be satisfied or circumstances which must exist before a Performance Right Vests under the Rules.

WST means Australian Western Standard Time.

XG Convertible Note means the single convertible note to be issued by the Company to Xingang pursuant to the XG Convertible Note Deed.

XG Convertible Note Deed has the meaning given to that term in section 5.1 of the Explanatory Statement for Resolutions 4A and 4B.

XG Face Value has the meaning given to that term in section 5.1 of the Explanatory Statement for Resolutions 4A and 4B.

XG Subscription Price means the amount payable by Xingang to the Company in respect of the XG Convertible Note which is payable in accordance with the terms of the XG Convertible Note Deed.

Xingang means Xingang Resources (HK) Ltd.

Appendix A - IER

15 November 2021

The Independent Directors
Accent Resources N.L.
Level 9, 250 Queen Street
Melbourne Victoria 3000

By email: Robert.Allen@accentresources.com.au

Dear Directors

RE: Independent Expert's Report

1. Introduction

The directors of Accent Resources N.L. ("Accent Resources" or the "Company") have requested PKF Melbourne Corporate Pty Ltd ("PKF Corporate") to prepare an Independent Expert's Report ("IER") in respect of the proposal described below.

We understand that the Company is considering a proposal, which will involve the issue of one convertible note to each of the two major shareholders to replace shareholder loans that have been advanced to the Company ("Proposed Transaction").

We also understand that the Company is seeking shareholder approval at the Annual General Meeting to be held on or about 22 December 2021 for both the issue of the convertible notes (under ASX Listing Rules) and the increase in voting power of the major shareholder (section 611 of the Corporations Act 2001) that would occur on conversion of the notes.

2. Proposed Transaction

2.1. Issue of Convertible Notes

Accent Resources has been funding its operations in the recent past by way of loans from its two major shareholders, Rich Mark Development (Group) Pty Ltd ("Rich Mark") and Xingang Resources (HK) Limited ("Xingang"), (collectively the "Funders" or "Associated Shareholders"). Accent Resources has agreed, subject to shareholder approval, to replace the shareholder loans from Rich Mark and Xingang with convertible notes.

The draft convertible note deeds for both Rich Mark and Xingang have consistent terms as set out below:

- a. The convertible notes are unsecured and Accent Resources' payment obligations under each convertible note will rank in priority to the issued share capital and all future preference shares and shall rank at least pari passu in right and priority of payment with all of Accent Resources' present and future unsecured and unsubordinated obligations (other than obligations mandatorily preferred by any law applying to companies generally).
- b. Issue date of 23 December 2021.
- c. Maturity date is 31 December 2024.
- d. Interest is charged at 2.5% per annum. Accrued interest is added to the principal outstanding on the last day of each six-monthly interest period.
- e. The conversion price is \$0.06.
- f. The Funders may convert the convertible notes on 30 June 2022 or at any subsequent six-month anniversary up to and including the maturity date. Any conversion must be for the full amount outstanding.
- g. The convertible notes are not transferrable during the first 12 months following the date of issue. They may be transferred to another person thereafter.

The amount of the convertible notes is set out in the following sections.

Accent Resources is seeking shareholder approval for both the issue of the convertible notes (under ASX Listing Rules) and the increase in voting power of the major shareholders (under s. 611, item 7 of the Corporations Act 2001) that would occur on conversion of the notes.

2.2. Loans from Major Shareholders

Set out in the table below is a summary of loans according to the financial statements for 30 June 2019, 30 June 2020 and 30 June 2021.

Table 1: Shareholder loans – financial statements

| | 30 June 19 | 30 June 20 | 30 June 21 |
|---------------------------------------|------------------|------------------|------------------|
| | \$ | \$ | \$ |
| Loan balances | | | |
| Xingang Resources (HK) Ltd | 3,724,729 | 4,117,534 | 2,157,806 |
| Rich Mark Development (Group) Pty Ltd | 3,002,764 | - | 1,664,599 |
| Total | 6,727,493 | 4,117,534 | 3,822,405 |

Source: Financial statements

The loans in the table above are recorded at fair value in accordance with accounting standards, as a result, the balances don't represent the actual amount which Accent Resources would need to pay in order to settle the respective loans. In the table below the loan amounts at 30 June 2021 have been set out, representing the amount which would need to be paid to settle the loans.

Table 2: Shareholder loans as at 30 June 2021

| | 30 June 21 \$ |
|---|------------------|
| Xingang Resources (HK) Ltd | |
| Financial statements as at 30 June 2021 | 2,157,806 |
| Gross up to amount payable (note 1) | 2,258,517 |
| | 4,416,323 |
| Rich Mark Development (Group) Pty Ltd | |
| Financial statements as at 30 June 2021 | 1,664,599 |
| Gross up to amount payable (note 1) | 845,065 |
| | 2,509,664 |
| Total | 6,925,988 |

Source: Financial statements, Management information and PKF Corporate's analysis

Note 1 - The loans have been recorded in the financial statements at their fair value thus this fair value adjustment has been reversed here to determine the full amount payable.

The loan from Xingang was drawn down in FY19 and interest has been charged at 4.0% per annum, accrued six monthly. This loan expires on 31 December 2021 and a new loan has been put in place with a 2.5% interest rate, starting 31 December 2021 and expiring 31 December 2025.

Rich Mark entered into an agreement with Accent Resources dated 4 February 2021 as amended by a side letter dated 25 March 2021, providing a loan facility of \$4.8 million, due 31 January 2024. Interest is charged at 2.5% per annum, accrued six monthly and is to be drawn down over six tranches. Subsequent to this, an amendment to this loan by way of a side letter dated 25 March 2021 was agreed whereby part of the tranche 2 draw down could be delayed. After adjusting for this amendment the tranches are as follows.

- Tranche 1 \$0.5m – 1 February 2021
- Tranche 2a \$0.6m – 31 March 2021
- Tranche 2b \$0.4m – 31 March 2021 or 31 May 2021
- Tranche 3 \$1.0m – 30 June 2021
- Tranche 4 \$1.5m – 30 September 2021
- Tranche 5 \$0.5m – 31 December 2021
- Tranche 6 \$0.3m – 31 March 2022

Should the Proposed Transaction be approved, then convertible loan notes are to be issued to replace the above borrowings. Interest will continue to accrue on these loan notes until they are converted into shares. On the assumption that they are converted on their maturity date, being 31 December 2024, the face value of these notes, including accrued interest is estimated to be as set out in the table below.

Table 3: Estimated Shareholder Convertible Loans for 31 December 2024

| | 31 Dec 2024 \$ |
|---------------------------------------|-------------------|
| Xingang Resources (HK) Ltd | 4,853,234 |
| Rich Mark Development (Group) Pty Ltd | 5,224,996 |
| Total | 10,078,230 |

Source: Financial statements, Management information and PKF Corporate's analysis

2.3. Proposed Resolutions to be Approved by Shareholders

Accent Resources is seeking shareholders' approval of the following resolutions as listed in the Notice of General Meeting:

Resolution 1 Adoption of remuneration report

"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2021."

Resolution 2 Re-election of Director – Mr Dian Zhou He

"That, for the purposes of rule 53 of the Constitution and for all other purposes Dian Zhou He, a Director, retires by rotation, and being eligible, is re-elected as a Director."

Resolution 3 Election of Director – Mr Charlie You

"That for the purposes of Rule 52 of the Constitution and for all other purposes, Charlie You, a Director, who is an addition to the Board since the last AGM, retires and being eligible, is elected as a Director."

Resolution 4A & 4B Approval of the proposed issue of one convertible note to Rich Mark and one convertible note to Xingang, issue of shares on conversion of each convertible note to, and increase in voting power of, Rich Mark and Xingang

Resolution 4 A *"That, subject to the passing of Resolution 4B, for the purposes of Listing Rule 10.11, section 611 (item 7) of the Corporations Act and for all other purposes, approval is given for:*

- (a) the issue of 1 Convertible Note (RM Convertible Note) to Rich Mark Development (Group) Pty Ltd (Rich Mark);*
- (b) the resultant issue of Shares to Rich Mark on conversion of the RM Convertible Note pursuant to the terms of the convertible note deed entered into between the Company and Rich Mark; and*
- (c) the increase in the voting power of Rich Mark and its Associates (including Xingang Resources (HK) Ltd) following the issue of Shares contemplated by paragraph (b) above, to up to 91.36%,*

on the further terms and conditions set out in the Explanatory Statement."

Resolution 4B *"That, subject to the passing of Resolution 4A, for the purposes of Listing Rule 10.11, section 611 (item 7) of the Corporations Act and for all other purposes, approval is given for:*

- (a) the issue of 1 Convertible Note (XG Convertible Note) to Xingang Resources (HK) Ltd (Xingang);*
- (b) the resultant issue of Shares to Xingang on conversion of the XG Convertible Note pursuant to the terms of the convertible note deed entered into between the Company and XG; and*
- (c) the increase in the voting power of Xingang and its Associates (including Rich Mark Development (Group) Pty Ltd) following the issue of Shares contemplated by paragraph (b) above, to up to 91.36%,*

on the further terms and conditions set out in the Explanatory Statement."

Resolution 5 Grant of performance rights to Yuzi (Albert) Zhou, Executive Chairman and Director of the Company

"That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the grant of 5,000,000 Performance Rights to Mr Yuzi (Albert) Zhou, Executive Chairman and Director of the Company under the Performance Rights Plan and on the terms summarised in the Explanatory Statement."

- Resolution 6 Grant of performance rights to Dian Zhou He, Non-Executive Director and Deputy Chairman of the Company
- “That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the grant of 3,000,000 Performance Rights to Mr Dian Zhou He, Deputy Chairman and Non-Executive Director of the Company under the Performance Rights Plan and on the terms summarised in the Explanatory Statement.”*
- Resolution 7 Grant of performance rights to Jun Sheng (Jerry) Liang, Non-Executive Director of the Company
- “That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the grant of 3,000,000 Performance Rights to Mr Jun Sheng (Jerry) Liang, Non-Executive Director of the Company under the Performance Rights Plan and on the terms summarised in the Explanatory Statement.”*
- Resolution 8 Grant of performance rights to Jie (Charlie) You, Non-Executive Director of the Company
- “That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the grant of 500,000 Performance Rights to Mr Jie (Charlie) You, Non-Executive Director of the Company under the Performance Rights Plan and on the terms summarised in the Explanatory Statement.”*

Resolutions 4A and 4B above (approval for the issue of convertible notes to Rich Mark and Xingang to increase their voting power in Accent Resources from above 20%) are the only resolutions on which we are required to opine. Furthermore Resolutions 4A and 4B are interdependent, therefore one cannot be approved without the other being approved. Therefore our assessment is based on Resolutions 4A and 4B collectively and we have referred to these resolutions as the “Proposed Transaction” throughout the remainder of this report. Furthermore, we will refer to the date at which the Proposed Transaction occurs as the “Transaction Date”.

2.4. Impact of the Proposed Transaction

As at 30 June 2021 Accent Resources had on issue 466,027,283 fully paid ordinary shares. The table below sets out the number of shares held by the associated and non-associated shareholders of Accent Resources and their voting interest before the Proposed Transaction.

Table 4: Associated and Non-Associated Shareholders

| | Number of shares | Voting interest % |
|--|--------------------|-------------------|
| Associated shareholders | | |
| Rich Mark Development (Group) Pty Ltd | 313,245,410 | 67.2% |
| Xingang Resources (HK) Ltd | 98,026,518 | 21.0% |
| Total for associated shareholders | 411,271,928 | 88.3% |
| Non-associated shareholders | 54,755,355 | 11.7% |
| Total | 466,027,283 | 100.0% |

Source: Management information

According to the data above and the estimated borrowings from Rick Mark and Xingang, we have set out below the estimated number of shares which would be issued as part of the Proposed Transaction, if the convertible loan notes are converted on their maturity date of 31 December 2024. Please note, should the conversion occur at an earlier date, then there will be less accrued interest, resulting in a lower loan balance and thus fewer shares would be issued. This has also been prepared on the assumption that there are no other changes regarding shares on issue.

Table 5: Shares to be issued under the Proposed Transaction

| | New shares |
|--|--------------------|
| Rich Mark Development (Group) Pty Ltd | |
| Loan balance (\$) | 5,224,996 |
| Conversion price (\$) | 0.06 |
| Projected number of new shares to be issued | 87,083,263 |
| Xingang Resources (HK) Ltd | |
| Loan balance (\$) | 4,853,234 |
| Conversion price (\$) | 0.06 |
| Projected number of new shares to be issued | 80,887,230 |
| Total | 167,970,493 |

Source: Financial statements, Management information and PKF Corporate's analysis

Set out in the table below is the impact of the Proposed Transaction on the voting power of Accent Resources if the convertible loan notes are converted on their maturity date of 31 December 2024, assuming no other shares are issued during the intervening period.

Table 6: Associated and Non-Associated Shareholders after the Proposed Transaction

| | Number of shares | Voting interest % |
|---|--------------------|-------------------|
| Associated shareholders | | |
| Rich Mark Development (Group) Pty Ltd | | |
| Number of shares held prior to the Proposed Transaction | 313,245,410 | 49.4% |
| Number of shares to be issued on conversion | 87,083,263 | 13.7% |
| Total number of shares held after conversion | 400,328,673 | 63.1% |
| Xingang Resources (HK) Ltd | | |
| Number of shares held prior to Proposed Transaction | 98,026,518 | 15.5% |
| Number of shares to be issued on conversion | 80,887,230 | 12.8% |
| Total number of shares held after conversion | 178,913,748 | 28.2% |
| Total for associated shareholders | 579,242,421 | 91.4% |
| Non-associated shareholders | 54,755,355 | 8.6% |
| Total | 633,997,776 | 100.0% |

Source: Financial statements, Management information and PKF Corporate's analysis

As can be seen from the above analysis, if Accent Resources' shareholders approve the Proposed Transaction, the combined shareholdings of the Funders may increase from 88.3% (Table 4) to 91.4%. As a result, this may provide the Associated Shareholders 91.4% of the voting rights of Accent Resources.

2.5. Evaluation of the Proposed Transaction

Accent Resources is seeking shareholders' approval of the Proposed Transaction. An integral part of the Section 611 of the Act approval process is that an independent expert's report ("IER") is mandated to advise the non-associated shareholders (i.e. those shareholders entitled to vote on the proposal), whether the Proposed Transaction is fair and reasonable. A copy of this report will accompany the Notice of Meeting and the Explanatory Statement to be sent by Accent Resources to its shareholders.

3. Summary Opinion

In Section 7 we assessed the value of an Accent Resources share before the Proposed Transaction at \$0.022 to \$0.037 per share.

In Section 8 we assessed the value of an Accent Resources share on two alternate bases, namely:

- that the convertible note will not be converted until some indeterminate time in the future (no conversion scenario); and
- the convertible note will be converted immediately after the Proposed Transaction is approved (full conversion scenario).

On the no conversion scenario, we assessed the value of an Accent Resources share after the Proposed Transaction on a minority interest basis at \$0.017 to \$0.035 per share. Therefore as the value after the Proposed Transaction is less than the value before, the Proposed Transaction is not fair.

For the full conversion scenario, we assessed the value of an Accent Resources share after the Proposed Transaction on a minority interest basis to be \$0.030 to \$0.042 per share, which is greater than the value before the Proposed Transaction, therefore under this scenario it is fair.

As can be seen from the above, different conclusions emerge depending on which scenario the Proposed Transaction is assessed. In our opinion it is unlikely that Rich Mark and Xingang will exercise their conversion rights immediately on approval of the Proposed Transaction as the conversion price of \$0.06 per share is currently out of the money, and also that as more time passes the accrued interest increases, thus resulting in a greater number of shares being ultimately granted to Rich Mark and Xingang. For these reasons, we have decided to assess the Proposed Transaction on the assumption of no conversion, and we have therefore concluded that the Proposed Transaction is **not fair**.

In section 10 we reviewed a number of other significant factors that shareholders should consider before voting on the Proposed Transaction. The key factors include:

- As can be seen from Section 6.3, Accent Resources has a positive net asset position at 30 June 2021, however if the fair value adjustment to the borrowings figure was removed and the actual amount payable was reflected instead (as noted in Section 2.2), this net asset position would change to a net asset deficiency of approximately \$1.7 million. In addition, given the minimal liquidity in Accent Resources shares, the Company is in a difficult position to raise additional capital.
- The loan agreement with Rich Mark is due for payment on 31 January 2024 and Xingang is due to be repaid on 31 December 2025. Therefore there are a number of years before the loans will require repayment, although as noted above, it may be difficult to raise such funds from sources other than Rich Mark and Xingang.

- Should the Proposed Transaction be approved, the current loans will be replaced with convertible loan notes. The convertible loan notes will have the same interest payable as the loans, but the due date for one loan will in essence be extended and the other brought forward (Rich Mark's due date of the loan will in effect be extended 11 months from 31 January 2024 to 31 December 2024, and Xingang's will be brought forward 12 months from 31 December 2025 to 31 December 2024). We therefore see the commercial substance of the Proposed Transaction is providing Accent Resources 11 months addition time to repay the Rich Mark loan, in return for providing Rich Mark and Xingang the option to purchase additional shares which may give them collectively in excess of 90% of the voting rights in Accent Resources, at a price of \$0.06 per share, whilst also bringing forward the due date of the Xingang loan by 12 months.

After considering the above matters, we have concluded that the Proposed Transaction is **not fair but reasonable**.

4. Structure of this Report

This report is divided into the following sections.

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5. Purpose of this Report

This report has been prepared to meet the following regulatory requirements.

5.1. Regulatory Requirements

Corporations Act 2001

Section 606 of the Act contains a general prohibition on the acquisition of shares in a public company if, as a result of the acquisition, any person increases his or her voting power in the company from 20% or below to more than 20% or from a starting point that is above 20% and below 90%.

Section 611 of the Act contains an exception to the Section 606 prohibition. For an acquisition of shares to fall within the exception, the acquisition must be approved in advance by a resolution passed at a general meeting of the company in which shares will be acquired.

Accent Resources is seeking shareholder approval for the Proposed Resolution under item 7 of Section 611 of the Act, as the voting power of Rich Mark and its associates and Xingang and its associates will increase from a starting point that is above 20% and below 90%.

ASIC Regulatory Guides

This report has been prepared in accordance with the ASIC Regulatory Guides and more particularly:

RG 111 – Content of Expert Reports (“RG111”)

RG 111.24 An issue of shares by a company otherwise prohibited under s606 may be approved under item 7 of s611 and the effect on the company’s shareholding is comparable to a takeover bid. Examples of such issues approved under item 7 of s611 that are comparable to takeover bids under Ch 6 include:

- (b) a company issues securities in exchange for cash and, as a consequence, the allottee acquires over 20% of the company. The allottee could have achieved the same or a similar outcome by using a cash-rich entity to make a scrip takeover bid for the company.

RG111.27 There may be circumstances in which the allottee will acquire 20% or more of the voting power of the securities in the company following the allotment or increase an existing holding of 20% or more, but does not obtain a practical measure of control or increase its practical control over that company. If the expert believes that the allottee has not obtained or increased its control over the company as a practical matter, then the expert could take this outcome into account in assessing whether the issue price is ‘reasonable’ if it has assessed the issue price as being ‘not fair’ applying the test in RG111.11.

RG111.10 It has long been accepted in Australian mergers and acquisitions practice that the words ‘fair and reasonable’ in s640 established two distinct criteria for an expert analysing a control transaction:

- (a) is the offer ‘fair’; and
- (b) is it ‘reasonable’?

That is, ‘fair and reasonable’ is not regarded as a compound phrase.

RG111.11 Under this convention, an offer is ‘fair’ if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer. This comparison should be made:

- (a) assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm’s length; and

- (b) assuming 100% ownership of the 'target' and irrespective of whether the consideration is scrip or cash. The expert should not consider the percentage holding of the 'bidder' or its associates in the target when making this comparison. For example, in valuing securities in the target entity, it is inappropriate to apply a discount on the basis that the shares being acquired represent a minority or 'portfolio' parcel of shares.

RG111.12 An offer is 'reasonable' if it is fair. It might also be 'reasonable' if, despite being 'not fair', the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

RG 111 requires that the Proposed Transaction be assessed as if it was a takeover of Accent Resources. In assessing a takeover bid, RG 111 states that the expert should consider whether the proposed transaction is both "fair" and "reasonable".

5.2. General

The terms "fair" and "reasonable" are not defined in the Act, however, guidance as to the meaning of these terms is provided by ASIC in Regulatory Guide 111. For the purpose of this report, we have defined them as follows:

| | |
|----------------|--|
| Fairness | the Proposed Transaction is "fair" if the minority value of an Accent Resources share after the Proposed Transaction is equal to or greater than the minority value of an Accent Resources share before the Proposed Transaction. |
| Reasonableness | the Proposed Transaction is "reasonable" if it is fair. It may also be "reasonable" if, despite not being "fair" but after considering other significant factors, shareholders should vote in favour of the Proposed Transaction in the absence of a superior proposal being received. |

What is fair and reasonable for the Non-Associated Shareholders should be judged in all the circumstances of the proposal.

The methodology that we have used to form an opinion as to whether the Proposed Transaction is fair and reasonable, is summarised as follows:

- (i) In determining whether the Proposed Transaction is fair, we have:
 - o assessed the value of the Accent Resources shares before the Proposed Transaction on a minority basis;
 - o assessed the value of the Accent Resources shares after the Proposed Transaction on a minority basis; and
 - o compared the assessed value of an Accent Resources share on a minority basis before the Proposed Transaction with the assessed value of an Accent Resources share on a minority basis after completion of the Proposed Transaction.
- (ii) In determining whether the Proposed Transaction is reasonable, we have considered other significant factors shareholders should review before deciding whether to approve or reject the Proposed Transaction.
- (iii) In determining whether the Proposed Transaction is fair and reasonable to the Accent Resources Non-Associated Shareholders, we have considered and concluded upon the results of (i) and (ii) above.

It should be noted that the approach recommended by RG 111 would see us compare the control value of a share before the Proposed Transaction with the minority value of a share after the Proposed Transaction. We understand that the approach as per RG 111 is based on the premise that the non-associated shareholders are giving up control as a result of the Proposed Transaction. As in the current circumstances of Accent Resources, Rich Mark and Xingang already control 88.3% of Accent Resources' voting power, therefore we believe that control has already passed and hence we have adopted the definition of fairness set out above.

6. Accent Resources – Key Information

6.1. Background

Accent Resources was incorporated on 18 February 2005 and on 26 August 2005 it was listed on the ASX. Accent Resources is a Western Australian based ASX-listed no liability public company which engages in the exploration of mineral properties in Australia. The Company's current focus is on iron ore and gold. It has two projects being the Magnetite Range project located to the north east of Perth and the Noresman Gold project located east of Perth.

Accent Resources' major shareholders are Rich Mark and Xingang. Accent Resources' Board of Directors as of October 2021 is presented in the table below:

Table 7: Directors

| Name | Position |
|--------------------|--|
| Yuzi (Albert) Zhou | Executive Chairman |
| Dian Zhou He | Non-Executive Director and Deputy Chairman |
| Jun Sheng Liang | Non-Executive Director |
| Jie You | Non-Executive Director |

Source: Financial statements and ASX announcements

As at 30 June 2021 Accent Resources had on issue 466,027,283 fully paid ordinary shares. The major shareholders of Accent Resources are presented in the table below. As at that date, the top 10 shareholders, as recorded on the share register, held 98.3% of the issued ordinary capital of Accent Resources.

Table 8: Top 10 Shareholders

| | Number of shares | Voting interest % |
|---------------------------------|--------------------|-------------------|
| Rich Mark | 313,245,410 | 67.2% |
| Xingang | 98,026,518 | 21.0% |
| Grandmaster Fortune Limited | 21,563,603 | 4.6% |
| Mr Bin Cui | 10,115,470 | 2.2% |
| Sino Oriental International | 10,000,000 | 2.1% |
| Mrs Li Li Zhao | 2,102,500 | 0.5% |
| Williams Superannuation Pty Ltd | 852,500 | 0.2% |
| Tolsutra Pty Ltd | 750,000 | 0.2% |
| Mr Tony James Pears | 650,300 | 0.1% |
| Mr Dong Liang | 583,959 | 0.1% |
| | 457,890,260 | 98.3% |
| Non-associated shareholders | 8,137,023 | 1.7% |
| Total | 466,027,283 | 100.0% |

Source: Management information

6.2. Major Investments and Projects

Set out below is an overview of the major investments and projects held by Accent Resources in the recent past.

Magnetite Range Iron Ore Project (100%)

The Magnetite Range Iron Ore project is located in the Midwest region of Western Australia, adjacent to the Extension Hill iron ore mine. The project contains a total JORC resource of 435 Mt at 31.4% Fe at 15% weight recovery cut off.

CSA Global has been engaged to continue technical and geological works, which has included assisting in preparing a drilling campaign to further develop the project. A predrill clearance survey was completed by Ecoscape during May 2021. Heritage Link have also commenced a heritage survey for the project. Environmental consultancies are also being liaised with regarding conducting flora and fauna assessments.

In addition to the above, further tenement applications were made in April 2020 covering multiple blocks in the adjacent area to the existing tenements.

Finally, a mining lease was granted in August 2021 for a total area of 1,658 hectares, and Accent Resources is considering infrastructure requirements with the assistance of CSA Global.

Norseman Gold Project (100%)

The Norseman Gold project is located within a strongly mineralised portion of the southern Norseman-Wiluna greenstone belt of the Yilgarn Craton and comprises two mining leases, four prospecting licences and one prospecting licence application covering an area of approximately 328 hectares. The project is located approximately 5km south of Norseman in the Dundas Mineral Field.

Over 70-80% of the resource is shallow, within 50m of surface. Further work was completed during FY21 which included 14 RCP holes of a total 1,269m. A drilling plan is currently being designed and will focus on infill drilling and deeper conceptual targeting.

MZI Resources Ltd (3.4%)

Accent Resources acquired 10 million shares in MZI Resources Ltd (ASX:MZI) ("MZI") for a total consideration of \$4.0 million on 30 November 2015. Between 2016 and 2018 MZI incurred substantial losses. In March 2019 the company's shares were suspended from trading on the ASX and in April 2019 MZI went into Voluntary Administration. In June and December 2019 assets of MZI were sold, being their Keysbrook operation and Tiwi Island mine and exploration titles. In August 2019 the company was removed from the ASX Official List.

Accent Resources impaired the investment in MZI to a nil value during FY19. We are informed that no payments have been received from the administrators and no payments are expected.

6.3. Statements of Financial Position

Accent Resources' statements of financial position as at 30 June 2019, 30 June 2020 and 30 June 2021 are presented in the table below.

Table 9: Statements of Financial Position

| | 30 June 19 \$ | 30 June 20 \$ | 30 June 21 \$ |
|--------------------------------------|--------------------|--------------------|------------------|
| Current assets | | | |
| Cash and cash equivalents | 362,005 | 1,092,953 | 1,851,034 |
| Other receivables and other assets | 15,742 | 51,695 | 162,132 |
| | 377,747 | 1,144,648 | 2,013,166 |
| Non current assets | | | |
| Property, Plant & Equipment | 102,146 | 90,840 | 246,868 |
| Exploration & evaluation assets | 3,083,524 | 3,537,795 | 3,749,719 |
| | 3,185,670 | 3,628,635 | 3,996,587 |
| Total assets | 3,563,417 | 4,773,283 | 6,009,753 |
| Current liabilities | | | |
| Trade and other payables | 128,254 | 651,765 | 363,893 |
| Provisions for employee entitlements | 128,373 | 147,383 | 211,479 |
| Lease liabilities | - | - | 35,789 |
| | 256,627 | 799,148 | 611,161 |
| Non current liabilities | | | |
| Borrowings | 6,727,493 | 4,117,534 | 3,822,405 |
| Provisions for employee entitlements | - | - | 11,520 |
| Lease liabilities | - | - | 128,818 |
| Convertible loan notes | - | 3,846,139 | - |
| | 6,727,493 | 7,963,673 | 3,962,743 |
| Total liabilities | 6,984,120 | 8,762,821 | 4,573,904 |
| Net Assets / (Liabilities) | (3,420,703) | (3,989,538) | 1,435,849 |
| Equity | | | |
| Contributed equity | 29,058,955 | 29,058,955 | 33,665,126 |
| Shareholder contribution | 2,041,776 | 3,430,441 | 6,512,607 |
| Convertible note reserve | - | 61,497 | - |
| Financial asset reserve | (760,000) | (760,000) | (760,000) |
| Accumulated losses | (33,761,434) | (35,780,431) | (37,981,884) |
| Total Equity | (3,420,703) | (3,989,538) | 1,435,849 |

Source: Financial statements

6.4. Statements of Financial Performance

Accent Resources' statements of financial performance for the years ended 30 June 2019 ("FY19"), 30 June 2020 ("FY20") and 30 June 2021 ("FY21") are presented in the table below.

Table 10: Statements of Financial Performance

| | FY19 \$ | FY20 \$ | FY21 \$ |
|--|--------------------|--------------------|--------------------|
| Other income | | | |
| Interest income | 12,762 | 8,554 | 2,652 |
| ATO stimulus package | - | 47,008 | 50,000 |
| | 12,762 | 55,562 | 52,652 |
| Expenses | | | |
| Administration expenses | (225,365) | (467,431) | (399,747) |
| Depreciation | (10,061) | (18,729) | (8,793) |
| Amortisation on right of use asset | - | (9,517) | (39,401) |
| Occupancy expenses | (45,413) | (40,870) | (46,193) |
| Director fees | (129,231) | (261,267) | (275,740) |
| Interest accrued on borrowings | (685,700) | (600,377) | (456,947) |
| Interest on lease liabilities | - | (2,591) | (17,824) |
| Interest accrued on convertible loan notes | - | (366,561) | (331,973) |
| Other expenses | (44,017) | (96,245) | (37,411) |
| Impairment of exploration expenditure | (1,631,505) | (210,971) | (640,076) |
| | (2,771,292) | (2,074,559) | (2,254,105) |
| Profit / (loss) before income tax expense | (2,758,530) | (2,018,997) | (2,201,453) |

Source: Financial statements

6.5. Cash Flow Statements

Accent Resources' cash flow statements for FY19, FY20 and FY21 are presented in the table below.

Table 11: Cash Flow Statements

| | FY19 \$ | FY20 \$ | FY21 \$ |
|--|------------------|------------------|------------------|
| Cashflows from Operating Activities | | | |
| Payments to Suppliers & Employees | (456,984) | (792,442) | (824,592) |
| Interest Received | 12,762 | 8,554 | 2,652 |
| ATO Stimulus Receipts | - | 47,008 | 50,000 |
| Net Cash from Operating Activities | (444,222) | (736,880) | (771,940) |
| Cashflows from Investing Activities | | | |
| Payments for PPE | (2,650) | (13,705) | (7,941) |
| Payments for Exploration & Evaluation | (545,901) | (508,949) | (911,818) |
| Net cash from Investing Activities | (548,551) | (522,654) | (919,759) |
| Cashflows from Financing Activities | | | |
| Proceeds from Borrowings | 1,000,000 | 2,000,000 | 2,500,000 |
| Repayment of Lease Liabilities | - | (9,518) | (32,396) |
| Interest on Lease Liability | - | - | (17,824) |
| Net cash from Financing Activities | 1,000,000 | 1,990,482 | 2,449,780 |
| Net Movement in Cash | 7,227 | 730,948 | 758,081 |
| Opening Cash | 354,778 | 362,005 | 1,092,953 |
| Closing Cash | 362,005 | 1,092,953 | 1,851,034 |

Source: Financial statements

7. Valuation of an Accent Resources Share Before the Proposed Transaction

7.1. Value definition

PKF Corporate's valuation of Accent Resources is on the basis of 'fair market value', defined as:

'the price that could be realised in an open market over a reasonable period of time given the current market conditions and currently available information, assuming that potential buyers have full information, in a transaction between a willing but not anxious seller and a willing but not anxious buyer acting at arm's length'.

7.2. Valuation methodologies

We have reviewed the financial information of Accent Resources and note that the Proposed Transaction will provide Accent Resources with sufficient funding to continue in business and, as such, the valuation of Accent Resources has been prepared on the premise of a going concern.

In selecting appropriate valuation methodologies, we considered the applicability of a range of generally accepted valuation methodologies. These included:

- share price history;
- capitalisation of future maintainable earnings;
- net present value of future cash flows;
- asset based methods;
- comparable market transactions; and
- alternate acquirer.

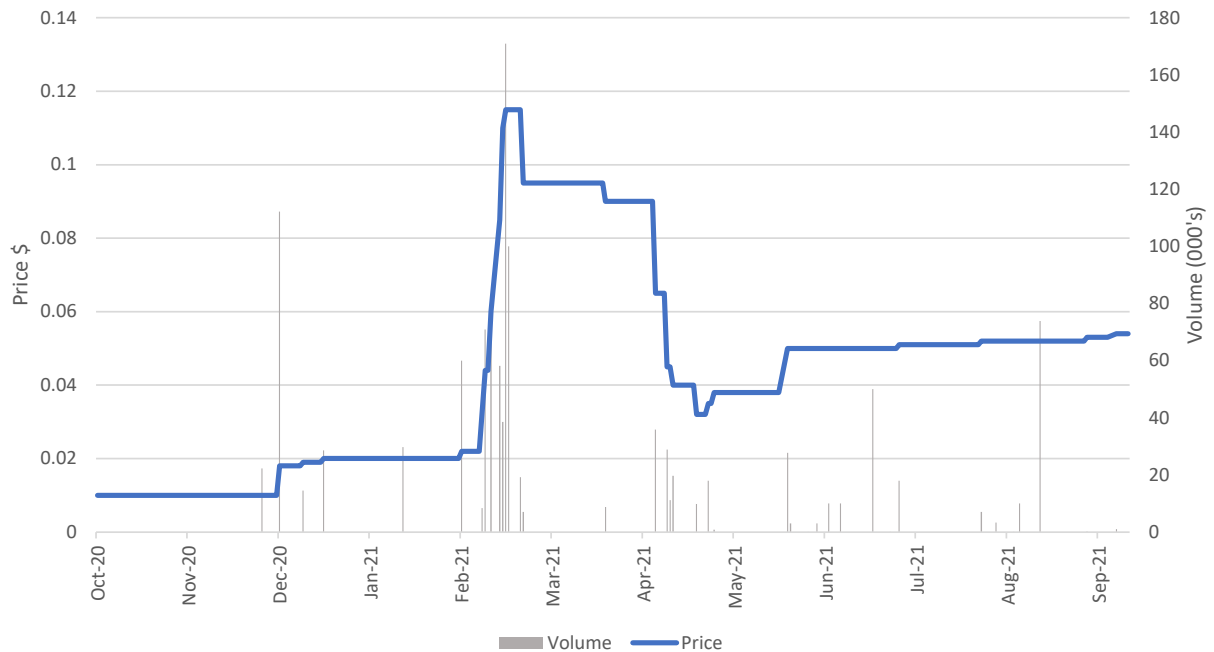
7.3. Share price history

The share price history valuation methodology values a company based on the past trading in its shares. We normally analyse the share prices up to a date immediately prior to the date when a takeover, merger or other significant transaction is announced to remove any price speculation or price escalations that may have occurred subsequent to the announcement of the Proposed Transaction.

As the share price history of Accent Resources will incorporate all publicly available information, we consider that the share price history is an appropriate methodology to consider in assessing the value of Accent Resources.

We have set out in the graph below the trading in Accent Resources shares over the twelve plus month period from 1 October 2020 to 20 October 2021.

Figure 1: Share price and volume traded graph



Source: S&P Capital IQ

The Accent share price experienced significant volatility during the period. During December 2020 the share price rose from \$0.010 to \$0.018 and later to \$0.020, this is around the time of Rich Mark converting a convertible loan note into approximately 285 million shares at a price of \$0.020.

The share price increased significantly during February 2021 to a high of \$0.115 per share on 17 February 2021. Combined with the increase in share price we also note an increase in trade volume during the same period with trade volumes of 170,000 and 100,000 on 17 and 18 February respectively. The share price fell away through March and into April after an ASX suspension of quotation issued on 24 February and subsequently released on 25 February (this was due to a board composition issue which was quickly resolved). From April 2021 through to October 2021 the share price has gradually increased with the latest trade on 13 September 2021 at \$0.054 per share.

In the table below we have summarised the trades on a monthly basis during the period 1 October 2020 to 20 October 2021.

Table 12: Summary of share trades between 1 October 2020 and 20 October 2021

| Month | Volume weighted average price (\$) | Total volume for month | Value of shares traded (\$) |
|--------------|------------------------------------|------------------------|-----------------------------|
| Oct-20 | N/A | - | - |
| Nov-20 | 0.010 | 22,222 | 222 |
| Dec-20 | 0.018 | 155,250 | 2,866 |
| Jan-21 | 0.020 | 29,697 | 594 |
| Feb-21 | 0.086 | 609,347 | 52,505 |
| Mar-21 | 0.090 | 8,750 | 788 |
| Apr-21 | 0.040 | 124,147 | 5,008 |
| May-21 | 0.050 | 30,739 | 1,537 |
| Jun-21 | 0.050 | 73,023 | 3,651 |
| Jul-21 | 0.051 | 25,000 | 1,282 |
| Aug-21 | 0.052 | 87,132 | 4,531 |
| Sep-21 | 0.054 | 1,112 | 60 |
| Oct-21 | N/A | - | - |
| Total | | 1,166,419 | 73,044 |

Source: S&P Capital IQ and PKF Corporate's analysis

From this analysis we note that there have been some significant price movements over the period investigated, but in addition that the volume of shares traded during this period has been relatively low, with the 1.166 million shares traded representing approximately 0.25% of shares on issue.

In view of the above information, we have concluded that the Accent Resources shares are illiquid and only limited weight can be given to the share price evidence provided by past trades on the ASX.

Set out in the table below is a summary of ASX announcements made during the previous 12-month period:

Table 13: Announcements between 1 October 2020 and 20 October 2021

| Date | Announcement | Price Sensitive |
|-----------|---|-----------------|
| 29-Oct-20 | Appendix 5B & Quarterly Activities Report June 20 Quarter | Yes |
| 6-Nov-20 | Results of Meeting | No |
| 1-Dec-20 | Convertible Note Conversion | Yes |
| 7-Dec-20 | Conversion of Convertible Note - Appendix 2A | No |
| 7-Dec-20 | Conversion of Convertible Note - Cleansing notice | No |
| 8-Dec-20 | Change in substantial holding | No |
| 29-Jan-21 | Appendix 5B & Quarterly Activities Report December 20 Quarter | Yes |
| 24-Feb-21 | Suspension from Official Quotation | Yes |
| 25-Feb-21 | Reinstatement to Official Quotation | Yes |
| 25-Feb-21 | Director Appointment | Yes |
| 11-Mar-21 | Trading Halt | Yes |
| 12-Mar-21 | Response to ASX Query and Exploration Results | Yes |
| 15-Mar-21 | Half year Accounts | No |
| 28-Apr-21 | Appendix 5B & Quarterly Activities Report March 2021 Quarter | Yes |
| 29-Jul-21 | Appendix 5B & Quarterly Activities Report June 2021 Quarter | Yes |
| 17-Sep-21 | Grant of Mining Licence-Magnetite Range | Yes |
| 30-Sep-21 | Full Year Statutory Accounts | No |
| 1-Oct-21 | Appendix 4G | No |

Source: ASX

Share prices reflect trades of small parcels of shares that do not incorporate a control premium. A control premium represents the difference between the price that would have to be paid for a share to which a controlling interest attaches and the price at which a share which does not carry with it control of the company could be acquired. The actual control premium paid is transaction specific and depends on a range of factors, such as the level of synergies available to the purchaser, the level of competition for the assets and the strategic importance of the assets.

We would usually apply a control premium to the share prices at which the shares have traded on the ASX in order to estimate the value of a company on a control basis. However, given the low liquidity of Accent Resources' shares, we have concluded that little weight can be given to the share price history valuation methodology and we have not completed this exercise.

After analysis of the information above, we have concluded that we are unable to apply the share price history valuation methodology in our valuation of Accent Resources.

7.4. Capitalisation of future maintainable earnings

Capitalisation of earnings is a method commonly used for valuing manufacturing and service companies and, in our experience, is the method most widely used by purchasers of such businesses. This method involves capitalising the earnings of a business at a multiple which reflects the risks of the business and its ability to earn future profits. There are different definitions of earnings to which a multiple can be applied. The traditional method is to use net profit after tax. Another common method is to use Earnings Before Interest and Tax, or EBIT. One advantage of using EBIT is that it enables a valuation to be determined which is independent of the financing and tax structure of the business. Different owners of the same business may have different funding strategies and these strategies should not alter the fundamental value of the business.

As Accent Resources does not have a history of profitable trading, we consider that the capitalisation of maintainable earnings is not an appropriate methodology to use to value the Accent Resources shares.

7.5. Net present value of future cash flows

An analysis of the net present value of the projected cash flows of a business and/or asset (or discounted cash flow technique) is based on the premise that the value of the business and/or asset is the net present value of its future cash flows. This methodology requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value of the business and/or asset remaining at the end of the forecast period.

Accent Resources generated negative cash flows from operations during FY19, FY20 and FY21 (refer to Section 6.5 of this report) and it does not currently generate operating revenues.

Accent Resources' major assets are cash, as well as capitalised exploration and evaluation costs in relation to the Magnetite Range Iron Ore project and the Norseman Gold project. Both projects are still in the development phases. Accent Resources therefore cannot be valued using the net present value of the future cash flows methodology as there is a lack of certainty as to the quantum and timing of cash flows that may be derived from these projects in the future.

7.6. Asset based methods

This methodology is based on the realisable value of a company's identifiable net assets. Asset based valuation methodologies include:

(a) Net assets

The net asset valuation methodology involves deriving the value of a company or business by reference to the value of its assets. This methodology is likely to be appropriate for a business whose value derives mainly from the underlying value of its assets rather than its earnings, such as property holding companies and investment businesses that periodically revalue their assets to market value. The net assets on a going concern basis method estimates the market values of the net assets of a company but does not take account of realisation costs.

(b) Orderly realisation of assets

The orderly realisation of assets method estimates the fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner.

(c) Liquidation of assets

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a short time frame.

Application of Assets based methods

Accent Resources as at 30 June 2021 had \$1.8 million in cash, a net asset position of \$1.4 million as well as additional funding available from Rich Mark as previously noted in section 2.2; as a result we consider the Net asset approach to be most appropriate and therefore we did not assess Accent Resources under either the Ordinary realisation or Liquidation methods.

The net asset value of Accent Resources as at 30 June 2021, as extracted from the financial report was \$1.4 million (refer to section 6.3). Accent Resources' most significant assets are cash and capitalised exploration and evaluation assets.

The exploration and evaluation costs were incurred regarding the projects, and have been carried at historical cost less impairment. The ultimate recoverability of these capitalised costs is dependent on the successful development and commercial exploitation or the sale of the projects. Accordingly, the book value of exploration and evaluation assets may not reflect the market value of these assets.

In light of this we have engaged Mining One Pty Ltd (“Mining One”) to assist us in assessing the value of Accent Resources’ projects. A full copy of Mining One’s technical valuation report is set out as Attachment 1 to this report. We have reviewed Mining One’s technical valuation report and provide in the table below an extract of the technical valuation.

Table 14: Summary of Mining One’s Valuation of Accent Resources’ Projects

| Projects | Asset | Equity | Valuation (\$ million) | | |
|----------------------------------|-------------|--------|------------------------|-------------|-------------|
| | | | Low | Preferred | High |
| Magnetite Range Iron Ore Project | Exploration | 100% | 2.3 | 12.3 | 22.0 |
| Norseman Gold Project | Exploration | 100% | 4.9 | 9.9 | 18.2 |
| Total | | | 7.2 | 22.2 | 40.2 |

Source: Mining One

As can be seen from the table above, Mining One has provided a preferred technical value of \$22.2 million in relation to the Magnetite Range Iron Ore and Norseman Gold projects of Accent Resources. In light of the wide low and high range provided by Mining One, we have adopted the preferred technical value of \$22.2 million. In our opinion, the provision of a single value does not appropriately reflect the uncertainty inherent in any valuation. To allow for this uncertainty, we have used a range of plus and minus 10% around the preferred value to develop a value range of \$19.98 million to \$24.42 million.

The valuation by Mining One has been reflected in the adjusted statement of financial position below as well as a number of other adjustments as detailed after the table.

Table 15: Adjusted Financial Position

| | Notes | 30 June 21 \$ | Adjustment (Low) \$ | Adjustment (High) \$ | Adjusted balance (Low) \$ | Adjusted balance (High) \$ |
|--------------------------------------|--------|------------------|---------------------------|----------------------------|------------------------------------|----------------------------------|
| Current assets | | | | | | |
| Cash and cash equivalents | Note 1 | 1,851,034 | (1,400,000) | (1,400,000) | 451,034 | 451,034 |
| Other receivables and other assets | | 162,132 | | | 162,132 | 162,132 |
| | | 2,013,166 | (1,400,000) | (1,400,000) | 613,166 | 613,166 |
| Non current assets | | | | | | |
| Property, Plant & Equipment | | 246,868 | | | 246,868 | 246,868 |
| Exploration & evaluation assets | Note 2 | 3,749,719 | 16,230,281 | 20,670,281 | 19,980,000 | 24,420,000 |
| | | 3,996,587 | 16,230,281 | 20,670,281 | 20,226,868 | 24,666,868 |
| Total assets | | 6,009,753 | 14,830,281 | 19,270,281 | 20,840,034 | 25,280,034 |
| Current liabilities | | | | | | |
| Trade and other payables | | 363,893 | | | 363,893 | 363,893 |
| Provisions for employee entitlements | | 211,479 | | | 211,479 | 211,479 |
| Lease liabilities | | 35,789 | | | 35,789 | 35,789 |
| | | 611,161 | - | - | 611,161 | 611,161 |
| Non current liabilities | | | | | | |
| Borrowings | Note 3 | 3,822,405 | 3,103,583 | - | 6,925,988 | 3,822,405 |
| Provisions for employee entitlements | | 11,520 | | | 11,520 | 11,520 |
| Lease liabilities | | 128,818 | | | 128,818 | 128,818 |
| | | 3,962,743 | 3,103,583 | - | 7,066,326 | 3,962,743 |
| Total assets | | 4,573,904 | 3,103,583 | - | 7,677,487 | 4,573,904 |
| Net assets | | 1,435,849 | 11,726,698 | 19,270,281 | 13,162,547 | 20,706,130 |

Source: Financial statements and PKF Corporate’s analysis

Note 1 – Since 30 June 2021, Accent Resources has incurred costs in performing further drilling, exploration and related services in developing the exploration and evaluation assets. We have reflected this in a reduction to cash and cash equivalents.

Note 2 – We have reflected the valuation by Mining One of the exploration and evaluation assets as previously discussed.

Note 3 – Borrowings have been recorded in accordance with accounting standards. As a result, a fair value figure has been reflected in the financial statements, rather than the actual amount payable. For the purposes of the Low case, we have reflected the full amount payable, however for the purposes of the High case the book value has been kept, as this reflects the fair value of the existing borrowing arrangements.

We also note that Accent Resources holds 10 million shares in MZI Resources Limited (“MZI”). MZI was placed in voluntary administration in April 2019. Accent resources impaired the investment in MZI to nil in its 30 June 2019 financial statements. To date the Voluntary Administrator is yet to issue a report to creditors, no payments have been made to shareholders, and in the absence of any reliable financial information, we have placed no value on the investment in MZI.

Based on this approach, in the table below we have assessed the value of one Access Resources share.

Table 16: Price Per Share – Net Asset Approach

| | Low | High |
|-----------------------------|--------------|--------------|
| Net asset value (\$) | 13,162,547 | 20,706,130 |
| Number of shares on | 466,027,283 | 466,027,283 |
| Value per share (\$) | 0.028 | 0.044 |

Source: PKF Corporate analysis

Based on this approach Accent Resources shares have a net asset value in a range of 2.8 cents per share to 4.4 cents per share.

7.7. Comparable market transactions

Industry specific methods estimate market values using rules of thumb for a particular industry. Generally, rules of thumb provide less persuasive evidence of the market value of an asset than other valuation methods because they may not account for specific factors.

This valuation methodology could not be applied directly to valuing the Accent Resources shares, however this valuation methodology has been utilised by Mining One in assessing the value of the exploration projects held by Accent Resources.

7.8. Alternate acquirer

The value that an alternative acquirer may be prepared to pay to acquire Accent Resources is a relevant valuation methodology to be considered.

We are not aware of any offers for the Accent Resources shares and as a result we are unable to apply this valuation methodology.

7.9. Conclusion – value of one Accent Resources share

The results of the valuation methodologies that we have been able to apply are summarised in the table below.

Table 17: Value of One Accent Resources Share

| Valuation methodology | Reference | Value per share | |
|-----------------------|-----------|-----------------|------------|
| | | Low \$ | High \$ |
| Net asset approach | 7.6 | 0.028 | 0.044 |

Source: PKF Corporate analysis

As explained in section 7.3 above, the market in Accent Resources' shares is illiquid and little weight can be given to the results of the share price history valuation methodology. As can be seen from the table above the net asset value is in a range of \$0.028 to \$0.044 per share. As this value is derived from the net asset valuation methodology, it is a control value.

In section 5.2 above we explained that as the Non-Associated Shareholders only hold 11.7% of the shares on issue, they currently hold minority shares and consequently we need to apply a minority discount to the control value range of \$0.028 to \$0.044 per share.

A minority discount is the reciprocal of a control premium. Whilst there are no ready statistics of minority discounts, there is research around control premia derived from past transactions. In assessing a typical control premium, we have relied on the relevant matrix from the 'RSM Control Premium Study – 2021'

Table 18: Control premium

| Criteria | Control premium 20 days pre announcement | | |
|-------------------------------|---|--------|-------|
| | Average | Median | |
| All transactions | | | |
| Industry | Metals and Mining | 36.6% | 30.5% |
| Consideration type | Cash | 36.2% | 26.6% |
| Toehold prior to announcement | >50% | 36.1% | 28.2% |
| Size | <=\$25m | 50.8% | n/a |

Source: RSM Control Premium Study – 2021

We note that the above research sets out statistical information about control premia paid and, as such, includes an unknown uplift on account of potential acquisition synergy benefits. We are of the opinion that the control premium for a transaction that did not include expected synergies would be lower than those in the table above. After considering the above, we have assumed that the control value, based on the data in the table above to be in the range of 21% to 30%. This level of control premium corresponds to a minority discount in a range of 17% to 23%.

After applying the minority discount to the control value of \$0.028 to \$0.044 per share, the minority share price is reduced to approximately \$0.022 to \$0.037 per share.

8. Valuation of an Accent Resources Share after the Proposed Transaction

The convertible notes will provide Rich Mark and Xingang with a future right (but not an obligation) to exchange the principal amount and accrued interest for Accent Resources shares. Rich Mark and Xingang will have the right to convert the outstanding amount at six-monthly intervals whilst the convertible notes remain on issue. Accordingly, whilst Rich Mark and Xingang will have the right to convert, there is no certainty that this right will be exercised and, if exercised, when this may occur.

We believe that a rational investor would only exercise their right and convert the debt to Accent Resources shares if the conversion price was lower than or equal to the value of a share. As the conversion price is \$0.06, it would be reasonable to assume that Rich Mark and Xingang will not convert the notes until the share price is at or above \$0.06 per share.

In considering the potential impact on the Non-Associated Shareholders, the most appropriate date to assess the value of shares in Accent Resources post the Proposed Transaction is at or around the time when the note is assumed to be converted and the associated voting rights of Rich Mark and Xingang increase. As at the date of this report, we are unable to predict when, and indeed if, the notes will be converted and further, cannot predict the underlying share price of Accent Resources at that date.

As such, we consider that at the date of this report the strategic rationale for the Proposed Transaction, together with consideration of the relativity of the conversion price compared to the recent trading share price of Accent Resources and of the wider terms of the notes and the consideration of the relative advantages afforded by approving the Proposed Transaction, to be of more relevance to the Non-associated Shareholders.

However, in accordance with RG111, to assess the fairness of the Proposed Transaction we have considered the value of a share in Accent Resources prior to the issue of the notes and compared this to the value of a share in Accent Resources immediately post the Proposed Transaction under two scenarios, being no conversion and full conversion. For reasons set out in section 5.2 above, this comparison has been performed on a minority value basis.

It follows from the above that, if the assessed value of a share in Accent Resources prior to the issue of the notes is lower than the assessed value of a share in Accent Resources immediately post the Proposed Transaction under the two scenarios, the Proposed Transaction would be considered to be fair and as such reasonable.

No conversion scenario

The Proposed Transaction provides Rich Mark and Xingang with an option to acquire shares in Accent Resources at a conversion price of \$0.06. The value of the option effectively transfers value from the other shareholders to the holder of the option. We have assessed the option value using the Black Scholes option valuation model and the following inputs.

Table 19: Option Assumptions

| | Low | High |
|-----------------------------------|--------------|--------------|
| Current minority share price (\$) | 0.022 | 0.037 |
| Volatility | 88.39% | 88.39% |
| Time to maturity | 3 years | 3 years |
| Risk free interest rate | 0.19% | 0.19% |
| Exercise price (\$) | 0.060 | 0.060 |
| Call price (\$) | 0.007 | 0.017 |

Source: RSM Control Premium Study – 2021 and PKF Corporate analysis

These options will apply to the shares under the Proposed Transaction, therefore in the table below we have performed the following assessment:

- (i) Assessed the total value of the options over the shares which would be issued under the Proposed Transaction at maturity date;
- (ii) Deducted the value of the options from the value of Accent Resources (using the net asset approach from section 7), in order to determine the value attributable to shareholders, excluding options;
- (iii) Determined the value attributable to one share in Accent Resources on a control basis; and
- (iv) Applied a minority discount in order to determine the value attributable to one share in Accent Resources on a minority basis.

This has been set out in the table below.

Table 20: Value under the no conversion scenario

| | Reference | Low | High |
|--|-------------|--------------|--------------|
| Option value (\$) | | 0.007 | 0.017 |
| Number of shares under option | Section 2.4 | 167,970,493 | 167,970,493 |
| Total value (\$) | | 1,175,793 | 2,855,498 |
| Net assets before the Proposed Transaction (\$) | Section 7.6 | 13,162,547 | 20,706,130 |
| Less option value (\$) | Note 1 | (2,855,498) | (1,175,793) |
| Value attributable to shareholders, excluding options (\$) | | 10,307,049 | 19,530,337 |
| Number of shares before the Proposed Transaction | Section 2.4 | 466,027,283 | 466,027,283 |
| Value per share (control basis) (\$) | | 0.022 | 0.042 |
| Minority discount | Section 7.9 | 23% | 17% |
| Value per share on a minority basis (\$) | | 0.017 | 0.035 |

Source: PKF Corporate analysis

Note 1 – in order to determine the low case here, the greater option valuation has been applied, and vice versa regarding the high case.

Adopting the approach described above, we have assessed the value of a share in Accent Resources on a minority interest basis assuming that the note has been issued and that no conversion has occurred at \$0.017 to \$0.035 per share.

Full conversion scenario

We have then assessed the pro forma value of a share in Accent Resources on a minority interest basis assuming that the notes have been fully converted immediately post the Proposed Transaction.

The additional steps we have taken to assess this value are as follows:

- Removed the amount of debt taken on by the Company through the issue of the notes (as assumed to have been replaced by equity);
- Adjusted the number of shares outstanding by the number of new shares assumed to have been issued upon full conversion of the notes;

- Calculated an implied pro forma value of a share in Accent Resources by dividing the 'Adjusted Equity Value' by the adjusted number of shares outstanding post the assumed conversion of the notes; and
- Applying a minority discount to the resultant pro-rata value.

Adopting the approach described above, we have assessed the pro forma value of a share in Accent Resources on a minority interest basis assuming that the notes have been issued and that conversion has now occurred at between \$0.030 to \$0.042 per share. We have shown our calculation in the table presented below.

Table 21: Financial Position

| | Reference | Low | High |
|---|-------------|--------------|--------------|
| Net assets before the Proposed Transaction (\$) | Section 7.6 | 13,162,547 | 20,706,130 |
| Additional loan tranche draw down (\$) | Note 1 | 2,300,000 | 2,300,000 |
| Conversion of loans including interest (\$) | Note 2 | 9,349,326 | 9,349,326 |
| Net assets after the Proposed Transaction (\$) | | 24,811,873 | 32,355,456 |
| Number of shares after the Proposed Transaction | Note 3 | 633,997,776 | 633,997,776 |
| Pro-rata value per share (\$) | | 0.039 | 0.051 |
| Minority discount | Section 8 | 23% | 17% |
| Minority share value (\$) | | 0.030 | 0.042 |

Source: PKF Corporate analysis

Note 1 – As set out in Section 2.2, the loan facility provided by Rich Mark includes three tranches which are to be provided after 30 June 2021. These tranches have been included here as the drawing down of these will result in additional funding being received by Accent Resources.

Note 2 – The loan balance has been calculated taking into account the loan tranches which are to be and have been drawn down since 30 June 2021. In addition, the interest to 23 December 2021 has been calculated and accrued for in this figure.

Note 3 – The number of shares on issue after the Proposed Transaction is based on the current shares on issue plus the number of shares which would be issued for the balance reflected in Note 2. This differs to the number of shares included in section 2.4, as section 2.4 shows the maximum dilution on the assumption that conversion occurs at maturity date, rather than prior to. This approach is based on the assumption that full conversion occurs immediately and hence less interest would have accrued on the convertible notes.

9. Assessment as to Fairness

The Proposed Transaction is 'fair' if the value of the shares held by the Non-Associated Shareholders' in Accent Resources after the Proposed Transaction is equal to or greater than the value of the shares in Accent Resources before the Proposed Transaction.

In Section 7 we assessed the value of an Accent Resources share before the Proposed Transaction at \$0.022 to \$0.037 per share.

In Section 8 we assessed the value of an Accent Resources share on two alternate bases, namely:

- a. that the convertible note will not be converted until some indeterminate time in the future (no conversion scenario); and
- b. the convertible note will be converted immediately after the Proposed Transaction is approved (full conversion scenario).

No conversion scenario

Based on the no conversion scenario, we assessed the value of an Accent Resources share after the Proposed Transaction \$0.017 to \$0.035 per share.

The value before the Proposed Transaction was assessed to be \$0.022 to \$0.037 per share.

Therefore as the value after the Proposed Transaction is less than the value before, the Proposed Transaction is not fair.

Full conversion scenario

Under this scenario, we assessed the value of an Accent Resources share after the Proposed Transaction to be \$0.030 to \$0.042 per share.

The value before the Proposed Transaction was assessed to be \$0.022 to \$0.037 per share.

Therefore as the value after the Proposed Transaction is greater than the value before, the Proposed Transaction is fair.

Conclusion

As can be seen from the above, different conclusions emerge depending on which scenario the Proposed Transaction is assessed. In our opinion it is unlikely that Rich Mark and Xingang will exercise their conversion rights immediately on approval of the Proposed Transaction as the conversion price of \$0.06 per share is currently out of the money, and also that as more time passes the accrued interest increases, thus resulting in a greater number of shares being ultimately granted to Rich Mark and Xingang. For these reasons, we have decided to assess the Proposed Transaction on the assumption of no conversion, and we have therefore concluded that the Proposed Transaction is **not fair**.

10. Assessment as to Reasonableness

Prior to deciding whether to approve or reject the Proposed Transaction, the Accent Resources shareholders should also consider the following significant factors

- In Section 9 we assessed the Proposed Transaction to be not fair.
- As can be seen from Section 6.3, Accent Resources has a positive net asset position at 30 June 2021, however if the fair value adjustment to the borrowings figure was removed and the actual amount payable was reflected instead (as noted in section 2.2), this net asset position would change to a net asset deficiency of approximately \$1.7 million. In addition, given the minimal liquidity in Accent Resources shares, the Company is in a difficult position to raise additional capital.
- The loan agreement with Rich Mark is due for payment on 31 January 2024 and Xingang is due to be repaid on 31 December 2025. Therefore there are a number of years before the loans will require repayment, although as noted above, it may be difficult to raise such funds from sources other than Rich Mark and Xingang.
- Should the Proposed Transaction be approved, the current loans will be replaced with convertible loan notes. The convertible loan notes will have the same interest payable as the loans, but the due date for one loan will in essence be extended and the other brought forward (Rich Mark's due date of the loan will in effect be extended 11 months from 31 January 2024 to 31 December 2024, and Xingang's will be brought forward 12 months from 31 December 2025 to 31 December 2024). We therefore see the commercial substance of the Proposed Transaction is providing Accent Resources 11 months additional time to repay the Rich Mark loan, in return for providing Rich Mark and Xingang the option to purchase additional shares which may give them collectively in excess of 90% of the voting rights in Accent Resources, at a price of \$0.06 per share, whilst also bringing forward the due date of the Xingang loan by 12 months.

Based on the above, we consider that the advantages of the Proposed Transaction outweigh the disadvantages of the Proposed Transaction, and for this reason, we consider that the Proposed Transaction is reasonable for the Non-Associated Shareholders of Accent Resources.

11. Assessment as to Fairness and Reasonableness

After considering the above matters, we have concluded that the Proposed Transaction is **not fair but reasonable**.

12. Financial Services Guide

This Financial Services Guide provides information to assist retail and wholesale investors in making a decision as to their use of the general financial product advice included in the above report.

PKF Corporate

PKF Corporate holds Australian Financial Services Licence No. 222050, authorizing it to provide general financial product advice in respect of securities to retail and wholesale investors.

Financial Services Offered by PKF Corporate

PKF Corporate prepares reports commissioned by a company or other entity ("Entity"). The reports prepared by PKF Corporate are provided by the Entity to its members.

All reports prepared by PKF Corporate include a description of the circumstances of the engagement and of PKF Corporate's independence of the Entity commissioning the report and other parties to the transactions.

PKF Corporate does not accept instructions from retail investors. PKF Corporate provides no financial services directly to retail investors and receives no remuneration from retail investors for financial services. PKF Corporate does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice to retail investors.

General Financial Product Advice

In the report, PKF Corporate provides general financial product advice. This advice does not take into account the personal objectives, financial situation or needs of individual retail investors.

Investors should consider the appropriateness of a report having regard to their own objectives, financial situation and needs before acting on the advice in a report. Where the advice relates to the acquisition or possible acquisition of a financial product, an investor should also obtain a product disclosure statement relating to the financial product and consider that statement before making any decision about whether to acquire the financial product.

Independence

At the date of this report, none of PKF Corporate, Mr Steven Perri, Mr Paul Lom and Mr Alastair Richards have any interest in the outcome of the Proposed Transaction, nor any relationship with Accent Resources, Rich Mark, Xingang and associated entities or any of their directors.

A draft of this report was provided to and discussed with the management of Accent Resources and its advisers. Certain changes were made to factual statements in this report as a result of the review of the draft report. There were no alterations to the methodology, valuations or conclusions that have been formed by PKF Corporate.

PKF Corporate and its related entities do not have any shareholding in or other relationship with Accent Resources that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Transaction.

PKF Corporate had no part in the formulation of the Proposed Transaction. Its only role has been the preparation of this report.

PKF Corporate considers itself to be independent in terms of Regulatory Guide 112 issued by ASIC on 30 March 2011.

Remuneration

PKF Corporate is entitled to receive a fee of approximately \$35,000, plus GST for the preparation of this report. With the exception of the above, PKF Corporate will not receive any other benefits, whether directly or indirectly, for or in connection with the making of this report.

Complaints Process

As the holder of an Australian Financial Services Licence, PKF Corporate is required to have suitable compensation arrangements in place. In order to satisfy this requirement PKF Corporate holds a professional indemnity insurance policy that is compliant with the requirements of Section 912B of the Act.

PKF Corporate is also required to have a system for handling complaints from persons to whom PKF Corporate provides financial services. All complaints should be in writing and sent to the Complaints Officer, PKF Corporate at level 12, 440 Collins Street, Melbourne Vic 3000.

PKF Corporate will make every effort to resolve a complaint within 45 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Australian Financial Complaints Authority – GPO Box 3, Melbourne Vic 3000.

Yours faithfully

PKF Melbourne Corporate Pty Ltd



Paul Lom
Director



Steven Perri
Director

Appendix 1 Source of information

The key documents we have relied upon in preparing this report are:

- Accent Resources' Annual Reports – 30 June 2019, 2020 and 2021;
- Accent Resources' Half Year Report – 31 December 2020;
- Accent Resources' loan register as at 30 June 2021;
- Accent Resources' share register as at 30 June 2021;
- Various loan agreements entered into between Accent Resources, Rich Mark and Xingang;
- Draft Notice of annual general meeting;
- Draft Convertible Note Deed dated 26 October 2021;
- Technical valuation report prepared by Mining One Pty Ltd;
- Research data from publicly accessible websites; and
- Discussions with the management of Accent Resources.

Appendix 2 Declarations, Qualifications and Consents

Declarations

This report has been prepared at the request of the Independent Directors of Accent Resources pursuant to Section 411 of the Corporations Act 2001 for inclusion in the notice of meeting to be provided to Accent Resources Shareholders in connection with the Proposed Transaction. It is not intended that this report should serve any purpose other than as an expression of our opinion as to whether or not the Proposed Transaction is in the best interests of Accent Resources Shareholders.

This report has also been prepared in accordance with the Accounting Professional and Ethical Standards Board professional standard APES 225 – Valuation Services.

The procedures that we performed and the enquiries that we made in the course of the preparation of this report do not include verification work nor constitute an audit in accordance with Australian Auditing Standards.

Qualifications

Mr Paul Lom, director of PKF Corporate, and Mr Alastair Richards, prepared this report. They have been responsible for the preparation of expert reports and are involved in the provision of advice in respect of valuations, takeovers, capital reconstructions and reporting on all aspects thereof.

Mr Lom, a director of PKF Corporate reviewed this report. Mr Lom is a Fellow of Chartered Accountants Australia and New Zealand (CAANZ) and an Accredited Business Valuation Specialist (CA BV Specialist) with more than 35 years' experience in the accounting profession. He was a partner of KPMG and Touche Ross between 1989 and 1996, specialising in audit. He has extensive experience in business acquisitions, business valuations and privatisations in Australia and Europe.

Mr Richards is a Member of Chartered Accountants Australia and New Zealand (CAANZ). He has been responsible for the preparation of valuation reports relating to shares and businesses for the purpose of acquisitions, divestments, litigation and taxation.

Mr Steven Perri is a Member of Chartered Accountants Australia and New Zealand (CAANZ) and an Accredited Business Valuation Specialist (CA BV Specialist). Mr Perri also reviewed this report.

Consent

PKF Corporate consents to the inclusion of this report in the form and context in which it is included in the notice of meeting.



TECHNICAL VALUATION OF
THE MINERAL ASSETS
of
ACCENT RESOURCES NL

Job No. 2673_G
Doc No. 2673_G_7090_Final
Date: November 2021
Prepared by: M Conan-Davies
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Quality
ISO 9001
SAI GLOBAL

FINAL REPORT

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APPENDICES

1. Kilburn Valuation Tables

EXECUTIVE SUMMARY

PKF Melbourne Corporate Pty Ltd (PKF) has commissioned Mining One Pty Ltd (Mining One) to prepare a Technical Assessment Report (Report) containing an Independent Technical Valuation of the various mineral assets controlled by Accent Resources N.L (Accent Resources). ASX ticker ACS. The purpose of the report is to assist shareholders of Accent in their decision whether or not to agree to a resolution to issue two (2) convertible notes; to Rich Mark Development Group Pty Ltd; and Xingang Resources(HK) Ltd.

Mining One prepared a similar Independent Expert Report (IER) for PKF in October 2019 for use in a convertible notes issue to Rich Mark Development Group Pty Ltd.

The key projects (

Figure 1-1) controlled by Accent remain unchanged from the last IER as follows;

- The Magnetite Range Iron Ore Project in the Mid-West district, Western Australia.
- The Norseman Gold Project located in the Norseman area of Western Australia.

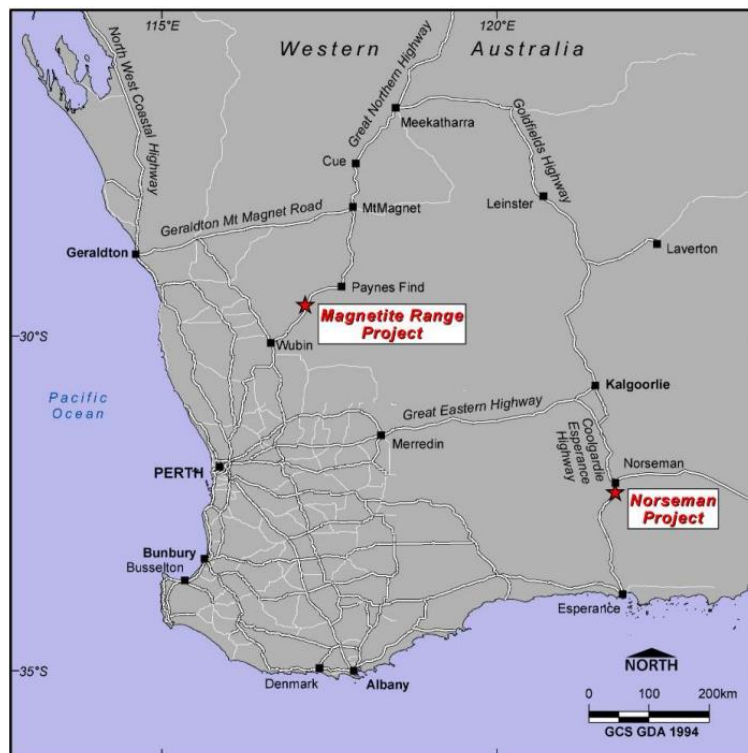


Figure 1-1 Accent Resources Project Location Plan

Since the 2019 IER was prepared, the following material developments have occurred:

Corporate:

Rich Mark exercised convertible notes into 285.03M shares and took ownership of Accent to 67.2% to become the controlling shareholder.

Magnetite Range:

Mine Lease 59/764, covering 1658Ha over Julia Prospect was granted for a period of 21 years until 2042. The Lease covers Stage 1 of the proposed development of its iron ore resource at Magnetite Range.

An Exploration Licence (E59/2423) for 11 blocks was submitted and awaits approval.

A 1,205-soil auger geochemistry program was completed and identified several low order gold and base metal anomalies which require follow-up.

The Magnetite Range mineral resource estimate of 434Mt @ 31.4% Fe at 15% weight recovery cut-off remains unchanged from previous report.

A 57-hole (11,000m) drilling program to increase confidence in the resource is underway.

Norseman:

In 2020 an RC drilling program was completed, consisting of 14 drill holes for 1,269m designed to in-fill existing resource definition drilling. Encouraging results were received but no material change to resource estimate is expected. Follow-up drilling is anticipated in 2021 after which the mineral resource estimate will be recalculated.

A Mining Lease ML 63/657 has been granted at the Norseman Project.

A 271-soil auger geochemical survey was also completed and identified several low order anomalies requiring field checking.

The JORC(2004) mineral resource estimate for the Norseman project remains unchanged at 1,039,400t @ 1.8g/t Au for 59,000oz at a 1g/t cut-off.

A technical review was completed using the project data supplied by Accent that included resource estimation, optimisation, detailed tenement schedules and technical reviews relating to the projects.

Valuation:

The projects were classified as a combination of advanced exploration and pre-development projects under the JORC 2012 and VALMIN guidelines for project description.

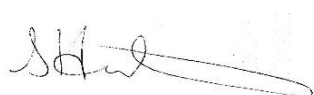
Mining One utilised a combination of the Comparable transactions, Comparable Enterprise Values, DCF, Kilburn Geoscience Rating, and Yardstick valuation methods to ascribe a technical value to the projects. The technical valuation determined for all projects as at 26 October 2021, ("the Valuation Date"), was estimated to range between A\$7.2m and A\$40.1m with a preferred value of A\$22.2m.

The valuation summary is shown in the table below.

| SUMMARY VALUATIONS - | Magnetite Range Project | DCF Valuation | | |
|--------------------------------|-----------------------------------|---------------|-------------|-------------|
| | | Min | Max | Preferred |
| MRP Deposit | Comparable Resource Transactions | 0.2 | 10.0 | 4.9 |
| MRP | Comparable Enterprise Valuations | 4.1 | 32.5 | 18.8 |
| Average Deposit value | | 2.1 | 21.2 | 11.8 |
| Magnetite Range Exploration | Geoscientific (Kilburn) Valuation | 0.1 | 0.7 | 0.4 |
| Average Magnetite Range | | 2.3 | 22.0 | 12.3 |

| SUMMARY VALUATIONS - | Norseman Project | Norseman Valuation | | |
|--------------------------------------|-----------------------------------|--------------------|-------------|------------|
| | | Min | Max | Preferred |
| Norseman Gold Project | Comparable Resource Transactions | 0.8 | 7.9 | 3.1 |
| Norseman Gold Project | Comparable Enterprise Valuations | 5.1 | 19.1 | 12.1 |
| Norseman Gold Project | Comparable Mining Lease Valuation | 2.4 | 31.1 | 11.2 |
| Norseman Gold Project | DCF | 11.5 | 14.6 | 13.3 |
| Average Norseman Gold Project | | 4.9 | 18.2 | 9.9 |
| <i>Norseman Gold Project</i> | <i>Yardstick Valuation Check</i> | 2.1 | 5.0 | 3.6 |

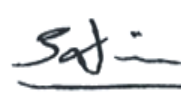
| | Min | Max | PREFERRED |
|---|-----|------|-------------|
| ACCENT RESOURCES TOTAL VALUATION | 7.2 | 40.1 | 22.2 |



S Hutchin
Geology Manager
MINING ONE PTY LTD



M Conan-Davies
Consulting Geologist
MINING ONE PTY LTD



G Davison (Project Reviewer)
MD/Principal Mining Engineer
MINING ONE PTY LTD

1 INTRODUCTION

1.1 Commission and Scope

PKF Melbourne Corporate Pty Ltd (PKF) has commissioned Mining One Pty Ltd (Mining One) to prepare a Technical Assessment Report (Report) containing an Independent Technical Valuation of the mineral assets controlled by Accent Resources N.L (Accent Resources).

The VALMIN Code 2005 defines a Technical Value as “an assessment of a Mineral or Petroleum Asset’s future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by an Expert or Specialist, excluding any premium or discount to account for such factors as market or strategic considerations”

A “Fair Market Value” is defined within the VALMIN Code 2005 as the “value of a Mineral or Petroleum Asset or Security. It is the amount of money determined by the Expert in accordance with the provisions of the VALMIN Code for which the Mineral or Petroleum Asset or Security should change hands on the Valuation Date in an open and unrestricted market between a willing buyer and a willing seller in an “arm’s length” transaction, with each party acting knowledgeably, prudently and without compulsion. Value is usually comprised of two components, the underlying or “Technical Value” of the Mineral or Petroleum Asset or Security, as defined by the Technical Value, and a premium or discount relating to market, strategic or other considerations”

This report is a Technical Assessment Report as defined in the VALMIN Code and has also been prepared in accordance with the requirements of the Australian Securities and Investments Commission Regulatory Guides 111 and 112 (ASIC, 2011).

1.2 Applicability of the VALMIN Code and JORC Guidelines

1.2.1 Background

This valuation report has been prepared in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports, also referred to as the VALMIN Code (2005).

The VALMIN Code is prepared by the VALMIN Committee, a joint committee of the AusIMM (Australasian Institute of Mining and Metallurgy) and AIG (Australian Institute of Geoscientists) and MICA (Mineral Industry Consultants Association).

PKF, as the Independent Expert, has obtained from Accent Resources, (the Commissioning Entity), verbal confirmation that it will comply with the requirements of Clauses 27-29 of the VALMIN Code. These clauses relate to independence of the Commissioning Entity from the Independent Expert and the Specialist (i.e., Mining One), and the transparency of all reporting by PKF and Mining One.

1.2.2 Relevant Extracts

Other relevant sections of the VALMIN Code are as follows:

VALMIN Clause 12: this applies to the *“Technical Assessment and/or Valuation of Mineralassets ...for any independent Expert Report intended for public release*”

VALMIN Clause 41 (a): The Commissioning Entity has confirmed in writing that “*full, accurate and true disclosure of all Material information will be made to the Expert.*”

VALMIN Clause 42: The Expert and/or Specialists “*must enter into a written agreement with the Commissioning Entity...*” Accent Resources has a written agreement with the Independent Expert (PKF), who in turn have a written agreement with the Specialist (Mining One).

VALMIN Clause 49: Time and cost constraints “*must not be permitted to compromise fundamental compliance with the requirements of the Code. Any restrictions so caused to the depth of analysis or the extent of detail required must be recorded in the report.*”

Whilst strict compliance with Clause 41(a) and 49 has not occurred, the following should be noted:

- Accent Resources has given Mining One verbal assurance about the extent of the data provided and has verbally explained the scope and purpose of the report. This aspect is not considered to be in contravention of Clause 41(A).
- Site visits were not made; however, Accent Resources have made available all relevant and material documentation for project valuation and therefore not considered to be in contravention of Clause 49 due to the location of the projects, the data provided.

1.3 Independence, Qualifications and Experience

Mining One Pty Ltd is an independent private consulting company which has been providing consulting services to the international and local mining industry since 2005.

This valuation report has been prepared by Mr S Hutchin and Mr M Conan-Davies and was subsequently reviewed by Mr G Davison.

Mr Hutchin is a geologist BSc, with over 21 years of experience in the mining industry and is a member of the Australian Institute of Geoscientists. Mr Hutchin does not have any significant pecuniary or beneficial interest in Accent Resources, or in the outcome of the valuation Mr Hutchin is appropriately qualified and experience to act in the following capacities:

- A Competent Person as defined in the JORC Code (2012).
- An Independent Expert as defined in the VALMIN Code & ASIC Reg Guide 111 and 112.

Mr Conan-Davies is a Geologist and Mineral Economist, with over 30 years of experience in the mining industry and is a Member of the Australasian Institute of Mining and Metallurgy. Mr Conan-Davies does not have any pecuniary or beneficial interest in Accent Resources, or in the outcome of the valuation. Mr Conan-Davies is appropriately qualified and experienced to act in the following capacities:

- A Competent Person as defined in the JORC Code (2012).
- An Independent Expert as defined in the VALMIN Code & ASIC Reg Guide 111 and 112.

1.4 Disclaimer

This report was prepared using data and information which were available to Mining One at the time of writing. It is based on data provided which is understood (refer VALMIN CI 41(a) as discussed in Sec 1.2 above), to be suitably representative of the various mineral properties and projects held by Accent Resources and its subsidiaries. This report is provided for the use of PKF, and should only be reproduced, pending relevant consent by Mining One Pty Ltd, in whole and not in part.

2 PROJECT TECHNICAL SUMMARIES

2.1 Magnetite Range Iron Ore Project

The Magnetite Range Iron Ore Project is an advanced, magnetite resource development project.

2.1.1 Project Location

The project is located 350km north northwest of Perth and 250km east southeast of Geraldton in the Midwest iron ore district of Western Australia. It is located immediately northwest along strike of the Extension Hill, Iron Hill, Iron Ore projects owned by Mount Gibson Iron Ltd (ASX:MGX).

A further 45km to the northeast is the Karara DSO and magnetite iron mine, which is wholly owned by Chinese State Owned, Anshan Iron and Steel Group (“Ansteel”) after it acquired the remaining interest in the mine from Gindalbie Metals in July 2019.

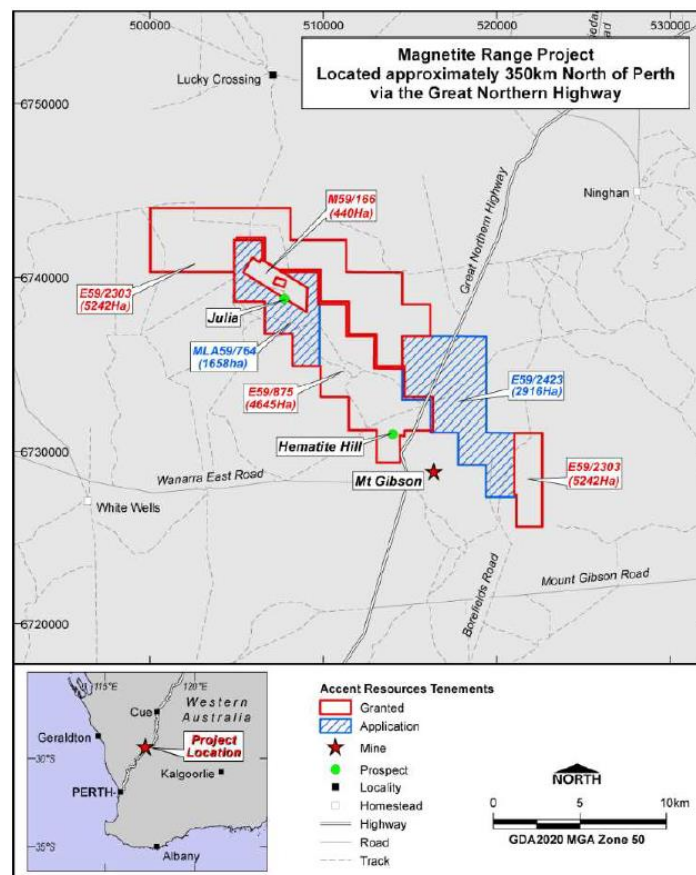


Figure 2-1 Location Plan (Source: Accent Resources Annual Report 2019)

2.1.2 Tenure

Tenure for the Magnetite Range is held under 2 Mining Leases and 4 Exploration Licenses, totalling an area of 158km². Tenure details are summarised in **Table 2-1**. A further 3 Miscellaneous licences to support infrastructure are also held but not tabled here.

Table 2-1 Magnetite Range Prospect Tenure Details

| Tenement | Name | Licence Type | Status | Accent Interest | Area (sq. km) | Tenement Start Date | Tenement Expiry Date |
|--------------|---------------|--------------|--------|-----------------|---------------|---------------------|----------------------|
| E59/0875 | Mt Gibson Sth | Exploration | Active | 100% | 46 | 22/03/2006 | 21/03/2022 |
| E59/2043 | Mt Gibson Sth | Exploration | Active | 100% | 8 | 18/06/2015 | 17/06/2025 |
| E59/2303 | Mt Gibson Sth | Exploration | Active | 100% | 53 | 31/08/2018 | 30/08/2023 |
| E59/2423 | Mt Gibson Sth | Exploration | Appl | 100% | 30 | Application | - |
| M59/0764 | Mt Gibson Sth | Mining | Active | 100% | 17 | 11/08/2021 | 10/08/2042 |
| M59/0166 | Mt Gibson Sth | Mining | Active | 100% | 4 | 5/10/1989 | 4/10/2031 |
| TOTAL | | | | | 158 | | |

2.1.3 Geology

The Magnetite Range Project is situated on the western margin of the Archaean-age Retaliation Greenstone Belt of the Murchison Province, Yilgarn Craton (Figure 2-2). The main banded iron formation (“BIF”) ridges form low topographic highs (up to 30m in the south) or otherwise are buried beneath thin superficial Cainozoic deposits including laterite and detrital sediments. The western margin of the Retaliation Greenstone Belt is composed of thick tholeiitic and high-Mg basalt, BIF, and associated rocks which form the Luke Creek Group. Magnetite mineralization is contained within northwest and west-northwest striking BIF units extending for over 14km of strike.

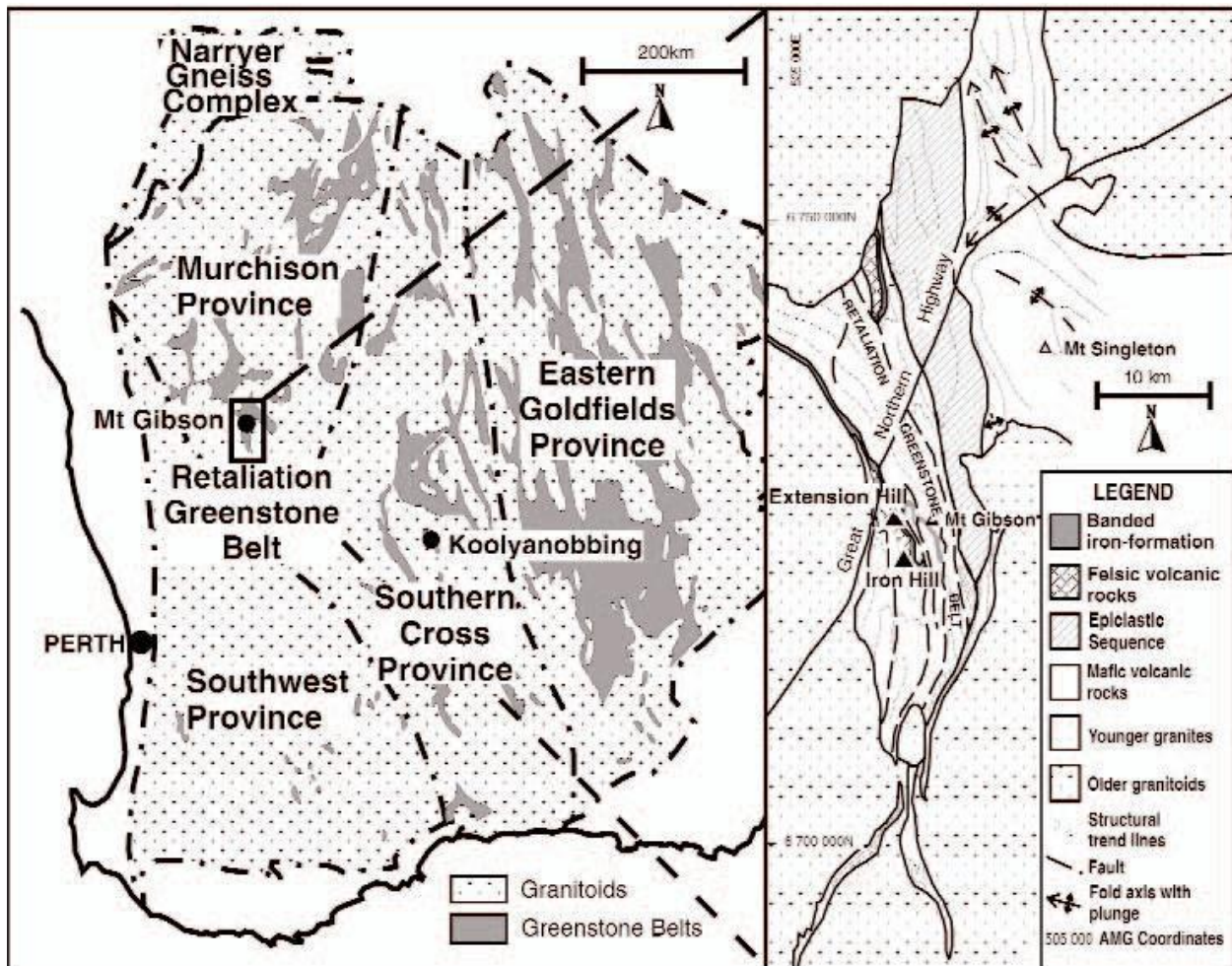


Figure 2-2 Magnetite Range Regional Geological Setting

2.1.3.1 Local Geology

The majority of the project area is characterised by two adjacent BIF units with an additional thinner unit occurring at the Hematite Hill prospect area in the south. The BIF package in the Hematite Hill area is up to 400m true thickness. The BIF units are sub-vertical to steeply dipping east between Hematite Hill and Retaliation; this can shallow to an approximately 50° dipping northeast at Julia. Drilling completed indicates that the BIF units remain open at depth.

The Magnetite Range magnetite-chert BIF, which is the north-western extension of the Mt Gibson BIF, lies within the Windaning Formation, which is the uppermost formation of the Luke Creek Group. The Windaning Formation at Magnetite Range trends north-westerly, younging to the north-east, and dips steeply in the south and moderately in the north towards the north-east.

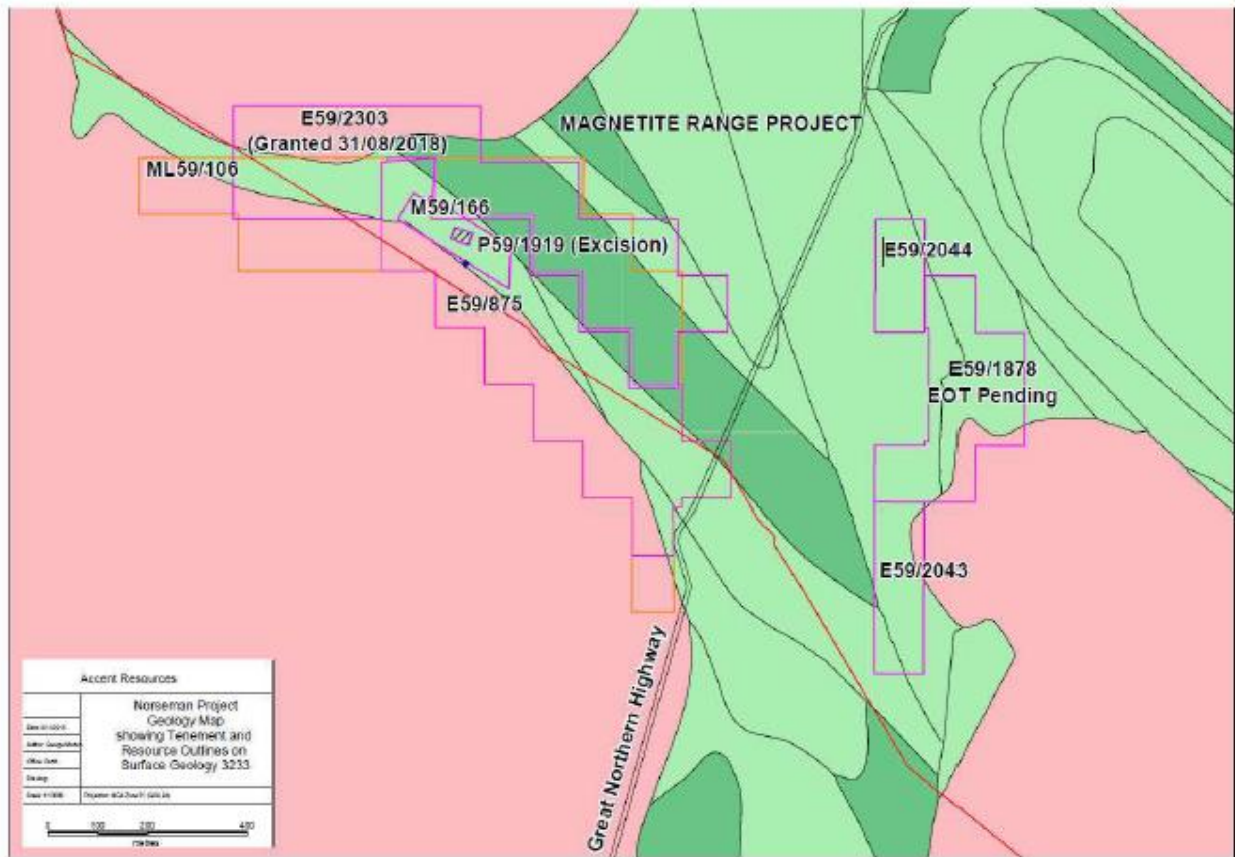


Figure 2-3 Magnetite Range Simplified Geology

2.1.3.2 Exploration History

Numerous old workings occur on E 59/ 875 including: Retaliation / Winfred Hays, Bungeye, Hayes Reward, Atlas, Pigeon Well, Haematite Hill are noted on the WA Mines Department Tengraph database.

2.1.3.3 Exploration Potential

The Magnetite Range East tenements (E 59/2043 and E 59/2044) are largely unexplored for non-iron elements using modern methods. Accent are undertaking a program of grass-roots multi-element exploration. The company was granted a new exploration licence E59/2423 covering 11 blocks located on the eastern boundary of the existing project tenement package and covers the interpreted SW extension of the NW trending BIF horizon.

2.1.3.4 2020 Geochemical Survey

A 1205 sample auger geochemical soil survey was undertaken and yielded a number of low-level gold and base metal anomalies requiring further evaluation.

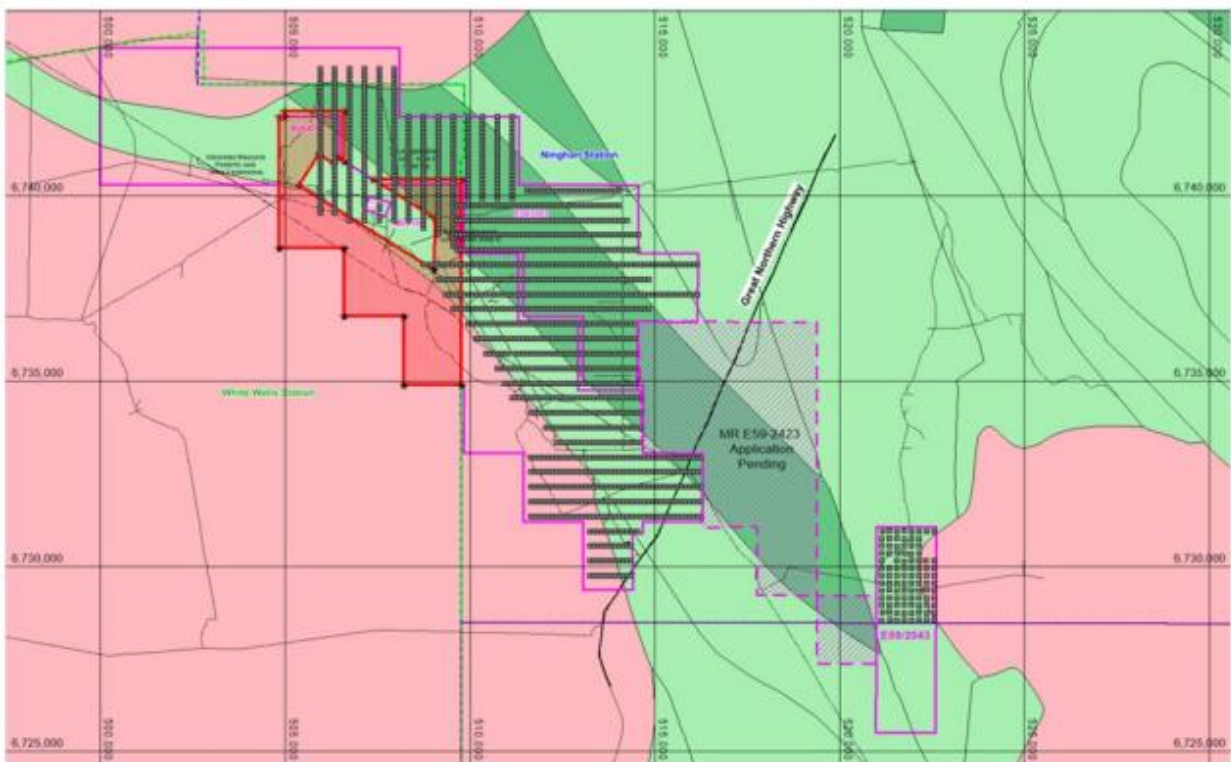


Figure 01 – Magnetite Range Project - Geology Map highlighting work completed during the quarter; Soils (grey squares); Mining Lease Application (red); E59-2423 tenement application (pink dashed outline) – pending.

Figure 2-4 Magnetite Range Project - 2020 Geochemical Survey and E59/2423 Application Area

2.1.3.5 Magnetic Surveys

An aeromagnetic survey has been conducted over the field which readily highlights the prospective Magnetite rich BIF units of the Magnetite Range Resource and Mt Gibson Operations. Total strike length of the prospective unit on E 59/0875 is approximately 8km. The prospective unit extends a further 5km onto Exploration Licence application E59/2423 (Figure 2-4).

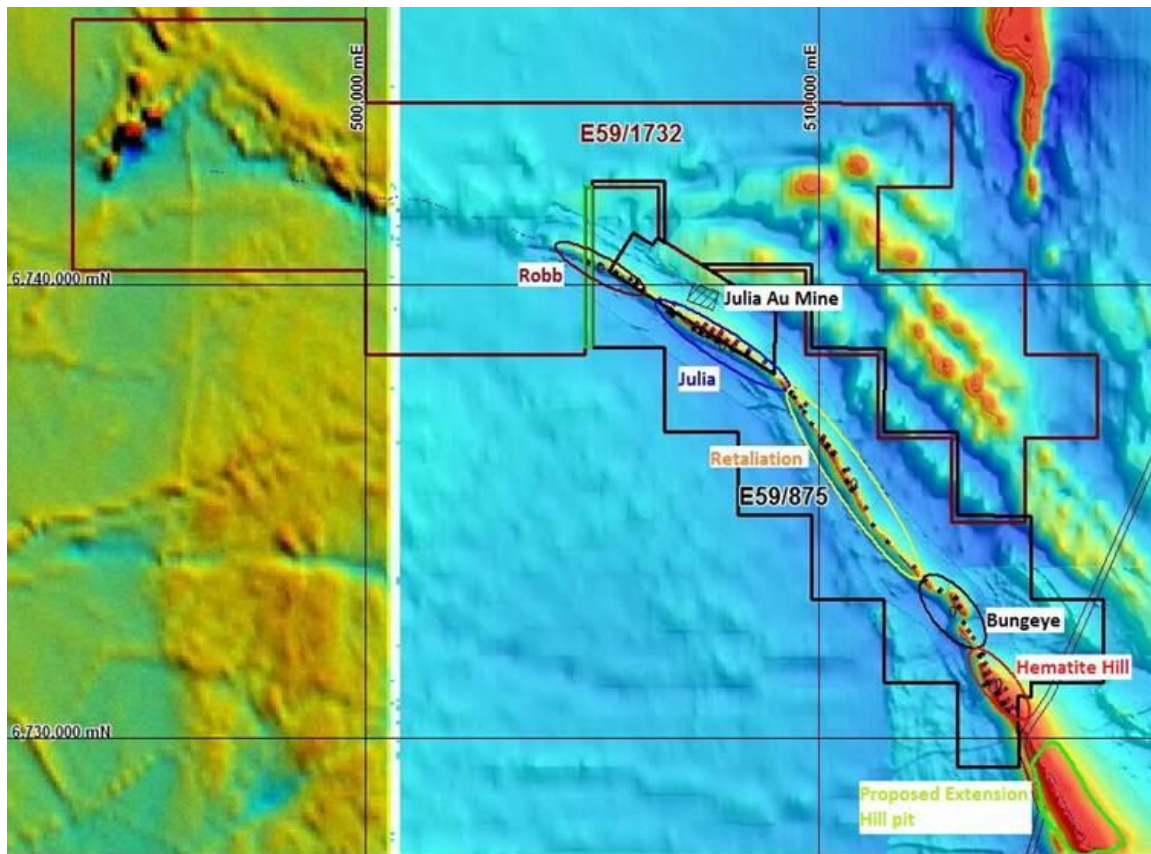


Figure 2-5 Magnetite Aeromagnetic Survey

2.1.4 Resource Estimation

The most recent mineral resource estimate reported for the Magnetite Range Project was prepared in November 2012 to JORC(2004) standards by Ravensgate Mineral Industry Consultants and is tabled below. It is calculated on the fresh zone with a 15% Davis Tube Recovery (“DTR”) weight recovery cut-off. DTR Recovery (%weight recovery) is the proportion of magnetic concentrate extractable by the Davis Tube Recovery (DTR). The extracted concentrate is then assayed to determine the concentrate grade (%).

Table 2-2 Magnetite Range Project Mineral Resource Estimate (ASX release 2012)

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

2.1.4.1 Previous Estimates

A maiden resource estimate (JORC 2004) for the Magnetite Range Iron Ore Project was prepared by Micromine Consulting on behalf of Accent Resources in February 2010. A maiden mineral resource estimate of 288.2Mt of Indicated Resources and 102.8Mt of Inferred Resources for a total JORC mineral resource of 391.1Mt grading 29.98% Fe at a DTR cut-off value of 15%.

2.1.4.2 Drilling Summary

The current mineral resource estimate relies on a total of 12,218m of diamond drilling (DD), and 9,626m of reverse circulation (RC), for a total of 21,844m of drilling completed over multiple campaigns, by several different companies within the deposit area between 2008 and 2010.

Further exploration drilling outside of the resource area was conducted.

Table 2-3 Magnetite Resource Definition Drilling

| Drill Type | # | Meters |
|------------|----|--------|
| RC | 83 | 9,626 |
| DD | 44 | 12,218 |
| TOTAL | | 21,844 |

2.1.4.3 Assaying

Initial drill campaigns (2006-2008) used RC drilling sampled at 1m and 2m intervals. Sample intervals in later campaigns 2009-2010 used 4-meter sample intervals. Magnetite iron characterisation requires the determination of percentage magnetic material recovered from a Davis Tube Recovery (DTR) Recovery percentage, followed by X-Ray Fluorescence (XRF) analysis of the Davis Tube (DT) concentrate and whole rock sample (head assay) of the same interval. DTR and whole rock geochemistry test work was completed at three Perth-based laboratories. DTR test work was conducted on the XRF pulp material and was subjected to two passes through the Davis Tube. Minor (<2%) systematic bias in assay results between laboratory duplicate results was evident. Assay data and sampling regime is reliable.

2.1.4.4 Density Samples

Four standard methods were employed to obtain Bulk Density (BD) measurements from various geological and metallurgical units at Magnetite Range. These were:

- Immersion method (water displacement / Archimedes) completed on diamond holes.
- Density Tool method – down hole geophysical logging.
- Core Tray Weight method - weights of trays with uncut core.
- Coated Wax method - Paraffin wax coated specific gravity (SG) measurements.

Bulk densities were assigned to all block model cells rock units on a geological domain basis. The down hole density logs were not used due to a persistent negative bias in density measurements. A total of 6,845 dry bulk density values are recorded.

2.1.4.5 Geological & Mineralization Modelling

The Magnetite Range deposit was domained into three separate area domains. The various area domains were determined largely by geological parameters such as the presence of faulting, strike changes and the relative abundance of the various geological lithologies. A plan view of the three area domains is provided in **Figure 2-6**.

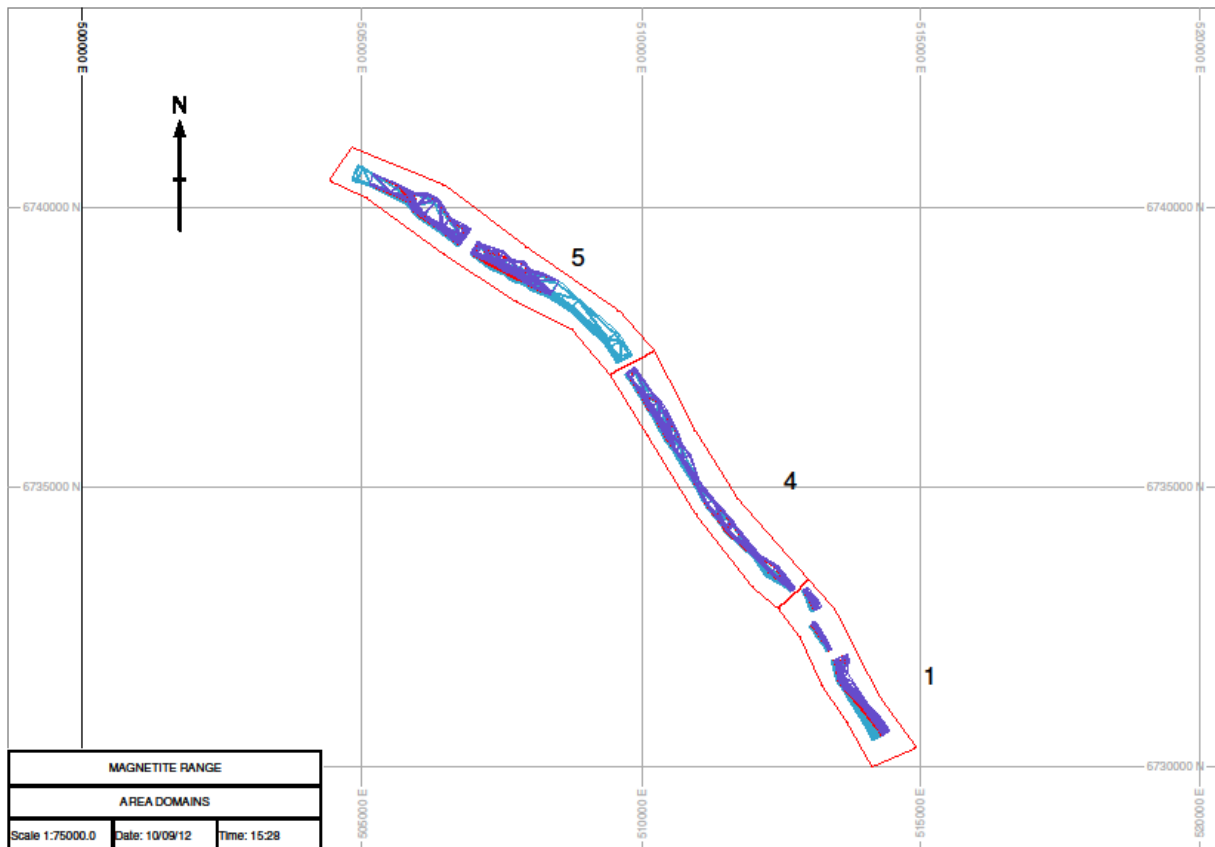


Figure 2-6 Plan View showing Area Domains for Magnetite Range

2.1.4.6 Domaining & Grade Capping

The imported drill hole set was assigned lithological domains, including the weathered horizon based on core logging data. Assay samples were split and composited according to changes in the lithological logs of the dataset. Lithological domains were used in grade estimation. Statistical analysis of the composite data confirmed that each domain has population distributions which differ from the others providing validity of the geological domains. The data reveals an even spread of values for the head assay and DTR assay values for Fe and SiO₂ while the head assay and DTR assay values for S and Al₂O₃ have a high tail of high-grade values. The S and Al₂O₃ data was subsequently top 'capped' at the 98th percentile level for both the head assay and DTR assay.

2.1.4.7 Estimation Technique

Resource estimation from the processed data was done using 'Ordinary Kriging'. This technique is appropriate for the block model interpolation of iron ore mineralisation and is a commonly used

technique within these deposit styles. It is particularly appropriate for use with deposits where the mineralisation is locally constrained as a geologically similar or spatially related sample population set.

Grade Interpolation Parameters

Domain variography was carried out to determine grade interpolation parameters using the standard half of the mean of the squared differences between all pairs of composite points separated according to a set of vectors. Directional anisotropy was observed for the majority of the domain areas and lithological domains for the fresh ore types. Results of the domain variography and resultant block model parameters are provided in **Table 2-4** below. Sub-cell splitting was performed to a maximum of 2 x 2 splits with the 'XZ' plane being the preferred plane for splitting to take place.

Table 2-4 Block Model Parameters

| Block Model Prototype Parameters | | | |
|----------------------------------|---------|------------------------|----|
| Prototype Parameters | X | Y | Z |
| Model Origin | 504 000 | 6 730 000 | 0 |
| Block Size | 10 | 50 | 5 |
| Number of Blocks | 1100 | 230 | 80 |
| Rotation | | No block rotation used | |

Mineral Resource Classification

The Mineral Resources were classified into Indicated and Inferred categories, no measured blocks were reported within the resource area. The classification was based on confidence in geological continuity and drill data spacing.

The model was coded for resource classification as summarized in **Table 2-5** below.

Table 2-5 Quality Coding Used In The Classification Magnetite Range Iron Ore Project

| Search Volume (SVOL) | Number of Composites (NS) | Transformed Distance (TD) | Number of Drill holes (NBH) | Resource Category |
|----------------------|---------------------------|---------------------------|-----------------------------|-------------------|
| = 1 | >20 | < 1.0 | >= 3 | 4 = MES |
| = 2 | 20 - 8 | < 1.5 | <= 2 | 3 = IND |
| = 3 | 20 - 8 | < 2.0 | <=1 | 2 = INF |
| = 3 | 20 - 1 | > 2.0 | <=1 | 1 = N/A |

The total fresh mineral resources at Magnetite Range is estimated at 435Mt.

2.2 Norseman Gold Project

The Norseman Gold Project is 100% owned by Accent Resources.

2.2.1 Project Location

The Norseman Gold Project is located in Western Australia, approximately 5km south of Norseman, in the Dundas mineral field. It benefits from excellent access to roads, power, water and labour.



Figure 2-7 Norseman Gold Project Location

2.2.2 Tenure

The Norseman project comprises two Mining Leases and four Prospecting Licences and one prospecting licence application covering an area of approximately 256 hectares.

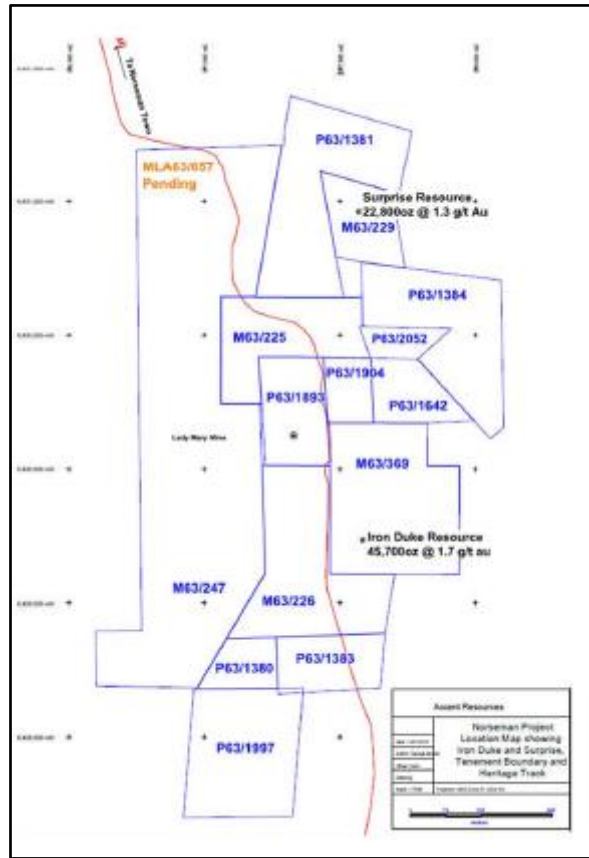


Figure 2-8 Norseman Gold Project Tenure Plan

Table 2-6 Tenure Details - Norseman Gold Project (Tengraph Oct 2021)

| Tenement | Type | Status | Holder | Interest | Area (Ha) | Expiry | Rent \$ |
|--------------|-------------|---------|-------------------------|----------|--------------|------------|---------|
| M 63/229 | Mining | Live | Prodigy Gold* | 100% | | 18/11/2032 | |
| M 63/657 | Mining | Live | Accent Res | 100% | 222.4 | 14/12/2041 | |
| P 63/1997 | Prospecting | Live | Accent Res | 100% | 20.0 | 03/07/2024 | |
| P 63/2052 | Prospecting | Live | Accent Res [#] | 100% | 3.0 | 25/10/2021 | |
| P 63/2154 | Prospecting | Live | Accent Res | 100% | 7.7 | 01/09/2023 | |
| P 63/2200 | Prospecting | Live | Accent Res | 100% | 1.1 | 28/10/2024 | |
| P 63/2191 | Prospecting | Pending | Accent Res | 100% | 74.0 | | |
| TOTAL | | | | | 328.2 | | |

* M 63/229 is registered to Prodigy Gold NL but is wholly beneficially owned and managed by Accent Resources.

P 63/2052 has expired, but Accent have advised that an extension has been applied for.

2.2.3 Geology

The project area occurs within a strongly mineralised portion of the southern Norseman – Wiluna greenstone belt of the Yilgarn Craton. The local geology consists predominantly of Archaean banded cherty siltstone / ironstone formations interbedded with mafic volcanic and intrusives. The ironstones, referred to as the Eastern and Western Banded Ironstones Legend contain flanking volcanics and chert breccias, passing into fine clastics and magnetite ironstones.

Gold mineralisation occurs predominantly along the Mt Henry Shear within the core of the eastern Ironstone (Surprise – Iron Duke – Maitland/Break O’Day Trend) and along the eastern margin of the western Ironstone (Lady Mary Trend). Additional mineralisation occurs in east northeast – west southwest trending cross-cutting structures (Luck Call, Battler).

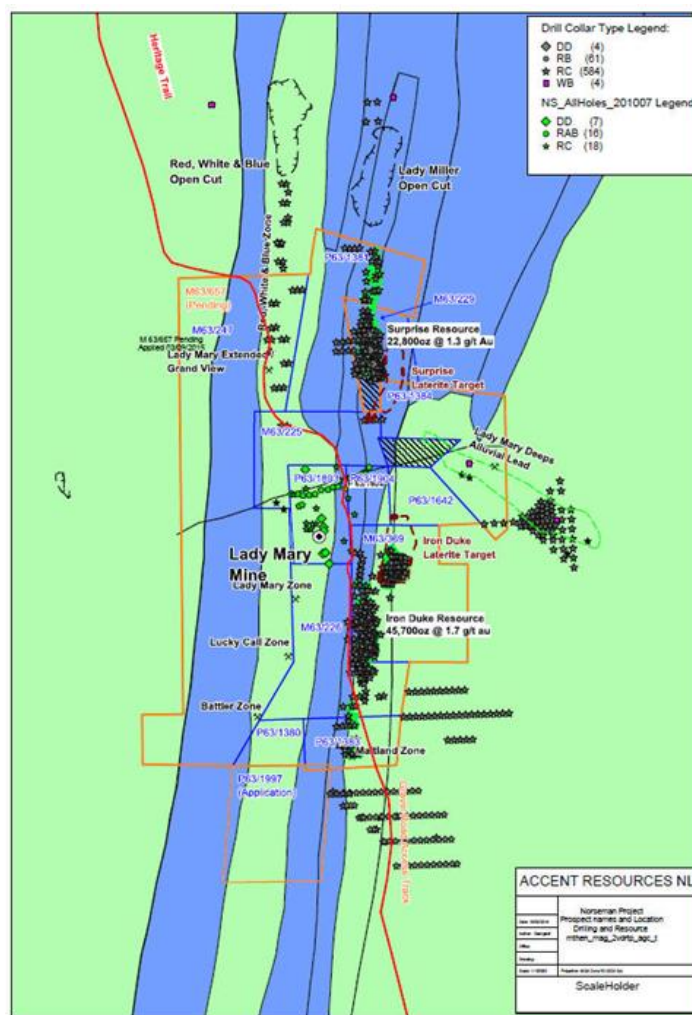


Figure 2-9 Local Geology of the Norseman Gold Project

Tenement M 63/657 covers the historically significant Lady Mary mine. Lady Mary was the subject of sporadic mining from the early 1900’s with early reported production exceeding 26,000oz at grades of greater than 20g/t Au. Mineralisation is associated with the Lady Mary Shear and hosted by an east dipping northeast plunging quartz vein which occurs at the eastern contact of the Western Ironstone with gabbro.

2.2.3.1 Norseman Local Geology

The geological model of the mineralisation has been described in several historic exploration reports. At least two types of ore are reported including, one associated with a mylonitised regional Mt Henry shear structure and a second associated with late-stage short scale quartz veining with a suggestion that the orientation of these systems may be different.

The Mineral Resource report describes the primary rock as tholeiitic basalt which has undergone shearing and selective replacement metasomatism locally producing a banded amphibolite intercalated with a banded sulphidic chert. Within this broader unit higher grades are associated dilational quartz veins which appear to have been the target of historic underground mining.

2.2.4 Exploration

In 2020 Accent undertook an extensive auger drilling soil geochemical survey across the project area consisting of 271 multi-element samples. Detailed analysis of the results is underway seeking better targeting of future exploration programs.

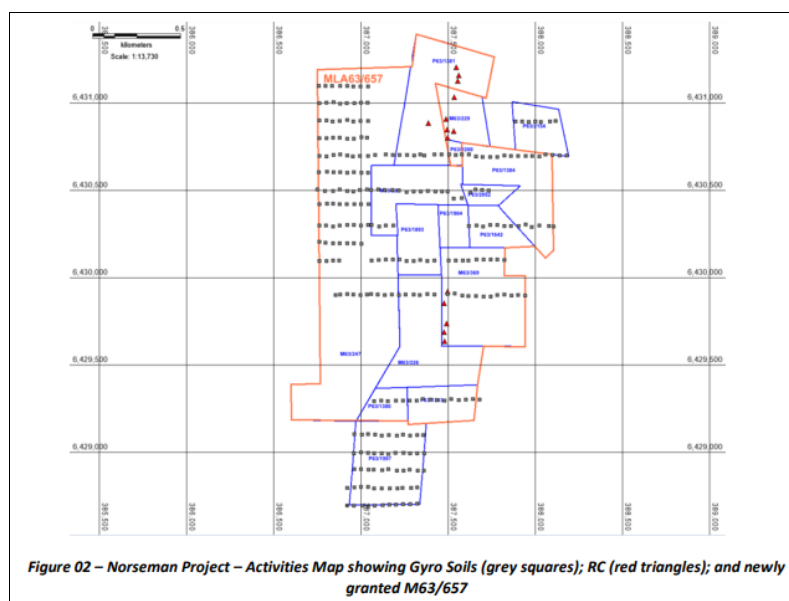


Figure 2-10 Norseman Project – Activities Map

2.2.5 Mineral Resources

The current resources for Iron Duke and Surprise were estimated by Ravensgate Mining Industry Consultants in 2012 at a 1g/t cut-off grade and have been classified and reported in accordance with the JORC Code (2004 edition). The total resource generated for both deposits was 1.04 Mt at 1.78 g/t Au at a cut-off grade of 1.0 g/t for a contained 59.5k oz as shown in

Table 2-7 below.

Table 2-7 Norseman Resource Summary

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

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

Cube Consulting undertook a high-level review of the Norseman Gold Project. The drill data available is described as 15-20m spaced E-W sections with a 10-15m separation on section at best widening out to 15-40m in peripheral parts of the deposits.

A significant number of the single wireframes were interpreted on the basis of a single drill hole. All interpreted shapes show moderately poor correlation on section and from section to section.

The 2013 drilling database is made up of 4 DD holes and 584 RC holes (and 61 RAB, 4 WB holes not used in the estimations).

Ravensgate chose to use down-hole composites of 1m. The underlying composite data presents a system of mineralisation characterised by moderate to high variability; variography confirms this with a high relative nugget effect and short ranges modelled. The composites were top cut and estimated into domains using Ordinary Kriging. The selected block size was chosen based on drill data spacing and to match a probable SMU. The block size used was 2.5x5x2.5m (ExNxRL).

Work undertaken in November 2010 by AMMTEC on limited composites indicates that the metallurgical characteristics of the Surprise Deposit are amenable to extraction by direct cyanidation or CIL cyanidation with a fine grind.

Significant volumes of estimated mineralisation have been classified as Measured, Indicated and Inferred in accordance with JORC 2004. Cube Consulting note that some limited high grade mining has been undertaken at Iron Duke and this has the potential to impact remaining resources.

2.2.6 Pit Optimisation

Pit optimisation studies were undertaken by Entech in 2017 and Orelogy in 2012.

Whittle Pit Optimisation parameters used in the latest Entech evaluation are tabled below:

Table 2-8 Whittle Optimisation Parameters

| Whittle Optimisation Parameter | Unit | Value |
|--------------------------------|----------|----------|
| Gold Price | AUD/oz | 1,500 |
| Royalty | % | 2.5% |
| Processing Throughput | Mtpa | 0.5 |
| Processing Cost | \$/t ore | 25 |
| Recovery | % | 94% |
| Grade Control | \$/t | 1.50 |
| Dewatering | \$/t | 1.0 |
| Ore Haulage | \$/t | 1.5 |
| Dilution / Mine Recovery | % | 5% / 95% |
| Batter Angles | degrees | 45 |

Since publication of the Pit Optimisation study, the gold price has moved sharply higher and is currently over \$2,200/oz.

2.2.6.1 Mining Parameters

The mining costs in the 2017 Study average \$3.14/t which is significantly less than those proposed in the 2012 Study which range from \$4.90/t at surface to \$6.50 at the -120mRL. Given the relatively small scale of these operations Mining One is of the opinion that these mining costs are optimistic and recommend a value closer to \$5.00/t.

No geotechnical analysis has been carried out on the deposits. Applied slope angle for optimization purposes is 45 degrees for all walls. Mining recovery and dilution factors are included in the optimization process:

- Mining Recovery has been set at 95%.
- Mining Dilution has been set at 5%.

2.2.6.2 Ore Haulage

Mine scheduling and pit optimization studies assume toll treatment of Norseman ore at one of 3 nearby mills listed below with resultant ore haulage costs.

- | | | | |
|----|--------------|-------|-----------|
| 1. | Norseman | 7km | \$1.05/t |
| 2. | St Ives | 110km | \$16.50/t |
| 3. | Higginsville | 60km | \$9.00/t |

Pantoro acquired a 50% stake in Central Norseman Gold Corporation in 2019 with the intention of re-commissioning the Norseman mill once economic quantities of new ore are defined. For the purpose of this study Mining One assumes a price of A\$5/t for ore haulage.

2.2.6.3 Processing Parameters

Recovery is set at 94% for all lithologies and project areas. The processing cost of \$25/t milled has been selected by Mining One.

2.2.6.4 Royalty / Sales Cost

The WA State Government Royalty of 3.5% has been applied. No assumption has been made of a payable gold factor in the Ore Tolling agreement.

2.2.6.5 General and Administration

A nominal \$3/t ore charge for General and Administrative costs has been applied.

2.2.6.6 Capital Costs

At 60,000 contained ounces, the Norseman Gold project is unable to support a stand-alone process plant. With an expected mine life of 2 to 3 years, contract mining and toll treating of ore is the recommended approach. On this basis, capital costs are limited to Infill drilling, Feasibility Studies and Working Capital.

2.2.6.7 Process Plant

No on-site crushing or loading costs have been specifically applied. Ore to be processed off-site.

2.2.6.8 Tailings Storage Facility

Not required as all ore will be toll treated off-site.

3 VALUATION METHODOLOGIES

3.1 Background

Mineral assets are defined in the VALMIN Code as all property including (but not limited to) tangible property, intellectual property, mining and exploration Tenure and other rights held or acquired in connection with the exploration, development of and production from those Tenures. This may include the plant, equipment and infrastructure owned or acquired for the development, extraction and processing of Minerals in connection with that Tenure.

3.1.1 Mineral Asset Classification

VALMIN classifies Mineral Assets according to development status and recommends particular valuation methodologies for each. The VALMIN Mineral Asset Classifications are as follows:

Early-stage Exploration Projects – Tenure holdings where mineralisation may or may not have been identified, but where Mineral Resources have not been identified.

Advanced Exploration Projects – Tenure holdings where considerable exploration has been undertaken and specific targets identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A Mineral Resource estimate may or may not have been made, but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the Mineral Resources category.

Pre-Development Projects – Tenure holdings where Mineral Resources have been identified and their extent estimated (possibly incompletely), but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further work is being undertaken.

Development Projects – Tenure holdings for which a decision has been made to proceed with construction or production or both, but which are not yet commissioned or operating at design levels. Economic viability of Development Projects will be proven by at least a Pre-Feasibility Study.

Production Projects – Tenure holdings – particularly mines, wellfields and processing plants – that have been commissioned and are in production.

3.1.2 Valuation Approaches

Three widely accepted Valuation Approaches are:

Market-based approach, which is based primarily on the notion of substitution. In this Valuation Approach the Mineral Asset being valued is compared with the transaction value of similar Mineral Assets under similar time and circumstance in an open market. A variety of market-based valuation approaches are available:

- a) Comparable sale transactions.
- b) Comparable enterprise value.

Income-based, which is based on the notion of cashflow generation. In this Valuation Approach the anticipated benefits of the potential income or cash flow of a Mineral Asset are analysed. Income-based valuation approaches include, but not limited to:

- a) Discounted cashflow.
- b) Multiples of earnings.

Cost-based, which is based on the notion of cost contribution to Value. In this Valuation Approach the costs incurred on the Mineral Asset are the basis of analysis. Cost-based approaches include

- a) Sunk cost approach, where historic expenditure on “in-ground activities” are compiled and modified by a Project Expenditure Multiple (PEM) which multiplies or discounts the expenditure depending on the extent to which the work increased or decreased the prospectivity of the target.
- b) Replacement cost approach, also known as the Geoscientific Factor Method or Kilburn Valuation method where the Base Acquisition Cost (BAC) of a tenement from the State is then factored by a subjective assessment of the tenement prospectivity.

Table 3-1 VALMIN Preferred Valuation Method by Project Status

| Valuation Approach | Exploration Projects | Pre-development Projects | Development Projects | Production Projects |
|--------------------|----------------------|--------------------------|----------------------|---------------------|
| Market | Yes | Yes | Yes | Yes |
| Income | No | In some cases | Yes | Yes |
| Cost | Yes | In some cases | No | No |

3.2 Valuation Date

This report and valuation were prepared using the latest information available as at 25 October 2021 which is the Valuation Date.

3.3 Methodologies Applied

In accordance with VALMIN, a variety of valuation methodologies have been used to value the Accent Resources projects. A brief description of each method used follows:

3.3.1 Discounted Cash Flow (DCF)

The DCF approach estimates the future stream of cashflows discounted for the time value of money. As it is sensitive to the primary input assumptions of revenue and costs it relies on the availability of mine production schedules derived from Mineral Resource Estimates combined with operating and capital cost estimates obtained from Scoping Studies or better. The DCF method has only been applied to the Norseman Gold mineral resource assets where the DCF method and underlying assumptions are discussed in further detail.

3.3.2 Comparable Transactions

The Comparable Transactions (or JV Terms) valuation methodology estimates the value of mineral resources by comparing against the value of similar projects on a transaction value per unit of contained metal in the resource transacted.

To be comparable transactions must satisfy the following selection criteria:

- Buyer or Seller is listed on the ASX or similar;
- Only transactions from 2019 onwards;
- Located in Australia;
- Not in production at time of purchase;
- Cash or cash-equivalent consideration including deferred unconditional payments;
- JORC compliant resources Inferred resources or better, no exploration targets; and
- Between willing buyers and sellers at arms-length.

In parallel with the equities market, the valuations in the resource sector have been in considerable flux over recent years. Furthermore, the relative demand of some commodities have moved relative to others. To avoid the potential of time-lag effects on valuation transaction value metrics, only transactions occurring from 2019 onwards have been considered. Only cash and near cash consideration is used for valuation purposes of development projects. Payments that rely on achievement of development or production targets are excluded, with discretion if the qualifying condition is imminently achieved and/or highly likely. Royalties are also excluded as contingent future payments.

3.3.3 Comparable Enterprise Value

Shares in publicly listed companies with a single comparable asset can be used as a reliable metric for asset valuation as shares trade on a daily basis at a price that reflects the Enterprise (EV) Value of the company. The EV is defined as the market capitalisation, plus net debt, less cash. If the company has a single dominant asset, then the EV provides a measure of the underlying asset value.

Comparable companies for EV based valuation purposes must satisfy the following criteria:

- Listed on the ASX;
- Single material project / asset of the company;
- Undeveloped project located in Australia;
- Track record of exploration and project development work; and
- Comparable size JORC compliant resources.

The Comparable EV methodology estimates the value of mineral resources by comparing the EV per unit of contained metal in the total resource.

3.3.4 Kilburn Geoscience Rating

The choice of valuation method applied to mineral assets depends on development stage of the project as defined by VALMIN and the amount and quality of data available at the time. The corresponding valuation methods used for each project are summarized in

Table **3-2** below.

Table 3-2 Valuation Methodologies per Project

| NORSEMAN GOLD PROJECT | | |
|--------------------------------|----------------------|--|
| Project | VALMIN Status | Valuation Methodology |
| M 63/229 | Pre-Development | DCF, Comparable Transactions, Comparable EV |
| P 63/1997 & P 63/2052 | Early Stage | Yardstick Order-of-Magnitude Check ,Kilburn Geoscience |
| M 63/0657 | Early Stage | |
| MAGNETITE RANGE PROJECT | | |
| M 59/166 & M 59/764 | Adv. Exploration | Comparable Transactions, Comparable EV |
| E 59/2043 | Early Stage | Comparable Transactions, Kilburn Geoscience |
| E 59/875 | Adv. Exploration | Comparable Transactions, Kilburn Geoscience |
| E 59/2303 | Early Stage | Comparable Transactions, Kilburn Geoscience |
| E 59/2423 | Early Stage | Comparable Transactions, Kilburn Geoscience |

4 VALUATION - NORSEMAN GOLD PROJECT

The Norseman Gold Project has been valued using a combination of the DCF and comparable transaction methods. A JORC 2004 Resource and pit optimization study is available for the project that allows for the use of the DCF from the financial model provided. Details of the technical valuations for the Norseman Project are discussed below.

4.1 Yardstick Order of Magnitude Check

Mining One has used the Yardstick method as an order-of-magnitude check of the more detailed valuation methodologies which follow. The Yardstick method is simplistic, very generalised and does not take into consideration value drivers that are specific to the project. Whilst not used directly in the final assessment of value, it provides a valuable cross-check to assess the reasonableness of the primary valuation methods employed.

For the Yardstick Valuation, Mining One has used the current spot gold price of A\$2,400/oz.

Table 4-1 Yardstick Valuation Norseman Gold Project

| | Ounces M | % | Yardstick Valuation A\$M | | |
|------------------|--------------|-----------|--------------------------|------|------------|
| | | | Low | High | Preferred |
| Meas + Indicated | 0.051 | 1% - 3% | 2.0 | 4.8 | 3.4 |
| Inferred | 0.009 | 0.5% - 1% | 0.1 | 0.2 | 0.2 |
| Total | 0.060 | | 2.1 | 5.0 | 3.6 |

The yardstick order of magnitude check indicates a valuation for the Norseman Project mineral resources in the range of \$2.1M to \$5.0M.

4.2 Comparable Based Valuations – Norseman Gold Project

4.2.1 Comparable Transactions – Resource Based

Mining One has identified 19 comparable transactions between 2019 and 2021 involving gold dominant resources in the range of 20k-70koz and which satisfy the other selection criteria noted in Section 3.3.2.

Table 4-2 Comparable Transaction Resource Based – Summary (19 Transactions)

| Transactions | Value Range | | |
|---|-------------|--------------|-------------|
| | Low | High | Preferred |
| Valuation (A\$ per total res oz) | \$28 | \$132 | \$52 |
| Iron Duke 40,740oz | 0.5 | 5.4 | 2.1 |
| Surprise 18,880oz | 0.2 | 2.5 | 1.0 |
| Total Norseman Project A\$M | 0.8 | 7.9 | 3.1 |

Unweighted Total Resource = Measured + Indicated + Inferred resource ounces

The comparable transaction data show a range of values in relation to the per resource gold ounce paid for the projects. The valuations are influenced by the status of the project, accessibility of resources in relation to conversion to reserves and the proportions within each confidence classification. Tabled below are the low, high and median transaction values on a per ounce resource basis for the 19 comparable transactions considered.

Mining One have selected the median per ounce value from the comparable transactions to ascribe a preferred per quality-weighted resource ounce value of \$52 per ounce for the Norseman Gold Project JORC Resources gives a range of valuations between \$0.8 and \$7.9M with Preferred Value of \$3.1M.

4.2.2 Comparable Transaction – Mining Leases Sales

Mining One has identified 18 comparable transactions between 2019 and 2021 which satisfy the selection criteria for being comparable as noted in Section 3.3.2.

The total Mine Lease and Prospecting Licence area of the Norseman project is 3.4km² and has been valued as a single parcel. As discussed in Section 2.2, the Norseman project is located in a very prospective location with a proven endowment of resources and historic gold production. It follows that valuations are likely to be at the upper end of the range of expected values for all projects and considers values below \$500 per km² not to be representative of the Accent landholding at Norseman. Two transactions were excluded on this basis.

Table 4-3 Comparable Transaction Resource Based – Summary (19 Transactions)

| Transactions | Value Range | | |
|---|--------------|----------------|----------------|
| | Low | High | Preferred |
| Valuation (A\$ per km²) | \$725 | \$9,263 | \$2,998 |
| Total Norseman Project 3.4km² | 2.4 | 31.1 | 11.2 |

4.3 Comparable Enterprise Value Valuation

A total of 5 ASX listed gold companies which meet the selection criteria outlined in Section 3.3.3 to be considered comparable have a single / or flagship asset that is a gold project with between 40,000oz and 100,000oz of gold in Total Resource.

Where companies have other minor assets Mining One has used its judgement to estimate an attribution of the gold asset to the company's EV. The list of companies and their quoted resource base is shown in **Table 4-4** below. Enterprise Value based valuations usually include a management premium, compared to an asset-only valuation.

Table 4-4 Enterprise Value of Australian listed companies with Comparable Gold Assets

| Company | % in Gold Asset | Share Price (26 Oct) A\$ | EV attributable to gold assets | Total Gold Resource Moz | EV/oz |
|--|-----------------|--------------------------|--------------------------------|-----------------------------|-------------|
| NORWEST MINERALS LIMITED (XASX:NWM) | 80 | 0.08 | 6.37 | 0.094 | 68 |
| FIRST AU LIMITED (XASX:FAU) | 75 | 0.012 | 5.11 | 0.120 | 43 |
| TORIAN RESOURCES LIMITED (XASX:TNR) | 75 | 0.029 | 27.99 | 0.065 | 321 |
| Aurumin Ltd (XASX:AUN) | 50 | 0.2 | 5.54 | 0.065 | 86 |
| TORQUE METALS LIMITED (XASX:TOR) | 50 | 0.29 | 6.64 | 0.033 | 203 |
| <i>*Only companies with a 100% gold asset base utilised.</i> | | | | EV/oz Comparable | |
| | | | | EV/oz A\$ | |
| | | | | Min | 68 |
| | | | | Max | 321 |
| | | | | Average | 144 |
| NORSEMAN GOLD EV COMPARABLE VALUATION | | | | | |
| | | M oz | Valuation | | |
| | | | Min | Max | Pref |
| | | 0.041 | 1.7 | 13.1 | 5.9 |
| | | 0.019 | 0.8 | 6.0 | 2.7 |
| | | Total | 0.060 | 2.5 | 19.1 |
| | | | | 19.1 | 8.6 |

4.4 DCF Valuation – Norseman Gold Project

Pit Optimisation data and input assumptions together with minimal capital expenditure for an operation with contract mining and toll treatment of ore, allows for a high level DCF valuation of the Norseman Gold Project to estimate the value of the project.

4.4.1 Model Structure & Input Assumptions

The DCF model was developed on an Excel spreadsheet in annual increments starting in 2021. Costs and revenue are denominated in real A\$ of 2021. Cashflows calculated on an after-tax basis and discounted at 15% pa. Key model assumptions are tabled below.

Table 4-5 Financial Model Inputs - Preferred Case - Norseman Gold Project

| Assumption | Unit | Value | Assumption | Unit | Value |
|---------------------------|--------|---------|------------------------|-----------|--------------|
| Financials | | | Operating Costs | | |
| Gold Price | A\$/oz | 2200 | Mining ore & waste | \$/t | 5 |
| Discount Rate | % | 12 | Processing | \$/t ore | 25 |
| Royalty Rate | % | 2.5 | General & Admin | A\$/t ore | 3.0 |
| Depreciation | \$/t | | Grade Control | A\$/t ore | 1.5 |
| Tax Rate | % | 30 | Dewatering | A\$/t ore | 1.0 |
| Tax losses applied | \$ | Nil | Ore Haulage | A\$/t ore | 5.0 |
| Mining Contract | | | Toll Treatment | A\$/t ore | 4.0 |
| Ore Treatment - Tolling | | | Total Opex | A\$/t ore | 39.50 |
| Physicals | | | Capital | | |
| Operation Start Year | | Q1 2021 | Ore Defn Drilling | A\$M | 0.5 |
| Waste Mined (all pits) | kt | 2,775 | PFS /BFS | A\$M | 0.5 |
| Ore Mined (all pits) | kt | 851 | Mobilisation | A\$M | 1.0 |
| Gold Mined | koz | 44.5 | Working Capital | months | 3 |
| Mine Life | years | 3 | Working Capital | A\$M | 7.5 |
| Peak Total Material mined | Ktpa | 1,791 | Contingency | % | 30% |
| Peak Ore Production rate | ktpa | 303 | | | |
| Recovery (all ores) | % | 94% | | | |
| Ore Haulage Distance | km | 7 | | | |

4.4.2 Gold Price Assumption

After moving upward through 2019 and 2020 the A\$ gold price has been range bound during 2021 in the A\$2,300 to A\$2,500/oz range. Low central bank interest rates, fiscal stimulus together with “safehaven” demand continues to support the gold price. However, there are also signs of rising interest rates, economic growth as we emerge from Covid-19 that weigh on the gold price. Shown below is a 5-year chart of gold price in A\$. For DCF purposes a preferred case of A\$2,200 per ounce with an upside at \$2400.



Figure 4-1 5 Year Gold Price History in A\$

4.4.3 Discount Rate

The discount rate represents the rate of return that investors expect considering their cost of capital and their risk appetite. In selecting a discount rate appropriate to the Norseman Gold Project we note the following:

- The required rate of return of comparable gold mining companies – typically 10%;
- The pre-development status of Norseman;
- The lack of a BFS; and
- Commercial uncertainties relating to ore tolling arrangements.

Taking the above factors into consideration, we believe it is appropriate to discount the Norseman Gold Project at a higher rate than the general market, in the range of 12% to 15% with our preferred value at 15%.

4.4.4 Results

Discount Cash Flow modelling of the Norseman Gold project assuming contract mining and toll treatment at the Central Norseman Gold plant yields an NPV15% of A\$ 13.3M based on the assumptions detailed above.

4.4.5 Sensitivity

The DCF of Norseman Gold is based on many assumptions which are subject to significant uncertainty. To understand the impact of this uncertainty on valuation we have undertaken a basic sensitivity analysis on each key variables, changing one variable at a time in the expected range of uncertainty.

Table 4-6 Norseman DCF Sensitivity Analysis

| | | | |
|--------------------------|-------------|-------------|-------------|
| Discount Rate | 20% | 15% | 12% |
| NPV | \$11.5M | \$13.3M | \$14.6M |
| Gold Price A\$/oz | 2000 | 2200 | 2400 |
| NPV | \$9.5M | \$3.3M | \$17.1M |
| Operating Cost | 130% | 100% | 90% |
| NPV | \$6.0M | \$13.3M | \$15.7\$ |
| Capital Cost | 130% | 100% | 90% |
| NPV | \$11.4M | \$13.3M | \$10.1M |

5 VALUATION - MAGNETITE RANGE PROJECT

The Magnetite Range Project has been valued using a combination of the comparable Transaction, Comparable Enterprise Value Methods and Kilburn Geoscientific Method for the exploration tenements

5.1 Market Conditions

Since the last ITR iron ore remained in tight supply due to continued strong demand from China and resulted in ever higher average iron ore prices peaking at over US\$210/t in Q2 2021 (Figure 5-1). Prices have fallen significantly and are now in the US\$120/t range. Many industry analysts expect significant short to mid-term price volatility caused by the debt crisis in the Chinese property sector, power shortages and a general slowdown in growth off-set by “catch-up” demand following the Covid-19 pandemic. According to reports, more than 80% of China’s domestic steel mills have suspended operations for maintenance in September. S&P Global Market Intelligence dropped its fourth-quarter forecast to \$110/t from an earlier forecast of \$145/t.



Figure 5-1 Iron Ore (62% Fe) Historic Prices

Despite improved incentive pricing signals, larger greenfield projects with higher capital requirements are still experiencing financing challenges, especially in the magnetite project segment. Industry producers remain largely focused on replacement tonnage projects and favour advanced development projects close to existing production centres over greenfield developments.

5.2 Magnetite Range - Comparable Transactions

Mining One have identified four comparable transactions that have been used to estimate a technical valuation for the Magnetite Range Project. Comparable transactions satisfy the following selection criteria:

- Only transactions from 2019 onwards;
- Listed in Australia;
- Not in production at time of purchase, nor sold from receivership;
- Cash or cash-equivalent consideration, including shares at market value, not escrowed;
- Comparable JORC compliant Resources; and
- Magnetite dominant resources.

The comparable transactions used are summarised as follows:

5.2.1 Buena Vista Iron Ore Project (Nevada, USA)

Source: <https://www.asx.com.au/asxpdf/20201009/pdf/44njwipmy7k8mj.pdf>

On 12th October 2020 ASX listed Magnum Mining & Exploration Ltd announced the acquisition of 100% of the Buena Vista Iron Ore project located in Nevada, USA. The metasomatic coarse-grained deposit contains a JORC(2004), NI43-101, compliant resource of 178 million tonnes at 18.9% of which 148.7M tonnes are classified as Inferred. Cash, shares, and deferred cash consideration for the acquisition totalled \$2.575M with a further A\$0.5M deferred payment on achieving finance, development, and production milestones. The cash transaction value equates to \$0.017 per Indicated Resource tonne or \$0.014 per Total Resource tonne.

Table 5-1 Buena Vista Iron Ore Project – Comparable Transaction Summary

| Project | Transaction Date | Location | Cash Consideration | \$/Resource Tonne |
|-------------|------------------|----------|--------------------|-------------------|
| Buena Vista | 12/10/20 | Nevada | \$2.5M AUD | \$0.014 |

5.2.2 Mt Forrest Iron Project (Western Australia)

Source: mindax.com.au/InvestorRelations/ASX/20211019_2.MindaxAnnualReport.pdf

On 22nd July 2021 ASX listed Mindax Limited announced it had entered into an Earn-In Agreement with Norton Gold Fields Pty Ltd who would obtain a 19.9% joint venture interest in the Mt Forrest Iron Project by sole funding A\$20M in JV expenditure.

The Mt Forrest Project is situated 645km north of Esperance, in proximity to rail infrastructure. The deposit contains a JORC(2012) Total Mineral Resource of 1,711Mt primary magnetite. The company has completed a scoping study and continues to evaluate infrastructure solutions.

Table 5-2 Mt Forrest Iron Project – Comparable Transaction Summary

| Project | Transaction Date | Location | Cash Consideration | \$/Resource Tonne |
|------------|------------------|-------------------|--------------------|-------------------|
| Mt Forrest | 27 July 2021 | Western Australia | \$20M AUD | \$0.023 |

5.2.3 FIJV – Yalgoo / Bilberatha Hill Magnetite Project Acquisition (Western Australia)

Source: <https://www.asx.com.au/asxpdf/20190606/pdf/445nbw9fhn0h51.pdf>

On 6th June 2019 Iranian owned private company FIJV Pty Ltd announced a transaction to acquire the 50% stake owned by Venus Metals. The Yalgoo / Bilberatha Hill project is located 180km from Geraldton. JORC compliant resources Total 698.2 million tonnes at 29.3% of which 311.2 are classified as Inferred. Consideration for the acquisition totalled \$2.5M AUD and was funded in cash. The transaction value equates to \$0.007 per resource tonne.

Table 5-3 Yalgoo / Bilberatha Hill Magnetite Project – Comparable Transaction Summary

| Project | Transaction Date | Location | Consideration | \$/Resource Tonne |
|------------------------|------------------|----------------------|---------------|-------------------|
| Yalgoo / Bilberatha | 06/06/2019 | Western Australia | \$2.5M AUD | \$0.007 |

5.2.4 Mt Alexander Iron Ore – Mt Alexander Magnetite Project Acquisition (WA)

Source: <https://www.asx.com.au/asxpdf/20190604/pdf/445lq1d2lqc0nf.pdf>

On 4th June 2019 Zenith Minerals announced the sale of its Mt Alexander Magnetite Project to Mt Alexander Iron Ore Pty Ltd. The Mt Alexander project consists of a magnetite hosted iron ore deposit located 120km south of Onslow in Western Australia, an isolated location with limited prospects of any access to infrastructure. JORC compliant resources total 565.7 million tonnes at 30% iron are attributed to the deposit of which 100% is classified as Inferred Resource.

Consideration for the acquisition consists of A\$0.25M cash and a further \$2.5M of conditional upon commencement of production and not considered in the valuation calculation. Considerable infill drilling is required to move from Inferred resources to Indicated Resources and a mining lease application needs to be applied for. The conditional payments are not considered in the valuation.

The low transaction value equates to just 0.04 cents per resource tonne attributable to:

- 100% Inferred Resource classification;
- Poor location with respect to Infrastructure;
- Non-core asset to Zenith; and
- Financial pressure on Zenith to realise cash.

Table 5-4 Mt Alexander Magnetite Project – Comparable Transaction Summary

| Project | Transaction Date | Location | Consideration | \$/Resource Tonne |
|--------------|------------------|-------------------|---------------|-------------------|
| Mt Alexander | 26/06/2019 | Western Australia | A\$0.25M | \$0.0004 |

5.2.5 Comparable Transaction Summary – Magnetite Range Deposit

The comparable transaction data show a range of values in relation to the per resource tonne paid for the projects. These values are influenced by the status of the project, accessibility of resources in relation to conversion to reserves and the proportions within each confidence classification. It is also apparent that transaction prices from 2020-21 are materially higher than 2019 transactions reflecting the stronger iron ore prices at the time. Iron ore prices are declining now and on trend to approach 2019 levels.

Applying these comparable transaction values to the currently stated JORC Resources of the Magnetite Range deposit gives a range of valuations between \$0.2M and \$10.0M with an average of \$4.9M, exclusive of the surrounding exploration licences which are valued separately.

Mining One considers the Magnetite Range Project to have qualities intermediate to the two projects represented in the Transactions.

Table 5-5 Comparable Transaction Valuation Summary – Magnetite Range Project

| Comparable Transaction Method | Magnetite Range Project Value Range | | |
|---------------------------------|-------------------------------------|---------|---------|
| | Low | High | Average |
| Value Range (\$/Resource Tonne) | \$0.0004 | \$0.023 | \$0.011 |
| Magnetite Range Project | \$0.2M | \$10.0M | \$4.9M |
| PREFERRED VALUE | \$4.9M | | |

5.3 Magnetite Range - Comparable Enterprise Valuation

A description of the comparable companies, their projects, and any qualifications to valuation are summarized below.

5.3.1 Mindax Ltd <MDX.AX>

Source: <https://www.asx.com.au/asxpdf/20190731/pdf/4472r3nx2wlp0.pdf>

Mindax is a resource development company listed on the ASX. Mindax’s dominant project is the Mt Forrest iron project located 300km NW of Kalgoorlie in the Yilgarn province of WA where it has discovered and built a significant magnetite iron ore inventory. The JORC Mineral Resource stands at 1.71 billion tonnes @ 31.8% Fe (248.2 Mt @ 32.6% Fe Indicated and 1,462.4 Mt @ 31.6% Fe Inferred). Recoveries from extensive Davis Tube Recovery (DTR) analysis are in the range 35-40% by weight and concentrate iron grades are of the order of 66-70% Fe, 2.5-7% SiO₂.

The company has been granted Miscellaneous Licenses to allow identification of water resources for an eventual operation and for a magnetite slurry pipeline facility to Menzies on the present rail link to Esperance. Preliminary engineering and hydrology studies of these licenses have been undertaken. Drill core has been obtained from the resource for metallurgical testing, engineering logging and petrological studies.

Mindax has entered into a Earn-In agreement with Norton Goldfields in which Norton Goldfields will earn a 19.9% interest in the Mt Forrest Project by sole funding \$20M in JV expenditure.

As at September 2021, MDX had 1,873M shares on issue, no options, A\$1.2M cash, and no debt. At the current share price of \$0.05 the company has an Enterprise Value of A\$92.4M.

Table 5-6 Mindax – EV Comparable Summary

| Company | Project | Loc | Shares (M) | Price (A\$) | EV A\$M | Total Resource MT | Valuation \$/t M&I |
|---------|------------|-----|------------|-------------|---------|-------------------|--------------------|
| Mindax | Mt Forrest | WA | 1,873 | 0.05 | 92.4 | 1,710 | \$0.068 |

5.3.2 Magnetite Mines Ltd <MGT.AX>

Source: <https://magnetitemines.com/razorback-project/>

Magnetite Mines is a resource development company listed on the ASX. The flagship assets of the company are its wholly owned Braemar Project incorporating the Razorback and Ironback deposits, located 250km NE of Adelaide, in a region well serviced by required infrastructure, including power, open access rail, and port facilities. The company completed a PFS for a 15.5Mtpa plant, defined an ore reserve of 473Mt at Razorback and is now embarking on its DFS. The Project consists of three main ore bodies, Razorback is the primary deposit followed by Iron Peak and Ironback Hill. Together these deposits constitute 3.0 Billion Tonnes of JORC 2012 Inferred to Indicated resources. The company has a further JORC(2012) Mineral Resource at Muster Dam of 1,500Mt

As at October 2021, MDX had 3,145M shares on issue, 393M options, A\$15M in cash and no debt. At the current share price of \$0.026 the company has an Enterprise Value of A\$66.5M.

Table 5-7 Magnetite Mines – EV Comparable Summary

| Company | Project | Int % | Loc | Shares (M) | Price (A\$) | EV A\$M | Tot Resource MT | Valuation A\$/t |
|-----------------|---------------------|-------|--------|------------|-------------|---------|-----------------|-----------------|
| Magnetite Mines | Razorback, Ironback | 100% | SthAus | 3,145.1 | 0.026 | 66.5 | 2,997 | \$0.022 |

5.3.3 Hawsons Iron <HIO.AX>

Hawsons Iron (formerly Carpentaria Exploration Limited) is a mineral exploration company listed on the ASX and has 94% interest in the Hawsons Iron project, located 60km SW of Broken Hill near the NSW / SA border.

In 2017 the company produced an PFS with favourable economics on a 10Mtpa project. In 2021 the company completed A\$35.6M placement and increased its equity interest in the project to 93.96% through a corporate restructure of minority interests. In October 2021, HIO following review of cut-off grade and a revised pit optimisation study announced an increased Mineral Resource Estimate of 3,060Mt @ 13.1%Fe (DTR).

Table 5-8 Hawsons Iron – EV Comparable Summary

| Company | Project | Int % | Loc | Shares (M) | Price (A\$) | EV A\$M | Res MT | Valuation \$/t |
|-------------|---------|-------|-----|------------|-------------|---------|--------|----------------|
| Hawson Iron | Hawson | 93.9% | NSW | 713.1 | 0.08 | 24 | 840 | \$0.0037 |

5.3.4 Iron Road <IRD.AX>

Iron Road Limited is a mineral resource and infrastructure development company listed on the ASX. It has a 100% interest in the Central Eyre Iron Project (CEIP) located on the central Eyre Peninsula of South Australia. The company is proposing a 12Mtpa magnetite concentrate plant.

The company has also entered into a Joint Development Agreement with Macquarie Capital to advance the development of a multi-user, multi-commodity port facility at Cape Hardy.

CEIP has a two deposits, Rob Roy and Boo Loo with a combined mineral resource of 4,510Mt tonnes @16% Fe (DTR) of which 3,500Mt is in higher confidence measured and inferred category.

Table 5-9 Iron Road – EV Comparable Summary

| Company | Project | Int % | Loc | Shares (M) | Price (A\$) | EV A\$M | Res MT | Valuation \$/t |
|-----------|---------|-------|-----------------|------------|-------------|---------|--------|----------------|
| Iron Road | CEIP | 100% | South Australia | 713.1 | 0.08 | 24 | 840 | \$0.0037 |

5.3.5 Comparable EV Summary - Magnetite Range Project

The current range of Enterprise Values for Magnetite dominant resource companies is wide, and reflects investor perceptions about probability of project success of developing mines, infrastructure and securing off-take. Resource size, grade and mineralogical factors are also likely to impact on perception of value. Further complicating valuations is a trend amongst magnetite resource owning companies to diversify into other commodities and projects.

The variation in valuations is highest when if higher confidence measured and indicated resources are given a higher valuation weighting than inferred resources. To minimise variation Total Measured, Indicated, and Inferred resources are used. Exploration Targets are excluded.

Mining One is of the opinion that the Magnetite Range Project has characteristics which place it at the mid-point of the comparable companies given its favourable location to infrastructure and nearby operations.

Based on the companies selected the value of magnetite ore resources fluctuate within the range of A\$ 0.9c to A\$ 7.5c per total resource tonne of magnetite ore.

Table 5-10 EV Comparable Valuation – Magnetite Range Project

| EV Comparable Method | Magnetite Range Project Value Range | | |
|-----------------------------|-------------------------------------|---------|---------|
| | Low | High | Average |
| \$ per total resource tonne | 0.009 | 0.075 | 0.043 |
| Magnetite Range Project | \$4.1M | \$32.5M | \$18.9M |
| PREFERRED VALUE | \$32.5M | | |

6 VALUATION SUMMARY – ALL TENEMENTS

6.1.1 Technical Valuation Overview

Mining One has calculated a technical value for the mineral assets of Accent Resources. The assets in the portfolio are at different stages of development and require a range of valuation techniques to define a technical value. We have used a combination of the Kilburn, Discounted Cash Flow and Comparable Transactions and Valuations methods to ascribe a total technical value.

6.1.2 Technical Valuation Ranges and Preferred Value

The technical valuation ranges that were calculated for each project are summarized in Table 6-1 below. Mining One have then selected a preferred value within this range which is either derived from the average of the range or selected according to technical considerations relating to individual project areas.

The technical valuation for mineral assets held by Accent Resources is between \$3.8M and \$40.1M.

Table 6-1 All Projects – Technical Valuation Summary

| Mining One preferred technical value for the assets | | | | |
|---|-----------------------------------|--------------------|-------------|-----------------------|
| \$22.2 M | | | | |
| SUMMARY VALUATIONS - | Magnetite Range Project | DCF Valuation | | |
| | | Min | Max | Preferred |
| MRP Deposit | Comparable Resource Transactions | 0.2 | 10.0 | 4.9 |
| MRP | Comparable Enterprise Valuations | 4.1 | 32.5 | 18.8 |
| Average Deposit value | | 2.1 | 21.2 | 11.8 |
| Magnetite Range Exploration | Geoscientific (Kilburn) Valuation | 0.1 | 0.7 | 0.4 |
| Average Magnetite Range | | 2.3 | 22.0 | 12.3 |
| SUMMARY VALUATIONS - | Norseman Project | Norseman Valuation | | |
| | | Min | Max | Preferred |
| Norseman Gold Project | Comparable Resource Transactions | 0.8 | 7.9 | 3.1 |
| Norseman Gold Project | Comparable Enterprise Valuations | 5.1 | 19.1 | 12.1 |
| Norseman Gold Project | Comparable Mining Lease Valuation | 2.4 | 31.1 | 11.2 |
| Norseman Gold Project | DCF | 11.5 | 14.6 | 13.3 |
| Average Norseman Gold Project | | 4.9 | 18.2 | 9.9 |
| <i>Norseman Gold Project</i> | <i>Yardstick Valuation Check</i> | 2.1 | 5.0 | 3.6 |
| ACCENT RESOURCES TOTAL VALUATION | | 7.2 | 40.1 | PREFERRED 22.2 |

7 REFERENCES

- 1) ASIC 2011: Content of Expert Reports; Regulatory Guide 111. Australian Securities & Investments Commission.
- 2) JORC 2012: Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Prepared by Joint Ore Reserves Committee (JORC) of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia
- 3) VALMIN 2005: Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports. Prepared by the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and the Mineral Industry Consultants Association with the participation of ASIC, ASX, MCA, PESA and SAA.
- 4) ORELOGY 2012: Accent Resources Optimisation Study - Iron Duke and Sunrise Gold Resources. Norseman.
- 5) RAVENSGATE 2012: Independent Resource Model Report – Magnetite Range Iron Ore Project.
- 6) CSA GLOBAL 2019: Memo - Norseman Drilling Advice
- 7) CUBE CONSULTING 2017: Technical Note – Strategic Review Norseman
- 8) RAVENSGATE 2012: Block Model Resource Estimation – Norseman Au Project



Appendix 1

Kilburn Valuation Tables



Table A-1 Accent Resources Magnetite Range Exploration Licences - Kilburn Valuation Matrix

| Tenement ID | Type | Area (Km2) | BAC | Off-Property | | On-Property | | Anomaly | | Geology | | Valuation | | | Notes |
|--------------|------|------------|----------------|--------------|------|-------------|------|---------|------|---------|------|----------------|----------------|----------------|-------|
| | | | | Low | High | Low | High | Low | High | Low | High | Low | High | Preferred | |
| E59/2043 | EL | 8 | 41,374 | 0.5 | 1 | 0.5 | 1 | 0.5 | 1 | 0.5 | 1 | 2,594 | 41,499 | 22,046 | |
| E59/2423 | EL | 31 | 63,198 | 1 | 1.5 | 1 | 1.5 | 1 | 1.5 | 1 | 1.5 | 63,198 | 319,942 | 191,570 | |
| E59/2303 | EL | 27 | 58,603 | 1 | 1.5 | 1 | 1.5 | 1 | 1.5 | 1 | 1.5 | 69,979 | 354,271 | 212,125 | |
| TOTAL | | 215 | 373,391 | | | | | | | | | 135,772 | 715,712 | 425,742 | |

Kilburn Valuation not applicable to tenure with defined mineral resource estimates.


Appendix B - Summary of the terms of the Performance Rights Plan (PRP)


The below is a summary of the key terms and conditions of the Performance Rights Plan pursuant to which the issue of Performance Rights to Director Participants and to Eligible Participants of the Company more generally, are made:

| | |
|-------------------------------------|---|
| Eligible Participants | Participants eligible to participate in the Performance Rights Plan include: (a) directors (executive and non-executive) and full-time or part-time employees of the Company; or (b) any of the Company's subsidiaries or other persons who are declared by the Board as eligible to receive grants of Performance Rights under the Performance Rights Plan (Eligible Participants). |
| Offer | The Board may, from time to time, in its absolute discretion, make a written offer to any Eligible Participant to apply for up to a specified number of Performance Rights, upon the terms set out in the Performance Rights Plan and upon such additional terms and conditions as the Board determines (Invitation). |
| No Consideration | Performance Rights granted under the Performance Rights Plan will be issued for nil (0) cash consideration. |
| Rights | Each Performance Right granted under the Performance Rights Plan is a right to be issued with or transferred one Share, free of encumbrances, which may be subject to such dealing or trading restrictions in accordance with the Performance Rights Plan Rules and Invitation. |
| Expiry Date | The expiry date (Expiry Date) means the date on which a Performance Right lapses. Each Performance Right will expire on the date which is 1 year from the date of issue, or such later date as specified in the Invitation. |
| Vesting Conditions | The Board will determine the Vesting Conditions that must be satisfied by a holder of a Performance Right (Participant) before the Performance Right vests in the holder. |
| Vesting | A Performance Right will vest where the Vesting Conditions are satisfied or waived by the Board. No amounts shall be payable on Vesting of a Performance Right. Vesting occurs upon notification by the Board to the Eligible Participant that a Performance Right has Vested, at which time, the Eligible Participant becomes entitled to be allocated one Share for each Performance Right that has Vested. |
| Waiver of Vesting Conditions | The Board may resolve to waive any of the Vesting Conditions applying to the Performance Right where: (a) a change in control event occurs, being an event whereby a person who does not control the Company at the time the Performance Rights are issued achieves control of more than 50% of the ordinary voting securities in the Company (Change in Control Event); (b) a Participant ceases to be employed or engaged by the Company or to act as a director; (c) a Participant dies or has total and permanent disability; (d) subject at all times to compliance with all applicable laws and the Listing Rules, at any time; and (e) the Board determines the original Vesting Condition is no longer appropriate or applicable, provided that the interests of the relevant Participant are not, in the Board's opinion, materially prejudiced or advantaged relative to the reasonably anticipated position at the time of granting the Performance Right. |
| Lapse of Performance Rights | A Performance Right will lapse upon the earlier to occur of: (a) an unauthorised dealing in, or hedging of, the Performance Rights occurring (including any dealing contrary to law or the Company's Securities Trading Policy); (b) a failure to meet the Vesting Conditions by the Vesting Period (as defined in the Performance Rights Plan Rules); (c) failure to meet any other condition applicable to the Performance Right within the period specified in the Invitation for that Performance Right; (d) receipt from the Company of a notice in writing from the Participant of the |

| | |
|---|--|
| | <p>Participant's election to surrender the Performance Right;</p> <p>(e) the Expiry Date specified in the Invitation;</p> <p>(f) the Participant ceases to be an Eligible Participant, unless the Board exercises its discretion to Vest the Performance Right;</p> <p>(g) a Change in Control Event occurs, and the Board does not exercise its discretion to Vest the Performance Right; or</p> <p>(h) a determination of the Board that the Performance Right is to lapse due to a Participant's:</p> <p>(i) fraud or dishonest conduct;</p> <p>(ii) resignation;</p> <p>(iii) conduct falling within the definition of a 'Bad leaver' and application of such provisions as defined in the Performance Right Plan Rules, which includes among other things, termination for cause or summary dismissal pursuant to theft, fraud, criminal conduct or other dishonesty offences; and</p> <p>(iv) unpaid liabilities or amounts owing to the Company, for example by way of overpayment of leave or wages, loss suffered by the Company due to a Participant's breach of contract, statutory duty or tort.</p> |
| Restrictions on Dealings and Hedging | <p>A Performance Right granted under the Performance Rights Plan is only transferable, assignable or able to be otherwise disposed or encumbered with the consent of the Board, or by force of law. An Eligible Participant must not enter into any arrangement for the purpose of hedging, or otherwise affecting their economic exposure, to their Performance Rights or is otherwise in conflict with the Company's Securities Trading Policy. The Performance Rights will immediately lapse if the Eligible Participant breaches this rule.</p> |
| Share Restriction Period | <p>The Board may, at its discretion, impose a restriction on dealing in Shares allocated on Vesting of a Performance Right.</p> |
| Quotation | <p>The Company will not apply for quotation of the Performance Rights. If Shares of the same class as those issued on the Vesting of a Performance Right are quoted on ASX, the Company will apply for quotation of and after the Shares are issued under the Performance Rights Plan within the period required by the Listing Rules.</p> |
| Participation Rights | <p>Other than adjustments for bonus issues and reorganisations of the issued capital of the Company, Participants are not entitled to participate in any new issue of Equity Securities of the Company as a result of their holding Performance Rights during the currency of any Performance Rights and prior to Vesting. Additionally, Participants are neither entitled to vote nor receive dividends as a result of their holding Performance Rights.</p> <p>Additionally, unless and until the: (i) Performance Rights have Vested; (ii) Shares have been allocated and issued to the Eligible Participant prior to the record date for the determination of the entitlements in (a) to (e) below; and (iii) the Eligible Participant exercises its entitlement in the relevant matter as a holder of those issued Shares, the Performance Right will not confer on an Eligible Participant, the right to:</p> <p>(a) transfer the Performance Right (and consequently, it will not be quoted on the ASX or other exchange);</p> <p>(b) receive notice of, or to vote or attend at, a meeting of the shareholders of the Company, except as otherwise required by law;</p> <p>(c) participate in a return of capital, whether in a winding up, upon a reduction of capital or otherwise;</p> <p>(d) participate in the surplus profit or assets of the Company upon a winding up; and</p> <p>(e) participate in new issues of securities to existing holders of Shares.</p> |
| Reorganisation of Capital | <p>If there is a reorganisation (including, without limitation, consolidation, sub-division, reduction or return) of the issued capital of the Company, the rights of a Participation Rights holder will be varied, as appropriate, as determined by the Board in accordance with the Listing Rules which apply to reorganisation of capital at the time of the reorganisation and the general principle outlined in the Participation Rights Plan Rules.</p> |

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It is a fast, convenient and a secure way to lodge your vote.

2021 ANNUAL GENERAL MEETING PROXY FORM

I/We being shareholder(s) of Accent Resources NL and entitled to attend and vote hereby:

APPOINT A PROXY

The Chair of the Meeting **OR**

 **PLEASE NOTE:** If you leave the section blank, the Chair of the Meeting will be your proxy.

or failing the individual(s) or body corporate(s) named, or if no individual(s) or body corporate(s) named, the Chair of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the Annual General Meeting of the Company to be held at **Level 9, 250 Queen Street, Melbourne, Victoria 3000 on 22 December 2021 at 1pm (AEDT)** and at any adjournment or postponement of that Meeting.


Chair's voting intentions in relation to undirected proxies: The Chair intends to vote all undirected proxies in favour of all Resolutions. In exceptional circumstances, the Chair may change his/her voting intentions on any Resolution. In the event this occurs, an ASX announcement will be made immediately disclosing the reasons for the change.

Chair authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chair of the Meeting as my/our proxy (or the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolution 1, 5, 6, 7 and 8 (except where I/we have indicated a different voting intention below) even though this resolution is connected directly or indirectly with the remuneration of a member(s) of key management personnel, which includes the Chair.

STEP 1

VOTING DIRECTIONS

| Resolutions | For | Against | Abstain* |
|---|--------------------------|--------------------------|--------------------------|
| 1 Adoption of Remuneration Report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 Re-election of Director – Mr Dian Zhou He | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 Election of Director – Mr Charlie You | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4A Approval of the proposed issue of one Convertible Note to Rich Mark, issue of Shares on Conversion of the Convertible Note to, and increase in Voting Power of Rich Mark | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4B Approval of the proposed issue of one Convertible Note to Xingang, issue of Shares on Conversion of the Convertible Note to, and increase in Voting Power of Xingang | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5 Grant of Performance Rights to Yuzi (Albert) Zhou | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6 Grant of Performance Rights to Dian Zhou He | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7 Grant of Performance Rights to Jun Sheng (Jerry) Liang | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 8 Grant of Performance Rights to Jie (Charlie) You | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

 * If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 2

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual) Joint Shareholder 2 (Individual) Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary Director/Company Secretary (Delete one) Director

This form should be signed by the shareholder. If a joint holding, all the shareholders should sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

Email Address

Please tick here to agree to receive communications sent by the Company via email. This may include meeting notifications, dividend remittance, and selected announcements.

STEP 3

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

CHANGE OF ADDRESS

This form shows your address as it appears on Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes.

APPOINTMENT OF A PROXY

If you wish to appoint the Chair as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chair, please write that person's name in the box in Step 1. A proxy need not be a shareholder of the Company. A proxy may be an individual or a body corporate.

DEFAULT TO THE CHAIR OF THE MEETING

If you leave Step 1 blank, or if your appointed proxy does not attend the Meeting, then the proxy appointment will automatically default to the Chair of the Meeting.

VOTING DIRECTIONS – PROXY APPOINTMENT

You may direct your proxy on how to vote by placing a mark in one of the boxes opposite each resolution of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any resolution by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given resolution, your proxy may vote as they choose to the extent they are permitted by law. If you mark more than one box on a resolution, your vote on that resolution will be invalid.

PROXY VOTING BY KEY MANAGEMENT PERSONNEL

If you wish to appoint a Director (other than the Chair) or other member of the Company's key management personnel, or their closely related parties, as your proxy, you must specify how they should vote on Resolution 1, by marking the appropriate box. If you do not, your proxy will not be able to exercise your vote for Resolution 1.

PLEASE NOTE: If you appoint the Chair as your proxy (or if they are appointed by default) but do not direct them how to vote on a resolution (that is, you do not complete any of the boxes "For", "Against" or "Abstain" opposite that resolution), the Chair may vote as they see fit on that resolution.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning Advanced Share Registry Limited or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

COMPLIANCE WITH LISTING RULE 14.11

In accordance with Listing Rule 14.11, if you hold shares on behalf of another person(s) or entity/entities or you are a trustee, nominee, custodian or other fiduciary holder of the shares, you are required to ensure that the person(s) or entity/entities for which you hold the shares are not excluded from voting on resolutions where there is a voting exclusion. Listing Rule 14.11 requires you to receive written confirmation from the person or entity providing the voting instruction to you and you must vote in accordance with the instruction provided.

By lodging your proxy votes, you confirm to the company that you are in [compliance with Listing Rule 14.11](#).

CORPORATE REPRESENTATIVES

If a representative of a nominated corporation is appointed pursuant to section 250D of the Corporation Acts to attend the Meeting, the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A Corporate Representative Form may be obtained from Advanced Share Registry.

ATTENDING MEETING

Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

SIGNING INSTRUCTIONS ON THE PROXY FORM

Individual:

Where the holding is in one name, the security holder must sign.

Joint Holding:

Where the holding is in more than one name, all of the security holders should sign.

Power of Attorney:

If you have not already lodged the Power of Attorney with Advanced Share Registry, please attach the original or a certified photocopy of the Power of Attorney to this form when you return it.

Companies:

Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

LODGE YOUR PROXY FORM

This Proxy Form (and any power of attorney under which it is signed) must be received at an address given below by 1pm (AEDT) on 20 December 2021, being not later than 48 hours before the commencement of the Meeting. Proxy Forms received after that time will not be valid for the scheduled Meeting.



ONLINE PROXY APPOINTMENT

www.advancedshare.com.au/investor-login



BY MAIL

Advanced Share Registry Limited
110 Stirling Hwy, Nedlands WA 6009; or
PO Box 1156, Nedlands WA 6909



BY FAX

+61 8 6370 4203



BY EMAIL

admin@advancedshare.com.au



IN PERSON

Advanced Share Registry Limited
110 Stirling Hwy, Nedlands WA 6009



ALL ENQUIRIES TO

Telephone: +61 8 9389 8033