

Accelerate Resources Acquires WA Kaolin Project

Accelerate Resources Limited (ASX: AX8 “Accelerate” or “the Company”) is pleased to announce that it has entered into a binding agreement for the acquisition of 100% ownership of Halcyon Resources Pty Ltd, which owns the Tambellup Kaolin Project, comprising E70/4969 and intellectual property (the Griffin Process) for the innovative production method to process Tambellup Kaolin to High Purity Alumina (HPA).

Highlights:

- Tambellup Kaolin Project presents unique opportunities:
 - Prospective as a near surface, potentially low cost Kaolin project, targeting the Asian market.
 - Silica sand as marketable co-product.
 - As feedstock for higher value HPA products.
- Opportunity to produce HPA through the Griffin Process in the future.



Photo 1: AX8 Managing Director Yaxi Zhan conducting site visit at the Tambellup project.

CONTACTS

BOARD

Background

About the Vendor

Halcyon Resources Pty Ltd (“Halcyon”) is a private Australian project development and processing engineering company. Halcyon owns 100% of the Tambellup Kaolin Project, comprising the granted Exploration Licence E70/4969. Halcyon also holds the intellectual property (“IP”) rights covering the processing of Kaolin into specialty Aluminas, including HPA, by the Griffin process.

About the Project

- Previous drilling and work done by Portman Mining confirmed the presence of a Kaolin deposit.
- Good access via major highways, sealed roads and well-formed farm tracks.
- Adjacent to Perth - Albany Freight Rail Corridor.
- Shallow deposit and flat lying ore body.
- 161 historical aircore drill holes.
- Readily upgradable to JORC 2012 resources with moderate amount of drilling.

The Tambellup Kaolin Project (Figure 1) is located 5 to 10 km west of the township of Tambellup, where the railway corridor runs north-south through the centre of the town. The project is approximately 280 km south-southeast of Perth via The Great Southern Highway. The Tambellup West Road bisects the project from Tambellup and links to the Albany Highway in the west. Two kaolin prospects have previously been identified by drilling within the tenement (Figure 1), Saddlers in the northwest of the project area, and Hulls in the east.

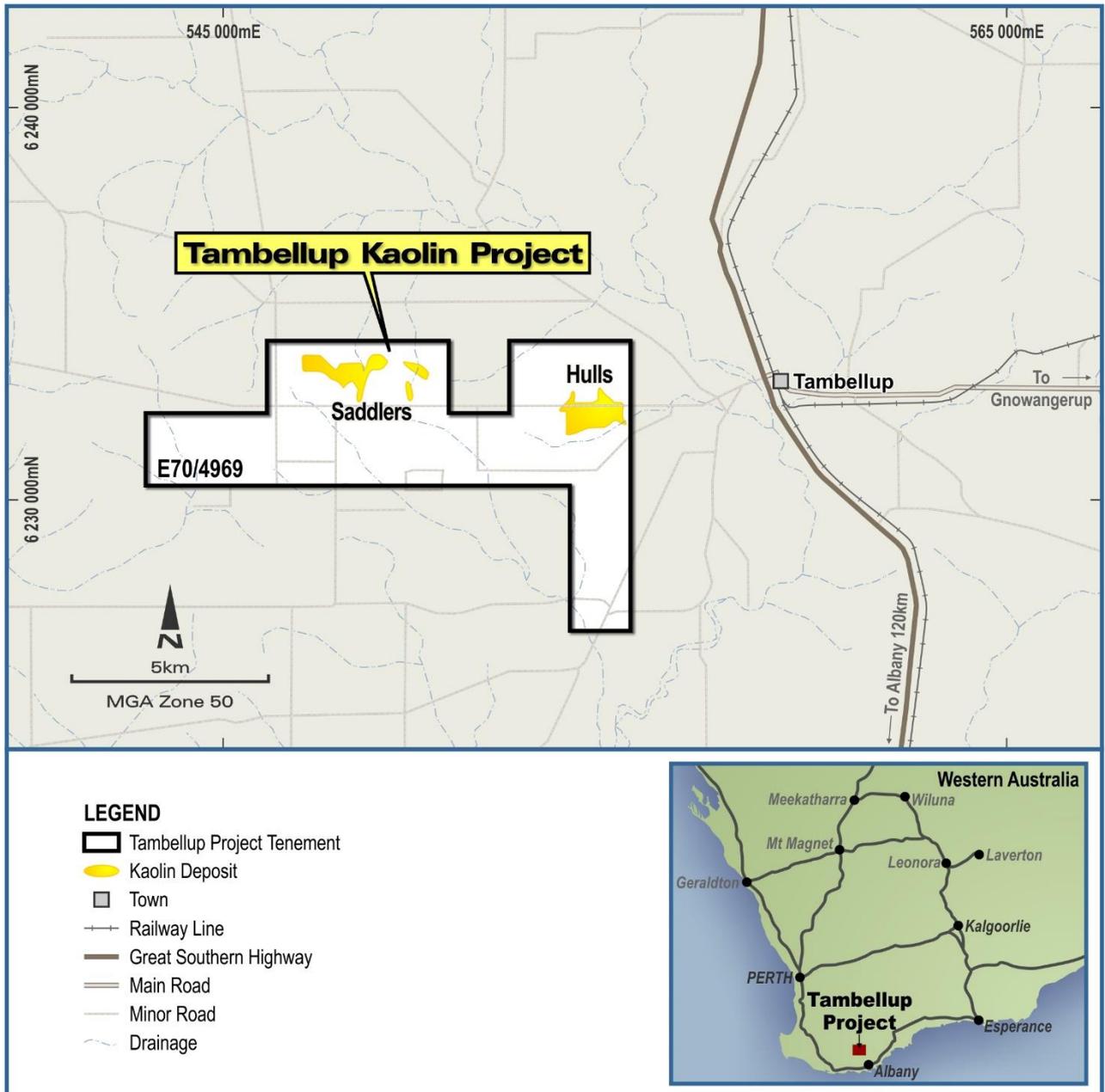


Figure 1: Location of tenement E 70/4969 and nearby infrastructure; the Saddlers and Halls prospect wireframes (GM Minerals Consultants, 2017).

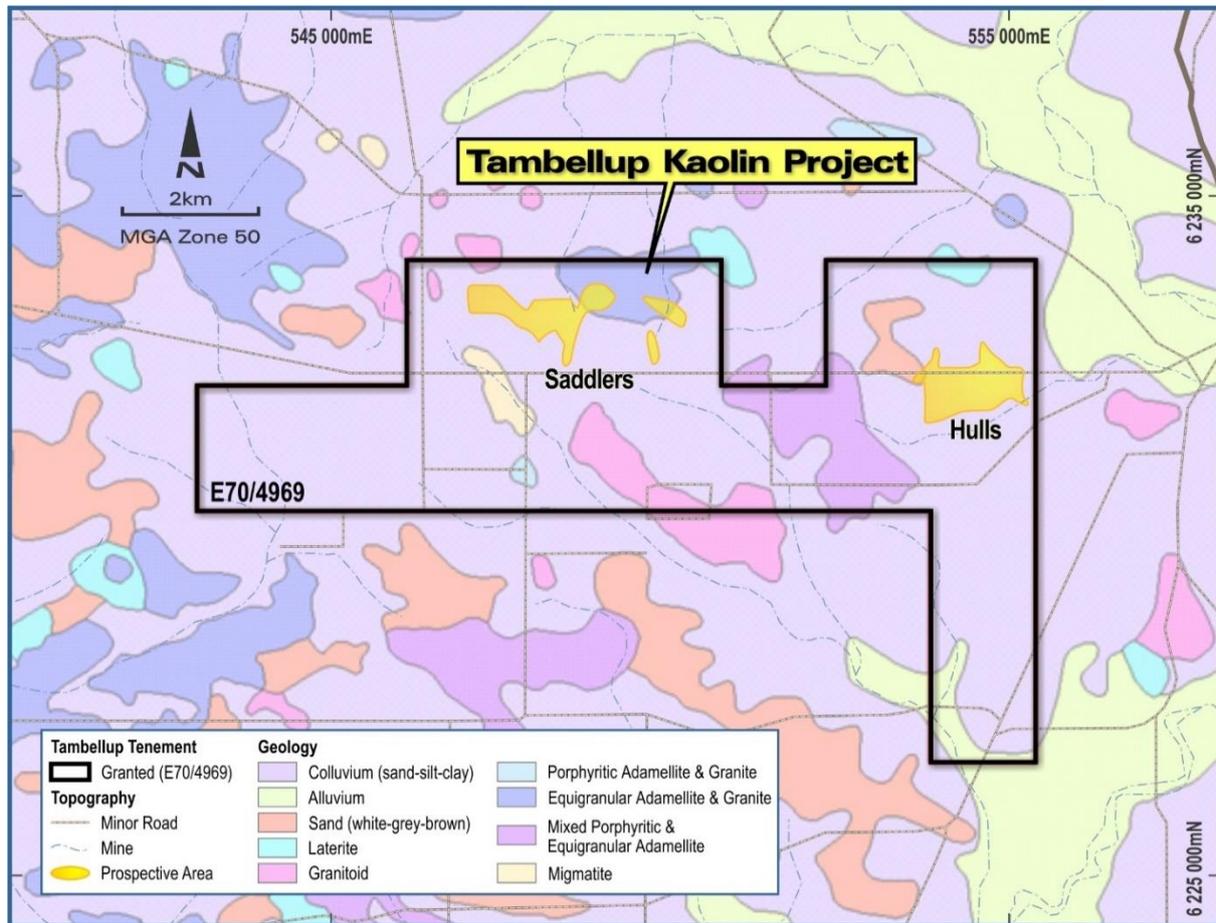


Figure 2: Location of tenement E 70/4969 and Kaolin prospects overlying surface geology of the 250K Mount Barker-Albany geological map sheet.

The Kaolin prospects in the Tambellup area have formed due to in situ weathering of biotite adamellite, which forms the predominant basement rock type in the area (Figure 2). The degree of weathering and thickness of the weathering profile is related to structural features in the underlying basement geology, such as jointing and fracturing related to deformation of the rock mass.

Regionally, the distribution of outcropping basement geology (Figure 2) appears to be controlled by northwest-southeast and northeast-southwest basement structures. These trends are evident in regional magnetic data where magnetic highs delineate basement ridges and correspond with outcropping basement geology, whereas the identified kaolin prospects correlate with magnetic lows that likely reflect a thicker weathering profile.

Accelerate Resources engaged CSA Global Pty Ltd, an ERM company (CSA Global), to conduct a review on historical data for the Project. The project review conducted by CSA Global indicates that the Tambellup Project area contains identified kaolin prospects with an existing estimated mineral resource, which may be suitable for a bulk tonnage, direct-shipping operation. As an exploration project, additional drilling and analyses are still required to define a mineral resource.



Photo 2: Surface sample inspection during site visit at the Tambellup project.

Next Steps:

- 1) Aircore drilling program to define resources to JORC 2012 compliant standard.
- 2) Bulk Sampling.
- 3) Analysis of samples to be refined to proposed final product.
- 4) A project wide prospectivity evaluation with surface sampling and mapping programme to identify further target areas.

Key Terms of the Acquisition

- AX8 will acquire 100% of the issued capital of Halcyon Resources Pty Ltd (ACN 615 968 155) (**Halcyon**) from the shareholders of Halcyon (**Vendors**) in consideration for:
 - the issue to the Vendors of 7,000,000 fully paid ordinary shares in AX8 (**Shares**) with a deemed issue price of \$0.04 per share (**Initial Consideration Shares**); and
 - subject to satisfaction of the Tranche 1 Milestone and Tranche 2 Milestone (defined below), the payment of the Tranche 1 Consideration and the Tranche 2 Consideration (defined below).
- The Initial Consideration Shares will be subject to a voluntary escrow period of 9 months from the date of issue of the Shares.

- The Tranche 1 Consideration will be payable to the Vendors upon an announcement by AX8 of an inferred (or greater) 'Mineral Resource' (in accordance with the JORC Code) from the project held by Halcyon of either:
 - not less than 5,000,000 tonnes of Kaolin Clay containing 45% minus 45 micron clay with an 82% ISO brightness; or
 - not less than 5,000,000 tonnes of Kaolin Clay containing not less than an average of 29% Al₂O₃ at an optimal fraction size,

(Tranche 1 Milestone).
- The Tranche 1 Consideration will be satisfied by the issuance of 7,000,000 Shares to the Vendors based on a 30 day VWAP (subject to ASX shareholder approval) or, if shareholder approval is not obtained, an equivalent cash payment.
- The Tranche 2 Consideration will be payable upon an ASX announcement by Purchaser of shipment(s) of a minimum of 50,000 tons of Kaolin Clay or derived product from the Tenement **(Tranche 2 Milestone).**
- The Tranche 2 Consideration will be satisfied by, at AX8's election, the issuance of 8,000,000 Shares to the Vendors based on a 30 day VWAP (subject to ASX shareholder approval) or an equivalent cash payment.
- If Shares are issued on satisfaction of the Tranche 1 Milestone, 3,500,000 Shares will be subject to voluntary escrow for a period of 6 months.
- If Shares are issued on satisfaction of the Tranche 2 Milestone, 4,000,000 Shares will be subject to voluntary escrow for a period of 6 months.
- In the event that the Tranche 1 Consideration or Tranche 2 Consideration is required to be paid in cash, AX8 expects to fund the payments out of its existing cash reserves at the relevant payment dates (or AX8 may need to raise further equity in the event that cash reserves are not sufficient).
- The Vendors provide a number of warranties and representations in relation to Halcyon's assets, business and operations, as well as indemnities which are considered usual for an agreement of this nature.
- All of the condition precedents have been satisfied and Completion will occur by no later than 22 November 2019.

Capital Raising

Following completion of the Acquisition, the Company intends to raise via an entitlement offer to eligible shareholders to provide funding for exploration on the Tenement and working capital. The Company is currently finalising the terms of the entitlement offer and will announce the terms (including a record date) in due course.

—ENDS—

For further information please contact

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COMPETENT PERSONS STATEMENT

Information in this report relating to the Tambellup Kaolin Project is based on information compiled by Dr Robert Holm, who is a Member of the Australian Institute of Geoscientists. Dr Holm is a full-time employee of CSA Global Pty Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Holm consents to the inclusion of the matters based on his information in the form and context in which it appears.

Forward Looking Statements

Statements contained in this release, particularly those regarding possible or assumed future performance, costs, dividends, production levels or rates, prices, resources, reserves or potential growth of Accelerate Resources Limited, are, or may be, forward looking statements. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties. Actual results and developments may differ materially from those expressed or implied by these forward-looking statements depending on a variety of factor.