



Australian Government

Takeovers Panel

MEDIA RELEASE

No: TP20/10

Thursday, 5 March 2020

Accelerate Resources Limited – Panel Receives Application

The Panel has received an application from GTT Global Opportunities Pty Ltd¹ in relation to the affairs of Accelerate Resources Limited.

Details of the application, as submitted by the applicant, are below.

A sitting Panel has not been appointed at this stage and no decision has been made whether to conduct proceedings. The Panel makes no comment on the merits of the application.

Details

On 18 November 2019, Accelerate announced the acquisition of a kaolin project and that it was intending to raise capital via an entitlement offer to provide funding for exploration of the kaolin project and working capital (**Entitlement Offer**).

On 22 January 2020, Accelerate received a notice under section 249D² signed by the applicant and other shareholders that collectively hold approximately 13% in Accelerate requiring Accelerate to convene a general meeting to consider resolutions to replace two of the four Accelerate directors.

On 23 January 2020, Accelerate announced a placement of 4,905,000 shares at a price of \$0.02455 per share to sophisticated existing and new investors to raise \$120,418 (**Placement**).³ At the time of announcing the Placement, Accelerate reiterated that it intended to undertake the Entitlement Offer “*in due course*”.

On 7 February 2020, Accelerate called a general meeting to be held on 16 March 2020 (**General Meeting**) to, among other things, ratify prior issues of securities (including the shares under the Placement) and to approve the issue of options to the corporate

¹ On behalf of itself and other shareholders who signed the section 249D notice referred to under the heading “Details”

² All statutory references are to the *Corporations Act 2001* (Cth)

³ The placement was made using the company’s remaining placement capacity under ASX Listing Rule 7.1 and 7.1A

adviser who organised the Placement as partial consideration for corporate advisory services.

On 12 February 2020, Accelerate called a separate general meeting to be held on 20 March 2020 (being 4 days after the General Meeting) to consider the resolutions the subject of the section 249D notice (**s 249D General Meeting**).

No further announcement has been made by Accelerate in relation to the Entitlement Offer.

The applicant submits, among other things, that:

- the Placement represents a clear frustrating action directly analogous to the actions the subject of Panel Guidance Note 12
- the Placement to undisclosed placees has been conducted at a price lower than Accelerate's shares have ever traded and *"in the absence of any disclosed or discernible requirement to raise capital through the placement"*
- if all resolutions are passed at the General Meeting the board of Accelerate will then have the capacity to issue a significant number of additional shares in Accelerate by way of further placements prior to the s 249D General Meeting and
- existing shareholders of Accelerate who did not participate in the Placement have suffered a dilution of their shareholdings without the opportunity to participate in the capital raising, which is likely to have a significant effect on the control of Accelerate and in particular the composition of its board after the upcoming s 249D General Meeting.

The applicant is seeking interim orders restraining Accelerate from issuing any securities in reliance on any resolutions passed at the General Meeting. The applicant is seeking final orders prohibiting any shares issued under the Placement from being voted at the s 249D General Meeting and any further shares issued by Accelerate prior to the s 249D General Meeting from being voted at that meeting.

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