



## **Accelerate Resources Limited**

ABN 33 617 821 771

# **CONSOLIDATED ANNUAL REPORT**

**For the Year Ended 30 June 2021**

## CORPORATE

### Accelerate Resources Limited

ACN: 617 821 771

ABN: 33 617 821 771

### Directors

Mr Richard Hill

Non-Executive Chairman

Ms Yaxi Zhan

Managing Director

Mr Grant Mooney

Non-Executive Director

### Company Secretary

Ms Deborah Ho

### Registered and Principal Office

Unit 4, 16 Ord Street

West Perth, WA 6005

Telephone: (08) 6246 9663

### Website

[www.ax8.com.au](http://www.ax8.com.au)

### Securities Exchange

Australian Securities Exchange (ASX Limited)

Home Exchange Perth

### Securities

Code: AX8

### Share Registry

Advanced Share Registry

110 Stirling Hwy

Nedlands WA 6009

Australian Telephone: 1300 113 258

International Telephone: (618) 9389 8033

Website: [advancedshare.com.au](http://advancedshare.com.au)

### Auditor

Hall Chadwick WA Audit Pty Ltd

283 Rokeby Road

Subiaco, WA 6008

Telephone: +61 8 9426 0666

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## CHAIRMAN'S LETTER

Dear Shareholder,

On behalf of the board and management, I want to thank our loyal shareholders for their continued support over the last twelve months. The past financial year has represented an important year of progress for the Company with many milestones being achieved.

The board and management have recently identified an opportunity to enter into the manganese market through the strategic acquisition of Braeside West and Ripon Hills East high-grade Manganese prospects, aiming to supply the steel making industry as well as high-grade manganese products for use in the manufacturing of Li-ion battery cathodes. The global demand for manganese is forecast to increase, driven by economic recoveries and increasing demand from China.

The acquisition of these two East Pilbara Manganese projects marks an important new direction for the Company as we transform into an emerging manganese developer with a focus on this exciting global market. Both Projects are located within a proven high grade manganese province (which includes the world class Woodie Woodie Manganese operations) as well as being close to critical infrastructure, such as towns, road, rail and port facilities.

In addition to our exciting new Manganese strategy, this year has also provided Accelerate with the opportunity to strategically divest non-core assets with the view to releasing shareholder value. This includes completion of the sale of the Mt Monger gold project for \$180,000 cash consideration as well as an agreement granting the option to a pre-listing entity Stunalara Metals Limited over the Mt Read Project in Tasmania which, if successful, will see Accelerate shareholders retain an equity interest of \$1,000,000 in Stunalara shares upon IPO.

During the year, the company completed a Due Diligence program at the Rossland Gold project in Canada and recently converted a 16.6 per cent equity position in Currie Rose Resources Inc. This ensures Accelerate's shareholders continue to have exposure to the Rossland High-Grade gold opportunity, as well as other future opportunities that Currie Rose may be involved in.

Subsequent to the end of the Financial Year, we have executed a binding agreement with the highly skilled Vytas Resources Pty Ltd Team to develop a new technology material company focused on the Company's Tambellup kaolin Project and Vytas' silica assets to become a supplier of HPA and HPQ for energy production (hydrogen production and solar panels), energy storage (batteries), and other industrial applications.

This divestment strategy will unlock value for our previously ignored and under-resourced assets and allow the Accelerate team to focus on its manganese and gold projects. Most importantly, transferring the Tambellup Kaolin Project to a HPA and HPQ focused company and team that can dedicate the necessary resources to further develop the Tambellup Kaolin Assets should see significant upside for AX8.

## CHAIRMAN'S LETTER (CONTINUED)

This certainly has been a busy year for the team at Accelerate and we thank our loyal shareholders who have continued to back the Board and Management's focus on creating value for all shareholders.

On Behalf of my fellow directors, I look forward to executing our new manganese strategy and bringing you news over the coming 12 months from this underexplored and proven high-grade province.

Yours sincerely,



**Richard Hill**

**Chairman**

## REPORT ON OPERATIONS

Accelerate Resources Limited exploration projects are located, in two key jurisdictions during 2020-2021:

- The Western Australian
  - Comet Gold Project, and
  - Tambellup Kaolin Project
- Canada
  - Rossland Gold Project

### Comet Gold Project– Accelerate Resources 100%

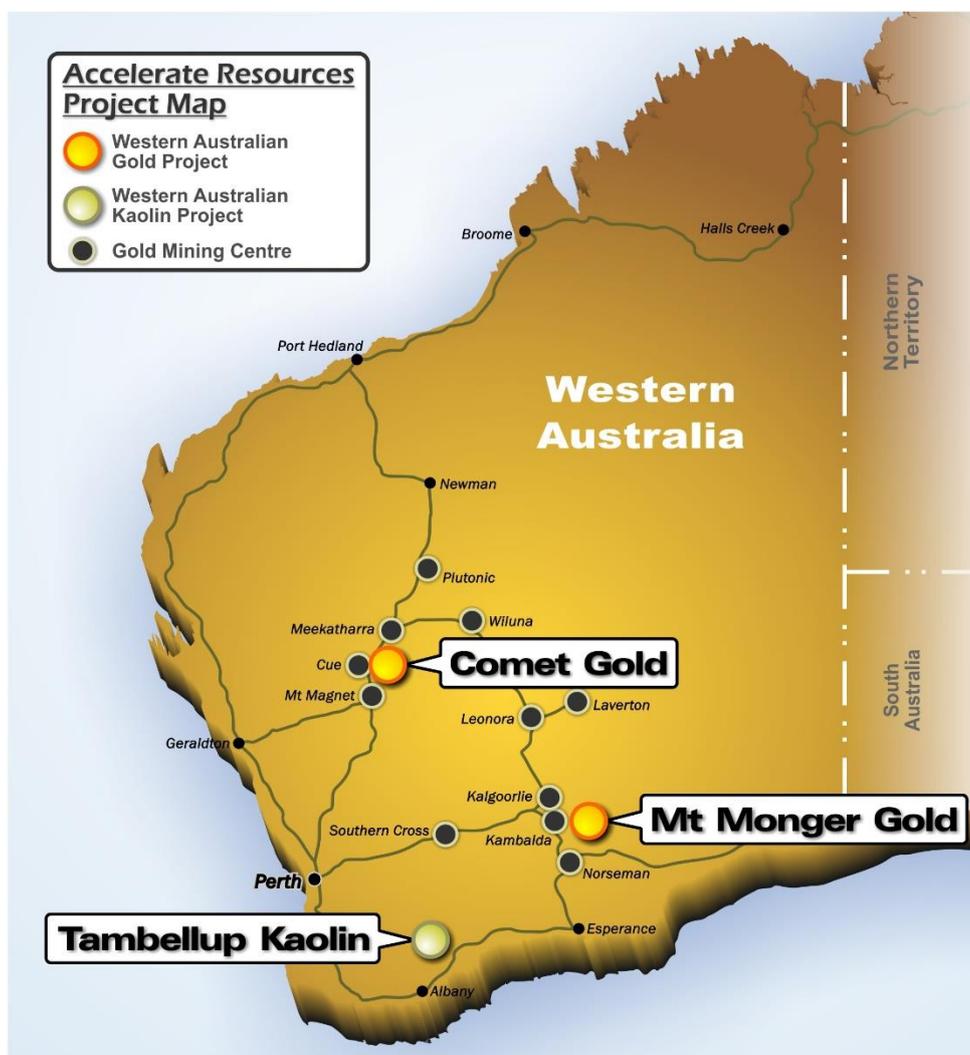


Figure 1. Comet Gold Project Location

The Comet Gold Project located approximately 20 km southeast of Cue. The project comprises five granted exploration licences covering 220 square kilometres, lies immediately to the north and along strike of the Comet gold mine and covers part of the Meekatharra to Mount Magnet Greenstone belt, located at the southern end of the Tuckabianna Shear Zone.

Extensive gold trends are evident in reconnaissance drilling which clearly maps the extensions of gold mineralised structures hosting significant historical and modern gold production, most notably at Tuckabiana, north of Antarctica, and at the Comet Mine camp situated to the immediate south of Accelerate Resources' Comet Project

During the year, the Company completed its maiden drilling campaign initially targeting high priority mineralised gold trends at the Antarctica and Comet East prospects at the Comet Gold Project near Cue in Western Australia. (See ASX announcement dated 2 October 2020)

The program was comprised of 17 shallow Reverse Circulation (RC) drill holes for 1,212m, designed to further investigate and extend shallow, high-grade, oxide gold intersections from historical reconnaissance RAB and RC drilling.

In December 2020, a follow up 700m Reverse Circulation (RC) drilling program was completed. (See ASX announcement dated 8 December 2020). The program designed to infill section spacing to 40m along 160m of strike on the shallow dipping Comet East mineralised structure. (See ASX announcement dated 18th January 2021 for more details).

The drilling at Comet project highlighted higher grade gold zones occurring in quartz veined and sheared rocks at a well-defined sediment-basalt contact, confirming a robust geological model and excellent continuity of the mineralised zone, and providing additional confidence in any resource estimation and subsequent potential mining opportunity.

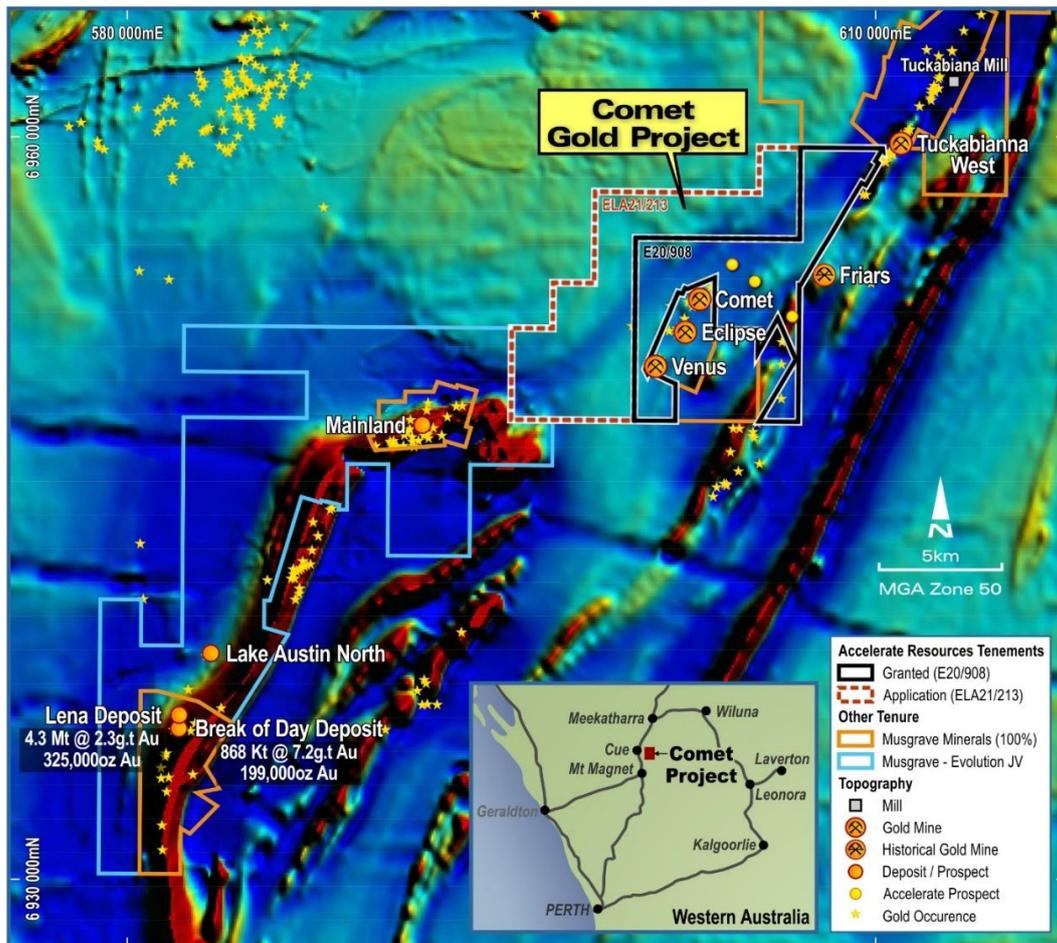


Figure 2: Comet Gold Project – Regional Location on TMI Aeromagnetics

### Tambellup Kaolin Project, Western Australia – Under Option Agreement with Vytas Resources Pty Ltd

The Tambellup Kaolin Project comprises two granted exploration licence, E70/4969 and E70/5319 covering 242 square kilometres,

The Tambellup Kaolin Project is located approximately 280 km south-southeast of Perth via the Great Southern Highway, 130 km north of Albany, and 10 km west of the township of Tambellup in the Southwest of Western Australia.

The Tambellup Kaolin project is adjacent to excellent infrastructure. The Tambellup West Road bisects the project and links with the Albany Highway in the west. The Perth - Albany freight railway corridor runs north-south through the centre of the township. (Figure 3)

Post June 30, 2021, the Company has executed a binding agreement with Vytas Resources Pty Ltd ("Vytas") to develop a new technology material company focused on the Company's Tambellup Project and Vytas' silica assets to become a supplier of HPA and HPQ for energy production (hydrogen production and solar panels), energy storage (batteries), and other industrial applications. (See ASX announcement dated 2 September 2021 for more details).

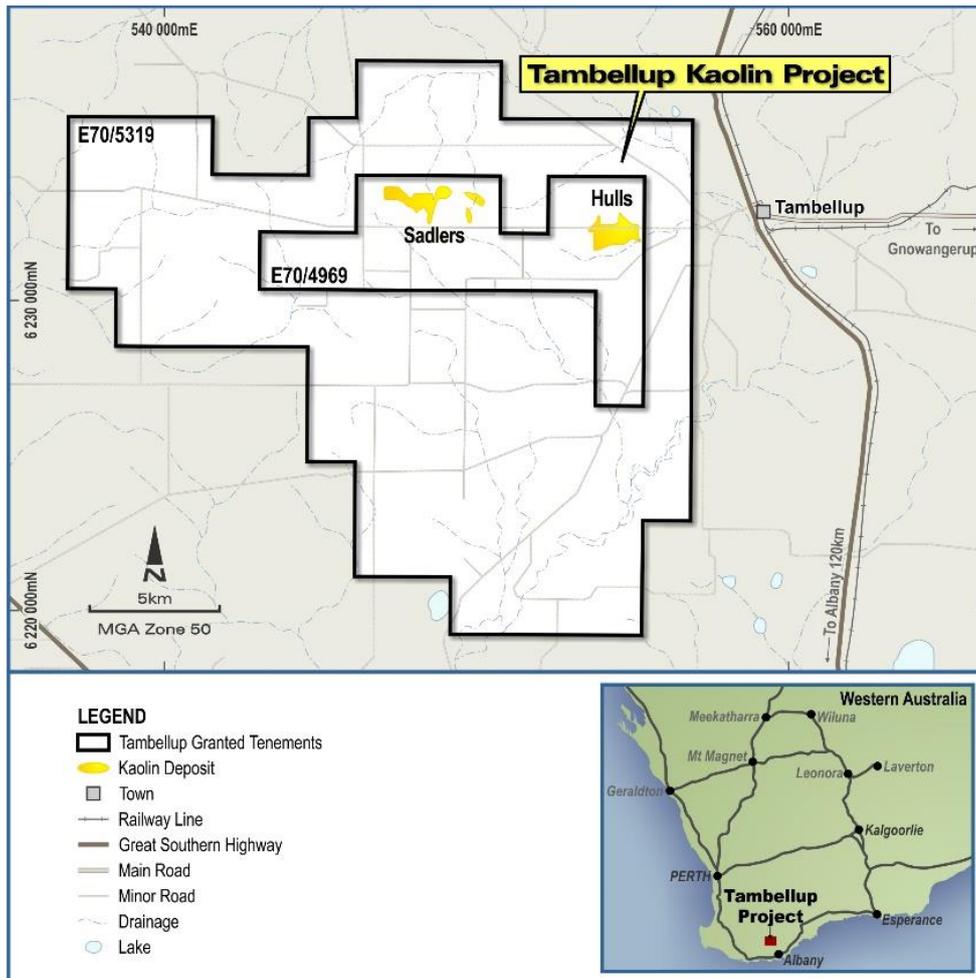


Figure 3 :Tambellup Project - Location of tenement E 70/4969 and nearby infrastructure; the Sadlers and Hulls prospect wireframes (GM Minerals Consultants, 2017).

### Rosland Gold Project, BC Canada – 16.6% Equity Holding in Currie Rose Resources Inc.

As per the announcement on the 1st September 2020, Accelerate entered into an Earn-In and Purchase Term Sheet with Currie Rose pursuant to which the parties have agreed to complete a due diligence /exploration program, allowing Accelerate to access and have the opportunity to acquire up to 100% of the Rosland Gold Project from Currie Rose if it elected to.

The exploration program set out to test the three identified primary gold targets located in the northern section of the Rosland Gold Project area

A total of 747.32m of Diamond Drilling (DD) was completed at the Gertrude (Novelty Target) and Mascot Prospects, with most of the drilling (686.71m) drilled at Mascot. Planned drilling at the main Gertrude and Eleanor Prospects were postponed due to the unseasonal early arrival of heavy snow and additional unplanned access issues.

Based on the work conducted and results presented through its Due Diligence activities, Accelerate has provided notice to Currie Rose of its election to terminate the Earn-In and Purchase Term Sheet effective as at 28th of April, 2021 and also notified Currie Rose that Accelerate would exercise its right to convert the current expenditure of CAD \$500,000 to 8,333,333 shares (which is an equivalent to 16.6% of shares on issue), in TSX-V listed Currie Rose Resources Inc.

Accelerate will support Currie Rose for its Canadian high grade gold strategy, as well as actively searching for other exploration opportunities outside Canada. This will provide Accelerate's Shareholders continued exposure to the Canadian high grade gold projects, and as well as other opportunities in Currie Rose. (See ASX announcement dated 30 April 2021 for more details)

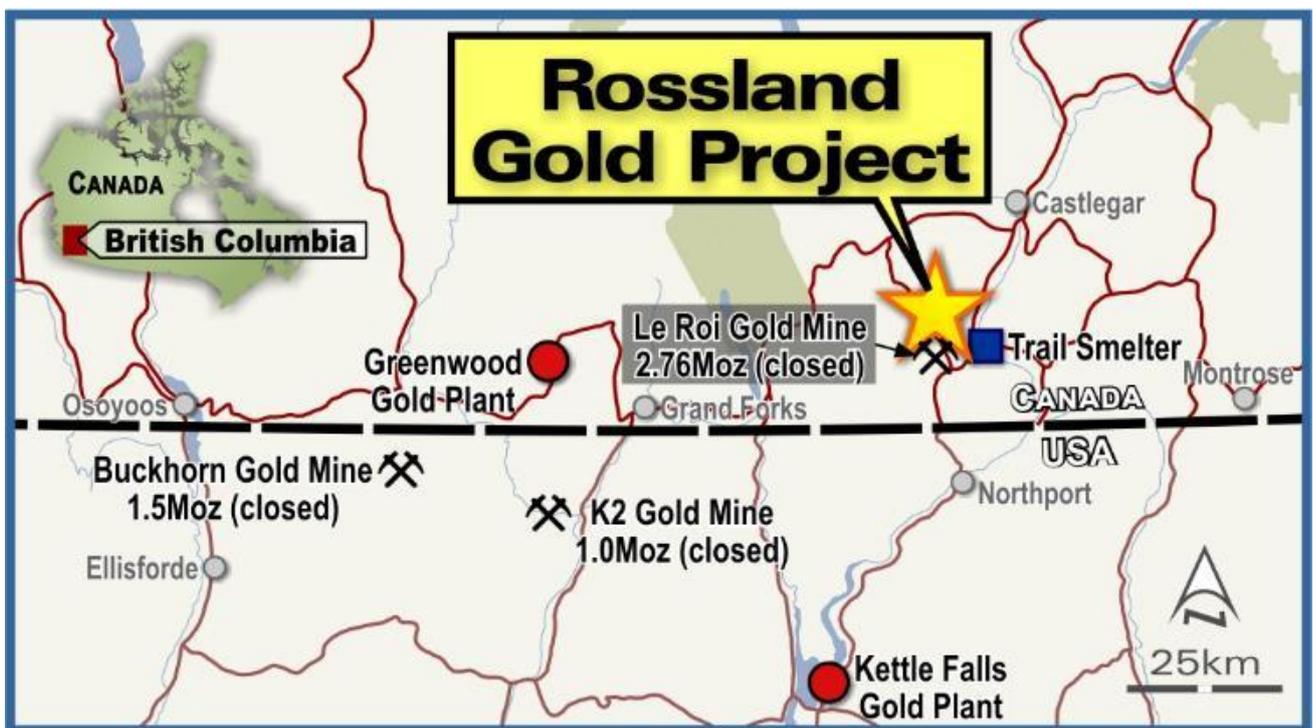


Figure 4: Rossland Gold Project location

### Other Corporate Activities

#### *Completion of Mt Monger Project Divestment*

The Company completed the sale of the Mt Monger Project to Mt Monger Resources Limited on the terms previously set out in the announcement on 4 December 2020.

The Company has received a total consideration of AUD\$180,000 cash (excl GST) from the grant and exercise of the Option to the Purchaser, for the 100% interest of the Mt Monger Project.

The Company will also receive a further \$50,000 cash (excl GST) upon delineation of an Inferred Mineral Resource (in accordance with the JORC 2012 Edition Guidelines) of at least 20,000 oz. at >1.5g/t gold verified by an independent competent person (Milestone) (Deferred Cash Consideration).

#### *Divestment of Mt Read Project*

The Company executed a Heads of Agreement (HOA) to divest its 100% interest in the Mt Read Project in Tasmania via a Sale and Purchase agreement.

The Company's Mt Read Project is located on the Cape Sorell Peninsula, south of Macquarie Harbour and approximately 48 kilometres south of the town of Strahan, in western Tasmania. The project comprises one exploration license with a total area of 224 km<sup>2</sup>. (See ASX announcement dated 4 June 2021 for more details)

## DIRECTOR'S REPORT

The Directors of Accelerate Resources Limited (the 'Company') and its controlled entities (the 'Group') present their Report for the financial year ended 30 June 2021.

### DIRECTORS

The following were Directors of the Company at any time during the reporting period and up to the date of this report, unless otherwise indicated, were Directors for the entire period.

Director	Title	Appointment Date	Resignation Date
Mr Richard Hill	Non-Executive Chairman <sup>1</sup>	3 July 2020	-
Mr Grant Mooney	Non-Executive Director <sup>2</sup>	1 June 2017	-
Ms Yaxi Zhan	Managing Director	7 March 2017	-
Mr Terence Topping	Non-Executive Director	7 March 2017	3 July 2020
Mr Andrew Haythorpe	Non-Executive Director	7 September 2017	3 July 2020

<sup>1</sup> Appointed Non-Executive Chairman on 20 November 2020

<sup>2</sup> Transitioned to Non-Executive Director on 20 November 2020

### COMPANY SECRETARY

Ms Deborah Ho

### PRINCIPAL ACTIVITIES

The Group is an Australian gold, base metals and industrial minerals focussed exploration entity.

### RESULTS

The loss of the Group for the financial year ended 30 June 2021 was \$3,374,055 (2020: \$1,505,847).

### SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There are no significant changes in the state of affairs of the Group. The Coronavirus pandemic had minimal impact on the Group for the year ended 30 June 2021.

## EVENTS SUBSEQUENT TO BALANCE DATE

### *Corporate changes*

After announcing on 30 April 2021 that the Company had completed its Due Diligence on the Exploration Program on the Rossland High-Grade Gold project in Canada and elected to convert its expenditure to 8,333,333 shares (which is equivalent to 16.6% of shares on issue) in Currie Rose, the Company received confirmation in July 2021 that the shares had been issued.

### *Exploration developments*

On 27 July 2021, the Company announced that it had entered into a binding Option Agreement to acquire the Manganese and Iron Ore rights at Ripon Hills East and Braeside West Projects in the East Pilbara Manganese Field.

On 2 September 2021, the Company announced that it had executed a binding agreement to vend its interest in the Tambellup Kaolin Project for a 33.3 per cent interest in Perth-based silica resource and technology development company, Vytas Resources Pty Ltd.

### *Capital raisings and security issues*

On 13 September 2021, the Company announced that it has received firm commitments to raise \$3.1 million (before costs) from sophisticated investors via a placement. On 20 September 2021, the Company issued 38,899,428 fully paid ordinary shares at \$0.036 per share. A further 47,211,683 shares will be issued subject to shareholder approval at the 2021 Annual General Meeting to be held on 8 November 2021.

On 20 September 2021, the Company announced a proposed issue of 500,000 deferred consideration shares for the grant of tenement licence ELA 20/965 in accordance with the terms of the acquisition of Volcanic Resources Pty Ltd (Note 24), subject to approval of shareholders at the Annual General meeting to be held on 8 November 2021.

There are no other matters or circumstances that have arisen since 30 June 2021 to the date of this report that have significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

## LIKELY DEVELOPMENTS

Information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

## DIVIDEND

No dividends have been paid or declared during the financial year ended 30 June 2021, nor have the Directors recommended that any dividends be paid.

## ENVIRONMENTAL REGULATION

The Directors believe that the Group has, in all material respects, complied with all particular and significant environmental regulations relevant to its operations.

## PARTICULARS OF DIRECTORS AND COMPANY SECRETARY

## CURRENT DIRECTORS

<b>Richard Hill</b>	<b>Non-Executive Chairman (Appointed Non-Executive Director, 3 July 2020, appointed Non-Executive Chairman 20 November 2020)</b>
Qualifications and Experience	Mr Hill is a qualified geologist and solicitor with over 25 years' experience in the resources sector. In addition to his corporate, commercial and fundraising roles, Mr Hill has practical geological experience in a range of commodities worldwide
Interest in Shares and Options	8,577,097 Ordinary Shares 3,000,000 options, exercisable at \$0.0957, expiring on 27 November 2024
Directorships held in other listed entities in the past three years	Non-Executive Chairman at New World Resources Limited (current) Non-Executive Director at Sky Metals Ltd (current) Non-Executive Chairman at Genesis Minerals Ltd (till November 2018)
<b>Grant Mooney</b>	<b>Non-Executive Director (transitioned from Non-Executive Chairman 20 November 2020)</b>
Qualifications and Experience	Mr Mooney is the principal of Perth-based corporate advisory firm Mooney & Partners, specialising in corporate compliance administration to public companies. He has extensive experience in the areas of corporate and project management, capital raisings, mergers and acquisitions and corporate governance.
Interest in Shares and Options	1,460,559 Ordinary Shares 3,000,000 Options exercisable at \$0.0957, expiring on 27 November 2024
Directorships held in other listed entities in the past three years	Non-Executive Chairman at Riedel Resources Limited (current) Non-Executive Chairman at Aurora Labs Limited (current) Non-Executive Director at Barra Resources Limited (resigned 18 August 2021) Non-Executive Director at Carnegie Clean Energy Limited (current) Non-Executive Director at Gibb River Diamonds Limited (current) Non-Executive Director at Talga Group Ltd (current) Non-Executive Director at SRJ Technologies Ltd (current)

<b>Yaxi Zhan</b>	<b>Managing Director</b>
Qualifications and Experience	Ms Zhan has over 14 years of experience in the resource industry. She has worked in capital raising, mergers and acquisitions and project development with Sinosteel, Norilsk Nickel and within the Australian listed junior exploration sector.
Interest in Shares and Options	4,254,453 Ordinary Shares 3,000,000 Options exercisable at \$0.0957, expiring on 27 November 2024
Directorships held in other listed entities in the past three years	Nil
<b>Terence Topping</b>	<b>Non-Executive Director (Resigned 3 July 2020)</b>
Qualifications and Experience	Mr Topping has 30 years' experience in the mining industry and has over 20 years of experience in the management of listed public companies on ASX and TSX. Terence has experience in corporate finance, mergers and acquisitions and also as a mining and exploration geologist in Australia and overseas.
Interest in Shares and Options	1,460,559 Ordinary Shares
Directorships held in other listed entities in the past three years	Executive Chairman at Kairos Minerals Limited (current) Non-Executive Director at Orinoco Gold Limited (delisted in May 2020)
<b>Andrew Haythorpe</b>	<b>Non-Executive Director (Resigned 3 July 2020)</b>
Qualifications and Experience	Mr Haythorpe has 30 years' experience in the mining industry and has over 20 years of experience in the management of listed public companies on ASX and TSX.  His recent Directorship including as Managing Director of Crescent Gold. Under his leadership, Crescent gold grew from an \$8m explorer to a \$240m producer in 3 years.
Interest in Shares and Options	3,333,333 Ordinary Shares
Directorships held in other listed entities in the past three years	Non-Executive Director at Tempest Minerals Limited (current) Non-Executive Director at Petratherm Limited (till April 2018)

**Deborah Ho**

Qualifications and Experience

**Company Secretary**

Ms Ho has over six years of experience in company secretarial, corporate compliance and financial accounting matters. She has acted as Company Secretary to a number of ASX listed and private companies. She holds a Bachelor of Commerce from Curtin University and is an Associate Member of the Governance Institute of Australia.

**DIRECTORS' MEETINGS**

The Directors attendances at Board meetings held during the year were:

	Board Meetings	
	Number eligible to attend	Number attended
Richard Hill	12	12
Grant Mooney	13	12
Yaxi Zhan	13	13
Terence Topping	1	1
Andrew Haythorpe	1	1

The Company does not have any remuneration, nomination or audit committees, these functions are performed by the Board.

The Board also approved sixteen (16) circular resolutions during the year ended 30 June 2021 which were signed by all Directors of the Company.

**REMUNERATION REPORT (AUDITED)**

This report details the nature and amount of remuneration for each key management personnel of the Group, and for the executives receiving the highest remuneration.

**REMUNERATION POLICY**

The remuneration policy of Accelerate Resources Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component that provides cost effective services to the Group at an early stage of its development. The Board of Accelerate Resources Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for key management personnel of the Group is as follows:

- The remuneration policy, setting the terms and conditions for the key management personnel, was developed and approved by the Board.
- All key management personnel receive a base salary or fee appropriate to the skills and responsibility of the role.
- The Board reviews key management personnel packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors.

The performance of key management personnel is measured against criteria agreed annually with each executive and is based predominantly on the forecast development of the Group's projects. Any bonuses or incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Key management personnel are also entitled to participate in the employee share and option arrangements.

All remuneration paid to key management personnel is valued at the cost to the Group and expensed. Shares given to key management personnel are valued as the difference between the market price of those shares and the amount paid by key management personnel. Options are valued using the Black-Scholes methodology.

The Board policy is to remunerate Non-Executive Directors at market rates for time, commitment and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for Non-Executive Directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and are able to participate in the employee option plan.

#### PERFORMANCE-BASED REMUNERATION

It is the Group's intention when appropriate to include performance-based remuneration as a component of management remuneration, and this was not deemed necessary in the year under review.

#### COMPANY PERFORMANCE, SHAREHOLDER WEALTH AND DIRECTOR AND EXECUTIVE REMUNERATION

The following table shows gross income, profits (losses) and dividends for the last 4 years as a listed entity (incorporated on 7 March 2017), as well as the share price at the end of the respective financial years. As highlighted above, the Group currently does offer any variable remuneration incentive plans or bonus schemes to Directors and, as such, there are no performance related links to the existing remuneration policies.

	2021 \$	2020 \$	2019 \$	2018 \$	2017 \$
Revenue	125,535	66,827	46,036	21,098	-
Loss after income tax	(3,374,055)	(1,505,847)	(1,715,102)	(867,747)	(364,881)
EBITDA	(3,368,028)	(1,487,631)	(1,711,883)	(867,065)	(364,841)
EBIT	(3,374,055)	(1,514,134)	(1,713,998)	(867,289)	(364,841)
Share price at year-end	0.031	0.023	0.03	0.14	-
Basic loss per share (cents per share)	(2.37)	(2.66)	(3.60)	(3.65)	(5.13)
Dividends paid	-	-	-	-	-

### KEY MANAGEMENT PERSONNEL REMUNERATION POLICY

The Board's policy for determining the nature and amount of remuneration key management for the Group is as follows: The remuneration structure for key management personnel is based on a number of factors, including length of service, particular experience and skills of the individual concerned, and overall performance of the Group. The contracts for service between the Company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement key management personnel are paid employee benefit entitlements accrued to date of retirement.

### SERVICE AGREEMENTS

The following Directors had contracts in place with the Company during the financial year as detailed below:

Richard Hill, Non-Executive Director (Appointed Non-Executive Director, 3 July 2020, appointed Non-Executive Director 20 November 2020)

- Confirmation of Appointment dated 3 July 2020 with no termination date;
  - 4 million shares @ deemed \$0.023 per share in lieu of cash for services to 31 December 2020.
  - Fees of \$40,000 per annum from 1 January 2021, increased to \$60,000 per annum (from 1 March 2021).
  - 2 million performance rights vesting upon weighted average price of share equals or exceeds \$0.05 for 15 consecutive trading days.
  - 2 million performance rights vesting upon ASX announcement of acquisition of new exploration project with significant exploration and/or exploitation potential.
  - There will be no payment upon termination.

Grant Mooney, Non-Executive Director (transitioned from Non-Executive Chairman 20 November 2020)

- Confirmation of Appointment dated 1 June 2017 with no termination date;
  - Director fees of \$50,000 per annum (post-IPO), amended to \$30,000 per annum (1 May 2019 – 29 February 2020); amended to \$50,000 per annum (from 1 March 2020), amended to \$45,000 (from 20 November 2020)
  - There will be no payment upon termination.

Yaxi Zhan, Managing Director

- Confirmation of Appointment dated 7 March 2017 with no termination date;
  - Fees of \$150,000 per annum (post-IPO), amended to \$110,000 per annum (1 May 2019 – 29 February 2020); amended to \$150,000 per annum (from 1 March 2020).
  - There will be no payment upon termination.

Terence Topping, Non-Executive Director (Resigned 3 July 2020)

- Confirmation of Appointment dated 7 March 2017 with no termination date;
  - Fees of \$40,000 per annum (post-IPO), amended to \$20,000 per annum (1 May 2019 – 29 February 2020); amended to \$40,000 per annum (from 1 March 2020).
  - Termination payment of \$10,000 director fees (cash) for notice period July 2020 – September 2020

Andrew Haythorpe, Non-Executive Director (Resigned 3 July 2020)

- Confirmation of Appointment dated 15 August 2017 with no termination date;
  - Fees of up to \$100,000 per annum (post-IPO), amended to \$20,000 per annum (1 May 2019 – 29 February 2020), and increased to \$40,000 per annum from 1 March 2020; and additionally contractual income of \$800 per day worked outside of that annual salary for the year ended 30 June 2019, \$4,333 per month for the year ended 30 June 2020.
  - Termination payment of \$10,000 director fees (cash) for notice period July 2020 – September 2020 and \$13,000 (consultancy fees (cash) July 2020 – September 2020

## DETAILS OF REMUNERATION

### Compensation of Key Management Personnel Remuneration

	Short-term Benefits		Post-Employment Benefits	Long-term Benefits	Share-Based Payments		Total \$
	Cash, salary and fees \$	Annual leave \$	Superannuation \$	Long Service Leave \$	Shares \$	Options / Performance Rights \$	
<b>FY2021</b>							
<b>Directors</b>							
Richard Hill <sup>1</sup>	47,292	-	-	-	252,000 <sup>5</sup>	366,431 <sup>6</sup>	665,723
Grant Mooney <sup>2</sup>	46,931	-	4,458	-	1,349 <sup>4</sup>	114,431	167,169
Yaxi Zhan	150,000	(421)	14,250	-	2,697 <sup>4</sup>	114,431	280,957
Terence Topping <sup>3</sup>	10,000	-	950	-	1,349 <sup>4</sup>	-	12,299
Andrew Haythorpe <sup>3</sup>	23,000	-	-	-	-	-	23,000
	<b>277,223</b>	<b>(421)</b>	<b>19,658</b>	<b>-</b>	<b>257,395</b>	<b>595,293</b>	<b>1,149,148</b>

<sup>1</sup> Appointed Non-Executive Director on 3 July 2020, appointed Non-Executive Chairman on 20 November 2020

<sup>2</sup> Transitioned to Non-Executive Director on 20 November 2020

<sup>3</sup> Resigned 3 July 2020

<sup>4</sup> Under-accrual from the previous financial year in relation to director fees for the period March 2020 to June 2020 settled in shares in the current financial year

<sup>5</sup> Shares issued at a deemed share price of 2.3c per share at date of appointment but valued at fair value under accounting standards at 6.3c per share, being the share price on grant date of 24 August 2020 (after shareholder approval). See Share-Based Payments section on page 20

<sup>6</sup> Comprises options granted of \$114,431 and performance rights granted of \$252,000. See Share-Based Payments section on page 20

	Short-term Benefits		Post-Employment Benefits	Long-term Benefits	Share-Based Payments		Total \$
	Cash, salary and fees \$	Annual leave \$	Superannuation \$	Long Service Leave \$	Shares \$	Options / Performance Rights \$	
<b>FY2020</b>							
<b>Directors</b>							
Grant Mooney	36,667	-	3,483	-	-	-	40,150
Yaxi Zhan	123,333	39,917	11,717	-	-	-	174,967
Terence Topping	26,667	-	2,533	-	-	-	29,200
Andrew Haythorpe	78,667	-	-	-	-	-	78,667
<b>Total</b>	<b>265,334</b>	<b>39,917</b>	<b>17,733</b>	-	-	-	<b>322,984</b>

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed		At Risk - STI		At Risk - LTI	
	2021	2020	2021	2020	2021	2020
<b>Directors</b>						
Richard Hill	72%	-	-	-	38% <sup>1</sup>	-
Grant Mooney	100%	100%	-	-	-	-
Yaxi Zhan	100%	100%	-	-	-	-
Terence Topping	100%	100%	-	-	-	-
Andrew Haythorpe	100%	100%	-	-	-	-

<sup>1</sup> The proportion of Mr Hill's remuneration that is performance rights. See Performance Rights on page 21.

#### Cash bonuses granted as compensation for the current financial year

No cash bonuses were granted during the year ended 2021 (2020: nil).

#### Other transactions with related parties

There were no other transactions with related parties during the year ended 30 June 2021. (2020: nil).

#### Loans from key management personnel

As at 30 June 2021, there were no outstanding amounts due to key management personnel (2020: nil).

#### Use of remuneration consultants

During the financial year ended 30 June 2021, the Group did not engage the services of an independent remuneration consultant to review its remuneration for Directors, key management personnel and other senior executives.

### Voting and comments made at the company's Annual General Meeting ('AGM')

At the 2020 Annual General Meeting, 95.6% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2020. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

### SHARE-BASED PAYMENTS

This section only refers to those shares and options issued as part of remuneration. As a result, they may not indicate all shares and options held by a Director or other Key Management Personnel.

#### Shares

On 31 August 2020, 4,000,000 shares were issued to Richard Hill in lieu of cash for services from date of appointment (3 July 2020) until 31 December 2020. The shares were valued at 6.3 cents per share being the share price on the grant date of 24 August 2020, the date of the Company's General Meeting at which the shareholders approved the grant of the shares, which reflects their fair value in line with AASB 2 Share-Based Payment

On 31 August 2020, 508,905 shares were issued to Directors in settlement of director fees for the period March 2020 to June 2020. The shares were valued at 6.3 cents per share being the share price on the grant date of 24 August 2020, the date of the general meeting the shareholders approved the grant of the shares, which reflects their fair value in line with AASB 2 Share-Based Payment

On 27 November 2020, 4,000,000 performance rights granted to Richard Hill converted to fully paid ordinary shares having met the associated milestones.

No shares were issued to Directors as part of compensation during the year ended 30 June 2020.

#### Options

On 27 November 2020, the Company issued 9,000,000 unlisted options exercisable at \$0.0957 each, expiring 27 November 2024 to Directors of the Company.

The Black-Scholes option pricing model was used to value the options and the following table lists the inputs to the model used for the valuation of the options:

Grant Date	Expiry Date	Exercise Price	Share Price at Grant Date	Expected Volatility	Risk-free Interest Rate	Fair Value per Option
23/11/2020	27/11/2024	\$0.0957	\$0.063	98.3%	0.20%	\$0.0381

The share-based payment expense recognised in relation to options over ordinary shares granted, and the value of options exercised and lapsed for directors as part of compensation during the year ended 30 June 2021 are set out below:

	Share-based payment expense of options granted during the year \$	Value of options exercised during the year \$	Value of options lapsed during the year \$	Remuneration consisting of options for the year 2021 %
<b>Directors</b>				
Richard Hill	114,431	-	-	17%
Grant Mooney	114,431	-	54,735	68%
Yaxi Zhan	114,431	-	164,204	41%
Terence Topping	-	-	82,102	-
Andrew Haythorpe	-	-	-	-

On 30 April 2021, 5,500,000 unlisted options exercisable at \$0.25 each held by Directors of the Company, lapsed unexercised.

No options held by Directors of the Company were exercised during the year ended 30 June 2021.

No Director options were granted, exercised, sold or lapsed during the year ended 30 June 2020.

### Performance Rights

On 24 August 2020, the Company granted 4,000,000 performance rights expiring 3 July 2022 to a Richard Hill, as approved by shareholders at the Company's General Meeting held on 24 August 2020. The performance rights were valued at \$0.063 per right, being the share price on the grant date, which reflects their fair value in line with AASB 2 Share-Based Payment.

The Performance Rights were subject to satisfaction of the following milestones:

Number	Milestone	Expiry Date
2,000,000	The volume weighted average price of Shares equals or exceeds \$0.05 for 15 consecutive trading days.	3 July 2022
2,000,000	ASX announcement of the Company acquiring a new exploration project with significant exploration and/or exploitation potential.	3 July 2022

On 27 November 2020, 4,000,000 performance rights converted to fully paid ordinary shares having met the associated milestones.

The share-based payment expense recognised in relation to performance rights over ordinary shares granted, and the value of performance rights exercised and lapsed for directors as part of compensation during the year ended 30 June 2021 are set out below:

	Share-based payment expense of performance rights granted during the year \$	Value of performance rights exercised during the year \$	Value of performance rights lapsed during the year \$	Remuneration consisting of performance rights for the year 2020 %
<b>Directors</b>				
Richard Hill	252,000	252,000	-	38%
Grant Mooney	-	-	-	-
Yaxi Zhan	-	-	-	-
Terence Topping	-	-	-	-
Andrew Haythorpe	-	-	-	-

No Director performance rights were granted, exercised, sold or lapsed during the year ended 30 June 2020.

**DIRECTORS' INTERESTS****Shareholding**

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

<b>30 June 2021</b>	<b>Opening Balance No.</b>	<b>Granted as Compensation No.</b>	<b>Additions No.</b>	<b>Disposals / Other No.</b>	<b>Closing Balance / At Date of Resignation No.</b>
<b>Directors</b>					
Richard Hill	-	4,000,000 <sup>1</sup>	4,000,000 <sup>3</sup>	577,097 <sup>4</sup>	8,577,097
Grant Mooney	1,333,333	127,226 <sup>2</sup>	-	-	1,460,559
Yaxi Zhan	4,000,000	254,453 <sup>2</sup>	-	-	4,254,453
Terence Topping	1,333,333	- <sup>5</sup>	-	-	1,333,333
Andrew Haythorpe	3,333,333	-	-	-	3,333,333
<b>Total</b>	<b>9,999,999</b>	<b>4,381,679</b>	<b>4,000,000</b>	<b>577,097</b>	<b>18,958,775</b>
<b>30 June 2020</b>	<b>Opening Balance No.</b>	<b>Granted as Compensation No.</b>	<b>Additions No.</b>	<b>Disposals / Other No.</b>	<b>Closing Balance No.</b>
<b>Directors</b>					
Grant Mooney	1,000,000	-	333,333	-	1,333,333
Yaxi Zhan	3,000,000	-	1,000,000	-	4,000,000
Terence Topping	1,000,000	-	333,333	-	1,333,333
Andrew Haythorpe	2,500,000	-	833,333	-	3,333,333
<b>Total</b>	<b>7,500,000</b>	<b>-</b>	<b>2,499,999</b>	<b>-</b>	<b>9,999,999</b>

<sup>1</sup> Shares issued in lieu of cash for services from date of appointment (3 July 2020) until 31 December 2020

<sup>2</sup> Shares issued in lieu of cash for settlement of director fees for the period March 2020 to June 2020.

<sup>3</sup> Shares issued on conversion of vested performance rights

<sup>4</sup> Shares held at date of appointment

<sup>5</sup> 127,226 shares issued in lieu of cash for settlement of director fees for the period March 2020 to June 2020 on 31 August 2021 post-resignation on 3 July 2021

**Option Holding**

The following table discloses the movement in Directors' and Key Management Personnel's Options during the year.

	Opening Balance No.	Options Granted No.	Options Exercised No.	Options Lapsed No.	Closing Balance/ At Date of Resignation No.	Vested During the Year No.	Vested and Exercisable at 30 Jun 21 No.	Not Vested at 30 June 21 No.
<b>30 June 2021</b>								
Richard Hill	-	3,000,000	-	-	3,000,000	-	3,000,000	-
Grant Mooney	1,000,000	3,000,000	-	(1,000,000)	3,000,000	-	3,000,000	-
Yaxi Zhan	3,000,000	3,000,000	-	(3,000,000)	3,000,000	-	3,000,000	-
Terence Topping	1,500,000	-	-	(1,500,000)	-	-	-	-
Andrew Haythorpe	-	-	-	-	-	-	-	-
<b>Total</b>	<b>5,500,000</b>	<b>9,000,000</b>	<b>-</b>	<b>(5,500,000)</b>	<b>9,000,000</b>	<b>-</b>	<b>9,000,000</b>	<b>-</b>

	Opening Balance No.	Options Granted No.	Options Exercised No.	Options Lapsed No.	Closing Balance/ At Date of Resignation No.	Vested During the Year No.	Vested and Exercisable at 30 Jun 20 No.	Not Vested at 30 June 20 No.
<b>30 June 2020</b>								
Grant Mooney	1,000,000	-	-	-	1,000,000	-	1,000,000	-
Yaxi Zhan	3,000,000	-	-	-	3,000,000	-	3,000,000	-
Terence Topping	1,500,000	-	-	-	1,500,000	-	1,500,000	-
Andrew Haythorpe	-	-	-	-	-	-	-	-
<b>Total</b>	<b>5,500,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,500,000</b>	<b>-</b>	<b>5,500,000</b>	<b>-</b>

### Performance Rights Holding

The following table discloses the movement in Directors' and Key Management Personnel's Performance Rights during the year.

	Opening Balance No.	Performance Rights Granted No.	Performance Rights Exercised No.	Performance Rights Lapsed No.	Closing Balance/ At Date of Resignation No.	Vested During the Year No.	Vested and Exercisable at 30 Jun 21 No.	Not Vested at 30 June 21 No.
<b>30 June 2021</b>								
Richard Hill	-	4,000,000	(4,000,000)	-	-	4,000,000	-	-
Grant Mooney	-	-	-	-	-	-	-	-
Yaxi Zhan	-	-	-	-	-	-	-	-
Terence	-	-	-	-	-	-	-	-
Topping	-	-	-	-	-	-	-	-
Andrew	-	-	-	-	-	-	-	-
Haythorpe	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>4,000,000</b>	<b>(4,000,000)</b>	-	-	<b>4,000,000</b>	-	-

### End of Remuneration Report

#### SHARES UNDER OPTION

Unissued ordinary shares of the Company at the date of this report are as follows:

Grant Date	Expiry Date	Exercise Price	Number under option
18/01/2018	12/02/2022	\$0.25	5,000,000
28/05/2020	09/06/2023	\$0.06	5,000,000
30/08/2020	02/09/2023	\$0.06	5,000,000

At the date of this report, there were no performance rights under issue.

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

#### PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Group or the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the *Corporations Act 2001*.

#### **DIRECTORS' INDEMNITIES**

The Group has indemnified the directors and executives of the Group for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith. During the financial year, the Group paid a premium in respect of a contract to insure the directors and executives of the Group against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

#### **AUDITOR'S INDEMNITIES**

The Group has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Group or any related entity against a liability incurred by the auditor. During the financial year, the Group has not paid a premium in respect of a contract to insure the auditor of the Group or any related entity.

#### **CORPORATE GOVERNANCE**

The Group's Appendix 4G is released to ASX on the same day the Annual Report is released. Accelerate Resources Limited's Corporate Governance Statement, and the Company's Policies, Charters and Procedures, can be all found on the Company's website.

#### **NON-AUDIT SERVICES**

There were \$250 of non-audit services provided during the financial year by the auditor (2020: \$500). The Board has established certain procedures to ensure that the provision of non-audit services are compatible with, and do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as advocate for the Group or jointly sharing economic risks and rewards.

#### **OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF AUDITORS**

There are no officers of the company who are former partners of RSM Australia or Hall Chadwick WA Audit Pty Ltd .

#### **AUDITOR INDEPENDENCE**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

#### **AUDITOR**

Hall Chadwick WA Audit Pty Ltd were appointed auditors in accordance with section 327 of the *Corporations Act 2001*, to perform the year-end audit, replacing RSM Australia Partners.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors



**Yaxi Zhan**

Managing Director

30 September 2021

To the Board of Directors

## Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit partner for the audit of the financial statements of Accelerate Resources Limited for the financial year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours Faithfully

*Hall Chadwick*  
**HALL CHADWICK WA AUDIT PTY LTD**

  
**CHRIS NICOLOFF CA**  
**Partner**

Dated this 30<sup>th</sup> day of September 2021

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2021

	Note	Consolidated 2021 \$	Consolidated 2020 \$
<b>Revenue</b>			
Other income		125,535	66,827
		<b>125,535</b>	<b>66,827</b>
<b>Expenses</b>			
Corporate and professional expenses		(206,980)	(328,683)
Director and employee benefits		(542,738)	(286,983)
Administration expenses		(83,545)	(78,009)
Other expenses		(158,550)	(218,086)
Depreciation		(6,025)	(26,503)
Exploration expenditure		(12,259)	(5,901)
Impairment of exploration expenditure	5	(1,708,602)	(568,398)
Reversal of impairment of security bonds		59,000	-
Impairment of assets		-	(60,111)
Share-based payments expenses	12	(839,891)	-
<b>Loss before income tax expense</b>		<b>(3,374,055)</b>	<b>(1,505,847)</b>
Income tax expense	14	-	-
<b>Loss before other comprehensive income</b>		<b>(3,374,055)</b>	<b>(1,505,847)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss</b>		<b>(3,374,055)</b>	<b>(1,505,847)</b>
<b>Earnings per share for (loss) from continuing operations attributable to the ordinary equity holders of the Group</b>			
Basic and diluted earnings per share (cents)	13	(2.37)	(2.66)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 June 2021

	Note	Consolidated 2021 \$	Consolidated 2020 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	1,232,440	156,611
Other current assets	4	81,328	56,410
Asset held for sale	5	1,000,000	-
<b>Total Current Assets</b>		<b>2,313,768</b>	<b>213,021</b>
<b>Non-Current Assets</b>			
Exploration and evaluation expenditure	5	912,356	3,306,522
Other non-current assets	4	549,571	-
Plant and equipment	6	5,454	6,889
<b>Total Non-Current Assets</b>		<b>1,467,381</b>	<b>3,313,411</b>
<b>Total Assets</b>		<b>3,781,149</b>	<b>3,526,432</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	8	68,376	146,237
Deferred consideration	5	36,000	-
Provision	9	39,496	39,917
<b>Total Current Liabilities</b>		<b>143,872</b>	<b>186,154</b>
<b>Total Liabilities</b>		<b>143,872</b>	<b>186,154</b>
<b>Net Assets</b>		<b>3,637,277</b>	<b>3,340,278</b>
<b>Equity</b>			
Issued capital	10	9,090,949	6,225,335
Reserves	11	2,367,354	1,561,914
Accumulated losses		(7,821,026)	(4,446,971)
<b>Total Equity</b>		<b>3,637,277</b>	<b>3,340,278</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended 30 June 2021

	Note	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
<b>Consolidated</b>					
<b>Balance as at 1 July 2019</b>		<b>5,661,905</b>	<b>1,487,077</b>	<b>(2,947,730)</b>	<b>4,201,252</b>
Loss after income tax		-	-	(1,505,847)	(1,505,847)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the period		-	-	(1,505,847)	(1,505,847)
Issue of shares	10	617,520	-	-	617,520
Share issue costs	10	(54,090)	-	-	(54,090)
Expiry of options	11	-	(6,606)	6,606	-
Issue of advisor options	11	-	81,443	-	81,443
<b>Balance as at 30 June 2020</b>		<b>6,225,335</b>	<b>1,561,914</b>	<b>(4,446,971)</b>	<b>3,340,278</b>
<b>Consolidated</b>					
Loss after income tax		-	-	(3,374,055)	(3,374,055)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the period		-	-	(3,374,055)	(3,374,055)
Shares issued	10	2,984,061	-	-	2,984,061
Share issue costs	10,11	(388,447)	217,549	-	(170,898)
Consideration shares issued	5,10	18,000	-	-	18,000
Performance rights issued	11	-	252,000	-	252,000
Conversion of performance rights	10,11	252,000	(252,000)	-	-
Options issued	11	-	587,891	-	587,891
<b>Balance as at 30 June 2021</b>		<b>9,090,949</b>	<b>2,367,354</b>	<b>(7,821,026)</b>	<b>3,637,277</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended 30 June 2021

	Note	Consolidated 2021 \$	Consolidated 2020 \$
<b>Cash Flows from Operating Activities</b>			
Payments to suppliers and employees		(747,544)	(729,341)
Interest received		127	10,774
Other income received		77,784	45,250
Cash flow boost		32,410	-
<b>Net cash (outflows) from operating activities</b>	15	<b>(637,223)</b>	<b>(673,317)</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of plant and equipment	6	(4,590)	(617)
Payments for exploration and evaluation expenditure		(396,889)	(340,637)
Amounts advanced to external party	4	(549,571)	-
Cash acquired from asset acquisition		-	4,674
Proceeds from sale of asset	5	135,000	200,000
<b>Net cash (outflows) from investing activities</b>		<b>(816,050)</b>	<b>(136,580)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from issue of shares		2,700,000	358,520
Capital raising cost		(170,898)	(54,090)
Payment of leases		-	(21,157)
<b>Net cash inflow from financing activities</b>		<b>2,529,102</b>	<b>283,273</b>
<b>Net decrease in cash and cash equivalents</b>		<b>1,075,829</b>	<b>(526,624)</b>
Cash and cash equivalents at the beginning of the financial year		156,611	683,235
<b>Cash and cash equivalents at the end of the financial year</b>	3	<b>1,232,440</b>	<b>156,611</b>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements and notes represent those of Accelerate Resources Limited (the 'Company') and its controlled entities ('Group'). The financial report was authorised for issue by the Board on 30 September 2021. The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **Basis of Preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Group. Supplementary information about the Company is disclosed in Note 21: Parent Entity Disclosures.

Except for cash flow information, the financial report has been prepared on an accruals basis and is based on historical costs, modified where applicable, by the measurement at fair value of selected financial assets and financial liabilities. Cost is based on the fair values of the consideration given in exchange for assets.

The financial statements have been presented in Australian dollars (AUD), which is the Group's functional and presentation currency.

#### **Going Concern**

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the Group incurred a loss of \$3,374,055 (30 June 2020: \$1,505,847) and had net cash outflows from operating and investing activities of \$637,223 (30 June 2020: \$673,317) and \$816,050 (30 June 2020: \$136,580) respectively for the year ended 30 June 2021. As at that date, the Group had net current assets of \$2,169,896 (30 June 2020: \$26,687). The ability of the Group to continue as a going concern is principally dependent upon the ability of the Group to secure funds by raising additional capital from equity markets and managing cash flows in line with available funds.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Directors believe that it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- On 13 September 2021, the Company announced that it has received firm commitments to raise \$3.1 million (before costs) from sophisticated investors via a placement. On 20 September 2021, the Company issued 38,899,428 fully paid ordinary shares at \$0.036 per share. A further 47,211,683 shares will be issued subject to shareholder approval at the 2021 Annual General Meeting to be held on 8 November 2021; and
- The Group has the ability to curtail administrative, discretionary exploration and overhead cash outflows as and when required.

#### **New or amended Accounting Standards and Interpretations adopted**

During the year ended 30 June 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the year-end reporting period beginning on or after 1 July 2020. Any new or amended standards and interpretations that are not yet mandatory have not been early adopted.

#### **New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2021. None of the new or amended Accounting Standards and Interpretations, most relevant to the Group, are expected to have a material impact on the Group's financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### a) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the consolidated statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

#### b) Other Assets

Other receivables are recognised at amortised cost, less any provision for impairment.

#### c) Asset Held for Sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For assets to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of an asset, but not in excess of any cumulative impairment loss previously recognised.

Assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Assets classified as held for sale are presented separately on the face of the consolidated statement of financial position, in current assets.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### d) Exploration and Evaluation Assets

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the period in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one period of abandoning the site.

#### e) Plant and Equipment

##### *Recognition and measurement*

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

The gain or loss on disposal of an item of plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and is recognised net within other income / other expenses in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *Depreciation*

Depreciation is based on the cost of an asset less its residual value. Depreciation is recognised in profit or loss on a diminishing value basis over the estimated useful lives of each part of an item of plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Office equipment 3 -10 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

#### **f) Impairment of Non-Financial Assets**

At each reporting date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. An asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### **g) Trade and Other Payables**

These amounts represent liabilities for goods and services provided to the entity prior to the end of the financial period and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

#### **h) Leases**

##### ***The Group as a lessee***

For any new contracts entered into on or after 1 July 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- The Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- The Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

#### *Measurement and recognition of leases as a lessee*

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term. On the statement of financial position, right-of-use assets have been included in plant and equipment (except those meeting the definition of investment property) and lease liabilities have been included in trade and other payables.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### i) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

#### j) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### k) Earnings Per Share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss after income tax attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by dividing the profit or loss after income tax attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

#### l) Revenue

##### *Interest*

Interest revenue is recognised as interest accrues using the effective interest method.

##### *Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### m) Employee Benefits

##### *Wages and salaries*

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled wholly within 12 months of the reporting date are recognised in employee provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

##### *Superannuation*

The amount charged to the profit and loss in respect of superannuation represents the contributions paid or payable by the Group to the employee's superannuation funds.

##### *Employee Benefits on-costs*

Employee benefit on-costs, including payroll tax, are recognised when paid or payable by the Group.

##### *Share-based payments*

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

#### n) Income Taxes

Income tax expense or revenue comprises current and deferred tax. Current and deferred taxes are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and associates and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those rates which are enacted or subsequently enacted for each jurisdiction. Deferred tax assets are recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### **o) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which is disclosed as operating cash flows.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### p) Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that related to transactions with any of the Group's other components. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments. The Board (Chief Operating Decision Makers "CODM") is responsible for the allocation of resources to operating segments and assessing their performance.

#### q) Principles of Consolidation

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

#### r) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

#### *Share-based payment transactions*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

#### *Exploration and evaluation costs*

Exploration and evaluation costs have been capitalised and are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Key judgements are applied in considering the costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised.

### 3. CASH AND CASH EQUIVALENTS

	<b>Consolidated 2021</b>	<b>Consolidated 2020</b>
	\$	\$
Cash at bank	1,232,440	156,611
	<b>1,232,440</b>	<b>156,611</b>

### 4. OTHER ASSETS

	<b>Consolidated 2021</b>	<b>Consolidated 2020</b>
	\$	\$
<i>Current</i>		
Accounts receivable	-	-
GST receivable	9,264	19,258
Deposit	60,000	27,376
Prepayments	12,064	9,776
	<b>81,328</b>	<b>56,410</b>

	<b>Consolidated 2021</b>	<b>Consolidated 2020</b>
	\$	\$
<i>Non-Current</i>		
Other asset *	549,571	-

\* Pursuant to the binding term sheet entered into with Currie Ross Resources Inc. ("Currie Rose") on 30 August 2020, Accelerate made available CAD\$500,000 to Currie Rose in order to fund a due diligence exploration program on the Rossland Gold Project ("Exploration Program"), with Currie Rose managing the Exploration Program at the direction of Accelerate.

The Company announced on 30th April 2021, that it had completed its Due Diligence on the Exploration Program and elected to convert its expenditure to 8,333,333 shares (which is equivalent to 16.6% of shares on issue), in Currie Rose. Subsequent to 30 June 2021, the Company received confirmation that the shares had been issued.

## NOTES TO THE FINANCIAL STATEMENTS

### 5. EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated 2021 \$	Consolidated 2020 \$
Exploration and evaluation expenditure – Tasmania	-	2,687,405
Exploration and evaluation expenditure – Western Australia	912,356	619,117
	<b>912,356</b>	<b>3,306,522</b>
<b>Exploration and evaluation expenditure – Tasmania</b>		
Opening balance	2,687,405	3,192,140
Additions	21,197	54,997
Impairment <sup>3</sup>	(1,708,602)	-
Reclassification of balance to asset held for sale <sup>3</sup>	(1,000,000)	(559,732)
Closing balance	-	<b>2,687,405</b>
<b>Exploration and evaluation expenditure – Western Australia</b>		
Opening balance	619,117	87,817
Additions <sup>1</sup>	416,648	539,966
Sale of tenements <sup>2</sup>	(123,409)	(8,666)
Closing balance	<b>912,356</b>	<b>619,117</b>

<sup>1</sup> Included in the additions is the acquisition of exploration and evaluation assets amounting to \$54,000 from Volcanic Resources Pty Ltd (“Volcanic”). On 27 November 2020, the Company acquired Volcanic for a purchase consideration of \$54,000 which consisted of 250,000 fully paid ordinary shares and contingent consideration of 500,000 shares. The acquisition of Volcanic has been treated as an asset acquisition. Details of the asset acquisition are as follows:

	Fair value \$
<b>Net assets acquired</b>	-
Consideration shares in Accelerate Resources Limited issued to vendor*	18,000
Contingent consideration **	36,000
<b>Fair value of consideration transferred</b>	<b>54,000</b>

\* 250,000 fully paid ordinary shares were issued at 7.2 cents as partial payment for the acquisition (Note 10).

\*\* 500,000 fully paid ordinary shares to be issued at 7.2 cents upon last to occur of settlement and the grant of the tenement to the Company by the Western Australia Department of Mines, Industry Regulation and Safety.

## NOTES TO THE FINANCIAL STATEMENTS

## 5. EXPLORATION AND EVALUATION EXPENDITURE (CONTINUED)

<sup>2</sup> In September 2020, the Company sold the title and rights of the Sandstone project, comprising of exploration license E57/1118, to Firehouse WA Pty Ltd for a cash consideration of \$15,000 (excl. GST).

In May 2021, the Company sold the title and rights of the Mt Monger Gold project, comprising of exploration licenses E25/625 and E25/565, to Mt Monger Resources Ltd for a cash consideration of \$120,000 (excl. GST). Option fees of \$60,000 (excl. GST) had already been received by the Company prior to execution of the sale. A further \$50,000 is receivable as deferred cash consideration upon the delineation of an Inferred Mineral Resources of at least 20,000 oz. at >1.5 g/t gold.

<sup>3</sup> In June 2021, the Company announced that it had entered into a Heads of Agreement, granting an option to unlisted company Stunalara Metals Limited ("Stunalara"), to acquire 100% of the legal and beneficial interest in the Company's Mt Read Project in Tasmania. The Mt Read Project comprises exploration license EL06/2013. Upon exercising of the option, the Company will receive fully paid ordinary shares in Stunalara to the value of \$1,000,000 at a deemed issue price equal to the price per share offered to the public under Stunalara's proposed initial public offering or the 1-month VWAP price of an RTO vehicle prior to a deal being announced for the listing via a reverse takeover (back door listing).

The Company has received a non-refundable option fee of \$15,000 (excl GST) for an exclusive option period to 30 September 2021 with a further option extension period to 30 June 2022

As a result of the above, the underlying exploration & evaluation costs relating to the Mt Read Project have been reclassified as held for sale as at 30 June 2021. An impairment of \$1,708,602 was recognised prior to reclassification to reflect the fair value of the Project in line with the agreed consideration set out in the Heads of Agreement.

	Consolidated 2021 \$	Consolidated 2020 \$
Asset held for sale – Mt Read Project (Note 5, footnote 3)	1,000,000	-

## NOTES TO THE FINANCIAL STATEMENTS

### 6. PLANT AND EQUIPMENT

	Consolidated 2021 \$	Consolidated 2020 \$
<b>Plant and equipment</b>		
- at cost	19,166	14,576
- accumulated depreciation	(13,712)	(7,687)
	<b>5,454</b>	<b>6,889</b>
<b>Plant and equipment – movements</b>		
Opening balance	6,889	11,619
Additions	4,590	617
Depreciation	(6,025)	(5,347)
Closing balance	<b>5,454</b>	<b>6,889</b>

### 7. RIGHT OF USE ASSET

	Consolidated 2021 \$	Consolidated 2020 \$
<b>Right of use asset</b>		
- cost	-	21,156
- accumulated depreciation	-	(21,156)
	-	-
<b>Right of use asset – cost</b>		
Opening balance	-	-
Adjust on transition to AASB 16	-	21,156
Closing balance	-	<b>21,156</b>
<b>Right of use asset – accumulated depreciation</b>		
Opening balance	-	-
Depreciation	-	21,156
Closing balance	-	<b>21,156</b>
Net book value	-	-

## NOTES TO THE FINANCIAL STATEMENTS

### 8. TRADE AND OTHER PAYABLES

	<b>Consolidated 2021 \$</b>	<b>Consolidated 2020 \$</b>
Trade payables	11,481	76,897
Accruals	37,236	22,691
Other payables	19,659	46,649
	<b>68,376</b>	<b>146,237</b>

Trade creditors, excluding related party payables, are expected to be paid on 30-day terms.

### 9. PROVISION

	<b>Consolidated 2021 \$</b>	<b>Consolidated 2020 \$</b>
Employee annual leave provision	39,496	39,917
	<b>39,496</b>	<b>39,917</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 10. ISSUED CAPITAL

	Consolidated 30-Jun-21 No.	Consolidated 30-Jun-20 No.	Consolidated 30-Jun-21 \$	Consolidated 30-Jun-20 \$
Ordinary shares on issue, fully paid	156,847,794	79,366,666	9,090,949	6,225,335

*Reconciliation of Movement in Issued Capital*

	Shares No.	Date	Issue Price \$	Amount \$
<b>Closing balance at 30 June 2019</b>	<b>47,620,000</b>			<b>5,661,905</b>
Acquisition of Halcyon Resources Placement	7,000,000	18-Nov-19	0.037	259,000
Rights issue entitlement	4,905,000	28-Jan-20	0.025	120,420
Rights issue shortfall	8,236,262	13-May-20	0.012	98,835
Share issue costs	11,605,404	15-May-20	0.012	139,265
	-			(54,090)
<b>Closing balance at 30 June 2020</b>	<b>79,366,666</b>			<b>6,225,335</b>
Placement – tranche 1	19,841,666	14-Jul-20	0.0288	571,440
Placement – tranche 1	14,880,557	31-Aug-20	0.0288	428,560
Shares to Directors upon appointment <sup>1</sup>	4,000,000	31-Aug-20	0.063	252,000
Shares to Directors in lieu of services <sup>2</sup>	508,905	31-Aug-20	0.063	32,061
Placement – tranche 2	24,649,440	11-Sep-20	0.05	1,232,472
Placement – tranche 2	9,350,560	27-Nov-20	0.05	467,528
Conversion of performance rights <sup>3</sup>	4,000,000	27-Nov-20	0.063	252,000
Acquisition of Volcanic (Note 5)	250,000	27-Nov-20	0.072	18,000
Share Issue Cost	-			(388,447)
<b>Closing balance at 30 June 2021</b>	<b>156,847,794</b>			<b>9,090,949</b>

\* Total value of share capital issued during the year ended 30 June 2021 amounted to \$3,254,062.

<sup>1</sup> On 31 August 2020, 4,000,000 shares, were issued to Richard Hill in lieu of cash for services from date of appointment (3 July 2020) until 31 December 2020. The shares were valued at 6.3 cents per share being the share price on the grant date of 24 August 2020, the date of the Company's General Meeting at which the shareholders approved the grant of the shares, which reflects their fair value in line with AASB 2 Share-Based Payment

<sup>2</sup> On 31 August 2020, 508,905 shares were issued to Directors in settlement of director fees for the period March 2020 to June 2020. The shares were valued at 6.3 cents per share being the share price on the grant date of 24 August 2020, the date of the general meeting the shareholders approved the grant of the shares, which reflects their fair value in line with AASB 2 Share-Based Payment

<sup>3</sup> On 27 November 2020, 4,000,000 performance rights granted to Richard Hill converted to fully paid ordinary shares having met the associated milestones (Note 11).

## NOTES TO THE FINANCIAL STATEMENTS

### 10. ISSUED CAPITAL (CONTINUED)

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Group in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital. On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

#### Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders. The Group's capital includes ordinary share capital and financial liabilities, supported by financial assets.

Due to the nature of the Group's activities, being mineral exploration, it does not have ready access to credit facilities, with the primary source of funding being equity raisings. Accordingly, the objective of the Group's capital risk management is to balance the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. This is achieved by maintaining appropriate liquidity to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The Group is not subject to any externally imposed capital requirements.

	<b>Consolidated 2021 \$</b>	<b>Consolidated 2020 \$</b>
Cash and cash equivalents	1,232,440	156,611
Trade and other receivables (excludes deposit)	21,328	29,034
Trade and other payables	(68,236)	(146,237)
Working capital position	<b>1,185,532</b>	<b>39,408</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 11. RESERVES

	Consolidated 2021 \$	Consolidated 2020 \$
Options reserve	2,367,354	1,561,914
Performance rights reserve	-	-
	<b>2,367,354</b>	<b>1,561,914</b>

#### *Option reserve*

Options issued carry no dividend or voting rights. When exercisable, each option is convertible to one ordinary share.

	No. of Options	\$
<b>Closing balance at 30 June 2019</b>	<b>15,200,000</b>	<b>1,487,077</b>
Options expired unexercised	(200,000)	(6,606)
Options issued to consultant	5,000,000	81,443
<b>Closing balance at 30 June 2020</b>	<b>20,000,000</b>	<b>1,561,914</b>
Options issued to consultant <sup>1</sup>	5,000,000	165,614
Options issued to consultant <sup>2</sup>	3,000,000	92,149
Options issued to Directors <sup>2</sup>	9,000,000	343,292
Options issued to Lead Managers <sup>2</sup>	7,500,000	217,549
Cancelled options <sup>4</sup>	(1,500,000)	(13,164)
Lapsed options <sup>5</sup>	(10,000,000)	-
<b>Closing balance at 30 June 2021</b>	<b>33,000,000</b>	<b>2,367,354</b>

<sup>1</sup> On 2 September 2020, the Company issued 5,000,000 unlisted options exercisable at \$0.06 each, expiring 2 September 2023, to a consultant of the Company.

<sup>2</sup> On 27 November 2020, the Company issued 3,000,000 unlisted options exercisable at \$0.0959 each, expiring 27 November 2022, to a consultant of the Company. 9,000,000 unlisted options exercisable at \$0.0957 each, expiring 27 November 2024 were issued to Directors of the Company. 7,500,000 unlisted options exercisable at \$0.0957 each, expiring 27 November 2022 were issued to the Placement Lead Managers.

<sup>4</sup> On 9 April 2021, the Company cancelled 1,500,000 unvested consultant options.

<sup>5</sup> On 30 April 2021, 10,000,000 unlisted options exercisable at \$0.25 lapsed unexercised.

## NOTES TO THE FINANCIAL STATEMENTS

### 11. RESERVES (CONTINUED)

Summary of options granted as at 30 June 2021 are as follows:

Grant Date	Expiry Date	Exercise Price	Balance at Start of Year	Granted	Exercised	Expired / Cancelled	Balance at End of Year
28/04/2017	30/04/2021	\$0.25	6,000,000	-	-	(6,000,000)	-
18/01/2018	30/04/2021	\$0.25	4,000,000	-	-	(4,000,000)	-
18/01/2018	12/02/2022	\$0.25	5,000,000	-	-	-	5,000,000
28/05/2020	09/06/2023	\$0.06	5,000,000	-	-	-	5,000,000
30/08/2020	02/09/2023	\$0.06	-	5,000,000	-	-	5,000,000
31/10/2020	27/11/2022	\$0.0959	-	3,000,000	-	(1,500,000)	1,500,000
23/11/2020	27/11/2024	\$0.0957	-	9,000,000	-	-	9,000,000
23/11/2020	27/11/2022	\$0.0957	-	7,500,000	-	-	7,500,000
			<b>20,000,000</b>	<b>24,500,000</b>	-	<b>(11,500,000)</b>	<b>33,000,000</b>

Summary of options granted as at 30 June 2020 are as follows:

Grant Date	Expiry Date	Exercise Price	Balance at Start of Year	Granted	Exercised	Expired	Balance at End of Year
28/04/2017	30/04/2021	\$0.25	6,000,000	-	-	-	6,000,000
18/01/2018	30/04/2021	\$0.25	4,000,000	-	-	-	4,000,000
18/01/2018	12/02/2022	\$0.25	5,000,000	-	-	-	5,000,000
13/08/2018	30/04/2020	\$0.25	200,000	-	-	(200,000)	-
28/05/2020	09/06/2023	\$0.06	-	5,000,000	-	-	5,000,000
			<b>15,200,000</b>	<b>5,000,000</b>	-	<b>(200,000)</b>	<b>20,000,000</b>

The weighted average exercise price of the outstanding options as at 30 June 2021 was \$0.11 (30 June 2020: \$0.20). The weighted average remaining contractual life of options outstanding at 30 June 2020 was 2.03 years (30 June 2020: 1.56 years).

## NOTES TO THE FINANCIAL STATEMENTS

### 11. RESERVES (CONTINUED)

#### *Performance rights reserve*

Performance rights issued carry no dividend or voting rights. When exercisable, each performance right is convertible to one ordinary share.

	No. of Rights	\$
<b>Closing balance at 30 June 2019</b>	-	-
<b>Closing balance at 30 June 2020</b>	-	-
Performance rights issued to Director	4,000,000	252,000
Conversion of performance rights	(4,000,000)	(252,000)
<b>Closing balance at 30 June 2021</b>	-	-

On 24 August 2020, the Company granted 4,000,000 performance rights expiring 3 July 2022 to a Director, as approved by shareholders at the Company's General Meeting held on 24 August 2020. The performance rights were valued at \$0.063 per right, being the share price on the grant date, which reflects their fair value in line with AASB 2 Share-Based Payment. On 27 November 2020, 4,000,000 performance rights converted to fully paid ordinary shares having met the associated milestones (Note 10).

### 12. SHARE-BASED PAYMENTS

On 2 September 2020, the Company issued 5,000,000 unlisted options exercisable at \$0.06 each, expiring 2 September 2023, to a consultant of the Company.

On 27 November 2020, the Company issued 3,000,000 unlisted options exercisable at \$0.0959 each, expiring 27 November 2022, to a consultant of the Company. 9,000,000 unlisted options exercisable at \$0.0957 each, expiring 27 November 2024 were issued to Directors of the Company. 7,500,000 unlisted options exercisable at \$0.0957 each, expiring 27 November 2022 were issued to the Placement Lead Managers

The Black-Scholes option pricing model was used to value the options and the following table lists the inputs to the model used for the valuation of the options:

Grant Date	Expiry Date	Exercise Price	Share Price at Grant Date	Expected Volatility	Risk-free Interest Rate	Fair Value per Option
30/08/2020	02/09/2023	\$0.06	\$0.056	97.8%	0.28%	\$0.0331
31/10/2020	27/11/2022	\$0.0959	\$0.095	106.3%	0.11%	\$0.0527
23/11/2020	27/11/2024	\$0.0957	\$0.063	98.3%	0.20%	\$0.0381
23/11/2020	27/11/2022	\$0.0957	\$0.063	107.6%	0.09%	\$0.0290

## NOTES TO THE FINANCIAL STATEMENTS

### 12. SHARE BASED PAYMENTS (CONTINUED)

On 24 August 2020, the Company granted 4,000,000 performance rights expiring 3 July 2022 to a Director, as approved by shareholders at the Company's General Meeting held on 24 August 2020. The performance rights were valued at \$0.063 per right, being the share price on the grant date. On 27 November 2020, 4,000,000 performance rights converted to fully paid ordinary shares having met the associated milestones

### 13. EARNINGS PER SHARE

	<b>Consolidated 2021 \$</b>	<b>Consolidated 2020 \$</b>
Loss after income tax (used in calculating both basic and diluted loss per share)	<b>(3,374,055)</b>	<b>(1,505,847)</b>
	<b>Cents</b>	<b>Cents</b>
Basic loss per share (cents)	(2.37)	(2.66)
Diluted loss per share (cents)	(2.37)	(2.66)
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic and diluted EPS	142,274,032	56,525,899

## NOTES TO THE FINANCIAL STATEMENTS

### 14. INCOME TAX EXPENSE

A reconciliation between the income tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:

	Consolidated 2021 \$	Consolidated 2020 \$
Loss before income tax	<b>(3,374,055)</b>	<b>(1,505,847)</b>
Prima facie benefit on operation loss at 26% (2020: 27.5%)	(877,255)	(414,108)
Non-allowable expenditure	219,287	196,134
Non-assessable income	(7,022)	-
Temporary differences not brought to account as a deferred tax asset / (liability)	332,307	(124,172)
Tax losses not brought to account as a deferred tax asset	332,683	342,146
Income tax benefit	-	-
Unrecognised tax losses	6,873,774	5,584,082

A potential deferred tax asset, attributable to tax losses carried forward, amounts to approximately \$1,787,181 (2020: 1,535,622) and has not been brought to account at reporting date because the directors do not believe it is appropriate to regard realisation of the deferred tax asset as probable at this point in time. This benefit will only be obtained if:

- the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss incurred;
- the Group continues to comply with the conditions for deductibility imposed by law; and
- no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the loss incurred.
- the Group continues to comply with the conditions for deductibility imposed by law; and
- no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the loss incurred.

## NOTES TO THE FINANCIAL STATEMENTS

### 15. CASH FLOW INFORMATION

Reconciliation of cash flow from operating activities with loss after income tax:

	Consolidated 2021 \$	Consolidated 2020 \$
Loss after income tax	(3,374,055)	(1,505,847)
<i>Add / (deduct) non-cash items:</i>		
Corporate advisory fees paid by issue of options	-	81,443
Share based payment expense	839,891	-
Depreciation	6,025	26,503
Impairment of exploration expenditure	1,708,602	568,398
Reversal of impairment of security bonds	(59,000)	-
Impairment of assets	-	60,111
Profit on sale of tenements	(15,214)	-
Payments to directors and employees issued in shares	257,394	-
<i>Changes in assets and liabilities:</i>		
Other current assets	34,082	(10,372)
Trade and other payables	(34,527)	66,530
Provisions	(421)	39,917
<b>Cash outflows from operating activities</b>	<b>(637,223)</b>	<b>(673,317)</b>

### 16. RELATED PARTY TRANSACTIONS

#### a) Key Management Personnel Compensation

	Consolidated 2021 \$	Consolidated 2020 \$
Short-term employee benefits – Cash, salary and fees	277,223	265,334
Short-term employee benefits – Annual leave	(421)	39,917
Post-employment benefits	19,658	17,733
Share-based payment	852,688	-
	<b>1,149,148</b>	<b>322,984</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 16. RELATED PARTY TRANSACTIONS (CONTINUED)

#### b) Transactions with Related Parties

There were no other transactions with related parties other than through Key Management Personnel Compensation above.

#### c) Amount owing from / (to) Related Parties

There were no amounts owing from / (to) related parties at 30 June 2021 (2020: nil).

### 17. AUDITOR'S REMUNERATION

	Consolidated 2021 \$	Consolidated 2020 \$
<i>Audit services</i>		
Audit or review of the financial statements	36,500	25,000
Non-audit services	250	500
	<b>36,750</b>	<b>25,500</b>

### 18. COMMITMENTS

Operating lease commitments consists of various mining tenement leases in Tasmania (Mt Read Cobalt Project) and Western Australia (Comet, Tambellup).

The Group has annual minimum expenditure commitments of \$190,000 (excluding commitments of \$65,000 relating to the Mt Read Cobalt Project which is being met by Stunalara Metals Limited under a Heads of Agreement) (2020: \$167,951).

## NOTES TO THE FINANCIAL STATEMENTS

### 19. OPERATING SEGMENTS

The Group has identified its operating segments based on the internal reports that are used by the Board (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The operating segments are identified by the Board based on the phase of operation within the mining industry.

For management purposes, the Group has organised its operations into one reportable segment on the basis of stage of development as follows:

- Exploration and evaluation assets, which includes assets that are associated with the determination and assessment of the existence of commercial economic reserves.

The Board as a whole will regularly review the identified segments in order to allocate resources to the segment and to assess its performance. During the year ended 30 June 2021 and 30 June 2020, the Group had no development assets. The Board considers that it has only operated in one segment, being mineral exploration. The Group is domiciled in Australia. Another income from external customers are only generated from Australia. No income was derived from a single external customer.

### 20. CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in Note 1.

	Country of Incorporation	Principal Activities	Ownership 2021 (%)	Ownership 2020 (%)
Halcyon Resources Pty Ltd	Australia	Exploration	100	100
Volcanic Resources Pty Ltd	Australia	Exploration	100 <sup>1</sup>	-

<sup>1</sup> Volcanic Resources Pty Ltd was acquired on 27 November 2020. Refer to Note 5 for more details on the acquisition.

## NOTES TO THE FINANCIAL STATEMENTS

### 21. PARENT ENTITY DISCLOSURES

The following information has been extracted from the books and records of the legal parent, being Accelerate Resources Limited and has been prepared in accordance with Accounting Standards.

	2021	2020
	\$	\$
<i>Financial Position</i>		
Total current assets	2,313,768	212,294
Total non-current assets	1,467,381	3,314,138
<b>Total assets</b>	<b>3,781,149</b>	<b>3,526,432</b>
Total current liabilities	143,872	186,154
<b>Total liabilities</b>	<b>143,872</b>	<b>186,154</b>
<b>Net assets</b>	<b>3,637,277</b>	<b>3,340,278</b>
Issued capital	9,090,949	6,225,335
Reserves	2,367,354	1,561,914
Accumulated losses	(7,821,026)	(4,446,971)
<b>Total equity</b>	<b>3,637,277</b>	<b>3,340,278</b>
<i>Financial Performance</i>		
Loss for the year	(3,374,055)	(1,499,241)
Other comprehensive income	-	-
<b>Total comprehensive loss</b>	<b>(3,374,055)</b>	<b>(1,499,241)</b>

The Parent Entity has no capital commitments and has not entered into a deed of cross guarantee nor are there any contingent liabilities, apart from that mentioned in Note 24, at the year end.

### 22. FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from their use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

## NOTES TO THE FINANCIAL STATEMENTS

### 22. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks.

#### Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions is spread amongst approved counterparties.

Credit risk related to balances with banks and other financial institutions is managed by the board. The board's policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA-. All of the Group's surplus funds are invested with AA- Rated financial institutions.

The Group does not have any material credit risk exposure to any single receivable or Group of receivables under financial instruments entered into by the Group.

The credit risk for counterparties included in cash and cash equivalents as at 30 June 2021 is detailed below:

	<b>Consolidated 2021 \$</b>	<b>Consolidated 2020 \$</b>
<b>Financial assets:</b>		
Cash and cash equivalents	1,232,440	156,611
	<b>1,232,440</b>	<b>156,611</b>

#### Liquidity risk

The responsibility with liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate working capital is maintained. The Group's policy is to ensure that it has sufficient cash reserves to carry out its planned exploration activities over the next 12 months.

The Group's financial instrument liabilities of \$68,376 are expected to be paid within one year.

## NOTES TO THE FINANCIAL STATEMENTS

### 22. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

#### **Interest rate risk**

The Group does not have any exposure to interest rate risk as there were no external borrowings at 30 June 2021 (2020: nil). Interest bearing assets are all short-term liquid assets and the only interest rate risk is the effect on interest income by movements in the interest rate. There is no other material interest rate risk.

#### **Fair values**

The net fair values of financial assets and financial liabilities approximate their carrying value. The methods for estimating fair value are outlined in the relevant notes to the financial statements.

### 23. EVENTS SUBSEQUENT TO BALANCE DATE

#### ***Corporate changes***

After announcing on 30 April 2021 that the Company had completed its Due Diligence on the Exploration Program on the Rossland High-Grade Gold project in Canada and elected to convert its expenditure to 8,333,333 shares (which is equivalent to 16.6% of shares on issue), in Currie Rose, the Company received confirmation in July 2021 that the shares had been issued.

#### ***Exploration developments***

On 27 July 2021, the Company announced that it had entered into a binding Option Agreement to acquire the Manganese and Iron Ore rights at Ripon Hills East and Braeside West Projects in the East Pilbara Manganese Field.

On 2 September 2021, the Company announced that it had executed a binding agreement to vend its interest in the Tambellup Kaolin Project for a 33.3 per cent interest in Perth-based silica resource and technology development company, Vytas Resources Pty Ltd.

## NOTES TO THE FINANCIAL STATEMENTS

### 23. EVENTS SUBSEQUENT TO BALANCE DATE (CONTINUED)

#### *Capital raisings and security issues*

On 13 September 2021, the Company announced that it has received firm commitments to raise \$3.1 million (before costs) from sophisticated investors via a placement. On 20 September 2021, the Company issued 38,899,428 fully paid ordinary shares at \$0.036 per share. A further 47,211,683 shares will be issued subject to shareholder approval at the 2021 Annual General Meeting to be held on 8 November 2021.

On 20 September 2021, the Company announced a proposed issue of 500,000 deferred consideration shares for the grant of tenement licence ELA 20/965 in accordance with the terms of the acquisition of Volcanic Resources Pty Ltd (Note 24), subject to approval of shareholders at the 2021 Annual General meeting to be held on 8 November 2021.

There are no other matters or circumstances that have arisen since 30 June 2021 to the date of this report that have significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

### 24. CONTINGENT LIABILITIES AND ASSETS

At 30 June 2021, there was contingent consideration payable of 15,000,000 ordinary shares relating to the acquisition of Halcyon Resources Pty Ltd on 18 November 2019. These contingent consideration shares are payable based on the below:

- 7,000,000 shares payable upon announcement by the Company of an inferred mineral resource from the project of either:
  - 5,000,000 tonnes of Kaolin Clay containing 45% minus 45-micron clay with an 82% ISO brightness; or
  - 5,000,000 tonnes of Kaolin Clay containing not less than an average of 29% Al<sub>2</sub>O<sub>3</sub> at an optimal fraction size.
- 8,000,000 shares payable upon shipment of 50,000 tons of Kaolin Clay.

At 30 June 2021, there was contingent consideration payable of 500,000 ordinary shares relating to the acquisition of Volcanic Resources Pty Ltd on 27 November 2020. These contingent consideration shares are payable upon the grant of the tenement to the Company by the Western Australia Department of Mines, Industry Regulation and Safety. However, this consideration has been provided for as settlement of the liability is probable and can be reliably measured.

There were no contingent assets at 30 June 2021 (2020: nil).

## DIRECTORS' DECLARATION

In the opinion of the Directors of the Group:

- a) The financial statements and notes set out on the preceding pages are in accordance with the *Corporations Act 2001* including:
  - i Giving a true and fair view of the financial position of the Group as at 30 June 2021 and of its performance for the financial year ended on that date; and
  - ii Complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- c) The financial statements and notes are in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5)(a) of *Corporations Act 2001*.



**Yaxi Zhan**

Managing Director

30 September 2021

Perth

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACCELERATE RESOURCES LIMITED

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Accelerate Resources Limited (“the Company”) and its subsidiaries (“the Consolidated Entity”), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors’ declaration.

In our opinion:

- a. the accompanying financial report of the Consolidated Entity is in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Consolidated Entity’s financial position as at 30 June 2021 and of its financial performance for the year then ended; and
  - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Consolidated Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board’s *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Exploration and Evaluation Expenditure</b></p> <p>The carrying amount of exploration and evaluation expenditure as at 30 June 2021 was \$912,356.</p> <p>Exploration and evaluation expenditure is a key audit matter due to:</p> <ul style="list-style-type: none"> <li>• The significance of the balance to the Company's financial position;</li> <li>• The level of judgement required in evaluating management's application of the requirements of AASB 6 Exploration for and Evaluation of Mineral Resources ("AASB 6"). AASB 6 is an industry specific accounting standard requiring the application of significant judgements, estimates and industry knowledge. This includes specific requirements for expenditure to be capitalised as an asset and subsequent requirements which must be complied with for capitalised expenditure to continue to be carried as an asset; and</li> </ul> <p>The assessment of impairment of exploration and evaluation expenditure being inherently difficult.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Assessed management's determination of its areas of interest for consistency with the definition in AASB 6. This involved analysing the tenements in which the Company holds an interest and the exploration programmes planned for those tenements.</li> <li>• Agreed the terms of acquisition agreements and on a sample basis corroborated rights to tenure to government registries and relevant agreements as applicable;</li> <li>• For each area of interest, we assessed the Company's rights to tenure by corroborating to government registries and evaluating agreements in place with other parties as applicable.</li> <li>• Considered the activities in each area of interest to date and assessed the planned future activities for each area of interest by evaluating budgets.</li> <li>• Substantiated a sample of expenditure by agreeing to supporting documentation.</li> <li>• We assessed each area of interest for one or more of the following circumstances that may indicate impairment of the capitalised expenditure: <ul style="list-style-type: none"> <li>○ the licenses for the right to explore expiring in the near future or are not expected to be renewed;</li> <li>○ substantive expenditure for further exploration in the specific area is neither budgeted or planned</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>○ decision or intent by the Company to discontinue activities in the specific area of interest due to lack of commercially viable quantities of resources; and</li> <li>○ data indicating that, although a development in the specific area is likely to proceed, the carrying amount of the exploration asset is unlikely to be recovered in full from successful development or sale.</li> </ul> <ul style="list-style-type: none"> <li>● Assessed the appropriateness of the disclosures included in the relevant notes to the financial statements.</li> </ul>
<p><b>Assets held for sales</b></p> <p>The fair value of assets held for sales as at 30 June 2021 was \$1,000,000.</p> <p>Assets held for sales are considered to be a key audit matter due to:</p> <ul style="list-style-type: none"> <li>● The significance of the balances to the Company's financial position;</li> <li>● The level of judgement required in evaluating management's application of the requirements of AASB 5 <i>Non current asset held for sales</i> ("AASB 5");</li> <li>● Value of tenements held for sale or to be transferred has not been recorded correctly in accordance with the terms of the relevant agreement.</li> </ul>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>● Evaluated the fair value of assets and liabilities disposed of</li> <li>● Evaluated the consideration receivable in respect of the assets disposed</li> <li>● Consider impairment indicators (assess carrying amount of investment vs fair value (if available) or recoverable amount/value in use.</li> </ul> <p>Assessed the appropriateness of the disclosures included in the relevant notes to the financial statements.</p>
<p><b>Share-Based Payments</b></p> <p>During the year the company issued shares, options and performance rights resulting in share based payment expense of \$839,891.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>● Analysed contractual agreement to identify key terms and conditions of the share-based payments issued and</li> </ul>

Share-based payments are considered to be a key audit matter due to:

- The significance of the balances to the Consolidated Entity's financial position and performance;
- The level of judgement required in evaluating management's application of the requirements of AASB 2 *Share-based Payment* ("AASB 2");
- Use of the Black-Scholes valuation model to determine the fair value of the options granted; and use of the Monte-Carlo valuation model to determine the fair value of the performance rights granted with market based conditions.

relevant vesting conditions in accordance with AASB 2;

- Evaluated management's valuation methods and assess the assumptions and inputs used;
- Assessed the amount recognised during the period against relevant vesting conditions; and
- Assessed the appropriateness of the disclosures included in the relevant notes to the financial statements.

## Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Consolidated Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Consolidated Entity or to cease operations, or has no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2021. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

## Auditor's Opinion

In our opinion, the Remuneration Report of the Company, for the year ended 30 June 2021, complies with section 300A of the Corporations Act 2001.

*Hall Chadwick*

**HALL CHADWICK WA AUDIT PTY LTD**  
**Chartered Accountants**



**CHRIS NICOLOFF CA**  
**Partner**

Dated this 30<sup>th</sup> day of September 2021

## ASX ADDITIONAL INFORMATION

## SCHEDULE OF MINING TENEMENTS HELD AT THE REPORT DATE

Project	Tenement Number	Status	Location	Beneficial Percentage Interest
<b>Tambellup</b>	E70/4969	Granted	Western Australia	100%
<b>Tambellup</b>	E70/5319	Granted	Western Australia	100%
<b>Braeside West</b>	E45/5854	Application	Western Australia	100% Iron ore and Mn right
<b>Ripon Hill</b>	E45/5088	Granted	Western Australia	100% Iron ore and Mn right
<b>Comet</b>	E20/908	Granted	Western Australia	100%
<b>Comet</b>	E20/965	Application	Western Australia	100%
<b>Comet</b>	E20/970	Granted	Western Australia	100%
<b>Comet</b>	E20/999	Application	Western Australia	100%
<b>Comet</b>	E20/1000	Application	Western Australia	100%
<b>Comet</b>	E21/213	Granted	Western Australia	100%
<b>Comet</b>	E21/214	Granted	Western Australia	100%
<b>Mt Read</b>	EL 6/2013	Granted	Tasmania	100%

## ASX ADDITIONAL INFORMATION

Additional information required by the ASX Limited Listing Rules not disclosed elsewhere in this Annual Report is set out below. The information is current as at 24 September 2021.

### SHAREHOLDINGS

The issue capital of the Company as at 24 September 2021 is 195,747,222 ordinary fully paid shares. As at 24 September 2021 there are no substantial holders.

Distribution of Shareholders	No. of Holders	No. of Shares
1 - 1,000	24	3,034
1,001 - 5,000	32	123,219
5,001 - 10,000	97	851,384
10,001 - 100,000	349	15,224,034
100,001 and over	274	179,545,551
	<b>776</b>	<b>195,747,222</b>

Number holding less than a marketable parcel	174	1,220,261
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### Top 20 Shareholders of Quoted Shares

	No. of Shares Held	% Held
1 SILVERPEAK NOMINEES PTY LTD <THE RGM HILL A/C>	8,577,097	4.38
2 MISS YAXI ZHAN	4,000,000	2.04
3 FUTURITY PRIVATE PTY LTD	4,577,097	2.34
4 GOVINDA FREEDOM FUND PTY LTD <SUPER GOVINDA A/C>	4,254,453	2.17
5 MR SHANE HOEHOCK WEE <WEE FAMILY A/C>	4,212,191	2.15
6 BATAVIA CAPITAL PTY LTD <AUSTLEY A/C>	4,100,000	2.09
7 SWANCAVE PTY LTD <THE BMC FAMILY A/C>	4,000,000	2.04
8 SABA NOMINEES PTY LTD <SABA A/C>	3,426,755	1.75
9 OLI PRIVATE INVESTMENT PTY LTD	3,173,530	1.62
10 MR ANTON WASYL MAKARYN + MRS MELANIE FRANCES MAKARYN <TMAK SUPER A/C>	3,166,467	1.62
11 GIBB RIVER DIAMONDS LIMITED	3,129,734	1.6
12 QUEBEC NOMINEES PTY LTD	3,000,000	1.53
13 GANDRIA CAPITAL PTY LTD <THE TEDBLAHNKI FAMILY A/C>	3,000,000	1.53
14 MR DIRK VAN DER STRUYF + MRS STEPHANIE VAN DER STRUYF <VAN DER STRUYF S/F A/C>	2,900,380	1.48
15 VALIAN NOMINEES PTY LTD <MCDONAGH S/F A/C>	2,750,000	1.4
16 RLS SUPER INVESTMENTS PTY LTD <THE R L SHIRLEY SUPER A/C>	2,373,434	1.21
17 THYLACINE RESOURCES PTY LTD	2,050,285	1.05
18 MS SHELLEY KATHLEEN LEWIS <LEWIS A/C>	2,000,000	1.02
19 INVICTUS CAPITAL PTY LTD <MAIN FAMILY A/C>	2,000,000	1.02
20 MS CHUNYAN NIU	2,000,000	1.02
	<b>64,059,298</b>	<b>32.73</b>

## ASX ADDITIONAL INFORMATION

## OPTION HOLDINGS

The Company has the following classes of options on issue at 24 September 2021 as detailed below.

Class	Type	Terms	No. of Options
AX8OPT1	Unlisted Options	Exercisable at \$0.25 expiring on or before 14 February 2022	5,000,000
AX8OPT2	Unlisted Options	Exercisable at \$0.06 expiring on or before 9 June 2023	5,000,000
AX8OPT3	Unlisted Options	Exercisable at \$0.06 expiring on or before 2 September 2023	5,000,000
AX8OPT4	Unlisted Options	Exercisable at \$0.0957 expiring on or before 27 November 2024	9,000,000
AX8OPT5	Unlisted Options	Exercisable at \$0.0957 expiring on or before 22 November 2022	7,500,000
AX8OPT6	Unlisted Options	Exercisable at \$0.0959 expiring on or before 27 November 2022	1,500,000
			<b>33,000,000</b>

## Options Range

Options Range	Unlisted Options (AX8OPT1)	
	No. of Holders	No. of Options
1 – 1,000	-	-
1,001 – 5,000	-	-
5,001 – 10,000	-	-
10,001 – 100,000	11	600,000
100,001 and over	10	4,400,000
	<b>21</b>	<b>5,000,000</b>

There are no Option holders who holds more than 20% of the Company's Unlisted Options (AX8OPT1).

## Options Range

Options Range	Unlisted Options (AX8OPT2)	
	No. of Holders	No. of Options
1 – 1,000	-	-
1,001 – 5,000	-	-
5,001 – 10,000	-	-
10,001 – 100,000	-	-
100,001 and over	1	5,000,000
	<b>1</b>	<b>5,000,000</b>

The following Option holder hold more than 20% of the Company's Unlisted Options (AX8OPT2).

Holder	No. of Options	%
MR SHANE HOEHOCK WEE <WEE FAMILY A/C>	5,000,000	100

**ASX ADDITIONAL INFORMATION**

Options Range	Unlisted Options (AX8OPT3)	
	No. of Holders	No. of Options
1 – 1,000	-	-
1,001 – 5,000	-	-
5,001 – 10,000	-	-
10,001 – 100,000	-	-
100,001 and over	1	5,000,000
	<b>1</b>	<b>5,000,000</b>

The following Option holder hold more than 20% of the Company's Unlisted Options (AX8OPT3).

Holder	No. of Options	%
GANDRIA CAPITAL PTY LTD <THE TEDBLAHNKI FAMILY A/C>	5,000,000	100

Options Range	Unlisted Options (AX8OPT4)	
	No. of Holders	No. of Options
1 – 1,000	-	-
1,001 – 5,000	-	-
5,001 – 10,000	-	-
10,001 – 100,000	-	-
100,001 and over	3	9,000,000
	<b>3</b>	<b>9,000,000</b>

The following Option holder hold more than 20% of the Company's Unlisted Options (AX8OPT4).

Holder	No. of Options	%
GRANT MOONEY	3,000,000	33.33
MISS YAXI ZHAN	3,000,000	33.33
SILVERPEAK NOMINEES PTY LTD <THE RGM HILL A/C>	3,000,000	33.33

Options Range	Unlisted Options (AX8OPT5)	
	No. of Holders	No. of Options
1 – 1,000	-	-
1,001 – 5,000	-	-
5,001 – 10,000	-	-
10,001 – 100,000	-	-
100,001 and over	5	7,500,000
	<b>5</b>	<b>7,500,000</b>

## ASX ADDITIONAL INFORMATION

The following Option holder hold more than 20% of the Company's Unlisted Options (AX8OPT5).

Holder	No. of Options	%
ZENIX NOMINEES PTY LTD	5,000,000	66.67
MR SHANE HOEHOCK WEE <WEE FAMILY A/C>	1,680,000	22.4

Options Range	Unlisted Options (AX8OPT6)	
	No. of Holders	No. of Options
1 – 1,000	-	-
1,001 – 5,000	-	-
5,001 – 10,000	-	-
10,001 – 100,000	-	-
100,001 and over	1	1,500,000
	<b>1</b>	<b>1,500,000</b>

The following Option holder hold more than 20% of the Company's Unlisted Options (AX8OPT6).

Holder	No. of Options	%
JOYWOODS ENTERPRISES PTY LTD <JOYCE & WOODS SUPER FUND A/C>	1,500,000	100

### RESTRICTED SECURITIES

There are no restricted securities on issue.

### VOTING RIGHTS

The holders of ordinary shares are entitled to one vote per share at meetings of the Company. Options do not carry any rights to vote.

### ON-MARKET BUY BACK

There is no current on-market buy back.