

Placement and debt conversion

11 October 2024

Thomson Resources Limited (ASX: TMZ) (**Thomson** or the **Company**) is pleased to advise that as part of a process to revitalise the Company and seek the lifting of the current suspension of trading in its shares (**Shares**) on the ASX, it proposes to undertake a capital raise, consisting of a placement to raise a maximum of \$8 million (before costs) comprising the issue of approximately 5,333,333,334 Shares at an issue price of \$0.0015 per share (**Placement**). The Placement is subject to shareholder approval.

The Company is also proposing to undertake a 12:1 consolidation of its Shares, following completion of the Placement (**Consolidation**). The Company is also proposing to change its name, to 'Silver Metal Group Limited'.

The Company will at its upcoming annual general meeting (**AGM**) seek shareholder approval for the Placement, the Consolidation and the change of name.

Timing for the proposed AGM and further information regarding the Consolidation (including the proposed timetable) will be advised separately.

Further details regarding the Placement, Consolidation and change of name will be set out in the notice of meeting for the AGM.

Use of proceeds

Proceeds from the Placement will be used to progress the Company's exploration assets in New England NSW, repay outstanding debt and for working capital.

All new Shares issued under the Placement will rank equally with existing Company Shares on issue.

Lead Manager

Fosters Stockbroking Pty Limited (**Fosters**) has been appointed to act as lead manager to the Placement, under a lead manager agreement (**Lead Manager Agreement**). Fosters will receive a 2% management fee of the gross proceeds of the Placement (excluding proceeds raised from the Company's 'Chairman's List'), a 4% distribution fee of the gross proceeds of the Placement and subject to shareholder approval, 240 million broker options in the Company with a 3-year term and a strike price of \$0.00167 (which post-Completion will be 20 million options with a \$0.02 strike price) and otherwise on the terms as set out in Annexure 1 of this announcement (**Foster Options**).

Shareholder approval for the issue of the Fosters Options will be sought at the AGM.

Appointment of StocksDigital for Investor relation services

The Company has entered into an agreement with S3 Consortium Pty Ltd (ACN 135 239 968) trading as StocksDigital (**StocksDigital**) pursuant to which StocksDigital will provide investor relation services to the Company for 24 months (**StocksDigital Mandate**).

As consideration for the provision of investor relation services, the Company has agreed to pay StocksDigital a fee of \$375,000 in Shares (plus GST paid in cash) at the same price as the Placement (\$0.0015 per Share), being a total of 250,000,000 Shares (**StocksDigital Shares**), subject to shareholder approval. Under the terms of the StocksDigital Mandate, if shareholder approval is not obtained for the issue of the StocksDigital Shares, the Company must instead pay to StocksDigital a cash amount equal to the greater of the value of the fees (being \$375,000) and an amount equivalent in value to the StocksDigital Shares based on a 5-day volume weighted average price of Shares as traded on ASX up to and including the relevant invoice date.

Approval for the issue of the StocksDigital Shares will be sought at the AGM.

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Appointment of Solidify Capital and proposed director appointment

The Company has entered into an agreement with Solidify Capital Pty Ltd (**Solidify**) under which Solidify will provide services to the Company including identifying and introducing potential investors and advising on negotiations for restructuring and diversifying assets.

Under the Solidify Agreement, Solidify is to be paid a fee of \$15,000 plus GST per month together with:

1. a fee of \$300,000 for negotiating an arrangement with Lind (this agreement having been announced by the company on 27 August 2024) to be paid 5 business days after the recommencement of trading of Company Shares;
2. a fee equal to 25% of any reduction in liabilities (excluding the arrangement with Lind) that Solidify is able to negotiate on behalf of the Company with the Company's creditors, which totals \$229,000; and
3. a number of Shares equal to 5% of the total Shares in the Company on issue as at completion of the Placement, capped at a maximum of 348,500,000 Shares and issued at a deemed issue price \$0.0015 per Share, being the same price that is offered under the Placement (**Solidify Shares**).

Shareholder approval for the issue of the Solidify Shares will be sought at the AGM.

Solidify is controlled by Mr Byron Miles. Byron is a financial market professional with signification experience as a stock broker and in funds management for over 15 years. Byron is a specialist in mergers and acquisitions, with transactions across various commodities and geological locations. He has a proven track record of helping companies develop from inception to profitable businesses.

The Board proposes to appoint Mr Byron Miles as a director of the Company following the AGM. It is anticipated his director's fees will be \$300,000 per annum. A further announcement in relation to the finalization of his appointment and his engagement terms will be made at that time.

Mr Miles has indicated he may participate in the Placement, up to an amount of \$100,000. Shareholder approval for the participation of Mr Miles in the Placement will be sought at the AGM.

Conversion of Debt

The Company is very pleased to announce it has reached agreement with several of its debtors to convert their debt into Shares in the Company subject to shareholder approval to issue those Shares. Agreements have been reached with:

1. Evolution Capital Pty Ltd, to convert \$300,000 in debt to 300,000,000 Shares at a deemed issue price of \$0.001 per share;
2. Charrua Capital, LLC, to convert \$447,761.19 in debt to 298,507,463 Shares at a deemed issue price of \$0.0015 per Share (being the price Shares will be offered under the Placement);
3. Mr Michael Povey, Mr Kevin Lynn and Mr John Featherby (and entities associated them), the directors of the company, to convert loans of \$85,000, \$207,410 and \$50,000 respectively made to the Company to 273,927,992 Shares at a deemed issue price of \$0.00125 per Share;
4. Eoin Rothery, a former director of the Company, to accept \$75,000 in cash and \$75,000 worth of Shares in the Company at \$0.0015 per Share (50,000,000 Shares), being the same price as the Placement, in satisfaction of \$553,282 in unpaid director's fees;

Shareholder approval for the issues of all of the above Shares will be sought at the AGM, and additional information regarding these debts and the agreements reached for the conversions will be provided in the notice of meeting for the AGM.

Agreement regarding debt and release

The Company has entered into an agreement with Global Ore Discovery Pty Ltd ACN 105 383 211 and related entities (**Global Ore**) to settle debts owed to Global Ore by the Company and release both parties from obligations under prior consultancy agreements, in return for the issue of 133,333,333 Shares (being \$200,000 worth of Shares at \$0.0015 per share) to Global Ore (**Global Ore Shares**).

Under the agreement reached with Global Ore (**Global Ore Agreement**):

- (a) the existing consultancy agreement between the parties is terminated, and any debt owed the Global Ore is settled subject to the required conditions being met;
- (b) the Company must complete its proposed capital raise (the Placement described elsewhere in this Explanatory memorandum);
- (c) the Company must pay Global Ore \$200,000 plus GST within 10 business days of Shares being issued under the Placement;
- (d) the Company must issue Global Ore the Global Ore Shares and pay Global Ore \$20,000 within 10 business days of Shares being issued under the Placement;
- (e) Global Ore will voluntarily escrow (on market standard terms) its current holding of Shares for 6 months, and escrow the Global Ore Shares for 12 months;
- (f) if the conditions above are not met, by 30 November 2024. or such date as the parties agree, either part may terminate the Global Ore Agreement.

Shareholder approval for the issue of the Global Ore Shares will be sought at the AGM.

Issue of shares and options to Directors and proposed Director

The Company has agreed, subject to Shareholder approval, to issue (in aggregate) 356,666,667 Shares and 720,000,000 Options (with an exercise price of \$0.00176, a maturity date three years after their issue, and otherwise on the terms described in Annexure 1) (that will post-consolidation be in aggregate 60,000,000 Options with a \$0.02 strike price post-consolidation) to the Directors and proposed Director, as follows:

1. 200,000,000 Shares and 360,000,000 Options to Michael Povey;
2. 140,000,000 Shares and 240,000,000 Options to Mr Kevin Lynn;
3. 16,666,667 Shares and 60,000,000 Options to Mr John Featherby; and
4. 60,000,000 Options to Mr Byron Miles.

These Shares and Options are to be issued to compensate the Directors for their work to date and as an incentive to see the Company through to being re-funded and trading on the ASX.

Shareholder approval for the issue of these Shares and Options will be sought at the AGM, and additional information will be provided to shareholders in the notice of meeting calling the AGM.

Appendix 3Bs for the proposed issues of securities described above will be released following this announcement.

This announcement was approved for issue by the Board.

Thomson Resources Ltd

Michael Povey – Executive Chairman

Annexure 1: Option terms

- (a) Each Option entitles the holder to subscribe for one Share.
- (b) The Options will expire on the Expiry Date. Any Option which has not been exercised before the Expiry Date automatically lapses.
- (c) Each Option is exercisable by paying the Exercise Price per Share at any time before the Expiry Date.
- (d) Some or all of the Options may be exercised at any one time or times prior to the Expiry Date provided that if the number of Options held is less than 50,000 then all the Options must be exercised at one time and if more than 50,000 Options are held they must be exercised in parcels of at least 50,000.
- (e) Options will be fully transferable in accordance with the constitution of Thomson and, for such time as Thomson is listed, the ASX Listing Rules.
- (f) No certificates will be issued for the Options, but holding statements will be issued to holders for Options issued.
- (g) Thomson Shares issued pursuant to the exercise of any Option will rank in all respects on equal terms with the existing Thomson Shares.
- (h) Thomson Shares issued pursuant to the exercise of any Option will be issued on a date which will not be more than 10 Business Days after the receipt of a properly executed notice of exercise of option and the application moneys in respect of the exercise of the Option.
- (i) Holders can exercise Options by completing and submitting a notice of exercise of options (which is set out on the holding statement for the Options or, if none, such form as the Directors may accept) to the Company's share registry together with the required exercise price.
- (j) An Option will not entitle the holder to participate in any new issue of Shares by the Company, unless the Option has been duly exercised prior to the relevant record date.
- (k) If there is a reconstruction or reorganisation (including consolidation, sub-division, reduction or return) of the capital of Thomson, the rights of the holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of the restructure or reorganisation. Any changes to the terms of the Options will not result in any benefit being conferred on the holder which is not conferred on the shareholders of Thomson.
- (l) If there is a pro-rata issue (except a bonus issue) to the holders of Thomson Shares, the exercise price of each Option will be reduced according to the following formula:

$$O' = O - \frac{E [P - (S + D)]}{N + 1}$$

Where:

O' = The new exercise price of the Option

O = The old exercise price of the Option

E = The number of Thomson Shares into which one Option is exercisable

P = The average market price per Thomson Share (VWAP) of Thomson Shares during the 5 trading days ending on the day before the ex-rights or ex-entitlements date

S = The subscription price for a Thomson Share under the pro-rata issue

D = The dividend due but not yet paid on Thomson Shares (except those to be issued under the pro-rata issue)

N = The number of Thomson Shares with rights or entitlements that must be held to receive a right to one new Thomson Share

- (m) If there is a bonus issue to the holders of Thomson Shares, the number of Thomson Shares over which the Option is exercisable will be increased by the number of Thomson Shares which the holder

of the Option would have received if the Option had been exercised before the record date for the bonus issue.

- (n) In the event of a winding up of the Company unexercised Options will have no right to a distribution of surplus assets of the Company.
- (o) The ASX Listing Rules prevail to the extent of any inconsistency with these terms.
- (p) These terms are governed by the laws of New South Wales and the holder submits to the non-exclusive jurisdiction of New South Wales courts and courts of appeal from them.