
**RESA GROUP LIMITED
(TO BE RENAMED 'TOMBADOR IRON LIMITED')
ACN 108 958 274**

NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 10:00am
DATE: 31 August 2020
PLACE: Level 1, 45 Stirling Highway
Nedlands WA 6009

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared for the purpose of the Shareholder approval under section 611 Item 7 of the Corporations Act (refer to Resolution 4). The Independent Expert's Report comments on the fairness and reasonableness of the transactions the subject of Resolution 4 to the non-associated Shareholders. The Independent Expert has determined the issues the subject of Resolution 4 is FAIR AND REASONABLE to the non-associated Shareholders.

The business of the Meeting affects your shareholding and your vote is important.

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

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6382 1800.

ASX and its officers take no responsibility for the contents of this Notice of Meeting.

BUSINESS OF THE MEETING

The ASX and its officers take no responsibility for the contents of this Notice of Meeting.

AGENDA

1. RESOLUTION 1 – CHANGE TO NATURE AND SCALE OF ACTIVITIES

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

“That, subject to each of the other Acquisition Resolutions being passed, for the purposes of ASX Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to make a significant change to the nature and scale of its activities resulting from Completion, as described in the Explanatory Statement.”

Short Explanation: The Company has entered into the Acquisition Agreement pursuant to which the Company has agreed to acquire 100% of the issued capital of Tombador Iron Singapore, the owner of the Tombador Tenement in Brazil.

If successful, the Acquisition will result in the Company changing the nature and scale of its activities. ASX Listing Rule 11.1.2 requires the Company to seek Shareholder approval where it proposes to make a significant change to the nature and scale of its activities. ASX has also advised the Company that it will be required to re-comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules in accordance with ASX Listing Rule 11.1.3. Please refer to the Explanatory Statement for details.

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a counterparty to the transaction that, of itself or together with one or more other transactions, will result in a significant change to the nature or scale of the Company's activities and any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a holder of ordinary securities in the Company), or an associate of that person or those persons.

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

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

2. RESOLUTION 2 – APPROVAL TO ISSUE CONSIDERATION SHARES TO MINORITY TIS SHAREHOLDERS

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

“That, subject to each of the other Acquisition Resolutions being passed, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 119,565,209 Consideration Shares to the

Minority TIS Shareholders (or their nominees) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company), or any associates of that person or those persons.

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

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

3. RESOLUTION 3 – APPROVAL OF CAPITAL RAISING

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

"That, subject to each of the other Acquisition Resolutions being passed, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 600,000,000 Shares at an issue price of \$0.025 per Share on the terms and conditions set out in the Explanatory Statement."

Short Explanation: The Company is required to issue a Prospectus and complete the Capital Raising to satisfy the requirements of Chapters 1 and 2 of the ASX Listing Rules as a condition of the Company's securities being readmitted to Official Quotation on the ASX following Completion.

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company), or any associates of that person or those persons.

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

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

4. RESOLUTION 4 – APPROVAL TO ISSUE CONSIDERATION SHARES TO COLOMI SINGAPORE AND MCRAE AND DEBT CONVERSION SHARES TO MCRAE

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

“That, subject to each of the other Acquisition Resolutions being passed, for the purposes of section 611 (Item 7) of the Corporations Act and for all other purposes, approval is given for the CS Parties, through their deemed relevant interest in Shares, to acquire a relevant interest in up to 995,357,543 Shares (on a post Consolidation basis), comprising:

- (a) 944,463,354 Consideration Shares to be issued to CS;*
- (b) 43,663,745 Consideration Shares to be issued to McRae; and*
- (c) 5,251,274 Debt Conversion Shares to be issued to McRae,*

which, together with the 1,979,170 Shares already held by McRae (on a post Consolidation basis), will result in the CS Parties’ relevant interest in issued voting Shares of the Company increasing from 1.4% to up to 59.9% on the terms and conditions set out in the Explanatory Statement.”

Independent Expert’s Report: Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under section 611 (Item 7) of the Corporations Act. The Independent Expert’s Report comments on the fairness and reasonableness of the transactions the subject of this Resolution to the non-associated Shareholders in the Company.

The Independent Expert has concluded that the issue of Shares the subject of this Resolution and the resulting increase in the voting power of the CS Parties in the Company is FAIR AND REASONABLE to non-associated Shareholders.

Short Explanation: The issue of Shares the subject of this Resolution will result in the CS Parties acquiring a relevant interest in the issued voting Shares of the Company which exceeds 20%. The Company therefore seeks Shareholder approval for the issue of these Shares, and the resulting increase in the relevant interest and voting power of the CS Parties in the Company up to 59.9%, in accordance with section 611 (Item 7) of the Corporations Act.

Voting Exclusion Statement:

No votes may be cast in favour of this Resolution by:

- (a) the person proposing to make the acquisition and their associates; or
 - (b) the persons (if any) from whom the acquisition is to be made and their associates.
- Accordingly, the Company will disregard any votes cast on this Resolution by or on behalf of the CS Parties or any of their associates.

However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. RESOLUTION 5 – ELECTION OF DIRECTOR – KEITH LIDDELL

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

“That, subject to each of the other Acquisition Resolutions being passed, with effect from Completion, Keith Liddell be appointed as a Director.”

6. RESOLUTION 6 – ELECTION OF DIRECTOR – ANNA NEULING

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

“That, subject to each of the other Acquisition Resolutions being passed, with effect from Completion, Anna Neuling be appointed as a Director.”

7. RESOLUTION 7 – ELECTION OF DIRECTOR – DAVID CHAPMAN

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

“That, subject to each of the other Acquisition Resolutions being passed, with effect from Completion, David Chapman be appointed as a Director.”

8. RESOLUTION 8 – ADOPTION OF INCENTIVE PERFORMANCE RIGHTS PLAN

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

“That for the purposes of ASX Listing Rule 7.2 (Exception 13(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled Incentive Performance Rights Plan and for the issue of Securities under that Plan, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is eligible to participate in the employee incentive scheme or an associate of that person or those persons.

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

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

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
 - (b) the appointment does not specify the way the proxy is to vote on this Resolution.
- However, the above prohibition does not apply if:
- (a) the proxy is the Chair; and
 - (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

9. RESOLUTION 9 – APPROVAL OF ISSUE OF PERFORMANCE RIGHTS – BILL NIKOLOUZAKIS

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

“That, subject to each of the other Acquisition Resolutions being passed, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given to the Company to issue to Bill Nikolouzakis or his nominee, 500,000 Performance Rights under the Incentive Performance Rights Plan on the terms and conditions set out in the Explanatory Statement.”

10. RESOLUTION 10 – APPROVAL OF ISSUE OF PERFORMANCE RIGHTS – ANDREW JENSEN

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

“That, subject to each of the other Acquisition Resolutions being passed, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given to the Company to issue to Andrew Jensen or his nominee, 500,000 Performance Rights under the Incentive Performance Rights Plan on the terms and conditions set out in the Explanatory Statement.”

11. RESOLUTION 11 – APPROVAL OF ISSUE OF PERFORMANCE RIGHTS – STEPHEN QUANTRILL

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

“That, subject to each of the other Acquisition Resolutions being passed, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given to the Company to issue Stephen Quantrill or his nominee, 3,000,000 Performance Rights under the Incentive Performance Rights Plan on the terms and conditions set out in the Explanatory Statement.”

12. RESOLUTION 12 – APPROVAL OF ISSUE OF PERFORMANCE RIGHTS – DAVID CHAPMAN

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

“That, subject to each of the other Acquisition Resolutions being passed, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given to the Company to issue to issue to David Chapman or his nominee, 3,000,000 Performance Rights under the Incentive Performance Rights Plan on the terms and conditions set out in the Explanatory Statement.”

13. RESOLUTION 13 – APPROVAL OF ISSUE OF PERFORMANCE RIGHTS – KEITH LIDDELL

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

“That, subject to each of the other Acquisition Resolutions being passed, for the purposes of section 195(4) and s208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given to the Company to issue to Keith Liddell or his nominee, 3,000,000 Performance Rights under the Incentive Performance Rights Plan on the terms and conditions set out in the Explanatory Statement.”

14. RESOLUTION 14 – APPROVAL OF ISSUE OF PERFORMANCE RIGHTS – ANNA NEULING

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

“That, subject to each of the other Acquisition Resolutions being passed, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given to the Company to issue to Anna Neuling or her nominee, 3,000,000 Performance Rights under the Incentive Performance Rights Plan on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement – Resolutions 9 – 14:

The Company will disregard any votes cast in favour of Resolutions 9 – 14 by a person who is referred to in rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of Resolutions 9 – 14 by:

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

In respect of Resolutions 9 – 14, “**Excluded Party**” means:

- (a) Resolution 9: Bill Nikolouzakis;
- (b) Resolution 10: Andrew Jensen;
- (c) Resolution 11: Stephen Quanttrill;
- (d) Resolution 12: David Chapman;
- (e) Resolution 13: Keith Liddell; and
- (f) Resolution 14: Anna Neuling.

Voting Prohibition Statement – Resolutions 9 – 14:

In accordance with section 224 of the Corporations Act, a vote on Resolutions 9 - 14 must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the applicable Resolution would permit a financial benefit to be given, or an associate of such a related party (an **Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of an Excluded Party for that particular Resolution.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolutions 9 -14 if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on the applicable Resolution(s).

Provided the Chair is not an Excluded Party for the applicable Resolution, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though the applicable Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

15. RESOLUTION 15 – APPROVAL OF ISSUE OF OPTIONS TO LEAD MANAGER

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

“That, subject to each of the other Acquisition Resolutions being passed, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 15,000,000 Options to the Lead Manager (or its nominees) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company), or any associates of that person or those persons.

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

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

16. RESOLUTION 16 – RATIFICATION OF PRIOR ISSUE OF SECURITIES

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

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 4,750,007 Shares and 4,750,007 Options (on a post Consolidation basis) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who participated in the issue or an associate of that person (or those persons). However, the Company need not disregard a vote if it is cast in favour of the resolution by:

- (a) a person or attorney as a proxy for a person who is entitled to vote, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or

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

17. RESOLUTION 17 – DEBT TO EQUITY CONVERSION – UNRELATED CREDITORS

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

“That, subject to each of the other Acquisition Resolutions being passed, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 3,015,575 Shares (on a post Consolidation basis) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company), or any associates of that person or those persons.

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

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

18. RESOLUTION 18 – DEBT TO EQUITY CONVERSION – BILL NIKOLOUZAKIS

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

“That, subject to each of the other Acquisition Resolutions being passed, for the purpose of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 1,160,000 Shares (on a post Consolidation basis) to Bill Nikolouzakis (or his nominees) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Bill Nikolouzakis (or their nominee(s)) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.

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

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

19. RESOLUTION 19 – RELATED PARTY PARTICIPATION IN CAPITAL RAISING – DAVID CHAPMAN

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

“That, subject to each of the other Acquisition Resolutions being passed, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 2,000,000 Shares (on a post Consolidation basis) to David Chapman (or his nominees) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by or on behalf of David Chapman (or their nominee(s)) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.

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

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

20. RESOLUTION 20 – RELATED PARTY PARTICIPATION IN CAPITAL RAISING – ANNA NEULING

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

“That, subject to each of the other Acquisition Resolutions being passed, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 2,000,000 Shares (on a post Consolidation basis) to Anna Neuling (or her nominees) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Anna Neuling (or their nominee(s)) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.

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

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

21. RESOLUTION 21 - CHANGE OF COMPANY NAME

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

"That, subject to each of the other Acquisition Resolutions being passed, with effect from the date that ASIC alters the details of the Company's registration in accordance with section 157 of the Corporations Act, the name of the Company be changed to "Tombador Iron Limited"."

22. RESOLUTION 22 – REPLACEMENT OF CONSTITUTION

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

"That, subject to each of the other Acquisition Resolutions being passed, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the chairman of the Meeting for identification purposes."

23. RESOLUTION 23 – CONSOLIDATION OF CAPITAL

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

"That, subject to each of the other Acquisition Resolutions being passed, pursuant to section 254H of the Corporations Act and for all other purposes, the issued capital of the Company be consolidated on the basis that:

- (a) every 2 Shares be consolidated into 1.9 Shares; and
- (b) every 2 Options be consolidated into 1.9 Options (together the **Consolidation**),

and, where this Consolidation results in a fraction of a Share or an Option being held, the Company be authorised to round that fraction up to the nearest whole Share or Option (as the case may be), on the terms and conditions set out in the Explanatory Statement."

24. RESOLUTION 24 – REMOVAL OF AUDITOR

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

“That, pursuant to section 329 of the Corporations Act and for all other purposes, Stantons International, the current auditor of the Company, be removed as the auditor of the Company effective from the date of the Meeting.”

25. RESOLUTION 25 – APPOINTMENT OF AUDITOR

To consider and, if thought fit, to pass the following as a **special resolution**:

“That subject to the passing of Resolution 24, pursuant to section 327 of the Corporations Act, HLB Mann Judd, being qualified to act as auditor of the Company and having consented to act as auditor of the Company, be appointed as the auditor of the Company effective from the date of the Meeting.”

Dated: 31 July 2020

By order of the Board

**Ms Abby Macnish Niven
Company Secretary
RESA GROUP LIMITED**

Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5:00pm (AEDT) on 29 August 2020 (**Voting Eligibility Date**).

Voting in person

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

Voting by proxy

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

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

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

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

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

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6382 1800.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. BACKGROUND AND SUMMARY OF RESOLUTIONS

1.1 Background to Company

RESA Group Limited (ASX: RE1) (**RE1** or the **Company**) is an Australian public company and is listed on the Official List of ASX.

The Company's Securities have been suspended from Official Quotation since 9 September 2019. As announced on 10 October 2019, RE1 entered into an asset sale agreement with iBuildNew Agency Sales Pty Ltd (an unrelated party) pursuant to which RE1 agreed to dispose of selected interests in the iBuyNew and Nyko property platforms and brands in exchange for cash consideration of \$500,000 on a debt free basis such that RE1 will retain all debts associated with the assets upon completion (**Disposal**).

The Company received Shareholder approval for the Disposal at its annual general meeting held on 13 December 2019. Since that time RE1 has been in ongoing negotiations with potential acquisition targets and has remained suspended pending re-compliance with the ASX Listing Rules.

1.2 Background to the Acquisition

As announced on 12 June 2020, the Company has entered into a heads of agreement (**Acquisition Agreement**) pursuant to which the Company has agreed, subject to conditions, to acquire 100% of the issued capital of Tombador Iron Singapore Pte Ltd (an entity incorporated and domiciled in Singapore) (**TIS**) from the shareholders of TIS (**TIS Shareholders**) (**Acquisition**).

TIS owns 100% of Tombador Iron Mineração Ltda (**TIM**). TIM is the titleholder of Brazilian National Mining Agency (**ANM**) exploration tenement number 872.431/2003 (**Tenement**) containing the high grade Tombador Hematite iron ore deposit (Fe 67%) located in Bahia, Brazil (**Tombador Project** or **Project**). The Project has a total combined JORC Mineral Resource of 10.1Mt^{1,2} which includes a high-grade Hematite Mineral Resource of 8.0Mt at **67.3% Fe**¹ of DSO Hematite.

The Majority TIS Shareholders are CS (85.3%) and McRae (3.9%) who together hold 89.2% of the issued capital of TIS, with the remaining balance, being 10.8% held by unrelated parties of the Company as at the date of this Notice (**Minority TIS Shareholders**).

It is noted that Proposed Director, Keith Liddell, is a Minority TIS Shareholder. In respect of the Consideration Shares to be issued to Mr Liddell, the Company relies on ASX Listing Rule 10.12 Exception 12 which excludes the need to obtain Shareholder approval in terms of ASX Listing Rule 10.11 on the basis that Mr Liddell would not otherwise be a related party of the Company but for the fact that he

¹ JORC (2012) high grade Hematite Resource estimate consists of a Measured Mineral Resource estimate of 1.94Mt @ 67.04% Fe; an Indicated Mineral Resource estimate of 3.47Mt @ 67.30% Fe and an Inferred Mineral Resource of 2.58Mt @ 67.48% Fe, using a cut-off grade of 60% Fe.

² JORC (2012) talus Inferred Mineral Resource estimate of 2Mt @ 43.2% Fe at a 20% Fe cut-off.

is a Proposed Director to be appointed under the Acquisition Agreement. The Company does, however, seek Shareholder approval for the issue of the Consideration Shares to Mr Liddell in terms of ASX Listing Rule 7.1 by Resolution 2.

The Project offers a potential near term low capex development opportunity which aims to satisfy the burgeoning demand for high grade, low impurity lump ore.

The Acquisition is conditional on the Company obtaining all necessary shareholder and regulatory approvals and satisfying all other requirements to facilitate the Official Quotation of its Securities on ASX (among other things).

In connection with the Acquisition, the Company will also be undertaking a Capital Raising through the issue of 400,000,000 Shares at an issue price of \$0.025 per Share to raise \$10,000,000 (**Maximum Subscription**) and the ability to accept oversubscriptions of up to an additional 200,000,000 Shares at an issue price of \$0.025 per Share to raise up to an additional \$5,000,000, for a maximum of \$15,000,000 (**Oversubscription**).

Further information on the Project and the Acquisition is set out in Section 2.

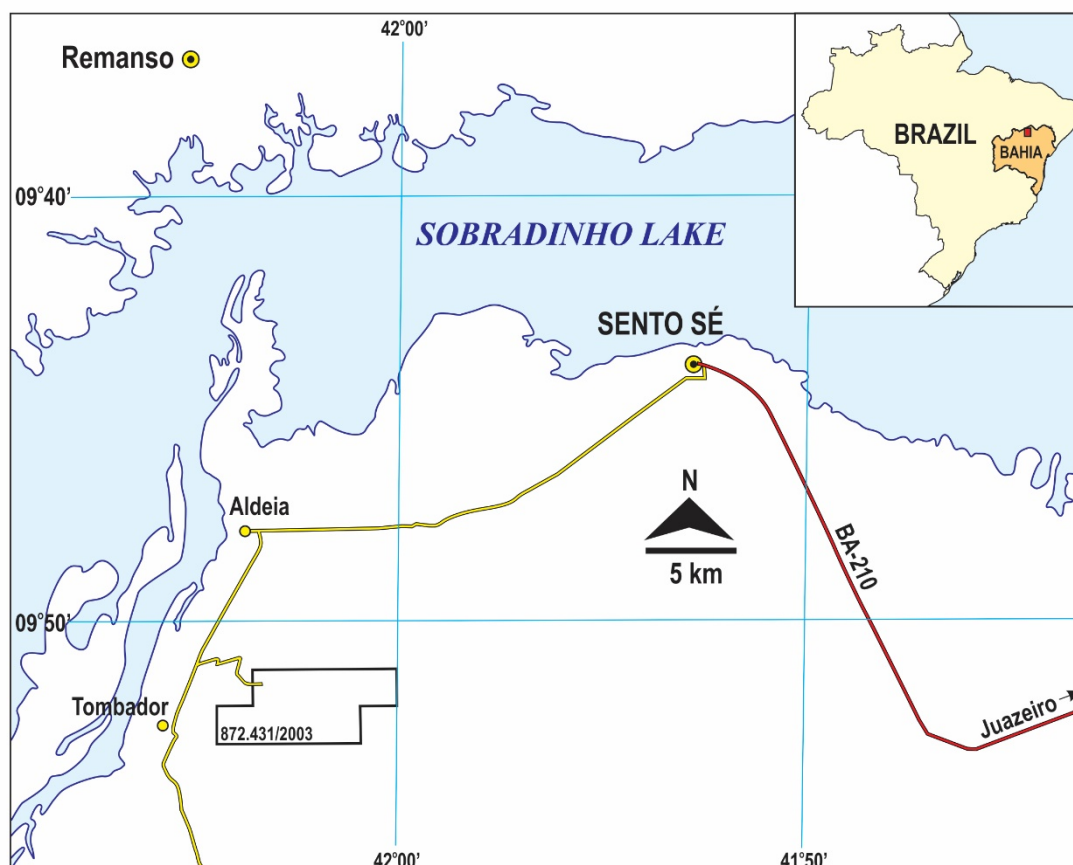
1.3 Summary of the Project

Tenure and Location

- TIM (wholly owned subsidiary of TIS) is the titleholder of exploration tenement ANM 872.431/2003.
- The Tenement is located in the Municipality of Sento Sé, in the state of Bahia, Brazil ~700km by road from the state capital of Salvador.
- Negotiations with the landholder with respect to surface rights (land access) are well advanced.
- The Final Exploration Report (**FER**) was approved and published in the Brazilian Federal Gazette on 17 February 2020. Following the approval of the FER, TIM is required to present the Project PAE Feasibility Study (**PAE**) to the National Mining Agency (**ANM**) before 16 February 2021 as a condition to obtaining the Mining Licence for the Tenement (see Figure 7).

Company	Municipality	Process No.	Area (Hectares)	Application Date	Exploration Permit N°	Status
Tombador Iron Mineração Ltda	Sento Sé	872.431/03	2000	16/12/2003	1315	Final Exploration Report approved on 17/02/2020. Submission of PAE required before 16/02/2021.

Figure 1 - Tenement Location



Deposit & Resources

There are two deposits with separate Mineral Resource estimates contained in the Tenement:

- a Mineral Resource estimate for compact hematite; and
- a Mineral Resource estimate for itabirite.

High grade Hematite JORC (2012) Mineral Resource

The Measured and Indicated Mineral Resource for the Tenement area has been estimated at **5.41Mt** with an average grade of **67.21% Fe** (a 60% Fe lower cut-off grade was applied). The Measured and Indicated Mineral Resource is estimated as:

- **1.94Mt of Measured Mineral Resources at 67.04% Fe; and**
- **3.47Mt of Indicated Mineral Resources at 67.30% Fe.**

Additionally, there is an estimated 2.58Mt of Inferred Mineral Resources at 67.48% Fe.

There is also an estimated talus Mineral Resource consisting of 2.06 Mt of Inferred Mineral Resources at 43.17%Fe with a 20% Fe cut-off grade.

Itabirite JORC (2012) Mineral Resource

The Tenement also contains an itabirite JORC Mineral Resource, consisting of siliceous itabirite and dolomitic itabirite.

The siliceous itabirite Mineral Resource is estimated as:

- 27.52 Mt of Indicated Mineral Resources with an average grade of 37.65% Fe; and
- 3.77 Mt of Inferred Mineral Resources with an average grade of 39.90% Fe.

The dolomitic itabirite Mineral Resource is estimated as:

- 12.03 Mt of Indicated Mineral Resources with an average grade of 26.58% Fe; and
- 6.29 Mt of Inferred Mineral Resources with an average grade of 26.61% Fe.

For clarity, the itabirite Mineral Resource estimate of 50Mt is contained within tenement 872.431/2003. As shown in *Figure 2* the majority of the itabirite deposit is north of tenement 872.431/2003 and is not included in the itabirite Mineral Resource estimate.

Further information for the Mineral Resource estimates are set out in Section 2.4 of this Notice and contained in the JORC Code 2012 Table 1 annexed to the Company's ASX announcement dated 12 June 2020 (**Acquisition Announcement**). The Company is not aware of any new information or data that materially affects the information included in the Acquisition Announcement and all material assumptions and technical parameters underpinning the estimates in the Acquisition Announcement continue to apply and have not materially changed.

Note: Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no guarantee that all or any part of the mineral resource will be converted into a mineral reserve. While it would be reasonable to expect that most of the Inferred Mineral Resources would upgrade to Indicated Mineral Resources with continued exploration, due to the uncertainty of Inferred Mineral Resources it should not be assumed that such upgrading will always occur. There is no direct link from an Inferred Mineral Resource to any category of Ore Reserves.

Further detail on the Project is set out in Section 2 of this Notice.

1.4 Summary of Resolutions

This Notice of Meeting sets out the Resolutions necessary to complete the Acquisition and associated transactions. A summary of the Resolutions is as follows:

- (a) **(Resolutions 1 and 2 – Change to nature and scale of activities):** The Acquisition, if successfully completed, will represent a significant change in the nature and scale of the Company's operations, specifically in relation to the change of the Company's focus to become an iron ore producer, for which Shareholder approval is required under ASX Listing Rule 11.1.2. Refer to Section 4 for further information.
- (b) **(Resolution 2 – Issue of Consideration Shares to Minority TIS Shareholders):** The Company is seeking Shareholder approval in terms of ASX Listing Rule 7.1 for the issue of 119,565,209 Consideration Shares to the Minority TIS Shareholders.

- (c) **(Resolution 3 – Capital Raising)**: The Company will be required to re-comply with Chapters 1 and 2 of the ASX Listing Rules as a result of the Acquisition and, to achieve this, intends to undertake a capital raising by issuing up to 600,000,000 Shares at an issue price of \$0.025 per Share. Refer to Section 5 for further information.
- (d) **(Resolution 4 – Issue of Consideration Shares to CS and McRae and issue of Debt Conversion Shares to McRae)**: The CS Parties currently hold a relevant interest in the issued voting Shares of the Company of 1.4% and as a result of the number of Consideration Shares CS and McRae will receive in the Company as consideration for the sale of their TIS shares, as well as the Debt Conversion Shares to be issued to McRae, the CS Parties' relevant interest in the issued voting Shares of the Company could potentially increase to up to 59.9%. The Company is seeking Shareholder approval for the purpose of Item 7 of section 611 of the Corporations Act in relation to the increase in the relevant interest of the CS Parties in the voting Shares of the Company. Refer to the Independent Expert's Report which accompanies this Notice of Meeting and Section 7 for further information.
- (e) **(Resolutions 5 to 7 – Election of Directors)**: Election of Mr Keith Liddell, Ms Anna Neuling and Mr David Chapman to the Board. Refer to Section 8 for further information.
- (f) **(Resolutions 8 to 14 – Adoption of Performance Rights Plan and Issues under Plan)**: The Company intends to adopt an incentive performance rights plan (see Resolution 8) and intends to issue Performance Rights to those current Directors (Mr Bill Nikolouzakis, Mr Andrew Jensen and Mr Stephen Quantrill (who will remain on the Board)) and proposed new Board members (Mr Keith Liddell, Ms Anna Neuling and Mr David Chapman) (see Resolutions 8 to 14)). Refer to Sections 9 and 10 for further information.
- (g) **(Resolution 15 – Issue of Options to Lead Manager)**: In conjunction with the Capital Raising, the Company intends to issue Options to persons involved in facilitating and/or promoting the Capital Raising. Refer to Section 11 for further information.
- (h) **(Resolution 16 - Ratification of Prior Issues of Securities)**: The Company intends to ratify prior placements in order to refresh its placement capacity under the ASX Listing Rules. Refer to Section 12 for further information.
- (i) **(Resolutions 17 and 18 – Debt to Equity Conversions)**: The Company has reached agreement with creditors to satisfy certain outstanding debts in return for Shares in the Company. Refer to Sections 3.12, 13 and 14 for further information in relation to the Debt Conversion.
- (j) **(Resolutions 19 and 20 – Related Party Participation in Capital Raising)**: The Company is seeking approval for both Mr David Chapman and Ms Anna Neuling, Proposed Directors of the Company, to participate in the Capital Raising, up to a maximum of 2,000,000 Shares (\$50,000) each.
- (k) **(Resolutions 21 and 22 – Proposed changes to name and new constitution)**: Upon Completion the Company intends to change its name to "Tombador Iron Limited" and adopt a new constitution. Refer to Sections 16 and 17 for further information.

- (l) **(Resolution 23 – Consolidation of Capital)**: As part of the Acquisition, the Company will undertake a consolidation of its existing capital on a 1.9 for 2 basis.
- (m) **(Resolutions 24 and 25)**: removal of existing auditor and appointment of a new auditor.

1.5 Inter-conditionality of Acquisition Resolutions

Each of the Acquisition Resolutions is conditional upon Shareholders approving the other Acquisition Resolutions. As noted above, if any one or more of the Acquisition Resolutions are not approved by Shareholders, the Acquisition will not proceed.

The approvals the subject of Resolution 4 require the provision of an independent expert's report, which accompanies this Notice of Meeting.

The other Resolutions in this Notice are not conditional on the passing of the Acquisition Resolutions.

1.6 Directors' recommendations and voting

All of the Directors are of the opinion that the Acquisition is in the best interests of Shareholders. The Directors (except Mr Quantrill, who makes no recommendation for the reasons set out in Section 3.25) unanimously recommend that Shareholders vote in favour of the Acquisition Resolutions.

The Directors' recommendations are based on an assessment of the advantages and disadvantages referred to in Sections 3.21 and 3.22, respectively, and being of the view that the advantages outweigh the disadvantages.

Each of the Directors intend to vote in favour of each of the Acquisition Resolutions that they are entitled to vote on.

2. PROJECT OVERVIEW

2.1 The Tombador Project

The Tombador Project is situated in the municipality of Sento Sé, in northern Bahia state, Brazil, 520km northwest from Salvador, the Bahia state capital.

The Tombador Project is a high grade hematite deposit contained within an itabirite deposit. The Tombador Mineral Resource, as reported in accordance with the 2012 JORC Code, includes 5.41Mt of Measured and Indicated Mineral Resource at an average grade over 67%Fe. There is also 2.58Mt of hematite Inferred Mineral Resource and 2.06Mt of talus Inferred Mineral Resource.

Metallurgical test work has shown a lump yield of 75% with the remainder reporting to fines. The fines are also saleable.

The objectives of the Tombador Project are to achieve production in a short timeframe, minimise capital expenditure and environmental impact, establish a positive relationship with the local community and regulators and maximise dividend returns to shareholders.

The production methods for the Tombador Project assumes a simple drill, blast, load and haul open pit mining method.

The orebody outcrops at surface on the side of the Bicuda Hill. The topography of the Tombador deposit is ideal for open cut mining. The deposit lies on the back spine of a 180-metre-high hill whereby the hill slope and the overall plunge of the ore shoot are similar. This avails the Project of large high grade (67% Fe) tonnage with a relatively low life of mine waste to ore stripping ratio of 2.1 to 1 (tonnes to tonnes) with 5Mt of ore produced.

The run of mine hematite will be crushed and screened on site into high grade lump and high grade fines products. The products are "Direct Ship" and have the potential to be sold at the mine gate to Brazilian steel mills or transported by truck to the coast for the shipment to international markets. There are multiple port options including availability at Terminal Marítimo Inácio Barbosa (**TMIB**) at Barra dos Coqueiros, in Aracaju, Sergipe State.

The Tombador Project has obtained a Preliminary Licence and has submitted an application for an Installation Licence to the Bahia State Environment Department (**INEMA**) (see Figure 7). These licences provide for the following rights:

From INEMA:

Preliminary Licence: Provides a set of conditions for the owner to create appropriate plans and programs in preparation for the submission for the Installation Licence.

Installation Licence: Provides the ability for the owner to commence construction and site works in preparation for mining operations.

Operating Licence: Provides the ability for the owner to commence mining operations.

From National Mining Agency (**ANM**):

Mining Licence: Provides the ability for the owner to mine and sell minerals from the Tenement.

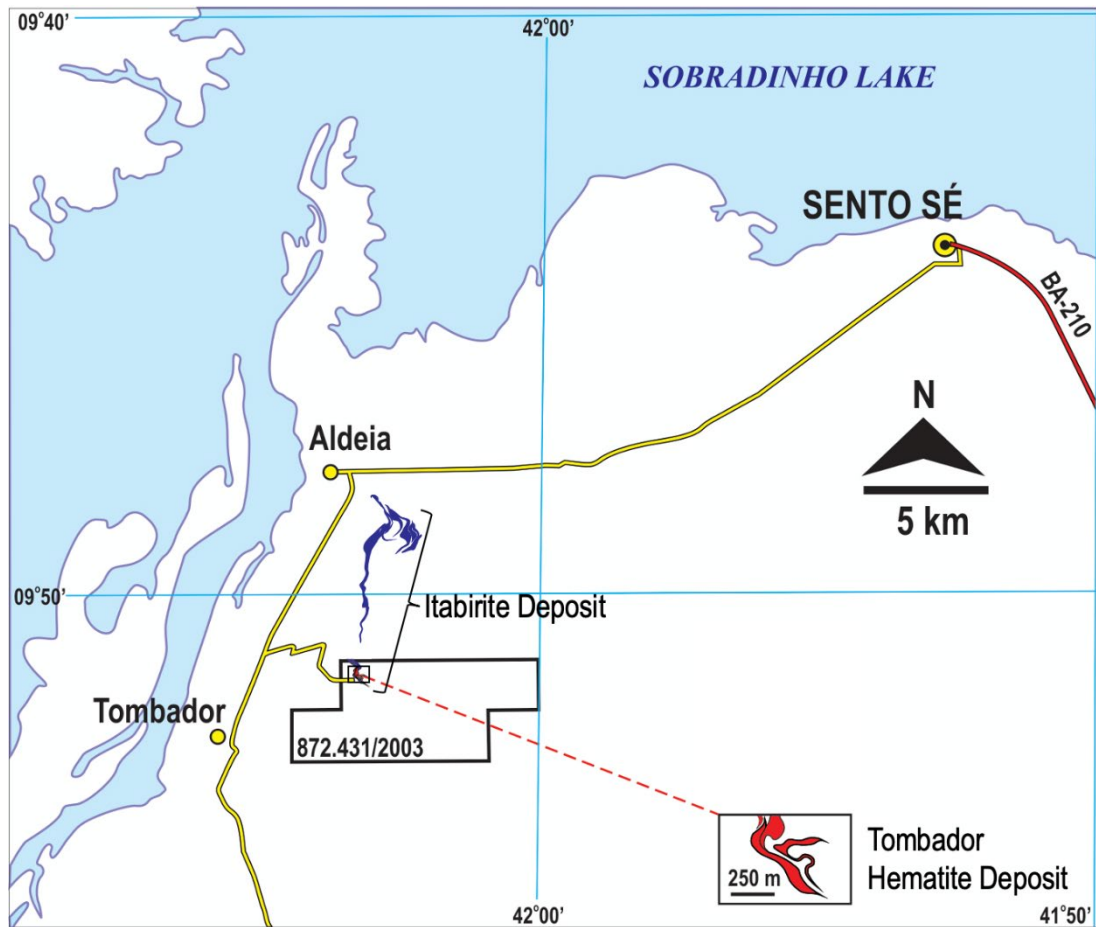
The Company expects that construction of site facilities will commence once funds have been raised from the Capital Raising and the Installation Licence is obtained. Production will then follow approval of a Mining Licence and an Operating Licence. Further details with respect to each of the licences required to be obtained for the viability of the Project are set out in the section titled "Licence to Operate" below.

2.2 Geological Overview

The Tombador high grade iron deposit is situated in the northern portion of Bahia state in Brazil within a sequence of early Proterozoic iron formations in the northwest limit of São Francisco Craton referred to as Colomis group. The iron ore type is predominately itabirite which is a metamorphosed iron formation largely consisting of various iron oxides. The compact hematite deposits occur in the itabirites and are related to the structural features in the Sento Sé block. The iron formations tend to be more resistant to erosion and therefore the topography is largely dominated by iron bearing structures.

The Tombador hematite deposit is a high grade (67% Fe) granulated iron ore deposit, located in the south of Bicuda itabirite deposit (Figure 2).

Figure 2 - Tombador Deposit Location

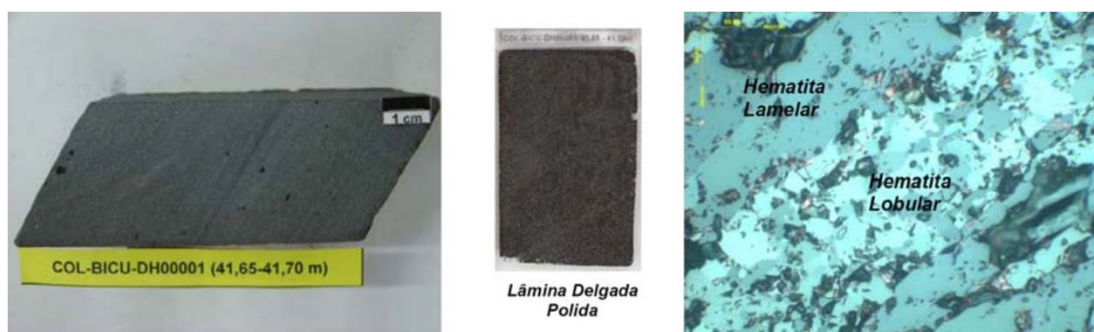


The hematite orebody occurs as a fold hinge in siliceous itabirite, with a 30° azimuth. Macroscopic features (outcrops and cores) and microscopic (petrography, MEV and cathode luminescence) strongly suggest hydrothermal leaching of gangue minerals (quartz and carbonates) from the itabirites, with corresponding iron enrichment (Figure 3).

Figure 3 – Tombador Hematite Outcrop



Figure 4 - Drill core hand sample (left), thin section (centre), and microscopic (right) images of Tombador hematite



2.3 Exploration

Exploration was performed by the previous owner of the Tenement, Colomi Iron Mineração Ltda (CIM) in conjunction with VALE. CIM started exploration works in February 2004 when a topographic base grid was established and regional reconnaissance of the area was undertaken, including geological traverses and rock sampling.

Following the regional reconnaissance phase, aerial magnetic surveys of the Sento Sé block were performed in November 2006 by VALE. At the end of the same year six diamond exploratory drillholes were completed in the Bicuda deposit (Sento Sé Block).

A detailed geological mapping campaign was performed in January 2007, covering the entire study area, resulting in 1:5,000 scale maps (1:2,000 on a local level). Between November 2007 and August 2009, the topographical grid was refined using a total station survey.

In 2008, ground geophysical surveys of the Sento Sé Block were performed, using the previously opened topographic grid. This included the Tombador Project, Bicuda Norte and Bicuda Sul (magnetometry and gravimetry).

Mapping, trenching and channel sampling

In 2012 Professor Miguel Tupinamba, of the University of Rio de Janeiro, completed detailed surface mapping of the Tombador Project area. In addition to the geological mapping, CIM excavated trenches to identify the bedrock and outline the continuation of the outcropping hematite mineralization.

In 2014 outcrop samples were collected along market channels supervised by Coffey aiming to improve the confidence on the Hematite Mineral Resource of the Tombador Project.

Drilling

Twenty-eight diamond drill holes totalling 3,542.7m were completed on the Tenement. There are 17 holes in the Tombador Project area. There are 8 holes within the Mineral Resource which intercept wide and continuous hematite mineralisation. These are drilled on an irregular 50m x 50m grid pattern. There are an additional 6 drill holes with narrow hematite mineralisation not included in the Mineral Resource estimate as they are below the cut-off grade of 60% Fe.

All diamond holes were HQ (6.35 cm) diameter. All drilled material was sampled, nothing being discarded. The holes were all vertical.

All drillhole collars were topographically surveyed by total station surveying campaign and drillhole collars have been properly identified.

Sampling & Testwork

Drilling Samples

Samples obtained from Tombador Project diamond drilling were prepared for granulo-chemical analysis due to the existence of hematite with potential to form direct shipping lump ore; this is a standard way of dealing with high grade massive hematite core intersections in Brazil. Granulo-chemical analysis consisted of crushing core and separation of size fractions as follows:

- 8mm to 31.5mm
- 1mm to 8mm
- 0.15mm to 1 mm
- < 0.15mm

The chemical composition of each size fraction was determined, and the mass of each size fraction was measured to determine the size distribution. Further detail is available in JORC Table 1 annexed to the Company's ASX announcement dated 12 June 2020.

Channel Samples

Details of the samples taken from hematite outcrops and test work completed on the samples are available in JORC Table 1 (annexed to the Company's ASX announcement dated 12 June 2020).

Metallurgical Testwork

Metallurgical tests were completed in 2013 by Modelo Operacional Ltda (MOPE) on 10 samples consisting of 3 drill core samples, 5 outcrop samples and 2 composite samples.

Samples were selected for:

- crushing and screening and detailed chemical analysis, to determine particle size distribution and grade,
- Quantitative Mineralogy, and
- Metallurgical analysis.

Results confirmed the prospect of producing lump product. No deleterious or contaminating substances were encountered.

2.4 Mineral Resource estimate

There are two deposits with separate Mineral Resource estimates contained in the Tenement:

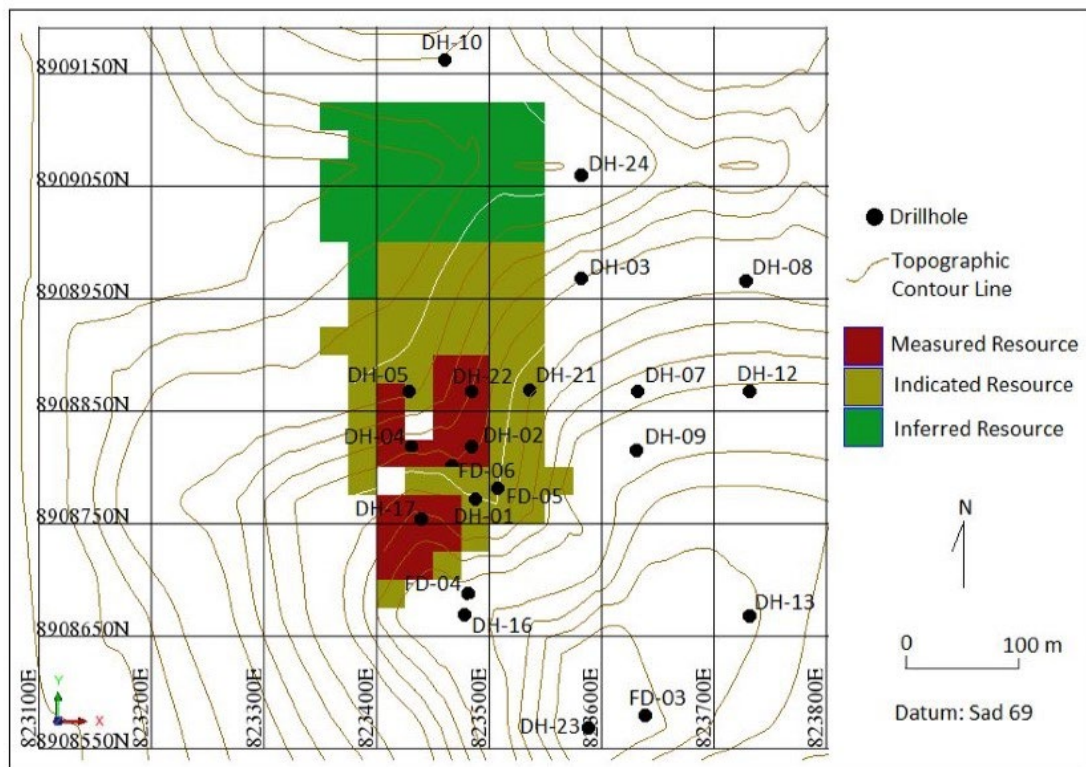
- a Mineral Resource estimate for Compact Hematite; and
- a Mineral Resource estimate for Itabirite.

The most recent Mineral Resource estimate for the Project was completed by Coffey in February 2014 for the Compact Hematite and in September 2011 for the Itabirite. In April 2020 TIM engaged GE21 Consultoria Ltda (GE21) to review and report the Mineral Resources in accordance with the JORC Code 2012 as shown in the tables below.

Compact Hematite Mineral Resource

Unit	Resource Class	Cut-off grade (% Fe)	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	Mn (%)	P (%)	LOI (%)
Compact Hematite	Measured	60	1.94	67.04	1.95	0.47	0.037	0.101	0.44
	Indicated	60	3.47	67.3	1.65	0.56	0.029	0.092	0.31
	Inferred	60	2.58	67.48	1.54	0.62	0.027	0.086	0.28
Hematite Talus	Inferred	20	2.06	43.17	31.88	2.04	0.276	0.022	2.49

Figure 5 - Block Model Resource Classification for Compact Hematite and Drill Hole Locations



Note: there are cross sections and long sections of the geological model shown in Figure 5, available in the Diagrams section of the JORC Table 1 for the Compact Hematite Mineral Resource in Appendix 1.

Itabirite Mineral Resource

Unit	Resource Class	Cut-off grade (% Fe)	Tonnes (Mt)	Fe (%)	SiO₂ (%)	Al₂O₃ (%)	Mn (%)	P (%)	LOI (%)
Talus	Inferred	20	0.73	42.39	33.04	2.02	0.259	0.019	2.54
Siliceous Itabirite	Indicated	20	27.52	37.65	41.9	1.09	0.327	0.051	1.43
	Inferred	20	3.77	39.90	37.59	0.66	0.311	0.032	2.25
Dolomitic Itabirite	Indicated	20	12.03	26.58	28.82	0.69	0.174	0.038	15.48
	Inferred	20	6.29	26.61	24.33	0.49	0.185	0.032	17.47

Note: Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no guarantee that all or any part of the mineral resource will be converted into a mineral reserve. While it would be reasonable to expect that most of the Inferred Mineral Resources would upgrade to Indicated Mineral Resources with continued exploration, due to the uncertainty of Inferred Mineral Resources it should not be assumed that such upgrading will always occur. There is no direct link from an Inferred Mineral Resource to any category of Ore Reserves.

Hematite and Itabirite Mineral Resources were estimated using ordinary kriging. The Mineral Resource for the Talus was estimated using Inverse Distance Weighting method.

The Mineral Resources were classified using the anisotropic average distance to samples from ordinary kriging estimation. Blocks with anisotropic average distance to samples lower than 50m were classified as a Measured Resource; blocks with anisotropic average distance to samples higher than 50m and lower than 150m were classified as an Indicated Resource; blocks with anisotropic average distance to samples higher than 150m and lower than 500m were classified as an Inferred Resource.

A cut-off grade of 60% Fe was applied to the hematite as this represents a DSO (direct shipping ore) hematite product. This cut-off grade defined a consistent and broad thick mineralized zone. Additional zones of mineralization below 60% Fe were not included. Areas where the mineralisation was pinching to widths of >5m, on the periphery (down dip) away from the bulk mineralized zone were included.

A cut-off grade of 20% Fe was applied to itabirite as a lower grade would typically be uneconomical.

A cut-off grade of 20% Fe was applied to the hematite talus and itabirite talus as the hematite or itabirite rocks in this type of deposit are mixed with other rocks and soil.

Further information for the Mineral Resource estimates is contained in the JORC Code 2012 Table 1 annexed to the Company's Acquisition Announcement.

Note, the Company is not aware of any new information or data that materially affects the information included in the Acquisition Announcement and all material assumptions and technical parameters underpinning the estimates in the Acquisition Announcement continue to apply and have not materially changed.

2.5 Mineral Rights Agreement

As described in Section 2.4 above, the Tenement also contains an itabirite Mineral Resource. The itabirite deposit is a JORC Mineral Resource which is not planned to be exploited as part of the Tombador Project by the Company. Rather, TIS, through its wholly owned subsidiary Tombador Iron Mineracao S.A. (**TIM**), has entered into a mineral rights agreement with Colomi Iron Mineracao Ltda (**CIM**) (**MRA**).

Under the MRA, TIM grants an option to CIM which, once exercised, grants CIM an exclusive lease of mining rights of the Tenement to exploit the itabirite ore on the Tenement (**Other Mineral Rights**) (**Option**). The Option is exercisable on the earlier of completion of TIM's exploration and mining activities on the Tenement or 15 years from the date of Completion (**Option Exercise Date**). TIM retains all rights to Hematite under the MRA even following the Option Exercise Date.

The material terms of the MRA are as follows:

- (a) (**Condition precedent**): the MRA is conditional on the parties obtaining all necessary third party and governmental consents and approvals required to give effect to the subject matter of the MRA, including, but not limited to, the consent of the minister under the Mining Act (if required) to the exploitation of the Other Mineral Rights;
- (b) (**TIM's Restriction of Mining Hematite Resource**): TIM acknowledges that up to the Option Exercise Date it will limit its activities on the Tenement to the mining of Hematite Resource.
- (c) (**Exercise of Option**): Upon exercise of the Option, TIM grants an exclusive lease of the Tenement to CIM to exploit the Other Mineral Rights.
- (d) (**Grant of Lease of Mineral Rights**):
 - (i) Subject to (ii) below and the exercise of the Option by CIM, TIM grants to CIM an exclusive lease of mining rights to CIM to exploit the Other Mineral Rights, free from encumbrances, for the Consideration.
 - (ii) The parties acknowledge that the grant by TIM to CIM of a lease of mining rights to exploit the Other Mineral Rights will be subject to TIM retaining the right to explore for and mine Hematite Iron on, and remaining the holder of, the Tenement.
- (e) (**Consideration**): the consideration for the grant of the Other Mineral Rights to CIM is the entry by CIM into the Ancillary Agreements, the material terms of which are summarised below.

Ancillary Agreements	Description
Rehabilitation Agreement	Terms on which CIM has agreed to assume responsibility for rehabilitation on the Tenement arising from its operations once the Option is exercised.
Royalty Deed	Terms on which CIM has agreed to pay a royalty to TIM of US\$1 per tonne for concentrate produced by CIM on the Tenement once the Option is exercised.
Compensation Deed	Terms on which CIM has agreed to pay a compensation amount equal to US\$10 per tonne or 50% of the gross profit margin after tax per tonne, whichever is the lesser, for any independently certified, economic JORC ore reserves of

	hematite resource mined on the Tenement following exercise of the Option.
Lease Agreement	Terms for grant of the lease to CIM (as noted in Section 2.5(c) and 2.5(d) above).

The MRA otherwise contains terms and conditions considered standard for an agreement of its nature.

2.6 Logistics

It is intended that any ore produced from the Tenement will be transported from the mine site to port by road. There are two port options; at Aracaju and at Aratu, which are both 700km from the mine site along predominantly Federal and State roads. A small section of municipal road will also be used.

Due to the scale of the hauling operation, TIM proposes to outsource the hauling operation to one or more Bahia based road haulage contractors and has received proposals. The road freight sector in Brazil is competitive with long road haulage distances of products typical in the resource and agricultural sectors. An example is the soybean export route which has a weighted average road haulage distance of 945km³. In Bahia, the same state as the Tombador Project, the 861km West Extreme trucking route from São Desidério to Salvador had an average freight price of US \$0.0371 per tonne km for the first Quarter in 2020⁴. The ore haulage trucks will be loaded from the product stockpiles and truck loading has been costed as part of the mining contractor rates. Trucks will be weighed at the mine gate and again on delivery at the port gate.

A technical proposal was received from the operator of the Inácio Barbosa Maritime Terminal (**TMIB**), located in the city of Barra dos Coqueiros-SE, 27 km from the city of Aracaju.

The technical proposal outlines the berth, stockpile and loading capacity available at the terminal with an operation design based on shipments in Handysize vessels and a target loading rate of at least 8,400 tonnes per day.

Figure 6 - TMIB Port Facilities

³ Page 13, United States Department of Agriculture, Brazil Soybean Transportation, First Quarter 2020 Published May 27, 2020, <https://www.ams.usda.gov/sites/default/files/media/Brazil1stQuarter2020.pdf> Accessed on 4th June 2020

⁴ Page 12, United States Department of Agriculture, Brazil Soybean Transportation, First Quarter 2020 Published May 27, 2020, <https://www.ams.usda.gov/sites/default/files/media/Brazil1stQuarter2020.pdf> Accessed on 4th June 2020



2.7 Licence to operate

A summary of key licences provides for the following rights:

From Bahia State Environment Department (**INEMA**):

- Preliminary Licence: Provides a set of conditions for the owner to create appropriate plans and programs in preparation for the submission for the Installation Licence.
- Installation Licence: Provides the ability for the owner to commence construction and site works in preparation for mining operations.
- Operating Licence: Provides the ability for the owner to commence mining operations.

From National Mining Agency (**ANM**):

- Mining Licence: Provides the ability for the owner to mine and sell minerals from the tenement.

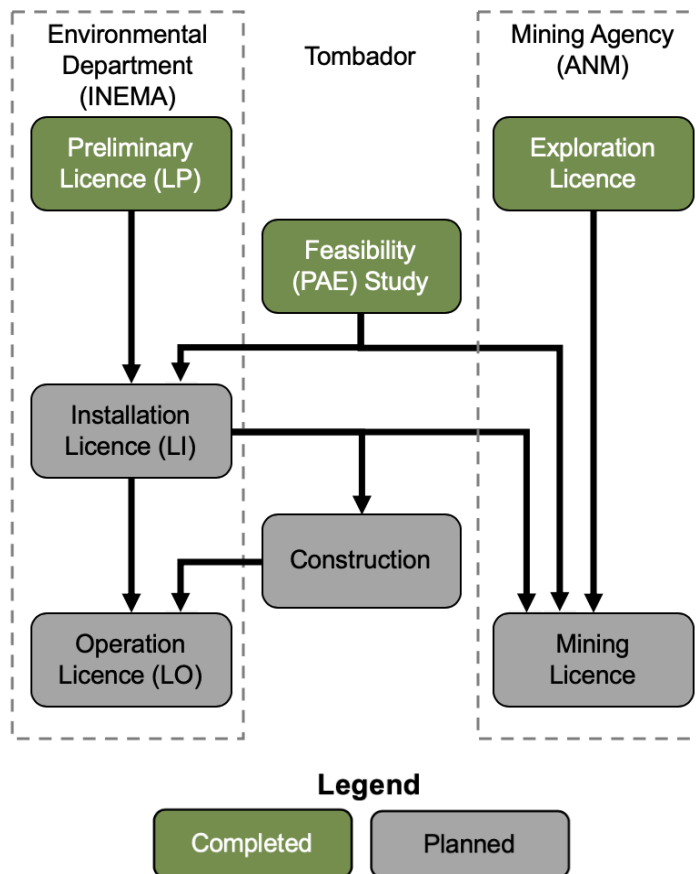
Environmental Licencing

TIM has obtained a Preliminary Environmental Licence. The submission for the Installation Licence which allows construction and site works to commence has been provided to the relevant authority, INEMA (see Figure 7).

Mining Licence

ANM approved the Final Exploration Report (**FER**) for the Tenement and published the approval in the Federal Gazette on 17 February 2020. TIM is finalising the PAE feasibility study for ANM as a prerequisite to the approval of the Mining Licence for the Tenement (see Figure 7).

Figure 7 - Tombador Project Permitting Flow Chart



Competent Persons Statement

The information in this Notice that relates to Mineral Resources, Exploration Results/Exploration Targets is based on information compiled by Leonardo de Moraes Soares, a Competent Person who is a Member of The Australian Institute of Geoscientists registered with number AIG #5180. Mr. de Moraes Soares is a Geologist with fifteen years of continuous experience in the mining industry. Mr de Moraes Soares has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr de Moraes Soares consents to the inclusion in this Notice of the matters based on his information in the form and context in which it appears.

3. PROPOSED ACQUISITION

3.1 Material terms of the Acquisition

- (a) 100% share-based consideration of 1,107,692,308 Shares issued pro rata to the TIS Shareholders accordingly to the number of TIS shares held by those parties.
- (b) The Company to undertake a re-compliance capital raising to raise up to \$15 million at \$0.025 per Share.
- (c) The key terms of the Acquisition Agreement are set out in Schedule 1.

3.2 Business model

Following Completion, the Company's proposed business model will be to bring the Project into production. The Company's main objectives on completion of the Offer are:

- (a) targeting commencement of production on the Project within twelve (12) months from Completion;
- (b) focus on mineral exploration or resource opportunities that have the potential to deliver growth for Shareholders;
- (c) continue to pursue other acquisitions that have strategic fit for the Company; and
- (d) provide working capital for the Company.

3.3 Key dependencies of the business model

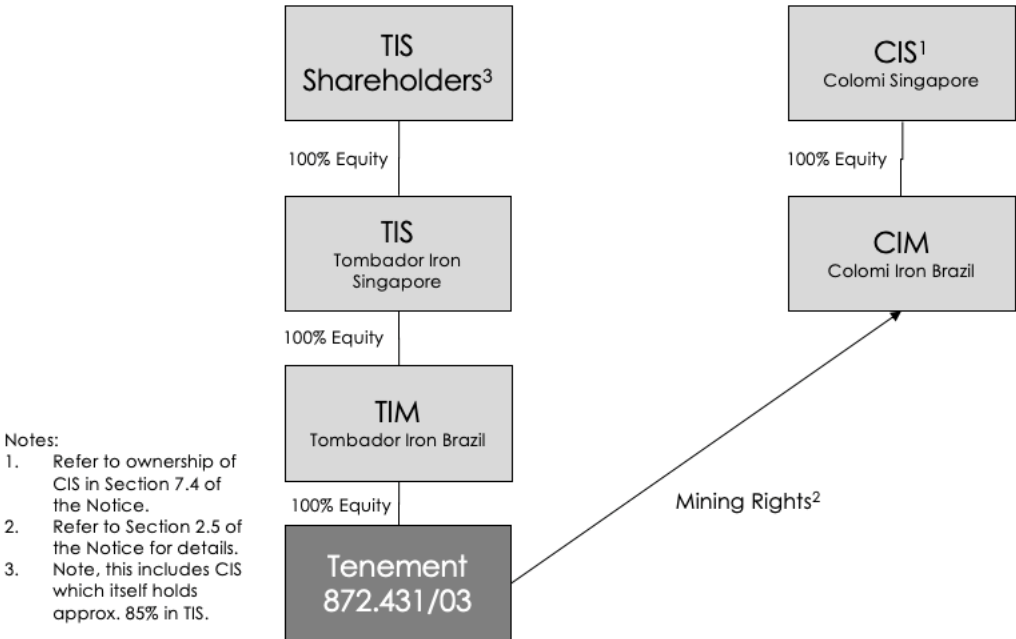
The key dependencies influencing the Company's viability are:

- (a) Completion;
- (b) the Company's ability to re-comply with Chapters 1 and 2 of the ASX Listing Rules to enable the re-admission to Official Quotation of the Company's Securities;
- (c) granting of the Installation Licence, Operating Licence and Mining Licence; and
- (d) raising sufficient funds to bring the Project into production.

3.4 Group structure

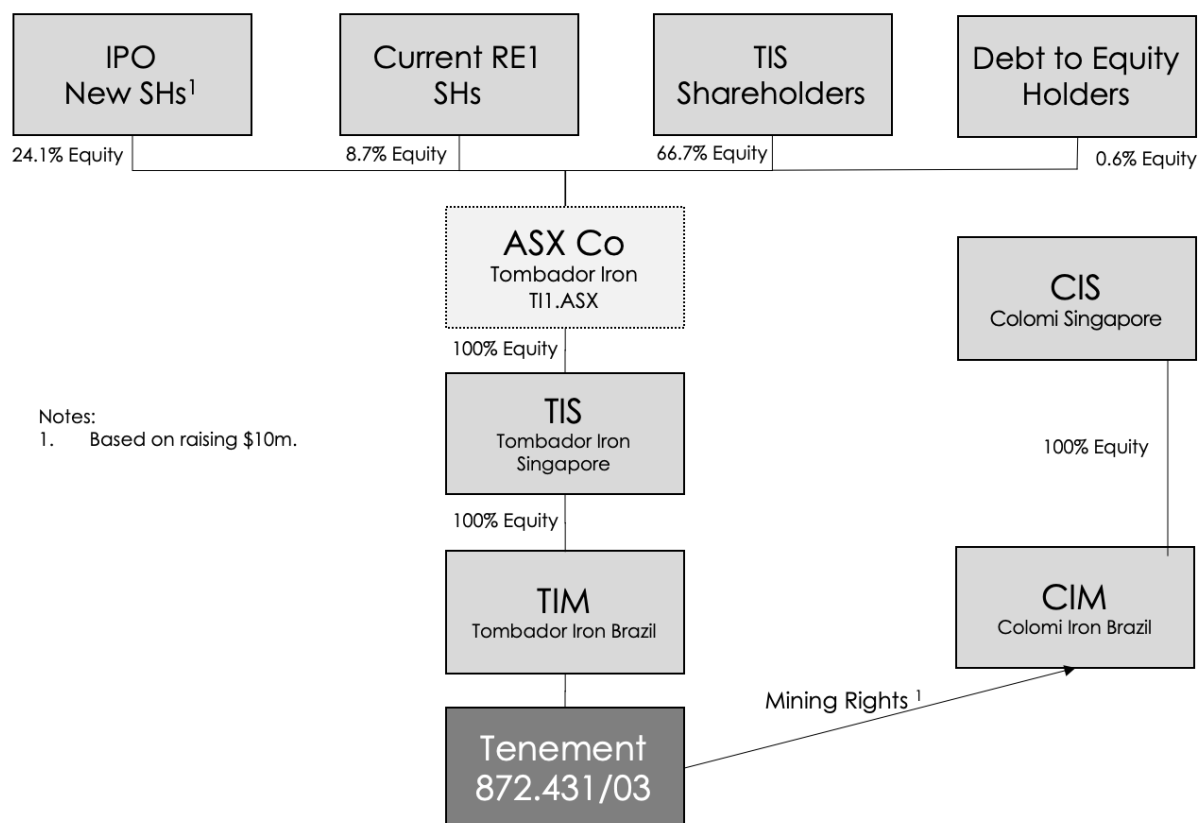
3.4.1 Pre-Completion

As at the date of this Notice, the corporate structure of TIS is as follows:



3.4.2 Post-Completion

Upon Completion, the corporate structure of the Company once TIS is acquired is expected to be as follows:



Note: TIS, through its wholly owned subsidiary Tombador Iron Mineracao S.A. (**TIM**) is party to a Mineral Rights Agreement (**MRA**) with the former holder of the Tenement, Colomi Iron Mineracao Ltda (**CIM**) (which in turn is wholly owned by CS), pursuant to which TIM has granted CIM a licence to exploit the itabirite ore on the Tenement. TIM retains all rights to hematite under the MRA, the material terms of which are summarised in Section 2.5.

3.5 Re-compliance with Chapters 1 and 2 of the ASX Listing Rules

ASX has advised that it will require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules prior to the Company completing the Acquisition as the Acquisition will result in a change to the nature and scale of the Company's activities.

As such the Company will be required to re-comply with Chapters 1 and 2 of the ASX Listing Rules before Completion can occur and before the Company's Shares can be re-instated to trading on ASX following Completion.

3.6 ASX waivers and confirmations obtained

The Company has obtained the following from the ASX:

- (a) waiver from the requirements of ASX Listing Rules 1.1 (Condition 12) and 2.1 (Condition 2) to enable the Company to issue Shares under the Capital Raising below \$0.20 per Share and issue Options with an exercise price below \$0.20;
- (b) confirmation in relation to ASX Listing Rule 6.1 permitting the Company to issue the Performance Rights on the terms as set out in Schedule 5; and

- (c) waiver from the requirements of ASX Listing Rule 10.13.3 to allow the Company to issue Shares to those related parties that are subject to Resolutions 18 to 20 later than 1 month after the date of this Meeting.

3.7 Capital Raising and proposed use of funds

To assist the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules and to support its strategy following Completion, the Company intends, subject to Shareholder approval, to conduct the Capital Raising pursuant to a full form prospectus to raise \$10,000,000 at an issue price of \$0.025 per Share (**Maximum Subscription**) with the ability to accept oversubscriptions of up to an additional 200,000,000 Shares at an issue price of \$0.025 per Share to raise up to an additional \$5,000,000 (for a total of \$15,000,000) (**Full Oversubscription**) (**Capital Raising**). The minimum subscription under the Capital Raising will be the same as the Maximum Subscription (**Minimum Subscription**).

Shareholder approval for the Capital Raising is the subject of Resolution 3. Please refer to Section 6 for further details in respect of the Capital Raising.

The indicative 2-year budget for the use of funds proposed to be raised in connection with the Capital Raising is set out below. The use of funds below is subject to confirmation and adjustment on completion of due diligence by the Company and should be considered indicative only. A more detailed use of funds budget will be provided in the Prospectus:

Funds available	Maximum Subscription	Percentage of Funds (%)	Full Oversubscription	Percentage of Funds (%)
Existing cash reserves of the Company	\$150,000	1%	\$150,000	1%
Funds raised from the Capital Raising	\$10,000,000	99%	\$15,000,000	99%
TOTAL	\$10,150,000	100%	\$15,150,000	100%
Allocation of funds	Maximum Subscription	Percentage of Funds (%)	Full Oversubscription	Percentage of Funds (%)
Environmental and mining licencing ¹	\$447,000	4%	\$447,000	3%
Infill drilling and mine planning ²	\$982,000	10%	\$1,200,000	8%
Contractor mobilisation and pre-strip ³	\$962,000	9%	\$962,000	6%
Site construction ⁴	\$626,000	6%	\$2,668,000	18%
Corporate and project management costs ⁵	\$3,538,000	35%	\$3,538,000	23%
Working capital ⁶	\$2,590,000	26%	\$5,009,000	33%
Costs of the Capital Raising ⁷	\$1,005,000	10%	\$1,326,000	9%
TOTAL	\$10,150,000	100%	\$15,150,000	100%

Notes:

1. Expenses for environmental and regulatory licensing.
2. Expenses for infill drilling, metallurgical test work samples for customers and definition of Ore Reserves.
3. Expenses for mobilization and setup of mining contractor on site including initial waste prestrip.
4. Expenses for site setup including equipment purchase and civil works. Includes mobilization, purchase and setup costs for a hire crush and screen plant.
5. General administration expenses, corporate costs and overheads, and staff salaries through to production.
6. Towards ongoing operational site costs through to first revenue from production and for general working capital purposes.
7. This includes ASX listing fees, share registry, independent experts (legal, accounting, and geological) and lead manager fees.

The above table is a statement of current intentions as of the date of this Notice of Meeting. As with any budget, intervening events (including marketing and commercialisation success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

The Directors and the Proposed Directors consider that following completion of the Capital Raising, the Company will have sufficient working capital to carry out its stated objectives. It should however be noted that an investment in the Company is speculative and Shareholders and investors are encouraged to read the risk factors outlined in Section 3.23.

3.8 Underwriting

The Capital Raising will not be underwritten.

3.9 Lead Manager

The Company has appointed Trident Capital Pty Ltd (**Trident**) to lead manage the Capital Raising (**Lead Manager**) (**Lead Manager Mandate**). Refer to Section 11 for further information relating to the Lead Manager.

In consideration for its services, the Company has agreed to pay Trident:

- (a) a monthly corporate advisory fee of \$10,000 plus GST per month commencing on 27 November 2019 and ending on the earlier of 6 months or Completion, unless extended by agreement (**Corporate Advisory Fee**);
- (b) all reasonable out of pocket expenses, with such costs to be approved in advance;
- (c) 15,000,000 Options to Trident or its nominees on the terms set out in Schedule 3, exercisable at \$0.035 and expiring on that date which is three (3) years from their date of issue; and
- (d) capital raising fees, being:
 - (i) 1% management fee of the funds raised for the Capital Raising; and
 - (ii) 5% selling fee of the funds raised for the Capital Raising (together the **Capital Raising Fee**).

The Lead Manager Mandate is otherwise based on standard terms customary of this type of arrangement.

3.10 Pro forma capital structure

The proposed capital structure of the Company following Completion and issues of all Securities contemplated by this Notice is set out below.

3.10.1 Shares

Shares	Maximum Subscription	%	Full Oversubscription	%
Existing Shares (pre Consolidation) ²	151,392,727	-	151,392,727	-
Existing Shares (post Consolidation) ²	143,823,655	8.7%	143,823,655	7.7%
Acquisition	1,107,692,308	66.7%	1,107,692,308	59.5%
Debt Conversion ¹	9,426,853	0.6%	9,426,853	0.5%
Capital Raising	400,000,000	24.1%	600,000,000	32.2%
Total Shares on Completion of Acquisition	1,660,942,816	100%	1,860,942,816	100%

Notes:

1. Refer to Section 3.12 below for further details with respect to the Debt Conversion.
2. The Company is seeking Shareholder approval to consolidate its capital on a 1.9 for 2 basis. Refer to Section 3.11 for further details with respect to the Consolidation.

3.10.2 Options

Options ¹	Number
Options on issue as at the date of this Notice ²	5,324,750
Lead Manager Options to be issued to Trident ³	15,000,000
Total Options on Completion	20,324,750

Notes:

1. All Options in the above table are stated on a post Consolidation basis. Refer to Resolution 23 for further details with respect to the Consolidation.
2. Comprising 574,750 unlisted Options, exercisable at \$0.21, expiring on the date that is two weeks after the Company releases its FY20 full year results and 4,750,000 unlisted Options exercisable at \$0.052 and may be exercised in the two-week period following the release of the Company's half-year and full-year results and expiring two weeks after the issue of the Company's FY25 full-year results.
3. Options exercisable at \$0.03 on or before the date that is 3 years following the date of issue (the terms of which are set out in Schedule 3).

3.10.3 Performance Rights

Performance Rights	Number
Performance Rights on issue as at the date of this Notice	Nil
Performance Rights to be issued to various consultants and employees and Directors and Proposed Directors ^{1,2}	75,000,000

Total Performance Rights on Completion	75,000,000
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Notes:

1. Refer to Schedule 5 for the terms and conditions attaching to the Performance Rights.
2. The Performance Rights to be issued to the Directors and Proposed Directors are the subject of Resolutions 9 – 14. Note, this amount in the table is a proposed figure. The Company is under no obligation to issue this full amount.

3.11 Consolidation

As part of the Acquisition, the Company proposes to consolidate the number of existing Shares and Options on issue on a 1.9 for 2 basis (**Consolidation**). The Consolidation is the subject of Resolution 23. The effect of the Consolidation on the capital structure of the Company is set out in Section 3.10.

3.12 Debt Conversion

As at the date of this Notice, the Company has existing debts owing to creditors of the Company totalling \$235,671.32 (**Existing Debt**). On Completion, and subject to Shareholder approval, the Company is proposing to satisfy repayment of the Existing Debt by converting it into Shares at a deemed issue price of \$0.025 per Share (being the same issue price as those Shares issued under the Capital Raising) (**Debt Conversion**).

The Existing Debt is owed to the following parties (**Creditors**):

Party	Details	Amount Owed	Shares to be issued
Bill Nikolouzakis ¹	Outstanding fees relating to accrued travel and business related expenses in carrying out his services as Chief Executive Officer	\$29,000	1,160,000
McRae ²	Outstanding management fees including the rental of office space and shared facilities, prior property management consulting fees and travel expenses	\$131,281.85	5,251,274
Aura Group (Singapore) Pte Ptd ³	For previous director fees and consultancy fees relating to acquisition services	\$62,479.00	2,499,160
Mccarthy Business Consultants ⁴	For previous director fees and travel expenses	\$12,910.38	516,415
Total		\$235,671.23	9,426,849

Notes:

1. Bill Nikolouzakis is a related party of the Company by virtue of being a Director. Shareholder approval for the issue of these Debt Conversion Shares to Mr Nikolouzakis in terms of ASX Listing Rule 10.11 is sought pursuant to Resolution 18.
2. Shareholder approval for the issue of Debt Conversion Shares to McRae is sought pursuant to Resolution 4.
2. An entity partially controlled by former Director Mr Kar Wing (Calvin) Ng who resigned on 5 September 2019.

3. An entity controlled by former Director Mr Warren McCarthy who resigned on 14 June 2019.

The Company has entered into agreements with each of the Creditors pursuant to which the parties have agreed that the Existing Debt owing to that Creditor will be satisfied by the Company issuing that number of Shares which is equal to the amount owing divided by \$0.025 (**Debt Conversion Shares**) (**Conversion Agreements**). The Conversion Agreements are subject to the Company obtaining the required Shareholder approvals to allow the issue of the Debt Conversion Shares, lodgement of a prospectus which includes an offer to subscribe for the Debt Conversion Shares and Completion occurring. Upon issue of the Debt Conversion Shares, the Company will be released from any further payment obligations owing in respect of the portion of the Existing Debt which has been converted and shall be released from any claims in relation to the converted portion of the Existing Debt owing to that Creditor.

The Conversion Agreements otherwise contain terms considered standard for an agreement of its nature, including those in relation to warranties and assignment.

Shareholder approval for the Debt Conversion is sought by the Company as follows:

- (a) in respect of the Existing Debt owing to McRae, Shareholder approval is sought under Resolution 4, which seeks approval to issue, among other Shares, 5,251,274 Debt Conversion Shares to McRae (on a post Consolidation basis);
- (b) in respect of the Existing Debt owing to Aura Group (Singapore) Pte Ltd and Mccarthy Business Consultants, Shareholder approval is sought under Resolution 17 (on a post Consolidation basis); and
- (c) in respect of the Existing Debt owing to Bill Nikolouzakis, who is a related party of the Company by virtue of being a Director, Shareholder approval in terms of ASX Listing Rule 10.11 is sought under Resolution 18.

The Board considers that the Debt Conversion will allow the Company to preserve cash reserves following Completion.

3.13 Substantial Shareholders

Those Shareholders holding a voting power of 5% or more of the Shares on issue as at the date of this Notice and on completion of the Acquisition and the Capital Raising (assuming both Minimum Subscription and Full Oversubscription) are set out in the respective tables below.

As at the date of this Notice

Shareholder	Shares	% (undiluted)
Quartz Mountain Mining Pty Ltd <The Bass Family A/C>	28,000,000	18.49%
Mannwest Group Pty Ltd	28,000,000	18.49%
Eyeon No 2 Pty Ltd	10,628,872	7.02%
Mrs Sarah Cameron	8,459,851	5.59%

Post-completion of the Capital Raising – Minimum Subscription

Shareholder	Shares	% (undiluted)
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CS Parties	995,357,543	59.9%
Nortrust Nominees Limited	86,005,337	5.2%

Post-completion of the Capital Raising – Full Oversubscription.

Shareholder	Shares	% (undiluted)
CS Parties	995,357,543	53.5%

The Company will announce to the ASX details of its top 20 Shareholders following the completion of the Capital Raising and prior to the date of re-admission of the Company to the Official List.

3.14 Previous Security issues

In the six months prior to this Notice, the Company completed a working capital placement and debt-to-equity swap issuing a total of 129,598,022 Shares at \$0.02 per Share raising \$2,591,960 and 5,000,000 unlisted Options exercisable at \$0.05 (on a pre-Consolidation basis) and may be exercised in the two-week period following the release of the Company's half-year and full-year results and expiring two weeks after the issue of the Company's FY25 full-year results) (**Debt Placement**). The Debt Placement was not underwritten. No other Securities were issued during the six-month period prior to this Notice.

3.15 Free float

Subject to the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules and completing the Capital Raising, certain Securities on issue (including the Consideration Shares, Debt Conversion Shares, Lead Manager Options, Performance Rights and Shares issued to related parties by the Related Party Participation in the Capital Raising) may be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation.

The Shares issued pursuant to the Capital Raising however will not be classified as restricted securities and will not be required to be held in escrow (other than those applied for by the Related Party Participation).

The Consideration Shares are likely to be restricted from trading for a period of 12 to 24 months after the date of re-admission of the Company to the Official List and the Debt Conversion Shares, Lead Manager Options and Performance Rights are likely to be escrowed for a period of 24 months.

The Company expects to announce to the ASX full details (quantity and duration) of the Securities required to be held in escrow prior to the Company's listed securities being reinstated to trading on ASX (which reinstatement is subject to ASX's discretion and approval).

The Company's 'free float' (being the percentage of Shares not subject to escrow and held by Shareholders that are not related parties of the Company (or their associates) at the time of admission to the Official List) will be approximately 33%, comprising all existing Shares on issue, all Shares to be issued pursuant to the Capital Raising, other than Shares held by, or to be applied for, by the Directors or Proposed Directors.

3.16 Financials

- (a) The pro-forma balance sheet of the Company following Completion and issues of all Securities contemplated by this Notice is set out in Schedule 2. The historical and pro-forma information is presented in an abbreviated form, insofar as it does not include all of the disclosure required by the Australian Accounting Standards applicable to annual financial statements.
- (b) A copy of TIS' accounts are set out in Schedule 10.

3.17 Effect of the Acquisition on the Company's Revenue, Expenditure and Profit Before Tax

The principal effects of the Acquisition on the Company's consolidated statement of financial performance for the financial year ended 30 June 2021 will be:

- (a) the Company does not expect to generate revenues from operations or sale of assets during the relevant period;
- (b) expenditure will be increase by approximately \$1,000,000 to \$1,300,000 (depending on raising the Maximum Subscription or the Oversubscription), comprised principally of expenses related to the Acquisition of the Project and increased corporate and administration costs relating to the re-compliance; and
- (c) net profit (loss) is expected to be in line with the increased expenditure outlined above.

3.18 Indicative timetable

An indicative timetable for Completion and the associated transactions set out in this Notice is set out below:

Event	Date*
Notice of Meeting for the Acquisition sent to Shareholders	31 July 2020
Lodgement of Prospectus with the ASIC	5 August 2020
Opening date of Capital Raising	12 August 2020
Shareholders meeting to approve the Acquisition	31 August 2020
Closing date of Capital Raising	31 August 2020
Completion of Acquisition	21 September 2020
Issue of Securities under the Capital Raising	21 September 2020
Dispatch of holding statements	24 September 2020
Re-quotations on the ASX	28 September 2020

Note: this timetable is indicative only and the Directors reserve the right to amend the timetable as required.

3.19 Composition of the Board of Directors

On Completion, it is proposed that:

- (a) existing Directors Bill Nikolouzakis and Andrew Jensen will resign from the Board;
- (b) existing non-executive Director Stephen Quantrill will remain on the Board;
- (c) Proposed Director Anna Neuling will be appointed as Chair of the Board; and
- (d) Proposed Directors Keith Liddell and David Chapman to be appointed to the Board as non-executive Directors.

Accordingly, at the time of the Company's relisting the Board will be comprise the following persons:

(a) **Anna Neuling** (*Non-Executive Chairman*)

Anna is currently an Executive Director of S2 Resources Ltd (ASX:S2R) which was demerged from Sirius Resources Ltd (Sirius) as part of its merger with IGO Limited in 2015. She has held various roles at Sirius since its inception and was Executive Director – Corporate and Commercial at the time of the \$2.7bn merger.

Anna has 15 years of experience in financial and corporate roles in the resources industry with ASX listed companies including LionOre Mining International, Antipa Minerals Ltd and Avoca Resources Ltd. Prior to that, Anna worked at Deloitte in London and Perth.

A Fellow of the Institute of Chartered Accountants in England and Wales and a Graduate of the Australian Institute of Company Directors. Anna also holds a degree in mathematics from the University of Newcastle (UK).

The Board considers Ms Neuling to be an independent Director.

(b) **Stephen Quantrill** (*Non-Executive Director*):

Mr Quantrill has over 20 years' experience in multifaceted roles in business leadership, ownership and advisory. Mr Quantrill acts as Chairman and company secretary across a range of businesses and industries, including in investment, resources (iron ore, oil and gas), property, biotechnology, agri-industry, advisory and engineering.

Mr Quantrill's roles include Executive Chairman of McRae Investments, the venture capital and investment holding company established by Harold Clough in 1965. HE holds a BSc (Civil Engineering), Bachelor of Commerce, an MBA, is a Fellow of FINSIA, a Graduate Member of the Australian Institute of Company Directors and a Member of Engineers Australia.

The Board does not consider Mr Quantrill will be an independent Director.

(c) **Keith Liddell** (*Non-Executive Director*):

Mr Liddell is an experienced metallurgical engineer, founder and chair of listed and unlisted companies including Founder Chairman of Sally Malay Mining Ltd. (now Panoramic Resources Ltd) and Mineral Securities Ltd.

(resource investment house) and former Managing Director of Aquarius Platinum Ltd.

Mr Liddell has raised over \$1 billion of equity and has taken numerous resource projects from exploration to production.

The Board does not consider Mr Liddell to be an independent Director.

(d) **David Chapman** (*Non-Executive Director*)

Mr Chapman brings thirty-eight years resource industry experience as a geologist in senior and executive management roles with WMC Resources Ltd and the junior sector within Australia and overseas. His experience covers operations, exploration project management and construction, business development and project financing.

Mr Chapman has spent about half of his professional career on exploration and project development in Brazil and is a fluent Portuguese speaker. He was a Director of WMC Resources Brazil office from 1991 to 2000 where he was responsible for exploration programs for gold and base metals throughout Brazil and French Guiana. He was later involved in the financing and construction of a significant base metal operation in Brazil. Through these activities he has developed and retains a strong industry network within Brazil and South America.

The Board considers Mr Chapman to be an independent Director.

3.20 Director and Proposed Director interests in Securities

Directors are not required under the Constitution to hold any Shares to be eligible to act as a Director.

Details of the Directors' and Proposed Director's relevant interest in the Securities of the Company upon Completion are set out in the table below:

Related Party	Shares	Options	Performance Rights
Current Directors			
Bill Nikolouzakis ¹	1,520,387 ²	Nil	500,000 ¹
Andrew Jensen	Nil	Nil	500,000 ³
Stephen Quantrill	Nil	Nil	3,000,000 ³
Proposed Directors			
Anna Neuling	2,000,000 ⁴	Nil	3,000,000 ³
David Chapman	2,000,000 ⁴	Nil	3,000,000 ³
Keith Liddell	16,779,936 ⁵	Nil	3,000,000 ³

Notes:

- To be issued subject to Shareholder approval with terms as set out in Schedule 5.
- This consists of 360,387 existing Shares on issue (on a post Consolidation basis) and 1,160,000 Shares to be issued subject to Shareholder approval pursuant to Resolution 18.
- These Performance Rights are to be issued subject to Shareholder approval with terms as set out in Schedule 5.
- The Company is seeking approval so that both Ms Neuling and Mr Chapman may participate in the Capital Raising and subscribe for up to 2,000,000 Shares each (\$50,000 each). Refer to Resolutions 19 and 20.

5. Consideration Shares proposed to be issued to Mr Liddell on Completion in consideration for his TIS shares. In respect of the Consideration Shares to be issued to Mr Liddell, the Company relies on ASX Listing Rule 10.12 Exception 12 which excludes the need to obtain Shareholder approval in terms of ASX Listing Rule 10.11 on the basis that Mr Liddell would not otherwise be a related party of the Company but for the fact that he is a Proposed Director to be appointed under the Acquisition Agreement. The Company does, however, seek Shareholder approval for the issue of the Consideration Shares to Mr Liddell by Resolution 2.

3.21 Related parties

The persons listed in the table in Section 3.19 above are related parties of the Company by virtue of being either current Directors or Proposed Directors of the Company. In addition, CS will be deemed to be a related party by virtue of acquiring a controlling interest in the Company on Completion. McRae, by virtue of being an associate of CS, will also be deemed to be a related party of the Company. Other than these persons/entities, there are no other related parties of the Company.

3.22 Advantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Acquisition Resolutions:

- (a) the Company will obtain ownership of the Tombador Tenement pursuant to the Acquisition;
- (b) the Company will no longer be at risk of delisting due to being a long-term suspended entity for the purposes of the ASX Listing Rules;
- (c) the potential increase in market capitalisation of the Company following Completion and the associated Capital Raising may lead to access to improved equity capital market opportunities and increased liquidity;
- (d) Shareholders may be exposed to further debt and equity opportunities that the Company did not have prior to the Acquisition; and
- (e) the appointment of the Proposed Directors will add experience and skill to the Board to assist with the growth of the Company.

3.23 Disadvantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the Acquisition Resolutions:

- (a) the Company will be changing the scale of its activities which may not be consistent with the objectives of all Shareholders;
- (b) the Acquisition, Capital Raising and associated transactions the subject of this Notice will result in the issue of a significant number of Shares to new investors which will have a dilutionary effect on the holdings of Shareholders;
- (c) there are inherent risks associated with the change in nature of the Company's activities. Some of these risks are summarised in Section 3.23 below; and

- (d) future outlays of funds from the Company may be required for its proposed business and exploration operations.

3.24 Risk factors

The key risks of the Acquisition and following Completion are:

- (a) **Risks relating to Change in Nature and Scale of Activities**

- (i) **Completion risk**

The Acquisition is conditional on the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules (see below).

Pursuant to the Acquisition Agreement (the key terms of which are summarised in Schedule 1), the Company has agreed to acquire 100% of TIS. Completion of TIS is subject to the satisfaction of certain conditions (as set out in Schedule 1).

There is a risk that these conditions cannot be satisfied and in turn that Completion will not proceed. If the Acquisition does not proceed, the Company will incur costs relating to advisers and other costs, with no material benefit being achieved.

- (ii) **Re-quotations of Securities on ASX**

As part of the Company's change in nature and scale of activities, ASX will require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules. A prospectus will be issued to assist the Company to re-comply with these requirements. The Company's Securities have been suspended since 9 September 2019, and, subject to Shareholder approval, will remain suspended until completion of the Acquisition, the Capital Raising, re-compliance by the Company with Chapters 1 and 2 of the ASX Listing Rules and compliance with any further conditions ASX imposes on such reinstatement.

There is a risk that the Company will not be able to satisfy one or more of those requirements and that its Securities will consequently remain suspended from Official Quotation.

If the Company has not re-complied with Chapters 1 and 2 of the ASX Listing Rules within 2 years of being suspended (which occurred on 9 September 2019), under current ASX policy ASX will seek to remove the Company from the Official List.

- (iii) **Dilution risk**

The Acquisition and the Capital Raising will result in the issue of a number of Shares, Options and Performance Rights. This means that each Share on issue at the date of this Notice will represent a significantly lower proportion of ownership in the Company. Shareholders should note that if they do not participate in the Capital Raising (and even if they do), their holdings may be considerably diluted (as compared to their holdings at the date of this Notice).

Upon completion of the Acquisition and the Capital Raising, assuming the Maximum Subscription is raised, existing Shares on issue will represent approximately 8.7% of the Company's enlarged Share capital.

(iv) **Liquidity risk**

On Completion, the Company understands that the Consideration Shares, Debt Conversion Shares, Related Party Performance Rights, Lead Manager Options and Shares issued in connection with the Related Party Participation in the Capital Raising may be treated by ASX as restricted securities in accordance with Chapter 9 of the ASX Listing Rules. This could be considered an increased liquidity risk as a portion of issued capital may not be able to be traded freely for a period of time.

(b) **Risks relating to the Company**

(i) **Coronavirus (Covid-19) risk**

Global economic outlook is facing uncertainty due to the current COVID-19 pandemic, which has had and may continue to have a significant impact on capital markets and share prices. The Company's Share price may also be adversely affected by the economic uncertainty caused by COVID-19. Further, any measures to limit the transmission of the virus implemented by governments around the world (such as travel bans and quarantining) may adversely impact the Company's operations.

The spread of COVID-19 has impacted Brazil's economy as lock downs and travel restrictions are enforced. While the Brazilian government is currently supportive of the continual operation of the mining industry, some mines have been forced to close by the Brazilian courts due to local outbreaks amongst staff. Forced closures or cessation of works for either the Company or its contractors would adversely impact the Company's operations or its ability to commence mining operations within the proposed timeline.

The travel and lock down restrictions may cause delay in the approval of environmental and mining licences from the respective government agencies.

(ii) **Tenement applications and mining concession approval**

The Company cannot guarantee additional applications for tenements made by the Company will ultimately be granted, in whole or in part. Further the Company cannot guarantee that renewals of valid tenements will be granted on a timely basis, or at all. The Company has yet to receive regulatory approval to convert its exploration licence into a production concession. There is a risk that these approvals may be delayed or may not be obtained.

(iii) **Environmental licence approval**

The Company's ability to commence mine site construction and mining operations within the proposed timeline are dependent

of receiving the approval of the appropriate environmental licence in a timely basis. The Company cannot guarantee that the environmental licence will ultimately be granted or if it is in a timely basis or without onerous restrictions.

(iv) **Sovereign Risk**

The Project is located in the north-eastern state of Bahia, Brazil. Brazil is a federal presidential democratic republic. The political conditions in Brazil are generally stable, however, changes may occur in the political, fiscal and legal systems which may affect the ownership or operations of the Company including changes in exchange rates, control or fiscal regulations, regulatory regimes, political insurrection or labour unrest, inflation or economic recession.

(v) **Surface Rights**

CIM is owner of the surface rights to the Tenement and has, pursuant to the MRA, granted to TIM the right to enter and pass through the Tenement in order for TIM to conduct its mining activities. TIM's mining activities are therefore reliant on being given access and in the unlikely event of any dispute between the parties, these rights could be compromised and bring a halt to TIM's mining operations until such time as an agreement can be reached. This could severely affect the financial performance of the Company and its ability to achieve its objectives.

(vi) **Mineral Resource Estimates**

The interpretation of exploration results and Mineral Resource estimates are expressions of judgement based on knowledge, experience, and industry practice. Estimates which were valid when originally made may alter significantly when new information or techniques become available. In addition, by their very nature, exploration results and Mineral Resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork, drilling and analysis, the estimates are likely to change. There is no guarantee that development and infill drilling will upgrade the classification of current mineral resources or that further studies will convert those Mineral Resources into Ore Reserves. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

(vii) **Price of product**

Iron ore commands a different price depending on discounts and premiums related to iron content and impurities levels. The existing Mineral Resource at the Project is considered high grade, having an iron (Fe) grade of 66%. Until the Project is operational and contracts with customers are secured, the Company is unable to determine at this stage whether it will receive a market premium for its product.

Additionally, lump product sells at a premium to fines product. Although there has been some technical test work to estimate

the proportion of the product that will be lump, the long route to market increases the risk the lump product will degrade to fines during transport. If the lump product degrades to fines during transport, then the Company will not receive a further price premium on the material that has degraded.

(viii) **Road and port access**

To deliver iron ore to customers, the Company must truck the iron ore 700km by road to the nearest ports or more than 1000km to Brazilian steel mills. This long road haul exposes the Company to risks associated with road freight and factors that affect road freight costs such as local fuel price, tyres, and wages. While the road freight sector is established and competitive it has historically been impacted by strikes.

There is also only one road route to market for the first 200km which increases the risk of a blockade or demonstration from local communities along the route, impacting the Company's ability to receive goods and deliver product. The port options are owned and operated by third parties and access to those facilities are yet to be contracted. The licence to operate the port facilities is dependent on environmental controls and other compliance requirements. As the management of those facilities are outside the control of the Company there is a limited ability to mitigate this risk beyond having more than one port option.

(ix) **Mine development**

Possible future development of a mining operation at the Company's Tombador Project is dependent on a number of factors including, but not limited to, the delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

(x) **Operating and production risks**

The Company's ability to achieve production on a timely basis cannot be assured. The business of mining involves many risks and may be impacted by factors including ore tonnes, grade, mining recovery, proportion of lump produced, input prices (some of which are unpredictable and outside the control of the Company), overall availability of free cash to fund continuing development activities, labour force disruptions, cost overruns, changes in the regulatory environment and other unforeseen contingencies. The Company's operations may be disrupted by a variety of risks and hazards which are beyond its control, such as environmental hazards (including discharge of pollutants or hazardous chemicals), flooding and extended interruptions due to inclement of hazardous weather conditions and fires, industrial accidents, occupational and health hazards and slope failures. Such occurrences could result in damage to, or destruction of, production facilities, personal injury or death, environmental damage, delays in mining, increased production costs and other monetary losses and possible legal liability to the owner or

operator of the mine. The Company may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past mining activities for which it was not responsible.

In addition, the Company's profitability could be adversely affected if for any reason its mine development or production and processing of ore is unexpectedly interrupted or slowed. Examples of events which could have such an impact include: unanticipated technical and operational difficulties encountered in extraction and production activities; unscheduled plant shutdowns or other processing problems; mechanical failure of operating plant and equipment; shortages or increases in the price of consumables, spare parts and plant and equipment; pit slope failures, explosions or accidents; unusual or unexpected rock formations; poor or unexpected geological or metallurgical conditions; failure of mine communications systems; insufficient water or poor water condition; interruptions to fuel or electricity supplies; human error and adverse weather conditions. No assurance can be given that the Company will achieve commercial viability through the development or mining of its project, treatment and sale of iron ore.

(xi) **Exploration risk**

Exploration is a high-risk undertaking. The Company does not give any assurance that the planned exploration of the Tenement will result in the Mineral Resource being increased or that future exploration will result in the estimation or discovery of other significant or economic Mineral Resources.

In particular, there is a risk that, through further exploration and resource drilling, the Company will not be able to increase the quantity of the existing Mineral Resource.

Even if the Mineral Resource is improved or other significant Mineral Resources are identified, there can be no guarantee that they can be economically exploited. In addition, the Mineral Resource may become depleted, resulting in a reduction of the value of the Tenement.

The exploration costs of the Company have been estimated based on certain assumptions which are subject to significant uncertainties. The actual costs may materially differ from these estimates. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised. The Company may be materially and adversely affected if the actual costs are substantially greater than the estimated costs.

(xii) **Future profitability**

The Company is currently in the growth stage of its development. The Company's profitability will be impacted by, among other things, the success of its exploration and mining activities, economic conditions in the markets in which it operates, competition factors and any regulatory developments. Accordingly, the extent of future profits (if any) and the time

required to achieve sustained profitability are uncertain and cannot be reliably predicted.

(xiii) **Contract risk**

The operations of the Company will require involvement with a number of third parties, including contract miner(s), road freight, port operator, other contractors, suppliers and customers. Financial failure, default or contractual non-compliance of the part of such third parties may materially harm the performance of the Company. It is not possible for the Company to predict or protect itself against all such risks.

(xiv) **International operations**

The Company initially intends to operate in Brazil. The Company may also consider expanding into other markets internationally in the future. Therefore, the Company will be exposed to risks relating to operating in those countries. Many of these risks are inherent in doing business internationally, and will include, but are not limited to:

- changes in the regulatory environment;
- trade barriers or the imposition of taxes;
- difficulties with staffing or managing any foreign operations;
- issues or restrictions on the free transfer of funds;
- technology export or import restrictions; and
- delays in dealing across borders caused by customers or regulatory authorities.

(xv) **Equipment and availability**

The Company's ability to undertake mining and exploration activities is dependent upon its and its contractor's ability to source and acquire appropriate mining equipment. Equipment is not always available and the market for mining and crushing equipment experiences fluctuations in supply and demand. If the Company is unable to source appropriate equipment economically or at all then this would have a material adverse effect on the Company's financial or trading position.

(xvi) **Environmental**

The operations and proposed activities of the Company are subject to laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or bushfires may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.

Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated mining activities.

(xvii) **Additional requirements for capital**

The funds to be raised under the Capital Raising are considered sufficient to meet the immediate objectives of the Company and implementation of the strategy detailed in Section 3.1. Additional funding may be required in the event costs exceed the Company's estimates and to effectively implement its business and operational plans in the future to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur. If such events occur, additional funding will be required.

Following completion of the Capital Raising, the Company may seek to raise further funds through equity or debt financing, joint ventures, licensing arrangements, or other means. Failure to obtain sufficient financing for the Company's activities may result in delay and indefinite postponement of their activities and the proposed commercialisation, marketing, and international expansion strategy. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing may not be favourable to the Company and might involve substantial dilution to Shareholders.

(xviii) **Reliance on key personnel**

The Company's future depends, in part, on its ability to attract and retain key personnel. It may not be able to hire and retain such personnel at compensation levels consistent with its existing compensation and salary structure. Its future also depends on the continued contributions of its executive management team and other key management and technical personnel, the loss of whose services would be difficult to replace. In addition, the inability to continue to attract appropriately qualified personnel

could have a material adverse effect on the Company's business.

(xix) **Economic and financial market risks**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (A) general economic outlook;
- (B) interest rates and inflation rates;
- (C) currency fluctuations;
- (D) changes in investor sentiment toward particular market sectors;
- (E) the demand for, and supply of, capital; and
- (F) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(xx) **Force majeure**

The Company, now or in the future, may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, extreme weather conditions, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(xxi) **Chinese economy**

China is the world's largest importer of iron ore. Although the Company does not plan on exporting its iron ore to China, the global market and iron ore index prices are dependent on the volume China imports. Accordingly, the results of the Company's operations, its financial condition and its prospects are significantly dependent on economic and political developments in China. Although the Chinese economy has experienced significant growth in the past 30 years, that growth has slowed in recent years. The Company cannot assure investors that the Chinese economy will continue to grow, or that if there is growth, such growth will be steady and uniform, or that if there is a slowdown, such slowdown will not have a negative effect on its business and results of operations.

The uncertainty surrounding the economy in China makes it difficult for the Company to foresee and manage risks. A significant deterioration of economic conditions in China may have a negative impact on the performance of the Company and the value of its shares.

(xxii) **Foreign exchange risk**

The Company's costs and expenses in Brazil and other foreign countries are likely to be in foreign currencies. Revenue for the sale of ore is likely to be in US or Brazilian currency. Accordingly, the depreciation of the Singaporean currency and/or the appreciation of the foreign currency, namely the US, Singaporean and Brazilian currencies, relative to the Australian currency could result in a translation loss on consolidation which is taken directly to shareholder equity.

Any depreciation of the foreign currency relative to the Singaporean currency may result in lower than anticipated revenue. The Company will be affected on an ongoing basis by foreign exchange risks between the Australian currency and the other foreign currencies and will have to monitor this risk.

(xxiii) **Policies and legislation**

The introduction of new legislation or amendments to existing legislation by governments, and the decisions of courts and tribunals, can impact adversely on the assets, operations and, ultimately, the financial performance of the Company.

Any adverse developments in political and regulatory conditions in the countries in which the Company conducts business could materially affect the Company's prospects. Political changes, such as changes in both monetary and fiscal policies, expropriation, methods and rates of taxation and currency exchange controls may impact the performance of the Company as a whole.

(xxiv) **Trading price of Shares**

The Company's operating results, economic and financial prospects and other factors will affect the trading price of the Shares. In addition, the price of Shares is subject to varied and often unpredictable influences on the market for equities, including, but not limited to, general economic conditions including the performance of the Australian dollar on world markets, inflation rates, foreign exchange rates and interest rates, variations in the general market for listed stocks in general, changes to government policy, legislation or regulation, industrial disputes, general operational and business risks and hedging or arbitrage trading activity that may develop involving the Shares.

In particular, the share prices for many companies have been and may in the future be highly volatile, which in many cases may reflect a diverse range of non-company specific influences such as global hostilities and tensions relating to certain unstable regions of the world, acts of terrorism and the general state of

the global economy. No assurances can be made that the Company's market performance will not be adversely affected by any such market fluctuations or factors.

As the Company's Securities have been suspended from trading for an extended period, there is currently no public market for Shares. There is no guarantee that an active trading market in the Company's Shares will develop or that that prices at which Shares trade will increase following completion of the Acquisition and the Capital Raising. The prices at which Shares trade may be above or below the Capital Raising price and may fluctuate in response to a number of factors.

3.25 Plans for the Company if Completion does not occur

If each of the Acquisition Resolutions are not passed and Completion does not occur, the Company will continue to look for potential business acquisitions to take the Company forward.

3.26 Due Diligence Enquiries

The Company believes it has undertaken appropriate enquiries into the assets and liabilities, financial position and performance, profits and losses, and prospects of TIS for the board of the Company to be satisfied that the Acquisition is in the interests of the Company and its shareholders.

3.27 Directors' interests in the Acquisition

The Board considers that Stephen Quantrill has an interest in the outcome of the Acquisition Resolutions on the basis that he is a Director of the Company and a director of CS. CS is also an entity associated with McRae. The Acquisition Resolutions, if approved, will result in CS and McRae being issued Consideration Shares in consideration for the acquisition of their respective TIS Shares (the subject of Resolution 4). Resolution 4 also contemplates the issue of Debt Conversion Shares to McRae. Accordingly, the Company will disregard any votes cast in favour of the Acquisition Resolutions by Stephen Quantrill and McRae and any other CS Party or associate of one of those parties who is a Shareholder at the Voting Eligibility Date. The Board considers that it is appropriate that Mr Quantrill is also excluded from making a recommendation on the Acquisition Resolutions for the reasons set out above.

Except as set out above and other than as disclosed in this Notice, none of the Directors have any interest in the Acquisition.

3.28 Forward looking statements

The forward-looking statements in this Explanatory Statement are based on the Company's current expectations about future events. However, they are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward-looking statements in this Explanatory Statement. These risks include but are not limited to, the risks detailed in Section 3.23. Forward looking statements include those containing words such as 'anticipate', 'estimates', 'should', 'will', 'expects', 'plans' or similar expressions.

4. RESOLUTION 1 – CHANGE TO NATURE AND SCALE OF ACTIVITIES

4.1 General

Resolution 1 seeks the approval of Shareholders for a change in the nature and scale of the Company's activities through the Acquisition of the Tombador Project.

As set out above, the Acquisition will change the nature and scale of the Company's main activities to an iron ore company.

A detailed description of the Acquisition and the resulting change in the nature and scale of the Company's activities is outlined in Section 3 above, and the key terms and conditions of the Acquisition Agreement are set out in Schedule 1.

4.2 ASX Listing Rule 11.1

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature and scale of its activities, it must provide full details to ASX as soon as practicable and comply with the following:

- (a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (b) if ASX requires, obtain the approval of holders of its shares and any requirements of ASX in relation to the notice of meeting; and
- (c) if ASX requires, meet the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the company were applying for admission to the official list of ASX.

ASX has indicated to the Company that the change in the nature and scale of the Company's activities as a result of the Acquisition requires the Company, in accordance with ASX Listing Rule 11.1.2, to obtain Shareholder approval and the Company must comply with any requirements of ASX in relation to the Notice of Meeting.

4.3 ASX Listing Rule 11.1.2

The Company is proposing to undertake the Acquisition and to re-comply with the ASX Listing Rules.

ASX Listing Rule 11.1 empowers ASX to require a listed company to obtain the approval of its shareholders to a significant change to the nature or scale of its activities for these purposes. As is usual practice, ASX has confirmed to the Company that, given the change in the nature and scale of the Company's activities upon Completion, ASX requires the Company to obtain Shareholder approval and re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules.

For this reason, the Company is seeking Shareholder approval for the Company to change the nature and scale of its activities under ASX Listing Rule 11.1.2.

If Resolution 1 is passed, the Company will be able to proceed with the Acquisition.

However, if Resolution 1 is **not** passed, the Company will be unable to proceed with the Acquisition. As a result, the Company will be unable to undertake the change of nature and scale of its activities and may possibly remain in suspension.

4.4 Suspension until re-compliance with Chapters 1 and 2 of the ASX Listing Rules

ASX has also indicated to the Company that the change in the nature and scale of the Company's activities is a back-door listing of TIS which consequently requires the Company to (in accordance with ASX Listing Rule 11.1.3) re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules (including any ASX requirement to treat the Company's Securities as restricted Securities).

The Company's Securities have been suspended from Official Quotation since 9 September 2019 and, subject to Shareholder approval being obtained, will remain suspended until the Company has completed the Acquisition and re-complied with Chapters 1 and 2 of the ASX Listing Rules, including by satisfaction of ASX's conditions precedent to reinstatement.

If the Acquisition Resolutions are not approved at the Meeting, the Acquisition will not proceed, and the Company's Securities will remain suspended from trading.

4.5 Waiver of 20 cent rule as part of re-compliance

As set out in Section 4.4, the Acquisition will require the Company to meet the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the Company were applying for admission to the official list of ASX. These requirements include that:

- (a) the main class of a company's securities for which a company seeks quotation must have an issue price of at least 20 cents in cash (pursuant to Listing Rule 2.1 Condition 2); and
- (b) the exercise price for any options on issue must be at least 20 cents in cash (pursuant to Listing Rule 1.1 Condition 11).

The proposed Capital Raising to be undertaken pursuant to Resolution 3 will not meet the requirements set out in Listing Rule 2.1 Condition 2 as the Shares issued under the Capital Raising have an issue price of \$0.025 per Share, being an issue price of less than 20 cents.

Following Completion, the Company will also have new Options on issue with an exercise price of \$0.035 (these are to be issued to the Lead Manager or its nominees pursuant to Resolution 15).

The exercise price of the new Options is less than the 20-cent exercise price required by Listing Rule 1.1 Condition 11.

ASX has granted the Company a waiver of ASX Listing Rule 2.1 Condition 2 together with a waiver from ASX Listing Rule 1.1 Condition 11 to allow the Company to issue the Capital Raising Shares at \$0.025 per Share and to have the new Options on issue with an exercise price less than \$0.20.

5. RESOLUTION 2 – APPROVAL TO ISSUE CONSIDERATION SHARES TO MINORITY TIS SHAREHOLDERS

5.1 General

As outlined in Section 1.2, the Company is proposing to acquire 100% of the issued capital of TIS from the TIS Shareholders. The TIS Shareholders comprise CS and McRae, being the Majority TIS Shareholders for whom the issue of Consideration Shares is sought pursuant to Resolution 4, and the Minority TIS Shareholders, who are unrelated parties of the Company as at the date of this Notice.

In respect of the Consideration Shares to be issued to Proposed Director Keith Liddell, who is a Minority TIS Shareholder, the Company relies on ASX Listing Rule 10.12 Exception 12 which excludes the need to obtain Shareholder approval in terms of ASX Listing Rule 10.11 on the basis that Mr Liddell would not otherwise be a related party of the Company but for the fact that he is a Proposed Director to be appointed under the Acquisition Agreement. The Company does, however, seek Shareholder approval for the issue of the Consideration Shares to Mr Liddell by Resolution 2.

This Resolution seeks Shareholder approval for the issue of 119,565,209 Consideration Shares to the Minority TIS Shareholders in accordance with the Acquisition Agreement, the material terms of which are summarised in Schedule 1 of this Notice. The Consideration Shares the subject of this Resolution will be issued pro rata according to the number of TIS Shares held by each Minority TIS Shareholder.

5.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Given the Consideration Shares do not fall within any of the exceptions specified in ASX Listing Rule 7.2 and exceeds the 15% limit in Listing Rule 7.1, Shareholder approval is required under Listing Rule 7.1.

Resolution 2 seeks Shareholder approval pursuant to Listing Rule 7.1 to issue the Consideration Shares to the Minority TIS Shareholders as consideration for the Acquisition. Shareholder approval for the issue of the Consideration Shares to the Majority TIS Shareholders is sought pursuant to Resolution 4 of this Notice.

If Resolution 2 is not passed, the Company will not be able to meet its obligations to pay the consideration under the Acquisition Agreement and Completion will not occur.

Resolution 2 is an ordinary resolution. Resolution 2 is conditional on approval being obtained for each of the other Acquisition Resolutions.

5.3 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 2:

- (a) the Consideration Shares the subject of this Resolution will be issued to the Minority TIS Shareholders (or their nominees), none of whom are related parties of the Company or are related parties by virtue of the Acquisition;
- (b) the maximum number of Consideration Shares to be issued to the Minority TIS Shareholders is 119,565,209 Shares (on a post Consolidation basis),
- (c) the Consideration Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Consideration Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended all

of the Consideration Shares will be issued on the same date, being the date of Completion;

- (e) the Consideration Shares will be issued for nil cash consideration as they are being issued as part of the consideration for the Acquisition, accordingly no funds will be raised from the issue of the Consideration Shares;
- (f) the Consideration Shares are being issued to the Minority TIS Shareholders in accordance with the Acquisition Agreement, the terms of which are summarised in Schedule 1; and
- (g) a voting exclusion statement is included in the Notice.

6. RESOLUTION 3 – APPROVAL OF CAPITAL RAISING

6.1 General

Resolution 3 seeks Shareholder approval to enable the Company to issue 400,000,000 Shares at an issue price of \$0.025 per share to raise \$10,000,000 (**Maximum Subscription**) and the ability to accept oversubscriptions of up to an additional 200,000,000 Shares at an issue price of \$0.025 per Share to raise up to an additional \$5,000,000, for a maximum of \$15,000,000 (**Oversubscription**) (together the **Capital Raising**).

The Shares to be issued under the Capital Raising will be issued pursuant to a Prospectus to satisfy the admission requirement in Condition 3 of Listing Rule 1.1.

The minimum subscription under the Capital Raising will be the same as the Maximum Subscription, being \$10,000,000 (**Minimum Subscription**). The Shares will only be issued under the Capital Raising if:

- (a) the Minimum Subscription is raised;
- (b) the Company has received conditional approval from ASX for the Company to be reinstated to Official Quotation on ASX following the Company's compliance with ASX Listing Rule 11.1.3 and Chapters 1 and 2 of the ASX Listing Rules; and
- (c) the issue occurs contemporaneously with settlement of the Acquisition.

6.2 ASX Listing Rule 7.1

A summary of ASX Listing Rule 7.1 is set out in Section 5.2.

The Capital Raising does not fall within any of the exceptions specified in ASX Listing Rule 7.2 and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1. Resolution 3 seeks the required Shareholder approval for the Capital Raising for the purposes of Listing Rule 7.1.

If Resolution 3 is passed, the Company will be able to issue the Shares pursuant to the Capital Raising. In addition, the Shares issued pursuant to the Capital Raising will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 3 is not passed, the Company will not be able to proceed with the Capital Raising and it will not have the funds to assist the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules and to support its strategy following Completion.

6.3 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Capital Raising:

- (a) the Shares are to be issued to participants under the Capital Raising. The Directors will determine to whom the Shares will be issued but these persons will not be related parties of the Company (unless otherwise set out in this Notice);
- (b) the maximum number of Shares to be issued is up to 600,000,000 Shares;
- (c) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (e) the issue price will be \$0.025 per Share. The Company will not receive any other consideration for the issue of the Shares under the Capital Raising;
- (f) completion of the Capital Raising the subject of this Resolution is a conditions precedent to the Acquisition Agreement, the material terms of which are summarised in Schedule 1;
- (g) the purpose of the issue and intended use of funds raised is out in Section 3.7 (which sets out both the Maximum Subscription and Full Oversubscription) and is otherwise to satisfy the admission requirement in Condition 3 of Listing Rule 1.1; and
- (h) a voting exclusion statement is included in Resolution 3.

7. RESOLUTION 4 – APPROVAL TO ISSUE CONSIDERATION SHARES TO COLOMI SINGAPORE AND MCRAE AND DEBT CONVERSION SHARES TO MCRAE

7.1 Background

The background to the proposed Acquisition and the issue of the Consideration Shares to the TIS Shareholders, which include CS and McRae, being the Majority TIS Shareholders, is set out in Section 1.2 and a summary of the Acquisition Agreement is set out in Schedule 1.

The background to the proposed issue of the Debt Conversion Shares is set out in Section 3.12.

7.2 General

Resolution 4 seeks Shareholder approval for the purpose of Item 7 of section 611 of the Corporations Act to allow the Company to issue:

- (a) 944,463,354 Consideration Shares to CS pursuant to the Acquisition;
- (b) 43,663,745 Consideration Shares to McRae pursuant to the Acquisition; and

- (c) 5,251,274 Debt Conversion Shares to McRae pursuant to the Debt Conversion,

(together, the **Proposed Issues**).

The Proposed Issues, when aggregated with the 1,979,170 Shares already held by McRae, will result in each of the CS Parties increasing their voting power in the Company from 1.4% up to a maximum of 59.9% (assuming the Company raises the Minimum Subscription (\$10,000,000) under the Capital Raising).

7.3 Legislative Regime

(a) **Section 606 of the Corporations Act – Statutory Prohibition**

Pursuant to section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

- (i) from 20% or below to more than 20%; or
- (ii) from a starting point that is above 20% and below 90%.

(Prohibition).

(b) **Voting Power**

The voting power of a person in a body corporate is determined in accordance with section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

(c) **Associates**

For the purposes of determining voting power under the Corporations Act, a person (**second person**) is an "associate" of the other person (**first person**) if:

- (i) (pursuant to section 12(2) of the Corporations Act) the first person is a body corporate and the second person is:
 - (A) a body corporate the first person controls;
 - (B) a body corporate that controls the first person; or
 - (C) a body corporate that is controlled by an entity that controls the person;
- (ii) the second person has entered or proposes to enter into a relevant agreement with the first person for the purpose of controlling or influencing the composition of the company's board or the conduct of the company's affairs; or
- (iii) the second person is a person with whom the first person is acting or proposes to act, in concert in relation to the company's affairs.

Associates are, therefore, determined as a matter of fact. For example, where a person controls or influences the board or the conduct of a company's business affairs, or acts in concert with a person in relation to the entity's business affairs.

(d) **Relevant Interests**

Section 608(1) of the Corporations Act provides that a person has a relevant interest in securities if they:

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

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

In addition, section 608(3) of the Corporations Act provides that a person has a relevant interest in securities that any of the following has:

- (i) a body corporate in which the person's voting power is above 20%; or
- (ii) a body corporate that the person controls.

(e) **CS Parties**

For the purposes of the Corporations Act, each of:

- (i) CS;
- (ii) Colomi Iron Australia Pty Ltd;
- (iii) McRae;
- (iv) Glenmere Pty Ltd; and
- (v) William Harold Clough,

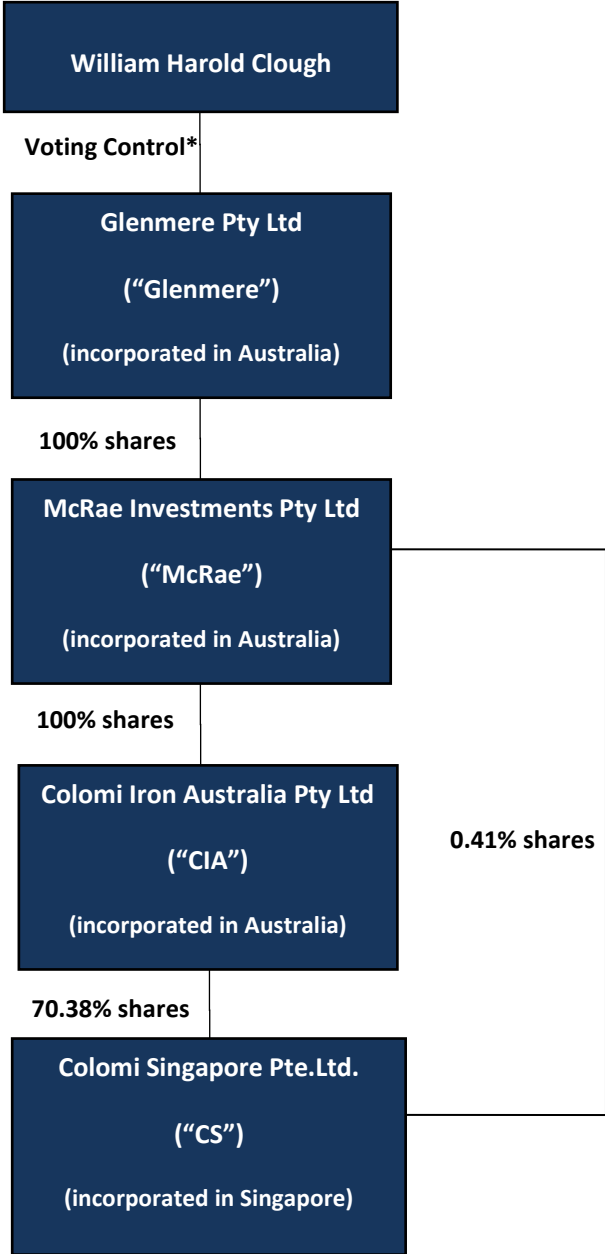
(together the **CS Parties**) is deemed to have a relevant interest in the Shares held by CS and McRae.

The nature of each of the CS Parties' relevant interest in Securities held by McRae (as McRae is the only current Shareholder as at the date of this Notice) is summarised below:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder	Nature of relevant interest	Class and number of securities	Person's votes
McRae	McRae	McRae	Relevant interest by virtue of section 608(1)(a) of the Corporations Act as the owner of Shares	1,979,170 Shares	1.4%
CS			Relevant interest by virtue of section 608(3)(b) of the Corporations Act as controlled entity of Mr Clough		
Colomi Iron Australia Pty Ltd			Relevant interest by virtue of section 608(3)(a) of the Corporations Act as majority shareholder of CS, which is controlled by McRae (ultimately controlled by Mr Clough)		
Glenmere Pty Ltd			Relevant interest by virtue of section 608(3)(a) of the Corporations Act as sole shareholder of McRae and controlled entity of Mr Clough		
William Harold Clough			Relevant interest by virtue of section 608(3)(b) of the Corporations Act as ultimate controller of McRae, Glenmere and CS		

The structure of ownership and interest of the CS Parties in one another is summarised in Section 7.3 below.

7.4 Structure of Ownership and Interests in Colomi Singapore Pte. Ltd. (“CS”)



***Note:** Mr Clough is the ultimate beneficial owner of CS (70.79%) as he holds a controlling interest in the voting rights of Glenmere.

7.5 Reason section 611 approval is required

Item 7 of section 611 of the Corporations Act provides an exception to the Prohibition, whereby a person may acquire a relevant interest in a company's voting shares with shareholder approval.

Please refer to the structure of ownership and interests in CS as set out in Section 7.4 above.

CS does not currently hold any Shares directly in the Company, nor does CS' subsidiary, Colomi Iron Mineracao. However, given McRae (an associate of CS)

itself holds 1,979,170 Shares in the Company (on a post Consolidation basis) (1.4%), this means CS in turn is deemed to hold a relevant interest of 1.4% in the Shares of the Company.

As part of the Acquisition, CS will be issued 944,463,354 Consideration Shares in consideration for its TIS shares. McRae, also a TIS Shareholder, will be issued 43,663,745 Consideration Shares in consideration for its TIS shares. In addition, McRae will also receive 5,251,274 Shares as part of the Debt Conversion.

As such, on Completion, the CS Parties will hold a relevant interest in a total of 995,357,543 Shares (on a post Consolidation basis). Based on the Minimum Subscription under the Capital Raising, this will equate to a maximum voting power in the Company of 59.9%.

Accordingly, Resolution 4 seeks Shareholder approval for the purpose of section 611 Item 7 of the Corporations Act to enable the Company to issue:

- (a) 944,463,354 Consideration Shares to CS pursuant to the Acquisition;
- (b) 43,663,745 Consideration Shares to McRae pursuant to the Acquisition; and
- (c) 5,251,274 Debt Conversion Shares to McRae pursuant to the Debt Conversion.

Section 7.6 below details the potential maximum increase in voting power of the CS Parties as a result of the Proposed Issues.

7.6 Specific information required by section 611 Item 7 of the Corporations Act and ASIC Regulatory Guide 74

The following information is required to be provided to Shareholders under the Corporations Act and ASIC Regulatory Guide 74 in respect of obtaining approval for Item 7 of section 611 of the Corporations Act. Shareholders are also referred to the Independent Expert's Report prepared by the Independent Expert, annexed to this Explanatory Statement.

(a) Identity of CS Parties

Please refer to the structure of ownership and interests in CS as set out in Section 7.4 and further detail in Section 7.5. above.

It is proposed that CS and McRae will be issued their respective number of Consideration Shares under the Acquisition Agreement. Each of the other CS Parties are described in Section 7.3(e).

It is proposed that McRae will also be issued Debt Conversion Shares. Refer to Section 3.12 further detail.

(b) Voting Power and Relevant Interest

The relevant interest and the voting power of the CS Parties in the voting shares in the Company (both current, and following the Proposed Issues and completion of the Capital Raising (at both Minimum Subscription and Oversubscription) is set out below:

Party	Relevant Interest as at the date of this Notice of Meeting	Voting Power as at date of Meeting	Relevant Interest following Completion	Voting Power as at Completion	
				Minimum Subscription	Oversubscription
CS	1,979,170 Shares	1.4%	995,357,543 Shares	59.9%	53.5%
Colomi Iron Australia Pty Ltd					
McRae					
Glenmere Pty Ltd					
William Harold Clough					

(i) **Summary of increases**

From the above table it is evident that the maximum relevant interest that each CS Party will hold after Completion is 995,357,543 Shares, and the maximum voting power that each CS Party will hold is 59.9%. This represents a maximum increase in voting power of 58.5% (being the difference between 1.4% and 59.9%).

(ii) **Assumptions**

Note that the following assumptions have been made in calculating the above:

- (A) the Company will have 1,660,942,816 Shares on issue based on the Minimum Subscription being raised under the Capital Raising and 1,860,942,816 Shares on issue based on the Full Oversubscription being raised under the Capital Raising;
- (B) the Company does not issue any additional equity securities except those contemplated by this Notice;
- (C) Completion has occurred;
- (D) the Capital Raising is completed (the table evidences voting power of the CS Parties at both Minimum Subscription and Full Oversubscription);
- (E) no other existing Options are exercised; and
- (F) no CS Party acquires any additional Shares.

Further details on the voting power of the CS Parties is set out in the Independent Expert's Report prepared by the Independent Expert in Annexure A.

(c) **Reasons for Proposed Issues**

As set out in Section 7.1, the reason for the issues of the Consideration Shares is in consideration for the acquisition of CS and McRae's TIS shares pursuant to the Acquisition.

The reason for the issue of the Debt Conversion Shares is in consideration for the Existing Debts owing to McRae, further details of which are set out in Section 3.12.

(d) **Date of Proposed Issues**

If Shareholder approval is obtained, the Shares the subject of Resolution 4 will be issued on Completion, which is expected to occur on or about 21 September 2020.

(e) **Material terms of Proposed Issues**

The Proposed Issues are being issued for nil cash consideration in consideration for the Acquisition and Debt Conversion (as applicable).

All Shares issued to the CS Parties will be fully paid ordinary shares in the capital of the Company which will rank *pari passu* with the other Shares of the Company.

(f) **CS Parties' Intentions**

Other than as disclosed elsewhere in this Explanatory Statement, the Company understands that the CS Parties:

- (i) have no present intention of making any significant changes to the business of the Company, except as set out in Sections 2 and 3 in relation to the Acquisition;
- (ii) have no present intention to inject further capital into the Company;
- (iii) have no present intention of making changes regarding the future employment of the present employees of the Company, other than as specified in Section 3 in relation to the Acquisition;
- (iv) have no present intention to redeploy any fixed assets of the Company;
- (v) have no present intention to transfer any property between the Company and any of the CS Parties;
- (vi) have no present intention to change the Company's existing policies in relation to financial matters or dividends; and
- (vii) have no present intention to change the Board, other than as specified in Section 3.18.

These intentions are based on information concerning the Company, its business and the business environment which is known to the CS Parties at the date of this document.

These present intentions may change as new information becomes available, as circumstances change or in the light of all material information, facts and circumstances necessary to assess the

operational, commercial, taxation and financial implications of those decisions at the relevant time.

(g) **Interests and Recommendations of Directors**

(i) The Directors, other than Mr Stephen Quantrill (who has a material personal interest in the outcome of Resolution 4 by virtue of being a director of both the Company and CS) recommend that Shareholders vote in favour of Resolution 4. The Directors' recommendations are based on the reasons outlined in Section 7.7 below.

(ii) The Directors (other than Mr Quantrill) are not aware of any other information other than as set out in this Notice of Meeting that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 4.

(h) **Capital Structure**

Details of the effects to the Company's capital structure resulting from the Proposed Issues is set out in Section 3.10 above.

7.7 Advantages of the Proposed Issues

The Independent Expert is of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on Resolution 4:

- (a) the Company will obtain ownership of the Tombador Tenement pursuant to the Acquisition;
- (b) the Company will no longer be at risk of delisting from being a long-term suspended entity for the purposes of the ASX Listing Rules;
- (c) the potential increase in market capitalisation of the Company following completion of the Acquisition and the associated Capital Raising may lead to access to improved equity capital market opportunities and increased liquidity;
- (d) Shareholders may be exposed to further debt and equity opportunities that the Company did not have prior to the Acquisition; and
- (e) the appointment of the proposed directors will add experience and skill to the Board to assist with the growth of the Company.

7.8 Disadvantages of the Proposed Issues

The Independent Expert is of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on Resolution 4:

- (a) the Company will be changing the scale of its activities which may not be consistent with the objectives of all shareholders;
- (b) the Acquisition, Capital Raising and associated transactions the subject of the Notice will result in the issue of a significant number of shares to new investors which will have a dilutionary effect on the holdings of existing shareholders;

- (c) there are inherent risks associated with the change in nature of the Company's activities. Some of these risks are summarised in the Notice; and
- (d) future outlays of funds from the Company may be required for its proposed business and exploration operations.

7.9 Independent Expert's Report

The Independent Expert's Report prepared by the Independent Expert (a copy of which is attached as Annexure A to this Explanatory Statement) assesses whether the transactions contemplated by Resolution 4 are **fair and reasonable** to the non-associated Shareholders of the Company.

The Independent Expert's Report concludes that the transactions contemplated by Resolution 4 are **fair and reasonable** to the Shareholders of the Company.

Shareholders are urged to carefully read the Independent Expert's Report to understand the scope of the report, the methodology of the valuation and the sources of information and assumptions made.

7.10 ASX Listing Rule 7.1

Approval pursuant to ASX Listing Rule 7.1 is not required for the Proposed Issues the subject of Resolution 4 as approval is being obtained for the purposes of Item 7 of section 611 of the Corporations Act, which is an exception to ASX Listing Rule 7.1. Accordingly, the issue of Consideration Shares to CS and McRae and the Debt Conversion Shares to McRae which are the subject of Resolution 4 will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

8. RESOLUTIONS 5 TO 7 – ELECTION OF PROPOSED DIRECTORS

8.1 General

In accordance with clause 13.3 of the Constitution, the Company may elect a person as a Director by resolution passed at a general meeting.

Subject to Completion, the Company proposes to elect Ms Anna Neuling, Mr David Chapman and Mr Keith Liddell as Directors. The appointment of the Proposed Directors will take effect on and from Completion.

The biographies of each of the Proposed Directors are included at Section 3.18 of this Explanatory Statement.

For the Proposed Directors to be eligible for election, the Proposed Directors, or a Shareholder intending to propose their nomination, must leave at the Registered Office at least 30 Business Days before the Meeting, a written notice from the Proposed Directors consenting to their nomination and signifying their candidature for the office, or a written notice from a Shareholder signifying their intention to nominate the Proposed Directors.

A letter of nomination from a Shareholder of the Company nominating each of the Proposed Directors as Directors of the Company on and from Completion is enclosed in Schedule 8.

8.2 Independence

(a) **Anna Neuling**

Ms Neuling has no interests, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his/her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interest of the Company and its security holders generally.

If elected, the Board considers Mr Neuling to be an independent director.

(b) **Keith Liddell**

Other than Mr Liddell's existing role as a director of CS and a shareholder of CS, Mr Liddell has no other interests, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgement to bear on issues before the board and to act in the best interest of the entity and its security holders generally.

On this basis, if elected, the Board considers Mr Liddell will not be an independent director.

(c) **David Chapman**

Mr Chapman has no interests, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his/her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interest of the Company and its security holders generally.

If elected, the Board considers Mr Chapman to be an independent director.

8.3 Other material information

The Company conducts appropriate checks on the background and experience of candidates before their appointment to the Board. These include checks as to a person's experience, educational qualifications, character, criminal record and bankruptcy history. The Company undertook such checks prior to the appointment of Messrs Neuling, Liddell and Chapman.

8.4 Board recommendation

The Board supports the election of Messrs Neuling, Chapman and Liddell and recommends that Shareholders vote in favour of Resolutions 5 to 7.

9. RESOLUTION 8 – ADOPTION OF INCENTIVE PERFORMANCE RIGHTS PLAN

Resolution 8 seeks Shareholder approval for the adoption of the employee incentive scheme titled Incentive Performance Rights Plan (**Plan**) in accordance with ASX Listing Rule 7.2 (Exception 13(b)).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. ASX Listing

Rule 7.2 (Exception 13(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 8 is passed, the Company will be able to issue Performance Rights under the Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period. If Resolution 8 is not passed, the Company will not be able to issue Performance Rights under the Plan as proposed and in turn will affect the proposed issues from taking place under Resolutions 9 to 14. The Company would then need to consider other alternatives to appropriately remunerate its employees, consultants and contractors.

The objective of the Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Plan and the future issue of Performance Rights under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

Shareholders should note that no Performance Rights have previously been issued under the Plan. The Company proposes to issue up to 75,000,000 Performance Rights under the Plan.

Any issues of Performance Rights under the Plan to a Director, an associate of the Director or a person whose relationship with the Company or the Director (or his or her associate) is such that, in ASX's opinion, approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time. For this reason, the Company is also seeking approval under Resolutions 9 to 14 for the proposed issue of Performance Rights to Directors and Proposed Directors pursuant to the Plan.

A summary of the key terms and conditions of the Plan is set out in Schedule 4. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.

10. RESOLUTIONS 9 TO 14 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTIES

10.1 General

Pursuant to Resolutions 9 to 14, the Company has agreed, subject to obtaining Shareholder approval, to issue 13,000,000 performance rights (**Related Party Performance Rights**) to the current Directors and Proposed Directors (together the **Related Parties**) as follows:

Related Party	Number
Bill Nikolouzakis ¹	500,000
Andrew Jensen ¹	500,000
Stephen Quantrill ²	3,000,000
Anna Neuling ³	3,000,000
David Chapman ³	3,000,000
Keith Liddell ³	3,000,000

TOTAL	13,000,000
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Notes:

1. Messrs Nikolouzakis and Jensen have both agreed to resign from the Board immediately prior to Completion.
2. Mr Quantrill has agreed to remain on the Board post-Completion.
3. It is proposed that Messrs Neuling, Chapman and Liddell will join the Board on Completion.

The Related Party Performance Rights will be issued to the Related Parties on the terms and conditions set out in Schedule 5. The Related Party Performance Rights are to be issued under the Company's Incentive Performance Rights Plan (for which Shareholder approval is sought under Resolution 8).

10.2 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act requires that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

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

The issue of Related Party Performance Rights constitutes giving a financial benefit and all of those persons listed in the table in this Section 10.1 are related parties of the Company by virtue of being current Directors or Proposed Directors.

As the Related Party Performance Rights are proposed to be issued to all of the Directors, the Directors are unable to form a quorum to consider whether one of the exceptions set out in sections 210 to 216 of the Corporations Act applies to the issue of the Related Party Performance Rights. Accordingly, Shareholder approval for the issue of Related Party Performance Rights to the Related Parties is sought in accordance with Chapter 2E of the Corporations Act.

10.3 ASX Listing Rule 10.14

ASX Listing Rule 10.14 provides that an entity must not permit any of the following persons to acquire equity securities under an employee incentive scheme without the approval of the holders of its ordinary securities:

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

The issue of Related Party Performance Rights to the Related Parties falls within ASX Listing Rule 10.14.1 and therefore requires the approval of Shareholders under ASX Listing Rule 10.14.

Resolutions 9 to 14 seek the required Shareholder approval for the issue of the Related Party Performance Rights under and for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.14.

10.4 Technical information required by ASX Listing Rule 14.1A

If Resolutions 9 to 14 are passed, the Company will be able to proceed with the issue of the Related Party Performance Rights to the Related Parties under the Performance Rights Plan within three years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules). As approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Related Party Performance Rights (because approval is being obtained under Listing Rule 10.14), the issue of the Related Party Performance Rights will not use up any of the Company's 15% annual placement capacity.

If Resolution 9 to 14 are not passed, the Company will not be able to proceed with the issue of the Related Party Performance Rights to the Related Parties under the Performance Rights Plan.

10.5 Technical information required by Chapter 2E of the Corporations Act and ASX Listing Rule 10.14

Pursuant to and in accordance with the requirements of sections 219 of the Corporations Act and ASX Listing Rule 10.15, the following information is provided in relation to Resolutions 9 to 14:

- (a) the Related Party Performance Rights will be issued to the following persons:
 - (i) Bill Nikolouzakis (or their nominee) pursuant to Resolution 9;
 - (ii) Andrew Jensen (or their nominee) pursuant to Resolution 10;
 - (iii) Stephen Quantrill (or their nominee) pursuant to Resolution 11;
 - (iv) Anna Nueling (or their nominee) pursuant to Resolution 12;
 - (v) David Chapman (or their nominee) pursuant to Resolution 13; and
 - (vi) Keith Liddell (or their nominee) pursuant to Resolution 14,each of whom falls within the category set out in ASX Listing Rule 10.14.1 by virtue of being a Director or Proposed Director;
- (b) participation in the Plan is open to the parties detailed in paragraph 1 of Schedule 4, which includes the Related Parties;
- (c) the maximum number of Related Party Performance Rights (being the nature of the financial benefit being provided) to be granted to the Related Parties is 13,000,000 Related Party Performance Rights, as set out in Section 10.1 above;
- (d) the Related Party Performance Rights will be granted to the Related Parties no later than 3 years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Related Party Performance Rights will be issued on one date;

- (e) the Related Party Performance Rights will be granted for nil cash consideration, and no consideration will be payable upon the vesting of the Related Party Performance Rights on the achievement of the specified performance criteria (please refer to Schedule 5 for details of the performance criteria). Accordingly, no loans will be made in relation to, and no funds will be raised from the issue or the vesting of the Related Party Performance Rights;
- (f) no Securities have previously been issued under the Performance Rights Plan nor has the Performance Rights Plan previously been adopted by Shareholders;
- (g) the terms and conditions of the Related Party Performance Rights are set out in Schedule 5. The Shares to be issued upon vesting of the Related Party Performance Rights shall rank *pari passu* with existing Shares;
- (h) the value of the Related Party Performance Rights, being the financial benefit being given to the Related Parties is as follows:

	Number of Performance Rights to be issued	Theoretical Value per Performance Right (cents)	Total value (\$)
Bill Nikolouzakis			
Tranche 1 / Milestone A	125,000	2.500	3,125.00
Tranche 2 / Milestone B	125,000	2.500	3,125.00
Tranche 3 / Milestone C	125,000	2.500	3,125.00
Tranche 4 / Milestone D	125,000	1.794	2,242.50
Andrew Jensen			
Tranche 1 / Milestone A	125,000	2.500	3,125.00
Tranche 2 / Milestone B	125,000	2.500	3,125.00
Tranche 3 / Milestone C	125,000	2.500	3,125.00
Tranche 4 / Milestone D	125,000	1.794	2,242.50
Stephen Quantrill			
Tranche 1 / Milestone A	750,000	2.500	18,750.00
Tranche 2 / Milestone B	750,000	2.500	18,750.00
Tranche 3 / Milestone C	750,000	2.500	18,750.00
Tranche 4 / Milestone D	750,000	1.794	13,455.00
Anna Neuling			

Tranche 1 / Milestone A	750,000	2.500	18,750.00
Tranche 2 / Milestone B	750,000	2.500	18,750.00
Tranche 3 / Milestone C	750,000	2.500	18,750.00
Tranche 4 / Milestone D	750,000	1.794	13,455.00
David Chapman			
Tranche 1 / Milestone A	750,000	2.500	18,750.00
Tranche 2 / Milestone B	750,000	2.500	18,750.00
Tranche 3 / Milestone C	750,000	2.500	18,750.00
Tranche 4 / Milestone D	750,000	1.794	13,455.00
Keith Liddell			
Tranche 1 / Milestone A	750,000	2.500	18,750.00
Tranche 2 / Milestone B	750,000	2.500	18,750.00
Tranche 3 / Milestone C	750,000	2.500	18,750.00
Tranche 4 / Milestone D	750,000	1.794	13,455.00

Full details of the assumptions and the pricing methodology for the above is set out in Schedule 6;

- (i) the Related Parties will have a relevant interest in the following Securities on Completion:

Related Party	Shares	Options	Performance Rights
Bill Nikolouzakis ¹	1,520,387 ²	Nil	500,000 ¹
Andrew Jensen	Nil	Nil	500,000 ³
Stephen Quantrill	Nil	Nil	3,000,000 ³
Anna Neuling	2,000,000 ⁴	Nil	3,000,000 ³
David Chapman	2,000,000 ⁴	Nil	3,000,000 ³
Keith Liddell	16,779,936 ⁵	Nil	3,000,000 ³

Notes:

- To be issued subject to Shareholder approval with terms as set out in Schedule 5.
- This consists of 360,387 existing Shares on issue (on a post Consolidation basis) and 1,160,000 Shares to be issued subject to Shareholder approval pursuant to Resolution 18.

3. These Performance Rights are to be issued subject to Shareholder approval with terms as set out in Schedule 5.
4. The Company is seeking Shareholder approval to allow Messrs Neuling and Chapman to participate in the Capital Raising and subscribe for up to 2,000,000 Shares each (\$50,000 each). Refer to Resolutions 19 and 20.
5. Proposed Consideration Shares to be issued to Mr Liddell at Completion in consideration for his TIS shares.

- (j) the remuneration and emoluments from the Company to the Related Parties for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	FY 2019	FY 2020
Bill Nikolouzakis	300,933	\$260,011
Andrew Jensen	Nil	Nil
Stephen Quantrill	30,000	30,000
Anna Neuling	Nil	Nil
David Chapman	Nil	Nil
Keith Liddell	Nil	Nil

- (k) if the vesting conditions attaching to the Related Party Performance Rights are satisfied and all Related Party Performance Rights vest and are exercised, a total of 13,000,000 Shares would be issued. This will increase the number of Shares on issue from 1,660,942,816 Shares to 1,673,942,816 Shares (assuming there are no other Shares issued, Completion occurs and the Minimum Subscription is raised) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 0.8%, being 0.03% for Mr Nikolouzakis, 0.03% for Mr Jensen, 0.18% for Mr Quantrill, 0.18% for Ms Neuling, 0.18% for Mr Chapman and 0.18% for Mr Liddell;
- (l) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

Trading	Share Price	Date
Highest	\$0.028	1 August 2019
Lowest	\$0.019	16 August 2019
Last	\$0.020	5 September 2019

- (m) the primary purpose of the grant of Related Party Performance Rights to the Related Parties is to provide a performance linked incentive component in the remuneration package to motivate and reward the performance of achieving specified vesting conditions within a specified period. The Board considers this issue to be a cost-effective remuneration practice and reasonable given the vesting conditions will align the interests of the Related Parties with those of Shareholders. The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Related Party Performance Rights upon the terms proposed;
- (n) the Board (and the directors each individually) decline to make any recommendation to Shareholders in relation to Resolutions 9 to 14 given

all directors will be receiving Related Party Performance Rights in this case and thus wish to avoid any perceived conflict of interest in relation to these Resolutions; and

- (o) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 9 to 14.

Details of the securities issued under the Plan will be published in the annual report of the Company relating to the period in which they are issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14. Any additional person covered by Listing Rule 10.14 who becomes entitled to participate in an issue of securities under the Plan who are not named in this Notice will not be able to participate until approval is obtained in accordance with Listing Rule 10.14.

11. RESOLUTION 15 – ISSUE OF OPTIONS – LEAD MANAGER

11.1 General

Resolution 15 seeks Shareholder approval for the issue of a total of 15,000,000 Options to Trident Capital Pty Ltd (**Trident**) (**Lead Manager**) (or its nominees) in consideration for lead managing the Capital Raising (**Lead Manager Options**). The key terms of the Lead Manager Mandate are summarised in Section 3.9.

A summary of ASX Listing Rule 7.1 is set out in Section 5.2 above.

The effect of Resolution 15 will be to allow the Company to issue the Lead Manager Options during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity under Listing Rule 7.1. In the event that the Lead Manager Options are not approved, the Company will need to re-negotiate the Lead Manager Mandate and may need to consider other forms of consideration as payment in lieu of these services.

11.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 15:

- (a) the Lead Manager Options will be issued to Trident or its nominees, none of whom will be related parties of the Company;
- (b) the number of Lead Manager Options to be issued is 15,000,000;
- (c) the terms of the Lead Manager Options are set out in Schedule 3;
- (d) the Lead Manager Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (e) the Lead Manager Options will be issued for nil cash consideration;
- (f) no funds will be raised from the issue of the Lead Manager Options as they are being issued to the Lead Manager in consideration for lead managing the Capital Raising;

- (g) the Lead Manager Options are being issued under the Lead Manager Mandate, which is summarised in Section 3.9 above; and
- (h) a voting exclusion statement is included in Resolution 15 of the Notice.

12. RESOLUTION 16 – RATIFICATION OF PRIOR ISSUE OF SECURITIES

12.1 Background

In October of last year, the Company entered into subscription agreements with Ardroy Securities Pty Ltd <Cameron Investment Unit A/C> and Mr Greg Maurice Pinkus and Mrs Lisa Marie Pinkus <Pinkus Family Super Fund A/C/> (**Subscribers**), to raise a total of \$100,000 (each subscribing for \$50,000 each) (**Placement**) in exchange for the issue of 4,750,007 Shares at a deemed issue price of \$0.021 per Share and 4,750,007 options each having an exercise price of \$0.052 per share (on a post Consolidation basis) and each Option will be exercisable in the two-week period following the release of the Company's half-year and full-year results (together the **Placement Securities**). The Options will expire two weeks after the issue of the Company's FY25 full-year results.

At the time, the Company did not have sufficient placement capacity to issue these Placement Securities, so instead this was treated as an unsecured debt until the Company had sufficient placement capacity. The Company subsequently issued the Placement Securities to the Subscribers on 11 May 2020 using its 15% placement capacity under Listing Rule 7.1.

12.2 Regulatory Requirements – ASX Listing Rules 7.1 and 7.4

A summary of ASX Listing Rule 7.1 is set out in Section 5.2 above.

The issue of the Placement Securities does not fit within any of these exceptions and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of issue of the Placement Securities.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Placement Securities.

Resolution 16 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Placement Securities.

12.3 Technical information required by ASX Listing Rule 14.1A

If Resolution 16 is passed, the Conversion Securities will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Placement Securities.

If Resolution 16 is not passed, the Placement Securities will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Placement Securities.

12.4 Technical information required by ASX Listing Rule 7.5

Pursuant to, and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 16:

- (a) 4,750,007 Shares and 4,750,007 Options were issued (on a post Consolidation basis) to the Subscribers as due and owing to them as part of the Placement;
- (b) the Placement Securities were issued on 11 May 2020;
- (c) the Subscribers entered into subscription agreements with the Company for the subscription of the Placement Securities;
- (d) the Shares had an issue price of \$0.021 cents per Share (on a post Consolidation basis) and the Options were issued for nil cash value. As such, a total of \$100,000 was raised under the Placement;
- (e) the purpose of the issue of the Placement Securities was in satisfaction of the subscription pursuant to the Placement;
- (f) the terms of the Options are set out in Schedule 7;
- (g) the Shares issued were all fully paid ordinary shares in the capital of the Company ranking equally in all respects with the Company's existing issued Shares;
- (h) the Placement Securities were issued to the Subscribers, none of whom are related parties of the Company; and
- (i) a voting exclusion statement is included in the Notice.

13. RESOLUTION 17 – DEBT TO EQUITY CONVERSION – UNRELATED CREDITORS

13.1 General

Resolution 17 seeks Shareholder approval for the issue of a total of 3,015,575 Debt Conversion Shares (on a post Consolidation basis) to unrelated Creditors of the Company.

The background to the issue of the Debt Conversion Shares to the unrelated Creditors is set out in Section 3.12.

Details of the unrelated Creditors is as follows:

Party	Details	Amount Owed	Shares to be issued
Aura Group (Singapore) Pte Ptd ¹	For previous director fees and consultancy fees relating to acquisition services	\$62,479.00	2,499,160

Mccarthy Business Consultants ²	For previous director fees and travel expenses	\$12,910.38	516,415
Total		\$75,389	3,015,575

Notes:

1. An entity partially controlled by former Director Mr Kar Wing (Calvin) Ng who resigned on 5 September 2019.
2. An entity controlled by former Director Mr Warren McCarthy who resigned on 14 June 2019.

A summary of ASX Listing Rule 7.1 is set out in Section 5.2 above.

The effect of Resolution 17 will be to allow the Company to issue Shares to the unrelated Creditors pursuant to the Debt Conversion during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity under Listing Rule 7.1.

If this Resolution is not passed, the Company may need to consider alternative means to clear this Existing Debt, including using existing or proposed cash reserves and it may not be successful in negotiating a satisfactory outcome with Creditors.

13.2 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 17:

- (a) the Shares will be issued to the unrelated Creditors or their nominees as set out in Section 13.1;
- (b) a total of 3,015,575 Debt Conversion Shares will be issued (on a post Consolidation basis);
- (c) the Debt Conversion Shares to be issued will be fully paid ordinary shares in the capital of the Company and will all rank *pari passu* with existing Shares on issue;
- (d) the Debt Conversion Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (e) the Debt Conversion Shares will have a deemed issue price of \$0.025 per Share;
- (f) the Debt Conversion Shares are being issued in accordance with the Conversion Agreements, the material terms of which are summarised in Section 13.1; and
- (g) no funds will be raised from the issue of the Debt Conversion Shares as they are being issued to the unrelated Creditors as part of the Debt Conversion.

14. RESOLUTION 18 – DEBT TO EQUITY CONVERSION – BILL NIKOLOUZAKIS

14.1 General

Resolution 18 seeks Shareholder approval for the issue of a total of 1,160,000 Debt Conversion Shares (on a post Consolidation basis) to Mr Bill Nikolouzakis.

The background to the issue of the Debt Conversion Shares to Mr Nikolouzakis is set out in Section 3.12.

14.2 Chapter 2E of the Corporations Act

A summary of Chapter 2E of the Corporations Act is set out in Section 10.2 above.

The Debt Conversion will result in the issue of Shares which constitutes giving a financial benefit and Mr Nikolouzakis is a related party of the Company by virtue of being a Director.

The Directors (other than Mr Nikolouzakis) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the proposed Share issue because the Shares will be issued to Mr Nikolouzakis on the same terms as Shares issued to the unrelated Creditors under the Conversion Agreements (refer to Resolution 17) and as such the giving of the financial benefit is on arm's length terms.

14.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 provides that unless one of the exceptions in ASX Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 a related party;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- 10.11.4 an associate of a person referred to in ASX Listing Rules 10.11.1 to 10.11.3; or
- 10.11.5 a person whose relationship with the company or a person referred to in ASX Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The issue of Debt Conversion Shares falls within ASX Listing Rule 10.11.1 and does not fall within any of the exceptions in ASX Listing Rule 10.12. It therefore requires the approval of Shareholders under ASX Listing Rule 10.11.

Resolution 18 seeks Shareholder approval for the issued of the Debt Conversion Shares under and for the purposes of ASX Listing Rule 10.11.

14.4 Technical information required by ASX Listing Rule 14.1A

If Resolution 18 is passed, the Company will be able to proceed with the issue of the Debt Conversion Shares within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules). As approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Debt Conversion Shares (because approval is being obtained under Listing

Rule 10.11), the issue of the Shares will not use up any of the Company's 15% annual placement capacity.

If Resolution 18 is not passed, the Company will not be able to proceed with the issue of the Debt Conversion Shares and will not be able to satisfy its obligations under the Conversion Agreement.

14.5 Technical information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolution 18:

- (a) the Debt Conversion Shares will be issued to Mr Nikolouzakis (or his nominee), who falls within the category set out in Listing Rule 10.11.1, as Mr Nikolouzakis is a related party of the Company by virtue of being a Director;
- (b) up to 1,160,000 Debt Conversion Shares will be issued (on a post Consolidation basis);
- (c) the Company has obtained a waiver of ASX Listing Rule 10.13.5 permitting the Company to issue these securities later than one month following the General Meeting provided:
 - (i) the securities are issued by no later than the date that the Shares are issued under the Capital Raising – the Company anticipates the securities the subject of this Resolution will be issued on the same date as the Shares to be issued under the Capital Raising;
 - (ii) the securities are issued pursuant to the relevant terms and conditions set out in the Notice;
 - (iii) the circumstances of the Company, as determined by the ASX, have not materially changed since the Company's shareholders approved the issue of the securities; and
 - (iv) the terms of the waiver are clearly disclosed in the Notice and in the upcoming Prospectus;
- (d) the Debt Conversion Shares will have a deemed issue price of \$0.025 per Share;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the Debt Conversion Shares are being issued in accordance with the Conversion Agreement, the material terms of which are summarised in Section 3.12;
- (g) no funds will be raised from the issue of the Debt Conversion Shares as they are being issued to Mr Nikolouzakis as part of the Debt Conversion; and
- (h) a voting exclusion statement is included in Resolution 18 of the Notice.

Approval pursuant to ASX Listing Rule 7.1 is not required for the proposed issue as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of

Debt Conversion Shares to Mr Nikolouzakis (or his nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

15. RESOLUTION 19 & 20 – RELATED PARTY PARTICIPATION IN CAPITAL RAISING

15.1 General

Resolutions 19 and 20 seek Shareholder approval to permit Proposed Directors Mr David Chapman and Ms Anna Neuling to participate in the Capital Raising and subscribe for up to 2,000,000 Shares each (that is, \$50,000 worth of Shares each) (**Related Party Participation**).

15.2 Chapter 2E of the Corporations Act

A summary of Chapter 2E of the Corporations Act is set out in Section 10.2 above.

The Related Party Participation will result in the issue of Shares which constitutes giving a financial benefit and Messrs Chapman and Neuling are related parties of the Company by virtue of being Proposed Directors.

The current Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Related Party Participation because the Shares will be issued to Mr Chapman and Ms Neuling on the same terms as Shares issued to unrelated participants in the Capital Raising and as such the giving of the financial benefit is on arm's length terms.

15.3 ASX Listing Rule 10.11

A summary of ASX Listing Rule 10.11 is set out in Section 14.3 above.

The Related Party Participation falls within ASX Listing Rule 10.11.1 and does not fall within any of the exceptions in ASX Listing Rule 10.12. It therefore requires the approval of Shareholders under ASX Listing Rule 10.11.

Resolution 19 seeks Shareholder approval for the Related Party Participation under and for the purposes of ASX Listing Rule 10.11.

15.4 Technical information required by ASX Listing Rule 14.1A

If Resolutions 19 and 20 are passed, the Company will be able to proceed with the issue of the Shares under the Related Party Participation within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Shares in respect of the Related Party Participation (because approval is being obtained under Listing Rule 10.11), the issue of the Shares will not use up any of the Company's 15% annual placement capacity.

If Resolutions 19 and 20 are not passed, the Company will not be able to proceed with the issue of Shares under the Related Party Participation.

15.5 Technical information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the Resolutions 19 and 20:

- (a) the Shares will be issued to Mr David Chapman and Ms Anna Neuling (or their nominees), each of whom fall within the category set out in Listing

Rule 10.11.1, as Messrs Chapman and Neuling are related parties of the Company by virtue of being Proposed Directors;

- (b) the maximum number of Shares to be issued is up to 4,000,000, comprising of up to 2,000,000 to Mr Chapman (Resolution 19) and up to 2,000,000 to Ms Neuling (Resolution 20);
- (c) the Company has obtained a waiver of ASX Listing Rule 10.13.5 permitting the Company to issue these Shares later than one month following the General Meeting provided:
 - (i) the Shares are issued by no later than the date that the Shares are issued under the Capital Raising. The Company anticipates the Shares the subject of this Resolution will be issued on the same date as the Shares to be issued under the Capital Raising;
 - (ii) the Shares are issued pursuant to the relevant terms and conditions set out in the Notice;
 - (iii) the circumstances of the Company, as determined by the ASX, have not materially changed since the Company's shareholders approved the issue of the Shares; and
 - (iv) the terms of the waiver are clearly disclosed in the Notice and in the upcoming Prospectus;
- (d) the issue price will be \$0.025 per Share, being the same as all other Shares issued under the Capital Raising. The Company will not receive any other consideration for the issue of the Shares;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Shares to be issued under the Related Party Participation are not intended to remunerate or incentivise the Messrs Chapman or Neuling;
- (g) the funds raised will be used for the same purposes as all other funds raised under the Capital Raising as set out in Section 3.7 of this Explanatory Statement; and
- (h) a voting exclusion statement is included in Resolutions 19 and 20 of the Notice.

Approval pursuant to ASX Listing Rule 7.1 is not required for the Related Party Participation as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares to the related parties (or their nominees) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

16. RESOLUTION 21 – CHANGE OF COMPANY NAME

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name.

Resolution 10 seeks the approval of Shareholders for the Company to change its name to "Tombador Iron Limited".

The Board proposes this change of name on the basis that it more accurately reflects the proposed future operations of the Company.

If Resolution 10 is passed the change of name will take effect when ASIC alters the details of the Company's registration.

The proposed name has been reserved by the Company and if Resolution 10 is passed, the Company will lodge a copy of the special resolution with ASIC on Completion in order to effect the change.

17. RESOLUTION 22 – REPLACEMENT OF CONSTITUTION

17.1 General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of shareholders.

Resolution 22 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and ASX Listing Rules.

This will incorporate amendments to the Corporations Act and ASX Listing Rules since the current Constitution was adopted on 29 January 2013.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature including but not limited to:

- updating the name of the Company to "Tombador Iron Limited", as is proposed by Resolution 19 at this Meeting; and
- expressly providing for statutory rights by mirroring these rights in provisions of the Proposed Constitution.

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website www.tombadoriron.com and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 8 6382 1800). Shareholders are invited to contact the Company if they have any queries or concerns.

17.2 Summary of material proposed changes

Restricted Securities (clause 2.12)

The Proposed Constitution complies with the recent changes to Listing Rule 15.12 which took effect from 1 December 2019. As a result of these changes, ASX will require certain more significant holders of restricted securities and their controllers

(such as related parties, promoters, substantial holders, service providers and their associates) to execute a formal escrow agreement in the form Appendix 9A, as is currently the case. However, for less significant holdings (such as non-related parties and non-promoters), ASX will permit the Company to issue restriction notices to holders of restricted securities in the form of the new Appendix 9C advising them of the restriction rather than requiring signed restriction agreements.

Minimum Shareholding (clause 3)

Clause 3 of the Constitution outlines how the Company can manage shareholdings which represent an “unmarketable parcel” of shares, being a shareholding that is less than \$500 based on the closing price of the Company's Shares on ASX as at the relevant time.

The Proposed Constitution is in line with the requirements for dealing with “unmarketable parcels” outlined in the Corporations Act such that where the Company elects to undertake a sale of unmarketable parcels, the Company is only required to give one notice to holders of an unmarketable parcel to elect to retain their shareholding before the unmarketable parcel can be dealt with by the Company, saving time and administrative costs incurred by otherwise having to send out additional notices.

Clause 3 of the Proposed Constitution continues to outline in detail the process that the Company must follow for dealing with unmarketable parcels.

Fee for registration of off market transfers (clause 8.4(c))

On 24 January 2011, ASX amended Listing Rule 8.14 with the effect that the Company may now charge a “reasonable fee” for registering paper-based transfers, sometimes referred to “off-market transfers”.

Clause 8.4 of the Proposed Constitution is being made to enable the Company to charge a reasonable fee when it is required to register off-market transfers from Shareholders. The fee is intended to represent the cost incurred by the Company in upgrading its fraud detection practices specific to off-market transfers.

Before charging any fee, the Company is required to notify ASX of the fee to be charged and provide sufficient information to enable ASX to assess the reasonableness of the proposed amount.

Direct Voting (clause 13, specifically clauses 13.35 – 13.40)

The Proposed Constitution includes a new provision which allows Shareholders to exercise their voting rights through direct voting (in addition to exercising their existing rights to appoint a proxy). Direct voting is a mechanism by which Shareholders can vote directly on resolutions which are to be determined by poll. Votes cast by direct vote by a Shareholder are taken to have been cast on the poll as if the Shareholder had cast the votes on the poll at the meeting. In order for direct voting to be available, Directors must elect that votes can be cast via direct vote for all or any resolutions and determine the manner appropriate for the casting of direct votes. If such a determination is made by the Directors, the notice of meeting will include information on the application of direct voting.

Dividends (clause 22)

Section 254T of the Corporations Act was amended effective 28 June 2010.

There is now a three-tiered test that a company will need to satisfy before paying a dividend replacing the previous test that dividends may only be paid out of profits.

The amended requirements provide that a company must not pay a dividend unless:

- (a) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- (b) the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
- (c) the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

The existing Constitution reflects the former profits test and restricts the dividends to be paid only out of the profits of the Company. The Proposed Constitution is updated to reflect the new requirements of the Corporations Act. The Directors consider it appropriate to update the Constitution for this amendment to allow more flexibility in the payment of dividends in the future should the Company be in a position to pay dividends.

Partial (proportional) takeover provisions (new clause 36)

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

Information required by section 648G of the Corporations Act

Effect of proposed proportional takeover provisions

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed.

Reasons for proportional takeover provisions

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

Knowledge of any acquisition proposals

As at the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

Potential advantages and disadvantages of proportional takeover provisions

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (a) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) assisting in preventing Shareholders from being locked in as a minority;
- (d) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (e) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (a) proportional takeover bids may be discouraged;
- (b) lost opportunity to sell a portion of their Shares at a premium; and
- (c) the likelihood of a proportional takeover bid succeeding may be reduced.

Recommendation of the Board

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 22.

18. RESOLUTION 23 – CONSOLIDATION OF CAPITAL

18.1 Background

Resolution 23 seeks Shareholder approval to consolidate the number of existing Shares and Options on issue on a 1.9 for 2 basis as part of the proposed Acquisition (**Consolidation**).

18.2 Legal requirements

Section 254H of the Corporations Act provides that a company may, by resolution passed in an annual general meeting, convert all or any of its shares into a larger or smaller number. The Company has Options on issue. ASX Listing Rule 7.22 also requires that in a consolidation of capital the number of options on issue be consolidated in the same ratio as the ordinary capital and the exercise prices amended in inverse proportion to that ratio.

18.3 Fractional entitlements and taxation

Not all Shareholders and Optionholders will hold that number of Shares and Options which can be evenly consolidated on a 1.9 for 2 basis. Where a fractional entitlement occurs, the Directors will round that fraction up to the nearest whole Share or Option. It is not considered that any taxation consequences will exist for Shareholders or Optionholders arising from the Consolidation. However, Shareholders and Optionholders are advised to seek their own tax advice on the effect of the Consolidation, and neither the Company, nor the Directors (or the Company's advisors) accept any responsibility for the individual taxation implications arising from the Consolidation.

18.4 Holding statements

From the date of the Consolidation all holding statements for Shares and Options will cease to have any effect, except as evidence of entitlement to a certain number of Shares and Options on a post-Consolidation basis. After the Consolidation becomes effective, the Company will arrange for new holding statements for Shares and Options to be issued to holders of those Shares and Options. It is the responsibility of each Shareholder and Optionholder to check the number of Shares and Options held prior to any disposal or exercise (as the case may be).

18.5 Effect on capital structure

Please refer to Section 3.10 for details of the effect of the Consolidation on the capital structure of the Company.

18.6 Indicative Timetable

Based upon the above, an indicative timetable assuming Shareholder approval is obtained will be as follows:

Date	Event
31 August 2020	Following Shareholder approval, Company announces Shareholder approval of the Consolidation.
1 September 2020	Effective Date*
2 September 2020	Last day for trading pre-Consolidation Securities.*
3 September 2020	Trading in post-Consolidation Securities commences on a deferred settlement basis.*
4 September 2020	Last day to register transfers on a pre-Consolidation basis.*
7 September 2020	First day to register transfers on a post-Consolidation basis.*

Date	Event
11 September 2020	Latest date for Company to send notice to each Shareholder and Optionholder of pre and post Consolidation holdings.

* These items have been included in the timetable for consistency with the standard ASX mandated timetable to affect a capital restructure. However, the Company's Securities are currently suspended from trading and it is anticipated that its Securities will remain suspended until the Company re-complies with Chapters 1 and 2 of the ASX Listing Rules following Completion.

19. RESOLUTIONS 24 – REMOVAL OF AUDITOR

Under Section 329 of the Corporations Act, an auditor of a company may be removed from office by resolution at a general meeting of which 2 months' notice of intention to move the resolution has been given.

It should be noted that under this section, if a company calls a meeting after the notice of intention has been given, the meeting may pass the resolution even though the meeting is held less than 2 months after the notice of intention is given.

Resolution 24 is an ordinary resolution seeking the removal of Stantons International as the auditor of the Company. An auditor may be removed in a general meeting provided that the notice of intention to remove the auditor has been received from a member of the company.

In accordance with Section 329(2) of the Corporations Act, the Company has sent a copy of the notice to Stantons International and ASIC.

20. RESOLUTION 25 – APPOINTMENT OF AUDITOR TO REPLACE AUDITOR REMOVED FROM OFFICE

Under Section 327D of the Corporations Act, the Company in a general meeting may appoint an auditor to replace an auditor removed under Section 329 of the Corporations Act.

Resolution 25 is a special resolution seeking the appointment of HLB Mann Judd as the new auditor of the Company. As required by the Corporations Act, a nomination for HLB Mann Judd to be appointed as the auditor of the Company has been received from a member. A copy of the nomination of HLB Mann Judd as auditors is set out in Schedule 9. HLB Mann Judd has given written consent to act as the Company's auditor in accordance with section 328A(1) of the Corporations Act.

HLB Mann Judd has given its written consent to act as the Company's auditor subject to shareholder approval of this resolution.

If Resolutions 24 and 25 are passed, the appointment of HLB Mann Judd as the Company's auditor will take effect at the close of this General Meeting. Resolution 25 is subject to the passing of Resolution 24.

The Directors recommend that Shareholders vote in favour of Resolutions 24 and 25.

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities & Investments Commission.

ASX Listing Rules means the listing rules of the financial market operated by ASX.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

Acquisition has that meaning given to it in Section 1.2.

Acquisition Resolutions means Resolutions 1 to 7 and 21 to 23.

Associated Body Corporate means:

- (a) a related body corporate (as defined in the Corporations Act) of the Company;
- (b) a body corporate which has an entitlement to not less than 20% of the voting Shares of the Company; and
- (c) a body corporate in which the Company has an entitlement to not less than 20% of the voting shares.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Capital Raising means the capital raising to be undertaken by the Company, being the subject of Resolution 3.

Chair means the chair of the Meeting.

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

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

Company or **RE1** means RESA Group Limited (to be renamed "Tombador Iron Limited") (ACN 108 958 274).

Completion means settlement of the Acquisition.

Constitution means the Company's constitution.

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

CS Parties has the meaning given in Section 7.3(e).

Debt Conversion has the meaning given in Section 3.12.

Debt Conversion Shares has the meaning given in Section 3.12.

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Independent Expert means HLB Mann Judd.

Independent Expert's Report means the expert's report prepared by the Independent Expert, and annexed to this Notice as Annexure A.

JORC Code means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves produced by the Australasian Joint Ore Reserves Committee of the Minerals Council of Australia, the Australian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists.

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

Lead Manager means Trident Capital Pty Ltd.

Lead Manager Mandate has that meaning given to it in Section 3.9.

Lead Manager Options means the Options to be issued to the Lead Manager, being the subject of Resolution 15.

Majority TIS Shareholders means CS and McRae.

Maximum Subscription means the maximum amount to be raised under the Capital Raising, including over-subscriptions, being \$10,000,000.

McRae means McRae Investments Pty Ltd.

Milestone means a milestone attaching to a Performance Right.

Mineral Resource has the meaning given to that term in the JORC Code.

Minimum Subscription means the minimum amount to be raised under the Capital Raising, being \$10,000,000 (being the same as the Maximum Subscription).

Minority TIS Shareholders means the TIS Shareholders other than the Majority TIS Shareholders. **Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Official List means the official list of ASX.

Official Quotation means official quotation by ASX in accordance with the ASX Listing Rules.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Performance Right means a right to acquire a Share, subject to satisfaction of any Milestones, and the corresponding obligation of the Company to provide the Share.

Plan means the incentive performance rights plan the subject of Resolution 5, as summarised in Schedule 4.

Proposed Directors means Ms Anna Neuling, Mr Keith Liddell and Mr David Chapman.

Proxy Form means the proxy form accompanying the Notice.

Reserve has the meaning given to that term in the JORC Code.

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

Resource has the meaning given to that term in the JORC Code.

Section means a section of the Explanatory Statement.

Securities means a Share or Option or Performance Right.

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

Shareholder means a registered holder of a Share.

Stantons International means Stantons International Audit & Consulting Pty Ltd.

Tenement means Tenement 872.431/03.

TIS means Tombador Iron Singapore Pte Ltd (an entity incorporated and domiciled in Singapore).

TIS Share means an ordinary share in the capital of TIS.

TIS Shareholder means a person who owns a TIS Share.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – ACQUISITION AGREEMENT

The key commercial terms set out in the Acquisition Agreement are summarised below:

(a) **Conditions Precedent**

Completion is subject to a number of conditions precedent (**Conditions Precedent**), including but not limited to those set out below, being satisfied on or before 30 September 2020 or such later date as is agreed by the Company and TIS:

- (i) **(Due Diligence)** both the Company and TIS being satisfied with its due diligence investigations on the other;
- (ii) **(TIS Restructure)** completion of the corporate restructure of TIS, that is, conversion of any outstanding notes in TIS to shares and the entry into a mineral rights agreement with former Tenement holder, Colomi Iron Mineracao Ltda, pursuant to which TIS (via its 100% owned Brazilian subsidiary, Tomador Iron Mineracao S.A.) will effectively own and have all the rights to mine and process the high-grade hematite resource located on the Project (including transitional hematite and any other high grade hematite found on the Project);
- (iii) **(Placement)** the Company having issued up to 125,000,000 Shares at an issue price of \$0.02 per Share (**Placement Shares**) to raise approximately \$2,500,000 (**Placement**), in two components, such that following the Placement the Company will have raised up to \$1,500,000 in cash and reduce its existing debt by up to \$1,000,000;
- (iv) **(Capital Raising)** the Company receiving valid applications for the Minimum Subscription and completing the Capital Raising;
- (v) **(Shareholder Approvals)** the Company obtaining all necessary Shareholder approvals required by the Corporations Act and the ASX Listing Rules in relation to the Acquisition and the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules, including without limitation, approval for the Company to undertake the Capital Raising; and
- (vi) **(Regulatory Approvals)** the parties obtaining all necessary regulatory approvals to lawfully complete the Acquisition, including conditional approval by the ASX being granted to reinstate the Shares to trading on the Official List.

(b) **Consideration**

In consideration for acquiring 100% of TIS's issued share capital, the Company has agreed to issue the TIS Shareholders a total of 1,107,692,308 Shares (**Consideration Shares**). The TIS Shareholders acknowledge and agree that the Consideration Shares may be issued subject to any escrow provisions imposed by ASX (**ASX Escrow**) and the TIS Shareholders agree to execute, upon Completion, a restriction agreement pursuant to Chapter 9 of the ASX Listing Rules in accordance with the requirements of ASX. The Company will use its best endeavours to apply to the ASX for relief from ASX Escrow to the maximum extent possible on behalf of the TIS Shareholders.

(c) **Board Changes**

The Board will be reconstituted with effect from shortly after Completion so that existing Directors, Mr Vasilios (Bill) Nikolouzakis and Mr Andrew Jensen will resign and Ms Anna Neuling, Mr Keith Liddell and Mr David Chapman will be appointed as Directors of the Company.

The Acquisition Agreement otherwise contains standard terms (including standard warranties and indemnities given on behalf of the Company and the TIS Shareholders) customary of an agreement of this nature.

SCHEDULE 2 – PRO FORMA BALANCE SHEET

Pro-Forma Statement of Financial Position

	TIS 31 May 2020 \$	RE1 31 May 2020 \$	Adjustments \$	Notes	Pro-forma Minimum \$	Adjustments \$	Notes	Pro-forma Maximum \$
ASSETS								
CURRENT ASSETS								
Cash and cash equivalents	12,382	644,096	8,412,900	1, 3, 4, 5	9,069,378	4,679,000	3	13,748,378
Trade and other receivables	-	459,928	-		459,928	-		459,928
Other assets	-	850,305	-		850,305	-		850,305
TOTAL CURRENT ASSETS	12,382	1,954,329	8,412,900		10,379,611	4,679,000		15,058,611
NON-CURRENT ASSETS								
Plant and equipment	-	996	-		996	-		996.00
Other assets	-	490,499	-		490,499	-		490,499.00
Financial assets	-	38,309	-		38,309	-		38,309.00
TOTAL NON-CURRENT ASSETS	-	529,804	-		529,804	-		529,804
TOTAL ASSETS	12,382	2,484,133	-		10,909,415	4,679,000		15,588,415
LIABILITIES								
CURRENT LIABILITIES								
Trade and other payables	269	1,474,211	(235,671)	7	1,238,809	-		1,238,809
Loans and borrowings	-	582,100	(582,100)	1	-	-		-
Other liabilities	-	653,303	-		653,303	-		653,303
Employee provisions	-	15,811	-		15,811	-		15,811
TOTAL CURRENT LIABILITIES	269	2,725,425	-	817,771	1,907,923	-		1,907,923
NON-CURRENT LIABILITIES								
Other liabilities	-	73,148	-		73,148	-		73,148
TOTAL NON-CURRENT LIABILITIES	-	73,148	-		73,148	-		73,148
TOTAL LIABILITIES	269	2,798,573	-	817,771	1,981,071	-		1,981,071
NET ASSETS / (LIABILITIES)	12,113	(314,440)	817,771		8,928,344	4,679,000		13,607,344
EQUITY								
Issued capital	12,113	55,858,654	(27,553,220)	2, 3, 4, 6	28,317,547	4,700,000	3, 4	33,017,547
Reserves	-	194,499	(32,999)	2, 6	161,500	-		161,500
Accumulated losses	-	(56,367,593)	36,816,890	2, 5	(19,550,703)	(21,000)	5	(19,571,703)
TOTAL EQUITY	12,113	(314,440)	9,230,671		8,928,344	4,679,000		13,607,344

NOTES

Post balance date event adjustment

1.

As announced to the ASX on 26 June 2020, the payment in cash of \$582,100 to settle the Secured Loan Facility.

Pro-forma adjustments

2.

Pursuant to Resolution 1, Resolution 2 and Resolution 4 the issue by the Company of 1,107,692,308 consideration shares with a fair value of \$0.025 per share to acquire 100% of the issued capital of TIS.

The acquisition has been accounted for as a reverse acquisition under AASB 3 *Business Combinations* because, as a result of the acquisition, the former owners of the legal subsidiary (TIS) obtained accounting control of the legal parent (RE1). Whilst the acquisition does not meet the definition of a business combination in accordance with AASB 3 *Business Combinations* (as TIS is deemed for accounting purposes not to be a business), the acquisition has been accounted for as a share-based payment transaction using the principles of AASB 3 *Business Combinations* and AASB 2 *Share-Based Payment*.

3.

The issue by the Company pursuant to Resolution 3 of 400,000,000 ordinary fully paid shares issued at \$0.025 each raising \$10,000,000 before the expenses of the offer (minimum); or

The issue by the Company pursuant to Resolution 3 of 600,000,000 ordinary fully paid shares issued at \$0.025 each raising \$15,000,000 before the expenses of the offer (maximum).

4.

The write off against issued capital of the estimated cash expenses of the offer of \$600,000 (minimum), and \$900,000 (maximum).

5.

The cash payment of re-compliance expenses of \$405,000 (minimum) and \$426,000 (maximum).

6.

The write off against issued capital of the grant of 15,000,000 Options, with an exercise price of \$0.035 and expiring 3 years from the date of issue, to the Lead Manager of the capital raising with a total fair value of \$161,500.

7.

Pursuant to Resolution 4, Resolution 17 and Resolution 18, the issue by the Company of 9,426,853 shares to settle debt in the Company of \$235,671.

8.

The issue by the Company pursuant to Resolution 8 to Resolution 14 of 75,000,000 performance rights to various consultants and employees and Directors and Proposed Directors. No amounts have been recognised in the Pro-Forma Statement of Financial Position as the fair value attaching to the rights will be recognised over the vesting period.

SCHEDULE 3 – TERMS OF LEAD MANAGER OPTIONS

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.035 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on that date which is three (3) years from their date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

As soon as practicable following the Exercise Date, and in any event in accordance with the time periods specified in the ASX Listing Rules, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the Official List of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE 4 – TERMS AND CONDITIONS OF INCENTIVE PERFORMANCE RIGHTS PLAN

The key terms of the Incentive Performance Rights Plan (**Plan**) are as follows:

1. Eligible Participant

Eligible Participant means a person who is a full-time or part-time employee, officer, or contractor of the Company, or an Associated Body Corporate (as defined in ASIC Class Order 14/1000), or such other person who has been determined by the Board to be eligible to participate in the Plan from time to time.

The Company will seek Shareholder approval for Director and related party participation in accordance with Listing Rule 10.14.

2. Purpose

The purpose of the Plan is to:

- (a) assist in the reward, retention and motivation of Eligible Participants;
- (b) link the reward of Eligible Participants to Shareholder value creation; and
- (c) align the interests of Eligible Participants with shareholders of the Group (being the Company and each of its Associated Bodies Corporate), by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Securities.

3. Plan administration

The Plan will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Plan rules in its sole and absolute discretion. The Board may delegate its powers and discretion.

4. Eligibility, invitation and application

The Board may from time to time determine that an Eligible Participant may participate in the Plan and make an invitation to that Eligible Participant to apply for Securities on such terms and conditions as the Board decides.

On receipt of an Invitation, an Eligible Participant may apply for the Securities the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from an Eligible Participant in whole or in part.

If an Eligible Participant is permitted in the invitation, the Eligible Participant may, by notice in writing to the Board, nominate a party in whose favour the Eligible Participant wishes to renounce the invitation.

5. Grant of Securities

The Company will, to the extent that it has accepted a duly completed application, grant the Participant the relevant number of Securities, subject to the terms and conditions set out in the invitation, the Plan rules and any ancillary documentation required.

6. Terms of Convertible Securities

Each 'Convertible Security' represents a right to acquire one or more Shares (for example, under an option or performance right), subject to the terms and conditions of the Plan.

Prior to a Convertible Security being exercised a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Convertible Security by virtue of holding the Convertible Security. A Participant may not sell, assign, transfer, grant a security interest over or otherwise deal with a Convertible Security that has been granted to them unless otherwise determined by the Board. A Participant must not enter into any arrangement for the purpose of hedging their economic exposure to a Convertible Security that has been granted to them.

7. Vesting of Convertible Securities

Any vesting conditions applicable to the grant of Convertible Securities will be described in the invitation. If all the vesting conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant by the Company informing them that the relevant Convertible Securities have vested. Unless and until the vesting notice is issued by the Company, the Convertible Securities will not be considered to have vested. For the avoidance of doubt, if the vesting conditions relevant to a Convertible Security are not satisfied and/or otherwise waived by the Board, that Convertible Security will lapse.

8. Exercise of Convertible Securities and cashless exercise

To exercise a Convertible Security, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise of Convertible Securities (see below), pay the exercise price (if any) to or as directed by the Company, at any time following vesting of the Convertible Security (if subject to vesting conditions) and prior to the expiry date as set out in the invitation or vesting notice.

An invitation may specify that at the time of exercise of the Convertible Securities, the Participant may elect not to be required to provide payment of the exercise price for the number of Convertible Securities specified in a notice of exercise, but that on exercise of those Convertible Securities the Company will transfer or issue to the Participant that number of Shares equal in value to the positive difference between the Market Value of the Shares at the time of exercise and the exercise price that would otherwise be payable to exercise those Convertible Securities.

Market Value means, at any given date, the volume weighted average price per Share traded on the ASX over the 5 trading days immediately preceding that given date, unless otherwise specified in an invitation.

A Convertible Security may not be exercised unless and until that Convertible Security has vested in accordance with the Plan rules, or such earlier date as set out in the Plan rules.

9. Delivery of Shares on exercise of Convertible Securities

As soon as practicable after the valid exercise of a Convertible Security by a Participant, the Company will issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled under the Plan rules and issue a substitute certificate for any remaining unexercised Convertible Securities held by that Participant.

10. Forfeiture of Convertible Securities

Where a Participant who holds Convertible Securities ceases to be an Eligible Participant or becomes insolvent, all unvested Convertible Securities will automatically be forfeited by the Participant, unless the Board otherwise determines in its discretion to permit some or all of the Convertible Securities to vest.

Where the Board determines that a Participant has acted fraudulently or dishonestly; committed an act which has brought the Company, the Group or any entity within the Group into disrepute, or wilfully breached his or her duties to the Group or where a Participant is convicted of an offence in connection with the affairs of the Group; or has a judgment entered against him or her in any civil proceedings in respect of the contravention by the Participant of his or her duties at law, in equity or under statute, in his or her capacity as an employee, consultant or officer of the Group, the Board may in its discretion deem all unvested Convertible Securities held by that Participant to have been forfeited.

Unless the Board otherwise determines, or as otherwise set out in the Plan rules:

- (a) any Convertible Securities which have not yet vested will be forfeited immediately on the date that the Board determines (acting reasonably and in good faith) that any applicable vesting conditions have not been met or cannot be met by the relevant date; and
- (b) any Convertible Securities which have not yet vested will be automatically forfeited on the expiry date specified in the invitation or vesting notice.

11. Change of control

If a change of control event occurs in relation to the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Participant's Convertible Securities will be dealt with, including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event provided that, in respect of Convertible Securities, the maximum number of Convertible Securities (that have not yet been exercised) that the Board may determine will vest and be exercisable into Shares under this Rule is that number of Convertible Securities that is equal to 10% of the Shares on issue immediately following vesting under this Rule, which as far as practicable will be allocated between holders on a pro-rata basis on the basis of their holdings of Convertible Securities on the date of determination of vesting.

12. Rights attaching to Plan Shares

All Shares issued or transferred under the Plan, or issued or transferred to a Participant upon the valid exercise of a Convertible Security, (Plan Shares) will rank pari passu in all respects with the Shares of the same class. A Participant will be entitled to any dividends declared and distributed by the Company on the Plan Shares and may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares. A Participant may exercise any voting rights attaching to Plan Shares.

13. Disposal restrictions on Plan Shares

If the invitation provides that any Plan Shares are subject to any restrictions as to

the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.

For so long as a Plan Share is subject to any disposal restrictions under the Plan, the Participant will not:

- (a) transfer, encumber or otherwise dispose of, or have a security interest granted over that Plan Share; or
- (b) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.

14. Adjustment of Convertible Securities

If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each Participant holding Convertible Securities will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.

If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Convertible Securities is entitled, upon exercise of the Convertible Securities, to receive an issue of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the Convertible Securities are exercised.

Unless otherwise determined by the Board, a holder of Convertible Securities does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.

15. Participation in new issues

There are no participation rights or entitlements inherent in the Convertible Securities and holders are not entitled to participate in any new issue of Shares of the Company during the currency of the Convertible Securities without exercising the Convertible Securities.

16. Compliance with applicable law

No Security may be offered, granted, vested or exercised if to do so would contravene any applicable law. In particular, the Company must have reasonable grounds to believe, when making an invitation, that the total number of Plan Shares that may be issued upon exercise of Convertible Securities offer when aggregated with the number of Shares issued or that may be issued as a result of offers made at any time during the previous three year period under:

- (a) an employee incentive scheme of the Company covered by ASIC Class Order 14/1000; or
- (b) an ASIC exempt arrangement of a similar kind to an employee incentive scheme,

but disregarding any offer made or securities issued in the capital of the Company by way of or as a result of:

- (c) an offer to a person situated at the time of receipt of the offer outside Australia;
- (d) (an offer that did not need disclosure to investors because of section 708 of the Corporations Act (exempts the requirement for a disclosure document for the issue of securities in certain circumstances to investors who are deemed to have sufficient investment knowledge to make informed decisions, including professional investors, sophisticated investors and senior managers of the Company)); or
- (e) an offer made under a disclosure document,

would exceed 5% (or such other maximum permitted under any applicable law) of the total number of Shares on issue at the date of the invitation.

17. Maximum number of Securities

The Company will not make an invitation under the Plan if the number of Plan Shares that may be issued, or acquired upon exercise of Convertible Securities offered under an invitation, when aggregated with the number of Shares issued or that may be issued as a result of all invitations under the Plan, will exceed 15% of the total number of issued Shares at the date of the invitation.

18. Amendment of Plan

Subject to the following paragraph, the Board may at any time amend any provisions of the Plan rules, including (without limitation) the terms and conditions upon which any Securities have been granted under the Plan and determine that any amendments to the Plan rules be given retrospective effect, immediate effect or future effect.

No amendment to any provision of the Plan rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment introduced primarily for the purpose of complying with legislation or to correct manifest error or mistake, amongst other things, or is agreed to in writing by all Participants.

19. Plan duration

The Plan continues in operation until the Board decides to end it. The Board may from time to time suspend the operation of the Plan for a fixed period or indefinitely, and may end any suspension. If the Plan is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the Participants.

If a Participant and the Company (acting by the Board) agree in writing that some or all of the Securities granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, then those Securities may be cancelled in the manner agreed between the Company and the Participant.

20. Income Tax Assessment Act

The Plan is a plan to which Subdivision 83A-C of the *Income Tax Assessment Act 1997* (Cth) applies (subject to the conditions in that Act).

SCHEDULE 5 – TERMS OF PERFORMANCE RIGHTS

Rights attaching to the Performance Rights

1. Definitions

For the purpose of these terms and conditions:

ASX means ASX Limited ACN 008 624 691 or, as the context permits, the securities exchange operated by that entity.

Business Day means a day that is not a Saturday, Sunday or public holiday in Western Australia.

Change of Control Event means

- (a) the occurrence of:
 - (i) the offeror under a takeover offer in respect of all Shares announcing that it has achieved acceptances in respect of 50.1% or more of the Shares; and
 - (ii) that takeover bid has become unconditional; or
- (b) the announcement by the Company that:
 - (i) shareholders of the Company have at a Court convened meeting of shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Shares are to be either:
 - (A) cancelled; or
 - (B) transferred to a third party; and
 - (ii) the Court, by order, approves the proposed scheme of arrangement.

Company means RESA Group Limited (to be renamed "Tombador Iron Limited") (ACN 108 958 274).

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

Expiry Date has that meaning given to it in clause 2.

HOA means the Heads of Agreement between the Company, TIS and the vendors of TIS pursuant to which the shareholders of TIS have agreed to sell and the Company has agreed to purchase 100% of the issued capital of TIS.

Hematite Iron Rights has that meaning given to it in the Mineral Rights Agreement.

Hematite Resource has that meaning given to it in the Mineral Rights Agreement.

Holder means a holder of a Performance Right.

Listing Rules means the Listing Rules of the ASX.

Milestone means Milestone A, Milestone B, Milestone C and/or Milestone D (as applicable).

Mineral Rights Agreement means the document entitled Mineral Rights Agreement between TIS and Colomi Singapore Pte Ltd.

Performance Rights means a Class A Performance Right, Class B Performance Right, Class C Performance Right and/or a Class D Performance Right (as applicable).

Settlement Date has that meaning given to it under the HOA.

Share means a fully paid ordinary share in the Company.

Tenement means Tenement 872.431/03 located in Bahia, Brail held by Tombador Iron Mineração Ltda but only as it relates to the Hematite Iron Rights and the Hematite Resource granted exclusively to TIS in accordance with the Mineral Rights Agreement.

TIS means Tombador Iron Singapore Pte Ltd.

2. Conversion of the Performance Rights

(a) Milestones

- (i) 25% will vest on the achievement of 30,000 tonnes of cumulative iron ore production sold to third party customers from the Tenement with a cut-off grade greater than 62% Fe (**Milestone A**);
- (ii) 25% will vest on the achievement of 1,000,000 tonnes of cumulative iron ore production sold to third party customers from the Tenement with a cut-off grade greater than 62% Fe (**Milestone B**);
- (iii) 25% will vest on the Company achieving net positive operational cashflows for one financial quarter (as evidenced in the Company's Appendix 5B to the ASX) following the Settlement Date (**Milestone C**);
- (iv) 25% will vest on the achievement of at least 25,000 tonnes of cumulative iron ore production per month for a minimum of 3 months with a cut-off grade greater than 62% Fe and the Company's Shares achieving a volume weighted average price (VWAP) of \$0.05 or more for at least 20 consecutive trading days following the Company's reinstatement to trading on the financial market operated by ASX post the Settlement Date (**Milestone D**).

(b) Conversion Notice

A Performance Right may be converted by the Holder giving written notice to the Company (**Conversion Notice**) prior to the date that is five (5) years from the date of issue of the Performance Right (**Expiry Date**). No payment is required to be made for conversion of a Performance Right to a Share.

(c) **Lapse**

To the extent that the Performance Rights have not converted into Shares on or before the required date, then all such unconverted Performance Rights held by each holder will automatically lapse;

(d) **Issue of Shares**

The Company will issue the Share on conversion of a Performance Right within 10 Business Days following the conversion or such period required by the ASX Listing Rules.

(e) **Holding Statement**

The Company will issue the Holder with a new holding statement for any Share issued on conversion of a Performance Right within 10 Business Days following the issue of the Share.

(f) **Ranking of shares**

Each Share into which the Performance Rights will convert will upon issue:

- (i) rank equally in all respects (including, without limitation, rights relating to dividends) with other issued Shares;
- (ii) be issued credited as fully paid;
- (iii) be duly authorised and issued by all necessary corporate action; and
- (iv) be issued free from all liens, charges and encumbrances whether known about or not including statutory and other pre-emption rights and any transfer restrictions.

3. Conversion on Change of Control

If there is a Change of Control Event in relation to the Company prior to the conversion of the Performance Rights, then Milestone A, Milestone B, Milestone C and Milestone D will be deemed to have been achieved by the Milestone A Achievement Date, Milestone B Achievement Date, Milestone C Achievement Date and Milestone D Achievement Date respectively and each Performance Right will automatically and immediately convert into Shares, however, if the number of Shares to be issued as a result of the conversion of all Class A Performance Rights, together with the number of Shares to be issued as a result of the conversion of all Class B Performance Rights, Class C Performance Rights, Class D Performance Rights and all other performance shares on issue in the Company, due to a Change of Control Event in relation to the Company is in excess of 10% of the total issued share capital of the Company at the time of the conversion, then the number of Class A Performance Rights, Class B Performance Rights Class C Performance Rights and Class D Performance Rights to be converted will be prorated so that the aggregate number of Shares issued upon conversion of the Class A Performance Rights, Class B Performance Rights, Class C Performance Rights, Class D Performance Rights and all other performance shares on issue in the Company is equal to 10% of the total issued share capital of the Company.

4. Takeover Provisions

- (a) If the conversion of Performance Rights (or part thereof) under these terms and conditions would result in any person being in contravention of section 606(1) of the Corporations Act then the conversion of each Performance Right that would cause the contravention will be deferred until such time or times thereafter that the conversion would not result in a contravention of section 606(1) of the Corporations Act. Following a deferment under this paragraph, the Company will at all times be required to convert that number of Performance Rights that would not result in a contravention of section 606(1) of the Corporations Act.
- (b) The Holders will give notification to the Company in writing if they consider that the conversion of Performance Rights (or part thereof) under these terms and conditions may result in the contravention of section 606(1) of the Corporations Act, failing which the Company will assume that the conversion of Performance Rights (or part thereof) under these terms and conditions will not result in any person being in contravention of section 606(1) of the Corporations Act.
- (c) The Company may (but is not obliged to) by written notice request the Holders to give notification to the Company in writing within seven days if they consider that the conversion of Performance Rights (or part thereof) under these terms and conditions may result in the contravention of section 606(1) of the Corporations Act. If the Holders do not give notification to the Company within seven days that they consider the conversion of Performance Rights (or part thereof) under these terms and conditions may result in the contravention of section 606(1) of the Corporations Act then the Company will assume that the conversion of Performance Rights (or part thereof) under these terms and conditions will not result in any person being in contravention of section 606(1) of the Corporations Act.

5. Rights attaching to Performance Rights

(a) **Notice of satisfaction of Milestone**

The Company will give written notice to the Holder promptly following satisfaction of a Milestone or lapse of a Performance Right where the Milestone is not satisfied.

(b) **Entitlement**

Each Performance Right entitles the Holder to subscribe for one Share in the capital of the Company upon satisfaction of the Milestone and issue of the Conversion Notice by the Holder.

(c) **No voting rights**

A Performance Right does not entitle a Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company.

(d) **No dividend rights**

A Performance Right does not entitle a Holder to any dividends.

(e) **No right to surplus profits or assets**

A Performance Right does not entitle a Holder to participate in the surplus profits or assets of the Company upon winding up of the Company.

(f) **No right to a return of capital**

A Performance Right does not entitle a Holder to a return of capital, whether upon winding up of the Company, upon a reduction of capital or otherwise.

(g) **Not transferable**

A Performance Right is not transferable.

(h) **Reorganisation of capital**

If there is a reorganisation (including, without limitation, consolidation or sub-division, but excluding a return of capital) of the issued capital of the Company, the rights of a Holder will be varied (as appropriate) in accordance with the Listing Rules which apply to reorganisation of capital at the time of the reorganisation.

(i) **Quotation of shares on conversion**

An application will be made by the Company to ASX for official quotation of the Shares issued upon the conversion of each Performance Right within the time period required by the Listing Rules.

(j) **Participation in entitlements and bonus issues**

A Performance Right does not entitle a Holder to participate in new issues of capital offered to holders of Shares, such as bonus issues and entitlement issues.

(k) **No other rights**

A Performance Right does not give a Holder any other rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

SCHEDULE 6 – VALUATION OF PERFORMANCE RIGHTS

2006 RES011 TCD
GLB

11 June 2020

Ms A Macnish
Company Secretary
RESA Group Limited
C/ - Level One
45 Stirling Highway
NEDLANDS WA 6009

By Email: abby.macnish@mcrainvestments.com.au

Dear Abby

Valuation of Performance Rights

1. BACKGROUND

HLB Mann Judd (WA) Pty Ltd (**HLB**) has been requested to provide RESA Group Limited (**Company or RE1**) with a valuation of four (4) tranches of Performance Rights (**Performance Rights or PRs**) for inclusion in the Company's next Notice of Meeting.

The Company is proposing to have an overall cap of 75 million Performance Rights that could be issued in the future, though this amount will not be fully issued at this time.

It is currently intended that the Company issue a total of 13 million Performance Rights to current and proposed directors (RE1 is seeking approval for this issue at the General Meeting).

In addition, it is intended that approximately 39 million Performance Rights will be issued to consultants, senior managers and contractors at the same time as the 13 million PRs to the current and proposed directors.

We have determined the value for the performance rights using the following models:

- Binomial Tree (Lattice) Model for Tranches 1, 2 and 3.
- Monte Carlo Model for Tranche 4.

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Both models describe the value of the performance rights as being a function of a number of variables:

- Value of the underlying share;
- The risk-free rate of return;
- The variance (or volatility) of the share price;
- The exercise price of the performance right (nil for a performance right);
- The remaining time to maturity; and
- Dividend yield.

2. INFORMATION REVIEWED

- Various emails from Abby Macnish – Company Secretary of the Company
- Letter dated 8 May 2020 from the Company to Ms P Patel – ASX (ASX Submission – RE1 – Tombador) (**ASX Submission**).
- Performance Rights Plan – Tombador (**Plan**).
- Information available from the Australian Stock Exchange and other sites with regards to the Company and other companies used as a proxy for future volatility determination.

3. VESTING CONDITIONS FOR PERFORMANCE RIGHTS TO BE ISSUED

Tranche 1 / Milestone A

Will vest on the achievement of 30,000 tonnes of cumulative iron ore production sold to third party customers from the Tenement with a cut-off grade greater than 62% Fe.

Tranche 2 / Milestone B

Will vest on the achievement of 1,000,000 tonnes of cumulative iron ore production sold to third party customers from the Tenement with a cut-off grade greater than 62% Fe.

Tranche 3 / Milestone C

Will vest on the Company achieving net positive operational cashflows for one financial quarter (as evidenced in the Company's Appendix 5B to the ASX) following the Settlement Date.

Tranche 4 / Milestone D

Will vest on the achievement of at least 25,000 tonnes of cumulative iron ore production per month for a minimum of 3 months with a cut-off grade greater than 62% Fe and the Company's Shares achieving a volume weighted average price (VWAP) of \$0.05 or more for at least 20 consecutive trading days following the Company's reinstatement to trading on the financial market operated by ASX post the Settlement Date.

4. ASSUMPTIONS

Our calculation of the value of each Performance Right has been performed based on the following assumptions:

Valuation Date	As the Performance Rights have not been issued, the Valuation Date has been taken when the valuation was conducted being 4 June 2020 .
Underlying Share Price	The Underlying Share Price (\$0.025) was based on the proposed issue price for the Capital Raising Shares as outlined in the ASX Submission.
Risk-free Rate of Return	Based on the yield (0.41%) of the Australian Government 5 year bond published on the Valuation Date but referring to the prior day.
Variance (Volatility) of the Underlying Share	<p>The Company is not currently trading and is subject to a strategic restructure as set out in its announcement of 10 October 2019 with subsequent updates.</p> <p>Consequently, historical volatility of the Company could not be used as a proxy for future volatility for the term of the proposed performance rights under review as the future volatility will be related to trading in the Company operating a different business model to that of the past.</p> <p>A basket of companies that have certain similarities to RE1 was reviewed as a proxy for future volatility.</p> <p>There were a number of companies between 90% and 100% volatility but also plus 100%. Given the difficulty at determining the forecast volatility in the circumstances, a 100% volatility was determined as appropriate.</p>
Exercise price	<p>Not applicable</p> <p>There is no exercise price applicable to the Performance Shares.</p>
Expiry date	Being five (5) years from the date of issue of the Performance Right.
Dividend yield	It is assumed this will be NIL over the expected life of the Performance Right.

5. THEORETICAL VALUATION – PERFORMANCE RIGHTS ISSUED TO CURRENT AND PROPOSED DIRECTORS

	<i>Number of Performance Rights to be issued</i>	<i>Theoretical Value per Performance Right (cents)</i>	<i>Total value (\$)</i>
Bill Nikolouzakis			
Tranche 1 / Milestone A	125,000	2.500	3,125.00
Tranche 2 / Milestone B	125,000	2.500	3,125.00
Tranche 3 / Milestone C	125,000	2.500	3,125.00
Tranche 4 / Milestone D	125,000	1.794	2,242.50
Andrew Jensen			
Tranche 1 / Milestone A	125,000	2.500	3,125.00
Tranche 2 / Milestone B	125,000	2.500	3,125.00
Tranche 3 / Milestone C	125,000	2.500	3,125.00
Tranche 4 / Milestone D	125,000	1.794	2,242.50
Stephen Quantrill			
Tranche 1 / Milestone A	750,000	2.500	18,750.00
Tranche 2 / Milestone B	750,000	2.500	18,750.00
Tranche 3 / Milestone C	750,000	2.500	18,750.00
Tranche 4 / Milestone D	750,000	1.794	13,455.00
Anna Neuling			
Tranche 1 / Milestone A	750,000	2.500	18,750.00
Tranche 2 / Milestone B	750,000	2.500	18,750.00
Tranche 3 / Milestone C	750,000	2.500	18,750.00
Tranche 4 / Milestone D	750,000	1.794	13,455.00

	<i>Number of Performance Rights to be issued</i>	<i>Theoretical Value per Performance Right (cents)</i>	<i>Total value (\$)</i>
David Chapman			
Tranche 1 / Milestone A	750,000	2.500	18,750.00
Tranche 2 / Milestone B	750,000	2.500	18,750.00
Tranche 3 / Milestone C	750,000	2.500	18,750.00
Tranche 4 / Milestone D	750,000	1.794	13,455.00
Keith Liddell			
Tranche 1 / Milestone A	750,000	2.500	18,750.00
Tranche 2 / Milestone B	750,000	2.500	18,750.00
Tranche 3 / Milestone C	750,000	2.500	18,750.00
Tranche 4 / Milestone D	750,000	1.794	13,455.00

Should you have any questions in relation to this valuation, please contact me.

Yours sincerely
HLB MANN JUDD (WA) PTY LTD



GUY BRANDON
 Partner

SCHEDULE 7 – TERMS OF CONVERSION OPTIONS

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.052 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on that date which is two weeks after the issue of the Company's FY25 full-year results (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time during the two-week period following the release of the Company's half-year and full-year results (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

As soon as practicable following the Exercise Date, and in any event in accordance with the time periods specified in the ASX Listing Rules, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the Official List of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE 8 – LETTER OF NOMINATION

MCRÆ INVESTMENTS PTE LTD

30 June 2020

The Board of Directors
RESA Group Limited
(to be renamed "Tombador Iron Limited")
Level 1, 45 Stirling Hwy
Nedlands, WA 6009

Dear Sirs

Nomination for Candidature

In accordance with clause 13.3 of RESA Group Limited's (the **Company**) Constitution, we, McRae Investments Pty Ltd, a shareholder of the Company, consent to the nomination of Mr David Chapman, Mr Keith Liddell and Ms Anna Neuling (**Proposed Directors**) to the Board of the Company at the Company's upcoming general meeting.

Details of the experience and qualifications of the Proposed Directors will be included in the Notice of Meeting to shareholders.

Yours faithfully

A handwritten signature in black ink, appearing to read 'K. Liddell', written in a cursive style.

Authorised to be signed
for and on behalf of:
McRae Investments Pty Ltd

SCHEDULE 9 – NOMINATION OF AUDITOR LETTER

2 July 2020

The Directors
RESA Group Limited
Level One, 45 Stirling Highway
Nedlands WA 6009

Dear Sirs

Re: Nomination of auditor – RESA Group Ltd (to be renamed “Tombador Iron Limited”)

Mannwest Group Pty Ltd, being a shareholder of RESA Group Limited (to be renamed “Tombador Iron Limited”) (the **Company**) hereby nominates HLB Mann Judd for appointment as auditor of the Company at the forthcoming general meeting of shareholders.

Regards

A handwritten signature in black ink, appearing to be 'Mann Judd', written over a horizontal line.

Authorised to be signed on behalf of
MANNWEST GROUP PTY LTD

SCHEDULE 10 – TIS ACCOUNTS

Tombador Iron Singapore Pte Ltd

General Purpose Financial Report
for the period ended 31 May 2020

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DIRECTORS' REPORT

The Directors of Tombador Iron Singapore Pte Limited present this report on the Consolidated Entity for the period ended 31 May 2020.

INFORMATION ON DIRECTORS

The names of the Directors of the Company in office at any time during or since the end of the period are:

- Stephen Quantrill (appointed 7 July 2020)
- Keith Liddell (appointed 7 July 2020)
- Hayward Tan (appointed 14 January 2020)

The Directors have been in office for the full reporting period unless otherwise stated.

PRINCIPAL ACTIVITIES

The Consolidated Entity's principal activity in the course of the financial period was as a holding company.

REVIEW OF OPERATIONS

During the period the Company was incorporated with the purpose of acquiring and holding the Brazilian tenement 872.431/2003 through its 100% owned subsidiary Tombador Iron Mineracao Ltda. The tenement was acquired from Colomi Iron Mineracao Ltda (a 100% owned subsidiary of Colomi Singapore Pte Limited) for R\$1 as part of a corporate restructure.

SAFETY, ENVIRONMENTAL AND SUSTAINABILITY

There were no significant safety or environmental incidents during the period.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Company during the reporting period and to the date of this report.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

On 11 June 2020 the Company's ultimate parent Colomi Singapore Pte Limited entered into a Binding Heads of Agreement with RESA Group Limited for acquisition of the Consolidated Entity.

SIGNIFICANT EVENTS AFTER BALANCE DATE

On 19 June 2020 the Company received US\$7,900 from Colomi Singapore Pte for shares issued to Colomi on 29 May 2020.

RESULTS

The net profit of the Consolidated Entity for the reporting period was \$Nil.

DIVIDENDS

No dividends were declared or paid during the reporting period.

AUDITOR INDEPENDENCE DECLARATION

The Auditor's Independence Declaration for the period ended 31 May 2020 has been received and immediately follows the Directors' Report.

Signed on behalf of the Directors



_____, Perth, 23 July 2020

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Tombador Iron Singapore Pte Ltd for the period ended 31 May 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the review.

Perth, Western Australia
23 July 2020



D I Buckley
Partner

hlb.com.au

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HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the member of Tombador Iron Singapore Pte Ltd

Report on the Consolidated Financial Report

Conclusion

We have reviewed the accompanying financial report of Tombador Iron Singapore Pte Ltd ("the company") which comprises the consolidated statement of financial position as at 31 May 2020, 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 period from incorporation to 31 May 2020, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the consolidated entity comprising the company and the entity it controlled at the end of the period or from time to time during the period.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the consolidated financial report of Tombador Iron Singapore Pte Ltd does not give a true and fair view of the consolidated entity's financial position as at 31 May 2020 and of its performance for the period from incorporation to 31 May 2020.

Directors' responsibility for the half-year 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 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.

Auditor's responsibility

Our responsibility is to express a conclusion on the financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report does not give a true and fair view of the consolidated entity's financial position as at 31 May 2020 and its performance for the period from incorporation to 31 May 2020. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

hl**b.com.au**

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HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

Independence

In conducting our review, we have complied with the independence requirements of the Australian Professional Accounting Bodies.

HLB Mann Judd
HLB Mann Judd
Chartered Accountants

Perth, Western Australia
23 July 2020

D I Buckley
D I Buckley
Partner

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 MAY 2020

Amounts in USD

	Note	Period from incorporation to 31 May 2020 \$
Revenue from continuing operations		-
Administration expenses		-
Loss before tax		-
Income tax expense (benefit)	2	-
Loss after tax		-
OTHER COMPREHENSIVE INCOME:		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation differences for foreign operations		8
Other comprehensive income, net of income tax		8
Total comprehensive income for the period		8

The above 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 31 MAY 2020

Amounts in USD

	Note	31 May 2020 \$
CURRENT ASSETS		
Cash and cash equivalents	3	187
Trade and other receivables	4	8,000
Total current assets		8,187
NON-CURRENT ASSETS		
Exploration and evaluation	5	-
Total non-current assets		-
TOTAL ASSETS		8,187
CURRENT LIABILITIES		
Trade and other payables	6	179
Total current liabilities		179
TOTAL LIABILITIES		179
NET ASSETS		8,008
EQUITY		
Issued capital	7	8,000
Reserves	8	8
Accumulated losses		-
TOTAL EQUITY		8,008

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MAY 2020

Amounts in USD

	Issued capital	Accumulated losses	Foreign currency translation reserve	Total
	\$	\$	\$	\$
Balance on incorporation	100	-	-	100
Loss after tax	-	-	-	-
Other comprehensive income for the period	-	-	8	8
Total comprehensive income for the period	-	-	8	8
Shares issued during the period	7,900	-	-	7,900
Balance at 31 May 2020	8,000	-	8	8,008

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 MAY 2020

Amounts in USD

Note	31 May 2020
	\$
OPERATING ACTIVITIES	
Receipts from customers	-
Payments to supplier and employees	-
Net cash outflow from operating activities	-
INVESTING ACTIVITIES	
Payments for exploration and evaluation	-
Net cash outflow from investing activities	-
FINANCING ACTIVITIES	
Proceeds from related party	187
Net cash inflow from financing activities	187
Net increase in cash held	187
Cash at the beginning of the financial period	-
Effect of exchange rate changes on the balance of cash held in foreign currencies	-
Cash at the end of the financial period	187

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MAY 2020

1) ACCOUNTING POLICIES

A. BASIS OF ACCOUNTING

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB'), 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').

These financial statements have been prepared on the basis of historical cost and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets. The accounting policies have been consistently applied, unless otherwise stated.

This is the first period for which the Company's financial report has been prepared and comparative period amounts are not included. The Company was incorporated on 14 January 2020.

These financials statements are presented in US dollars.

Tombador Iron Singapore Pte Limited is a company limited by shares, incorporated and domiciled in Singapore. The financial statements were authorised for issue on 23 July 2020 by the board.

B. ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The financial statements have been prepared in accordance with the significant accounting policies disclosed below, which the directors have determined are appropriate for the purposes of preparation. Such accounting policies are consistent with the previous period unless otherwise stated.

C. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY ESTIMATES

The preparation of this financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

D. CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Tombador Iron Singapore Pte Limited ('TIS' or 'company' or 'parent entity') as at 31 May 2020 and the results of all subsidiaries for the period then ended. TIS and its subsidiaries together are referred to in these financial statements as the 'Consolidated Entity' or the "Group".

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity 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 Consolidated Entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Entity 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 Consolidated Entity.

1) ACCOUNTING POLICIES (CONTINUED)

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.

Where the Consolidated Entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Consolidated Entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss

E. EXPLORATION AND EVALUATION EXPENDITURE

Mineral exploration and evaluation costs are expensed as incurred. Acquisition costs will normally be expensed but will be assessed on a case by case basis and if appropriate may be capitalised. These acquisition costs are only carried forward to the extent that they are expected to be recouped through the successful development or sale of the tenement. Accumulated acquisition costs in relation to an abandoned tenement are written off in full against profit or loss in the period in which the decision to abandon the tenement is made.

Where a decision has been made to proceed with development in respect of a particular area of interest, all future costs are recorded as a development asset.

F. CASH AND CASH EQUIVALENTS

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

G. TRADE AND OTHER RECEIVABLES

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Consolidated Entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

H. INCOME TAX

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

1) ACCOUNTING POLICIES (CONTINUED)

I. OTHER TAXES

Revenues, expenses and assets are recognised net of the amount of VAT except:

- when the VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the VAT component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of VAT recoverable from, or payable to, the taxation authority.

J. PLANT AND EQUIPMENT

Each class of property, plant and equipment is carried at cost or fair value, less where applicable, any accumulated depreciation and impairment losses. The carrying amount of the plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employed and their subsequent disposal. The expected net cash flows have been discounted to their present value in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the Company commencing from the time the asset is held ready for use. The asset's residual value and useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying value is greater than the estimated recoverable amount. Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

K. RECOVERABLE AMOUNT OF NON-CURRENT ASSETS

The carrying amounts of non-current assets are reviewed annually by the Directors to ensure they are not in excess of the recoverable amounts from those assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets employed and subsequent disposal. The expected net cash flows have been or will be discounted to present values in determining recoverable amounts.

L. TRADE AND OTHER PAYABLES

Trade and other accounts payable represent the principal amounts outstanding at balance date, plus, where applicable, any accrued interest.

M. BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

1) ACCOUNTING POLICIES (CONTINUED)

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

N. 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. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

O. FOREIGN CURRENCY TRANSLATION

The functional currency of the Company is the US Dollar (USD) and the presentation currency is the US Dollar (USD).

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The exchange differences arising on the translation are taken directly to a separate component of equity, being recognised in the foreign currency translation reserve.

2) INCOME TAX

A. INCOME TAX RECOGNISED IN PROFIT OR LOSS

No income tax is payable by the entity as it recorded no profit for income tax purposes for the period.

B. NUMERICAL RECONCILIATION BETWEEN INCOME TAX EXPENSE AND THE LOSS BEFORE INCOME TAX.

The prima facie income tax benefit on pre-tax accounting loss from operations reconciles to the income tax benefit in the financial statements as follows:

	Period ended 31 May 2020 \$
Accounting loss before tax	-
Income tax benefit at 27.5%	-
Non-deductible expenses:	-
Foreign exchange gain	-
Income tax benefit not recognised	-
Income tax benefit attributable to loss from ordinary activities before tax	-

3) CASH AND CASH EQUIVALENTS

	31 May 2020
	\$
Cash at bank	187
Cash in hand	-
	187

CASHFLOW RECONCILIATION

Reconciliation of net loss after income tax to net cashflows from operating activities

Profit after income tax	-
Changes in assets and liabilities	
Decrease in trade and other payables	-
Net cashflows from operating activities	-

4) TRADE AND OTHER RECEIVABLES

	31 May 2020
	\$
Related party receivable	8,000

The amount relates to funds not received for shares issued in the Company to its parent.

No amounts are overdue but not impaired. There is no expected credit loss.

5) EXPLORATION AND EVALUATION

	31 May 2020
Exploration and evaluation costs	-

During the period the Company's 100% owned subsidiary Tombador Iron Mineracao Ltda acquired tenement 872.431/2003 from a related party, Colomi Iron Mineracao Ltda (a 100% owned subsidiary of Colomi Singapore Pte Limited) for R\$1 as part of a corporate restructure.

6) TRADE AND OTHER PAYABLES

	31 May 2020
	\$
Related party payable	179
	-

Amount relates to funds owed to Colomi Singapore Pte Limited for investment in Tombador Iron Mineracao Ltda.

7) ISSUED CAPITAL

	Number	\$
Ordinary shares	80,000	8,000

Movement in ordinary share capital

	Number	\$
Balance at incorporation	100	100
Share split - 10 for 1	900	-
Shares issued	79,000	7,900
	80,000	8,000

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company 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.

8) RESERVES

	31 May 2020
	\$
Foreign currency translation reserve	
At start of period	-
Currency translation differences	8
Balance at end of period	8

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to US dollars.

9) CONTINGENT LIABILITIES

There were no contingent liabilities at the end of the period.

10) SUBSEQUENT EVENTS AFTER THE BALANCE DATE

On 19 June 2020 the Company received US\$7,900 from Colomi Singapore Pte for shares issued to Colomi on 29 May 2020.

11) AUDITORS' REMUNERATION

	31 May 2020
	\$
HLB Mann Judd	
Audit or review of the financial statements	3,000

12) COMPANY DETAILS

Registered office and principal place of business

9 RAFFLES PLACE #26-01
REPUBLIC PLAZA
SINGAPORE 048619

13) NEW STANDARDS AND INTERPRETATIONS

A. ADOPTED

In the period ended 31 May 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the IASB that are relevant to the Company and effective for the current reporting periods beginning on or after 1 January 2019. As a result of this review, the Company has initially applied IFRS 16 from 14 January 2020 being its date of incorporation.

IFRS 16: Leases

IFRS 16 replaces:

- IFRS 117: Leases,
- Interpretation 4: Determining whether an Arrangement contains a Lease,
- Interpretation 115: Operating Leases-Incentives; and
- Interpretation 127: Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

For the lessee, IFRS 16 removes the classification of leases as either operating leases or finance leases, effectively treating all leases as finance leases. Most leases will be capitalised on the balance sheet by recognising a lease liability for the present value obligation and a 'right-of-use' asset. The right-of-use assets are calculated based on the lease liability plus initial direct costs, prepaid lease payments and estimated restoration costs less lease incentives received. This results in an increase in the recognised assets and liabilities in the statement of financial position as well as a change in expense recognition, with interest and depreciation replacing operating lease expense. There are exemptions for short-term leases and leases of low-value items.

For the lessor, the accounting remains similar to current practice, i.e. lessors continue to classify leases as finance and operating leases.

The initial application of the standard had no impact on the Company.

B. NOT YET ADOPTED

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the period ended 31 May 2020. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Company and, therefore, no change is necessary to Company's accounting policies.

14) FINANCIAL INSTRUMENTS

FINANCIAL RISK MANAGEMENT OBJECTIVES

The Consolidated Entity is exposed to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Consolidated Entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Consolidated Entity. The Company's risk mitigation strategies are carried out by the Board.

MARKET RISK

Foreign currency risk

The Consolidated Entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. Given the level of the Consolidated Entity's current operations the risk is not material.

Price risk

The Consolidated Entity is not exposed to any significant price risk.

Interest rate risk

The Consolidated Entity is not exposed to any significant credit risk.

CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. The Consolidated Entity is not exposed to any significant credit risk.

LIQUIDITY RISK

Vigilant liquidity risk management requires the Consolidated Entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable. The Consolidated Entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value at balance date.

15) KEY MANAGEMENT PERSONEL DISCLOSURES

The key management personnel of the Group are the Directors of the Company. The Directors are currently receiving no remuneration.

16) COMMITMENTS

The Company has no material commitments at balance date.

17) RELATED PARTY TRANACTIONS

Transactions with related parties

Refer to Note 4 and Note 6 for the Company related party receivables and payables at balance date.

Parent entity

Colomi Singapore Pte Limited, the Company's ultimate parent entity

Subsidiaries

Interests in subsidiaries are set out in note 18.

Key management personnel

Disclosures relating to key management personnel are set out in note 15.

18) INTEREST IN SUBSDIARIES

Name	Principal place of business /	Ownership interest
	Country of incorporation	2020 %
Tombador Iron Mineracau Ltda (TIM)	Brazil	100%

TIM was incorporated during the period.

DIRECTORS' DECLARATION

In the Directors' opinion:

1. The attached financial statements and notes,
 - a. comply with Australian Accounting Standards; and
 - b. comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements; and
 - c. give a true and fair view of the Consolidated Entity's financial position as at 31 May 2020 and performance for the period ended on that date; and
2. In the Board's opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors.

On behalf of Directors



Stephen Quantrill
Director

23 July 2020
Perth

ANNEXURE A – INDEPENDENT EXPERT’S REPORT

INDEPENDENT EXPERT'S REPORT

RESA Group Limited

Opinion: Fair and reasonable



23 July 2020

The Directors
RESA Group Limited
1/45 Stirling Highway
NEDLANDS WA 6009

Dear Sirs

INDEPENDENT EXPERT'S REPORT**1. INTRODUCTION**

RESA Group Limited ("RESA" or "the Company") was registered on 5 May 2004 and listed on the ASX on 18 November 2004. In recent years, the Company has operated a leading Australian online marketplace, iBuyNew.com.au and a research and advisory firm, Nyko Property, that help buyers find, compare and buy new property. The Company changed its name to iBuyNew Group Limited on 31 October 2016. The Company has been suspended from Official Quotation by ASX since 9 September 2019.

At the Company's Annual General Meeting held on 13 December 2019, shareholders approved the change of Company name to RESA Group Limited, as well as the disposal of a significant portion of the Company's business and certain assets, namely the iBuyNew and Nyko Property platform, and their associated technology, intellectual property and customer and supplier contracts for operating the platform. The Company announced on 16 January 2020 that all conditions precedent to this disposal had been satisfied, waived or become conditions subsequent, and as a result, the transaction completed on 14 January 2020. Since that time, the Company has been in ongoing negotiations with potential acquisition targets and has remained suspended pending re-compliance with the ASX Listing Rules.

As announced on 12 June 2020, the Company has entered into a heads of agreement pursuant to which the Company has agreed, subject to certain conditions, to acquire 100% of the issued share capital of Tombador Iron Singapore Pte Ltd ("TIS"), an entity incorporated and domiciled in Singapore from the shareholders of TIS ("Acquisition"). TIS owns 100% of the issued share capital of Tombador Iron Mineração Ltda ("TIM"). TIM is the titleholder of Brazilian National Mining Agency exploration tenement number 872.431/2003 ("Tenement") containing the high grade Tombador Hematite iron ore deposit (Fe 67%) located in Bahia, Brazil ("Tombador Project"). Consideration for the Acquisition will comprise 1,107,692,308 shares in the Company (post-consolidation).

The Acquisition is conditional on the Company obtaining all necessary shareholder and regulatory approvals and satisfying all other requirements of ASX for the official quotation of its shares on ASX (among other things).

The Notice of General Meeting for the shareholders' meeting being called to approve the Acquisition and for other purposes ("Notice") contains numerous resolutions to be considered by shareholders. The following is a list of "Acquisition Resolutions" which are all required to be passed in order for those resolutions to be effective. The Acquisition Resolutions are as follows:

hlb.com.au**HLB Mann Judd Corporate (WA) Pty Ltd ABN 69 008 878 555 / AFSL 250903**

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

- **Resolution 1 – Change to nature and scale of activities**

The Acquisition, if successfully completed, will represent a significant change in the nature and scale of the Company's operations, specifically in relation to the change of the Company's focus to become an iron ore producer, for which shareholder approval is required under ASX Listing Rule 11.1.2.

- **Resolution 2 – Issue of Consideration Shares to Minority TIS Shareholders**

The Company is seeking shareholder approval in terms of ASX Listing Rule 7.1 for the issue of 119,565,209 Consideration Shares (as defined in the Notice) to the minority TIS shareholders, being all TIS shareholders other than Colomi Singapore Pte Ltd ("CS") and McRae Investments Pty Ltd ("McRae").

- **Resolution 3 – Capital Raising**

The Company will be required to re-comply with Chapters 1 and 2 of the ASX Listing Rules as a result of the Acquisition and, to achieve this, intends to undertake a capital raising by issuing 400,000,000 shares at an issue price of \$0.025 per share to raise \$10,000,000 ("Capital Raising"). The Company will have the ability to accept oversubscriptions of up to an additional 200,000,000 shares at an issue price of \$0.025 per share to raise up to an additional \$5,000,000.

- **Resolution 4 – Issue of Consideration Shares to Colomi Singapore Pte Ltd and McRae Investments Pty Ltd and Issue of Debt Conversion Shares to McRae**

The CS Parties, being CS, Colomi Iron Australia Pty Ltd, McRae, Glenmere Pty Ltd and William Harold Clough, currently hold a relevant interest in the issued voting shares of the Company of 1.4% and as a result of the number of Consideration Shares CS and McRae will receive in the Company as consideration for the sale of their TIS shares (total of 988,127,099 shares post-consolidation), as well as the Debt Conversion Shares to be issued to McRae (5,251,274 post-consolidation), the CS Parties' relevant interest in the issued voting shares of the Company could potentially increase to up to 59.9%. The Company is seeking Shareholder approval for the purpose of Item 7 of section 611 of the Corporations Act in relation to the increase in the relevant interest of the CS Parties in the voting shares of the Company.

- **Resolutions 5 to 7 – Election of Directors**

Election of Mr Keith Liddell, Ms Anna Neuling and Mr David Chapman to the Board.

- **Resolutions 21 and 22 – Proposed changes to name and new constitution**

Upon completion of the Acquisition, the Company intends to change its name to "Tombador Iron Limited" and adopt a new constitution.

- **Resolution 23 – Consolidation of Capital**

As part of the Acquisition, the Company will undertake a consolidation of its existing capital on a 1.9 for 2 basis.

The Notice also contains other resolutions that, whilst not referred to as Acquisition Resolutions, are dependent on the passing of the Acquisition Resolutions to be effective. These are as follows:

- **Resolutions 8 to 14 – Adoption of Performance Rights Plan and Issues under Plan**

The Company intends to adopt an incentive performance rights plan and intends to issue performance rights to current directors, Mr Bill Nikolouzakakis and Mr Andrew Jensen, and Mr Stephen Quantrill (who will remain on the Board)) as well as to proposed new Board members, Mr Keith Liddell, Ms Anna Neuling and Mr David Chapman.

- **Resolution 15 – Issue of Options to Lead Manager**

In conjunction with the Capital Raising, the Company intends to issue options to persons involved in facilitating and/or promoting the Capital Raising.

- **Resolutions 17 and 18 – Debt to Equity Conversions**

The Company has reached agreement with creditors to satisfy certain outstanding debts in return for shares in the Company.

- **Resolutions 19 and 20 – Related Party Participation in Capital Raising**

The Company is seeking approval for both Mr David Chapman and Ms Anna Neuling, proposed new directors of the Company, to participate in the Capital Raising, up to a maximum of 2,000,000 Shares (\$50,000) each.

A final resolution, Resolution 16, refers to the ratification of prior issues of shares and options. This resolution is not dependent on the passing of any other resolutions.

The matters contained in Resolution 4, namely the issue of Consideration Shares to CS and McRae as well as the issue of shares to McRae on conversion of debt, are the subject of our independent expert's report ("Report") referred to in Section 2 below. These matters are referred to in this Report as the "Proposed Transaction".

2. PURPOSE OF THE REPORT

The Directors have requested that HLB Mann Judd Corporate (WA) Pty Ltd ("HLB") provide the Report advising whether, in our opinion, the Proposed Transaction is fair and reasonable to the non-associated shareholders of RESA.

Our Report has been prepared to assist those shareholders in their decision whether to accept or reject the Proposed Transaction. We have prepared this Report having regard to the relevant Australian Securities and Investments Commission ("ASIC") Regulatory Guide 74 "Acquisitions Approved by Members" ("RG 74"), Regulatory Guide 111 "Content of Expert's Reports" ("RG 111") and Regulatory Guide 112 "Independence of Experts" ("RG 112").

This Report is to be included in the Notice to be sent to shareholders of RESA and has been prepared exclusively for the purpose of assisting non-associated shareholders in their consideration of the Proposed Transaction. The Report should not be used for any other purpose.

3. SUMMARY AND OPINION

In order to assess whether the Proposed Transaction is fair and reasonable we have:

- assessed whether the Proposed Transaction is fair by estimating the fair market value of an ordinary RESA share on a control basis prior to the resolutions giving rise to the Proposed Transaction being carried and comparing this value to the estimated fair market value of an ordinary RESA share on a minority basis following the resolutions giving rise to the Proposed Transaction being carried; and
- assessed the reasonableness of the Proposed Transaction by considering other advantages and disadvantages of the Proposed Transaction to non-associated shareholders.

3.1. Fairness

The pre and post-Proposed Transaction values of RESA are set out below:

		Valuation Range		Preferred
		Low Cents	High Cents	Cents
Value of a RESA share pre-Proposed Transaction on a control basis	Section 6.3	(0.22)	(0.22)	(0.22)
Value of a RESA share post-Proposed Transaction on a minority interest basis (\$10 million raising)	Section 7.2	0.73	1.07	1.51

We note from the table above that the value of a RESA share prior to the Proposed Transaction on a control basis is less than the value of a RESA share on a minority interest basis following the Proposed Transaction (for the \$10 million raising under the Prospectus). Therefore, on this basis the Proposed Transaction would be considered to be fair to the non-associated shareholders of RESA. If the maximum oversubscriptions were received, our conclusion would remain the same.

Conclusion as to fairness

As a result, it is our opinion that the Proposed Transaction is fair to the non-associated shareholders.

3.2. Reasonableness

In accordance with RG 111, an offer is reasonable if it is fair. We are not aware of any alternative proposal that might offer the shareholders of RESA a premium over the value ascribed to its shares resulting from the Proposed Transaction. In addition to concluding that the Proposed Transaction is fair, we have also identified the following factors in relation to the reasonableness of the Proposed Transaction:

3.2.1 Advantages of accepting the Proposed Transaction

- the Company will obtain ownership of the Tombador Tenement pursuant to the Acquisition;
- the Company will no longer be at risk of delisting due to being a long-term suspended entity for the purposes of the ASX Listing Rules;
- the potential increase in market capitalisation of the Company following completion of the Acquisition and the associated Capital Raising may lead to access to improved equity capital market opportunities and increased liquidity;
- Shareholders may be exposed to further debt and equity opportunities that the Company did not have prior to the Acquisition; and
- the appointment of the proposed directors will add experience and skill to the Board to assist with the growth of the Company.

3.2.2 Disadvantages of accepting the Proposed Transaction

- the Company will be changing the scale of its activities which may not be consistent with the objectives of all shareholders;
- the Acquisition, Capital Raising and associated transactions the subject of the Notice will result in the issue of a significant number of shares to new investors which will have a dilutionary effect on the holdings of existing shareholders;
- there are inherent risks associated with the change in nature of the Company's activities. Some of these risks are summarised in the Notice; and
- future outlays of funds from the Company may be required for its proposed business and exploration operations.

Conclusion on reasonableness

We have considered the above factors. We consider that, on balance, the advantages of the Proposed Transaction outweigh the disadvantages. We are therefore of the view that the position of non-associated shareholders if the Proposed Transaction is accepted, would be more advantageous than if the Proposed Transaction is not accepted.

Accordingly, we are of the opinion that the Proposed Transaction is reasonable to the non-associated shareholders of RESA.

3.2.3 Opinion

We are of the opinion that the Proposed Transaction is fair and reasonable to the non-associated shareholders of RESA.

This opinion should be read in conjunction with our detailed report which sets out our scope and findings.

Yours faithfully

HLB MANN JUDD CORPORATE (WA) PTY LTD
Licensed Investment Advisor (AFSL Licence number 250903)



L DI GIALLONARDO
Authorised Representative

RESA GROUP LIMITED
INDEPENDENT EXPERT'S REPORT
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RESA GROUP LIMITED

INDEPENDENT EXPERT'S REPORT**1. DETAILS OF THE PROPOSED TRANSACTION****1.1. Summary**

As announced on 12 June 2020, the Company has entered into a heads of agreement pursuant to which the Company has agreed, subject to certain conditions, to acquire 100% of the issued share capital of Tombador Iron Singapore Pte Ltd ("TIS"), an entity incorporated and domiciled in Singapore from the shareholders of TIS ("Acquisition"). TIS owns 100% of the issued share capital of Tombador Iron Mineração Ltda ("TIM"). TIM is the titleholder of Brazilian National Mining Agency exploration tenement number 872.431/2003 ("Tenement") containing the high grade Tombador Hematite iron ore deposit (Fe 67%) located in Bahia, Brazil ("Tombador Project"). Consideration for the Acquisition will comprise 1,107,692,308 shares in the Company (post-consolidation).

The Notice for the shareholders' meeting being called to approve the Acquisition and for other purposes ("Notice") contains numerous resolutions to be considered by shareholders. The following is a list of "Acquisition Resolutions" which are all required to be passed in order for those resolutions to be effective. The Acquisition Resolutions are as follows:

- **Resolution 1 – Change to nature and scale of activities**

The Acquisition, if successfully completed, will represent a significant change in the nature and scale of the Company's operations, specifically in relation to the change of the Company's focus to become an iron ore producer, for which shareholder approval is required under ASX Listing Rule 11.1.2.

- **Resolution 2 – Issue of Consideration Shares to Minority TIS Shareholders**

The Company is seeking shareholder approval in terms of ASX Listing Rule 7.1 for the issue of 119,565,209 Consideration Shares (as defined in the Notice, being post-consolidation) to the minority TIS shareholders, being all TIS shareholders other than Colomi Singapore Pte Ltd ("CS") and McRae Investments Pty Ltd ("McRae").

- **Resolution 3 – Capital Raising**

The Company will be required to re-comply with Chapters 1 and 2 of the ASX Listing Rules as a result of the Acquisition and, to achieve this, intends to undertake a capital raising by issuing 400,000,000 shares at an issue price of \$0.025 per share to raise \$10,000,000 ("Capital Raising"). The Company will have the ability to accept oversubscriptions of up to an additional 200,000,000 shares at an issue price of \$0.025 per share to raise up to an additional \$5,000,000.

- **Resolution 4 – Issue of Consideration Shares to Colomi Singapore Pte Ltd and McRae Investments Pty Ltd and Issue of Debt Conversion Shares to McRae**

The CS Parties, being CS, Colomi Iron Australia Pty Ltd, McRae, Glenmere Pty Ltd and William Harold Clough, currently hold a relevant interest in the issued voting shares of the Company of 1.4% and as a result of the number of Consideration Shares CS and McRae will receive in the Company as consideration for the acquisition by the Company of their TIS shares (total of 988,127,099 shares post-consolidation), as well as the Debt Conversion Shares to be issued to McRae (5,251,274 post-consolidation), the CS Parties' relevant interest in the issued voting shares of the Company could potentially increase to up to 59.9%. The Company is seeking Shareholder approval for the purpose of Item 7 of section 611 of the Corporations Act in relation to the increase in the relevant interest of the CS Parties in the voting shares of the Company.

- **Resolutions 5 to 7 – Election of Directors**

Election of Mr Keith Liddell, Ms Anna Neuling and Mr David Chapman to the Board.

- **Resolutions 21 and 22 – Proposed changes to name and new constitution**

Upon completion of the Acquisition, the Company intends to change its name to “Tombador Iron Limited” and adopt a new constitution.

- **Resolution 23 – Consolidation of Capital**

As part of the Acquisition, the Company will undertake a consolidation of its existing capital on a 1.9 for 2 basis.

The Notice also contains other resolutions that, whilst not referred to as Acquisition Resolutions, are dependent on the passing of the Acquisition Resolutions to be effective. These are as follows:

- **Resolutions 8 to 14 – Adoption of Performance Rights Plan and Issues under Plan**

The Company intends to adopt an incentive performance rights plan and intends to issue performance rights to current directors, Mr Bill Nikolouzakis and Mr Andrew Jensen, and Mr Stephen Quantrill (who will remain on the Board)) as well as to proposed new Board members, Mr Keith Liddell, Ms Anna Neuling and Mr David Chapman.

- **Resolution 15 – Issue of Options to Lead Manager**

In conjunction with the Capital Raising, the Company intends to issue options to persons involved in facilitating and/or promoting the Capital Raising.

- **Resolutions 17 and 18 – Debt to Equity Conversions**

The Company has reached agreement with creditors to satisfy certain outstanding debts in return for shares in the Company.

- **Resolutions 19 and 20 – Related Party Participation in Capital Raising**

The Company is seeking approval for both Mr David Chapman and Ms Anna Neuling, proposed new directors of the Company, to participate in the Capital Raising, up to a maximum of 2,000,000 Shares (\$50,000) each.

A final resolution, Resolution 16, refers to the ratification of prior issues of shares and options. This resolution is not dependent on the passing of any other resolutions.

The matters contained in Resolution 4, namely the issue of Consideration Shares to CS and McRae as well as the issue of shares to McRae on conversion of debt, are the subject of our independent expert’s report (“Report”) referred to in Section 2 below. These matters are referred to in this Report as the “Proposed Transaction”.

2. SCOPE OF THE REPORT

2.1. Purpose of the Report

Section 606 of the Corporations Act prohibits a person from acquiring a relevant interest in the issued voting shares of a listed company if the acquisition would result in that person's (or another person's) voting power in the company increasing:

- from 20% or below to more than 20%; or
- from a starting point that is above 20% and below 90%.

Item 7 of section 611 of the Corporations Act

Item 7 of section 611 of the Corporations Act provides an exception to the prohibition in section 606 where the acquisition of the relevant interest has been approved by shareholders in a general meeting, provided that:

- no votes are cast in favour of the resolution by the person proposing to make the acquisition or their associates; and
- shareholders are given all information known to the acquirer or the company that was material to the decision on how to vote.

The acquisition of shares in the Company by CS and McRae, as a result of being issued shares as consideration for the acquisition of their respective TIS shares in connection with the Acquisition, and the issue of shares to McRae on conversion of debt, will result in the CS Parties acquiring a relevant interest in the Company's shares which will increase their voting power in the Company from below 20% to more than 20%.

The Company is seeking the approval of shareholders under Item 7 of section 611 of the Corporations Act for the purposes of section 606 of the Corporations Act because, at the time of issuing the shares, the CS Parties' voting power in the Company will increase from 1.4% (via McRae's current holding in the Company of 1,979,170 shares on a post-consolidation basis) to up to 59.9% (assuming the Company raises \$10,000,000 under the Capital Raising). An explanation of the CS Parties' current and proposed shareholdings as well as the relationship of the CS Parties to each other, is set out in the Notice.

RG 74 states that the obligation to supply shareholders with all information that is material can be satisfied by the non-associated directors of RESA, by either:

- undertaking a detailed examination of the transaction themselves, if they consider that they have sufficient expertise; or
- by commissioning an Independent Expert's Report.

The directors of RESA have satisfied this obligation by requesting that HLB Mann Judd Corporate (WA) Pty Ltd ("HLB") provide an independent expert's report ("Report") advising whether, in our opinion, the Proposed Transaction is fair and reasonable to the non-associated shareholders of RESA.

2.2. Regulatory Guidance

Neither the ASX Listing Rules ("Listing Rules") nor the Corporations Act 2001 ("Act") defines the meaning of "fair and reasonable". In determining whether the Proposed Transaction is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. RG 111 provides guidance as to what matters an independent expert should consider to assist security holders in making informed decisions about transactions.

RG 111 suggests that where the transaction is a control transaction, the expert should focus on the substance of the control transaction rather than the legal mechanism to affect it. RG 111 suggests that where a transaction is a control transaction, it should be analysed on a basis consistent with a takeover bid.

In our opinion, the Proposed Transaction is a control transaction as defined by RG 111 and we have therefore assessed the Proposed Transaction as a control transaction to consider whether, in our opinion, it is fair and reasonable to the non-associated shareholders.

2.3. Basis of Evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities the subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. When considering the value of the securities the subject of the offer in a control transaction, the expert should consider this value inclusive of a control premium. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being "not fair", the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, HLB has completed this comparison in two parts:

- assessed whether the Proposed Transaction is fair by estimating the fair market value of an ordinary RESA share on a control basis prior to the resolutions giving rise to the Proposed Transaction being carried and comparing this value to the estimated fair market value of an ordinary RESA share on a minority basis following the resolutions giving rise to the Proposed Transaction being carried (see Section 8.1); and
- assessed the reasonableness of the Proposed Transaction by investigating other significant factors to which shareholders might give consideration, prior to approving the Proposed Transaction, after reference to the value derived above. This will include assessing the advantages and disadvantages of the Proposed Transaction to shareholders (see Section 8.2).

This Report has been prepared in accordance with the requirements of the professional standard APES 225 *Valuation Services* ("APES 225") as issued by the Accounting Professional & Ethical Standards Board.

In accordance with the requirements of APES 225, we advise that this assignment is a Valuation Engagement as defined by that standard as follows:

"an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Member is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Member at that time."

2.3.1 Individual circumstances

We have evaluated the Proposed Transaction for shareholders as a whole. We have not considered the effect of the Proposed Transaction on the particular circumstances of individual shareholders. Due to their particular circumstances, individual shareholders may place a different emphasis on various aspects of the Proposed Transaction from the ones adopted in this Report. Accordingly, individual shareholders may reach different conclusions to ours on whether the Proposed Transaction is fair and reasonable. If in doubt, shareholders should consult an independent adviser.

2.4. Limitations and Reliance on Information

HLB's opinion is based on economic, sharemarket, business trading and other conditions and expectations prevailing at the date of this Report. These conditions can change significantly over relatively short periods of time, particularly in the current environment resulting from COVID-19 restrictions. If these conditions did change materially the valuations and opinions could be different in these changed circumstances.

This Report is also based upon financial information and other information provided by RESA. HLB has considered and relied upon this information. HLB has no reason to believe that any material facts have been withheld. The information provided to HLB has been evaluated through analysis, enquiry and review for the purposes of forming an opinion as to whether the Proposed Transaction is fair and reasonable to the non-associated shareholders. However, in preparing reports such as this, time is limited and HLB does not warrant that its enquiries have identified or verified all of the matters that an audit, extensive examination or “due diligence” investigation might disclose. In any event, an opinion as to fairness and reasonableness is more in the nature of an overall review rather than a detailed audit or investigation.

An important part of the information used in forming an opinion of the kind expressed in this Report is comprised of the opinions and judgment of management. This type of information was also evaluated through analysis, enquiry and review to the extent practical. However, such information is often not capable of external verification or valuation.

Preparation of this Report does not imply that HLB has audited in any way the management accounts or other records of RESA for the purposes of this Report. It is understood that the accounting information that was provided was prepared in accordance with generally accepted accounting principles and in a manner consistent with the method of accounting in previous years except as otherwise noted.

The information provided to HLB included historical financial information for RESA and its key business. RESA is responsible for this information. HLB has used and relied on this information for the purpose of analysis. HLB has assumed that this information was prepared appropriately and accurately based on the information available to management at the time and within the practical constraints and limitations of such information. HLB has assumed that this information does not reflect any material bias, either positive or negative. HLB has no reason to believe otherwise.

3. ECONOMIC ANALYSIS

In order to provide an analysis of the general economic environment that the Company is operating in, the following is a brief report on the latest Government economic statement.

At its meeting on 7 July 2020, the Reserve Bank of Australia Board (“Board”) decided to maintain the current policy settings, including the targets for the cash rate and the yield on 3-year Australian Government bonds of 25 basis points. In support of this decision, the Board provided the following commentary:

“The global economy has experienced a severe downturn as countries seek to contain the coronavirus. Many people have lost their jobs and there has been a sharp rise in unemployment. Leading indicators have generally picked up recently, suggesting the worst of the global economic contraction has now passed. Despite this, the outlook remains uncertain and the recovery is expected to be bumpy and will depend upon containment of the coronavirus. Over the past month, infection rates have declined in many countries, but they are still very high and rising in others.

Globally, conditions in financial markets have improved. Volatility has declined and there have been large raisings of both debt and equity. The prices of many assets have risen substantially despite the high level of uncertainty about the economic outlook. Bond yields remain at historically low levels.

In Australia, the government bond markets are operating effectively and the yield on 3-year Australian Government Securities (AGS) is at the target of around 25 basis points. Given these developments, the Bank has not purchased government bonds for some time, with total purchases to date of around \$50 billion. The Bank is prepared to scale-up its bond purchases again and will do whatever is necessary to ensure bond markets remain functional and to achieve the yield target for 3-year AGS. The yield target will remain in place until progress is being made towards the goals for full employment and inflation.

The Bank’s market operations are continuing to support a high level of liquidity in the Australian financial system. Authorised deposit-taking institutions are continuing to draw on the Term Funding Facility, with total drawings to date of around \$15 billion. Further use of this facility is expected over coming months.

The Australian economy is going through a very difficult period and is experiencing the biggest contraction since the 1930s. Since March, an unprecedented 800,000 people have lost their jobs, with many others retaining their job only because of government and other support programs. Conditions have, however, stabilised recently and the downturn has been less severe than earlier expected. While total hours worked in Australia continued to decline in May, the decline was considerably smaller than in April and less than

previously thought likely. There has also been a pick-up in retail spending in response to the decline in infections and the easing of restrictions in most of the country.

Notwithstanding the signs of a gradual improvement, the nature and speed of the economic recovery remains highly uncertain. Uncertainty about the health situation and the future strength of the economy is making many households and businesses cautious, and this is affecting consumption and investment plans. The pandemic is also prompting many firms to reconsider their business models. As some businesses rehire workers as demand returns, others are restructuring their operations.

The substantial, coordinated and unprecedented easing of fiscal and monetary policy in Australia is helping the economy through this difficult period. It is likely that fiscal and monetary support will be required for some time.

The Board is committed to do what it can to support jobs, incomes and businesses and to make sure that Australia is well placed for the recovery. Its actions are keeping funding costs low and supporting the supply of credit to households and businesses. This accommodative approach will be maintained as long as it is required. The Board will not increase the cash rate target until progress is being made towards full employment and it is confident that inflation will be sustainably within the 2–3 per cent target band”.

Source: www.rba.gov.au Statement by Philip Lowe, Governor: Monetary Policy Decision 7 July 2020

4. PROFILE OF RESA

4.1. Company Background

RESA Group Limited was registered on 5 May 2004 and listed on the ASX on 18 November 2004. In recent years, the Company has operated a leading Australian online marketplace, iBuyNew.com.au and a research and advisory firm, Nyko Property, that help buyers find, compare and buy new property. The Company changed its name to iBuyNew Group Limited on 31 October 2016. The Company has been suspended from Official Quotation by ASX since 9 September 2019.

At the Company's Annual General Meeting held on 13 December 2019, shareholders approved the change of Company name to RESA Group Limited, as well as the disposal of a significant portion of the Company's business and certain assets, namely the iBuyNew and Nyko Property platform, and their associated technology, intellectual property and customer and supplier contracts for operating the platform. The Company announced on 16 January 2020 that all conditions precedent to this disposal had been satisfied, waived or become conditions subsequent, and as a result, the transaction completed on 14 January 2020. Since that time, the Company has been in ongoing negotiations with potential acquisition targets and has remained suspended pending re-compliance with the ASX Listing Rules.

As announced on 12 June 2020, the Company has entered into a heads of agreement pursuant to which the Company has agreed, subject to certain conditions, to acquire 100% of the issued share capital of TIS, an entity incorporated and domiciled in Singapore, from the shareholders of TIS. TIS owns 100% of the issued share capital of TIM. TIM is the holder of the Tenement containing the high grade Tombador Hematite iron ore deposit (Fe 67%) located in Bahia, Brazil, which forms the Tombador Project. Consideration for the Acquisition will comprise 1,107,692,308 fully paid ordinary shares in the Company (post-consolidation).

The Acquisition is conditional on the Company obtaining all necessary shareholder and regulatory approvals and satisfying all other requirements of ASX for the official quotation of its shares on ASX (among other things).

4.2. Legal Structure

The Company is a company limited by shares and is incorporated and domiciled in Australia.

4.3. Directors

Details of RESA's directors, along with a description of their experience and credentials are as follows:

Mr Stephen Quantrill
Non-executive Director

Mr Quantrill has over 20 years' experience in multifaceted roles in business leadership, ownership and advisory. He acts as Chairman and Company Director across a range of businesses and industries, including in investment, resources (iron ore, oil and gas), property, biotechnology, agri-industry, advisory and engineering.

Stephen's roles include Executive Chairman of McRae Investments, the venture capital and investment holding company established by Harold Clough in 1965.

He holds a BSc (Civil Engineering), Bachelor of Commerce, and an MBA, and is a Fellow of FINSIA, a Graduate Member of the Australian Institute of Company Directors, and a Member of Engineers Australia.

Mr Bill Nikolouzakis
CEO and Executive Director

Mr Nikolouzakis is the founding Director of Nyko Property. With over 14 years' experience in both property marketing and banking, Bill knows what it takes to make property investment and development ventures successful. Bill holds a full Estate Agents Licence, in addition to several financial services and management accreditations.

Bill is a seasoned investor with a banking background – positioning him ideally to assess each project from a holistic standpoint. Bill's unique skill set allows him to swiftly identify properties with the best opportunity to perform as investment vehicles.

Bill manages daily operations at Nyko Property whilst mentoring administration staff and Key Account Managers.

Mr Andrew Jensen
Non-Executive Director

Mr Jensen is currently the Chief Operating Officer of The Agency. Andrew has extensive knowledge in the management of all aspects of finance with strong commercial, strategic, M & A and change management experience.

He has financially led companies engaged in various fields including real estate, financial services, telecommunications and the franchising sectors in Australia and internationally.

Following completion of the Proposed Transaction, it is proposed that Mr Nikolouzakis and Mr Jensen will resign as a directors of the Company and the following directors will be appointed subject to shareholder approval ("Proposed Directors").

Ms Anna Neuling
Non-executive Chairman

Anna is currently an Executive Director of S2 Resources Ltd (ASX:S2R) which was demerged from Sirius Resources Ltd (Sirius) as part of its merger with IGO in 2015. She has held various roles at Sirius since its inception and was Executive Director – Corporate and Commercial at the time of the \$2.7bn merger.

Anna has 15 years of experience in financial and corporate roles in the resources industry with ASX listed companies including LionOre Mining International, Antipa Minerals Ltd and Avoca Resources Ltd. Prior to that, Anna worked at Deloitte in London and Perth.

A Fellow of the Institute of Chartered Accountants in England and Wales and a Graduate of the Australian Institute of Company Directors. Anna also holds a degree in mathematics from the University of Newcastle (UK).

Mr Keith Liddell
Non-Executive Director

Mr Liddell is an experienced metallurgical engineer, founder and chair of listed and unlisted companies including Founder Chairman of Sally Malay Mining Ltd. (now Panoramic Resources Ltd) and Mineral Securities Ltd. (a resource investment house) and former Managing Director of Aquarius Platinum Ltd.

Mr Liddell has raised over \$1 billion of equity and has taken numerous resource projects from exploration to production.

Mr David Chapman
Non-Executive Director

Mr Chapman brings 38 years resource industry experience as a geologist in senior and executive management roles with WMC Resources Ltd and the junior sector within Australia and overseas. His experience covers operations, exploration project management and construction, business development and project financing.

Mr Chapman has spent about half of his professional career on exploration and project development in Brazil and is a fluent Portuguese speaker. He was a Director of WMC Resources Brazil office from 1991 to 2000 where he was responsible for exploration programs for gold and base metals throughout Brazil and French Guiana. He was later involved in the financing and construction of a significant base metal operation in Brazil. Through these activities he has developed and retains a strong industry network within Brazil and South America.

4.4. Capital Structure and Shareholders

At the date of this Report, RESA had the following shares on issue (pre-consolidation):

Class of security	Number
Ordinary Shares	<u>151,392,727</u>

The ordinary shares held by the most significant shareholders in RESA as at the date of this Report are as follows (pre-consolidation):

Shareholder	Number of Ordinary Shares	% of total shares on issue
QUARTZ MOUNTAIN MINING PTY LTD <THE BAS FAMILY A/C>	28,000,000	18.49%
MAINWEST GROUP PTY LTD	28,000,000	18.49%
EYEON NO 2 PTY LTD	10,628,872	7.02%
SARAH CAMERON	8,459,851	5.59%
WEBINVEST PTY LTD <OLSB UNIT A/C>	7,500,000	4.95%
PETER JAMES NIXON	7,500,000	4.95%
SUDARSHAN KUMAR GUPTA AND KIRAN GUPTA	4,231,639	2.80%
GIOKIR PTY LTD	3,986,667	2.63%
JAMES MURCH AND CATHERINE MURCH <MINJAL SUPER FUND A/C>	3,900,000	2.58%
DURAND HOLDINGS (VIC) PTY LTD <DURAND INVESTMENT TRUST>	3,888,383	2.57%
MARSHE NOMINEES PTY LTD	3,193,175	2.11%
GREGORY MAURICE PIMKUS AND LISA MARIE PIMKUS <PIMKUS FAMILY SUPER FUND A/C>	2,833,334	1.87%
JOHN DAHLSSEN SUPERANNUATION FUND PTY LTD	2,671,667	1.76%
ARDROY SECURITIES PTY LTD <CAMERON INVESTMENT UNIT A/C>	2,500,000	1.65%
MCRAE INVESTMENTS PTY LTD	2,083,334	1.38%
J H FUNKY INVESTMENTS PTY LTD	1,962,000	1.30%
MICHAEL JAMES CLEGG	1,750,000	1.16%
T W CONSULATING CO LTD	1,560,000	1.03%
CASAM INVESTMENTS PTY LTD <THE MACNIVEN FAMILY SF A/C>	1,500,000	0.99%
PETER JOHN STOW AND KAREN DOROTHY STOW <STOW SUPER FUND A/C>	1,360,700	0.90%
Top 20	<u>127,509,622</u>	<u>84.22%</u>
Others	<u>23,883,105</u>	<u>15.78%</u>
Total ordinary shares on issue	<u>151,392,727</u>	<u>100.0%</u>

Additionally, there are 5,324,750 unlisted options currently on issue (pre-consolidation). The expiry dates and exercise prices are summarised below:

Options	Number of Options	Exercise price
Options expiring on the date that is two weeks after the Company releases its FY20 full year results	574,750	\$0.21
Options expiring on the date that is two weeks after the Company releases its FY25 full year results	4,750,000	\$0.052
	<u>5,324,750</u>	

The Notice contemplates further options proposed to be issued to the Lead Manager of the Capital Raising and also performance rights proposed to be issued to directors, employees and consultants.

4.5. Recent Capital Raisings

RESA's securities have been suspended from quotation on ASX since 9 September 2019. As outlined in various ASX announcements, RESA recently completed a placement at \$0.02. This placement was approved by shareholders at the Company's FY19 Annual General Meeting held on 13 December 2019.

4.6. Financial Performance

The financial results of RESA for the half-year ended 31 December 2019 and for the 11 months to 31 May 2020 are set out below:

	Reviewed Half-year to 31 Dec 2019 \$	Unaudited 11 months to 31 May 2020 \$
Revenue	-	145,840
Financial income	235	257
Other income (including stimulus amounts)	126	16,000
Administration expenses	(104,068)	(120,788)
Operating expenses	(71,024)	(73,518)
Employee expenses	(145,863)	(324,844)
Director and external consultant expenses	(55,936)	(104,554)
Depreciation and amortisation	(47,541)	(86,905)
Loss on investments	(7,662)	(7,662)
Impairment expense	-	(3,324)
Financial expenses	(169,650)	(250,614)
Loss before tax	(601,383)	(810,112)
Income tax expense	-	-
Loss after income tax from continuing operations	(601,383)	(810,122)
(Loss)/profit from discontinued operations (iBuyNew and Nyko asset sale)	(728,402)	(298,044)
Total loss for the period	(1,329,785)	(1,108,156)

4.7. Financial Position

The reviewed statement of financial position of RESA as at 31 December 2019 and unaudited statement of financial position at 31 May 2020 are set out below:

	Reviewed 31 Dec 2019 \$	Unaudited 31 May 2020 \$
Current Assets		

Cash	424,365	644,096
Trade and other receivables and prepayments	30,766	484,928
Assets acquired from Indo-Pacific Property	184,785	268,611
Settlement book assets	1,429,508	556,694
Total Current Assets	2,069,424	1,954,329
Non-Current Assets		
Plant and equipment	995	996
Financial assets	38,309	38,309
Assets acquired from Indo-Pacific Property	123,190	-
Settlement book assets	221,888	490,499
Total Non-Current Assets	384,382	529,804
Total Assets	2,453,806	2,484,133
Current Liabilities		
Trade and other payables	(1,837,160)	(1,474,212)
Loans and borrowings	(1,885,000)	(582,100)
Settlement book liabilities	(778,662)	(653,303)
Funds held for issue of shares	(900,000)	-
Employee provisions	(42,266)	(15,810)
Total Current Liabilities	(5,443,088)	(2,725,425)
Non-Current Liabilities		
Settlement book liabilities	(73,148)	(73,148)
Total Non-Current Liabilities	(73,148)	(73,148)
Total Liabilities	(5,516,236)	(2,798,573)
Net (Liabilities)	(3,062,430)	(314,440)
Equity		
Issued capital	53,332,294	55,858,654
Share-based payment reserve	194,499	194,499
Accumulated losses	(56,589,223)	(56,367,593)
Total Equity	(3,062,430)	(314,440)

5. PROFILE OF THE TOMBADOR PROJECT, TIS AND TIM

5.1 The Tombador Project

The Tombador Project is situated in the municipality of Sento Sé, in northern Bahia state, Brazil, 520km northwest from Salvador, the Bahia state capital, and is a high grade hematite deposit contained within an itabirite deposit. The Tombador Mineral Resource, as reported in accordance with the 2012 JORC Code, includes 5.41Mt of Measured and Indicated Mineral Resource at an average grade over 67%Fe. There is also 2.58Mt of hematite Inferred Mineral Resource and 2.06Mt of talus Inferred Mineral Resource.

Metallurgical test work has shown a lump yield of 75% with the remainder reporting to fines. The fines are also saleable.

The itabirite deposit is a JORC Mineral Resource which is not planned to be exploited as part of the Tombador Project and TIS is exploring the option of whether to divest the mineral rights for the itabirite Mineral Resource to a neighbouring tenement holder.

The objectives of the Tombador Project are to achieve production in a short timeframe, minimise capital expenditure and environmental impact, establish a positive relationship with the local community and regulators and maximise dividend returns to shareholders. The production methods for the Tombador Project assumes a simple drill, blast, load and haul open pit mining method.

The orebody outcrops at surface on the side of the Bicuda Hill. The topography of the Tombador deposit is ideal for open cut mining. The deposit lies on the back spine of a 180-metre-high hill whereby the hill slope and the overall plunge of the ore shoot are similar. This avails the Project of large high grade (67% Fe) tonnage with a relatively low life of mine waste to ore stripping ratio of 2.1 to 1 (tonnes to tonnes) with 5Mt of ore produced. The run of mine hematite will be

crushed and screened on site into high grade lump and high grade fines products. The products are "Direct Ship" and have the potential to be sold at the mine gate to Brazilian steel mills or transported by truck to the coast for the shipment to international markets. There are multiple port options including availability at Terminal Marítimo Inácio Barbosa ("TMIB") at Barra dos Coqueiros, in Aracaju, Sergipe State.

The Tombador Project has obtained a Preliminary Licence and has submitted an application for an Installation Licence to the Bahia State Environment Department ("INEMA"). These licences provide for the following rights:

From INEMA

Preliminary Licence:

Provides a set of conditions for the owner to create appropriate plans and programs in preparation for the submission for the Installation Licence.

Installation Licence:

Provides the ability for the owner to commence construction and site works in preparation for mining operations.

Operating Licence:

Provides the ability for the owner to commence mining operations.

From National Mining Agency ("ANM"):

Mining Licence:

Provides the ability for the owner to mine and sell minerals from the Tenement.

The Company expects that construction of site facilities will commence once funds have been raised from the Capital Raising and the Installation Licence is obtained. Production will then follow approval of a Mining Licence and an Operating Licence. Further details with respect to each of the licences required to be obtained for the viability of the Project are set out in the Notice of Meeting.

5.1.1 TIS

Tombador Iron Singapore Pte Ltd ("TIS") is an entity incorporated and domiciled in Singapore. TIS holds 100% of the issued share capital of Tombador Iron Mineração Ltda.

TIS has negligible assets and liabilities recorded in its current management accounts. Its major asset is the investment in TIM.

5.1.2 TIM

Tombador Iron Mineração Ltda ("TIM") is the titleholder of the Project.

TIM has negligible assets and liabilities recorded in its current management accounts. Its major asset is its investment in the Tombador Project.

6. VALUATION OF RESA PRIOR TO THE PROPOSED TRANSACTION

6.1. Valuation Summary

HLB has estimated the fair market value of a RESA share to be (0.22) cents, as set out in Section 6.3.

For the purpose of our opinion, fair market value is defined as the amount at which the shares would change hands between a knowledgeable willing buyer and a knowledgeable willing seller, neither being under a compulsion to buy or sell. We have not considered special value in this assessment.

In determining this amount, we estimated the fair market value of RESA after considering the various methods, which are discussed in further detail at Section 6.2.

6.2. Valuation Methodology

Methodologies commonly used for valuing assets and businesses are as follows:

6.2.1 Capitalisation of future maintainable earnings ("FME")

This method places a value on a business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ("EBIT") or earnings before interest, tax, depreciation and amortisation ("EBITDA"). The capitalisation rate or "earnings multiple" is adjusted to reflect which base is being used for FME.

6.2.2 Discounted future cash flows ("DCF")

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start-up phase, or experience irregular cash flows.

6.2.3 Net asset value

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

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

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The

net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis is usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when entities are not profitable, a significant proportion of the entity's assets are liquid or for asset holding companies.

6.2.4 Quoted Market Price Basis

Another alternative valuation approach that can be used in conjunction with (or as a replacement for) any of the above methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a "deep" market in that security.

6.2.5 Methodology Adopted

We consider that the most appropriate method for the valuation of RESA is the net assets on a going concern methodology. No other methods are considered by us to be relevant for the purposes of our Report. The basis of our selection of this methodology is as follows:

- RESA does not generate a profit, however it does have its settlement book, net of settlement book liabilities, which it has retained following completion of the iBuyNew and Nyko Property Australia asset sale. As such, the most appropriate basis of valuation is the book value of assets and liabilities.
- RESA's securities are currently suspended from trading, and have been suspended since 9 September 2019, therefore the quoted market price basis is not applicable.
- In our opinion, the DCF methodology cannot be used as future revenue and expenses cannot be forecast with sufficient reliability to meet the requirements of RG 111.
- The FME methodology is not appropriate as RESA does not have a history of profits.

6.3 Sum of Parts Valuation

We have assessed the value of RESA on the basis of the fair market value of the Company's underlying net assets on a going concern basis. RESA's unaudited net assets as at 31 May 2020 are summarised below, together with our range of fair market values.

	Report Reference	Unaudited 31 May 2020 \$	Low \$	Valuation Range High \$	Preferred \$
Current Assets					
Cash		644,096	644,096	644,096	644,096
Trade and other receivables		484,928	484,928	484,928	484,928
Assets acquired from Indo-Pacific Property	6.3.1	268,611	268,611	268,611	268,611

	Report Reference	Unaudited	Valuation Range		
		31 May 2020 \$	Low \$	High \$	Preferred \$
Settlement book assets	6.3.1	556,694	556,694	556,694	556,694
Total Current Assets		1,954,329	1,954,329	1,954,329	1,954,329
Non-Current Assets					
Settlement book assets	6.3.1	490,499	490,499	490,499	490,499
Financial assets	6.3.2	38,309	38,309	38,309	38,309
Property, plant and equipment		996	996	996	996
Total Non-Current Assets		529,804	529,804	529,804	529,804
Total Assets		2,484,133	2,484,133	2,484,133	2,484,133
Current Liabilities					
Trade & other payables and accruals		1,490,022	1,490,022	1,490,022	1,490,022
Settlement book liabilities	6.3.1	653,303	653,303	653,303	653,303
Loans and borrowings		582,100	582,100	582,100	582,100
Total Current Liabilities		2,725,425	2,725,425	2,725,425	2,725,425
Non Current Liabilities					
Settlement book liabilities	6.3.1	73,148	73,148	73,148	73,148
Total Non Current Liabilities		73,148	73,148	73,148	73,148
Total Liabilities		2,798,573	2,798,573	2,798,573	2,798,573
Net Assets/(Liabilities)		(314,440)	(314,440)	(314,440)	(314,440)
			Number	Number	Number
Fully paid shares on issue (pre-consolidation)			151,392,727	151,392,727	151,392,727
Fully paid shares on issue (post-consolidation)	6.3.3		143,823,655	143,823,655	143,823,655
Fair market value per share (cents)			(0.22)	(0.22)	(0.22)

6.3.1 Settlement book and related liabilities and assets acquired from Indo-Pacific Property

The value of the Company's settlement book assets has been derived based on property commission fees due and payable on either property sale contracts becoming unconditional or on settlement of the contract. The Company applies probability factors to amounts owing in recording the value of the asset. Similarly, commissions payable on settlements are also booked as liabilities. Settlement book assets also include the carrying value of assets acquired from Indo-Pacific Property.

Following the sale of the Company's iBuyNew and Nyko Property platform and their associated technology, intellectual property and customer and supplier contracts for the operating the platform, the Company retained the future receivables in the form of commissions owing to the Company from unconditional real estate sales contracts outstanding at the date of settlement and the commissions amounts payable to relevant referral partners or sub-agents in relation to such sales contracts. The Company had estimated that approximately 80% of the Commissions Book would be collected within 12 months of the initial announcement to the market in October 2019, with the remaining 20% collected between October 2020 and August 2022. The Company has applied a consistent valuation approach in discounting these future receivables to present values.

The Company's auditors have included a qualified audit opinion in relation to the Company's 30 June 2019 annual financial report and a qualified review conclusion in relation to the Company's 31 December 2019 half-year financial report on the basis of limitations in the Company's client reporting management system relating to expected settlement book receivables data and related commission payable data. We have discussed this matter with management who have represented to us that the actual collection of these receivables has been tracking in accordance

with management's estimates and therefore, the value recorded in the Company's accounts is a fair representation of the fair value of this asset and related liabilities.

We note that the Company is in a net liability position at 31 May 2020, which includes the value of the settlement book assets and related liabilities recorded based on management's normal and ongoing estimates. If, using a worse case scenario, the value of these net assets (being approximately \$590,000 at 31 May 2020) was NIL, this would increase the Company's net liabilities at 31 May 2020 which would reduce the value per share noted above. In our opinion, this would not change our opinions on fairness and reasonableness in Sections 8.1 and 8.2 of this Report.

6.3.2 Financial assets

This represents shares held in a listed entity, Real Estate Investar Group Limited, a prop tech company that provides investment property analysis, tracking and SaaS services to Australian and New Zealand property investors. Shares in this company have been voluntarily suspended since 3 March 2020 pending a proposed acquisition. At the date of this Report, the company's shares have remained suspended. It is unknown at what value the company's shares will be quoted when the suspension is lifted, however given the immaterial nature of the investment, we have not adjusted its carrying value in our valuation range.

6.3.3 Capital consolidation

One of the resolutions being contemplated in the Notice is the consolidation of the Company's capital on a 1.9 for 2 basis. In order to provide a proper comparison of the value of a share in the Company prior to the Proposed Transaction with the value of a share in the Company post-Proposed Transaction, we have factored into the number of shares currently on issue this capital consolidation.

6.4 Conclusion on the Fair Market Value of a RESA Share

The value derived from the net assets method is considered to be the best estimate of the fair market value of a share in RESA, being (0.22) cents.

7. VALUATION OF RESA FOLLOWING THE PROPOSED TRANSACTION

We have estimated the fair market value of the shares in RESA post the acquisition of TIS. When assessing non-cash consideration in control transactions, RG 111.31 suggests that a comparison should be made between the value of the securities being offered (allowing for a minority discount) and the value of the target entity's securities, assuming 100% of the securities are available for sale. This comparison reflects the fact that:

- a) The acquirer is obtaining or increasing control of the target; and
- b) The security holders in the target will be receiving scrip constituting minority interests in the combined entity.

Under RG 111.34, if in a scrip bid the target is likely to become a controlled entity of the bidder, the bidder's securities can also be valued using a notionally combined entity. However, it should be noted that the accepting holders are likely to hold minority interests in the combined entity. As a result, we have assessed the value of a RESA share following the Proposed Transaction on a minority interest basis.

7.1 Net assets on a going concern methodology

In valuing RESA following the acquisition of TIS, we have had regard to the same valuation methodologies we considered in valuing RESA prior to the Proposed Transaction as set out in Section 6.2. We consider that the most appropriate method for the valuation of RESA following the acquisition of TIS is the net assets on a going concern methodology. No other methods are considered by us to be relevant for the purposes of our Report for similar reasons as set out in Section 6.2.5.

7.2 Sum-of-Parts Valuation of RESA following the Proposed Transaction

We have considered the valuation of assets and liabilities of RESA as at 31 May 2020 as set out in Section 6.3.

Our determination of the valuation of RESA following the Proposed Transaction, together with adjustments made by us to form our valuation range on a post-transaction basis, is as follows:

	Report Reference	Valuation Low \$	Valuation Preferred \$	Valuation High \$
Value of RESA pre-transaction	6.3	(314,440)	(314,440)	(314,440)
Capital Raising, less issue costs (Note 1)		8,995,000	8,995,000	13,674,000
Valuation of the Tombador Project (Note 2)		6,300,000	12,500,000	18,700,000
Debt-to-equity conversions (Note 3)		235,671	235,671	235,671
Net assets		15,216,231	21,416,231	32,295,231

		Valuation Low No.	Valuation Preferred No.	Valuation High No.
Shares on issue – pre-transaction and post-consolidation	6.3	143,823,655	143,823,655	143,823,655
Issue of shares pursuant to the Capital Raising (Note 1)		400,000,000	400,000,000	600,000,000
Issue of shares pursuant to the Proposed Transaction (Note 2)		1,107,692,308	1,107,692,308	1,107,692,308
Issue of shares pursuant to debt-to-equity conversions (Note 3)		9,426,853	9,426,853	9,426,853
Total shares on issue (Number)		1,660,942,816	1,660,942,816	1,860,942,816
Net assets per share (cents)		0.92	1.29	1.74
Minority interest discount (Note 4)		20%	17%	13%
Value post-transaction per share (cents)		0.73	1.07	1.51

Note 1 Capital Raising

A condition of the Acquisition is that RESA is required to raise capital of not less than such amount as is required by ASX to allow RESA's securities to be reinstated to trading on ASX following completion of the Proposed Transaction. The directors of RESA have determined that the required capital raising to achieve this consists of the issue of 400,000,000 ordinary shares at \$0.025 per share to raise \$10,000,000. We have factored into our valuations above this capital raising of \$10,000,000 less estimated costs of the capital raising of \$1,005,000 (net capital raising of \$8,995,000).

Should the maximum amount of oversubscriptions be received, a capital raising of 600,000,000 ordinary shares at \$0.025 per share will occur. As a result, the net assets will increase by up to an additional \$4,679,000 (including costs) and an additional 200,000,000 shares would be issued. We have factored the minimum capital raising into our low and preferred valuations above and the maximum capital raising into our high valuation above.

Note 2 Acquisition of TIS and valuation of the Tombador Project

RESA will be issuing 1,107,692,308 fully paid ordinary shares to acquire 100% of the ordinary share capital of TIS. We have instructed Valuation & Resource Management (“VRM”) to undertake a valuation of the Project.

A copy of the report prepared by VRM dated 23 July 2020 is attached to this Report as Appendix 4.

The range of values for the Tombador Tenement as assessed by VRM is set out below. We have incorporated these valuation amounts in the above Summary of Parts Valuation as the “Valuation Low”, “Valuation High” and “Valuation Preferred” amounts.

	Low Value \$	Preferred Value \$	High Value \$
Tombador Tenement	6,300,000	12,500,000	18,700,000
	6,300,000	12,500,000	18,700,000

Note 3 Issue of shares pursuant to debt-to-equity conversions

The issue of 9,426,853 ordinary shares to creditors as repayment of amounts owing, at an issue price of \$0.025 as contemplated by Resolutions 4, 17 and 18 of the Notice.

Note 4 Minority interest discount

To value the consideration on a minority interest basis, we have applied a minority discount to the value per share derived under the sum-of-parts valuation. Traditionally, the premiums required to obtain control of companies range between 15% and 25% of the minority interest values. We have therefore assessed a range for an appropriate minority interest discount (which is the inverse of a premium for control) of 13% to 20%.

Note 4 Issue of options to Lead Manager

Resolution 15 of the Notice requires shareholders to consider the issue of 15,000,000 options to the Lead Manager as part consideration for arranging the Capital Raising. These options are exercisable at \$0.035 and expire on the date which is three years from their date of issue.

We have calculated the value of these options to be \$161,500, however this will have no effect on the value of the net assets of the Company above, as the value will be recorded in the Share Based Payments Reserve as well as being applied against share capital.

Note 5 Issue of performance rights to current and proposed directors

Resolutions 8 to 14 require shareholders to consider the adoption of a Performance Rights Plan and the issue of 13,000,000 performance rights to current and proposed directors of the Company. These rights will vest on the achievement of certain market-based and non market-based vesting conditions over a number of tranches. The total value of these performance rights is \$162,645 as determined by an independent valuation using a Binomial Tree (Lattice) Model for Tranches 1 to 3 and a Monte Carlo Model for Tranche 4. This value will be brought to account and expensed over the vesting period. We have not incorporated this value into our workings above.

7.3 Consideration of Quoted Market Price Basis

For the quoted market price basis to be reliable there needs to be an adequately liquid and active market for the securities. We consider the following characteristics to be representative of a liquid and active or “deep” market:

- Regular trading in a company’s securities;
- The spread of a company’s shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant and unexplained movements in the company’s share price.

A company’s shares should meet all of the above criteria to be considered as trading in a “deep” market, however, failure of a company’s securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares determined on this basis cannot be considered relevant.

As RESA’s shares have been suspended since 9 September 2019, we do not believe that any assessment of the depth of trading in RESA shares is warranted.

8. EVALUATION AND OPINION

8.1 Is the Proposed Transaction fair?

The pre and post-Proposed Transaction values of RESA are set out below:

		Valuation Range		
		Low Cents	High Cents	Preferred Cents
Value of a RESA share pre-Proposed Transaction on a control basis	Section 6.3	(0.22)	(0.22)	(0.22)
Value of a RESA share post-Proposed Transaction on a minority interest basis (\$10 million raising)	Section 7.2	0.73	1.07	1.51

We note from the table above that the value of a RESA share prior to the Proposed Transaction on a control basis is less than the value of a RESA share on a minority interest basis following the Proposed Transaction (for the \$10 million raising under the Prospectus). Therefore, on this basis the Proposed Transaction would be considered to be fair to the non-associated shareholders of RESA. If the maximum oversubscriptions were achieved, our conclusion would remain the same.

Conclusion on fairness

As a result, it is our opinion that the Proposed Transaction is fair to the non-associated shareholders of RESA.

8.2 Is the Proposed Transaction reasonable?

In accordance with ASIC Regulatory Guide 111 “Content of expert reports” (“RG 111”), an offer is reasonable if it is fair. We are not aware of any alternative proposal that might offer the shareholders of RESA a premium over the value ascribed to its shares resulting from the Proposed Transaction. In addition to us concluding that the Proposed Transaction is fair, we have also identified the following factors in relation to the reasonableness of the Proposed Transaction:

8.2.1 Advantages of accepting the Proposed Transaction

- the Company will obtain ownership of the Tombador Tenement pursuant to the Acquisition;

- the Company will no longer be at risk of delisting due to being a long-term suspended entity for the purposes of the ASX Listing Rules;
- the potential increase in market capitalisation of the Company following completion of the Acquisition and the associated Capital Raising may lead to access to improved equity capital market opportunities and increased liquidity;
- Shareholders may be exposed to further debt and equity opportunities that the Company did not have prior to the Acquisition; and
- the appointment of the proposed directors will add experience and skill to the Board to assist with the growth of the Company.

8.2.2 Disadvantages of accepting the Proposed Transaction

- the Company will be changing the scale of its activities which may not be consistent with the objectives of all shareholders;
- the Acquisition, Capital Raising and associated transactions the subject of the Notice will result in the issue of a significant number of shares to new investors which will have a dilutionary effect on the holdings of existing shareholders;
- there are inherent risks associated with the change in nature of the Company's activities. These risks are summarised in the Notice; and
- future outlays of funds from the Company may be required for its proposed business and exploration operations.

Conclusion on reasonableness

We have considered the above factors. We consider that, on balance, the advantages of the Proposed Transaction outweigh the disadvantages. We are therefore of the view that the position of non-associated shareholders if the Proposed Transaction is accepted, would be more advantageous than if the Proposed Transaction is not accepted.

Accordingly, we are of the opinion that the Proposed Transaction is reasonable to the non-associated shareholders of RESA.

8.3 Opinion

We are of the opinion that the Proposed Transaction is fair and reasonable to the non-associated shareholders of RESA.

9. APPENDICES

Appendix 1 – Glossary of Terms

TERM	DEFINITION
Acquisition	Acquisition of 100% of the issued share capital of TIS, an entity incorporated and domiciled in Singapore from the shareholders of TIS
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited
CS	Colomi Singapore Pte Ltd
CS Parties	CS, Colomi Iron Australia Pty Ltd, McRae, Glenmere Pty Ltd and William Harold Clough
Capital Raising	Proposed issue of 400,000,000 fully paid ordinary shares under the prospectus at \$0.025 per share to raise \$10 million, with oversubscriptions of a further 200,000,000 fully paid ordinary shares to raise another \$5 million (before costs).
DCF	Discounted cash flows
Directors	Directors of RESA
EBIT	Earnings before Interest and Tax
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation
RESA or the Company	RESA Group Limited
FME	Capitalisation of future maintainable earnings
General Meeting	A general meeting of shareholders of RESA is proposed to be held to consider the Proposed Transaction, as well as other resolutions related to the reinstatement of the securities of RESA to Official Quotation on ASX
HLB	HLB Mann Judd Corporate (WA) Pty Ltd
McRae	McRae Investments Pty Ltd
Notice	The Notice of General Meeting for the meeting to be called to consider the Proposed Transaction
NTA	Net tangible assets
Proposed Transaction	The matters contained in Resolution 4 of the Notice
Prospectus	Prospectus for the issue of shares under the Capital Raising
TIM	Tombador Iron Mineração Ltda
TIS	Tombador Iron Singapore Pte Ltd
Tombador Project	Brazilian National Mining Agency exploration tenement number 872.431/2003 (“Tenement”) containing the high grade Tombador Hematite iron ore deposit (Fe 67%) located in Bahia, Brazil
VRM	Valuation & Resource Management

Appendix 2 - Qualifications, Declarations and Consents

HLB, which is a wholly owned entity of HLB Mann Judd Chartered Accountants, is a Licensed Investment Adviser and holder of an Australian Financial Services Licence under the Act and its authorised representatives are qualified to provide this Report. The authorised representative of HLB responsible for this Report has not provided financial advice to RESA.

The author of this Report is Lucio Di Giallonardo. He is a Fellow of Chartered Accountants Australia and New Zealand, holds a Bachelor of Business, and has considerable experience in the preparation of independent expert reports and valuations of business entities in a wide range of industry sectors.

Prior to accepting this engagement, HLB considered its independence with respect to RESA with reference to ASIC Regulatory Guide 112 and APES 225. In HLB's opinion, it is independent of RESA.

This Report has been prepared specifically for the shareholders of RESA. It is not intended that this Report be used for any other purpose other than to accompany the Notice of General Meeting to be sent to RESA's shareholders. In particular, it is not intended that this Report should be used for any purpose other than as an expression of the opinion as to whether or not the Proposed Transaction is fair and reasonable to the non-associated shareholders of RESA. HLB disclaims any assumption of responsibility for any reliance on this Report to any person other than those for whom it was intended, or for any purpose other than that for which it was prepared.

The statements and opinions given in this Report are given in good faith and in the belief that such statements and opinions are not false or misleading. In the preparation of this Report, HLB has relied on and considered information believed, after due inquiry, to be reliable and accurate. HLB has no reason to believe that any information supplied to it was false or that any material information has been withheld.

HLB has evaluated the information provided to it by RESA and other parties, through inquiry, analysis and review, and nothing has come to its attention to indicate the information provided was materially misstated or would not provide a reasonable basis for this Report. HLB has not, nor does it imply that it has, audited or in any way verified any of the information provided to it for the purposes of the preparation of this Report.

In accordance with the Corporations Act 2001, HLB provides the following information and disclosures:

- HLB will be paid its usual professional fee based on time involvement at normal professional rates, for the preparation of this Report. This fee, estimated to be in the range of \$17,000 - \$20,000 excluding GST, is not contingent on the conclusion, content or future use of this Report.
- Apart from the aforementioned fee, neither HLB, nor any of its associates will receive any other benefits, either directly or indirectly, for or in connection with the preparation of this Report.
- HLB and its directors and associates do not have any interest in RESA.
- HLB and its directors and associates do not have any relationship with RESA or any associate of RESA. The Notice of General Meeting will consider the appointment of HLB Mann Judd as auditors of RESA.

Appendix 3 – Financial Services Guide



FINANCIAL SERVICES GUIDE

Dated 23 July 2020

1. HLB Mann Judd Corporate (WA) Pty Ltd

HLB Mann Judd Corporate (WA) Pty Ltd ABN 69 008 878 555 (“HLB Mann Judd Corporate” or “we” or “us” or “ours” as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

2. Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide (“FSG”). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as a financial services licensee.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our **Australian Financial Services Licence, Licence No. 250903**;
- remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. Financial services we are licensed to provide

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- securities;
- interests in managed investment schemes excluding investor directed portfolio services;
- superannuation; and
- debentures, stocks or bonds issued or proposed to be issued by a government.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

4. General financial product advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product and there is no statutory exemption relating to the matter, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

hlb.com.au

HLB Mann Judd Corporate (WA) Pty Ltd ABN 69 008 878 555 / AFSL 250903

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 E: mailbox@hlbwa.com.au

5. Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither HLB Mann Judd Corporate, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

6. Remuneration or other benefits received by us

HLB Mann Judd Corporate has no employees. All personnel who complete reports for HLB Mann Judd Corporate are partners of HLB Mann Judd (WA Partnership). None of those partners are eligible for bonuses directly in connection with any engagement for the provision of a report.

7. Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

8. Associations and relationships

HLB Mann Judd Corporate is wholly owned by HLB Mann Judd (WA Partnership). Also, our directors are partners in HLB Mann Judd (WA Partnership). Ultimately the partners of HLB Mann Judd (WA Partnership) own and control HLB Mann Judd Corporate.

From time to time HLB Mann Judd Corporate or HLB Mann Judd (WA Partnership) may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

9. Complaints resolution

9.1. Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. Complaints must be in writing, addressed to The Complaints Officer, HLB Mann Judd Corporate (WA) Pty Ltd, Level 4, 130 Stirling Street, Perth WA 6000.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within **7 days** and investigate the issues raised. As soon as practical, and not more than **one month** after receiving the written complaint, we will advise the complainant in writing of the determination.

9.2 Referral to external disputes resolution scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service Limited ("**FOS**"). FOS independently and impartially resolves disputes between consumers, including some small business, and participating financial services providers.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service Limited
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: (03) 9613 6399

10. Contact details

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**Appendix 4 – Independent Technical Assessment & Valuation by Valuation & Resource Management
dated 23 July 2020**



Valuation & Resource Management

INDEPENDENT TECHNICAL ASSESSMENT & VALUATION REPORT

Presented To:
RESA Group Limited

RESA
Group Limited
Real Estate Settlements Australia

Date Issued:
23 July 2020



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Valuation Date	12 June 2020	

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Executive Summary

HLB Mann Judd Corporate (WA) Pty Ltd (**HLB**) engaged Valuation and Resource Management Pty Ltd (**VRM**) to prepare an Independent Technical Assessment and Valuation report (**ITAR** or the Report) on the Tombador Tenement (**Tombador**) within the Colomi Iron Ore Project in Brazil, being acquired by RESA Group Limited (**RESA** or the Company) (ASX: RE1), formerly iBuyNew Group Ltd (ASX: IBN). RESA is to be renamed 'Tombador Iron Limited'.

RESA is undergoing a strategic re-structure of the Company and is proposing to acquire the Tombador mineral assets in Brazil, held by Colomi Singapore Pte Ltd (**Colomi**) a private company that owned 100% of the Colomi Iron Ore Project via Colomi Iron Mineração Limitada (**CIM**) the registered tenement holder. The Tombador Tenement was recently transferred to Tombador Iron Mineração Limitada (**TIM**) which in turn is owned by Tombador Iron Singapore Pte Ltd (**TIS**) which is proposed to be acquired by RESA from Colomi. VRM understands that the acquisition triggers the requirement for an Independent Expert's Report (**IER**) in relation to the proposed transaction. HLB were commissioned to provide the IER and engaged VRM to carry out the mineral asset valuation report or ITAR.

This Report is a public document, in the format of an ITAR and is prepared in accordance with the guidelines of the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets – The VALMIN Code (2015 edition) (**VALMIN**). VRM understands that HLB will include the Report within its IER relating to the proposed transaction in accordance with section 611 (item 7) of the Corporations Act.

This Report is a technical review and valuation opinion of the Tombador Tenement located in the State of Bahia in Brazil. Applying the principles of the VALMIN Code VRM has used several valuation methods to determine the value for the iron ore exploration tenement. The surrounding tenements held by Colomi and other assets of RESA have not been valued as part of this Report. Importantly, as neither the principal author nor VRM hold an Australian Financial Securities Licence, this valuation is not a valuation of RESA but rather an asset valuation of the Tombador Tenement which RESA proposes to acquire from Colomi.

This valuation is current as of 12 June 2020, being the date that the proposed transaction was announced by RESA (RESA, 2020). As commodity prices, exchange rates and cost inputs fluctuate this valuation is subject to change over time. The valuation derived by VRM is based on information provided by RESA along with publicly available data including Australian Securities Exchange (**ASX**) releases and published technical information. VRM has made reasonable endeavours to confirm the accuracy, validity and completeness of the technical data which forms the basis of this Report. The opinions and statements in this Report are given in good faith and under the belief that they are accurate and not false nor misleading. The default currency is Australian dollars (unless otherwise stated). As with all technical valuations the valuation included in this Report is the likely value of the mineral assets and not an absolute value. A range of likely values for the mineral assets is provided with that range indicating the accuracy of the valuation.

Tombador Tenement

The Tombador Tenement included in this Report is Licence Number 872.431/2003 covering 2,000 hectares in the Sento Sé municipality of northern Bahia. This tenement was recently transferred to TIM from CIM. Colomi, via CIM also holds a number of other licences within the area totalling 21,000 hectares, but these do not form part of the transaction and are not included within the scope of this Report.

VRM has estimated the value of the Tombador licence based on the technical information supporting the prospectivity of the licence on a 100% interest basis. As at the valuation date there are Mineral Resource estimates prepared applying the guidelines of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves –The JORC Code (2012 Edition) (JORC) at Tombador for the hematite hosted mineralisation and mineralisation within talus material, as well as itabirite hosted mineralisation. TIM is exploring the option of whether to divest the mineral rights for the itabirite hosted mineralisation.

This report documents the technical aspects of the Tombador Tenement along with determining a valuation for the project, applying the principles and guidelines of the 2015 VALMIN Code.

Conclusions

The Tombador Tenement covers 2,000 hectares with high-grade hematite and talus hosted iron ore Mineral Resource estimates as well as lower grade itabirite hosted Mineral Resources.

The Tenement is being acquired by RESA from Colomi, a private company who has not previously publically reported the resources under the ASX Listing Rules. These Mineral Resource estimates were announced to the market on 12 June 2020 as part of the transaction announcement, including associated documentation as required by the JORC Code, including Table 1 information.

Based on the presence of the Mineral Resource estimates, Colomi has carried out preliminary economic assessments of the project, but no Ore Reserves have been declared at this time. The current Mineral Resource estimates have been reviewed and valued by VRM applying several approaches as detailed within the body of this Report. In VRM's opinion, the mineral assets known as the Tombador Tenement in Bahia, Brazil have a market value of between **\$6.3 million** and **\$18.7 million** with a preferred valuation of **\$12.5 million** on a 100% equity basis.

1. Introduction

Valuation and Resource Management Pty Ltd (**VRM**), was engaged by HLB Mann Judd Corporate (WA) Pty Ltd (**HLB**) to undertake an Independent Technical Assessment and Valuation Report (Report or **ITAR**) on the Tombador Tenement for RESA Group Limited (**RESA**) (ASX: RE1). RESA is proposing to acquire the Tombador Tenement (**Tombador**) from Colomi as part of a company restructure.

VRM understands that this ITAR will be included in the Independent Experts Report (**IER**) being prepared by HLB. HLB will refer to, and rely on, the VRM report and mineral asset valuations which will be attached to its IER to inform the RESA shareholders as to the fairness and reasonableness of the proposed transaction.

Mr Paul Dunbar and Ms Deborah Lord of VRM were contacted to undertake a valuation of the Tombador Tenement, being iron ore assets located in the Bahia State of Brazil. HLB, through one of its directors, Lucio Di Giallonardo, engaged VRM for the purposes of the ITAR with correspondence directed through HLB.

VRM has estimated the value of the licence based on the technical information supporting the prospectivity of the licences on a 100% interest basis to determine a market value for the licences as at 12 June 2020.

1.1. Compliance with the JORC and VALMIN Codes and ASIC Regulatory Guides

The ITAR is prepared applying the guidelines and principles of the 2015 VALMIN Code and the 2012 JORC Code. Both industry codes are mandatory for all members of the Australasian Institute of Mining and Metallurgy (**AusIMM**) and the Australian Institute of Geoscientists (**AIG**). These codes are also requirements under Australian Securities and Investments Commission (**ASIC**) rules and guidelines and the listing rules of the Australian Securities Exchange (**ASX**).

This ITAR is a Public Report as described in the VALMIN Code (Clause 5) and the JORC Code (Clause 9). It is based on, and fairly reflects, the information and supporting documentation provided by RESA and previous owners and associated Competent Persons as referenced in this ITAR and additional publicly available information.

1.2. Scope of Work

VRM's primary obligation in preparing mineral asset reports is to independently describe mineral projects applying the guidelines of the JORC and VALMIN Codes. These require that the Report contains all the relevant information at the date of disclosure, which investors and their professional advisors would reasonably require in making a reasoned and balanced judgement regarding the project.

VRM has compiled the valuation based upon the principle of reviewing and interrogating both the documentation of RESA and other previous exploration within the area. This Report is a summary of the

work conducted, completed and reported by the various explorers to 12 June 2020 based on information supplied to VRM by RESA and other information sourced in the public domain, to the extent required by the VALMIN and JORC Codes.

VRM understands that the objective of this study is to:

- Provide an independent valuation on the Tombador Tenement as at 12 June 2020.

VRM has prepared an Independent Valuation of the Tombador Tenement in Brazil. VRM understands that its reviews and valuations will be relied upon and appended to an IER prepared by HLB for inclusion in a notice of meeting, to assist RESA shareholders in their decision regarding the approval of the proposed transaction. As such, it is understood that VRM's review and valuation will be a public document.

1.3 Statement of Independence

VRM was engaged to undertake an ITAR of the Tombador Tenement iron ore mineral assets. This work was conducted applying the principles of the JORC and VALMIN Codes, which in turn reference ASIC Regulatory guide 111 Content of expert reports (**RG111**) and ASIC Regulatory guide 112 Independence of experts (**RG112**).

Ms Deborah Lord and Mr Paul Dunbar of VRM have not had any association with RESA or Colomi, their individual employees, or any interest in the securities of RE1, which could be regarded as affecting their ability to give an independent, objective and unbiased opinion. Neither VRM, Ms Lord nor Mr Dunbar hold an AFSL and the valuation contained within this Report is limited to a valuation of the mineral assets being reviewed. VRM will be paid a fee for this work based on standard commercial rates for professional services. The fee is not contingent on the results of this review and is estimated to be \$28,000 plus GST.

1.4 Competent Persons Declaration and Qualifications

This Report was prepared by Ms Deborah Lord as the primary author and peer reviewed by Mr Paul Dunbar.

The Report and information that relates to geology, exploration and the mineral asset valuation is based on information compiled by Ms Deborah Lord, BSc (Hons), a Competent Person who is a fellow of the AusIMM and a member of the AIG. Ms Lord is a Director of VRM, consultants in valuation and economic geology and has sufficient experience, which is relevant to the style of mineralisation, geology and type of deposit under consideration and to the activity being undertaken to qualify as a competent person under the 2012 edition of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (the 2012 JORC Code) and a specialist under the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (the 2015 VALMIN Code). Ms Lord consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Report and information that relates to the mineral asset valuation is based on information compiled by Mr Paul Dunbar, BSc (Hons), MSc (Minex), a Competent Person who is a member of the AusIMM and the AIG. Mr Dunbar is a Director of VRM and has sufficient experience, which is relevant to the style of mineralisation, geology and type of deposit under consideration and to the activity being undertaken to qualify as a competent person under the 2012 JORC Code and a specialist under the 2015 VALMIN Code. Mr Dunbar consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Between 12 June 2020 and the date of this Report, nothing has come to the attention of VRM that would cause any material change to the conclusions.

1.5 Reliance on Experts

VRM has relied upon the services of a specialist to confirm the reasonableness of certain inputs into its valuation. Mr Shaun Searle, Director of Ashmore Advisory Pty Ltd (**Ashmore**), was engaged by VRM as a Specialist to review the reasonableness of the associated Mineral Resource estimates. Mr Searle has not verified the underlying geological datasets, nor has he completed a full review or re-reported the Mineral Resources for the Project as at the date of this Report. Mr Searle is a Member of the AIG and has sufficient experience to qualify as a Competent Person as defined in the 2012 JORC Code. Mr Searle consents to the inclusion in this report of these matters based on information in the form and context in which it appears.

Mr Dunbar and Ms Lord, the authors of this report are not qualified to provide extensive commentary on the legal aspects of the mineral properties or the compliance with the legislative environment and permitting in Brazil. In relation to the tenement standing, VRM has relied on the documentation of the Competent Person for Mineral Resources and associated JORC Table 1 documentation and supporting resources reports. On this basis VRM has confirmed the tenement location in Brazilian government records and understands that the tenement is in good standing and has confirmed such with the owners Colomi.

1.6 Sources of Information

All information and conclusions within this report are based on information made available to VRM to assist with this report by RESA and other relevant publicly available data to 12 June 2020. Reference has been made to other sources of information, published and unpublished, including government reports and reports prepared by previous interested parties and Joint Venturers to the areas, where it has been considered necessary. VRM has, as far as possible and making all reasonable enquiries, attempted to confirm the authenticity and completeness of the technical data used in the preparation of this Report and to ensure that it had access to all relevant technical information. VRM has relied on the information contained within the reports, articles and databases provided by RESA as detailed in the reference list. A draft of this Report was provided to RESA, via HLB to identify and address any factual errors or omissions prior to finalisation of the Report. The valuation sections of the Report were not provided to RESA until the technical aspects were validated and the Report was declared final.

1.7 Site Visit

No specific site visit has occurred as a part of this Report or valuation. At the time of preparing this report, travel restrictions due to the global COVID-19 pandemic prohibit domestic and international travel from Western Australia. VRM has relied on the site visit of the Competent Person for the Mineral Resource estimates as described in the body of this Report.

Limited recent exploration has been conducted on the tenement area and VRM is satisfied that a site visit would not provide any additional material information that would modify the opinion or valuation of the assets.

2. Mineral Assets

The mineral assets in this valuation are contained within the Tombador Tenement (**Tombador** or **Tenement**), previously 100% held by Colomi Iron Mineração Limitada (**CIM**). This licence covers the Tombador zone of iron ore mineralisation, including compact hematite, talus and itabirite hosted deposits and is considered an advanced exploration project. The location of the Tenement is approximately 700 kilometres from the state capital Salvador with the relationship to major infrastructure shown below (Figure 1).

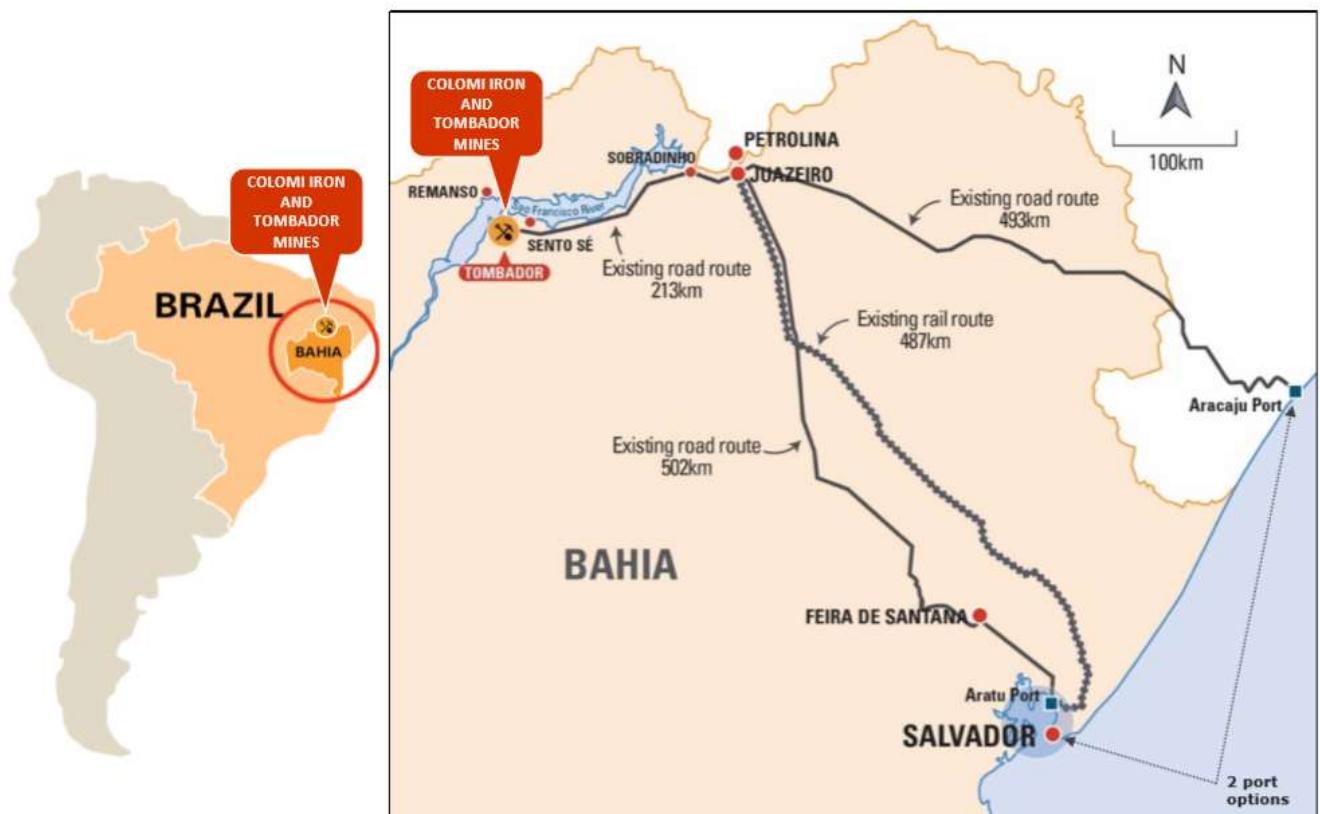


Figure 1 – Location of the Tombador Tenement within the Colomi Project including the main Cities and access (Source Colomi, 2019)

2.1 Land holdings and tenure system

CIM was the registered holder of the Tenement which is subject of this valuation. The transfer of this Tenement to Tombador Iron Mineração Limitada (**TIM**), which in turn is owned by Tombador Iron Singapore Pte Ltd (**TIS**) was approved (on 14 April 2020). VRM understands that TIS is exploring the option of whether to divest the mineral rights for the itabirite mineralisation to a neighbouring tenement holder (RESA, 2020). The relevant tenement information summarised below (Table 1).

Table 1 Tenement schedule as at 12 June 2020

Tenement Schedule for Colomi Project			
Licence Number	Licence Holder	Area (ha)	Grant Date (Period)
ANM 872.431/2003	Tombador Iron Mineração Ltda (FER approved 17/02/20)	2000	19 April 2018 (3 years)

VRM independently confirmed the existence of this tenement on the Agência Nacional de Mineração (ANM) via the website <https://sistemas.dnpm.gov.br/SCM/extra/site/admin/Default.aspx> on accessed on 22 June 2020 as shown in Figure 2.

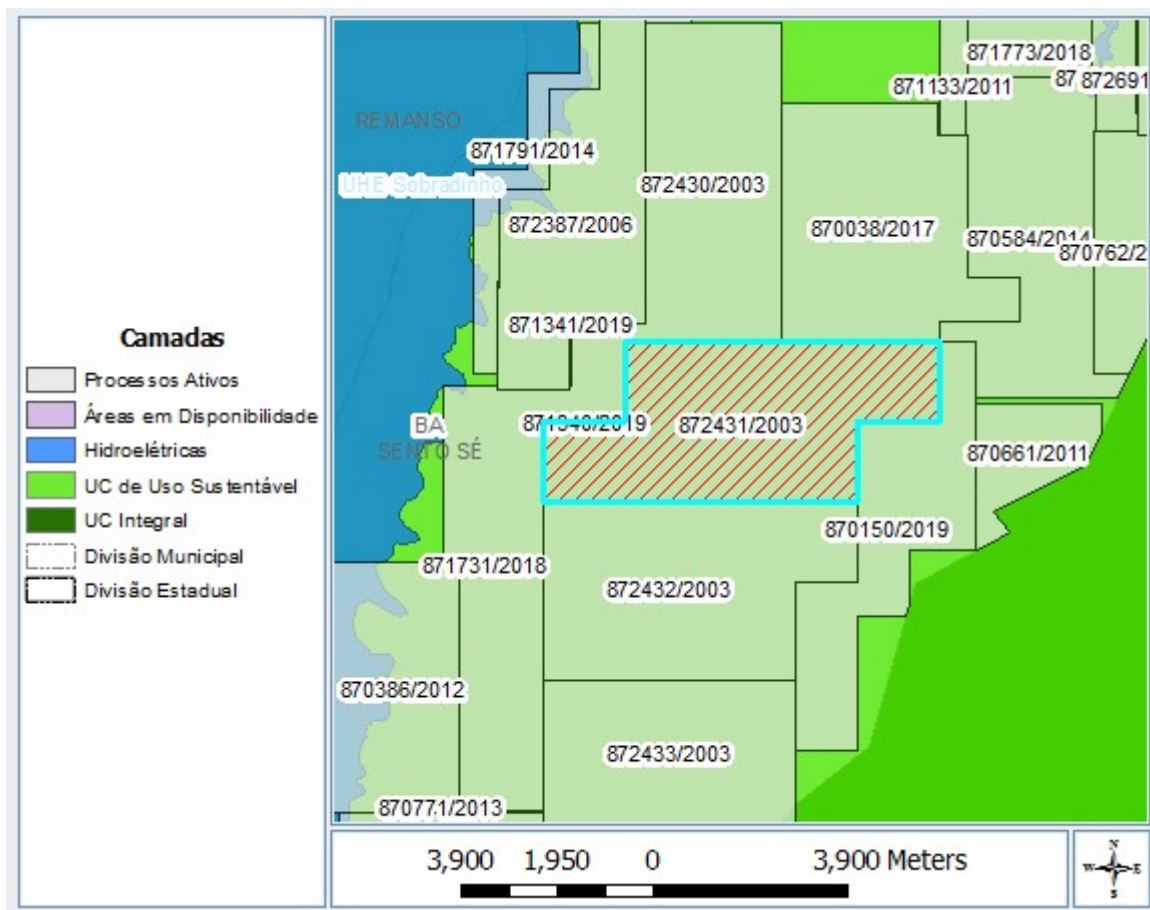


Figure 2 – Location of the Tombador Licence 872.431/2003 within Sento Sé (Source ANM, 2020)

VRM understands that in Brazil, mining rights are divided into two phases. The initial exploration stage requires granting of a permit (*pesquisa mineral*), while the operation phase requires granting of a concession (*concessão de lavra*). An exploration permit is granted for a term of three years that can be extended for additional periods or put on hold before mining rights are granted, subject to successful project funding and other conditions. A translated legal document provided evidence of Colomi holding the initial Prospecting Licence at Tombador (number 1315/2004), granted in 2004 to Serabi, assigned to

Colomi and extended in 2006, 2008 and 2009. In 2010, Colomi submitted the Final Exploration Report to the ANM followed by a request to suspend the analysis of the Final Exploration Report, based on article 30, IV and 23, III of the Mining Code (called *sobrestamento*). In 2020, the suspension was revoked upon the request by Colomi to proceed with analysis of the Final Exploration Report ending the suspension phase (*sobrestamento*). ANM records show that the Final Exploration Report for this licence has been approved and an application was successfully lodged to transfer the Tenement from CIM to TIM in early 2020.

RESA provided VRM documentation to demonstrate that the Institute of Environment and Water Resources (**INEMA**) granted Colomi an environmental licence for Tombador relating to future iron ore mining operations in May 2018, valid to May 2022. VRM understands that a Preliminary Licence has been obtained for Tombador to allow RESA to create appropriate plans and programs in preparation to apply for an Installation Licence, which would allow for construction and site works. RESA would then require an Operating Licence and Mining Licence to commence mining operations and to mine and sell minerals respectively (RESA, 2020).

The authors of this report are not qualified to provide extensive commentary on the legal aspects of the mineral properties or the compliance with the relevant laws governing mining within Brazil. VRM has interrogated the websites of the various state departments to confirm the validity of the tenements and sighted various documents as noted above. All have confirmed that the Tenement is reported as being in good standing, however there are still some steps required before mining is permitted. As VRM and the authors of this report are not experts in this area, no warranty or guarantee, be it expressed or implied, is made by the authors with respect to the completeness or accuracy of the legal aspects regarding the security of the tenure.

2.2 Accessibility

The Tenement is located approximately 700 kilometres northwest of Salvador, Bahia's State Capital. Access to the exploration properties is via the twin cities of Juazeiro and Petrolina, within the state of Pernambuco in northwest Brazil. These cities (population 750,000) are supported by airstrips, power, water and communications and local access to the Tenement is by road from these municipalities.

Topography is generally flat lying with localised hills and outcrops and valley areas providing mine processing and transport corridors. Outside the cities, the region is sparsely populated and the climate is semi-arid.

3. Geological Setting

The Tombador Tenement and Colomi tenements are located in the Archean São Francisco Craton of north-eastern Brazil (Figure 3). The São Francisco Craton is divided into two major tectono-stratigraphic segments separated by Proterozoic shear zones. The west-northwest Sobradinho Block includes the Colomis Group and the Colomi Project, while the east-southeast segment includes the Barrinha fragment, Saúde-Itapicuru-Jacobina and Salvador-Curaçá belts and Serrinha Block (Colomi, 2010 after CPRM, 2001). Craton basement and supracrustal rocks are overlain by Paleoproterozoic and Mesoproterozoic sequences.

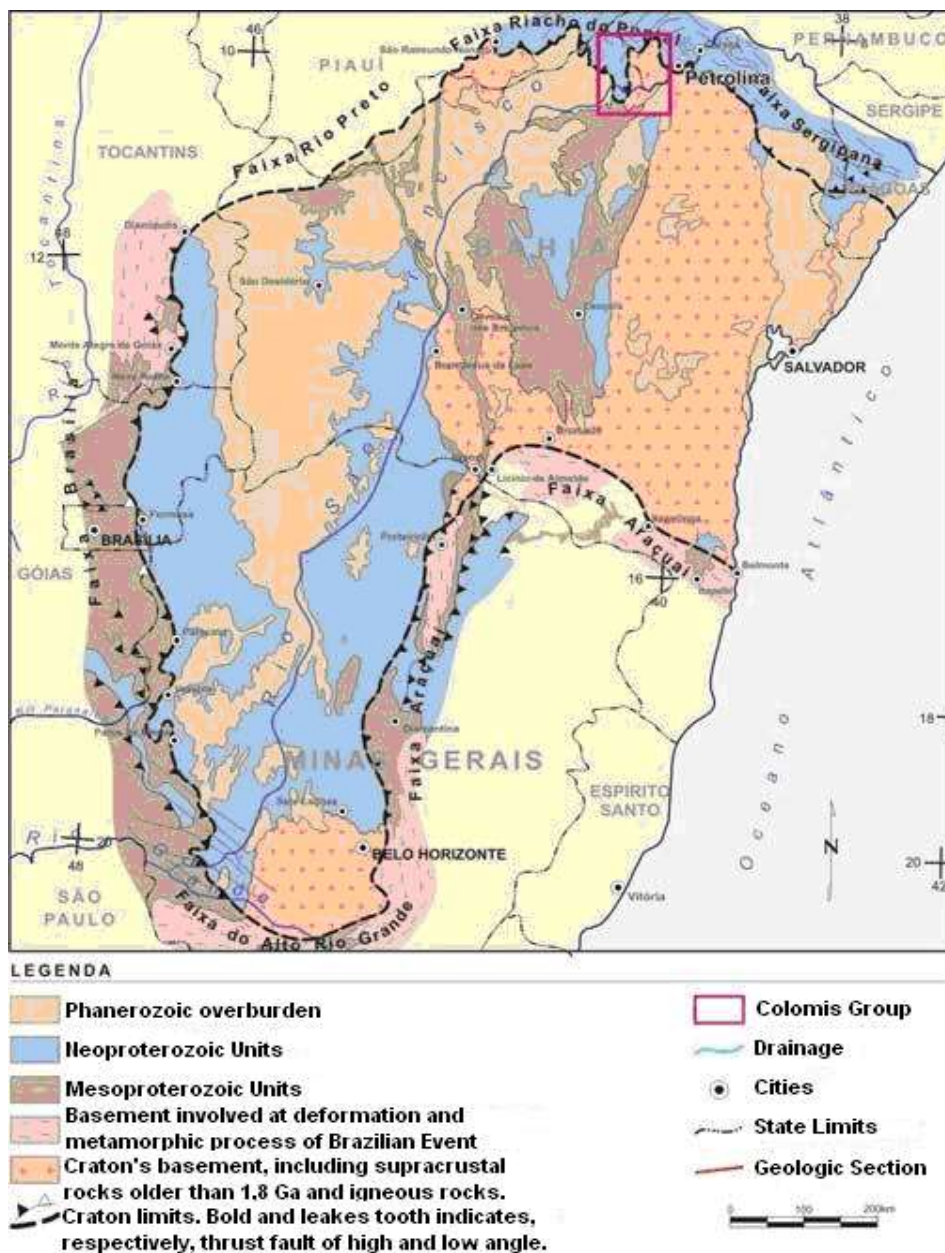


Figure 3 – General location of the Colomi and Tombador Projects (red box) in relation to the São Francisco Craton (Source Colomi, 2010 after CPRM)

The Colomi tenements occur within an area termed the Sobradinho Block, which includes rocks of the Colomi-Barreiro sequence, with overlying Mesoproterozoic units of the Chapada Diamantina group. The Colomis Group is defined by a succession of quartzites and muscovite chlorite schists (Serra do Choro Unit), a series of dolomitic marbles (Serra da Castela Unit) and a succession of iron formations 'itabirites' (Serra da Unit) formed between 2.2 and 2.6 Ga (Colomi, 2010). These are discordantly overlain by the Mesoproterozoic units (Figure 4). Regional metamorphic grade in the Colomi region ranges from greenschist to amphibolite facies moving from south to north.

Correlations between the Colomis Group and other iron ore hosting Proterozoic successions are made based on the sedimentary sequences of itabirites, carbonate rocks and clastic sequences, the absence of terrigenous sedimentation and significant volcanic activity and the preservation of deep and shallow water marine sedimentation with little tectonic activity (Colomi, 2019a).

Iron ore mineralisation is characterised by a southern and northern domain, as described by Colomi, 2010. Previous work in the area has defined five mineralisation styles being Dolomitic Itabarite (**TDI**), Siliceous Itabarite (**ICS**), Amphibolite Itabarite, Talus Deposit (**TAL**) and Compact Hematite (**HCO**) types. The southern domain comprises siliceous and dolomitic itabirites of lower metamorphic grade and includes the Bicuda, Bicuda Norte and Bicuda Sul deposits. The northern domain is dominated by amphibolite facies itabirites, including the deposits of Caldeirão dos Colomis, Boqueirão do Joaquim, Colomis Norte and Jacobina.

The main area of hematite mineralisation is localised at Tombador, within the Bicuda deposit area (Figure 5). At Tombador, the hematite orebody is situated in a fold hinge striking 030°. A schematic plan and section of the Tombador Project area is depicted in Figure 6 and outcropping mineralisation from the Bicuda / Bicuda Norte area is shown in Figure 7.

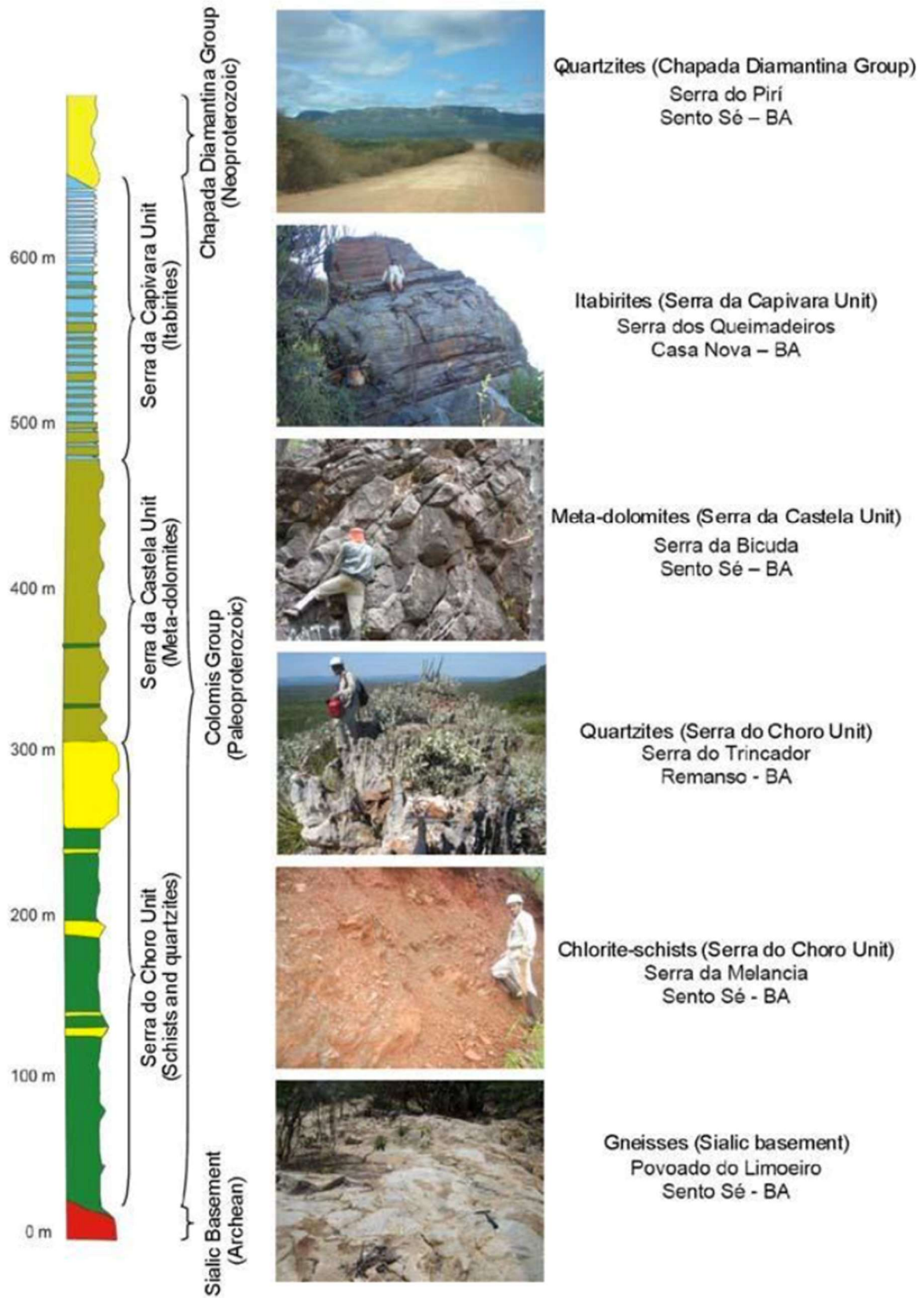


Figure 4 – Colomis Group stratigraphic column, showing itabirites located near the top of the Group (Source Colomi, 2010)

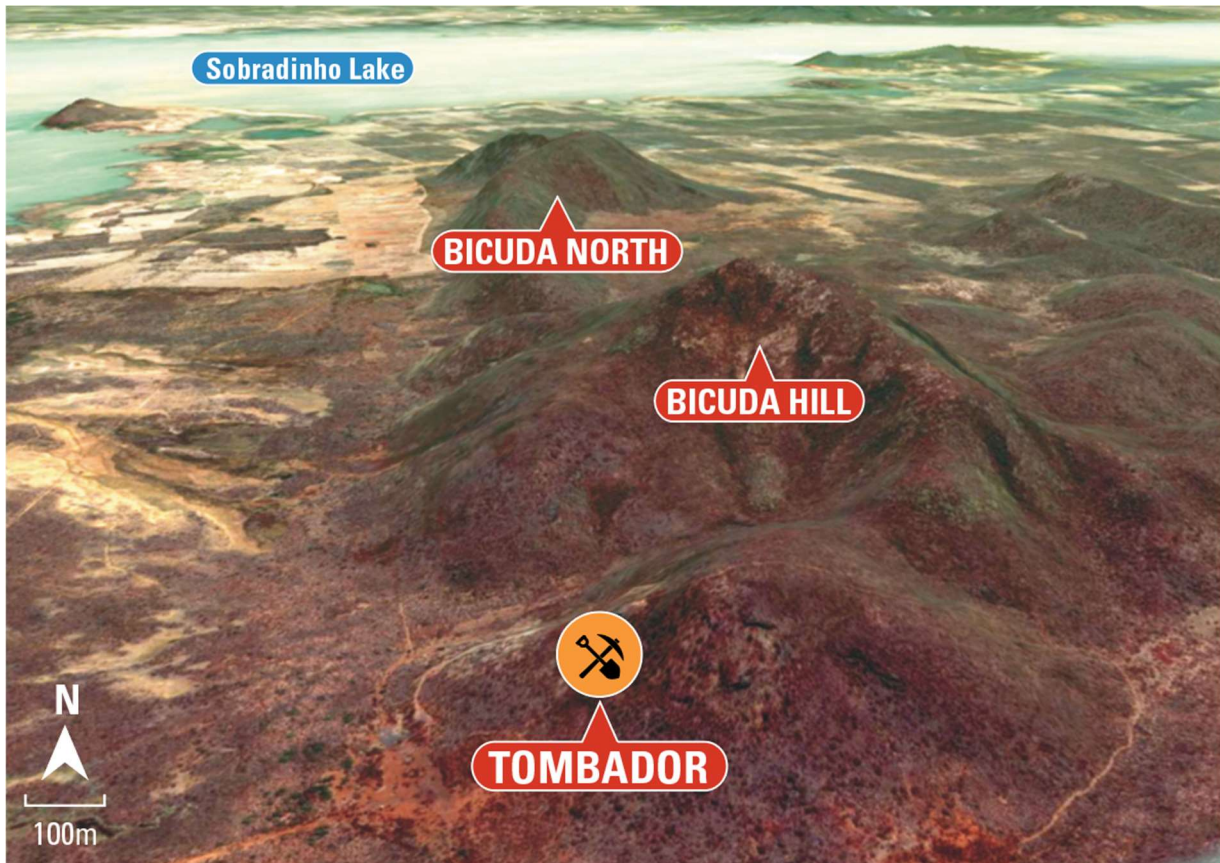


Figure 5 – Photo of Serra da Bicuda looking north and Tombador Project location (Source Colomi)

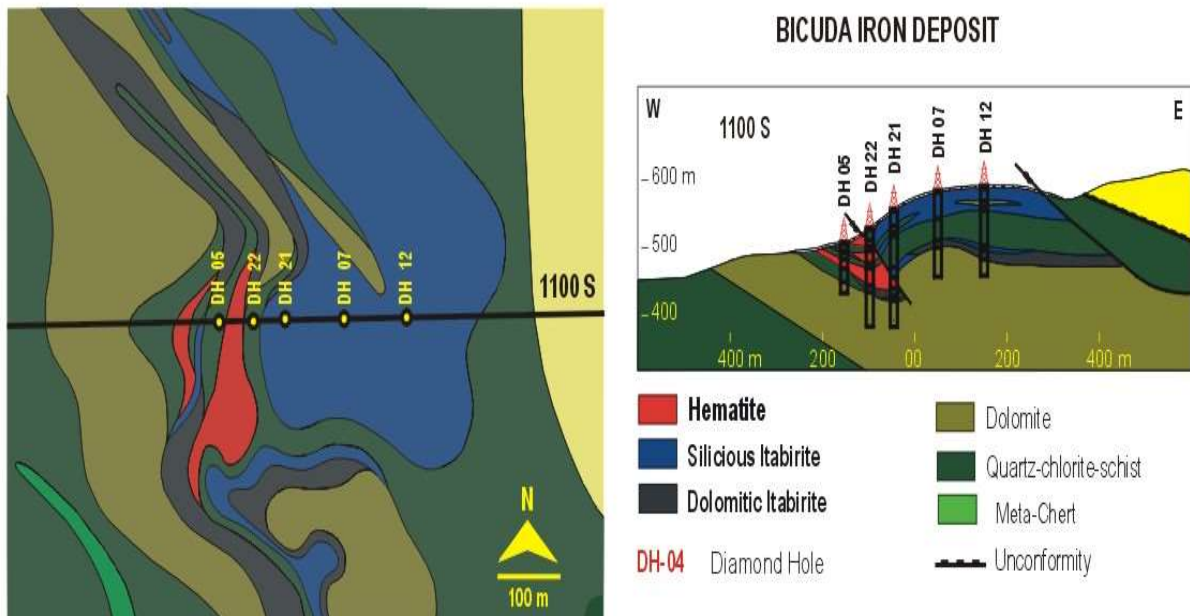


Figure 6 – Geology overview of Bicuda (Source Colomi, 2019a from Vale)



Figure 7 – Hematite mineralisation outcrop at Tombador (left) and itabirite mineralisation oucrop with hematite veins (right at Bicuda / Bicuda Norte adjacent tenement to north) (Source Colomi, 2010)

Dolomitic itabirites are composed of rhythmic bands of dolomitic marbles, quartz and iron oxides (hematite and magnetite) that are frequently folded and deformed. The siliceous itabirite at Bicuda / Bicuda Norte hosts a hematite body, resulting from alteration of magnetite into hematite. Hematite talus deposits occur adjacent to the hematite deposit of Tombador. Examples of outcropping talus and itabirite mineralisation are shown in Figure 8 and Figure 9 respectively.



Figure 8 – Hematite talus mineralisation at Bicuda Norte (adjacent tenement to north) (Source Colomi, 2010)



Figure 9 – Dolomitic itabirite mineralisation at Bicuda Norte (adjacent tenement to north) (Source Colomi, 2010)

4. Previous Exploration and Studies

Colomi acquired the Project in 2005 (Coffey, 2013) and established an exploration and investment agreement with Vale S.A. (**Vale**) across the broad tenement area. Colomi report that Vale spent approximately USD\$20 million on exploration of the Colomi Tenements up until 2010, discovering six iron ore deposits. Vale lodged a Final Exploration Report to the Brazilian Mines Department (**DNPM**) in February 2010 which has been summarised by Colomi (2010). Exploration conducted across the Colomi tenements included detailed geological mapping, airborne magnetic surveying, ground magnetic and gravity surveying, drilling of 181 holes (85 diamond and 96 reverse circulation drill holes) for 22,976m and limited metallurgical testwork (7 samples). Conceptual mining studies were carried out by Vale, considering all mineralisation types with production commencing in the municipality of Sento Sé and continuing development into the Remanso and Casa Nova municipalities. Development scenarios modelled by Vale returned positive economic results, but in August 2010 Vale elected not to advance to the next stage of the agreement. All exploration results were given to Colomi and the rights to the Colomi Iron Ore Project remained with Colomi.

Ongoing work conducted by Colomi focussed on reviewing the work by Vale and preparing an independent technical report and Mineral Resource estimates employing the services of Coffey Consultorio e Serviços Ltda (**Coffey**) via its Brazilian office in Belo Horizonte. In 2011, Coffey reported on updated Mineral Resource estimates across the tenement group, reporting these internally according to the JORC Code of the time (JORC, 2004 Edition). No additional holes were drilled by Colomi as Coffey report the use of the same 181 drill holes in the resource database (Coffey, 2011).

Coffey (2011) provided a number of recommendations for further work including additional geological mapping, reverse circulation and diamond drilling, bulk density determinations, specific cut-off grade studies to improve future resource estimation, additional metallurgical test work, continued quality assurance / quality control programs and trial mining / bulk sampling programs for the direct shipping ore material. Specialist environmental, infrastructure and logistical studies were also suggested, including conceptual mining, engineering, marketing and financial aspects.

In 2013, Coffey (2013) was commissioned by Colomi to prepare a Preliminary Economic Assessment (**PEA**) for the Colomi South Project, including the Bicuda, Bicuda Norte, Bicuda Sul and Jacobina mineral deposits. The PEA was based on Inferred and Indicated Mineral Resources, and recommended that additional drilling was required for reclassification of the resource to measured category. Two potential development options were modelled based on 15 Mtpa and 25 Mtpa scenarios. Economic evaluation for both scenarios were positive, but the initial capital cost estimates for both scenarios were high. Coffey recommended that additional drilling be conducted on the Colomi deposits for improved variography and to provide additional detail at the Bicuda area near the compact hematite lens to verify the lateral and depth extents.

Focus then turned to the hematite hosted mineralisation. In 2013, metallurgical tests were completed by Modelo Operacional Ltda (MOPE) on 10 samples consisting of 3 drill core samples, 5 outcrop samples and 2 composite samples. Metallurgical test work involved crushing and screening and detailed chemical analysis, to determine particle size distribution and grade, with additional mineralogy and metallurgical analysis. Results confirmed the prospect of producing lump product. In the same year Coffey prepared a sampling plan to increase reliability of the hematite understanding based on channel and chip samples of the Tombador area. This data was used to inform updated Mineral Resource estimates in early 2014 as described further below. Resource estimates for Tombador were undertaken applying the guidelines of the JORC Code (2012 Edition) (Coffey, 2014) and a JORC Table 1 was also prepared, but this information was not released to the market as Colomi remained a private company. Coffey considered that additional exploration of the talus mineralisation was required to improve the classification of this material and recommended a pre-feasibility study be completed to examine the potential to develop small scale, high grade production centred on Tombador.

In 2019, Prumm Corporation Pty Ltd (**Prumm**) completed a review to examine the viability of the hematite resources and consider the potential upside of these areas. Prumm also made recommendations for follow up work including developing a plan to fully assess the mineralisation outside of the Coffey 2014 resource limits. Three specific target areas were identified being near surface mineralisation, down-dip projection of the hematite mineralisation and 'up-dip' being mineralisation between the main deposit and the 'Lollipop' outcrop (Prumm, 2019).

Colomi conducted internal Economic and Technical Studies in early 2020 to explore the potential to develop the high-grade hematite body within the larger Colomi South Project (Colomi, 2020a and 2020b). The objective of the studies were to explore the potential to achieve production in a short timeframe, minimising capital expenditure and environmental impact, and maximising cash returns while also allowing for future development of a larger scale operation. The studies examined crushing ore on site and truck transport to the port at Aracaju, 700 kilometres away for sale to overseas customers. Outcomes of the study demonstrated a fast payback period, positive net present value (**NPV**) and attractive internal rates of return (**IRR**) based on the Measured and Indicated Resources only (Colomi, 2020a).

In April 2020, after transfer of the tenement, TIS engaged independent consultants GE21 Consultoria Ltda (**GE21**) to restate the Mineral Resources estimates for the Tombador Tenement. Although no longer employed by Coffey, the original Competent Persons who worked on the 2014 hematite and 2011 itabirite Mineral Resource estimates were then with GE21 and were engaged to update the resources to the JORC Code (2012) standards and prepare associated 'Table 1' reports (RESA, 2020). VRM has reviewed the quality and reasonableness of the Mineral Resource estimates as required by the VALMIN Code including both the initial resource reports and the updated 'Table 1' documentation. The following section describes this review and the outcomes.

5. Mineral Resource estimates

The Colomi tenements host several areas of iron ore mineralisation with a number of Mineral Resource estimates having been undertaken previously on these. Most of these estimates are now considered historical as they were reported in 2011 under the previous version of the JORC Code (2004). The resources at Tombador were updated in 2014 and 2015 based on additional sampling information and to comply with the requirements of the JORC Code (2012) edition. More recently, the Mineral Resource estimates for hematite, talus and itabirite hosted mineralisation in the Tombador Tenement were restated in 2020 and updated to meet the requirements of the JORC Code (2012 Edition) (RESA, 2020).

The location of Tombador hematite Mineral Resource in relation to the tenement boundary is provided in Figure 10, noting that the itabirite mineralisation occurs within the Tenement and extending to the north beyond the licence area.

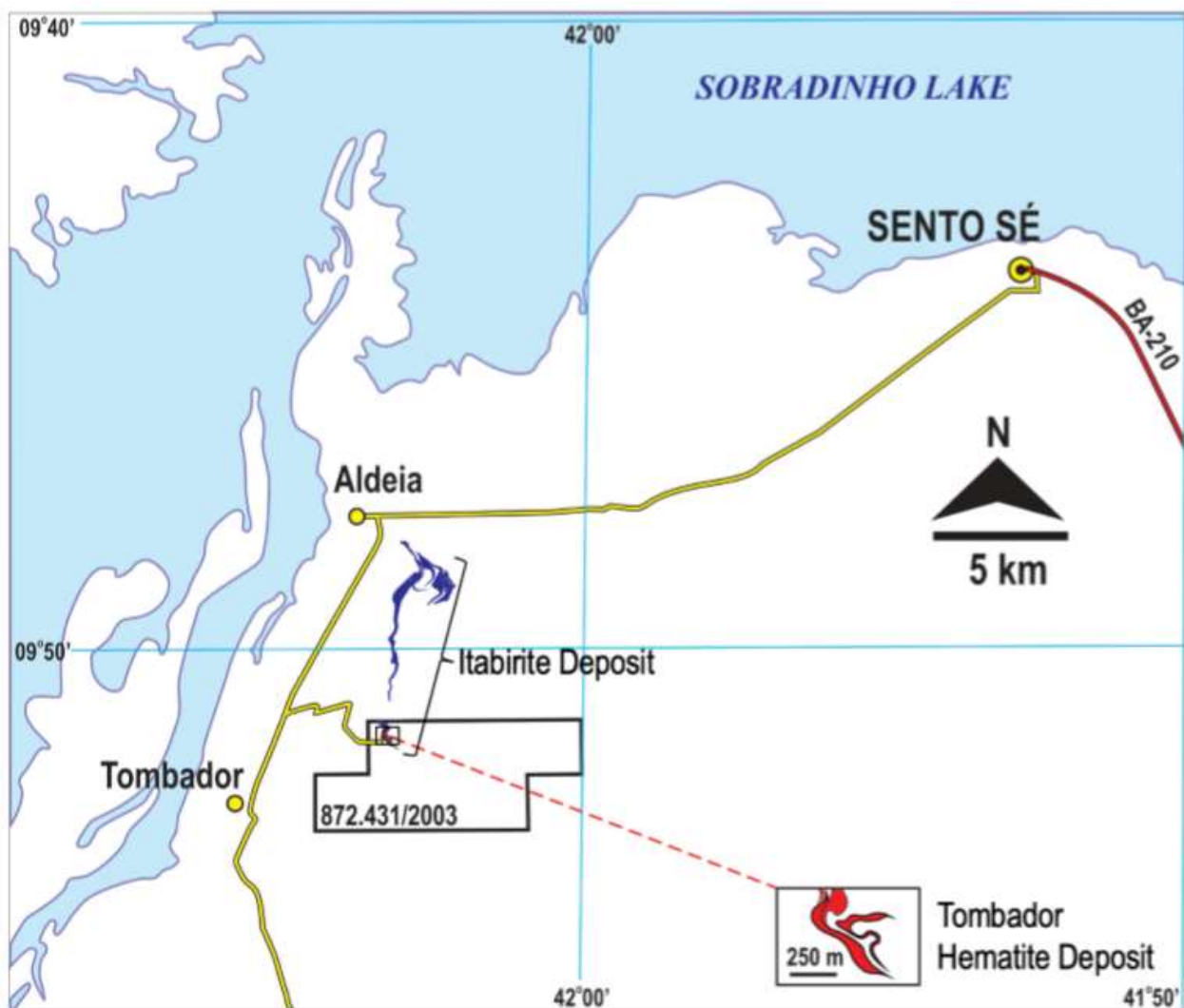


Figure 10 – Location of the tenement and schematic of Tombador hematite / itabirite deposits. Note that the adjacent itabirite deposit to the north is not included in this valuation (Source RESA, 2020)

As required by the VALMIN Code, Clause 4.1, VRM is required to undertake an assessment of the reasonableness of the inputs into our valuation. VRM commissioned Ashmore to complete a review of the Mineral Resource estimation reports and provide an assessment on the reasonableness of the Mineral Resource estimates for the Tombador Hematite Project and the Bicuda Itabirite Project. The contents of this Review have been created using the following reports:

- Coffey Consultoria e Servicos Ltd, 2011. Independent Technical Report on Exploration and Mineral Resources Estimation – Colomi Project, Brazil. Technical report by Coffey Consultoria e Servicos Ltd for Colomi Iron Mineração Ltda, dated 29th September 2011 (Coffey, 2011).
- Coffey Consultoria e Servicos Ltd, 2014. Independent Technical Report on Exploration and Mineral Resources Estimation – Update HCO Resources. Technical report by Coffey Consultoria e Servicos Ltd for Colomi Iron Mineração Ltda, dated 26th February 2014 (Coffey, 2014).
- Coffey Consultoria e Servicos Ltd, 2015. Mineral Resource Statement Colomi Project. Technical memorandum by Coffey Consultoria e Servicos Ltd for Colomi Iron Mineração Ltda, dated 6th March 2015 (Coffey, 2015).
- GE21 Consultoria Ltda, 2020a. Independent Technical Report on Exploration and Mineral Resources Estimation – Update HCO Resources. Technical report by GE21 Consultoria Ltda for Tombador Iron Mineração Ltda, dated 23rd April 2020.
- GE21 Consultoria Ltda, 2020b. Independent Technical Report on Exploration and Mineral Resources Estimation – Itabirites Resources Update. Technical report by GE21 Consultoria Ltda for Tombador Iron Mineração Ltda, dated 27th April 2020.

In Ashmore’s opinion, the information provided was of reasonable quality and satisfactorily addressed the requirements for an assessment of the reasonableness of the approach to the various Mineral Resource estimates. Mr. Searle has not verified the underlying geological datasets, nor has he completed a full review or re-reported the Mineral Resources for the Project as at the date of this report. The technical data was reviewed at a high level, however full due diligence was not undertaken.

5.1 High Level Review - Overview

The Tombador Hematite Project Mineral Resource estimate has been reported in compliance with the JORC Code (2012) reporting standard and is summarised in Table 2 for compact hematite material (**HCO**) and Table 3 for the talus developed on compact hematite (**TAL-HCO**). The Mineral Resource estimates were completed by Coffey for Colomi in 2014. Reporting of the Mineral Resource was updated by GE21 in 2020.

The Bicuda Itabirite Project Mineral Resource estimate has been reported in compliance with the JORC Code (2012) reporting standard and is summarised in Table 4. The Mineral Resource estimate was completed by Coffey for Colomi in 2011. Reporting of the Mineral Resource was updated by GE21 in 2020.

Table 2 Tombador Hematite Project 2014 Mineral Resource Estimates at 60% Fe Cut-off (Source: GE21, 2020a)

Tombador Compact Hematite Mineral Resources effective date 26 February 2014

Unit	Resource Classification	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	Mn (%)	P (%)	LOI (%)
HCO	Measured	1.94	67.04	1.95	0.47	0.037	0.101	0.44
	Indicated	3.47	67.30	1.65	0.56	0.029	0.092	0.31
	<i>Measured + Indicated</i>	<i>5.41</i>	<i>67.21</i>	<i>1.76</i>	<i>0.53</i>	<i>0.032</i>	<i>0.095</i>	<i>0.36</i>
	Inferred	2.58	67.48	1.54	0.62	0.027	0.086	0.28

Table 3 Tombador Hematite Project 2014 Talus Mineral Resource Estimates at 20% Fe Cut-off (Source: GE21, 2020a)

Tombador Talus Hematite Mineral Resources effective date 26 February 2014

Unit	Resource Classification	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	Mn (%)	P (%)	LOI (%)
TAL-HCO	Inferred	2.06	43.17	31.88	2.04	0.276	0.022	2.49

Table 4 Tombador Bicuda Itabirite Project 2011 Mineral Resource Estimates at 20% Fe Cut-off (Source: GE21, 2020b)

Bicuda Itabirite and Talus Mineral Resources effective date 29 September 2011

Resource Classification	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	Mn (%)	P (%)	LOI (%)
Bicuda - Talus							
Inferred	0.73	42.39	33.04	2.02	0.259	0.019	2.54
Bicuda – Itabirite Siliceous							
Indicated	27.52	37.85	41.90	1.09	0.327	0.051	1.43
Inferred	3.77	39.90	37.59	0.66	0.311	0.032	2.25
Bicuda – Itabirite Dolomitic							
Indicated	12.03	26.58	28.82	0.69	0.174	0.038	15.48
Inferred	6.29	26.61	24.33	0.49	0.185	0.032	17.47

The information is extracted from the announcement entitled 'RESA Group to Acquire High Grade Hematite Iron Project' created on 12 June 2020 and is available to view at <https://www.asx.com.au/asx/share-price-research/company/RE1>. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

5.2 Tombador Hematite Project

5.2.1 Informing Data and QA/QC

The Mineral Resource estimate is supported by samples collected from 17 diamond core (DD) drill holes (of which eight intersected the mineralisation) and channel sampling. DD holes were drilled with HQ diameter (63.5mm) coring bit. Drilling was carried out on a notional 50m by 50m drill spacing. Channel sampling was carried out to provide additional geological and assay information.

DD samples were taken as mostly 10m composites. The sample quality and recovery of DD core was reported as adequate for use in estimation. Sampling intervals were based on lithology and/or alteration changes. The core was cut in half longitudinally using a core saw.

Channel samples were obtained by marking out straight lines across a face of outcrop, with samples marked at 1m intervals or to geological contacts. The samples were obtained with a hammer and chisel and collected on a tarp below the face. Sampling was supervised by professionals and care was taken to ensure sampling bias was restricted and samples sizes were homogenous. A total of four channels were included in the estimate.

Sample Preparation and Analysis

All samples were subjected to granulo-chemical analysis to quantify physical and chemical properties of the samples. The physical analysis of the samples included crushing and separation into the following size fractions: 8mm to 31.5mm; 1mm to 8mm; 0.15mm to 1 mm; and < 0.15mm.

Once weighed, each interval was crushed, pulverised, mixed, sampled and assayed. The crushing and separating were completed at the Physical Preparation Laboratory located in Santa Luzia, Minas Gerais, Brazil. For samples obtained from less than 5m of core, the procedure included drying, primary crushing P95% <4mm, collection of 1/8 of the sample, grinding P95% < 0.105mm with the sub-sample obtained for assay.

Following the physical preparation, samples then underwent chemical analysis, which was conducted in the laboratory SGS Geosol, Vespasiano in Minas Gerais, Brazil, while umpire analysis of 5% of the results were conducted at ALS Chemex. Sample pulps for core were assayed by X-Ray Fluorescence (XRF) for the following elements and oxides: Fe, SiO₂, P, Al₂O₃, Mn, TiO₂, CaO, MgO, BaO, K₂O, Na₂O and Cr₂O₃. Loss on ignition determination (LOI) was completed at 1000°C SGS Geosol and ALS Chemex.

QA/QC

A program of Quality Assurance and Quality Control (QA/QC) was conducted at Tombador. Procedures included:

- Duplicates obtained from core at a rate of 1 in 20 samples.
- Umpire checks conducted on approximately 5% of the pulps at ALS Chemex.
- A project standard was inserted at a rate of 1 in 20 samples to monitor the assay accuracy.
- The chemical analyses were subjected to analytical closing calculations (stoichiometry) to evaluate the accuracy of the data. It was expected that more than 90% of the analytical data show total assays between 98% and 102%.

Duplicates returned assays inside acceptable limits. For the standard analysis, there was a wide variation of results between high and low values, but the Coffey report states the results were mainly in the recommended control limits.

Bulk Density

The bulk density applied in the block model was estimated by the average of measurements obtained by the specific gravity tests conducted by Vale. There were density determinations conducted on drill core samples, weathered rocks and field tests.

In total, 1,973 density determinations measurements were obtained. Measurements obtained from drilling were made every three metres in ore zones and every ten metres in waste zones by Vale. The intervals were selected respecting geological contacts and weathering zones. The density determination was carried out on drill core by the Jolly method. The weathered rock samples were oven dried and sealed with paraffin material.

Values assigned in the block model were 4.62t/m³ for HCO material and 1.8t/m³ for talus. Vale or GE21 did not perform any spatial variability study on density data.

Metallurgy

All samples were subjected to granulo-chemical analysis (GE21, 2020a) a standard analysis used in Brazil for high grade massive hematite core (RESA, 2020), providing a breakdown of size distribution and chemical composition. The JORC Table 1 states the following: *"Each entire 10m composite sample (20-30kg) was metallurgically tested using granulo-chemical analysis"* and *"Modest metallurgical tests were completed in 2013 by an external group "MOPE" on 10 samples consisting of three drill core, five outcrop and two composite samples. No deleterious or contaminating substances were encountered. Sulphur results were less than 0.01%."* This test work by MOPE is summarised in the public announcement with the statement: *"Results confirmed the prospect of producing lump product."* (RESA, 2020). The work indicates that a high proportion of lump product can be produced from the material.

Comment

The use of DD drilling and channel sampling is adequate to support a Mineral Resource, however just eight drill holes intercept the mineralisation. Core was sampled at very large intervals, usually 10m lengths, which is very coarse, even for large hematite deposits. VRM understands from Colomi the 10m sample interval was used to collect the sufficient mass for the granulo-chemical analysis method that provides a basis for estimating the lump yield. Although analysis of the size distribution is not discussed in the estimation report, the full results of the granulo-chemical analysis are shown in the Appendix. VRM strongly recommends obtaining samples at 2m intervals (or less) for hematite deposits. In VRM's opinion, the current core sample interval length is inadequate to support the current classification of Measured Mineral Resource.

Sample preparation, analysis and QA/QC are considered appropriate for the mineralisation style.

Bulk densities assigned in the block model were derived from 1,973 measurements from the Project, taken every 3m from drill core. The bulk density for HCO was calculated from 89 measurements of HCO material at Tombador. A density variability analysis should be conducted as the value assigned in the model does not appear to be separated by weathering. VRM recommends obtaining further measurements from the core using the Archimedes method and separating for weathering types.

Some metallurgical test work has been conducted that indicated a high proportion of lump product can be produced from the material. The mineralisation should be classified as Direct Shipping Ore (DSO) with minimal deleterious elements. VRM notes that Phosphorus grades for the Mineral Resource are approaching levels that are considered deleterious (>0.1% P).

Overall the data presented in the JORC Table 1 is adequate, although it is VRM's opinion the methodology to complete the estimate is not adequate for the reported Measured Mineral Resource.

5.2.2 Mineral Resource Estimation

Interpretation

Cross sectional interpretations of the mineralisation were conducted using multi-element assay data from DD and channel samples. Mineralisation envelopes were interpreted using a lower cut-off grade of 60% Fe. Figures from the report indicate that extrapolation down dip was reasonably generous.

Estimation Parameters

A block model with parent cell dimensions of 25m (X) by 25m (Y) by 5m (Z) was constructed with mineralisation and weathering domains used to appropriately flag the cells. Sub-blocks were half the parent block size. The block size is half the drill spacing and is considered the industry standard for cell size.

Statistical analysis of drill sample data was carried out to determine composite lengths and variogram modelling. The drill sample lengths were predominantly 10m and therefore a sample composite length of 10m was adopted. A total of 45 composites were available for analysis. Variograms were modelled for the mineralisation, with a high relative nugget effect of 0.7 for Fe, and a major variogram range of 60m.

Grade was interpolated into the block model parent cells using ordinary kriging (OK) and nearest neighbour (NN). Interpolation parameters were based on the geometry of geology and geostatistical parameters determined by variography.

A minimum of three and maximum of 10 samples, with a maximum of two drill holes were used to interpolate a cell. The first pass had a search radius of 50m, which was extended to 150m for the second pass and to 500m for the final pass, with the minimum samples reduced to one for the final pass. The search ellipse was orientated into the plane of mineralisation geometry. The mineralisation envelope was used as a hard boundary during grade interpolation.

The interpolated grades were validated by way of review of cross sections (block model and drill samples presented with same colour legend), swath plots, comparing other estimation methods (NN) and types and comparison of mean grades from sample data.

Bulk Density Measurements and Values Assigned in the Block Model

A value of 4.62t/m³ was applied to the mineralisation based on the average calculated value from measurements taken of the HCO DD core.

Comment

The interpretation and wireframing methodology were conducted to industry standards, however VRM notes generous extrapolation of the mineralisation down-dip. Further drilling is required to verify and define the extents of the mineralisation.

The composite length of 10m results in a smoothed statistical and geostatistical analysis of the mineralised domain. The composite length is appropriate given the large sample lengths and high Fe grades, however the sample interval lengths lack the resolution required to understand the variability of impurities within the deposit. VRM recommends that sample interval lengths are restricted to 2m or less for this style of mineralisation.

The block size and estimation parameters are largely suitable for the deposit, however there is no point utilising a block size in the Z direction that is half the composite length. The estimated grades in the block model will be smoothed as a result of the 10m composite lengths. Otherwise, the search parameters are adequate for the deposit.

The quality of variograms is poor due to the low number of samples and lack of variability due to the 10m composite lengths. Generally, at least 200 samples are required for a reasonably structured variograms,

however there are 45 samples available for this analysis. This is insufficient and has resulted in abnormal kriging parameters, where the nugget value (C_0) for Fe is 0.7. This is very high for this mineralisation style and with a sufficient number of samples for analysis, would probably be less than 0.2. Utilising a higher nugget in the kriging parameters increases grade smoothing in the block model. In addition, the observed range of 60m is most likely data dependent as well (where there are only eight holes intersecting mineralisation).

As mentioned above, the bulk density is assigned based on measurements, however may not account for variability, alteration and voids in the mineralisation.

Due to the lack of samples, the large composite length of 10m, unreliable variography and subsequent kriging parameters, and absence of bulk density measurements, the Mineral Resource should be restricted to Indicated and Inferred Mineral Resource.

5.2.3 Mineral Resource Classification and Reporting

The Tombador Project Mineral Resource estimate is classified as Measured, Indicated and Inferred Mineral Resource based on the assessment of the input data, geological interpretation and quality of grade estimation.

Drill holes supporting the Measured Mineral Resource are drilled at a spacing of 50m (N) by 50m (E). The Indicated Mineral Resource is supported at a drill spacing of between 100m (N) by 100m (E) and the Inferred Mineral Resource is supported by drilling with drill spacing typically greater than 100m (northing and easting).

The Mineral Resource is reported above a cut-off grade of 60% Fe and an open pit mining method is assumed.

Comment

In VRM's opinion, the large sample interval lengths and subsequent composite length of 10m, coupled with the lack of drilling samples (eight holes intercept mineralisation) and homogenous bulk density measurements do not support the Measured classification of Mineral Resource. Variability of the mineralisation is not fully understood due to the low sample counts and lack of resolution in the samples. In VRM's opinion, the data could support the classification of Indicated and Inferred Mineral Resource, with recommendations for future work to include: further drilling, obtaining bulk density measurements, re-sampling of existing core at 1 or 2m intervals (if possible), aerial topography survey, mapping and improved domaining and geostatistical analysis of the various material and weathering types.

The cut-off grade of 60% Fe is considered conservative for the mineralisation style. It would be reasonable to report the Mineral Resource at a cut-off grade that would support a product of 61 to 62% Fe.

5.3 Bicuda Itabirite Project

5.3.1 Informing Data and QA/QC

The Mineral Resource estimate is supported by samples collected from eight reverse circulation (RC) and 54 DD holes. RC holes were drilled with a 12.7cm diameter and DD holes were drilled with HQ diameter (63.5mm) coring bit. Drilling was carried out on a notional 200m by 200m, down to 100m by 100m drill spacing. The majority of holes were drilled vertical.

Core samples were sawn in half before being collected to allow half of the material to be sent for chemical analysis and the remaining half were kept in the core shed. The sample length for DD samples was not specified. Samples obtained from Bicuda diamond drilling were sampled using granulochemical analysis due to the existence of hematite in the southern area with potential to form direct shipping lump ore. Ore samples from DD were collected using a 10m intervals, (with minimum >5m and maximum <15m) obeying lithological and weathering contacts. To ensure a clear definition of the boundaries of mineralised zones, 2m samples of core were collected of the host rock above and below the mineralised intervals. For samples from Bicuda of less than five meters a simple total or whole rock analysis was used.

Samples from five diamond holes and eight RC holes completed in the north of Bicuda North were collected using a 5m sample interval with a minimum >3m and a maximum <7m, obeying lithological and weathering contacts. For a clear definition of the limits of the mineralized zones, 2m samples of core were collected of the host rock above and below the mineralised intervals.

RC samples were prepared by splitting the sample using a Jones splitter. Initially each one metre interval was split into two samples of approximately 40kg each. One sample was kept as a reference and the other sample was utilised for analysis. The sample intended for chemical analysis was further split to obtain a sample weight of approximately 10kg and sent for assay.

Sample Preparation and Analysis

For RC samples the procedure included drying, primary crushing P95% <4mm, collection of 1/4 of the sample, grinding P95% < 0.105mm and final division with collection of one sample for whole chemical assay. To ensure the accuracy of the sub-sample process, duplicates were made of the crushed material at a frequency of 1 in 30, after primary crushing (P95% <4mm) and pulverised material on a frequency of 1 in 20 after pulverisation.

All core samples were subjected to granulo-chemical analysis to quantify physical and chemical properties of the samples. The physical analysis of the samples included crushing and separation into the following size fractions: 8mm to 31.5mm; 1mm to 8mm; 0.15mm to 1 mm; and < 0.15mm.

Once weighed, each interval was crushed, pulverised, mixed, sampled and assayed. The crushing and separating were completed at the Physical Preparation Laboratory located in Santa Luzia, Minas Gerais, Brazil. For samples obtained from less than 5m of core, the procedure included drying, primary crushing

P95% <4mm, collection of 1/8 of the sample, grinding P95% < 0.105mm with the sub-sample obtained for assay.

Following the physical preparation, samples then underwent chemical analysis, which was conducted in the laboratory SGS Geosol, Vespasiano in Minas Gerais, Brazil, while umpire analysis of 5% of the results were conducted at ALS Chemex. Sample pulps for core were assayed by XRF for the following elements and oxides: Fe, SiO₂, P, Al₂O₃, Mn, TiO₂, CaO, MgO, BaO, K₂O, Na₂O and Cr₂O₃. LOI determination was completed at 1000°C SGS Geosol and ALS Chemex.

QA/QC

A program of QA/QC was conducted at Bicuda. Procedures included:

- Duplicates obtained from core at a rate of 1 in 20 samples.
- Umpire checks conducted on approximately 5% of the pulps at ALS Chemex.
- A project standard was inserted at a rate of 1 in 20 samples to monitor the assay accuracy.
- The chemical analyses were subjected to analytical closing calculations (stoichiometry) to evaluate the accuracy of the data. It was expected that more than 90% of the analytical data show total assays between 98% and 102%.

Duplicates returned assays inside acceptable limits. For the standard analysis, there was a wide variation of results between high and low values, but the Coffey report states the results were mainly in the recommended control limits.

Bulk Density

The density applied in the block model was defined by the average of values obtained by the experimental specific gravity tests by lithology types and was completed by Vale. Measurements were obtained on all DD holes every 3m in ore zones and every 10m in waste. The intervals were selected respecting geological contacts and weathering zone limits.

The density determination was carried out on core by the Jolly method. The weathered rock samples were oven dried and the material sealed with paraffin.

Bulk density values applied to the siliceous itabirite material were between 3.19 and 3.26t/m³ and the value applied to the dolomitic itabirite material was 3.32t/m³.

Metallurgy

No metallurgy is discussed in the estimation report, although the JORC Table 1 states the following: *"There were no specific assumptions or predictions regarding the metallurgical amenability completed by Coffey within the resource estimate statement. It is important to note however that during their investigations Vale submitted seven itabiritic iron ore samples coming from exploration areas to the Vale Mineral Process Centre Laboratory located in Santa Luzia, MG to conduct technological characterisation tests. Samples of three types*

of the itabirites (siliceous, dolomitic and amphibolitic) were collected from outcrops or selected from core drilling."

Comment

The use of RC and DD drilling and channel sampling is adequate to support a Mineral Resource, with the sample preparation, analysis and QA/QC considered appropriate for the mineralisation style. Core was sampled at very large intervals, usually 10m lengths for Bicuda and 5m lengths for Bicuda North; which is very coarse. VRM recommends obtaining samples at 2m intervals (or less) for magnetite deposits.

VRM notes that bulk density values assigned were averages and that no bulk density variability analysis was conducted. In addition, bulk density values were not assigned based on weathering / alteration. Additional information was supplied by Colomi stating that the average measurements for weathered material was 3.14t/m³ and the average measurements for fresh material was 3.89t/m³. In that case, values should be applied based on weathering in the block model.

Magnetite occurs within itabirite material, however it appears as though no detailed magnetic separation analysis was conducted on the material, such as Davis Tube Recovery (DTR). This is an important aspect of estimating itabirite or magnetite Mineral Resources as the magnetic susceptibility of the material can be highly variable. In VRM's opinion, the absence of the magnetic susceptibility analysis from the estimate and detailed metallurgical testing of the material means that the estimate is not adequate to support Indicated Mineral Resource. VRM recommends obtaining DTR measurements from the core for all assayed sample intervals, estimating the DTR as part of the Mineral Resource estimate as well as reporting any detailed metallurgical test work to verify the marketable product types for the Bicuda material.

Overall the data presented in the JORC Table 1 is adequate, although the methodology to complete the estimate is not adequate for the reported Measured and Indicated Mineral Resource.

5.3.2 Mineral Resource Estimation

Interpretation

Cross sectional interpretations of the mineralisation were conducted using multi-element assay data from drill samples. Mineralisation envelopes were interpreted using geological logging, as VRM notes no wireframe cut-off grade was mentioned in the report. The itabirite material was domained as separate siliceous and dolomitic units, with additional talus material domained.

Estimation Parameters

A block model with parent cell dimensions of 100m (X) by 100m (Y) by 5m (Z) was constructed with mineralisation and weathering domains used to appropriately flag the cells. Sub-blocks were a quarter the parent block size in eastings and northings, but no sub-blocking by elevation was conducted.

Statistical analysis of drill sample data was carried out to determine composite lengths and variogram modelling. The drill sample lengths were highly variable, with a mixture of sample lengths ranging between 1 and 15m. A sample composite length of 10m was adopted. The largest domains at Bicuda contained 130 composites. Variograms were modelled for the mineralisation. The tables that show kriging parameters derived from variography are confusing. Nugget values for Fe are noted as 1.0 or 12.0 at Bicuda; for SiO₂ are 1.0 and 10.0 and for Al₂O₃ are 0.01 and 1.6. It is possible that the values should be displayed as 0.01 and 0.12 for Fe, but this is uncertain. The major direction ranges for all elements were 200 to 250m.

Grade was interpolated into the block model parent cells using OK and inverse distance weighted (IDW). Interpolation parameters were based on the geometry of geology and geostatistical parameters determined by variography.

A minimum of six and maximum of 30 samples, with a maximum of two drill holes were used to interpolate a cell. The first pass had a search radius of 170m, which was extended to 380m for the second pass and to 1,000m for the final pass, with the minimum samples reduced to one for the final pass. The search ellipse was orientated into the plane of mineralisation geometry. The mineralisation envelope was used as a hard boundary during grade interpolation.

The interpolated grades were validated by way of review of cross sections (block model and drill samples presented with same colour legend), swath plots, comparing other estimation methods (IDW) and types and comparison of mean grades from sample data.

Bulk Density Measurements and Values Assigned in the Block Model

Bulk density values applied to the siliceous itabirite material was 3.19t/m³ and the value applied to the dolomitic itabirite material was 3.32t/m³ based on core measurements.

Comment

The interpretation and wireframing methodology were conducted to industry standards, however it is not noted whether any sort of weathering/oxidation modelling was conducted, apart from modelling the talus material.

The composite length of 10m results in a smoothed statistical and geostatistical analysis of the mineralised domain. The composite length is appropriate given the large sample lengths and the sample mass required for granulo-chemical analysis, however the sample interval lengths lack the resolution required to understand the variability of the deposit. VRM recommends that sample interval lengths are restricted to 2m or less for this style of mineralisation.

The block size could be reduced to minimise smoothing. The estimation parameters are largely suitable for the deposit, however there is no point utilising a block size in the Z direction that is half the composite length. The estimated grades in the block model will be smoothed as a result of the 10m composite lengths. Otherwise, the search parameters are adequate for the deposit. The maximum number of samples

should also be reduced, however the block model will already be relatively over-smoothed due to the large composite length.

The quality of variograms is poor due to the low number of samples and lack of variability due to the 10m composite lengths. Generally, at least 200 samples are required for a reasonably structured variograms, however there are up to 130 samples available for this analysis. There is uncertainty around the nugget values utilised in the estimate, as the nugget should be a value between 0 and 1, however there are values well over 1 recorded in the kriging parameters table.

The bulk density is assumed and does not account for variability and alteration in the mineralisation. In addition, DTR values that were available were not used for the estimate, a crucial analysis required for itabirite mineralisation.

Due to the large composite length of 10m, unreliable variography and subsequent kriging parameters, homogenous bulk density values and absence of DTR measurements and detailed metallurgical test work, the Mineral Resource should be restricted to Indicated and Inferred Mineral Resource.

5.3.3 Mineral Resource Classification and Reporting

The Bicuda Itabirite Project Mineral Resource estimate is classified as Indicated and Inferred Mineral Resource based on the assessment of the input data, geological interpretation and quality of grade estimation.

The Indicated Mineral Resource is supported at a drill spacing of between 100m (N) by 100m (E) and the Inferred Mineral Resource is supported by drilling with drill spacing typically greater than 100m (northing and easting).

The Mineral Resource is reported above a cut-off grade of 20% Fe and an open pit mining method is assumed.

Comment

In VRM's opinion, the large composite length of 10m, combined with the homogenous bulk density values and absence of DTR measurements and detailed metallurgical test work; do not support the Indicated classification of Mineral Resource. Variability of the mineralisation is not fully understood due to the lack of resolution in the composites. In VRM's opinion, the data could support the classification of Inferred Mineral Resource, with recommendations for future work to include: further drilling, obtaining bulk density measurements from all material types, re-sampling of existing core at 1 or 2m intervals and conducting DTR measurements (if possible), metallurgical test work, aerial topography survey, mapping and improved domaining and geostatistical analysis of the various material and weathering/oxidation types.

The cut-off grade of 20% Fe is appropriate for the mineralisation style, assuming that the material is amenable to magnetic separation processing.

6. Valuation Methodology

The VALMIN Code outlines various valuation approaches that are applicable for Properties at various stages of the development pipeline. These include valuations based on market-based transactions, income or costs as shown in Table 5 and provides a guide as to the most applicable valuation techniques for different assets.

Table 5 VALMIN Code 2015 valuation approaches suitable for mineral Properties

Valuation Approaches suitable for mineral properties				
Valuation Approach	Exploration Projects	Pre-development Projects	Development Projects	Production Projects
Market	Yes	Yes	Yes	Yes
Income	No	In some cases	Yes	Yes
Cost	Yes	In some cases	No	No

The Tombador hematite and Bicuda itabirite and talus projects in Brazil are best described as advanced exploration to pre-development stages. There are Mineral Resource estimates within the Properties that are reportable under the JORC Code (2012) and the JORC Code (2004), but no Ore Reserve estimates.

As discussed above, given the Mineral Resources, in VRM's view are best reported as Indicated and Inferred Mineral Resources, VRM does not consider an income valuation methodology is appropriate. Without further drill testing to confirm the higher level of classification of the resources, at this stage the preferred valuation for the Tenement is based on market and cost valuation approaches.

6.1 Previous Valuations

VRM is not aware of any previous valuation reports on the Colomi property.

6.2 Valuation Subject to Change

The valuation of any mineral property is subject to several critical inputs most of these change over time and this valuation is using information available as of 12 June 2020 being the valuation date of this Report. This valuation is subject to change due to updates in the geological understanding, variable assumptions and mining conditions, climatic variability that may impact on the development assumptions, the ability and timing of available funding to advance the property, the current and future iron ore prices, exchange rates, political, social, environmental aspects of a possible development, a multitude of input costs including but not limited to fuel and energy prices, steel prices, labour rates and supply and demand dynamics for critical aspects of the potential development like mining equipment. While VRM has undertaken a review of multiple aspects that could impact the valuation there are numerous factors that are beyond the control of VRM.

As at the date of this Report in VRM's opinion there have been no significant changes in the underlying inputs or circumstances that would make a material impact on the outcomes or findings of this Report.

6.3 General assumptions

The Mineral Assets of Colomi are valued using appropriate methodologies from Table 5 as described in the following sections. The valuation is based on several specific assumptions detailed above, including the following general assumptions;

- That all information provided to VRM is accurate and can be relied upon,
- The valuations only relate to the mineral assets of Colomi hematite, itabirite and talus within the Tenement and not the companies nor their shares or market value,
- That the mineral rights, tenement security and statutory obligations were fairly stated to VRM and that the mineral licences will remain active,
- That all other regulatory approvals for exploration and mining are either active or will be obtained in the required and expected timeframe
- That the owners of the mineral assets can obtain the required funding to continue exploration activities,
- The iron ore price assumed (where it is used / considered in the valuation) is as at 12 June 2020, being USD\$ 103.59/t (<https://www.investing.com/commodities/iron-ore-62-cfr-futures-historical-data>)
- The USD\$ - AUS\$ exchange rate of 0.685199 (www.xe.com) resulting in an Australian dollar price of \$151.18/t.
- All currency in this report are Australian Dollars or AUS, unless otherwise noted, if a particular value is in United States Dollars, it is prefixed with USD.

6.4 Market Based Valuations

As the Properties in Brazil being valued in this Report are dominantly prospective for iron ore it is important to note the current market conditions of the primary commodity being targeted.

Iron Ore Market

The Iron Ore market conditions have been quite volatile over the past five years. External events have had a significant impact on the supply and demand dynamics. Overall there has been an increase in global steel production and hence an increase in Iron Ore demand. The increased demand has been somewhat offset by a very large increase in the overall iron ore production. Other impacts on the overall global Iron Ore production has included several tailings dam failures and restrictions on tailings dam use and management, especially in Brazil. There has been an increase in the Australian Iron Ore production with most of that expansion being from DSO hematite deposits.

According to Chinese government data China produces more crude steel than the rest of the world combined, reaching 996.3 million tonnes in 2019, up 8.3% over the prior year. In 2019 Chinese imports of Iron Ore, the steelmaking raw material, was 1.069 billion tonnes, this was the second highest on record with the highest import being 1.075 billion tonnes in 2017. Customs data showed China's iron ore purchases in December 2019 totalled 101.3m tonnes, up nearly 12% from July 2019.

The price of iron ore was impacted by a tailings dam burst at Vale’s Brumadinho operations in Brazil in January 2019. In response, the world no 1 Iron Ore producer, Vale initially suspended 93m tonnes of output. This resulted in the Iron ore price increasing to approximately USD\$126/t, the highest price per tonne since January 2014.

In January 2020, iron ore had been trading above USD\$92/t due to a decrease in supply from Brazil’s major iron ore producer Vale, with heavy rains and flooding in the south of the Brazil. The price fell below USD\$83/t in the beginning of February 2020 as Chinese markets returned to trade after the Lunar New Year break, amid concerns about the impact of coronavirus on the Chinese economy, the largest consumer of iron ore. Prices were heavily impacted in early-mid March 2020, and by the end of that quarter the iron ore price had decreased 10% since the beginning of 2020.

S&P Global noted that iron ore pricing had been quite resilient through the pandemic compared to other metals, but volatility continues as the pandemic centre is shifting to South America at the time of compiling this report. Iron ore has been trading above USD\$100/t in June and is also 30% higher than the lows of April 2020. Price strengthening is attributed to shutdowns of critical mines in the north and south of Brazil due to a surge in coronavirus infections causing supply concerns, while demand in China remains strong (Trading Economics).

At the valuation date the Iron Ore Price which has been used in the valuation and in the normalisation of the comparable transactions was USD\$103.59/t being the iron ore fines 62% Fe CFR futures historical data and the exchange rate between Australian Dollars and US dollars was 0.685199 (www.xe.com). Below is a graph (Figure 11) of the Iron Ore price over the past five years (www.tradingeconomics.com). The Iron Ore price refers to Iron Ore Fines China Import 63.5% Fe grade.

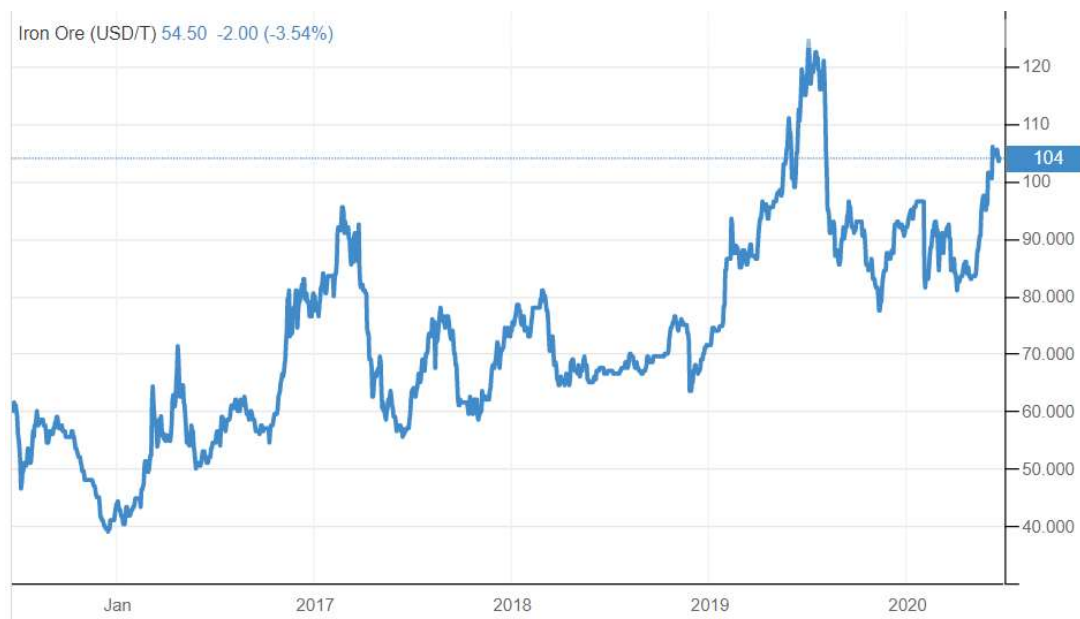


Figure 11 – Five year US Dollar Iron Ore monthly price graph iron ore fine China Import 63.5% Fe (Source: tradingeconomics.com)

S&P Global Platts note (in their blog 'China's quest for cleaner skies drives change in iron ore market') that until late 2016, there was no premium for the iron ore units in iron ore fines with a 65% Fe content. But since then trade has shifted from the standard 62% benchmark product, to a multi-tier market including speciality products suited to particular steel mill specifications. In 2018 the premium for higher grade product leapt up to 37% above the 62% grade price, but slipped back to a 16% premium by the end of that year. Anglo American (2019) recognises these 'structural changes' to the market in support of quality premium iron ore products and forecasts a 'long term' annual average price differential of approximately 20% premium between 65% and 62% Fe fines (Figure 12) as well as a long term lump premium of approximately USD\$0.21/dmtu (Figure 13).

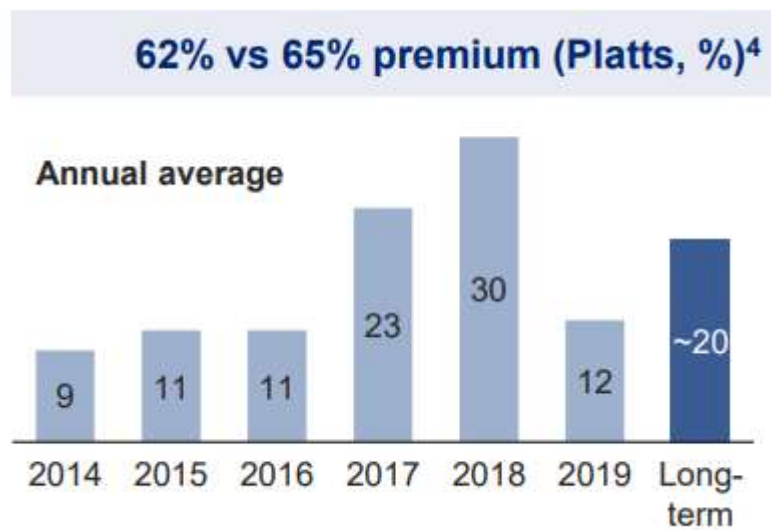


Figure 12 – Annual average premium for high grade iron ore for 2014 to 2019 and projected future premium (Source Anglo American, 2019) Footnote 4 in this figure refers to a study by WSA and CRU

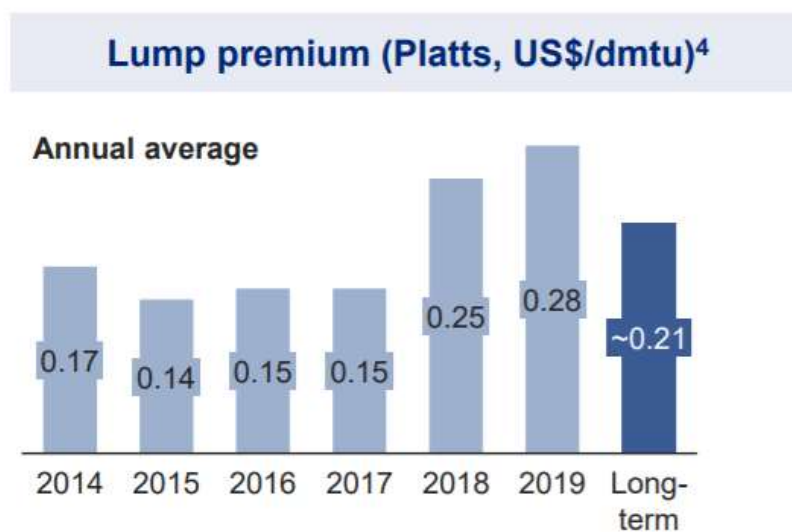


Figure 13 – Annual average premium for lump iron ore for 2014 to 2019 and projected future premium (Source Anglo American, 2019) Footnote 4 in this figure refers to a study by WSA and CRU

At London Metals Exchange (LME) Week In late 2019, S&P Global Platts reported that price differentials between 65%, 62% and 58% Fe fines were much lower than 2017/2018 levels. For 65% grade Fe fines, it quotes that Citi anticipates average prices falling from US\$107/t in 2019 to US\$91/t in 2020, US\$67/t in 2021 and US\$65/t in 2023 (refer to article '*Iron ore prices to be 'quite a bit lower' next year: steel to moderate: Citi*'). The current valuation of the Tombador Project is largely derived from its high-grade hematite DSO resource with a significant proportion of the resource having a high lump-yield.

While the iron ore price is quite strong, particularly in Australian dollars there are a fairly limited number of transactions and interest in the junior iron ore exploration companies, especially for magnetite projects. Magnetite / itabirite orebodies are generally lower grade and require crushing and grinding with associated energy costs in both processing and capital being significantly higher than for DSO material. Most of the Australian magnetite project transactions that have been announced in the past five years or more have been withdrawn or not completed, also providing support that the market for magnetite projects is depressed. In Brazil, most project transaction relate to itabirite and hematite transactions with it being difficult to separate the two classes.

Valuation of Advanced Properties

There are several valuation methods that are suitable for advanced Properties these include;

- Financial modelling including discounted cash flow (DCF) valuations (generally limited to Properties with published Ore Reserves)
- Comparable Market Based transactions including Resource and Reserve Multiples
- Yardstick valuations

As there are no current Ore Reserves estimated for the project VRM does not consider an income based valuation approach is suitable as a primary valuation method. There are significant modifying factors that impact the viability and economic returns of a mining operation. Until the modifying factors are identified and quantified by additional studies, typically completed as a part of an Ore Reserve Estimation, it is VRM's opinion that any assumptions in critical modifying factors could, and often would, have a material impact on a valuation using an income approach.

Comparable Market Based Transactions

A comparable transactional valuation is a simple and easily understood valuation method which is broadly based on the real estate approach to valuation. It can be applied to a transaction based on the contained metal (for projects with Mineral Resource Estimates reported) or on an area basis for non-resource projects. Advantages of this type of valuation method include that it is easily understood and applied, especially where the resources or tenement area is comparable and the resource or exploration work is reported according to an industry standard (like the JORC Code or NI43-101).

However, it is not as robust for projects where the resources are either historic in nature, reported according to a more relaxed standard, or are using a cut-off grade that reflects a commodity price that is not justified by the current market fundamentals. If the projects being valued are in the same or a

comparable jurisdiction, then it removes the requirement for a geopolitical adjustment. Finally, if the transaction being used is recent then it should reflect the current market conditions.

Difficulties arise when there are a limited number of transactions, where the projects have subtle but identifiable differences that impact the economic viability of one of the projects. For example, the requirement for a very fine grind required to liberate gold from a sulphide rich ore or where the ore is refractory in nature and requires a non-standard processing method. For Iron Ore projects the differences would occur with different mineralogy including hematite mineralisation compared to magnetite mineralisation and the presence of any penalty elements in the iron ore, such as high phosphorus for example.

The information for the comparable transactions has been derived from various sources including the ASX and other securities exchange releases associated with these transactions, a database compiled by VRM for exploration stage projects (with resources estimated) and development ready projects.

This valuation method is the primary valuation method for exploration or advanced (pre-development) projects where Mineral Resources have been estimated but no current Ore Reserves have been declared. More advanced projects would typically be valued using an income approach due to the modifying factors for a proposed mining operation being better defined.

The preference is to limit the transactions and resource multiples to completed transactions from the past two to three years in either the same geopolitical region or same geological terrain however due to the limited number of recent completed transactions especially for hematite resources project based transactions in Brazil the transactions have been based on any hematite projects in South America and globally since the start of 2015.

The Resource multiples used by VRM have been normalised to the current Iron Ore price compared to the Iron Ore price as at the time of the transaction. The value of the transaction in Australian dollars was determined based on the exchange rates when transaction was announced.

The comparable transactions have been compiled where Resources have been estimated. Appendix A details the Resource Multiples for a series of transactions that are considered at least broadly comparable and are situated in the geopolitical setting so that no adjustments are needed to account for this. While it was difficult to develop separate resource multiples used for the hematite portions of the Mineral Resource (that contain material that is potentially saleable as DSO) from the itabirite areas, these two styles clearly have differing project economics and therefore market values.

To account for these differences VRM applied a grade premium or discount considering the relative grade of the comparative resource transactions for South America with respect to the hematite, hematite talus and itabirite grade profiles. In addition, a price premium was applied to the Tombador hematite resource,

to account for the particularly high grade of this mineralisation. Finally a lump yield was also considered for the Tombador compact hematite mineralisation.

Yardstick Valuations

As mentioned above the yardstick method can also be considered as a valuation approach. This is typically used as a cross-check when valuing of Mineral Resources, but can also be considered for historical resources and also Exploration Targets. It is based on a percentage of the current commodity price, and is more typically used for traded commodities such as gold. For products such as iron ore, where sales contract can be product specific and individual project value drivers may not be so readily considered, the method may be too simplistic.

In a recent iron ore valuation CSA Global (2018) selected the following yardstick factors for DSO iron ore in Australia, based on commonly used factors for bulk commodities:

- Inferred Mineral Resources: 0.1% to 0.2% of spot price
- Indicated Mineral Resources: 0.2% to 0.5% of spot price
- Measured Mineral Resources: 0.5% to 1.0% of spot price

Within the same valuation report CSA Global (2018) selected the following yardstick factors for magnetite iron ore resources, based on the difference in the market prices for magnetite projects compared to DSO projects:

- Inferred Mineral Resources: 0.01% to 0.02% of spot price
- Indicated Mineral Resources: 0.02% to 0.05% of spot price
- Measured Mineral Resources: 0.05% to 0.10% of spot price

This implies that the valuation of magnetite projects is an order of magnitude lower than of hematite projects, which is supported by comparable transactions for Australian Projects (Refer to CSA Global, 2018). This may not be the case for Brazilian iron ore projects but there is not the number or detail with respect to the transactions to make a similar assessment. Therefore VRM has applied these yardstick factors to apply this approach as a cross check to the comparative transaction valuation.

VRM assumed the iron ore price of USD\$103.59/t and USD\$ - AUS\$ exchange rate of 0.685199 resulting in an Australian dollar price of \$151.18/t. To account for the premium product that Tombador represents a 20% price premium was applied to the hematite mineralisation (but not the HCO-TAL).

Exploration Asset Valuation

Other methods are available to estimate the value of an early stage exploration property (or the exploration potential away from a mineral deposit). For large tenement areas for example, it is important to value all the separate parts of the mineral assets under consideration. In the case of the advanced Properties the most significant value drivers for the overall property are the declared Mineral Resources or Ore Reserves, while for earlier stage Properties a significant contributor to the property's value is the

exploration potential. There are several ways to determine the potential of pre-resource Properties, these being;

- Comparable transactions (purchase) based on the Properties' area
- Joint Venture terms based on the Properties' area
- A Geoscientific (Kilburn) Valuation
- A prospectivity enhancement multiplier (**PEM**)

The methodology to determine the Comparable transactions based on a projects area is undertaken using the same methodology as that described for the Comparable transactions' valuation for advanced projects section; however transactional value is applied to the project's area rather than the resources. The Joint Venture terms valuation is similar to the comparable transactions based on the project area other than a discount to the Joint Venture terms is applied to account for the time value of money (an appropriate discount rate is applied) and a discount to the earn-in expenditure to account for the chance that the Joint Venture earn-in expenditure is not completed in the agreed timeframe. VRM considers the comparable transaction multiples as detailed above to be a robust valuation technique especially where there are similar geological, geopolitical and geographical projects. These are more problematic on an area basis than on a resources basis, particularly for for small tenement areas such as Tombador.

A Geoscientific or Kilburn valuation method is also considered a robust valuation method for exploration properties, but has limited application once resources have been identified. In the case of Tomabdor, a valuation estimated using this approach is considered to undervalue the tenement, which is driven by the resources outlined.

Another approach is a PEM method. While it is the view of VRM that this can be a somewhat variable valuation method, at times this can be a useful secondary valuation approach.

Prospectivity Enhancement Multiplier or Cost Based Valuation

As outlined in Table 5 above and in the VALMIN Code, a cost based or appraised value method is an appropriate valuation technique for early stage exploration Properties. Under this method, the previous exploration expenditure is assessed as either improving or decreasing the potential of the property. The prospectivity enhancement multiplier (**PEM**) involves a factor which is directly related to the success of the exploration expenditure to advance the property. There are several alternate PEM factors that can be used depending on the specific property and commodity being evaluated. Onley (1994,) included several guidelines for the use and selection of appropriate PEM criteria. The PEM ranking criteria used in this report are outlined in Table 6 below. VRM considers the PEM valuation method as a secondary valuation method and no higher PEM ranges are used as once a resource has been estimated it is, in the opinion of the author, preferable to use resource multiples for comparable transactions for projects at this stage.

In terms of determining the proportion of expenditure directed towards the Tombador licence, VRM initially determine this by the proportional area of the licence (2000 hectares) compared to the entire

package (22,942 hectares). This represents approximately 9% of the area. Colomi subsequently supplied information regarding the amount of drilling conducted by Vale on the licence (28 holes for 3,542.7 metres) compared to the entire drilling campaign (181 holes for 22975.6 metres) which is approximately 15% of the drilling. Given that drilling is generally the highest expenditure component of an exploration program, this is considered a more accurate way to attribute exploration expenditure.

A PEM of 3.0 was applied to the exploration expenditure at Tombador. Upper and lower ranges were considered as 30% above and below this value, as VRM consider this would be the typically uncertainty associated with Indicated and Inferred Mineral Resources to determine the upper and lower valuations using this method.

Table 6 Prospectivity Enhancement Multiplier (PEM) ranking criteria

PEM Ranking Criteria	
Range	Criteria
0.2 – 0.5	Exploration downgrade the potential
0.5 – 1	Exploration has maintained the potential
1.0 - 1.3	Exploration has slightly increased the potential
1.3 – 1.5	Exploration has considerably increased the potential
1.5 – 2.0	Limited Preliminary Drilling intersected interesting mineralised intersections
2.0 – 2.5	Detailed Drilling has defined targets with potential economic interest
2.5 – 3.0	A Mineral Resource has been estimated at an Inferred category

7. Tombador Iron Ore Project Valuation

The mineral asset valued as a part of this ITAR is the Tombador Iron Ore Project which consists of a single tenement in the Sento Sé municipality of northern Bahia. The project includes the hematite, hematite – talus, itabirite and itabirite - talus hosted Mineral Resources. Mineral Resources in the adjacent tenements owned by Colomi are not included in this valuation.

As the project hosts JORC 2012 Mineral Resource Estimates and there are no Ore Reserves in VRM's opinion an income valuation approach is not considered an appropriate valuation method. Therefore, VRM has undertaken a valuation based on three separate techniques, these being a comparable transaction (resource multiplier) method, a Yardstick method as a cross check and a Prospectivity Enhancement Multiplier (PEM) method.

7.1 Comparable Transactions – Hematite Resource Multiples

As detailed in Appendix A, VRM has reviewed a series of transactions that are considered broadly comparable to the DSO resources within the Tombador Project. These are Iron Ore deposits that are best described as remote, a mixture of hematite and magnetite / itabirite resources that are able to generate low grade high impurity material that may be exploitable via extensive processing or blending with higher grade lower impurity material. Analysis was undertaken for projects located in Australia (Western Australia) and South America (Brazil and Bolivia).

An analysis of the transactions was undertaken with the resource multiples for each transaction normalised to the current iron ore price in Australian dollars using the exchange rate and iron ore price at the time each of the transactions was announced. These normalised resource multiples were compared for all projects and separately for those projects located in South America. The latter group was used in the valuation to determine the current fair market valuation as these are in the same geopolitical environment.

From the analysis of the completed transactions from South American comparable projects VRM has determined that the resource multiples for broadly comparable projects show a wide range from A\$0.11/t contained Fe to A\$2.35/t contained Fe. In VRM's opinion to remove the potential outliers it is preferable to consider the 25th and 75th percentiles and the median of the transactions for potential resource multiples. This results in resource multiples (on a contained iron basis) that show a wide range from a 25th percentile of A\$0.15/t contained Fe to a 75th percentile of A\$1.52/t contained Fe with the median being of A\$0.37/t contained Fe.

Recognising the difference between hematite (DSO) resources and itabirite resources (with higher capital costs to develop), VRM has selected resource comparables in the upper range to value the hematite resources (median to 75th percentile) and in the lower range to value the itabirite resources (25th percentile to median).

VRM has critically reviewed the potentially comparable transactions and noted that none related to premium grade quality material similar to Tombador. In order to account for this, VRM has compared the average grade of South America projects being 42.24% Fe, while the Tombador hematite resource grade is 67.29% Fe. The grade of Tombador is 59% higher than the average of the South American projects and VRM has applied this premium to the resource multiples in order to estimate our valuation. In addition to the grade premium, VRM recognises that the higher grade and quality of the Tombador hematite resource would attract a price premium. As discussed above and shown in Figure 12 this could represent an additional 20% premium, based on a forecast annual average price differential premium between 65% and 62% Fe fines as well as a lump premium as indicated in Figure 13. In recognition of the latter, VRM elected to apply a nominal USD\$0.10/t premium (AUS\$0.15/t) to the resource multiple rather than USD\$0.21/t as this affects approximately 70% of the resource not the entire resource.

Therefore, in VRM’s opinion the Tombador hematite valuation has been determined based on a resource multiple within a range from a lower resource multiple of A\$0.86/t contained Fe (median, with grade, price and lump premium applied), an upper resource multiple from the 75th percentile (with grade, price and lump premium applied) being A\$3.04/t contained Fe. The preferred valuation for the project is the average of these two multiples.

The resource multiples detailed above and supported by the information in Appendix A have been used along with the Mineral Resources detailed in Table 2 above to determine the valuations shown in Table 7.

Table 7 Comparable transaction valuation summary for Tombador hematite Resources

Comparable hematite transaction analysis summary			
	Lower (Median)	Preferred	Upper (75 th Percentile)
Hematite Resource (Mt contained Fe)	5.37	5.37	5.37
Resource Multiple (\$/t contained Fe)	\$0.86	\$1.95	\$3.04
Resource Valuation (AUD\$ million)	\$4.62	\$10.49	\$16.36

Note appropriate rounding has been applied to the Resource estimate and the valuation.

Therefore, VRM considers the DSO Hematite Mineral Resource Estimates within the Tombador Project to be valued, based on comparable transactions, at between **\$4.62 million** and **\$16.36 million** with a preferred valuation of **\$10.49 million**. To determine the valuation of the entire project this would need to be added to the value of the itabirite and talus resources as detailed below.

7.2 Comparable Transactions – Itabirite and Talus Resource Multiples

As detailed in Appendix A, VRM has reviewed a series of transactions that are considered broadly comparable to the Bicuda itabirite and talus resources. As was undertaken for the hematite resources the itabirite resource multiples were normalised against the iron ore price and exchange rates at the time the transactions were announced. These normalised resource multiples are used to determine the current fair market valuation.

VRM has critically reviewed the potentially comparable transactions to generate a fair market valuation for the itabirite iron ore projects in a similar location with similar quality. In order to account for this, VRM has compared the average grade of South America projects being 42.24% Fe, which is higher than the Bicuda itabirite weighted average resource grade (33.86% Fe) being 20% lower than the average of the South American projects, VRM has applied this discount respectively to the resource multiples in order to estimate our valuation. In addition to the grade discount, VRM recognises that the project economics of itabirite projects are also quite different accounting for high capital and costs associated with development. For this reason VRM applied lower percentiles from the transaction analysis to conduct the valuation.

Therefore, in VRM’s professional opinion the valuation has been determined based on a resource multiple within a range from a lower resource multiple of A\$0.09/t contained Fe (minimum value, with grade discount applied), an upper resource multiple from the 25th percentile (with grade discount applied) being A\$0.12/t contained Fe. The preferred valuation for the project is the average of these two multiples.

The resource multiples detailed above and supported by the information in Appendix A have been used along with the Mineral Resources for Bicuda itabirite detailed in Table 4 above to determine the valuations shown in Table 8.

Table 8 Comparable transaction valuation summary for Bicuda Itabirite Resources

Comparable itabirite transaction analysis summary			
	Lower (Minimum)	Preferred	Upper (25th Percentile)
Itabirite Resource (Mt contained Fe)	17.05	17.05	17.05
Resource Multiple (\$/t contained Fe)	\$0.09	\$0.11	\$0.12
Resource Valuation (AUD\$ million)	\$1.55	\$1.79	\$2.03

Note appropriate rounding has been applied to the Resource estimate and the valuation.

Therefore, VRM considers the itabirite Mineral Resources within the Tombador Project to be valued, based on comparable transactions, at between **\$1.55 million** and **\$2.03 million** with a preferred valuation of **\$1.79 million**.

Finally, considering the Talus resources, VRM has compared the average grade of South America projects being 42.24% Fe, with the Tombador hematite talus resources, having a grade of 43.17% Fe, being 2% higher. VRM applied this premium to the resource multiples in order to estimate our valuation. The talus valuation has been determined within a range from a lower resource multiple of A\$0.15/t contained Fe (25th percentile, with grade premium applied), an upper resource multiple from the median (with grade premium applied) being A\$0.38/t contained Fe. The percentiles selected are lower than for the hematite resource valuation recognising that while the talus mineralisation is close to surface any product may not

be DSO material and could require processing or beneficiation. In addition, the resources are historical in nature. The preferred valuation for the talus is the average of these two multiples.

The resource multiples detailed above and supported by the information in Appendix A have been used along with the JORC 2004 Mineral Resources for Talus above to determine the valuations shown in Table 9.

Table 9 Comparable transaction valuation summary for Bicuda Itabrite Resources

Comparable talus transaction analysis summary			
	Lower (25 th Percentile)	Preferred	Upper (Median)
Talus Resource (Mt contained Fe)	0.89	0.89	0.89
Resource Multiple (\$/t contained Fe)	\$0.15	\$0.27	\$0.38
Resource Valuation (AUD\$ million)	\$0.14	\$0.24	\$0.34

Note appropriate rounding has been applied to the Resource estimate and the valuation.

Therefore, VRM considers the itabrite and talus Mineral Resources within the Tombador Project to be valued, based on comparable transactions, at between **\$0.14 million** and **\$0.34 million** with a preferred valuation of **\$0.24 million**.

To determine the valuation of the entire project the itabrite and talus resource value has been added to the value of the hematite resource. Considering the hematite, itabrite and talus Mineral Resources at the Tombador Project, VRM has estimated a total valuation, by comparable transaction analysis as summarised in the following Table 10.

Table 10 Comparable transaction valuation summary for Tombador Project

Comparable transaction valuation summary			
	Lower (\$ million)	Preferred (\$ million)	Upper (\$ million)
Tombador Hematite Resource Valuation	\$4.62	\$10.49	\$16.36
Bicuda Itabrite Resource Valuation	\$1.55	\$1.79	\$2.03
Hematite Talus Resource Valuation	\$0.14	\$0.24	\$0.34
Total Resource Valuation (AUD\$ million)	\$6.31	\$12.52	\$18.73

Note appropriate rounding has been applied to the Resource estimate and the valuation.

Therefore, VRM considers the hematite, itabrite and talus Mineral Resources within the Tombador Project to be valued, based on comparable transactions, at between **\$6.31 million** and **\$18.73 million** with a preferred valuation of **\$12.52 million**.

7.3 Yardstick Values – Hematite, Itabirite and Talus Resources

Using the yardstick values documented above, VRM estimated a project value using this method as a cross check and is a useful secondary valuation technique to support the valuation generated by a comparable transaction method. The hematite and talus resources were treated applying the factors stated in Section 6.4 for DSO projects while the itabirite resources were considered with respect to the factors stated for magnetite projects. All resources were considered as they have been reported and summarised in Table 2 and Table 4. The results for the application of the Yardstick approach is summarised in Table 11.

Table 11 Yardstick Valuation of the Tombador Tenement.

Yardstick Valuation Summary of Tombador Project				
Classification	Yardstick Factors	Lower (\$m)	Preferred (\$m)	Upper (\$m)
Hematite Measured Resources*	0.5 – 1.0%	1.18	1.77	2.36
Hematite Indicated Resources*	0.2 – 0.5%	0.85	1.48	2.12
Hematite Inferred Resources*	0.1 – 0.2%	0.32	0.95	1.58
HCO - Talus Inferred Resources	0.1 – 0.2%	0.13	0.40	0.67
Bicuda ICS Indicated Resources	0.02 – 0.05%	0.31	0.55	0.78
Bicuda ICS Inferred Resources	0.01 – 0.02%	0.02	0.03	0.05
Bicuda TDI Indicated Resources	0.02 – 0.05%	0.10	0.17	0.24
Bicuda TDI Inferred Resources	0.01 – 0.02%	0.03	0.04	0.05
Bicuda Talus Inferred Resources	0.01 – 0.02%	0.00	0.01	0.01
Total HCO Valuation		\$2.48M	\$4.61M	\$6.73M
Total Bicuda Valuation		\$0.46M	\$0.80M	\$1.13M
Total Yardstick Valuation		\$2.94M	\$5.41M	\$7.86M

*Note Yardstick factor based on iron ore price of AUS\$151.18, with 20% price premium for high grade hematite mineralisation and AUS\$0.15 lump premium. Rounding has been applied to the Resource estimate and valuation.

VRM considers the hematite, itabirite and talus Mineral Resources within the Tombador Project to be valued, based on yardstick approach, at between **\$2.94 million** and **\$7.86 million** with a preferred valuation of **\$5.41 million**.

7.4 PEM Valuation

VRM has undertaken a PEM valuation of the tenements based on the reported exploration expenditure by Vale on the project. This reported expenditure is based on information provided by Colomi. As described above the expenditure was apportioned to the Tombador licence based on the area of the licence in proportion to the total Colomi project areas, being approximately nine percent. In addition the proportion of drill metres within the licence, was compared to the total project drilling metres as this component of exploration is generally the highest cost. Approximately 15 percent of the drilling (by metreage) was conducted on the Tombador licence. This was multiplied by and Prospectivity Enhancement Multiplier as detailed in Table 6 above with a 30% factor applied to derive a lower and upper valuation range. Table 12 below details the apportioned expenditure, the PEM multiples and the valuations for the project.

Table 12 PEM Valuation of Tombador Iron Project

PEM Valuation summary			
	Lower	Preferred	Upper
Tombador Licence (proportional area)	\$5.62M	\$8.02M	\$10.43M
Tombador Licence (proportional drill metres)	\$9.93	\$14.19	\$18.45
Preferred Valuation	\$9.93	\$14.19	\$18.45

Note appropriate rounding has been applied to the Resource estimate and the valuation.

Therefore, based on the PEM valuation method with appropriate rounding VRM considers the fair market valuation to be between **\$9.93 million** and **\$18.45 million** with a preferred valuation of **\$14.19 million** using this method.

8. Risks and Opportunities

As with all mineral assets there are several risks and opportunities associated with the Tombador Project and therefore the valuation of those assets.

Some of the non-geological or mining related technical risks and opportunities that are common to most projects include the risks associated with the security of tenure, native title claims, environmental approvals, social, geopolitical and regulatory approval risks. Colomi and Vale have operated in the area for many years and these risks appear to have been adequately addressed.

Additional risks are associated with obtaining sufficient capital to undertake the potential mining activity. The Iron Ore market including the iron ore price and financial markets will have a significant impact on the ability of the company to secure the required funding to profitably exploit the identified mineralisation. These risks are largely outside the control of the company and the market is currently very volatile in response to the global COVID-19 pandemic.

The Tombador Project has several project specific technical risks associated with the Mineral Resource estimates. As discussed above, the resource classification risk is significant and VRM strongly recommends that additional drilling be undertaken to improve resource confidence, better understand grade distribution and variability as well as other physical characteristics such as bulk density and, particularly for the itabirite mineralisation, the magnetic susceptibility. Additional drilling also presents an opportunity to extend mineralisation beyond areas currently classified as Mineral Resources. Colomi has identified a number of such targets that VRM agrees are worth testing.

For hematite resources a risk to consider is the potential for higher level of impurities within the mineralised body. While the reported resource has an acceptable phosphorous content (0.10% P) the variability of this potential contaminant is not well understood due to the 10m sampling that has been conducted through the hematite zones which poses a potential technical and marketing risk. VRM recommends that additional geological modelling be undertaken to identify these zones, however additional drilling will also be required to further understand this aspect as there are currently only eight diamond holes drilled within the deposit.

At this stage, no Ore Reserves have been reported for the Tombador Project. VRM has therefore not reviewed the associated modifying factors including but not limited to, geotechnical, hydrological and waste characterisation. It is assumed that many of these aspects are not understood with enough certainty for ore reserves to be declared. Therefore, there are risks and potential opportunities associated with these studies. For example one infrastructure risk to the Tombador Project is the distance from site to a potential export port.

9. Preferred Valuations

Based on the techniques above Table 13 provides a summary of the valuations using three separate methods. The preferred valuation for the Tombador Iron Project is that derived from comparable transactions. Figure 14 shows the various valuations and VRM's preferred valuation range.

Table 13 Summary of the Tombador Project Valuations.

Tombador Valuation Summary				
Valuation Technique	Report Section	Lower Valuation (AUS\$M)	Preferred Valuation (AUS\$M)	Upper Valuation (AUS\$M)
Comparable transactions resource multiples	7.1, 7.2	\$6.31	\$12.52	\$18.73
Yardstick approach	7.3	\$2.94	\$5.41	\$7.86
PEM Approach	7.4	\$9.93	\$14.19	\$18.45

Note Appropriate rounding has been applied.

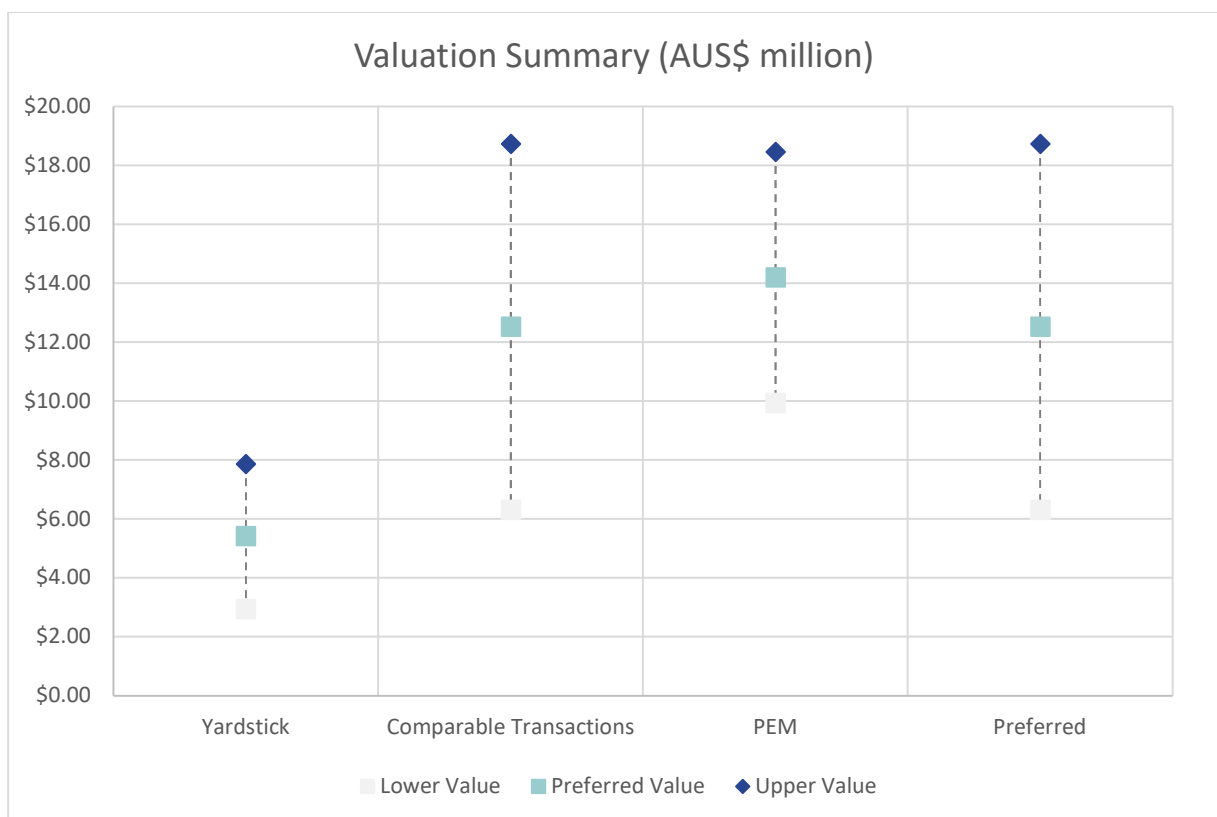


Figure 14 Tombador Project Valuation Summary Chart

VRM's preferred valuation is based on the comparable transaction approach and VRM considers the hematite, itabirite and talus Mineral Resources within the Tombador Project to be valued, based on comparable transactions, at between **\$6.3 million** and **\$18.7 million** with a preferred valuation of **\$12.5 million**.

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Glossary

Below are brief descriptions of some terms used in this report. For further information or for terms that are not described here, please refer to internet sources such as Webmineral www.webmineral.com, Wikipedia www.wikipedia.org.

The following terms are taken from the 2015 VALMIN Code

Annual Report means a document published by public corporations on a yearly basis to provide shareholders, the public and the government with financial data, a summary of ownership and the accounting practices used to prepare the report.

Australasian means Australia, New Zealand, Papua New Guinea and their off-shore territories.

Code of Ethics means the Code of Ethics of the relevant Professional Organisation or Recognised Professional Organisations.

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

Experts are persons defined in the Corporations Act whose profession or reputation gives authority to a statement made by him or her in relation to a matter. A Practitioner may be an Expert. Also see Clause 2.1.

Exploration Results is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to <http://www.jorc.org> for further information.

Feasibility Study means a comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of applicable Modifying Factors together with any other relevant operational factors and detailed financial analysis that are necessary to demonstrate at the time of reporting that extraction is reasonably justified (economically mineable). The results of the study may reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project. The confidence level of the study will be higher than that of a Pre-feasibility Study.

Financial Reporting Standards means Australian statements of generally accepted accounting practice in the relevant jurisdiction in accordance with the Australian Accounting Standards Board (AASB) and the Corporations Act.

Independent Expert Report means a Public Report as may be required by the Corporations Act, the Listing Rules of the ASX or other security exchanges prepared by a Practitioner who is acknowledged as being independent of the Commissioning Entity. Also see ASIC Regulatory Guides RG 111 and RG 112 as well as Clause 5.5 of the VALMIN Code for guidance on Independent Expert Reports.

Information Memoranda means documents used in financing of projects detailing the project and financing arrangements.

Investment Value means the benefit of an asset to the owner or prospective owner for individual investment or operational objectives.

Life-of-Mine Plan means a design and costing study of an existing or proposed mining operation where all Modifying Factors have been considered in sufficient detail to demonstrate at the time of reporting that extraction is reasonably justified. Such a study should be inclusive of all development and mining activities proposed through to the effective closure of the existing or proposed mining operation.

Market Value means the estimated amount of money (or the cash equivalent of some other consideration) for which the Mineral Asset should exchange on the date of Valuation between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion. Also see Clause 8.1 for guidance on Market Value.

Materiality or being **Material** requires that a Public Report contains all the relevant information that investors and their professional advisors would reasonably require, and reasonably expect to find in the report, for the purpose of making a reasoned and balanced judgement regarding the Technical Assessment or Mineral Asset Valuation being reported. Where relevant information is not supplied, an explanation must be provided to justify its exclusion. Also see Clause 3.2 for guidance on what is Material.

Member means a person who has been accepted and entitled to the post-nominals associated with the AIG or the AusIMM or both. Alternatively, it may be a person who is a member of a Recognised Professional Organisation included in a list promulgated from time to time.

Mineable means those parts of the mineralised body, both economic and uneconomic, that are extracted or to be extracted during the normal course of mining.

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

Most Mineral Assets can be classified as either:

- (a) **Early-stage Exploration Projects** – Tenure holdings where mineralisation may or may not have been identified, but where Mineral Resources have not been identified;
- (b) **Advanced Exploration Projects** – Tenure holdings where considerable exploration has been undertaken and specific targets identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A Mineral Resource estimate may or may not have been made, but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the Mineral Resources category;
- (c) **Pre-Development Projects** – Tenure holdings where Mineral Resources have been identified and their extent estimated (possibly incompletely), but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made

not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further work is being undertaken;

- (d) **Development Projects** – Tenure holdings for which a decision has been made to proceed with construction or production or both, but which are not yet commissioned or operating at design levels. Economic viability of Development Projects will be proven by at least a Pre-Feasibility Study;
- (e) **Production Projects** – Tenure holdings – particularly mines, wellfields and processing plants – that have been commissioned and are in production.

Mine Design means a framework of mining components and processes taking into account mining methods, access to the Mineralisation, personnel, material handling, ventilation, water, power and other technical requirements spanning commissioning, operation and closure so that mine planning can be undertaken.

Mine Planning includes production planning, scheduling and economic studies within the Mine Design taking into account geological structures and mineralisation, associated infrastructure and constraints, and other relevant aspects that span commissioning, operation and closure.

Mineral means any naturally occurring material found in or on the Earth's crust that is either useful to or has a value placed on it by humankind, or both. This excludes hydrocarbons, which are classified as Petroleum.

Mineralisation means any single mineral or combination of minerals occurring in a mass, or deposit, of economic interest. The term is intended to cover all forms in which mineralisation might occur, whether by class of deposit, mode of occurrence, genesis or composition.

Mineral Project means any exploration, development or production activity, including a royalty or similar interest in these activities, in respect of Minerals.

Mineral Securities means those Securities issued by a body corporate or an unincorporated body whose business includes exploration, development or extraction and processing of Minerals.

Mineral Resources is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to <http://www.jorc.org> for further information.

Mining means all activities related to extraction of Minerals by any method (e.g. quarries, open cast, open cut, solution mining, dredging etc).

Mining Industry means the business of exploring for, extracting, processing and marketing Minerals.

Modifying Factors is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to <http://www.jorc.org> for further information.

Ore Reserves is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to <http://www.jorc.org> for further information.

Petroleum means any naturally occurring hydrocarbon in a gaseous or liquid state, including coal-based methane, tar sands and oil-shale.

Petroleum Resource and **Petroleum Reserve** are defined in the current version of the Petroleum Resources Management System (PRMS) published by the Society of Petroleum Engineers, the American Association of Petroleum Geologists, the World Petroleum Council and the Society of Petroleum Evaluation Engineers. Refer to <http://www.spe.org> for further information.

Practitioner is an Expert as defined in the Corporations Act, who prepares a Public Report on a Technical Assessment or Valuation Report for Mineral Assets. This collective term includes Specialists and Securities Experts.

Preliminary Feasibility Study (Pre-Feasibility Study) means a comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, is established and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions on the Modifying Factors and the evaluation of any other relevant factors that are sufficient for a Competent Person, acting reasonably, to determine if all or part of the Mineral Resources may be converted to an Ore Reserve at the time of reporting. A Pre-Feasibility Study is at a lower confidence level than a Feasibility Study.

Professional Organisation means a self-regulating body, such as one of engineers or geoscientists or of both, that:

- (a) admits members primarily on the basis of their academic qualifications and professional experience;
- (b) requires compliance with professional standards of expertise and behaviour according to a Code of Ethics established by the organisation; and
- (c) has enforceable disciplinary powers, including that of suspension or expulsion of a member, should its Code of Ethics be breached.

Public Presentation means the process of presenting a topic or project to a public audience. It may include, but not be limited to, a demonstration, lecture or speech meant to inform, persuade or build good will.

Public Report means a report prepared for the purpose of informing investors or potential investors and their advisers when making investment decisions, or to satisfy regulatory requirements. It includes, but is not limited to, Annual Reports, Quarterly Reports, press releases, Information Memoranda, Technical Assessment Reports, Valuation Reports, Independent Expert Reports, website postings and Public Presentations. Also see Clause 5 for guidance on Public Reports.

Quarterly Report means a document published by public corporations on a quarterly basis to provide shareholders, the public and the government with financial data, a summary of ownership and the accounting practices used to prepare the report.

Reasonableness implies that an assessment which is impartial, rational, realistic and logical in its treatment of the inputs to a Valuation or Technical Assessment has been used, to the extent that another Practitioner with the same information would make a similar Technical Assessment or Valuation.

Royalty or Royalty Interest means the amount of benefit accruing to the royalty owner from the royalty share of production.

Securities has the meaning as defined in the Corporations Act.

Securities Expert are persons whose profession, reputation or experience provides them with the authority to assess or value Securities in compliance with the requirements of the Corporations Act, ASIC Regulatory Guides and ASX Listing Rules.

Scoping Study means an order of magnitude technical and economic study of the potential viability of Mineral Resources. It includes appropriate assessments of realistically assumed Modifying Factors together with any other relevant operational factors that are necessary to demonstrate at the time of reporting that progress to a Pre-Feasibility Study can be reasonably justified.

Specialist are persons whose profession, reputation or relevant industry experience in a technical discipline (such as geology, mine engineering or metallurgy) provides them with the authority to assess or value Mineral Assets.

Status in relation to Tenure means an assessment of the security of title to the Tenure.

Technical Assessment is an evaluation prepared by a Specialist of the technical aspects of a Mineral Asset. Depending on the development status of the Mineral Asset, a Technical Assessment may include the review of geology, mining methods, metallurgical processes and recoveries, provision of infrastructure and environmental aspects.

Technical Assessment Report involves the Technical Assessment of elements that may affect the economic benefit of a Mineral Asset.

Technical Value is an assessment of a Mineral Asset's future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations.

Tenure is any form of title, right, licence, permit or lease granted by the responsible government in accordance with its mining legislation that confers on the holder certain rights to explore for and/or extract agreed minerals that may be (or is known to be) contained. Tenure can include third-party ownership of the Minerals (for example, a royalty stream). Tenure and Title have the same connotation as Tenement.

Transparency or being **Transparent** requires that the reader of a Public Report is provided with sufficient information, the presentation of which is clear and unambiguous, to understand the report and not be misled by this information or by omission of Material information that is known to the Practitioner.

Valuation is the process of determining the monetary Value of a Mineral Asset at a set Valuation Date.

Valuation Approach means a grouping of valuation methods for which there is a common underlying rationale or basis.

Valuation Date means the reference date on which the monetary amount of a Valuation in real (dollars of the day) terms is current. This date could be different from the dates of finalisation of the Public Report or the cut-off date of available data. The Valuation Date and date of finalisation of the Public Report **must** not be more than 12 months apart.

Valuation Methods means a subset of Valuation Approaches and may represent variations on a common rationale or basis.

Valuation Report expresses an opinion as to monetary Value of a Mineral Asset but specifically excludes commentary on the value of any related Securities.

Value means the Market Value of a Mineral Asset.

Appendix A - Comparable Hematite Transactions

Comparable DSO Projects - Resource Multiples													
Date	Project	Buyer	Seller	Value (\$ million) 100% basis	Iron Ore Price at Transaction Date (US\$/t)	Exchange Rate	Iron Ore Price at Transaction Date (A\$/t)	Resources (Mt)	Grades (Fe%)	Contained Fe (Mt)	Resource Multiple A\$/t contained	Normalised Resource Multiple	Comparable
21/08/2019	Parker Range (WA)	Mineral Resources	Cazaley	\$20.0	\$92.01	0.6793	\$135.45	31.4	56.4%	17.71	1.129	1.26	Yes
1/12/2017	Yalleen (WA)	API	Helix	\$3.6	\$70.43	0.7647	\$92.10	84.3	57.2%	48.22	0.074	0.12	Yes
1/03/2016	Pilbara Iron Ore (WA)	Todd Corp	Flinders	\$73.8	\$49.27	0.7463	\$66.02	1042	55.6%	579.35	0.127	0.29	Yes
1/06/2015	Wyloo Iron Ore JV (WA)	FMG	Cullen	\$1.9	\$59.50	0.7764	\$76.64	16.9	57.1%	9.65	0.201	0.40	Yes
1/03/2015	Pilbara Iron Ore (WA)	Todd Corp	Flinders	\$65.0	\$56.94	0.7656	\$74.38	1042	55.6%	579.35	0.112	0.23	Yes
25/01/2017	Canavial (Brazil)	Undisclosed	Atlas	\$1.0	\$80.13	0.7568	\$105.88	27.6	33.6%	9.27	0.104	0.15	Yes
8/07/2019	Cerro Rojo (Bolivia)	Atico Mining	Toachi Mining	\$17.7	\$119.17	0.6969	\$170.99	286.9	48.0%	137.71	0.129	0.11	Yes
4/12/2018	Esperanca etc (Brazil)	Vale	Ferrous Resoucrs	\$692.2	\$66.83	0.7353	\$90.89	2021.2	37.6%	759.97	0.911	1.52	Maybe
25/01/2017	Itambe (Brazil)	Undisclosed	Atlas	\$1.0	\$80.13	0.7568	\$105.88	10	37.1%	3.71	0.260	0.37	Yes
28/07/2017	Posse (Brazil)	Inter Invest	Posse Mine	\$3.2	\$65.87	0.7992	\$82.42	36.01	43.4%	15.62	0.203	0.37	Yes
5/03/2019	Tucano (Brazil)	Great Panther Silver	Beadell Resources	\$148.5	\$86.51	0.7073	\$122.31	209.1	37.3%	78.04	1.903	2.35	Yes
31/07/2019	Vila Nova (Brazil)	Undisclosed	Vila Nova	\$13.1	\$120.02	0.6886	\$174.30	22.713	58.7%	13.33	0.980	0.85	Terminated

The resource multiples have been normalised to the Iron Ore price of A\$151.18/t as at the valuation date based on the exchange rate of 0.685199 and the Iron Ore price of US\$103.59/t.

Resource Multiples for Hematite, Itabirite and Talus Resources Projects

South American Projects	Normalised Resource Multiple (\$/t contained Fe)	Normalised Resource Multiple with hematite 59% grade premium (\$/t contained Fe)	Normalised Resource Multiple including hematite 20% price premium (\$/t contained Fe)	Normalised Resource Multiple including lump premium of 0.15/t (\$/t contained Fe)	Normalised Resource Multiple with itabirite 8% grade discount (\$/t contained Fe)	Normalised Resource Multiple with Talus 2% grade premium(\$/t contained Fe)
Average	\$0.82	\$1.30	\$1.56	\$1.71	\$0.66	\$0.84
Median	\$0.37	\$0.59	\$0.71	\$0.86	\$0.30	\$0.38
25 th Percentile	\$0.15	\$0.24	\$0.28	\$0.43	\$0.12	\$0.15
75 th Percentile	\$1.52	\$2.41	\$2.90	\$3.04	\$1.21	\$1.55
Maximum	\$2.35	\$3.75	\$4.50	\$4.64	\$1.88	\$2.40
Minimum	\$0.11	\$0.18	\$0.22	\$0.36	\$0.11	\$0.12

The **bold** resource multiples have been used in the valuation.

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LODGE MENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given above by **10:00am (WST) on Saturday, 29 August 2020**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.

QR Code



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

NAME SURNAME
 ADDRESS LINE 1
 ADDRESS LINE 2
 ADDRESS LINE 3
 ADDRESS LINE 4
 ADDRESS LINE 5
 ADDRESS LINE 6



X99999999999

PROXY FORM

I/We being a member(s) of Resa Group Limited and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the General Meeting of the Company to be held at **10:00am (WST) on Monday, 31 August 2020 at Level 1, 45 Stirling Highway, Nedlands WA 6009 (the Meeting)** and at any postponement or adjournment of the Meeting.

To access the **Notice of General Meeting** this can be viewed and downloaded at the Company's website at <https://resagrouplimited.com.au/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

STEP 2

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 CHANGE TO NATURE AND SCALE OF ACTIVITIES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13 APPROVAL OF ISSUE OF PERFORMANCE RIGHTS – KEITH LIDDELL	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 APPROVAL TO ISSUE CONSIDERATION SHARES TO MINORITY TIS SHAREHOLDERS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14 APPROVAL OF ISSUE OF PERFORMANCE RIGHTS – ANNA NEULING	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 APPROVAL OF CAPITAL RAISING	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	15 APPROVAL OF ISSUE OF OPTIONS TO LEAD MANAGER	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 APPROVAL TO ISSUE CONSIDERATION SHARES TO COLOMI SINGAPORE AND MCRAE AND DEBT CONVERSION SHARES TO MCRAE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	16 RATIFICATION OF PRIOR ISSUE OF SECURITIES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 ELECTION OF DIRECTOR – KEITH LIDDELL	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	17 DEBT TO EQUITY CONVERSION – UNRELATED CREDITORS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 ELECTION OF DIRECTOR – ANNA NEULING	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	18 DEBT TO EQUITY CONVERSION – BILL NIKOLOUZAKIS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 ELECTION OF DIRECTOR – DAVID CHAPMAN	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	19 RELATED PARTY PARTICIPATION IN CAPITAL RAISING – DAVID CHAPMAN	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 ADOPTION OF INCENTIVE PERFORMANCE RIGHTS PLAN	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	20 RELATED PARTY PARTICIPATION IN CAPITAL RAISING – ANNA NEULING	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 APPROVAL OF ISSUE OF PERFORMANCE RIGHTS – BILL NIKOLOUZAKIS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	21 CHANGE OF COMPANY NAME	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10 APPROVAL OF ISSUE OF PERFORMANCE RIGHTS – ANDREW JENSEN	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	22 REPLACEMENT OF CONSTITUTION	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11 APPROVAL OF ISSUE OF PERFORMANCE RIGHTS – STEPHEN QUANTRILL	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	23 CONSOLIDATION OF CAPITAL	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12 APPROVAL OF ISSUE OF PERFORMANCE RIGHTS – DAVID CHAPMAN	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	24 REMOVAL OF AUDITOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				25 APPOINTMENT OF AUDITOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



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

STEP 3

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

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

RE1 PRX2001N

