



# TASMANIA MINES LIMITED

ABN 45 009 491 990

Registered Office  
Aurora Place  
Level 33, 88 Phillip Street  
Sydney NSW 2000  
Australia

Telephone (02) 9251 4244  
Facsimile (02) 9247 2322

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In reply please refer: KJB/WAW

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Manager Announcements  
Australia Stock Exchange Limited  
20 Bridge Street  
Sydney NSW

4 December 2013

Dear Sir,

## **Proposed Share Buy-Back**

We attach Appendix 3C "Announcement of Buy-Back" for an on market Buy-Back of Shares in the Company.

As there is potential for the number of shares bought back to exceed 10% of shares on issue, the Buy-Back is subject to approval by the Company's Shareholders.

A booklet containing:

- Notice of Extraordinary General Meeting to be held on Monday 13 January 2014
- Information memorandum – New Constitution (a copy of which will be placed on the Company's website).
- Information memorandum on the Share Buy-Back

is being mailed to Shareholders. A copy of the booklet is also attached.

Yours faithfully

Ken Broadfoot  
Director and Secretary

# Appendix 3C

## Announcement of buy-back (except minimum holding buy-back)

Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/9/99. Origin: Appendix 7B. Amended 13/3/2000, 30/9/2001, 11/01/10

Name of entity

Tasmania Mines Limited

ABN/ARSN

45 009 491 990

We (the entity) give ASX the following information.

### Information about buy-back

|   |  |  |
|---|--|--|
| 1 | Type of buy-back   | On Market over 10/12 limit                                 |
| 2 | <sup>+</sup> Class of shares/units which is the subject of the buy-back (eg, ordinary/preference)          | Ordinary   |
| 3 | Voting rights (eg, one for one)  | One for one  |
| 4 | Fully paid/partly paid (and if partly paid, details of how much has been paid and how much is outstanding) | Fully paid   |
| 5 | Number of shares/units in the <sup>+</sup> class on issue  | 18,283,333   |
| 6 | Whether shareholder/unitholder approval is required for buy-back   | Yes  |
| 7 | Reason for buy-back  | Capital management and in response to Shareholders request |

<sup>+</sup> See chapter 19 for defined terms.

- 8 Any other information material to a shareholder's/unitholder's decision whether to accept the offer (eg, details of any proposed takeover bid)

### On-market buy-back

- 9 Name of broker who will act on the company's behalf

Shaw Stock Broking

- 10 Deleted 30/9/2001.

- 11 If the company/trust intends to buy back a maximum number of shares - that number

Note: This requires a figure to be included, not a percentage.

3,823,423  
(being all minority interests)

- 12 If the company/trust intends to buy back shares/units within a period of time - that period of time; if the company/trust intends that the buy-back be of unlimited duration - that intention

Buy-Back by 31 December 2014

- 13 If the company/trust intends to buy back shares/units if conditions are met - those conditions

N/A

### Employee share scheme buy-back

- 14 Number of shares proposed to be bought back

N/A

- 15 Price to be offered for shares

N/A

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<sup>+</sup> See chapter 19 for defined terms.

### Selective buy-back

- 16 Name of person or description of class of person whose shares are proposed to be bought back N/A
- 17 Number of shares proposed to be bought back N/A
- 18 Price to be offered for shares N/A

### Equal access scheme

- 19 Percentage of shares proposed to be bought back N/A
- 20 Total number of shares proposed to be bought back if all offers are accepted N/A
- 21 Price to be offered for shares N/A
- 22 <sup>+</sup>Record date for participation in offer N/A  
Cross reference: Appendix 7A, clause 9.

### Compliance statement

1. The company is in compliance with all Corporations Act requirements relevant to this buy-back.

Sign here:

  
.....  
(Director & Company secretary)

Date: 4/12/13

Print name:

Ken Broadfoot

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<sup>+</sup> See chapter 19 for defined terms.



**TASMANIA MINES LIMITED**

ABN 45 009 491 990

## **Shareholder Booklet**

### **New Constitution**

### **And**

### **On-Market Share Buy-Back Proposal**

- **notice of extraordinary general meeting**
- **information memorandum – new constitution**
- **information memorandum – share buy-back.**

This is an important document and requires your immediate attention.

If in doubt you should contact your accountant, financial, taxation or other adviser

Tasmania Mines Ltd  
Level 33, Aurora Place  
88 Phillip Street  
Sydney NSW 2000  
Australia

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1. *This Shareholder Booklet is not intended to provide personal financial or taxation advice and has been prepared without taking into account your personal circumstances, taxation position, objectives or needs.*
2. *The taxation consequences of the Buy-Back are dependent on many factors including the type of shareholder (e.g. individual, company, superannuation fund, trust), length of the time Shares have been held and other factors.*
3. *You should obtain independent professional advice (including financial and taxation advice) before making any decisions about the Buy-Back.*
4. *This Shareholder Booklet contains forward looking statements that are not based solely on historical facts but are based on the Company's current expectations about future events and results. These forward looking statements are subject to inherent risks and uncertainties. Such risks and uncertainties include factors and risks specific to the operations of the Company, as well as general economic conditions, prevailing interest rates, conditions in the financial markets, government policies and regulations and competitive pressures. As a consequence, actual events or results may differ materially from the expectations expressed or implied in such forward looking statements.*
5. *None of the Company or its directors, officers, employees and advisers makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. Accordingly, you are cautioned about placing undue reliance on forward looking statements contained in this Shareholder Booklet.*
6. *Capitalised words and phrases in this Shareholder Booklet have defined meanings that are set out in Section F of this Shareholder Booklet.*

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## A. About this booklet

This booklet contains a notice for an Extraordinary General Meeting of the shareholders of Tasmania Mines Limited to be held on 13 January 2014 to consider two resolutions, one being a special resolution to adopt a new constitution, and the other an ordinary resolution to approve an on-market share-back. The meeting notice containing the 2 resolutions is at **section C – Notice of Extraordinary Resolution.**

The Board seeks shareholder approval for adoption of the new constitution as the Company's current Memorandum of Association and Articles of Association were put in place under prior legislation and a prior version of the ASX listing rules and do not reflect the current Corporations Act 2001 or ASX Listing Rules. Further information relevant to this resolution is contained in **section D – Information Memorandum – New Constitution.**

The Board also seeks shareholder approval for a proposed on-market buy-back with the dual aim of assisting those shareholders who wish to sell their Shares but are currently limited in their ability to do so by the relatively low level of trading in the Shares, whilst also assisting the Company in its efforts to reduce the administrative costs and burden of having a relatively large proportion of inactive shareholders with small parcels of Shares.

The Company proposes to make the Buy-Back available to shareholders for 3 months and there is some possibility that buy-back acceptances might exceed 10% of Shares on issue. Under the Corporations Act to exceed 10% during any 12 month period requires shareholder approval by way of an ordinary resolution. This is why the matter is being put to shareholders. Further information relevant to this resolution is contained in **section E – Information Memorandum –Buy-Back.**

The Board recommends both resolutions.

**Section F – Interpretation and defined terms** contains a list of terms that are used in this booklet and their meaning.

**Section G - Securities Trading Policy Blackout Periods** lists those times during the year when, if the Buy-Back is approved, the Company will not be buying Shares.

**Enclosure: Shareholder proxy form** is a proxy form for those shareholders wishing to appoint a proxy representative to vote at the meeting on their behalf.

## B. Important Dates

|   |                                  |
|---|----------------------------------|
| <b>EGM Record Date</b>  | 7:00pm Saturday 11 January 2014  |
| <b>Proxies Close</b>  | 11:00am Saturday 11 January 2014 |
| <b>Extraordinary General Meeting Date</b>                     | Monday 13 January 2014           |
| <b>Buy-Back commences</b>                                     | Tuesday 14 January 2014          |
| <b>Buy-Back closes</b><br><i>(unless varied by the Board)</i> | Monday 14 April 2014             |

## C. Notice of Extraordinary General Meeting

Notice is hereby given that the Extraordinary General Meeting of the Company will be held as follows:

Date: Monday 13 January 2014  
Time: 11 am  
Venue: Kanji & Co  
Level 33 Aurora Place  
88 Phillip Street  
Sydney, NSW 2000

### Items of business

#### 1. Adoption of New Constitution

To consider and, if thought fit, pass the following as a special resolution;

*“That, with effect from the close of the meeting, the Company adopt the constitution tabled at the meeting and signed by a director for the purpose of identification as its constitution in substitution for, and to the exclusion of, its existing Memorandum of Association, its existing Articles of Association and the replaceable rules set out in the Corporations Act (Clth) 2001.”*

#### 2. Approval of Share Buy-Back

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

*“That for the purposes of Section 257C of the Corporations Act 2001 (Clth) and for all other purposes, the Shareholders of the Company authorise and approve the Company undertaking an unlimited on-market buy-back of the Company’s issued ordinary shares commencing from the passing of this resolution subject to and on the terms and intentions specified in the “Information Memorandum – Buy-Back” accompanying the Notice of Extraordinary General Meeting containing this resolution.”*

#### 3. Other Business

To transact any other business that may be lawfully brought forward.

## **Information Memoranda**

Please refer to the Information Memorandum – New Constitution, and the Information Memorandum – Buy-Back, contained in the Shareholder Booklet of which this Notice of Meeting forms part for the reasons for, and information in relation to, the resolutions set out in this Notice of Meeting.

## **Registration at meeting**

The Extraordinary General Meeting is a meeting of shareholders and their representatives. Accordingly, in order to enter the meeting, it will be necessary for all attendees to register their attendance.

## **Eligibility to vote**

The Board has determined that under Corporations Regulation 7.11.37, for the purposes of the Extraordinary General Meeting, Shares will be taken to be held by the persons who are registered as shareholders at 7:00 pm (Sydney time) on Saturday 11 January 2014 (“EGM Record Date”). Accordingly, Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Extraordinary General Meeting.

If you wish to vote in person, you must attend the Extraordinary General Meeting.

If you cannot attend the meeting, you may vote by proxy, attorney or, if you are a body corporate, by appointing a corporate representative.

## **Proxies**

Each shareholder who is entitled to attend and vote has a right to appoint a proxy, and if a Shareholder is entitled to cast two or more votes that shareholder may appoint two proxies. A proxy form is enclosed with this Shareholder Booklet.

If a shareholder appoints two proxies, the shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If a shareholder appoints two proxies and the appointment does not specify the proportion or number of votes, each proxy may exercise one half of the shareholder’s votes. Neither proxy is entitled to vote on a show of hands if more than one proxy attends.

A proxy need not be a shareholder of the Company. A proxy may be either an individual or a body corporate. If you wish to appoint a body corporate as your proxy, you must specify on the proxy form the name of the body corporate appointed as proxy.

### **Directing your proxy**

You can direct your proxy how to vote by marking the “for”, “against” or “abstain” boxes on the proxy form. If you choose to direct your proxy in relation to any resolution, but do not correctly mark either the “for”, “against” or “abstain” box in relation to that resolution, the proxy's vote on that resolution will be invalid. If you do not direct your proxy how to vote, that person may vote, or abstain from voting at his or her discretion.

The Chairman of the Meeting intends to vote each proxy available to be voted by him in favour of the new constitution resolution and the Buy-Back resolution unless the proxy form directs the Chairman otherwise.

### **Power of Attorney**

A shareholder may by power of attorney authorise another person to attend and vote at the meeting on their behalf.

### **Lodgement of proxy forms**

A proxy form and the authority (if any) under which it is signed, or a power of attorney, or a certified copy an authority or power of attorney, must be lodged no later than 11 am (Sydney time) on Saturday 11 January 2014. Lodgement may be -:

- By mail to: Tasmania Mines Limited. Level 33 Aurora Place  
88 Phillip Street Sydney NSW 2000
- By fax to: +61 2 9247 2322
- By hand delivery to: Kanji & Co, Level 33, Aurora Place  
88 Phillip Street, Sydney NSW 2000

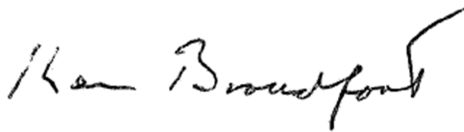
### **Body corporate representatives**

A shareholder that is a body corporate may appoint an individual to act as its corporate representative. The representative should bring to the meeting evidence of his or her appointment, including any authority (or a certified copy of the authority) under which it is signed.

### **Poll**

On a poll, each shareholder eligible to vote and present either in person, by proxy, attorney or authorised representative has one vote for every Share that they hold.

By order of the Board

A handwritten signature in black ink, appearing to read "Ken Broadfoot". The signature is written in a cursive, flowing style.

Ken Broadfoot

Director/Company Secretary

02 December 2013



## **D. Information Memorandum – New Constitution**

### **1. Reasons for the proposed change**

The Company' current constitution consists of a Memorandum of Association and Articles of Association that were adopted by the company when the Company's affairs were governed by earlier legislation.

The memorandum and articles are now very dated and do not reflect the substantial and fundamental changes to company law and practice that have occurred since their adoption. Those changes include the removal of the concept of shares having a par value and a premium, the introduction of share buy-backs, the changeover to computerised share-trading on the ASX and the introduction of a single constitution rather than the traditional memorandum and articles.

### **2. Information about the proposed new constitution**

The proposed new constitution reflects the requirements of the ASX Listing Rules and is similar to that used by other smaller listed mining companies.

Due to the very dated nature of the current memorandum and articles the proposed new constitution varies considerably from those earlier documents.

Copies of both the current memorandum and articles and the proposed new constitution may be viewed on the Company's website ([www.tasmines.com.au](http://www.tasmines.com.au)). Copies may also be obtained by contacting either of the Company's Secretaries, Ken Broadfoot ([kb@kanji.com.au](mailto:kb@kanji.com.au)) or Warren Wilton ([waw@kanji.com.au](mailto:waw@kanji.com.au)), both on phone (02) 9251 4244.

Some of the more notable changes and new provisions are:

- i. The requirement that directors hold Shares has been removed.
- ii. The new Clause 8 of the proposed constitution reflects the ASX Listing Rule 15.13 provisions which prescribe the terms on which a company may sell unmarketable Share parcels (also referred to as "minimum holdings") on behalf of the person who

held such parcels. Under the ASX Listing Rules an unmarketable parcel is a parcel of Shares worth less than \$500.

Clause 8 of the proposed constitution includes the ASX listing rule requirement that a holder of an unmarketable parcel be given at least 6 weeks notice of an intention to sell their Shares and a prohibition on the sale proceeding if the shareholder responds by notifying the Company that it wishes to retain the Shares.

Part 2J.1 of the Corporations Act enables the Company itself to buy-back holdings that are less than a marketable parcel. The new Clause 8 of the constitution includes a provision that enables the Company to use the Clause 8 mechanism as a means of doing so.

- iii. With the company now having a computerised share register and Shares being traded electronically, the directors can determine that physical share certificates are not to be issued (Clause 2.8(b)).
- iv. The Company may, to the extent permitted by law, pay the insurance premium for policies taken out on behalf of a director or officer of the Company and relating to the conduct of the business of the Company or the discharge of the duties of the director or officer (Clause 19.4).
- v. The aggregate remuneration payable to all directors in a year is to be determined from time to time by the Company in general meeting. (Clause 11.6). The Company will still need to comply with the relevant requirements of ASX Listing Rules and the Corporations Act, including the requirement under ASX Listing Rules 10.11 and 10.14 for issues of shares to directors to be approved by shareholders.

### **3. Submission of proposed constitution to the ASX**

As required by ASX Listing Rule 15.1 the proposed constitution was submitted for review by the ASX which has confirmed that it does not object to the document.

#### **4. 75% majority required.**

The resolution to adopt a new constitution is a special resolution which means passing the resolution requires a 75% majority of the votes cast by shareholders entitled to vote.

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#### **5. Board's recommendation**

The Board unanimously recommends that shareholders vote in favour of the resolution to adopt the new constitution.

#### **6. Chairman's proxy voting intentions**

The Chairman of the Meeting intends to vote all proxies available to be voted by him in favour of the resolution to adopt the new constitution.

## **E. Information Memorandum – Buy-Back**

### **1. Background to the Share Buy-Back proposal**

Tasmania Mines Ltd was incorporated on 4 August 1969. The company has 18,283,333 Shares on issue. A number of shareholders have held their Shares for many years.

The parent company is Metroof Industries Pty Ltd (“Metroof”) which holds 14,459,910 Shares or 79.09% of the issued Share . The twenty largest holders of Shares together account for 93.47% of the issued Shares. Conversely over half of the shareholders hold 1000 or fewer Shares.

This situation is causing problems both for the Company and for shareholders.

Shareholders are disadvantaged by the fact that only a very small number of Shares are now traded on the ASX. Hence it can be difficult for shareholders to sell their Shares. The Company would like to facilitate the ability for these shareholders to sell their Shares.

The Company has the cost and administration burden of having to communicate with a large number of inactive shareholders with small shareholdings. The Company would like to reduce this burden.

To address both these issues the Board has resolved to implement an on-market buy-back. The Company has sufficient cash reserves to fund the Buy-Back but, because total acceptances could possibly exceed 10% of the Shares on issue, the company must first obtain shareholder approval for the Buy-Back by way of a simple majority vote.

The Buy-Back proposal is regulated under both the Corporations Act and the ASX Listing Rules. A copy of this Shareholder Booklet, has been provided to ASIC and to the ASX.

Metroof has indicated to the Company that it will abstain from voting on the proposal and that its current intention is not to participate in the Buy-Back.

## 2. Details of the Buy-Back

|  |   |
|--|---|
| <b>Buy-Back price</b>                                      | On each day on which the Company buys-back Shares the price must not be more than 5 per cent above the average of the closing market prices over the previous 5 trading days.   |
| <b>Buy-Back Period</b>                                     | The Buy-Back period will be the period between the shareholders passing the resolution approving the Buy-Back and the expiration of 3 months after that date, or such earlier or later date that the Company notifies the ASX as the date on which the Buy-Back terminates.   |
| <b>Blackout periods</b>                                    | The Company will not Buy-Back Shares during periods that are “Blackout Periods” under the Company’s Securities Dealing Policy. A list of Blackout Periods is at Section G below.  |
| <b>Buy-Back may be suspended, extended or discontinued</b> | The Company reserves the right to suspend, extend or discontinue the Buy-Back at any time if the Board determines that it is appropriate to do so. However, the Buy-Back will not be extended beyond 12 months.   |
| <b>Shareholders eligible to participate</b>                | All shareholders may participate and may do so for some or all of their Shares.   |
| <b>Number of Shares that may be Bought-Back</b>            | <p>There is no limit on the total number of Shares that the Company may Buy-Back.</p> <p>However, Metroof, which holds 14,459,910 Shares (79.09%) and 2 directors who between them hold 2,250 Shares (0.01%) have indicated that they do not intend to participate, leaving 3,821,173 Shares (20.9%) for which the Company may receive acceptances.</p> |

|   |  |
|---|--|
| <b>Buy-Back process</b>                         | <p>If the Buy-Back is approved by shareholders at the EGM, the Company will stand in the market and purchase Shares on the ASX from time-to-time.</p> <p>The Buy-Back involves the Company buying Shares in the ordinary course of trading at the prevailing market price on the ASX in the same way as any other market transaction. The usual rules for settlement of transactions which occur on-market on the ASX will apply (i.e. If a shareholder sells into the Buy-Back, they will receive funds from the Company on a T+3 basis).</p> <p>Shareholders selling Shares on the ASX during the Buy-Back Period will not necessarily know whether the Shares have been bought by the Company under the Buy-Back or by a third party.</p> |
| <b>Ongoing reporting to ASX on the Buy-Back</b> | <p>Whenever the Company Buys-Back any Shares, the ASX Listing Rules require the Company to give the ASX an Appendix 3E notice before the beginning of trading on the next trading day.</p> <p>That notice must include details of the Shares bought back that day, the latest price paid, the highest &amp; lowest prices paid to date under the Buy-Back and the total number of Shares that have been Bought-Back.</p>   |
| <b>Shares bought to be cancelled</b>            | <p>Under the Corporations Act all Shares Bought-Back must be cancelled. This will reduce the total number of Shares on issue.</p>  |
| <b>Company funding for the Buy-Back</b>         | <p>The Company will fund the Buy-Back out of existing cash reserves.</p>   |
| <b>Brokerage on Buy-Back</b>                    | <p>Shareholders will pay brokerage on the Buy-Back in the same manner as any other sale of their Shares on the ASX.</p>  |
| <b>Stamp duty</b>                               | <p>No stamp duty is payable on the transfer of ASX-listed securities</p>   |

### 3. Effect on The Company's financial position

The latest financial information being:-

- The audited Statutory Financial Statement for the year ended 31 December 2012,
- The audit reviewed Half Year to 30 June 2013 Financial Statements, and
- The Activities Report for the quarter ended 30 September 2013

has been posted on the Company's Website (Tasmines.com.au) and released to the ASX.

As the Company will fund the Buy-Back out of existing funds on hand the amount by which the Buy-Back will reduce those funds depends on the level of Buy-Back acceptances.

- A. **Impact on Company's cash reserves** – As at 31 October 2013 the Company had current assets of \$19,700,000 and current liabilities \$3,964,000. If all Minority Shareholders were to sell their Shares into the Buy-Back, the total cash expended by the Company (assuming the 5 day average closing Share price as 21 November 2013 of \$ 1.41 [see paragraph C below] were to apply) would be \$5,387,854.
- B. **Reduction in number of shares on issue** - All Shares brought back must be cancelled. Hence in the extreme case of all Minority Shareholders selling all their Shares into the Buy-Back, the number of Shares on issue would be reduced by 3,821,173 from 18,283,333 to 14,462,160.
- C. **Impact on net assets per Share** – The financial statements for the half year ended 30 June 2013 as lodged with the ASX showed net assets per Share of \$2.17. As at 21 November 2013 the Company estimated the figure to be approximately \$2.32.

As stated above the maximum Buy-Back price that the Company can pay on any day is 5 per cent above the average of the closing market prices for Shares over the previous 5 trading days on which sales of the Shares were recorded. As at the close of trading on Thursday 21 November 2013 that figure (i.e. 5 day average closing price plus 5 per cent) was \$1.41.

As Shares bought back must be cancelled, when Shares are bought back at a price below net asset value per Share, there is an increase in the net asset value per Shares of the remaining Shares. The size of that increase is dependent on the

number of Shares bought back and the differential between the Buy-Back price and the net asset value per Share.

- D. ***the Company's franking account*** – Although no part of an on-market buy-back price is treated as a dividend in the hands of the person selling the Shares, for each Share bought back the Company is required to debit its franking account for an amount equivalent to a portion of the Buy-Back price.

Details of the potential impact on the Company's franking account are provided at paragraph 9 below.

#### **4. Effect of Buy-Back on control of the Company**

Because the Corporations Act requires all Shares bought back by the Company to be cancelled thereby reducing the total number of Shares the Company has on issue, the buying back of Shares results in an increase in the percentage shareholding and percentage voting rights of each remaining shareholder, including Metroof.

As Metroof already holds 79.09% of Shares on issue, any increase will have little impact on its ability to determine matters requiring a 50% or 75 % majority vote by shareholders.

However, it is possible that, should a large number of Minority Shareholders participate in the Buy-Back, Metroof's holding could approach or exceed 90% of the Shares on issue. Under Part 6A.2 of the Corporations Act should Metroof's shareholding reach 90% at any time, it would be entitled for a period of 6 months thereafter, if it so desired, to compulsorily acquire the remainder of the outstanding Shares.

Metroof has advised the Company that if it becomes entitled to do so, it would give serious consideration to proceeding with compulsory acquisition of the remaining Shares.



## 5. Reduced Shareholder numbers - potential impact on Share trading and ASX listing

When shareholders sell all their Shares into the Buy-Back the total number of holders on the Company's Share Register is reduced. This may have a negative impact on the already low level of trading of Shares on the ASX.

Should substantial numbers of shareholders sell all their Shares in the Buy-Back the Company could be left with an insufficient shareholder spread to satisfy the ASX Listing Rules. This may lead to a suspension of ASX trading in the Shares, or the Company being delisted either at the instigation of either the ASX or at the request of the Company. If this were to occur it would seriously impact on the ability of remaining shareholders to deal with their Shares.

The minimum spread requirement for an existing listed company is generally the same as that required for a newly listed entity. But this is subject to the ASX's discretion under ASX Listing Rule 12.4.1, which states that a listed company must maintain a spread of shareholders which "*in the opinion of the ASX, is sufficient to ensure that there is an orderly and liquid market in its securities*".

As Metroof holds more than 75% of the issued Shares, under condition 7 of ASX Listing Rule 1.1 if the Company was seeking admission as a newly listed company, it would require a minimum of least 400 shareholders with holdings valued at a minimum of \$2,000.

As at 21 November 2013 Shares were trading at \$1.25, with the result that the Company had only 193 shareholders with holdings valued at a minimum of \$2,000 each.

The Company does not have any other class of shares, options, convertible securities or other securities on issue.

Irrespective of the ASX's position on the shareholder spread, with a low number of shareholders, little trading in Shares, no foreseeable need for a capital raising and the ongoing cost of being listed on the ASX, the Board may at some time in the future come to the conclusion that it is no longer in the Company's interest to remain listed and take steps to seek a delisting.

## **6. Future business plans**

The Buy-Back does not affect the Company's business plans or operations. The current intention is to continue to mine, process and sell magnetite, iron fines and tungsten, in each case supplying existing customers and, where production capacity allows, seeking opportunities to expand sales.

## **7. Board's recommendation and Chairman's proxy voting intentions**

The Board unanimously recommends that shareholders vote in favour of the Buy-Back resolution.

The Chairman of the Meeting intends to vote all proxies available to be voted by him in favour of the Buy-Back resolution.

## **8. Majority shareholder and Directors intentions re participating in the Buy-Back**

Metroof, the Company's parent entity and 79.09% shareholder has informed the Company that it will not vote on the Buy-Back resolution and its present intention is not to participate in the Buy-Back.

In respect of the Directors—

- A. Mr S.H.M. Kanji, the Company Chairman, who is also a director of Metroof, holds 1,750 Shares. Mr Kanji has advised the Company that he will abstain from voting on the Buy-Back resolution and will not be participating in the Buy-Back.
- B. Mr K.J. Broadfoot, Director and Secretary of the Company and also a director of Metroof, holds 500 Shares. Mr Broadfoot has advised the Company that he will abstain from voting on the Buy-Back resolution and will not be participating in the Buy-Back.

- C. Mr Joseph Carroll, Director, holds 502,000 Shares (2.75%). Mr Carroll has advised the Company that he proposes to vote in favour of the Buy-Back resolution but has not formed a view as whether he will participate in the Buy-Back.

The Chairman intends to vote all proxies available to be voted by him in favour of the Buy-Back Resolution.

## **9. Company's current intention is to be an active buyer**

The Company's view is that it is able to fund the Buy-Back of Shares out of current cash reserves. By doing so, it facilitates an exit for those shareholders wishing to realise their investment in the Company and also facilitate the Company's preference for reducing the cost and administration demands of having such a large proportion of shareholders with small Share parcels.

Assuming that the Buy-Back price remains less than net assets value per Share, it improves the net assets backing per Share for those shareholders who remain.

Therefore, if there is a demand among shareholders seeking to sell their Shares the Company's current intention is to be an active buyer of Shares.

Any change in the Company's intention changes during the Buy-Back will be notified by announcement on the ASX.

## **10. Taxation considerations**

### **A. Shareholders**

From a shareholder's perspective a sale of securities into an on-market buy-back is much the same as any other sale of securities on-market. The taxation position of shareholders who participate in the Buy-Back, and the net after tax value to them, may vary significantly between shareholders and will ultimately depend on a number of factors, including:-

- Price originally paid for the Shares being bought back.
- Shareholder's country of residence for taxation purposes.

- Status of each shareholder (e.g. individual, company, trust, superannuation plan, other entities).
- Length of time Shares have been held (e.g. pre or post the introduction of Capital Gains Tax in September 1985).
- Whether the shareholder is an active share trader.

The Company does not and cannot provide any taxation advice to shareholders. Shareholders, whether resident in Australia or overseas, should seek professional assistance from their accountant, legal, financial or other advisor on the taxation treatment applicable to proceeds they may receive from participating in the Buy-Back.

## **B. The Company**

Because the Buy-Back is not an off-market buy-back the ITAA36 provisions that, in some circumstances, deem part of an off-market buy-back price to be a dividend do not apply. The Buy-Back is tax neutral to the Company, with no tax gain or loss recognised in the transaction.

Notwithstanding that, Item 9 in the table in sub-section 205-30(1) of ITAA97 requires the Company to debit its franking account as if the Buy-Back were an off-market buy-back.

The debit to the franking account is thereby based on the deemed dividend that would arise under an off-market buy-back, being the difference between the amount that it is debited against the Company's share capital account (expected to be 52 cents) and the buy-back price. The frankable amount of the deemed dividend is determined in the normal manner. However, to the extent that the Buy-Back price exceeds what would have been the market value of the Share if no buy-back had ever occurred or been proposed, the deemed dividend is unfrankable and no debit to the franking account to that extent will occur.

In determining the debit to the franking account, the Company is likely to have sufficient franking credits to be able to fully frank the frankable portion of the deemed dividend for each Share bought back. As a result, the Company's franking account will be debited by an amount equivalent to 42.86% of that portion of the Buy-Back price of each Share that is deemed to be a frankable dividend.

Note that, as stated above, the frankable dividend calculation is only relevant for determining the amount by which the Company is required to debit its franking account. It has no impact on the taxation treatment of the Buy-Back receipts in the hands of shareholders.

It is assumed for the above that the Buy-Back will be made in the ordinary course of trading on the ASX and thus will not include any “special” transactions for ASX purposes. If the latter does apply the on-market buy-back will be treated as if it were an off-market buy-back for tax purposes.

## **11. Other proposals for managing the Company’s Share register**

As discussed in paragraph E.1., one of the reasons for embarking on the Buy-Back is to reduce the cost and administrative burden on the Company that results from having a relatively large number of small, inactive and, in some cases, untraceable shareholders.

The Company has approximately 60 shareholders holding a total of 92,751 Shares (0.5% of the Shares on issue) who are no longer contactable at the address on the Share register and with whom the Company has not been able to make contact for at least 6 years. The Company intends to invoke the process available to it under section 1343 of the Corporations Act and have the relevant Shares transferred to ASIC who will dispose of the Shares by selling them on the ASX. ASIC will then hold the proceeds for 6 years to enable affected shareholders to claim the proceeds of the sale of their Shares.

As discussed above in paragraph D. 2. ii., if the proposed new constitution is adopted, clause 8 of that constitution will enable the Company to invoke the ASX Listing Rules provisions for dealing with unmarketable Share parcels, that is, parcels of Shares worth less than \$500. At \$1.25, being the prevailing Share price at close of trading on the ASX on 21 November 2013, the Company had 157 shareholders with unmarketable parcels.

Holders of such parcels are able to sell their Shares into the Buy-back. Depending on the level of response to the Buy-Back by holders of unmarketable parcels, the Company may also invoke the new clause 8 as further means of seeking to reduce the number of very small shareholders on the Company’s Share register.

## **12. No payments to directors**

No director will receive any payment from the Buy-Back other than any as proceeds from the sale of Shares sold into the Buy-Back.

## **13. Further information**

The Company cannot provide advice to shareholders, nor can it disclose information other than that disclosed in the normal course of disclosing information on the ASX in compliance with the disclosure requirements under the ASX Listing Rules.

However, if you have any general questions about the proposed Buy-Back you may contact either of the Company's secretaries Ken Broadfoot [kb@kanji.com.au](mailto:kb@kanji.com.au) or Warren Wilton [waw@kanji.com.au](mailto:waw@kanji.com.au) both on phone (02) 9251 4244.

## **14. Foreign shareholders**

Shareholders should note that while the proposed Buy-Bay is open to all shareholders, foreign shareholders should check with their advisors whether or not they are permitted to participate under their own country's regulatory requirements. (This proposal is not a fund raising exercise).

## F. Interpretation and Defined Terms

In this Shareholder Booklet (unless the context requires otherwise) –

a. the following terms and abbreviations have the following meanings

|                       |   |
|-----------------------|---|
| ASIC                  | = Australian Securities and Investment Commission   |
| ASX                   | = Australian Securities Exchange  |
| Board                 | = Board of Directors of the Company   |
| Buy-Back              | = The buy-back of shares in the Company in accordance with the Part E of this Shareholder Booklet - Information Memorandum – Buy Back   |
| Buy-Back Period       | = The period between the date on which the shareholder resolution approving the Buy-Back is approved and the first anniversary of that date, or such earlier date that the Company notifies the ASX as the date on which the Buy-Back terminates. |
| CGT                   | = Capital Gains Tax   |
| CHESS                 | = Cleaning House Electronic Sub Register System   |
| Clause                | = A paragraph of the proposed new Company constitution  |
| Company               | = Tasmania Mines Ltd (ACN 009 491 990)  |
| Corporations Act      | = Corporations Act 2001 (Commonwealth)  |
| EGM                   | = Extraordinary General Meeting of shareholders   |
| EGM Record Date       | = 7:00pm Saturday 11 January 2014   |
| ITAA36                | = The Income tax Assessment Act 1936 (Commonwealth)   |
| ITAA97                | = The Income tax Assessment Act 1997 (Commonwealth)   |
| Metroof               | = Metroof Industries Pty Ltd (ACN 009 653 132)  |
| Minority Shareholders | = Shareholders in the Company other than Metroof Industries Pty Limited (ACN 009 653 132), Mr Shamsher Kanji (Company Chairman) and Mr Ken Broadfoot (Company Director and Secretary)   |
| Share                 | = A fully paid ordinary share in the capital of the Company   |
| T+3                   | = Trade Date plus 3 business days settlement. The seller has an obligation to deliver 'sold' shares on the 3rd business day, and the buyer has an obligation to pay for those shares on the same day.   |

- b. references to time are to Australian Eastern Standard Time or, when applicable, Australian Eastern Daylight Time.
- c. references to money are to Australian Dollars.
- d. singular includes the plural, and vice versa.
- e. words importing one gender include other genders.
- f. other parts of speech and grammatical forms of a word or phrase defined in this Shareholder Booklet have a corresponding meaning.
- g. terms used in this Shareholder Booklet and defined in the Corporations Act have the meanings ascribed to them in the Corporations Act.

## G. Securities Trading Policy Blackout Periods

| <b><i>Period</i></b>                              | <b><i>Commences</i></b>   | <b><i>Ends</i></b>            |
|---|---|-------------------------------|
| First quarter<br>(to 31 March)<br>Activity Report | 14 days prior to release  | 2 clear days after<br>release |
| Second quarter<br>(to 30 June)<br>Activity Report | 14 days prior to release  | 2 clear days after<br>release |
| Half yearly results<br>(to 30 June)               | One month prior to release  | 2 clear days after<br>release |
| Third quarter<br>(to 30 Sept)<br>Activity Report  | 14 days prior to release  | 2 clear days after<br>release |
| Fourth quarter<br>(to 31 Dec)<br>Activity Report  | 14 days prior to release  | 2 clear days after<br>release |
| Full year results<br>(to 31 Dec)                  | One month prior to release<br>of preliminary results (or if<br>no preliminary release of<br>results, one month prior to<br>actual results being released) | 2 clear days after<br>release |
| Annual General<br>Meeting                         | 14 days prior to meeting  | 1 clear day after AGM         |
| Other times                                       | As determined by the Board  |                               |





## TASMANIA MINES LIMITED

ABN 45 009 491 990

### LODGE YOUR VOTE

#### By Mail:

The Secretary  
Tasmania Mines Limited  
Level 33, Aurora Place  
88 Phillip Street  
Sydney NSW 2000

## SHAREHOLDER PROXY FORM

I / We being a member(s) of Tasmania Mines Limited and entitled to attend and vote, hereby appoint:

☐

the Chairman of the meeting  
[mark the box with an X]

or.....

of.....

.....

or failing him/her, .....

of.....

.....

as my/our proxy to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held on 13 January 2014 at 11:00am and at any adjournment or postponement thereof, in the following manner.

|  | For                      | Against                  | Abstain                  |
|--|--------------------------|--------------------------|--------------------------|
| 1. Adoption of new constitution (special resolution) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. On-market share buy-back (ordinary resolution)    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

As witness by my/our hand(s) this ..... day of ..... 2013

Signature(s) of Shareholder(s) .....

Name(s) of signatory(ies) .....

#### Notes:

- Any shareholder may appoint a proxy to vote on his or her behalf.
- A proxy need not be a shareholder of the company.
- Where the holding is in more than one name all of the security holders should sign.
- A proxy given by a corporation must be under the common seal of that corporation or signed by:
  - Two Directors or
  - One Director and Secretary or
  - The Sole Director/Secretary of that Corporation.
- Proxy form must reach the company at the address given above or by fax to (02) 9247 2322 not less than forty-eight hours before the time of holding the meeting.
- If you appoint the Chairman of the Annual General Meeting as your proxy and do not specify how the Chairman is to vote on an item of business, the Chairman will vote (if permitted under proxy form) as proxy for you in favour of the resolutions