



**RESA GROUP LIMITED  
TO BE RENAMED “TOMBADOR IRON LIMITED”  
ACN 108 958 274**

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**PROSPECTUS**

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For an offer of 400,000,000 Shares at an issue price of \$0.025 per Share to raise \$10,000,000, with the ability to accept oversubscriptions of up to 200,000,000 Shares at an issue price of \$0.025 in order to raise up to an additional \$5,000,000 (for a total of \$15,000,000) (**Public Offer**).

Completion of the Offers is conditional upon satisfaction of the Conditions, which are detailed further in Section 4.3 of this Prospectus. No Securities will be issued pursuant to this Prospectus until such time as the Conditions are satisfied.

This Prospectus also contains the Secondary Offers detailed in Section 4.2 of this Prospectus.

This Prospectus is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy ASX requirements for re-admission to the Official List following a change in nature and scale of the Company's activities.

**IMPORTANT INFORMATION**

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay.

**The Securities offered by this Prospectus should be considered highly speculative.**

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## IMPORTANT NOTICES

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This Prospectus is dated 6 August 2020 and was lodged with the ASIC on that date. The ASIC, the ASX and their officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Securities the subject of this Prospectus should be considered highly speculative.

### **No offering where offering would be illegal**

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. It is important that investors read this Prospectus in its entirety and seek professional advice where necessary.

No action has been taken to register or qualify the Securities or the offers, or to otherwise permit a public offering of the Securities in any jurisdiction outside Australia. This Prospectus has been prepared for publication in Australia and may not be released or distributed in the United States of America.

### **US securities law matters**

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the US. In particular, the Securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the **US Securities Act**), and may not be offered or sold in the US or to, or for the account or benefit of, US Persons (as defined in Regulation S under the US Securities Act) or an exemption is available from the registration requirements of the US Securities Act.

Each applicant will be taken to have represented, warranted and agreed as follows:

- (a) it understands that the Securities have not been, and will not be, registered under the US Securities Act and may not be offered, sold or resold in the US, except in a transaction exempt from, or not subject to, registration under the US Securities Act and any other applicable securities laws;
- (b) it is not in the US;
- (c) it has not and will not send this Prospectus or any other material relating to the Offers to any person in the US; and
- (d) it will not offer or sell the Securities in the US or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration under the US Securities Act and in compliance with all applicable laws in the jurisdiction in which the Securities are offered and sold.

### **Web Site – Electronic Prospectus**

A copy of this Prospectus can be downloaded from the website of the Company at [www.resagrouplimited.com.au](http://www.resagrouplimited.com.au). If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another

person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company by phone on +61 8 6382 1805 during office hours or by emailing the Company at [contact@resagrouplimited.com.au](mailto:contact@resagrouplimited.com.au).

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

### **Website**

No document or information included on our website is incorporated by reference into this Prospectus.

### **No cooling-off rights**

Cooling-off rights do not apply to an investment in Securities issued under the Prospectus. This means that, in most circumstances, you cannot withdraw your application once it has been accepted.

### **Investment Advice**

This Prospectus does not provide investment advice and has been prepared without taking account of your financial objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional investment advice before subscribing for Securities under this Prospectus.

### **Risks**

You should read this document in its entirety and, if in any doubt, consult your professional advisers before deciding whether to apply for Securities. There are risks associated with an investment in the Company. The Securities offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or the future value of the Securities. Refer to Section D of the Investment Overview as

well as Section 12 for details relating to some of the key risk factors that should be considered by prospective investors. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

#### **Forward-looking statements**

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 12.

#### **Financial Forecasts**

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a

reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

#### **Competent Persons statement**

The information in the Investment Overview Section of the Prospectus, the Company and Projects Overview, included at Section 5 and the Independent Geologist's Report, included at Section 9 of the Prospectus, which relate to Exploration Results and Mineral Resources that is based on information announced by the Company on 12 June 2020 (**Announcement**), was 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 nineteen 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' (JORC Code). Mr de Moraes Soares consents to the inclusion in this Prospectus of the matters based on his information in the form and context in which it appears.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the Announcement and that all material assumptions and technical parameters underpinning the estimates in the Announcement continue to apply and have not materially changed. The Company confirms that the form and context in which Mr de Moraes Soares' findings are presented have not been materially modified from the Announcement.

The information in the Investment Overview Section of the

Prospectus, the Company and Projects Overview, included at Section 5, and the Independent Geologist's Report, included at Section 9 of the Prospectus, which relate to exploration targets, exploration results and mineral resources is based on information compiled by Mr Paul Mazzoni, a Competent Person who is a Member of Australasian Institute of Mining and Metallurgy (FAusIMM), holds Chartered Professional Status (CP-Management) and is a Member of the Society of Economic Geologists (MSEG). Mr Mazzoni is a professional geologist and principal of Tuscan Geoscience with 45 years of experience in the mining industry. Mr Mazzoni 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' (JORC Code). Mr Mazzoni consents to the inclusion in this Prospectus of the matters based on his information in the form and context in which it appears.

#### **Continuous disclosure obligations**

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's Securities.

Price sensitive information will be publicly released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

### **Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship**

The Company will apply to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Securities issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

### **Photographs and Diagrams**

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

### **Definitions and Time**

Unless the contrary intention appears or the context otherwise requires, words and phrases contained in this Prospectus have the same meaning and interpretation as given in the Corporations Act and capitalised terms have the meaning given in the Glossary in Section 15.

All references to time in this Prospectus are references to Australian Western Standard Time (AWST) unless stated otherwise.

### **Privacy statement**

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Securities, the Company may not be able to accept or process your application.

### **Change in nature and scale of activities and re-compliance with Chapters 1 and 2 of the ASX Listing Rules**

At the General Meeting, the Company will be seeking, among other things, Shareholder approval for the change in nature and scale of the Company's activities.

ASX requires the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules in connection with the Acquisition. This Prospectus is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy the ASX requirements for re-admission of the Company to the Official List following a change in nature and scale of the Company's activities.

Trading in the Company's Shares is currently suspended and will

remain suspended until the Company re-complies with Chapters 1 and 2 of the Listing rules following completion of the Acquisition.

The Offers under this Prospectus are conditional on those matters as set out in Section 4.3.

In the event the Conditions are not satisfied then the Company will not proceed with the Offers and will repay all application monies received.

### **Consolidation**

At General Meeting, the Company is seeking to consolidate the Company's issued capital on the basis that every two (2) securities be consolidated into one point nine (1.9) securities (**Consolidation**).

Unless stated otherwise, all references to Securities in this Prospectus are on a post-Consolidation basis.

### **Enquiries**

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult with your broker or legal, financial or other professional adviser without delay. Should you have any questions about the Offers or how to accept the Offers please call the Company Secretary on +61 8 6382 1800.

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## CORPORATE DIRECTORY

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### Current Directors

Mr Bill Nikolouzakis<sup>1</sup>  
*CEO and Executive Director*

Mr Andrew Jensen<sup>1</sup>  
*Non-Executive Director*

Mr Stephen Quantrill  
*Non-Executive Director*

### Proposed Directors<sup>2</sup>

Ms Anna Neuling  
*Proposed Non-Executive Chairman*

Mr David Chapman  
*Proposed Non-Executive Director*

Mr Keith Liddell  
*Proposed Non-Executive Director*

### Company Secretary

Ms Abby Macnish Niven

### Current ASX Code

RE1

### Proposed ASX Code

T11

### Corporate Advisor

Trident Capital Pty Ltd  
Level 24  
St Martin's Tower  
44 St George's Terrace  
PERTH WA 6000

### Registered Office

Level 1  
45 Stirling Highway  
NEDLANDS WA 6009

Telephone: +61 8 6382 1800

Email: [contact@resagrouplimited.com.au](mailto:contact@resagrouplimited.com.au)  
Website: [www.resagrouplimited.com.au](http://www.resagrouplimited.com.au)

### Investigating Accountant & proposed new Auditor<sup>4</sup>

HLB Mann Judd  
Level 4  
130 Stirling Street  
PERTH WA 6000

### Independent Geologist

Tuscan Geoscience  
28 Cervantes Place  
SORRENTO WA 6020

### Current Auditor to the Company<sup>3,4</sup>

Stantons International  
Level 2  
1 Walker Avenue  
WEST PERTH WA 6005

### Solicitors

Steinepreis Paganin  
Level 4, The Read Buildings  
16 Milligan Street  
PERTH WA 6000

### Share Registry<sup>3</sup>

Link Market Services  
Level 4, Central Park  
152 St Georges Terrace  
PERTH WA 6000

Telephone: 1300 554 474

### Notes:

1. Bill Nikolouzakis and Andrew Jensen will resign on Completion of the Acquisition.
2. To be appointed, subject to Shareholder approval at the General Meeting, with effect from Completion of the Acquisition.
3. These entities have been included for information purposes only. They have not been involved in the preparation of this Prospectus.
4. Subject to Shareholder approval at the upcoming General Meeting, the Company proposes to appoint HLB Mann Judd as the new auditor to the Company.

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## 1. KEY OFFER INFORMATION

### 1.1 INDICATIVE TIMETABLE<sup>1,2,3</sup>

Lodgement of Prospectus with the ASIC	6 August 2020
Opening Date of the Offers	7 August 2020
General Meeting of Shareholders	31 August 2020
Closing Date of the Offers	7 September 2020
Issue of Securities under the Offers	21 September 2020
Completion of the Acquisition <sup>3</sup>	21 September 2020
Despatch of holding statements	24 September 2020
Expected date for re-quotation on ASX	28 September 2020

#### Notes:

1. The above dates are indicative only and may change without notice. Unless otherwise indicated, all time given are WST. The Company reserves the right to extend the Closing Date or close the Offers early without prior notice. The Company also reserves the right not to proceed with the Offers at any time before the issue of Securities to applicants.
2. If the Offers are cancelled or withdrawn before completion of the Offers, then all application monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their applications as soon as possible after the Offers open.
3. The above stated date for Completion of the Acquisition is only a good faith estimate by the Directors and may have to be extended.

### 1.2 KEY STATISTICS OF THE OFFERS

	Minimum Subscription \$10,000,000	Maximum Subscription \$15,000,000
Offer Price per Share	\$0.025	\$0.025
Shares on issue <sup>1</sup>	143,823,655	143,823,655
Shares to be issued under the Acquisition <sup>2</sup>	1,107,692,308	1,107,692,655
Shares to be issued on Debt Conversion <sup>3</sup>	9,426,853	9,426,853
Shares to be issued under the Public Offer	400,000,000	600,000,000
Gross Proceeds of the Offers	\$10,000,000	\$15,000,000
<b>Shares on issue Post-Listing (undiluted)<sup>4</sup></b>	<b>1,660,942,816</b>	<b>1,860,942,816</b>
<b>Market Capitalisation Post-Listing (undiluted)<sup>4,5</sup></b>	<b>\$41,523,570</b>	<b>\$46,523,570</b>
Options currently on issue <sup>6</sup>	5,324,750	5,324,750
Corporate Advisor Options to be issued <sup>7</sup>	15,000,000	15,000,000
Performance Rights on issue	Nil	Nil
Performance Rights to be issued <sup>8</sup>	75,000,000	75,000,000
<b>Shares on issue Post-Listing (fully diluted)<sup>4</sup></b>	<b>1,756,267,566</b>	<b>1,956,267,566</b>
<b>Market Capitalisation Post-Listing (fully diluted)<sup>5</sup></b>	<b>\$43,906,689</b>	<b>\$48,906,689</b>

#### Notes:

1. The Company is seeking Shareholder approval for a Consolidation of its issued capital on a 1.9 for 2 basis at the General Meeting. These references are on a post-Consolidation basis and are subject to rounding of individual holdings.
2. Refer to Section 11.1 for a summary of the Acquisition Agreement.
3. Refer to Section 11.4 for a summary of the material terms of the Debt Conversion Agreements.

4. Certain Securities on issue post-listing will be subject to ASX-imposed escrow. Refer to Section 4.14 for a summary of the likely escrow position.
5. Assuming a Share price of \$0.025, however the Company notes that the Shares may trade above or below this price.
6. 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.
7. Exercisable at \$0.035 on or before the date that is 3 years from issue. Refer to Section 13.3 for the full terms and conditions of the Corporate Advisor Options.
8. Refer to Section 13.4 for the terms and conditions of the Performance Rights.

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## 2. CHAIRMAN'S LETTER

Dear Investor

On behalf of the Directors, I am pleased to present this Prospectus and to offer you the opportunity to become a shareholder of RESA Group Limited, to be renamed "Tombador Iron Limited" (**Company**). As announced on 12 June 2020, the Company has entered into an acquisition agreement pursuant to which it has conditionally agreed to acquire 100% of the issued capital of Tombador Iron Singapore Pte Ltd (**TIS**) from the TIS Shareholders.

TIS owns the high grade Tombador hematite iron ore deposit which is located in Bahia, Brazil (**Project**). The Project has a total combined JORC Mineral Resource of 10.1Mt<sup>1</sup> <sup>2</sup> which includes a high-grade hematite Mineral Resource of 8.0Mt at 67.3% Fe<sup>1</sup> of direct shipping ore (**DSO**) hematite.

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. Refer to Section 5 and the Independent Geologist's Report in Section 9 for further information on the Project.

This Prospectus is seeking to raise a minimum of \$10,000,000 and a maximum of \$15,000,000 through the issue of Shares at an issue price of \$0.025 per Share under the Public Offer in connection with the Acquisition. The Public Offer (together with the Secondary Offers) pursuant to this Prospectus are subject to certain conditions. Please refer to Section 4.3 for further details.

The funds raised under the Public Offer will be applied towards infill drilling, detailed mine planning, mobilisation of mining contractors to site, construction of site facilities (roads, buildings, crushing plant), final permitting for operating and mining licence, commencement of production, expenses of the Public Offer, corporate and administration costs and to provide working capital. Refer to Section 5.15 for further details on the use of funds.

This Prospectus is issued for the purpose of supporting an application to have the Company's securities reinstated to trading on ASX. This Prospectus contains detailed information about the Company, the Project and the Public Offer, as well as the risks of investing in the Company, and I encourage you to read it carefully. The Securities offered by this Prospectus should be considered highly speculative. Please refer to Section 12 for detail on the associated risks associated with an investment pursuant to the Public Offer.

On behalf of the Directors, I look forward to you joining us as a shareholder and sharing in what we believe are exciting and prospective times ahead for the Company. Before you make your investment decision, I urge you to read this Prospectus in its entirety and seek professional advice if required.

Yours sincerely



**Ms Anna Neuling**  
**Proposed Chairman and Non-Executive Director**

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<sup>1</sup> 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.

<sup>2</sup> JORC (2012) hematite talus Inferred Mineral Resource estimate of 2.06Mt @ 43.17% Fe at a 20% Fe cut-off.

### 3. INVESTMENT OVERVIEW

This Section is a summary only and is not intended to provide full information for investors intending to apply for Securities offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

Item	Summary	Further information
<b>A. COMPANY</b>		
Who is the issuer of this Prospectus?	<p>RESA Group Limited (ACN 108 958 274) (ASX: RE1) <b>(Company)</b>.</p> <p>In connection with the Acquisition set out in this Prospectus, the Company proposes changing its name to "Tombador Iron Limited" and its ASX ticker code to "TII".</p>	
Who is the Company?	<p>The Company is an Australian public company which has been listed on the Official List of ASX since 18 November 2004.</p> <p>The Company has previously been focused on operating an Australian online marketplace and a research and advisory firm helping buyers find, compare, and buy new properties via its iBuyNew and Nyko Property platforms.</p> <p>However, since the end of last year the Company has undergone a major restructuring, disposed of its main undertaking and has been seeking new business opportunities and acquisitions.</p> <p>The Company's Shares have remained suspended pending re-compliance with the ASX Listing Rules since 9 September 2019.</p> <p>The Company believes it has identified a unique opportunity to establish itself as a mineral resource company with interests in a high-grade hematite iron ore deposit which the Company plans to fast track into production.</p>	Section 5.1
What is the consideration payable for the Acquisition?	The Company will issue a total of 1,107,692,308 Shares to the TIS Shareholders on a pro-rata basis in proportion to their shareholding in TIS.	Section 11.1
What are the outstanding conditions precedent under the Acquisition Agreement?	<p>(a) the Company receiving valid applications for the Minimum Subscription and completing the Public Offer;</p> <p>(b) 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 Public Offer; and</p> <p>(c) 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.</p>	Section 11.1

Item	Summary	Further information
What are the key investment highlights?	<ul style="list-style-type: none"> <li>• JORC (2012) high grade Hematite Mineral Resource estimate of 8Mt @ 67.3% Fe<sup>3</sup> at a 60% Fe cut-off.</li> <li>• JORC (2012) hematite talus Inferred Mineral Resource estimate of 2Mt @ 43.2% Fe at a 20% Fe cut-off.</li> <li>• JORC (2012) itabirite Mineral Resource estimate of 50Mt @ 33.7% Fe<sup>4</sup> at a 20% Fe cut-off.</li> <li>• Targeting commencement of production of high grade direct shipping ore (<b>DSO</b>) lump and fines within 12 months of funding.</li> <li>• Project planning and licensing is well advanced.</li> <li>• Possible Open-cut mining via drill &amp; blast / load &amp; haul method with simple crush &amp; screen processing. No tailings disposal required.</li> <li>• Multiple routes to local and export markets: Paved roads to Aracaju or Aratu ports and to Brazilian steel mills.</li> </ul>	Section 5.11
<b>B. TIS, TIS SHAREHOLDERS AND THE TOMBADOR PROJECT</b>		
Who is TIS?	Tombador Iron Singapore Pte Ltd ( <b>TIS</b> ) is a Singapore incorporated entity which, via its wholly owned subsidiary, Tombador Iron Mineração Ltda ( <b>TIM</b> ), owns the high grade Tombador hematite iron ore deposit located in Bahia, Brazil.	Section 5.2.1
What is the Tombador Iron Project?	The Project is a high-grade hematite iron ore deposit. The Project has a total combined JORC Mineral Resource of 10.1Mt <sup>3,5</sup> which includes a high-grade hematite Mineral Resource of 8.0Mt at 67.3% Fe <sup>3</sup> of DSO (direct shipping ore) hematite.	Section 5.2.1
What is the industry in which Tombador will operate?	Iron ore focused mineral resource development company.	Section 5.4
Who are the TIS Shareholders	Details of the TIS Shareholders, their shareholding in TIS and the Consideration Shares they will receive as part of the Acquisition are set out in Section 11.1, along with their resultant shareholding in the Company following the Acquisition.	Section 11.1

<sup>3</sup> 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.

<sup>4</sup> JORC (2012) itabirite Mineral Resource estimate consists of a siliceous itabirite Indicated Mineral Resource estimate of 27.52Mt @ 37.65% Fe, a siliceous itabirite Inferred Mineral Resource estimate of 3.77Mt @ 39.90% Fe, a dolomitic itabirite Indicated Mineral Resource estimate of 12.03Mt @ 26.58% Fe and a dolomitic itabirite Inferred Mineral Resource estimate of 6.29Mt @ 26.61% Fe, using a cut-off grade of 20% Fe.

<sup>5</sup> JORC (2012) hematite talus Inferred Mineral Resource estimate of 2.06Mt @ 43.17% Fe at a 20% Fe cut-off.

Item	Summary	Further information
<b>C. BUSINESS MODEL</b>		
What are the key business strategies of the Company?	<p>Following Completion of the Acquisition, the Company's proposed business model will be to develop the Project. The Company's main objectives and strategy on completion of the Public Offer is as follows:</p> <ul style="list-style-type: none"> <li>(a) Targeting commencement of production on the Project within twelve (12) months from Completion;</li> <li>(b) focus on mineral exploration or resource opportunities that have the potential to deliver growth for Shareholders;</li> <li>(c) continue to pursue other acquisitions that have strategic fit for the Company; and</li> <li>(d) provide working capital for the Company.</li> </ul>	Section 5.12
What are the key dependencies of the Company's business model?	<p>The key dependencies influencing the Company's viability are:</p> <ul style="list-style-type: none"> <li>(a) Completion of the Acquisition;</li> <li>(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;</li> <li>(c) granting of the Operating Licence and Mining Licence;</li> <li>(d) conversion of the Mineral Resource estimate to an Ore Reserve;</li> <li>(e) minimising delays and cost overruns in construction and mine planning;</li> <li>(f) finalising contracts with mining and logistics providers;</li> <li>(g) minimal interruptions affecting works on site that may be caused as a result of COVID-19; and</li> <li>(h) raising the Minimum Subscription under this Prospectus.</li> </ul>	Section 5.13
How will the Company generate income?	<p>The Company aims to produce a premium quality lump iron ore product and a high-grade sintering fines from its 67% Fe deposit. The Company is targeting commencement of production on the Project within twelve (12) months from Completion.</p> <p>Should the Company meet its targets, both the lump and fines product should attract a price premium for being higher than the basic 62% iron (Fe) grade. In addition, as a direct feed product, lump ore may receive a lump price premium.</p>	Section 5.11
<b>D. KEY RISKS</b>		
General	<p>The business, assets and operations of the Company, including after completion of the Acquisition, are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the securities of our Company.</p>	

Item	Summary	Further information
	<p>The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which the Board can effectively manage them is limited.</p> <p>The risks and uncertainties described below are not intended to be exhaustive. The summary of risks that follows is not intended to be exhaustive and this Prospectus does not take into account the personal circumstances, financial position or investment requirements of any particular person. There may be additional risks and uncertainties that the Company is unaware of or that the Company currently considers to be immaterial, which may affect the Company, or its related entities and consequently Applicants. Based on the information available, a non-exhaustive list of risk factors for the Company associated with the Company's proposal to undertake the Acquisition is as follows.</p>	
Coronavirus (COVID-19)	<p>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.</p> <p>The travel and lock down restrictions may cause delay in the approval of environmental and mining licences from the respective government agencies.</p>	Section 12.2(a)
Tenement applications and Mining Licence approval	<p>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. Furthermore, the Company has yet to receive regulatory approval from Brazil's National Mining Agency and the Ministry of Mines and Energy to convert its Exploration Licence into a Mining Licence (i.e. into a production concession). The process for conversion into a Mining Licence is underway, and the Company is currently targeting early 2021. However, there is a risk that these approvals may be delayed or may not be obtained.</p>	Section 12.2(b)
Environmental licencing	<p>The Company's ability to commence mine site construction and mining operations within the proposed timeline are dependent on receiving the approval of the appropriate environmental licence in a timely basis. The Company cannot guarantee that environmental permitting will ultimately be assigned and granted, or if it is, in a timely basis or without onerous conditions. As noted in Section 5.10, significant progress has been made for environmental permitting with the Bahia State Environment Department (INEMA) to date, having been granted a Preliminary Licence and a Construction/Installation Licence. As per the</p>	Section 12.2(c)

Item	Summary	Further information
	conditions of the MRA, CIM shall proceed to assign the Installation Licence to TIM. The final environmental permitting stage following this process will be to obtain an Operation Licence.	
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.	Section 12.2(e)
Mineral Resource Estimates	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.	Section 12.2(f)
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 iron ore. 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.	Section 12.2(g)
Road & Port Access	<p>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 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.</p> <p>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. The Company is however mitigating this risk by considering more than one port option.</p>	Section 12.2(h)
Mine Development	Possible future development of a mining operation at the Project is dependent on a number of factors including, but not limited to, the conversion of	Section 12.2(i)

Item	Summary	Further information
	Mineral Resource to Ore Reserve, 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.	
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 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.	Section 12.2(j)
Operating and Production	<p>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.</p> <p>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.</p>	Section 12.3(a)
<b>E. KEY PEOPLE, INTERESTS, BENEFITS AND CONTRACTS</b>		
Who are the Current Directors and Proposed Directors?	<p>Prior to re-listing on the ASX and subject to completion of the Acquisition, existing Directors Bill Nikolouzakis and Andrew Jensen will resign and the Proposed Directors will be appointed, such that the Board of the Company on listing on ASX will be comprised of:</p> <p>(a) Anna Neuling – <i>Non-Executive Chairman</i>;  (b) Stephen Quantrill – <i>Non-Executive Director</i>;  (c) Keith Liddell – <i>Non-Executive Director</i>; and  (d) David Chapman – <i>Non-Executive Director</i>.</p> <p>The profiles of each of the above Directors are set out in Section 10.1.</p>	Sections 5.3 and 10.1
What benefits are being paid to Directors and others connected to the Public Offer?	Benefits to be paid to the Directors are set out in Section 10.3.	Section 10.3
What are the significant interests of the Directors of the Company	Each of the Director's interests both before and after the Offers are set out in Section 10.3.	Section 10.3

Item	Summary	Further information
Who are the key senior managers?	Mr Gabriel Oliva has been appointed as Chief Executive Officer. Mr Oliva's profile is set out in Section 10.2. Details of Mr Oliva's terms of appointment as Chief Executive Officer is set out in Section 11.6.	Sections 10.2 and 11.6
Who are the substantial shareholders of the Company and what will their interest be after completion of the Public Offer?	Details of the substantial Shareholders both before and after the Offers are set out in Section 5.16.4.	Section 5.16.4
What material contracts is the Company a party to?	The Company is a party to the material contracts set out in Section 11.	Section 11
<b>F. FINANCIAL INFORMATION</b>		
How has the Company been performing?	The audited historical statement of financial position as at 30 June 2018, 30 June 2019, and audit reviewed position as at 31 May 2020; the summary audited historical consolidated statements of profit or loss and other comprehensive income; and the consolidated statements of cash flows for the financial year ending 2018 and 2019 are set out in Section 6 of this document.	Section 6
How has TIS been performing?	TIS was incorporated in January 2020 and therefore has not yet completed an end of financial year reporting period. The pro forma statement of financial position in Section 6.6 details the current financial position of TIS as at 31 May 2020.	Section 6.6
What is the financial outlook for the Company?	Given the current status of the Company and the speculative nature of its business, the Directors do not consider it appropriate to forecast future earnings. Any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection on a reasonable basis.	'Important Notices' Section
Does the Company have sufficient funds for its activities?	The Current Directors and Proposed Directors are of the view that the funds raised under the Public Offer, together with existing cash reserves of the Company, will provide the Company with sufficient working capital to progress the business set out in this Prospectus.	Section 5.15
<b>G. OFFERS</b>		
What is being offered under the Public Offer and who is entitled to participate?	Pursuant to this Prospectus, the Company invites applications for 400,000,000 Shares at an issue price of \$0.025 per Share to raise \$10,000,000, with oversubscriptions of up to a further 200,000,000 Shares at an issue price of \$0.025 per Share to raise up to a further \$5,000,000.  The minimum amount the Company must raise pursuant to the Public Offer is \$10,000,000.	Section 4.1

Item	Summary	Further information
What is the purpose of the Public Offer?	<p>The primary purpose of the Public Offer is to:</p> <ul style="list-style-type: none"> <li>(a) assist the Company to meet the re-admission requirements of ASX under Chapters 1 and 2 of the ASX Listing Rules (see Section 4.8.1 for further details);</li> <li>(b) provide the Company with additional funding to progress development of the Project;</li> <li>(c) remove the need for an additional disclosure document to be issued upon the sale of any Securities that are to be issued under the Offers, including any Shares issued upon exercise of convertible Securities; and</li> <li>(d) provide the Company with sufficient working capital.</li> </ul> <p>The Company intends on applying the funds raised under the Public Offer along with its current cash reserves in the manner detailed in Section 5.15.</p>	Sections 4.4 and 5.15
Is the Public Offer underwritten?	The Public Offer is not underwritten.	Section 4.1.3
Will there be a corporate advisor to the Public Offer and what fees are payable?	The corporate advisor to the Public Offer is Trident Capital. Please refer to Section 4.1.4 for details of fees payable.	Section 4.1.4
What are the Secondary Offers?	<p>The Prospectus also includes the following secondary offers:</p> <ul style="list-style-type: none"> <li>(a) Consideration Offer;</li> <li>(b) Creditor Offer;</li> <li>(c) Performance Rights Offer; and</li> <li>(d) Corporate Advisor Offer,</li> </ul> <p>(together, the <b>Secondary Offers</b>).</p> <p>Only specified persons will be entitled to participate in the Secondary Offers, all of whom will be approached directly by the Company.</p>	Section 4.2
What will the Company's capital structure look like after completion of the Offers and the Acquisition?	Refer to Section 5.16 for a pro forma capital structure following completion of the Acquisition and the Offers.	Section 5.16
Will I be guaranteed a minimum allocation under the Public Offer?	<p>No, the Company is not in a position to guarantee a minimum allocation of Shares under the Public Offer.</p> <p>Shares will be issued under the Public Offer in accordance with the allocation policy set out in Section 4.1.6.</p>	Section 4.1.6

Item	Summary	Further information
What are the terms of the Securities offered under this Prospectus?	<p>A summary of the material rights and liabilities attaching to:</p> <p>(a) the Shares offered under the Public Offer, Consideration Offer and Creditor Offer are set out in Section 13.2;</p> <p>(b) the Corporate Advisor Options offered under the Corporate Advisor Offer are set out in Section 13.3; and</p> <p>(c) Performance Rights under the Performance Rights Offer are set out in Section 13.4.</p>	Sections 13.2 to 13.4
Will any Securities be subject to escrow?	<p>The Company anticipates that:</p> <p>(a) all Consideration Shares will be restricted from trading for a period of at least 12 months from Completion; and</p> <p>(b) all Performance Rights and Corporate Advisor Options will be restricted from trading for a period of 24 months from the date of recommencement of trading of the Company's Shares on the Official List.</p> <p>The Company does not anticipate that the Debt Conversion Shares will be subject to escrow given they are deemed to convert at \$0.025 each (being the same issue price as those Shares issued under the Public Offer). Furthermore, the Shares to be issued to Proposed Directors Anna Neuling and David Chapman under the Public Offer (subject to Shareholder approval at the General Meeting) are unlikely to be escrowed given they are offered under the Public Offer (on the same terms as all other investors).</p> <p>The Company will announce to the ASX full details (quantity and duration) of the Securities required to be held in escrow prior to the Company's Shares being reinstated to trading on ASX (which reinstatement is subject to ASX's discretion and approval).</p>	Section 4.14
Will the Shares be quoted?	Application for quotation of all Shares to be issued under the Offers will be made to ASX no later than 7 days after the date of this Prospectus.	Section 4.6
What are the key dates of the Offers?	The key dates of the Offers are set out in the indicative timetable in Section 1.1.	Section 1.1
What is the minimum investment size under the Public Offer?	Applications under the Public Offer must be for a minimum of \$2000 worth of Shares (80,000 Shares) and thereafter, in multiples of \$500 worth of Shares (20,000 Shares).	Section 4.1.5
Are there any conditions to the Offers?	<p>The Offers are conditional upon the Acquisition Agreements becoming unconditional, including:</p> <p>(a) the Company raising the Minimum Subscription under the Public Offer;</p> <p>(b) the Company receiving Shareholder approval for each of the Acquisition Resolutions at the General Meeting; and</p> <p>(c) the Company receiving Conditional Approval (and the Company being satisfied that it can meet those conditions),</p>	Section 4.3

Item	Summary	Further information
	(each a <b>Condition</b> ). In the event that Conditions are not satisfied within the requisite period, the Offers will not proceed, and no Securities will be issued pursuant to this Prospectus. If this occurs, the Company will repay all application monies received by it in connection with this Prospectus within the time prescribed under the Corporations Act, without interest.	
<b>H. ADDITIONAL INFORMATION</b>		
Is there any brokerage, commission or duty payable by Applicants?	No brokerage, commission or duty is payable by Applicants on the acquisition of Shares under the Offers.	Section 4.7
What are the tax implications of investing in Shares?	Holders of Shares may be subject to Australian tax on dividends and possibly capital gains tax on a future disposal of Shares subscribed for under this Prospectus. The tax consequences of any investment in Shares depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to subscribe for Shares offered under this Prospectus.	Section 4.7
What are the corporate governance principles and policies of the Company?	To the extent applicable, in light of the Company's size and nature, the Company has adopted The Corporate Governance Principles and Recommendations (4th Edition) as published by ASX Corporate Governance Council ( <b>Recommendations</b> ). The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined in Section 10.5. In addition, the Company's full Corporate Governance Plan is available from the Company's website <a href="http://www.resagrouplimited.com.au">www.resagrouplimited.com.au</a> . Prior to listing on ASX, the Company will announce its main corporate governance policies and practices and the Company's compliance and departures from the Recommendations.	Section 10.5
Where can I find more information?	<ul style="list-style-type: none"> <li>• By speaking to your sharebroker, solicitor, accountant or other independent professional adviser.</li> <li>• By reviewing the Company's public announcements, which are accessible from ASX's website at <a href="http://www.asx.com.au">www.asx.com.au</a> under the ASX code "RE1".</li> <li>• By visiting the Company's website at <a href="http://www.resagrouplimited.com.au">www.resagrouplimited.com.au</a>.</li> <li>• By contacting Abby Macnish Niven, the Company's Company Secretary, on +61 8 6382 1805.</li> <li>• By contacting the Share Registry on 1300 554 474.</li> </ul>	

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## 4. DETAILS OF THE OFFERS

### 4.1 The Public Offer

Pursuant to this Prospectus, the Company invites applications for 400,000,000 Shares at an issue price of \$0.025 per Share to raise \$10,000,000, with oversubscriptions of up to a further 200,000,000 Shares at an issue price of \$0.025 per Share to raise up to a further \$5,000,000.

The Shares offered under the Public Offer will rank equally with the existing Shares on issue. Refer to Section 13.2 for a summary of the terms of the Shares.

#### 4.1.1 Minimum Subscription

The minimum amount which must be raised under the Public Offer is \$10,000,000 (**Minimum Subscription**). If the Minimum Subscription has not been raised within four months after the date of this Prospectus, the Offers will not proceed and no Securities will be issued pursuant to this Prospectus.

If this occurs, the Company will repay all application monies received by it in connection with this Prospectus within the time prescribed under the Corporations Act, without interest.

#### 4.1.2 Oversubscriptions

The Company reserves the right to accept oversubscriptions of up to a further 200,000,000 Shares at an issue price of \$0.025 per Share to raise up to a further \$5,000,000. The maximum amount which may be raised under the Public Offer is accordingly \$15,000,000 (**Maximum Subscription**).

#### 4.1.3 Not underwritten

The Public Offer is not underwritten.

#### 4.1.4 Corporate Advisor

The Company has entered into a corporate advisory mandate (**Corporate Advisory Mandate**) with Trident Capital Pty Ltd (**Trident Capital** or **Corporate Advisor**) pursuant to which Trident Capital has been appointed as corporate advisor to the Company in relation to the Public Offer.

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

- (a) engage Trident Capital from 27 November 2019, and pay Trident Capital a corporate advisory fee of \$10,000 plus GST per month up to a maximum of \$60,000 plus GST (**Corporate Advisory Fee**);
- (b) reimburse Trident Capital for all reasonable out of pocket expenses, with such expenses to be approved in advance;
- (c) issue 15,000,000 Corporate Advisor Options to Trident Capital (or its nominees) on the terms set out in Section 13.3; and
- (d) pay Trident Capital the following capital raising fees:
  - (i) 1% management fee of the funds raised for the Public Offer; and

- (ii) 5% selling fee of the funds raised for the Public Offer,  
(together the **Capital Raising Fee**).

The Corporate Advisory Mandate is otherwise based on standard terms customary of this type of arrangement.

#### **4.1.5 Minimum application amount**

Applications under the Public Offer must be for a minimum of \$2000 worth of Shares (80,000 Shares) and thereafter, in multiples of \$500 worth of Shares (20,000 Shares).

#### **4.1.6 Allocation Policy**

The Company retains an absolute discretion to allocate Shares under the Public Offer and reserves the right, in its absolute discretion, to issue to an Applicant a lesser number of Shares than the number for which the Applicant applies or to reject an Application Form. If the number of Shares issued is fewer than the number applied for, surplus application money will be refunded without interest as soon as practicable.

No Applicant under the Public Offer has any assurance of being allocated all or any Shares applied for. The allocation of Shares by the Board will be influenced by the following factors:

- (a) the number of Shares applied for;
- (b) the overall level of demand for the Public Offer;
- (c) the desire for spread of investors, including institutional investors; and
- (d) the desire for an informed and active market for trading Shares following completion of the Public Offer.

The Company is seeking Shareholder approval at the General Meeting for certain Proposed Directors to take up Shares under the Public Offer. The Company is not obliged to issue such Shares to those Proposed Directors, nor are those Proposed Directors obliged to take up such Shares.

The Company's decision on the number of Shares to be allocated to an Applicant will be final. The Company will not be liable to any person not allocated Shares or not allocated the full amount applied for.

## **4.2 Secondary Offers**

### **4.2.1 Consideration Offer**

This Prospectus also includes an offer of 1,107,692,308 Shares to be issued to the TIS Shareholders or their nominees (**Consideration Shares**) in consideration for the Acquisition.

The material terms of the Acquisition Agreement are summarised in Section 11.1 of this Prospectus.

The Consideration Shares offered under the Consideration Offer will rank equally with the existing Shares on issue other than in respect of any escrow imposed by ASX. A summary of the material rights and liabilities attaching to Shares is set out

in Section 13.2 and a summary of the anticipated application of escrow to the Company's Securities is set out in Section 4.14.

Application for quotation of the Consideration Shares issued under the Consideration Offer will be made to ASX no later than 7 days after the date of this Prospectus.

Only the TIS Shareholders may accept the Consideration Offer. A personalised Application Form in relation to the Consideration Offer will be issued to these parties together with a copy of this Prospectus.

#### **4.2.2 Creditor Offer**

This Prospectus also includes an offer of 9,426,853 Shares to be issued to certain creditors of the Company (or their nominees) as identified in Section 11.4 (**Creditor Offer**).

The material terms of the Debt Conversion Agreements pursuant to which the Creditor Offer is made are summarised in Section 11.4 of this Prospectus.

The Debt Conversion Shares offered under the Creditor Offer will rank equally with the existing Shares on issue other than in respect of any escrow imposed by ASX. A summary of the material rights and liabilities attaching to Shares is set out in Section 13.2 and a summary of the anticipated application of escrow to the Company's Securities is set out in Section 4.14.

Application for quotation of the Debt Conversion Shares issued under the Creditor Offer will be made to ASX no later than 7 days after the date of this Prospectus.

Only the Creditors identified in Section 11.4 of this Prospectus may accept the Creditor Offer. A personalised Application Form in relation to the Creditor Offer will be issued to these parties together with a copy of this Prospectus.

#### **4.2.3 Performance Rights Offer**

This Prospectus includes an offer of up to 75,000,000 Performance Rights to certain employees, consultants, Current Directors and Proposed Directors (**Performance Rights Offer**).

The Performance Rights offered under the Performance Rights Offer will be issued on the terms and conditions set out in Section 13.4. Performance Rights will not be quoted, but the Company will apply for quotation of all Shares issued upon conversion of the Performance Rights.

Only those who have been previously notified by the Company as recipients of the Performance Rights Offer may accept the Performance Rights Offer. A personalised Application Form in relation to the Performance Rights Offer will be issued to invitees of the Performance Rights Offer together with a copy of this Prospectus.

All Performance Rights are expected to be restricted from trading for 24 months from the date of Official Quotation in accordance with the ASX Listing Rule, and a summary of the anticipated application of escrow to the Company's Securities is set out in Section 4.14.

#### 4.2.4 Corporate Advisor Offer

This Prospectus includes an offer of 15,000,000 Corporate Advisor Options to Trident Capital or its nominees in part consideration for its appointment as corporate advisor to the Public Offer (**Corporate Advisor Offer**).

The Corporate Advisor Options offered under the Corporate Advisor Offer will be issued on the terms and conditions set out in Section 13.3. The Corporate Advisor Options will not be quoted, but the Company will apply for quotation of all Shares issued upon exercise of the Corporate Advisor Options.

Only Trident Capital and/or their respective nominees may accept the Corporate Advisor Offer. A personalised Application Form in relation to the Corporate Advisor Offer will be issued to Trident Capital or their nominees together with a copy of this Prospectus.

All Corporate Advisor Options are expected to be restricted from trading for 24 months from the date of Official Quotation in accordance with the ASX Listing Rules. A summary of the anticipated application of escrow to the Company's Securities is set out in Section 4.14.

#### 4.3 Conditions to the Offers

The Offers are conditional upon the Acquisition Agreement becoming unconditional, including:

- (a) the Company raising the Minimum Subscription under the Public Offer;
- (b) the Company receiving Shareholder approval for each of the Acquisition Resolutions at the General Meeting; and
- (c) the Company receiving Conditional Approval (and the Company being satisfied that it can meet those conditions),

(each a **Condition**). In the event that each of the Conditions are not satisfied within the requisite period, the Offers will not proceed, and no Securities will be issued pursuant to this Prospectus. If this occurs, the Company will repay all application monies received by it in connection with this Prospectus within the time prescribed under the Corporations Act, without interest.

The Acquisition Resolutions must be approved at the General Meeting for the Offers to proceed and for completion under the Acquisition Agreement to occur.

The "**Acquisition Resolutions**" are as follows:

- (a) approval for the change to nature and scale of the Company's activities, specifically in relation to the change of the Company's focus to become an iron ore producer as a result of the Acquisition, for which Shareholder approval is required under ASX Listing Rule 11.1.2;
- (b) approval for the Company to issue the TIS Shareholders the Consideration Shares, for which approval is required:
  - (i) in respect of CS and McRae, in terms of Item 7 of section 611 of the Corporations Act as a result of the acquisition of a relevant interest by those parties resulting from the issue of their Consideration Shares and Debt Conversion Shares to be issued to McRae of up to 59.9%; and

- (ii) in respect of the other TIS Shareholders, under ASX Listing Rule 7.1;
- (c) approval for the Company to undertake the Public Offer, for which approval is required under ASX Listing Rule 7.1;
- (d) election of the Proposed Directors as Directors of the Company;
- (e) approval to change the Company's name to "Tombador Iron Limited";
- (f) replacement of the Company's Constitution; and
- (g) approval to undertake the Consolidation.

Each of the Acquisition Resolutions is inter-conditional upon Shareholders approving the other Acquisition Resolutions. If any one or more of the Acquisition Resolutions are not approved by Shareholders, the Acquisition will not proceed. Applicants should refer to the Notice of Meeting for further information on the Acquisition Resolutions, a copy of which is available on the Company's ASX platform (ASX:RE1).

#### **4.4 Purpose of the Offers**

The primary purpose of the Offers is to:

- (a) assist the Company to meet the re-admission requirements of ASX under Chapters 1 and 2 of the ASX Listing Rules (see Section 4.13 for further details);
- (b) provide the Company with additional funding to progress the development of the Project;
- (c) remove the need for an additional disclosure document to be issued upon the sale of any Securities that are to be issued under the Offers, including any Shares issued upon exercise of convertible Securities; and
- (d) provide the Company with sufficient working capital.

The Company intends on applying the funds raised under the Public Offer along with its current cash reserves in the manner detailed in Section 5.15.

#### **4.5 Applications**

Applications for Securities under the Offers must be made using the relevant Application Form. For further information on how to complete the Application Form, Applicants should refer to the instructions set out on the form.

##### **Payment by BPAY**

Investors can apply online with payment made electronically via BPAY®. Investors applying online will be directed to use an online Application Form and make payment by BPAY®. Applicants will be given a BPAY® biller code and a customer reference number (**CRN**) unique to the online Application once the online Application Form has been completed. BPAY® payments must be made from an Australian dollar account of an Australian institution. Using the BPAY® details, Applicants must:

- (a) access their participating BPAY® Australian financial institution either via telephone or internet banking

- (b) select to use BPAY® and follow the prompts;
- (c) enter the biller code and unique CRN that corresponds to the online Application;
- (d) enter the amount to be paid which corresponds to the value of Shares under the online Application Form;
- (e) select which account payment is to be made from;
- (f) schedule the payment to occur on the same day that the online Application Form is completed. Applications without payment will not be accepted; and
- (g) record and retain the BPAY® receipt number and date paid. Investors should confirm with their Australian financial institution whether there are any limits on the investor's account that may limit the amount of any BPAY® payment and the cut off time for the BPAY® payment.

Investors can apply online by following the instructions at [www.resagrouplimited.com.au](http://www.resagrouplimited.com.au) and completing a BPAY® payment. If payment is not made via BPAY®, the Application will be incomplete and will not be accepted. The online Application Form and BPAY® payment must be completed and received by **no later than 5.00pm (AEST) on the Closing Date**.

A completed and lodged Application Form together with BPAY® payment for any Application Monies, constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Application Form. The Application Form does not need to be signed to be valid. If the Application Form is not completed correctly or if the accompanying payment is for the wrong amount, it may be treated by the Company as valid. The Directors' decision as to whether to treat such an Application as valid and how to construe amend or complete the Application Form is final, however an Applicant will not be treated as having applied for more Shares than is indicated by the amount of the BPAY® payment for the Application Monies.

It is the responsibility of Applicants outside Australia to obtain all necessary approvals for the allotment and issue of Securities pursuant to this Prospectus. The return of a completed Application Form with the requisite Application Monies (if applicable) will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained and that the Applicant:

- (a) agrees to be bound by the terms of the relevant Offer;
- (b) declares that all details and statements in the Application Form are complete and accurate;
- (c) declares that, if they are an individual, they are over 18 years of age and have full legal capacity and power to perform all its rights and obligations under the Application Form;
- (d) authorises the Company and its respective officers or agents, to do anything on their behalf necessary for the Securities to be issued to them, including to act on instructions of the Company's Share Registry upon using the contact details set out in the Application Form;

- (e) acknowledges that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that Securities are suitable for them given their investment objectives, financial situation or particular needs; and
- (f) acknowledges that the Securities have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia and accordingly, the Securities may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws.

Participation in the Secondary Offers is personal and Application Forms in relation to the Secondary Offers will be issued to the relevant participants together with a copy of this Prospectus.

By completing an Application Form, you will be taken to have declared that all details and statements made by you are complete and accurate and that you have personally received the Application Form together with a complete and unaltered copy of the Prospectus.

Your BPAY® payment and completed Application Form must be submitted with sufficient time to be received by or on behalf of the Company by **no later than 5.00pm (AEST) on the Closing Date**.

The Company reserves the right to close the Offers early.

If you require assistance in completing an Application Form, please contact the Company Secretary, Ms Abby Macnish Niven, on +61 8 6382 1805.

#### **4.6 ASX listing**

The Company will apply for Official Quotation of all Shares issued under this Prospectus within 7 days after the date of this Prospectus. However, Applicants should be aware that ASX will not commence Official Quotation of any Shares until the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules and has received the approval of ASX to be re-admitted to the Official List. As such, the Shares may not be able to be traded for some time after the Closing Date.

If the Shares are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by ASIC, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

#### **4.7 Taxation**

The acquisition and disposal of Securities may have tax consequences, which may differ depending on the individual financial affairs of each investor.

It is not possible to provide a comprehensive summary of the possible taxation positions of all potential Applicants. As such, all potential investors in the

Company are urged to obtain independent financial advice about the consequences of acquiring Securities from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and/or responsibility with respect to the taxation consequences of subscribing for Securities under this Prospectus.

No brokerage, commission or duty is payable by Applicants on the acquisition of Securities under the Offers.

#### **4.8 Issues of Securities**

Subject to the Conditions set out in Section 4.3 being met and ASX granting conditional approval for the Company to be re-admitted to the Official List, issue of Securities offered by this Prospectus will take place as soon as practicable after the Closing Date.

Pending the issue of the Securities or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each applicant waives the right to claim interest.

The Directors, in conjunction with the Corporate Advisor, will determine the recipients of the Securities in their sole discretion in accordance with the allocation policy detailed in Section 4.1.6. The Directors reserve the right to reject any application or to allocate any applicant fewer Shares than the number applied for. Where the number of Securities issued is less than the number applied for, or where no issue is made, surplus application monies will be refunded without any interest to the applicant as soon as practicable after the Closing Date.

Holding statements for Shares issued to the issuer sponsored subregister and confirmation of issue for CHES holders will be mailed to applicants being issued Securities pursuant to the Offers as soon as practicable after their issue.

#### **4.9 General**

Subject to the satisfaction of the Conditions (see Section 4.3), the issue of Securities offered by this Prospectus will take place as soon as practicable after the Closing Date and in accordance with the timetable set out in the Key Offer Information Section on page 4 of the Prospectus.

#### **4.10 Defects in applications**

If an Application Form is not completed correctly or if the accompanying payment is the wrong amount, the Company may, in its discretion, still treat the Application Form to be valid. The Company's decision to treat an application as valid, or how to construe, amend or complete it, will be final.

#### **4.11 Interest**

Pending the issue of the Securities or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each applicant waives the right to claim interest.

#### **4.12 Applicants outside Australia**

This Prospectus does not, and is not intended to, constitute an offer of, or invitation to apply for Securities in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares or otherwise permit a public offering of the Securities the subject of this Prospectus in any jurisdiction outside Australia. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed in order to accept the Public Offer.

If you are outside Australia, it is your responsibility to ensure compliance with all laws of any country relevant to, and obtain all necessary approvals for, the issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by you that there has been no breach of any such laws and all relevant approvals have been obtained.

Where this Prospectus has been dispatched to persons in jurisdictions outside of Australia, in which the securities legislation or regulation requires registration or any analogous treatment, this Prospectus is provided for information purposes only. This Prospectus has not been and will not be registered under any such legislation or regulation or in any such jurisdiction.

The Offers do not and will not constitute an offer of Securities in the United States of America (**US**). Furthermore, no person ordinarily resident in the US is or will become permitted to submit an Application Form. If the Company believes that any Applicant is ordinarily resident in the US, or is acting on behalf of a person or entity that is ordinarily a resident of the US, the Company will reject that Applicant's application.

#### **4.13 Suspension from and re-admission to ASX**

ASX has determined that the Acquisition, if successfully completed, will represent a significant change in the nature and scale of the Company's activities. In accordance with the ASX Listing Rules, the change in the nature and scale of the Company's activities will require:

- (a) Shareholder approval for the Acquisition Resolutions, which is being sought at the General Meeting; and
- (b) the Company to re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules.

The Company's Securities are currently suspended from trading on the ASX and will remain suspended and not be reinstated to Official Quotation until the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules and is re-admitted by the ASX to the Official List.

Some of the key requirements of Chapters 1 and 2 of the Listing Rules are:

- (a) the Company must satisfy the shareholder spread requirements relating to the minimum number of Shareholders and the minimum value of the shareholdings of those Shareholders; and
- (b) the Company must satisfy the "assets test" as set out in ASX Listing Rule 1.3.

The Company expects that the conduct of the Public Offer pursuant to this Prospectus will enable the Company to satisfy the above requirements.

#### **4.14 Restricted Securities and Free Float**

Subject to the Company being admitted to the Official List and completing the Public Offer and Acquisition, certain Securities on issue (including the Consideration Shares) 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 Company anticipates that:

- (a) all Consideration Shares will be restricted from trading for a period of at least 12 months from Completion; and
- (b) all Performance Rights and Corporate Advisor Options will be restricted from trading for a period of 24 months from the date of recommencement of trading of the Company's Shares on the Official List.

The Company does not anticipate that the Debt Conversion Shares will be subject to escrow given they are deemed to convert at \$0.025 each (being the same issue price as those Shares issued under the Public Offer). Furthermore, the Shares to be issued to Proposed Directors Anna Neuling and David Chapman under the Public Offer (subject to Shareholder approval at the General Meeting) are unlikely to be escrowed given they are offered under the Public Offer (on the same terms as all other investors).

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

Upon the Minimum Subscription being raised under this Prospectus, the Company's 'free float', being the percentage of Shares not subject to escrow and which are held by Shareholders that are not related parties or promoters of the Company (or their associates) at the time of admission to the Official List, will be approximately 33%, comprising all Shares on issue following completion of the Offer, other than Shares held by related parties and promoters of the Company and Shares subject to ASX imposed escrow.

#### **4.15 Enquiries**

If you have any questions in relation to the Offers, please contact the Company Secretary, Ms Abby Macnish Niven, on +61 8 6382 1805.

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## 5. COMPANY AND PROJECT OVERVIEW

### 5.1 Background

RESA Group Limited (ACN 108 958 274) (ASX: "RE1") (**Company**) is an Australian public company which has been listed on the Official List of ASX since 18 November 2004.

The Company has previously been focused on operating an Australian online marketplace and a research and advisory firm helping buyers find, compare, and buy new properties via its iBuyNew and Nyko Property platforms (**Platforms**). However, as announced in December 2019, the Company underwent a major restructuring of its main undertaking and subsequently disposed of the Platforms (**Disposal**). The Company currently retains its future receivables commission books from previous generated sales from the Company group (**Receivables Book**).

The Company has in the meantime been seeking new business opportunities and acquisitions. The Company's Shares have remained suspended pending re-compliance with the ASX Listing Rules since 9 September 2019.

The Company believes it has identified a unique opportunity to establish itself as a mineral resource company with interests in a high-grade hematite iron ore deposit which the Company plans to fast track into production.

Subject to Completion, the Company proposes to collect and/or dispose of and wind down the remainder of its real estate business (being the Receivables Book) and associated entities and focus on the development of the Project and any other complementary mineral resource assets.

### 5.2 Background to the Acquisition

#### 5.2.1 General

The Company announced on 12 June 2020 that it had entered into an acquisition agreement with Tombador Iron Singapore Pte Ltd (**TIS**) and the shareholders of TIS (**TIS Shareholders**) under which the Company has a conditional right to acquire 100% of the issued capital in TIS.

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<sup>6,7</sup> which includes a high-grade Hematite Mineral Resource of 8.0Mt at **67.3% Fe**<sup>6</sup> of DSO Hematite. Further details with respect to the Project are set out in Section 5.4, the Solicitor's Report on Title set out in Section 8 and the Independent Geologists Report set out in Section 9.

The TIS Shareholders, their holding in TIS and their proposed holding in the Company following the Acquisition is as set out in Section 11.1.

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<sup>6</sup> 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.

<sup>7</sup> JORC (2012) hematite talus Inferred Mineral Resource estimate of 2.06Mt @ 43.17% Fe at a 20% Fe cut-off.

In connection with the proposed Acquisition, the Company will change its name to "Tombador Iron Limited" and will change its ticker code to "TI1".

### **5.2.2 Rationale**

The Board considered a number of potential transaction and acquisition opportunities prior to entering into the Acquisition Agreement and settled on the Acquisition due to the unique opportunities the Acquisition presented. A detailed program of legal and technical due diligence has been undertaken by the Company on the Project.

The deemed value of the Consideration Shares to be issued to the TIS Shareholders is approximately \$27.7 million based on the issue price of Shares under the Public Offer. The Board considers that the quantum of the Consideration Shares to be issued in consideration for the Acquisition reflects reasonable fair value of the Project in view of the key investment highlights set out in Section 5.11 of the Prospectus, and the Company having conducted arm's length negotiations with representatives of TIS to arrive at the commercial terms of the Acquisition.

In determining the consideration for the Acquisition, the Company also took into account the following considerations:

- (a) the advanced stage of the Project and opportunity to bring the Project into production in the near term (currently aiming to be in production within 12 months from listing);
- (b) possible open-cut mining via drill & blast / load & haul method;
- (c) simple crush & screen processing, no tailings disposal required;
- (d) multiple routes to local and export markets with paved roads to Aracaju or Aratu ports and to Brazilian steel mills; and
- (e) the current demand for high grade lump and fines iron ore.

As with the acquisition of any business or asset that does not have a meaningful track record of revenue and profitability, there is not always an appropriate formal valuation methodology (e.g. discounted cash flow) available when determining the consideration. As such, the Company was required to take into account qualitative factors such as those set out above in coming to a decision on price.

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

### **5.3 Board and Management**

Prior to re-listing on the ASX and subject to completion of the Acquisition, existing Directors Bill Nikolouzakis and Andrew Jensen will resign and the Proposed Directors will be appointed, such that the Board of the Company, on re-listing will be comprised of:

- (a) Anna Neuling – *Non-Executive Chairman*;
- (b) Stephen Quantrill – *Non-Executive Director*;
- (c) Keith Liddell – *Non-Executive Director*; and

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

The profiles of each of the above Directors are set out in Section 10.1.

## 5.4 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<sup>8</sup> at an average grade over 67%Fe. There is also 2.58Mt of high-grade hematite Inferred Mineral Resource<sup>8</sup> and 2.06Mt of hematite talus (scree) Inferred Mineral Resource<sup>9</sup>.

Metallurgical test work has shown a lump yield of 75% with the remainder reporting to fines. There is also a strong demand for high-grade fines.

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 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.

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 at Barra dos Coqueiros, in Aracaju, Sergipe State.

The Tombador Project has obtained a Preliminary Licence and the Installation Licence from 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.

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<sup>8</sup> 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.

<sup>9</sup> JORC (2012) hematite talus Inferred Mineral Resource estimate of 2.06Mt @ 43.17% Fe at a 20% Fe cut-off.

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**) and the Ministry of Mines and Energy:

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

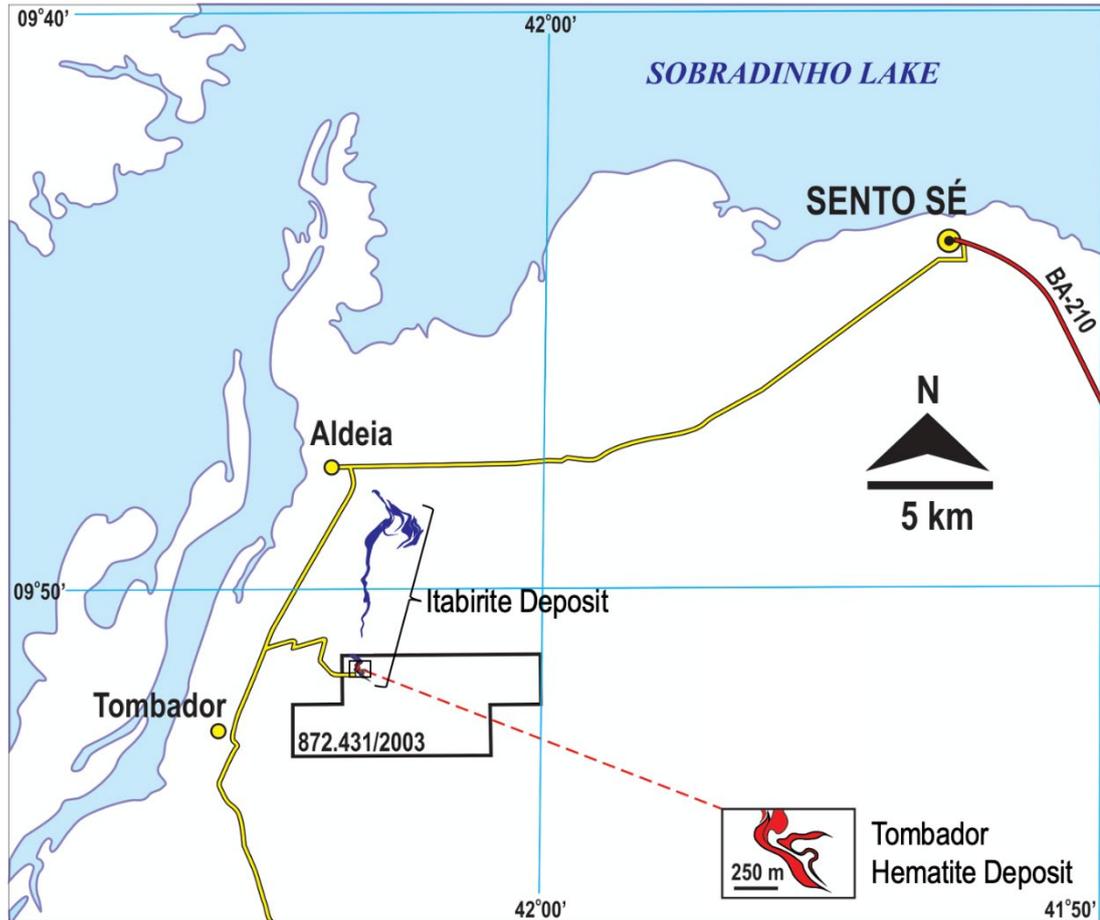
The Company expects that construction of site facilities will commence once funds have been raised from the Public Offer and the Installation Licence is assigned to TIM. Production will then follow approval of a Mining Licence and an Operating Licence. Further details with respect to each of the licences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

## **5.5 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 massive 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 1 - 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 2 – Tombador Hematite Outcrop

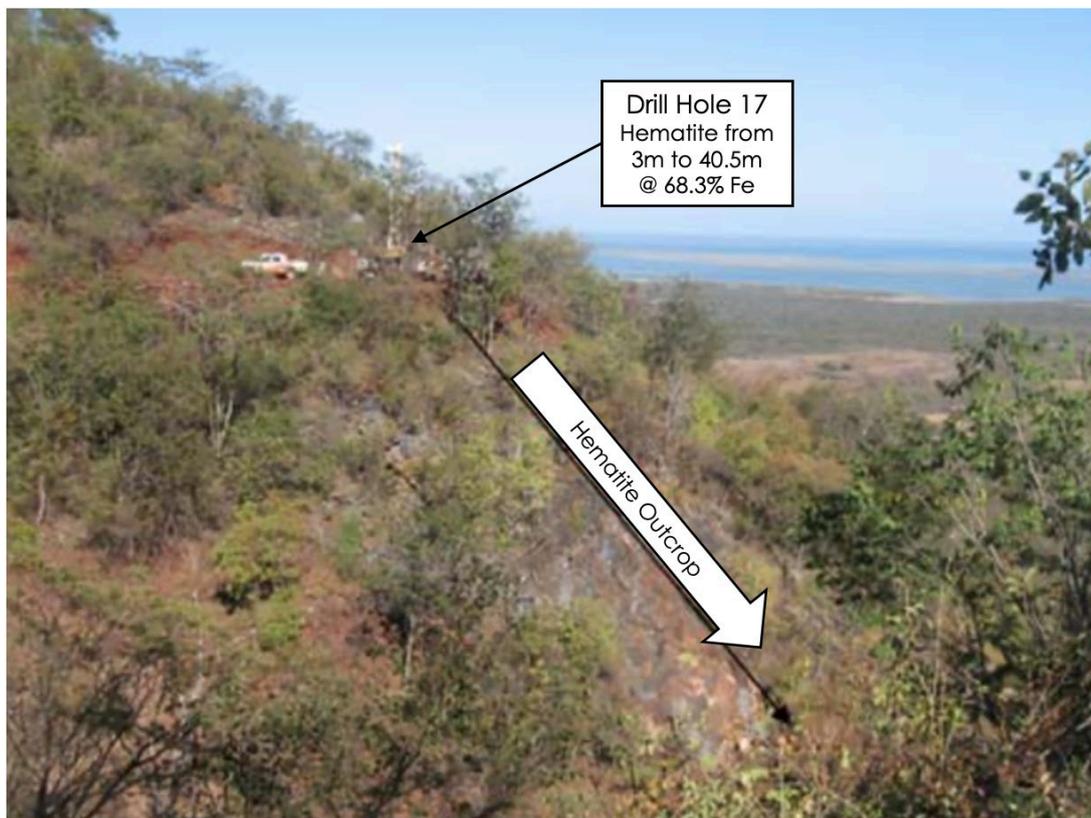
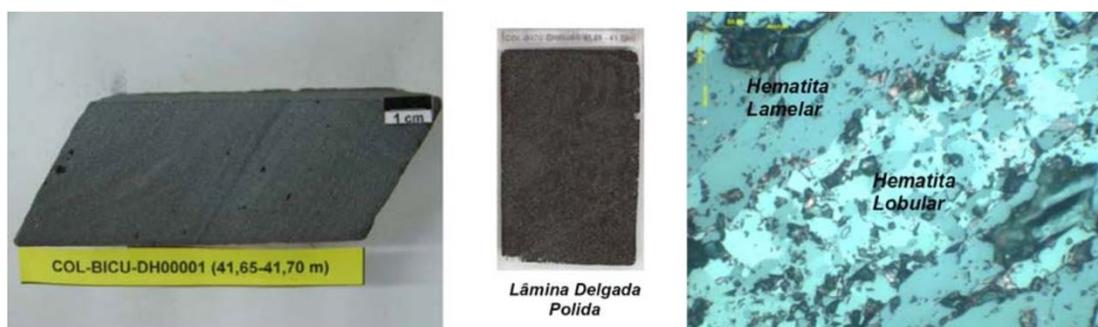


Figure 3 - Drill core hand sample (left), thin section (centre), and microscopic (right) images of Tombador hematite



## 5.6 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).

### **5.6.1 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.

### **5.6.2 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, being diluted by the wide sample interval of >5m.

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.

### **5.6.3 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.

## **5.7 Mineral Resource estimate**

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

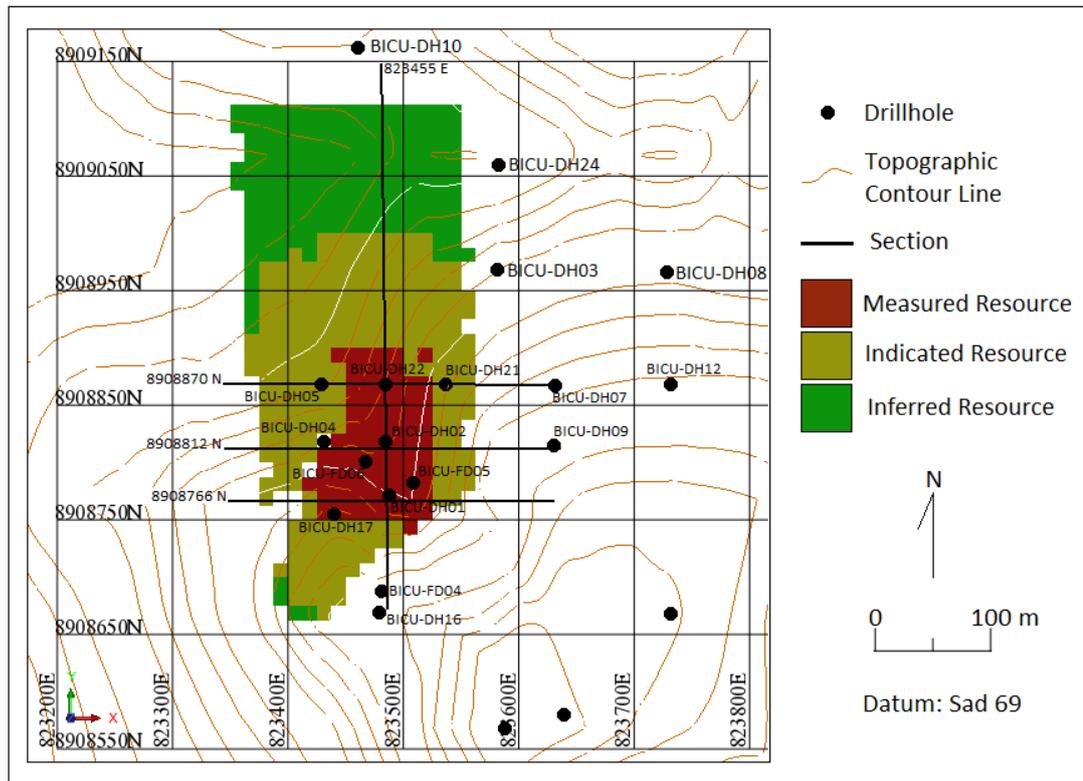
- a Mineral Resource estimate for compact (massive) hematite; and
- a Mineral Resource estimate for itabirite.

The most recent Mineral Resource estimate for the Project was completed by Coffey in February 2014 for the compact (massive) 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 (Massive) Hematite Mineral Resource***

Unit	Resource Class	Cut-off grade (% Fe)	Tonnes (Mt)	Fe (%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	Mn (%)	P (%)	LOI (%)
<b>Compact (Massive) Hematite</b>	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
<b>Hematite Talus</b>	Inferred	20	2.06	43.17	31.88	2.04	0.276	0.022	2.49

Figure 4 - Block Model Resource Classification for Compact (Massive) Hematite and Drill Hole Locations



**Note:** there are cross sections and long sections of the geological model shown in **Figure 4**, available in the Diagrams section of the JORC Table 1 for the Compact Hematite Mineral Resource in the Company's ASX announcement dated 12 June 2020.

#### Itabirite Mineral Resource

Unit	Resource Class	Cut-off grade (% Fe)	Tonnes (Mt)	Fe (%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	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 ASX announcement dated 12 June 2020.

## 5.8 Mineral Rights Agreement

As described in Section 5.7 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 TIM, has entered into a mineral rights agreement with 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 resource on the Tenement (**Other Mineral Rights**) (**OMR Option**). The OMR 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 (**OMR Option Exercise Date**). TIM retains all rights to Hematite under the MRA even following the OMR Option Exercise Date.

The material terms of the MRA are set out in Section 11.2 of this Prospectus.

## 5.9 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 for this service. 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 945km<sup>10</sup>. 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 2020<sup>11</sup>. 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 5 - TMIB Port Facilities



### 5.10 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.

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<sup>10</sup> 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

<sup>11</sup> 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

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

From National Mining Agency (**ANM**) and the Ministry of Mines and Energy:

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

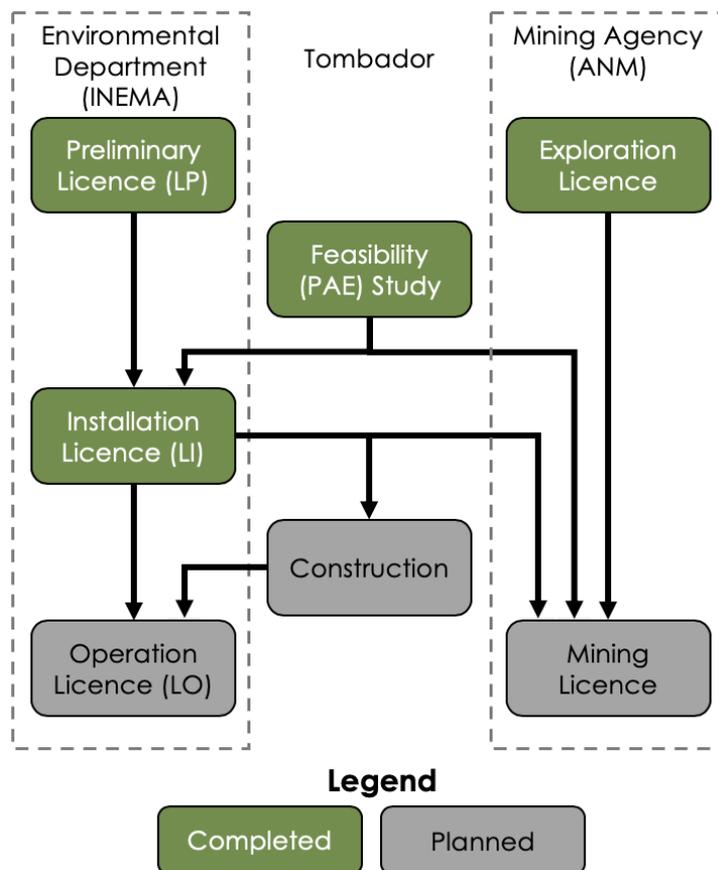
### **Environmental Licencing**

A Preliminary Environmental Licence has been obtained and the Construction/ Installation Licence which allows construction and site works to commence has been approved by INEMA (see Figure 7). The final stage following this process will be to obtain an Operation Licence. All the environmental licences have been issued to CIM and shall be assigned to TIM as per the conditions of the MRA.

### **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 has submitted the PAE feasibility study to ANM as a prerequisite to the approval of the Mining Licence for the Tenement (see Figure 7). The Company is currently targeting early 2021 for conversion of its Exploration Licence to a Mining Licence.

Figure 7 - Tombador Project Permitting Flow Chart



## 5.11 Key Investment Highlights

- JORC (2012) high grade Hematite Mineral Resource estimate of **8Mt @ 67.3% Fe<sup>12</sup>** at a 60% Fe cut-off.
- JORC (2012) hematite talus Inferred Mineral Resource estimate of **2Mt @ 43.2% Fe** at a 20% Fe cut-off.
- JORC (2012) itabirite Mineral Resource estimate of **50Mt @ 33.7% Fe<sup>13</sup>** at a 20% Fe cut-off.
- Targeting commencement of **production of high-grade DSO lump and fines within 12 months** of funding.
- Project planning and licensing is well advanced.
- Possible open-cut mining via drill & blast / load & haul method with simple crush & screen processing. No tailings disposal required.
- **Multiple routes to local and export markets:** Paved roads to Aracaju or Aratu ports and to Brazilian steel mills.

Should the Company meet its targets, the Company aims to produce a premium quality lump iron ore product and a high-grade sintering fines from its 67% Fe deposit. Lump ore is suitable for direct reduced iron and/or blast furnace steelmakers, while fines ore is suited as a sinter plant feed for blast furnace steelmakers.

Both the lump and fines product should attract a price premium for being higher than the basic 62% iron (Fe) grade. In addition, as a direct feed product, lump ore should receive a lump price premium.

## 5.12 Business Model

Following Completion of the Acquisition, the Company's proposed business model will be to develop the Project. The Company's main objectives and strategy on completion of the Offer is as follows:

- (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.

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<sup>12</sup> 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.

<sup>13</sup> JORC (2012) itabirite Mineral Resource estimate consists of a siliceous itabirite Indicated Mineral Resource estimate of 27.52Mt @ 37.65% Fe, a siliceous itabirite Inferred Mineral Resource estimate of 3.77Mt @ 39.90% Fe, a dolomitic itabirite Indicated Mineral Resource estimate of 12.03Mt @ 26.58% Fe and a dolomitic itabirite Inferred Mineral Resource estimate of 6.29Mt @ 26.61% Fe, using a cut-off grade of 20% Fe.

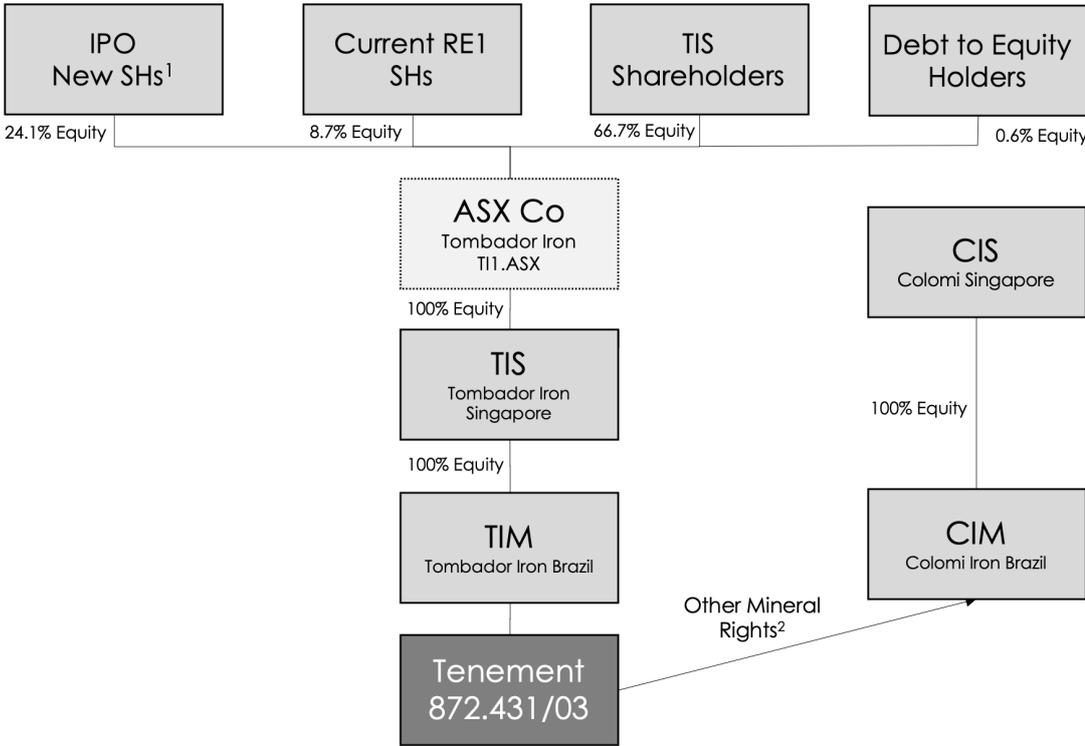
**5.13 Key Dependencies of Business Model**

The key dependencies influencing the Company's viability are:

- (a) Completion of the Acquisition;
- (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 Operating Licence and Mining Licence;
- (d) conversion of the Mineral Resource estimate to an Ore Reserve;
- (e) minimising delays and cost overruns in construction and mine planning;
- (f) finalising contracts with mining and logistics providers;
- (g) minimal interruptions affecting works on site that may be caused as a result of COVID-19; and
- (h) raising the Minimum Subscription under this Prospectus.

**5.14 Group Structure (Post-Completion)**

Upon Completion of the Acquisition, the corporate structure of the Company is expected to be as follows:



**Notes:**

- 1. Based on raising \$10m.
- 2. TIS, through its wholly owned subsidiary TIM is party to the MRA with the former holder of the Tenement, CIM (which in turn is wholly owned by CS), pursuant to which TIM has granted CIM a licence to exploit the itabirite resource on the Tenement. TIM retains all rights to hematite under the MRA, the material terms of which are summarised in Section 11.2.

## 5.15 Use of Funds

The Company intends to apply funds raised from the Public Offer, together with existing cash reserves, over the first twelve (12) months following admission of the Company to the Official List of ASX to develop the project as follows:

- continue the permitting process through to production;
- commence a 3 month infill and geotechnical drilling program followed by an Ore Reserve estimation;
- following successful negotiation with key contractors, the Company expects to proceed with contractor mobilisation to site and site construction, expected to take 3 months; and
- after construction and obtaining approval of the operating and mining licences, production can commence.

Funds available	Minimum Subscription	Percentage of Funds (%)	Maximum Subscription	Percentage of Funds (%)
Existing cash reserves of the Company	\$150,000	1%	\$150,000	1%
Funds raised from the Public Offer	\$10,000,000	99%	\$15,000,000	99%
<b>TOTAL</b>	<b>\$10,150,000</b>	<b>100%</b>	<b>\$15,150,000</b>	<b>100%</b>
Allocation of funds	Minimum Subscription	Percentage of Funds (%)	Maximum Subscription	Percentage of Funds (%)
Environmental and mining licencing <sup>1</sup>	\$447,000	4%	\$447,000	3%
Infill drilling and mine planning <sup>2</sup>	\$982,000	10%	\$1,200,000	8%
Contractor mobilisation and pre-strip <sup>3</sup>	\$956,000	9%	\$956,000	6%
Site construction <sup>4</sup>	\$626,000	6%	\$2,668,000	18%
Brazil project costs <sup>5</sup>	\$1,808,000	18%	\$1,808,000	12%
Corporate costs <sup>6</sup>	\$1,565,000	15%	\$1,565,000	10%
Working capital <sup>7</sup>	\$2,761,000	27%	\$5,180,000	34%
Costs of the Public Offer <sup>8</sup>	\$1,005,000	10%	\$1,326,000	9%
<b>TOTAL</b>	<b>\$10,150,000</b>	<b>100%</b>	<b>\$15,150,000</b>	<b>100%</b>

### Notes:

1. Expenses for environmental and regulatory licensing. This involves obtaining a construction licence, operating licence and mining licence.
2. Expenses for infill and Geotech drilling, metallurgical test work samples for customers, completion of PFS and definition of Ore Reserves. In the case of maximum subscription additional drilling and sample testwork is completed to allow for an accelerated path to full production rate.
3. Expenses for mobilisation and setup of mining contractor on site including initial waste pre-strip.

4. Expenses for site setup including equipment purchase and civil works. In the case of minimum subscription this includes mobilisation, purchase and setup costs for a hire crush and screen plant. In the case of maximum subscription this includes purchase and setup costs for a crush and screen plant.
5. Direct site costs, general Brazil administration expenses and overheads, and Brazil staff salaries through to production.
6. General administration expenses, corporate costs and overheads through to production.
7. Working capital for ongoing operational site costs (e.g. contractor expenses) through to first revenue from production and for general working capital purposes. In the case of maximum subscription additional working capital will allow for an accelerated path to full production rate, and less reliance on trade financing.
8. This includes ASX listing fees, share registry, independent experts (legal, accounting, and geological) and corporate advisor fees.
9. Exchange rate of BRL:USD = 5:1 and AUD:USD = 0.69:1.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events 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. As and when further funds are required, either for existing or future developments, the Company will consider both raising additional capital from the issue of Securities and/or from debt funding.

The Directors and the Proposed Directors consider that following completion of the Public Offer, 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 investors are encouraged to read the risk factors outlined in Section 12.

## 5.16 Capital Structure

### 5.16.1 Shares<sup>1</sup>

	Minimum Subscription	%	Maximum Subscription	%
Shares on issue in the Company <sup>1,2</sup>	143,823,655	8.7%	143,823,655	7.7%
Shares to be issued for the Acquisition of TIS under the Consideration Offer <sup>3</sup>	1,107,692,308	66.7%	1,107,692,308	59.5%
Shares to be issued pursuant to the Debt Conversion <sup>4</sup>	9,426,853	0.6%	9,426,853	0.5%
Shares to be issued pursuant to the Public Offer <sup>5</sup>	400,000,000	24.1%	600,000,000	32.2%
<b>Total Shares on completion of the Acquisition</b>	<b>1,660,942,816</b>	<b>100%</b>	<b>1,860,942,816</b>	<b>100%</b>

#### Notes:

1. Refer to Section 13.2 for a summary of the rights and liabilities attaching to the Shares. This value assumes completion of the Consolidation and is subject to rounding of individual holdings.
2. Assuming no other Shares are issued prior to Completion. Based on 143,823,655 Shares on issue as at the date of this Prospectus and completion of the Consolidation. However, the number of Shares on issue post-Consolidation may differ due to rounding of individual holdings.
3. Refer to Section 11.1 for summary of the material terms and conditions of the Acquisition Agreement.

4. Refer to Section 11.4 for a summary of the material terms and conditions of the Debt Conversion.
5. The Company will seek to raise \$10,000,000 through the issue of 400,000,000 Shares at \$0.025 per Share, with oversubscriptions of up to an additional 200,000,000 Shares to raise up to a further \$5,000,000.

### 5.16.2 Options

Options <sup>1</sup>	Number
Options on issue as at the date of this Prospectus <sup>2</sup>	5,324,750
Corporate Advisor Options to be issued to Trident Capital <sup>3</sup>	15,000,000
<b>Total Options on completion of the Acquisition</b>	<b>20,324,750</b>

**Notes:**

1. All Options in the above table are stated on a post Consolidation basis.
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 \$0.035 on or before the date that is 3 years following the date of issue to be issued to Trident Capital or its nominees under the Corporate Advisory Mandate, the material terms of which are set out in Section 11.3. The terms of the Corporate Advisor Options are set out in Section 13.3.

### 5.16.3 Performance Rights

Performance Rights	Number
Performance Rights on issue as at the date of this Prospectus	Nil
Proposed Performance Rights to be issued to various consultants and employees and Directors and Proposed Directors <sup>1,2</sup>	75,000,000
<b>Total Performance Rights on Completion (up to)</b>	<b>75,000,000</b>

**Notes:**

1. Refer to Section 13.4 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 to Shareholder approval at the General Meeting. Note, this amount in the table is a proposed figure. The Company is under no obligation to issue this full amount.

### 5.16.4 Substantial Shareholders

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

**As at the date of this Prospectus**

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%

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

#### Note:

As a result of being issued Consideration Shares under the Consideration Offer, Colomi Iron Singapore Pte Ltd (**CS**) will be issued 944,463,354 Consideration Shares and McRae Investments (**McRae**) will be issued 43,663,745 Consideration Shares, which, together with the 5,251,274 Debt Conversion Shares to be issued to McRae under the Creditor Offer, together with the 1,979,170 Shares already held by McRae as at the date of this Prospectus, will result in a total of 995,357,543 Shares being held by CS and McRae, who are associates of one another for the reasons set out in the notice of meeting for the General Meeting. CS, McRae and their associates are together referred to as the “**CS Parties**”.

#### Post-completion of the Capital Raising – Maximum Subscription.

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 Public Offer and prior to the date of re-admission of the Company to the Official List.

#### 5.16.5 Dividend Policy

For the Company to progress its business model as detailed in Section 5.12, significant funding is likely to be required and therefore the Company currently has no plans to declare any dividends.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Board and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Board. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

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## 6. FINANCIAL INFORMATION

### 6.1 Introduction

The financial information contained in this Section 6 includes:

- (a) summary statutory audited historical consolidated Statement of Financial Position at 30 June 2018 and 30 June 2019 and statutory audited historical consolidated Statement of Profit or Loss and Other Comprehensive Income and consolidated Statement of Cash Flows of the Group for the years ended 30 June 2018 and 30 June 2019;
- (b) summary statutory reviewed historical consolidated Statement of Financial Position at 31 December 2019 and statutory reviewed historical consolidated Statement of Profit or Loss and Other Comprehensive Income and consolidated Statement of Cash Flows of the Group for the six months ended 31 December 2019; and
- (c) the pro forma consolidated Statement of Financial Position at 31 May 2020 of the Group at 31 May 2020 and supporting notes which includes the post reporting date transactions and pro forma adjustments;

(together referred to as the **Historical Financial Information**).

The Directors are responsible for the preparation and inclusion of the Financial Information in the Prospectus. HLB Mann Judd has prepared an Independent Limited Assurance Report in respect of the Financial Information, as set out in Section 7. Investors should note the scope and limitations of the Independent Limited Assurance Report.

The Group comprises the Company and its wholly-owned subsidiaries; RESA FIP Pty Ltd, RESA IBN Pty Ltd, RESA IBNA Pty Ltd, RESA NP Pty Ltd and RESA NPA Pty Ltd, all of which have traded during the current and prior financial periods.

All amounts disclosed in this Section are presented in Australian dollars.

### 6.2 Basis of preparation of the Historical Financial Information

The Historical Financial Information included in this Section 6 has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards (including the Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board and the Corporations Act. The Historical Financial Information is presented in an abbreviated form insofar as it does not include all the presentation, disclosures, statements or comparative information as required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act 2001. Significant accounting policies applied to the Historical Financial Information are set out in Section 6.9 under the heading 'Significant Accounting Policies'.

The Historical Financial Information has been prepared for the purpose of the Offer.

The consolidated financial information that relates to the periods from 1 July 2017 to 30 June 2018, and 1 July 2018 to 30 June 2019, has been extracted from the financial statements of the Company which were audited by Stantons International. The 30 June 2019 financial information was restated and included in the reviewed financial statements for the half year ended 31 December 2019.

At the end of the December period, the Group reviewed the basis for calculating the balance of the future settlement books and determined that the books were understated as at 30 June 2019. The commissions payable relating to the future settlements book to referrers and agents was overstated as at 30 June 2019. The majority of that understatement and overstatement respectively was related to commissions data and how it was captured and provided. The error has been adjusted retrospectively by restating the comparative amounts for the prior periods presented in which the error occurred. As a result of this:

- (a) The balance of other assets (which includes the future settlement books asset) was increased by \$228,275 as at 30 June 2019 as a prior period adjustment, and
- (b) The balance of the other liabilities (which includes the future settlement books commissions liability) was decreased by \$94,851 as at 30 June 2019 as a prior period adjustment.

The financial information that relates to the six months ended 31 December 2019, has been extracted from the financial statements of the Group which were reviewed by Stantons International.

The information set out in this Section 6 and the Company's selected financial information should be read together with:

- (a) the Risk Factors described in Section 12;
- (b) the Use of Funds described in Section 5.15;
- (c) the Indicative Capital Structure described in Section 5.16;
- (d) the Independent Limited Assurance Report on the Historical Financial Information set out in Section 7; and
- (e) the other information contained in this Prospectus.

Investors should also note that historical results are not a guarantee of future performance.

### 6.3 Statutory Historical Statement of Profit or Loss and Other Comprehensive Income

The table below presents the Historical Statement of Profit or Loss and Other Comprehensive Income.

Consolidated	Year Ended	Year Ended	Half-year ended
	30 June 2018	30 June 2019	31 December 2019
	Audited	Audited	Reviewed
	\$	\$	\$
Revenue	-	-	-
Other Income	-	-	126
Administration expenses	(451,623)	(524,558)	(175,092)
Employee expenses	(5,874)	(37,694)	(145,863)
Directors and external consultant expenses	(169,560)	(182,204)	(55,936)
Depreciation and amortisation	(1,338)	(36,709)	(47,541)
Impairment of goodwill	(450,000)	(1,774,318)	-
Loss on financial instruments	(83,943)	(169,278)	(7,662)
Share based payments	(5,000)	(35,000)	-
<b>Operating (loss) before financing costs</b>	<b>(1,167,338)</b>	<b>(2,759,761)</b>	<b>(431,968)</b>
Financial income	-	-	235
Financial expenses	(179,738)	(250,054)	(169,650)
<b>Net financing costs</b>	<b>(179,738)</b>	<b>(250,054)</b>	<b>(169,415)</b>
<b>(Loss) from continuing operations before income tax</b>	<b>(1,347,076)</b>	<b>(3,009,815)</b>	<b>(601,383)</b>
Income tax expense	-	-	-
<b>Net (Loss) from continuing operations after income tax</b>	<b>(1,347,076)</b>	<b>(3,009,815)</b>	<b>(601,383)</b>
<b>Net Profit/(Loss) from discontinued operations</b>	<b>(395,672)</b>	<b>(2,377,555)</b>	<b>(728,402)</b>
<b>Total Net (Loss) after income tax</b>	<b>(1,742,748)</b>	<b>(5,387,370)</b>	<b>(1,329,785)</b>
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit or loss:			
Revaluation of financial assets	(59,378)	155,231	-
<b>Other Comprehensive income/(loss)</b>	<b>(59,378)</b>	<b>155,231)</b>	<b>-</b>
<b>Total comprehensive (loss)</b>	<b>(1,802,126)</b>	<b>(5,232,139)</b>	<b>(1,329,785)</b>
<b>Profit/(loss) attributable to:</b>			
Members of Parent entity	(1,742,748)	(5,387,370)	(1,329,785)
	<b>(1,742,748)</b>	<b>(5,387,370)</b>	<b>(1,329,785)</b>
<b>Total comprehensive (loss) attributable to:</b>			
Members of Parent entity	(1,802,126)	(5,232,139)	(1,329,785)
	<b>(1,802,126)</b>	<b>(5,232,139)</b>	<b>(1,329,785)</b>
	<b>Cents</b>	<b>Cents</b>	<b>Cents</b>
<b>Basic (loss) per share from continuing operations</b>	(7.41)	(13.94)	(2.76)
<b>Basic (loss) per share from discontinued operations</b>	(2.18)	(11.01)	(3.34)
<b>Diluted (loss) per share from continuing operations</b>	(7.41)	(13.94)	(2.76)
<b>Diluted (loss) per share from discontinued operations</b>	(2.18)	(11.01)	(3.34)

## 6.4 Statutory Historical Statement of Cash Flows

The table below presents the Historical Statement of Cash Flows.

<b>Consolidated</b>	<b>Year ended 30 June 2018 Audited</b>	<b>Year ended 30 June 2019 Audited</b>	<b>Half-year ended 31 December 2019 Reviewed</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Cash receipts from customers	6,754,296	3,820,286	573,400
Cash paid to creditors and suppliers	(7,260,363)	(4,702,832)	(1,129,806)
Interest received	12,644	2,478	-
Finance costs	(175,853)	(277,984)	(88,572)
Income tax	(11,752)	-	-
<b>Net cash (used in) / provided by operating activities</b>	<b>(681,028)</b>	<b>(1,158,052)</b>	<b>(644,978)</b>
<b>Cash flows from investing activities</b>			
Net security deposits received / (paid)	45,435	-	-
Investment in subsidiary	(87,500)	-	-
Net cash inflow / (outflow) from restricted cash	(363,523)	-	-
Purchase of investments	(25,539)	-	-
Purchase of property, plant and equipment	(31,427)	(7,273)	(5,455)
Proceeds from disposal of other non-current assets	-	115,000	-
<b>Net cash provided by / (used in) investing activities</b>	<b>(462,554)</b>	<b>107,727</b>	<b>(5,455)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	1,210,000	-	865,000
Transaction costs relating to issue of shares	(94,410)	(4,000)	(67,800)
Proceeds from Loans and borrowings	-	1,350,000	-
Transaction costs relating to issue of loans and borrowings	-	(95,000)	-
Repayment of Loans and borrowings	(250,000)	(1,100,000)	-
<b>Net cash provided by financing activities</b>	<b>865,590</b>	<b>151,000</b>	<b>797,200</b>
<b>Net change in cash for period</b>	<b>(277,992)</b>	<b>(899,325)</b>	<b>146,767</b>
Cash and cash equivalents at the beginning of period	1,454,915	1,176,923	277,958
<b>Cash and cash equivalents at the end of period</b>	<b>1,176,923</b>	<b>277,598</b>	<b>424,365</b>

## 6.5 Statutory Historical Statement of Financial Position

The table below presents the Historical Statement of Financial Position.

	<b>Consolidated 30 June 2018*</b>	<b>Consolidated 30 June 2019 Restated</b>	<b>Consolidated 31 December 2019</b>
	<b>Audited</b>	<b>Audited</b>	<b>Reviewed</b>
<b>ASSETS</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	1,176,923	277,598	424,365
Trade and other receivables	631,286	122,431	7,700
Other assets	406,240	2,472,544	1,637,359
<b>TOTAL CURRENT ASSETS</b>	<b>2,214,449</b>	<b>2,872,573</b>	<b>2,069,424</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	46,959	24,112	995
Other assets	452,116	310,008	345,078
Financial assets	45,970	31,924	38,309
Intangible Assets	1,718,226	-	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>2,263,271</b>	<b>366,044</b>	<b>384,382</b>
<b>TOTAL ASSETS</b>	<b>4,477,720</b>	<b>3,238,617</b>	<b>2,453,806</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	1,354,316	1,870,205	1,837,160
Loans and borrowings	499,040	1,885,000	1,885,000
Other liabilities	17,536	1,037,112	1,678,662
Deferred Revenue	19,550	-	-
Employee provisions	77,628	55,684	42,266
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,968,070</b>	<b>4,848,001</b>	<b>5,443,088</b>
<b>NON-CURRENT LIABILITIES</b>			
Other liabilities	45,653	89,308	73,148
Loans and Borrowings	1,092,710	-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,138,363</b>	<b>89,308</b>	<b>73,148</b>
<b>TOTAL LIABILITIES</b>	<b>3,106,433</b>	<b>4,937,309</b>	<b>5,516,236</b>
<b>NET ASSETS/(LIABILITIES)</b>	<b>1,371,287</b>	<b>(1,698,692)</b>	<b>(3,062,430)</b>
<b>EQUITY</b>			
Issued capital	53,292,740	53,380,294	53,332,294
Reserves	(9,778)	180,453	194,499
Accumulated losses	(51,911,675)	(55,259,439)	(56,589,223)
<b>TOTAL EQUITY</b>	<b>1,371,287</b>	<b>(1,698,692)</b>	<b>(3,062,430)</b>

\*The 30 June 2018 statement of financial position should be read in conjunction with note 6.14

## 6.6 Pro Forma Statement of Financial Position

The table below sets out the post reporting date transactions and pro forma adjustments that have been incorporated into the Pro Forma Statements of Financial Position as at 31 May 2020.

The post reporting date transactions reflect material transactions that have occurred subsequent to 31 May 2020 and up to the date of authorisation of this prospectus. The pro forma adjustments reflect the financial impact of the Public Offer as if they had occurred at 31 May 2020.

The Pro Forma Statement of Financial Position is provided for illustrative purposes only and is not represented as necessarily indicative of the Company's view of the Group's financial position.

<b>Consolidated</b>	<b>TIS</b>	<b>RE1</b>	<b>6.7 &amp; 6.8</b>	<b>Pro-forma</b>	<b>6.10</b>	<b>Pro-forma</b>	
	<b>31 May 2020</b>	<b>31 May 2020</b>	<b>Adjustments</b>	<b>Notes</b>	<b>Minimum</b>	<b>Adjustments</b>	<b>Maximum</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>		<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>							
CURRENT ASSETS							
Cash and cash equivalents	368	644,096	8,424,764	1, 2, 4, 5, 6	9,069,228	4,679,000	13,748,228
Trade and other receivables	12,014	459,928	(11,864)	2	460,078	-	460,078
Other assets (settlement book)	-	850,305	-		850,305	-	850,305
<b>TOTAL CURRENT ASSETS</b>	<b>12,382</b>	<b>1,954,329</b>	<b>8,412,900</b>		<b>10,379,611</b>	<b>4,679,000</b>	<b>15,058,611</b>
NON-CURRENT ASSETS							
Plant and equipment	-	996	-		996	-	996
Other assets (settlement book)	-	490,499	-		490,499	-	490,499
Financial assets	-	38,309	-		38,309	-	38,309
<b>TOTAL NON-CURRENT ASSETS</b>	<b>-</b>	<b>529,804</b>	<b>-</b>		<b>529,804</b>	<b>-</b>	<b>529,804</b>
<b>TOTAL ASSETS</b>	<b>12,382</b>	<b>2,484,133</b>	<b>8,424,764</b>		<b>10,909,415</b>	<b>4,679,000</b>	<b>15,588,415</b>

<b>Consolidated</b>	<b>TIS</b>	<b>RE1</b>		<b>6.7 &amp; 6.8</b>	<b>Pro-forma</b>		<b>6.10</b>	<b>Pro-forma</b>
	<b>31 May 2020</b>	<b>31 May 2020</b>	<b>Adjustments</b>	<b>Notes</b>	<b>Minimum</b>	<b>Adjustments</b>	<b>Notes</b>	<b>Maximum</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>		<b>\$</b>	<b>\$</b>		<b>\$</b>
<b>LIABILITIES</b>								
CURRENT LIABILITIES								
Trade and other payables	269	1,474,211	(235,671)	8	1,238,809	-		1,238,809
Loans and borrowings	-	582,100	(582,100)	1	-	-		-
Other liabilities (settlement book)	-	653,303	-		653,303	-		653,303
Employee provisions	-	15,811	-		15,811	-		15,811
<b>TOTAL CURRENT LIABILITIES</b>	<b>269</b>	<b>2,725,425</b>	<b>-817,771</b>		<b>1,907,923</b>	<b>-</b>		<b>1,907,923</b>
NON-CURRENT LIABILITIES								
Other liabilities (settlement book)	-	73,148	-		73,148	-		73,148
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>-</b>	<b>73,148</b>	<b>-</b>		<b>73,148</b>	<b>-</b>		<b>73,148</b>
<b>TOTAL LIABILITIES</b>	<b>269</b>	<b>2,798,573</b>	<b>-817,771</b>		<b>1,981,071</b>	<b>-</b>		<b>1,981,071</b>
<b>NET ASSETS / (LIABILITIES)</b>	<b>12,113</b>	<b>(314,440)</b>	<b>817,771</b>		<b>8,928,344</b>	<b>4,679,000</b>		<b>13,607,344</b>
<b>EQUITY</b>								
Issued capital	12,113	55,858,654	(27,553,220)	3, 4, 5, 7, 8	28,317,547	4,700,000	4, 5	33,017,547
Reserves	-	194,499	(32,999)	3, 7	161,500	-		161,500
Accumulated losses	-	(56,367,593)	36,816,890	3, 6	(19,550,703)	(21,000)	6	(19,571,703)
<b>TOTAL EQUITY</b>	<b>12,113</b>	<b>(314,440)</b>	<b>9,230,671</b>		<b>8,928,344</b>	<b>4,679,000</b>		<b>13,607,344</b>

## **6.7 Post reporting date transactions**

- (a) As announced on the ASX on 26 June 2020, the payment in cash of \$582,100 to settle the Secured Loan Facility.
- (b) On 19 June 2020, \$7,900 USD was receipted in TIS for the issue of 79,000 shares in TIS.

## **6.8 Pro forma adjustments**

- (c) 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 share-based payment transaction using the principles of AASB 3 Business Combinations and AASB 2 Share-Based Payment. Refer to section 6.9 (p) and 6.13 for further details.
- (d) The issue by the Company 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
- (e) The issue by the Company of 600,000,000 ordinary fully paid shares issued at \$0.025 each raising \$15,000,000 before the expenses of the offer (maximum).
- (f) The write off against issued capital of the estimated cash expenses of the offer of \$600,000 (minimum), and \$900,000 (maximum). Refer to Sections 4.1.4 and 13.10 for further details.
- (g) The cash payment of re-compliance expenses of \$405,000 (minimum) and \$426,000 (maximum). Refer to Section 13.10 for further details.
- (h) The write off against issued capital of the grant of 15,000,000 Options, with and exercise price of \$0.035 and expiring 3 years from the date of issue, to the Corporate Advisor (or its nominees) of the capital raising with a total fair value of \$161,500. Refer to Sections 4.1.4 and 6.12 for further details.
- (i) The issue by the Company of 9,426,853 shares to settle debt in the Company of \$235,671.
- (j) The issue by the Company of up to 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. Refer to Section 6.12 for further details.

## 6.9 Significant Accounting Policies

### (a) Basis of Preparation

#### Historical Cost Convention

The financial statements have been prepared on an accruals basis and are based on historical costs, except for certain non-current assets and financial instruments that are measured at re valued amounts or fair values. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

### (b) Going concern

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

### (c) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of RESA Group Limited ("the Company") and the results of all subsidiaries for the year then ended. RESA Limited and its subsidiaries together are referred to in these financial statements as the Group.

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

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

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

Where the Group 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 Group 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.

**(d) 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 national income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and adjustments recognised for prior periods where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset only where a legally enforceable right of set off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

Deferred tax assets and liabilities are offset where:

- (i) a legally enforceable right of set off exists; and
- (ii) they relate to the same taxation authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

**(e) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are reported within short term borrowings in current liabilities in the consolidated statement of financial position.

**(f) Trade and other receivables**

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. The Group writes off fully any amounts that are more than 90 days past due.

**(g) Revenue**

Revenue is recognised in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the provider of the goods or services expects to be entitled. This involves following a five-step model of revenue recognition:

- (i) Identifying the contract with a customer
- (ii) Identifying performance obligations under the contract
- (iii) Determining the transaction price
- (iv) Allocating the transaction price to performance obligations under the contract
- (v) Recognising revenue when the Group satisfies its performance obligations
- (vi) Revenue arises from the sale of real estate services.

Property transaction revenue

Property commission fees are recognised when the agreement to sell the property, or any part of it, becomes unconditional and binding on the purchaser. Generally, 50% of the commissions are payable on the contracts becoming unconditional and 50% on settlement of the contract. Based on historic data, management estimate all unconditional contracts to have a high probability of settlement, thus recognise 100% of the commissions once the contracts are unconditional based on no further services needing to be performed.

**(h) Intangible assets**

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses. Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed when incurred.

Amortisation is recognised in the profit and loss on a straight-line basis over the estimated useful lives of the intangible assets.

Goodwill and goodwill on consolidation are initially recorded at the amount by which the acquisition cost for a business combination exceeds the fair value attributed to the interest in the net fair value of net identifiable assets at the acquisition date. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised but is impairment tested annually or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

**(i) Impairment of assets**

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a re-valued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a re-valued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

The Group undertakes a review and assesses potential impairment on a regular basis for all its intangible assets.

**(j) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Due to their short-term nature, they are measured at amortised cost and are not discounted.

**(k) Functional and presentation currency**

The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

**(l) Goods and Services Tax (GST)**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable

from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers

**(m) Financial instruments**

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Financial liabilities are subsequently measured at amortised cost using the effective interest method. Subsequent measurement of financial assets are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

Except for those trade receivables and settlement books that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- (i) amortised cost
- (ii) fair value through profit or loss (FVPL)
- (iii) equity instruments at fair value through other comprehensive income (FVOCI)
- (iv) debt instruments at fair value through other comprehensive income (FVOCI)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables and settlement books, which is presented within other expenses.

Subsequent measurement financial assets

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- (i) they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows

- (ii) the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Any gains or losses recognised in FVOCI will be reclassified to profit or loss upon derecognition of the asset.

#### Impairment of Financial assets

AASB 9's impairment requirements use more forward-looking information to recognize expected credit losses – the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

#### **(n) Share-based payments**

The fair value of options/performance rights granted is recognised as a benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the directors and executives become unconditionally entitled to the options/performance rights.

The fair value at grant date of options is determined using either the binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions but excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. The benefit expense recognised each period takes into account the most recent estimate. The fair value of performance rights is based on the fair value of share price at the date of issue.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital and the proceeds received, net of any directly attributable transaction costs, and are credited to share capital.

**(o) Earnings per share**

Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to owners of iBuyNew Group Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**(p) Reverse acquisition accounting policy**

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) will obtain 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.

**(q) Discontinued operations**

A discontinued operation is a component of the consolidated entity that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income. The historic financial information presented in Section 6.4 has been adjusted for discontinued operations as required by AASB 5 Non-current Assets Held for Sale and Discontinued Operations.

**6.10 Cash and cash equivalents**

The reviewed pro forma cash and cash equivalents have been set out below:

	<b>Note</b>	<b>Minimum Subscription \$</b>	<b>Maximum Subscription \$</b>
Reviewed cash and cash equivalents as at 31 May 2020 (RE1)		644,096	644,096
Reviewed cash and cash equivalents as at 31 May 2020 (TIS)		368	368
<i>Post reporting transactions:</i>			
Payment of loan	6.9 (1)	(582,100)	(582,100)
Receipt of share capital funds	6.9(2)	11,864	11,864

	Note	Minimum Subscription \$	Maximum Subscription \$
<i>Pro forma adjustments:</i>			
Proceeds from shares issued under offer	6.10 (4)	10,000,000	15,000,000
Cash share issue costs	6.10 (5)	(600,000)	(900,000)
Cash costs associated with the offer	6.10 (6)	(405,000)	(426,000)
<b>Pro forma cash and cash equivalents</b>		<b>9,069,228</b>	<b>13,748,228</b>

## 6.11 Share Capital

The reviewed pro forma share capital has been set out below:

	Note	Number of shares	\$
<i>Opening share capital (TIS)</i>		80,000	12,113
Elimination of legal acquiree share capital on reverse acquisition		(80,000)	-
Recognition of legal acquirer share capital on reverse acquisition		151,392,727	-
Consolidation of capital (1.9 for 2 basis)		(7,569,072)	-
Consideration shares	6.10 (3)	1,107,692,308	18,831,263
Shares to satisfy debt	6.10 (8)	9,426,853	235,671
Minimum capital raise	6.10 (4)	400,000,000	10,000,000
Costs associated with the offer	6.10 (5)	-	(600,000)
Corporate advisor options cost	6.10 (7)	-	(161,500)
<b>Pro forma issued share capital (min cap raise)</b>		<b>1,660,942,816</b>	<b>28,317,547</b>
Maximum capital raise		200,000,000	5,000,000
Additional costs associated with the offer		-	(300,000)
Options cost		-	-
<b>Pro forma issued share capital (max cap raise)</b>		<b>1,860,942,816</b>	<b>33,017,547</b>

## 6.12 Share-based payments

The reviewed pro forma share based payments have been set out below:

	Note	Minimum Subscription \$	Maximum Subscription \$
Reviewed share-based payment reserve 31 May 2020		194,499	194,499

*Pro forma adjustments:*

	Note	Minimum Subscription \$	Maximum Subscription \$
Elimination of pre-acquisition legal acquirer reserves	6.10 (3)	(194,499)	(194,499)
Issue of corporate advisor options	6.10 (7)	161,500	161,500
Performance options	6.10 (9)	-	-
<b>Pro forma share based payments reserve</b>		<b>161,500</b>	<b>161,500</b>

## 6.12 Share-based payments (continued)

### Valuation of Corporate Advisor Options

The options issued to the Corporate Advisor are defined as share-based payments. The valuation of share-based payment transactions is measured by reference to fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

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 Corporate Advisor of the capital raising have been determined to have a total fair value of \$161,500. Refer to sections 5.16.2 and 13.3 for further details regarding the Corporate Advisor Options.

<b><i>The following assumption were used to value the Corporate Advisor Options</i></b>	
Exercise Price	\$0.035
Expected volatility	80%
Implied option life	3 years
Risk free rate	0.25%
Underlying share price at measurement date	2.5 cents
Expected dividend yield	Nil

### Valuation of performance rights

The performance shares are subject to shareholder approval, as detailed in section 5.16.3. No value has been recognised in the pro forma, as the fair value attaching to the rights will be recognised over the vesting period. Refer to sections 5.16.3 and 13.4 for further details regarding the performance rights. Rights with attaching vesting conditions noted in 13.4.2(a)(i)-(iii) have been valued using the Binomial Tree (Lattice) Model. The fair value has been estimated at 2.5 cents per right. Rights with vesting condition noted in section 13.4.2(a)(iv) have been valued using the Monte Carlo Model. The fair value has been estimated at 1.794 cents per right.

<b><i>Both models have used the following assumptions to value the rights</i></b>	
Exercise Price	Nil
Expected volatility	80%
Life of right	5 years
Risk free rate	0.41%
Underlying share price at measurement date	2.5 cents
Expected dividend yield	Nil

### 6.13 Reverse acquisition

As a result of the Acquisition being recognised on reverse acquisition principles, the Company will recognise an expense on its statement of profit or loss and other comprehensive income, effectively representing the cost of listing.

This cost is calculated as the difference in the fair value of the equity that Tombador Iron Singapore Pte Ltd is deemed to have issued to acquire RESA Group Limited and the fair value of RESA Group's identifiable net liabilities, as follows:

	Minimum Subscription \$	Maximum Subscription \$
<i>Fair value of consideration:</i>		
Equity	18,831,263	18,831,263
<b>Fair value of consideration</b>	<b>18,831,263</b>	<b>18,831,263</b>
<b>Fair value of net liabilities acquired</b>	<b>(314,440)</b>	<b>(314,440)</b>
<b>Cost of listing</b>	<b>19,145,703</b>	<b>19,145,703</b>

### 6.14 Adoption of AASB 15

The Group adopted the Australian Accounting Standard AASB 15 from 1 July 2018, which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transition provisions in AASB 15, the Group adopted the modified retrospective method of implementation and comparative figures were not restated.

#### Impact of AASB 15 on the financial statements

The following table shows the adjustments recognised in the opening balance sheet on 1 July 2018:

<b>Balance Sheet (Extract-Consolidated)</b>	<b>30-Jun-18</b>	<b>AASB 15</b>	<b>1 July 2018 Restated</b>
	\$	\$	\$
Current Assets			
Other Current Assets	406,240	1,671,956	2,078,196
Non-Current Assets			
Other non-Current Assets	452,116	1,659,669	2,111,785
Impact of changes on total assets	858,356	3,331,625	4,189,981
Current Liabilities			
Other liabilities	17,536	1,193,411	1,210,947
Non-Current Liabilities			
Other liabilities	45,653	421,733	467,386
Impact of changes on total liabilities	63,189	1,615,144	1,678,333
Impact of changes on net assets	795,167	1,716,481	2,511,648
Accumulated Losses	(51,911,675)	1,716,481	(50,195,194)
Impact of changes on total equity		1,716,481	

## **6.14 Adoption of AASB 15 (continued)**

### **Revenue from Contracts with Customers**

Management undertook an exercise to assess the contractual arrangements in relation to the sale of property across the Group and performed an assessment of the impact on the consolidated financial statements of AASB 15 resulting in the recognition of 100% of revenue at the time of unconditional contract. Previously, revenue was recognised in two stages, being 50% at unconditional contract and 50% at settlement of the sale of property. The Group has assessed credit risk on the settlement of contracts and has made a provision as required. The assessment is based on feedback from developers in terms of construction progress and the provision takes into account both historical data and management's future expectations.

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**7. INDEPENDENT LIMITED ASSURANCE REPORT**

6 August 2020

The Board of Directors  
RESA Group Limited  
Level 1, 45 Stirling Hwy  
NEDLANDS WA 6009

Dear Sirs

**INDEPENDENT LIMITED ASSURANCE REPORT ON THE HISTORICAL FINANCIAL INFORMATION AND THE PRO FORMA HISTORICAL FINANCIAL INFORMATION OF RESA GROUP LIMITED (TO BE RENAMED “TOMBADOR IRON LIMITED”)**

**Introduction**

This Independent Limited Assurance Report (“Report”) has been prepared for inclusion in a prospectus to be dated on or about 6 August 2020 (“Prospectus”) and issued by RESA Group Limited (“RESA Group” or “the Company”) in relation to the Company’s re-admission to the Australian Securities Exchange (“ASX”). The Prospectus comprises a offer of 400,000,000 fully paid ordinary shares at an issue price of \$0.025 per share to raise \$10,000,000 (before costs), with a maximum subscription of 600,000,000 fully paid ordinary shares at an issue price of \$0.025 per share to raise up to \$15,000,000 (before costs) (the “Public Offer”).

This Report has been included in the Prospectus to assist potential investors and their financial advisers to make an assessment of the financial position and performance of RESA Group. All amounts are expressed in Australian dollars and expressions defined in the Prospectus have the same meaning in this Report.

This Report does not address the rights attaching to the Shares to be issued in accordance with the Public Offer, nor the risks associated with accepting the Offer. HLB Mann Judd (“HLB”) has not been requested to consider the prospects for RESA Group, nor the merits and risks associated with becoming a shareholder, and accordingly has not done so, nor purports to do so. HLB has not made and will not make any recommendation, through the issue of this Report, to potential investors of the Company, as to the merits of the Public Offer and takes no responsibility for any matter or omission in the Prospectus other than the responsibility for this Report. Further declarations are set out in Section 8 of this Report.

**Structure of Report**

This Report has been divided into the following sections:

1. Background information;
2. Scope of Report;
3. Directors’ Responsibility;
4. Our Responsibility;
5. Conclusions;
6. Restriction on Use;
7. Liability; and
8. Declarations.

**[hlb.com.au](http://hlb.com.au)**

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

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](mailto:mailbox@hlbwa.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.

## 1. Background Information

RESA Group Limited is an Australian public company which has been listed on the Official List of ASX since 18 November 2004.

Most recently the Company activities have been focused on operating the iBuyNew and Nyko Property platforms which, as announced on 10 October 2019, it disposed of pursuant to an asset sale agreement with iBuildNew Agency Sales Pty Ltd.

The Company's Securities have remained suspended from Official Quotation since 9 September 2019.

The Company announced on 12 June 2020 that it had entered into an acquisition agreement with Tombador Iron Singapore Pte Ltd ("TIS") and the shareholders of TIS under which the Company has a conditional right to acquire 100% of the issued capital in TIS.

TIS owns 100% of Tombador Iron Mineração Ltda ("TIM"). TIM is the titleholder of Brazilian National Mining Agency exploration tenement number 872.431/2003 containing the high grade Tombador Hematite iron ore deposit (Fe 67%) located in Bahia, Brazil ("Project").

Further details of the Project is set out in sections 3 and 5 of Prospectus and the Independent Geologist's Report in section 9 of the Prospectus.

Successful completion of the Public Offer will allow the Company to fund its planned exploration work on the Project, general working capital requirements, corporate overhead and administration costs and the costs of the Public Offer.

The intended use of the funds raised by the issue of shares under the Prospectus is set out in Section 5.15 of the Prospectus.

## 2. Scope of Report

You have requested HLB report on the following Financial Information as set out in Section 6 of the Prospectus:

### ***Historical Financial Information***

The Historical Financial Information, as set out in the Prospectus, comprises:

- Summary audited historical Statement of Financial Position as at 30 June 2018 and 30 June 2019;
  - We note that the audited 30 June 2019 statement of financial position was restated in the reviewed half-year financial report and these amounts have been presented in the Financial Information section.
- Summary reviewed historical statement of Financial Position as at 31 December 2019;
- Summary audited historical Statement of Profit or Loss and Other Comprehensive Income for year ended 30 June 2018 and 30 June 2019;
- Summary reviewed historic Statement of Profit or Loss and Other Comprehensive Income for the period ended 31 December 2019
- Summary audited historical Statement of Cash Flows for the year ended 30 June 2018 and 30 June 2019; and
- Summary reviewed historic Statement of Cash Flows for the period ended 31 December 2019.

The Historical Financial Information of the Company has been extracted from the financial statements which were either audited or reviewed by Stantons International as noted in Section 6 of the Prospectus. The auditor's opinion for the year ended 30 June 2018 was unqualified. A qualified opinion was issued by the auditor for the year ended 30 June 2019 and similarly there was a qualified review conclusion for the half-year ended 31 December 2019. The qualifications related to the discontinued operation. An emphasis of matter was disclosed by the auditor in relation to material uncertainty regarding going concern for the years ended 30 June 2018 and 30 June 2019 and the half-year ended 31 December 2019.

### **Pro Forma Financial Information**

The Pro Forma Financial Information, as set out in the Prospectus, comprises the Pro Forma Statement of Financial Position as at 31 May 2020, which assumes completion of the transactions outlined under the headings "Post reporting date transactions" and "Pro forma adjustments" in Sections 6.7 and 6.8 respectively of the Prospectus as though they had occurred on that date.

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Financial Information and the events or transactions to which the Pro Forma Transactions relate, as if those events or transactions had occurred as at 31 May 2020. Due to its nature, the Pro Forma Financial Information does not represent the Company's actual or prospective financial position, financial performance or cash flows.

The Historical Financial Information and the Pro Forma Financial Information are presented in an abbreviated form insofar as they do not include all the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in Australia in accordance with the *Corporations Act 2001*.

This Report has been prepared for inclusion in the Prospectus. HLB disclaims any assumption of responsibility for any reliance on this Report or on the Financial Information to which this Report relates for any purpose other than the purposes for which it was prepared. This Report should be read in conjunction with the Prospectus.

### **3. Directors' Responsibility**

The Directors of the Company are responsible for the preparation and presentation of the Financial Information. The Directors are also responsible for the determination of the pro forma transactions set out in Sections 6.7 and 6.8 of the Prospectus under the heading "Post reporting date transactions" and "Pro forma adjustments" and the basis of preparation of the Financial Information.

This responsibility also includes compliance with applicable laws and regulations and for such internal controls as the Directors determine necessary to enable the preparation of the Financial Information that is free from material misstatement.

### **4. Our Responsibility**

Our responsibility is to express a limited assurance conclusion on the Financial Information based on the procedures performed and evidence we have obtained. Our engagement was conducted in accordance with Australian Auditing Standards applicable to assurance engagements. Specifically, our review was carried out in accordance with Standards on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information* and ASAE 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information* and included such enquiries and procedures which we considered necessary for the purposes of this Report. Our procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures applied to the accounting records in support of the Financial Information.

The procedures undertaken by HLB in our role as Investigating Accountant were substantially less in scope than that of an audit examination conducted in accordance with Australian Auditing Standards. A review of this nature provides less assurance than an audit and, accordingly, this Report does not express an audit opinion on the Financial Information.

In relation to the information presented in this Report:

- a) support by another person, corporation or an unrelated entity has not been assumed; and
- b) the amounts shown in respect of assets do not purport to be the amounts that would have been realised if the assets were sold at the date of this Report.

## **5. Qualified Conclusions**

Based on our review, which was not an audit, with the exception of the matter described in the Basis for Qualified Conclusions, nothing has come to our attention which causes us to believe that the Financial Information of the Company as described in Section 6 of the Prospectus does not present fairly:

- a) the historical Statement of Financial Position of the Company as at 31 May 2020;
- b) the pro forma historical Statement of Financial Position of the Company as at 31 May 2020;
- c) the historical Statement of Profit or Loss and Other Comprehensive Income and Statement of Cash Flows for the years ended 30 June 2018 and 30 June 2019 and half-year ended 31 December 2019; and
- d) the Pro Forma Transactions set out under the headings "Post reporting date transactions" and "Pro forma adjustments" in Sections 6.7 and 6.8 of the Prospectus, which are a reasonable basis for the pro forma Statement of Financial Position as at 31 May 2020;

in accordance with the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of applicable Australian Accounting Standards and other mandatory professional reporting requirements.

## **6. Basis for Qualified Conclusions**

Due to limitations in the client reporting management system of the consolidated entity relating to expected settlement book receivables data (and related commissions payable data) we are unable to verify the accuracy of the client's settlement book and the adequacy of the expected credit loss allowance. Consequently, we were unable to determine whether any adjustments that may be required to the settlement books (included in other assets in the financial information) and related expected credit loss allowance and commissions payable (included in other liabilities in the financial information) which are material to the financial information. As noted in Section 2 of the Independent Limited Assurance Report above, the historical information audited or reviewed by Stantons International contained a qualified opinion or conclusion which is consistent with the basis described above.

## **7. Restriction on Use**

Without modifying our conclusion, we draw attention section 6 of the Prospectus, which describes the purpose of the Financial Information, being for inclusion in the Prospectus. As a result, the Financial Information may not be suitable for use for another purpose.

## **8. Liability**

The liability of HLB is limited to the inclusion of this Report in the Prospectus. HLB makes no representation regarding, and has no liability for, any other statements or other material in, or omissions from, the Prospectus.

**9. Declarations**

- a) HLB will be paid its usual professional fees based on time involvement, for the preparation of this Report and review of the Financial Information;
- b) 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;
- c) Neither HLB, nor any of its employees or associated persons has any interest in RESA Group or the promotion of the Company;
- d) The audit and assurance practice of HLB Mann Judd acts as the current auditor of RESA Group;
- e) Unless specifically referred to in this Report, or elsewhere in the Prospectus, HLB was not involved in the preparation of any other part of the Prospectus and did not cause the issue of any other part of the Prospectus. Accordingly, HLB makes no representations or warranties as to the completeness or accuracy of the information contained in any other part of the Prospectus; and
- f) HLB has consented to the inclusion of this Report in the Prospectus in the form and context in which it appears.

Yours faithfully

**HLB Mann Judd**



**D I Buckley**  
Partner

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**8. SOLICITOR'S REPORT ON TENEMENTS**

São Paulo, August 5<sup>th</sup>, 2020.

BY E-MAIL

To  
Tombador Iron Mineração Ltda.

Attn: Mr. Gabriel Oliva  
Re: Mineral Right; Proceeding No. 872.431/2003

Ladies and Gentlemen:

1. We have been engaged by Tombador Iron Mineração Ltda. ("Tombador") to prepare this legal opinion about certain aspects involving (i) Tombador and (ii) the mining proceeding No. 872.431/2003, formerly held by Colomi Iron Mineração Ltda. ("Colomi") and transferred in 2020 to Tombador ("Mineral Right"). This opinion is issued for purpose of a certain prospectus regarding an offer of shares which we have been informed by Tombador that would consist in an offer of 400,000,000 fully paid ordinary shares in the capital of RESA Group Limited (to be renamed 'Tombador Iron Limited') at an issue price of \$0.025 per share to raise \$10,000,000, with the ability to accept oversubscriptions of up to 200,000,000 shares at an issue price of \$0.025 in order to raise up to an additional \$5,000,000 (for a total of \$15,000,000).

2. This legal opinion addresses the following aspects:

I. Tombador - Corporate/Tax:

- a) Incorporation
- b) Debt clearance certificates
- c) Insolvency and Litigation

II. Regulatory – Mineral Right:

- a) Title
- b) Status

III. Contractual:

- a) Mineral Rights Agreements between Tombador and Colomi with respect to the Mineral Right
- b) Overview of Mining Lease Agreements in Brazil

IV. Environmental Licensing:

- a) Overview of environmental licensing in Brazil
- b) Summary of the environmental licenses issued in connection with the Mineral Right

3. We have not been acting as counsel for Tombador or Colomi in connection with the regulatory and environmental aspects related to the Mineral Right.

Our comments and conclusions are based exclusively on the documents and proceedings identified herein.

#### *Introduction*

4. Proceedings related to mineral rights in Brazil are generally divided in two phases: exploration (*pesquisa mineral*) and operation (*lavra*). The exploration phase depends on the granting of a permit (*alvará de pesquisa*) by the National Mining Agency (*Agência Nacional de Mineração – “ANM”*), which, in December, 2018, succeeded the *Departamento Nacional de Produção Mineral – “DNPM”*), while the operation phase requires the granting of a concession (*concessão de lavra*) by the Ministry of Mines and Energy. In order to obtain an operation concession, a permit holder shall timely submit a final exploration report to ANM’s approval (within the term of the exploration permit). Upon ANM’s approval of the final exploration report, the respective mining operation concession may be requested within one year counted from such approval.

#### *Mining Sector Regulation*

5. This legal opinion considers the mining sector regulation as validly applicable on 7/31/2020, especially Decree-Law No. 227/1967 (the “Mining Code”), Decree No. 9,406/2018 and Ordinance ANM No. 155/2016 (“Portaria ANM 155”).

#### *Reviewed Documents*

6. For the purposes hereof, we have reviewed the following documents (the “Reviewed Documents”):

- (a) the 1<sup>st</sup> amendment to the articles of association of Tombador, entered into by and among Colomi and Tombador Iron Singapore Pte. Ltd. (“Tombador Singapore”) on April 22, 2020, which consolidated the articles of association of Tombador (“Tombador Articles of Association”);
- (b) Protest Office Certificate (*Certidão do Cartório de Protesto*) No. 2851.002.005477, issued by the Sento Sé Banknote and Protest Notary Public on 4/27/2020; (ii) the Second Degree Civil Distributor Certificate (*Certidão de Distribuição de 2º Grau Ações Cíveis*) No. 00008820, issued by the Court of Appeals of the State of Bahia on 4/22/2020; (iii) the Second Degree Criminal Distributor Certificate (*Certidão de Distribuição de 2º Grau Ações Criminais*) No. 00008822, issued by the Court of Appeals of the State of Bahia on 4/22/2020; (iv) the First Degree Civil Distributor Certificate (*Certidão de Distribuição de 1º Grau Ações Cíveis*) No.004244968, issued by the Court of Appeals of the State of Bahia on 4/18/2020; (v) the First Degree Criminal Distributor Certificate (*Certidão de Distribuição de 1º Grau Ações Criminais*) No.004244969, issued by the Court of Appeals of the State of Bahia on 4/18/2020; (vi) the First Degree Agreement, Bankruptcy, Judicial and Extrajudicial Recovery Distributor Certificate (*Certidão de Distribuição de 1º Grau – Concordata, Falência, Recuperação Judicial e Extrajudicial*) No.004244972, issued by the Court of Appeals of the State of Bahia on 4/18/2020; (vii) the First Degree Insolvency, Judicial and Extrajudicial Recovery Distributor Certificate (*Certidão de Distribuição de 1º Grau – Insolvência, Recuperação Judicial e Extrajudicial*) No.004244973, issued by the Court of Appeals of the State of Bahia on 4/18/2020; (viii) the Civil and Criminal Distributor Certificate (*Certidão de Distribuição para Fins Gerais Processos Originários Cíveis e Criminais*) No.1416803, issued by the Federal

Regional Court of the First Region (TRF1) on 4/18/2020; (ix) the Civil and Criminal Distributor Certificate (*Certidão de Distribuição para Fins Gerais Processos Originários Cíveis e Criminais*) No.1416803, issued by the Judicial Section of the State of Bahia on 4/18/2020; (x) the Negative Certificate of Labor Debts (*Certidão Negativa de Débitos Trabalhistas*) No. 9269441/2020, issued by the Court of Labor Justice on 4/18/2020; (xi) the Negative Certificate of Tax Debts (*Certidão Negativa de Débitos Tributários*) No. 20201110386, issued by the Bahia State Finance Secretariat on 4/18/2020; (xii) the Negative Certificate of Federal Tax Debts (*Certidão Negativa de Débitos Relativos aos Tributos Federais e à Dívida Ativa da União*) No. DAF7.D3E3.3F6B.65C0, issued by the Ministry of Finance on 4/18/2020; (xiii) the Negative Certificate of Non-Tax Debts (*Certidão Negativa de Débitos Não Tributários*) no number of identification informed, issued by the Attorney General of the State of Bahia on 4/27/2020; and (xiv) the Negative Certificate of Debt (*Certidão Negativa de Débitos*) No. 000271/2020, issued by the City Hall of Sento-Sé on 04/24/2020 (the "Tombador Debt Clearance Certificates");

- (c) copies of ANM's proceeding regarding the Mineral Right as follows: (c.1.) hard copies covering the period up to April 12<sup>th</sup>, 2017, which we have independently obtained from ANM on June, 2017; and (c.2) digital copies covering the period from October 10<sup>th</sup>, 2019 to June 19<sup>th</sup>, 2020; which we have independently obtained from ANM's website on July 31, 2020 ("Mining Proceeding"). We have also requested copy of the Mining Proceeding covering the period from April 12<sup>th</sup>, 2017 to October 10<sup>th</sup> 2019 (which has not yet been converted into digital file), but due to the COVID-19 pandemic, ANM has temporarily suspended consultation to hard copies of proceedings;
- (d) copy of the request submitted by Colomi to DNPM on 9/28/2017, regarding an additional extension of the suspension in the analysis of the final exploration report of the Mineral Right (this document was provided by Tombador and is part of the Mining Proceeding);
- (e) copy of Dispatch DNPM No. 37/2018, of 4/19/2018, regarding the suspension of the final exploration report for another three years (this document was provided by Tombador and is part of the Mining Proceeding);
- (f) copy of the following environmental licenses issued by the Institute for the Environment and Water Resources (*Instituto do Meio Ambiente e Recursos Hídricos*), the environmental agency of the State of Bahia with jurisdiction in connection with the Mineral Right ("INEMA"): (i) Preliminary License No. 9232/2015, (ii) Renewal of Preliminary License No. 16,059/2018, (iii) Modification License No. 19,984/2020;
- (g) copy of the study submitted by Colomi to INEMA regarding the Modification License No. 19,984/2020;
- (h) digital copy of the installation license requested by Colomi and granted by INEMA, which is necessary for the construction of the mining facilities and processing equipment required to exploit the Mineral Right, published on August 5<sup>th</sup>, 2020 at the official gazette of the State of Bahia;

- (i) digital copy of the executed version of the Mineral Rights Agreement, dated as of 07/31/2020, and the corresponding annexure contracts, i.e. (A) the Compensation Deed, (B) Rehabilitation Deed, (C) Royalty Deed, all of them entered into by and between Colomi, Tombador, Tombador Singapore and Colomi Singapore PTE Ltd. ("Colomi Singapore"), as well as (D) the Lease Agreement, entered into by and between Colomi and Tombador (the Mineral Rights Agreement, the Compensation Deed, the Rehabilitation Deed, the Royalty Deed and the Lease Agreement jointly referred to as the "Mineral Rights Agreements").

#### *Main Events*

7. We highlight below the main events regarding the Mineral Right, as identified in the Mining Proceeding:

- (a) In 2003, Serabi Mineração Ltda. ("Serabi") requested the permits to DNPM;
- (b) On 2/10/2004, DNPM granted the permit No. 1,315/2004 to Serabi, valid for a three-year term (i.e., until 2/10/2007), for the exploration of iron ore in an area of 2,000 hectares in the City of Sento Sé, State of Bahia ("Permit");
- (c) On 2/15/2006, DNPM approved the assignment of the Permit from Serabi to Colomi;
- (d) On 2/21/2006, DNPM annotated the assignment of the Permit from Serabi to Colomi on its record books;
- (e) On 12/4/2006, Colomi requested the renewal of the Permit, which DNPM granted on 12/28/2006, for an additional term of two years;
- (f) On 12/29/2008, Colomi requested another renewal of the Permit, which was granted by DNPM on 2/5/2009, for one more year. So, the Permit was valid until 2/5/2010;
- (g) On 2/4/2010, Colomi submitted the final exploration report to DNPM for itabirite and hematite;
- (h) On 12/9/2010, Colomi requested to DNPM the suspension of DNPM's analysis of the final exploration report, for a three-year term, based on article 30, IV and 23, III of the Mining Code. According to Colomi, the suspension was necessary because the project feasibility would depend on transport infrastructure yet to be implemented;
- (i) On 10/19/2011, DNPM suspended the analysis of the final exploration report until 10/19/2014, based on article 30, IV of the Mining Code. More specifically, DNPM noted that the final exploration report was inconclusive about the means for raising the necessary capital for the financing and implementation of the iron ore transport infrastructure;
- (j) On 10/13/2014, Colomi requested to DNPM an additional extension of the suspension in analysing the final exploration report, alleging that new metallurgical and infrastructure logistics studies would be necessary and

that the iron ore price on international markets had fallen considerably compared to the original projections;

- (k) On 12/1/2014, DNPM accepted to suspend the analysis of the final exploration report for another three-year term, until 12/1/2017, based on item IV and the 1<sup>st</sup> and 2<sup>nd</sup> paragraphs of article 30 of the Mining Code, due to temporary technical and economical unfeasibility of the mining project;
- (l) On 9/28/2017, Colomi requested to DNPM an additional extension of the suspension in the analysis of the final exploration report, in order to carry out an economic feasibility study of the project, focusing on infrastructure logistics studies;
- (m) On 4/19/2018, DNPM accepted to suspend the final exploration report for another three years;
- (n) On 10/23/2019, Colomi requested to ANM (in the capacity of DNPM's successor) the cancellation of the suspension and the subsequent approval of the final exploration report;
- (o) On 2/17/2020, ANM approved the final exploration report for both itabirite and hematite;
- (p) Also on 2/17/2020, Colomi requested to ANM the assignment of the Mineral Right (and of the right to request the respective mining operation concession) to Tombador;
- (q) On 4/14/2020, ANM approved the assignment of the Mineral Right (and of the right to request the respective mining operation concession) to Tombador;
- (r) On 6/4/2020, ANM formalized the assignment of the Mineral Right (and of the right to request the respective mining operation concession) from Colomi to Tombador on its record books;
- (s) On 6/8/2020, Tombador submitted the request for mining operation concession regarding the exploitation of itabirite and hematite in the area of the Mineral Right.

#### *Assumptions*

8. In our review and for purposes of this opinion, we have assumed, with your permission and without independent investigation or inquiry, that:

- (a) Colomi Singapore and Tombador Singapore are duly organized and validly existing under the laws of Singapore and have the power and authority to enter into the Mineral Rights Agreements and to perform their obligations and exercise their rights under such documents;
- (b) all parties to the Mineral Rights Agreements have acted in good faith in the negotiation, execution and delivery of the Mineral Rights Agreements and will continue to act in good faith when performing their obligations and exercising their rights thereunder;

- (c) all signatures on the Reviewed Documents submitted to us are genuine, all documents submitted to us as originals are authentic and all documents submitted to us as copies are true and complete copies of original documents, as well as the copies of the Reviewed Documents provided to us are the final executed copies of the same and there are no other agreements or instruments supplementing, revoking, superseding or amending the terms thereof.

*Opinion*

I. Tombador - Corporate/Tax

a) Incorporation

9. Tombador is a limited liability company (*sociedade limitada*), incorporated on 01/22/2020, wholly owned by Tombador Singapore, duly organized and validly existing under the laws of Brazil.

10. Tombador's capital stock is R\$ 1,001.00, divided into 1,001 quotas of R\$1.00 each, all of which are fully paid in. Based on Tombador Articles of Association, the quotas of Tombador are free and clear of all liens and encumbrances.

11. Please find below a table summarizing Tombador's corporate information:

Quotaholder	Number of Quotas	Total Value of the Quotas	Participation in the Capital Stock
Tombador Singapore	1,001	R\$ 1,001.00	100%

b) Debt clearance certificates

12. According to the Tombador Debt Clearance Certificates, there are no tax debts due and unpaid by Tombador in the local, state and federal levels.

c) Insolvency and Litigation

13. Based on the Reviewed Documents, there are no issues in relation to insolvency and litigation matters involving Tombador.

II. Regulatory – Mineral Right

a) Title

14. The Mineral Right consists of (i) the Permit No. 1,315/2004, issued by ANM on 2/10/2004 for the exploration of iron ore in an area of 2,000 hectares in the Municipality of Sento Sé, State of Bahia, and (ii) the request submitted to ANM on 6/8/2020 regarding the mining operation concession for the extraction of itabirite and hematite in such area. Itabirite and hematite are types of iron ore.

15. The Mineral Right was first held by Serabi; in 2006, Serabi assigned the Mineral Right to Colomi and, in 2020, Colomi assigned it entirely to Tombador as payment for the quotas in Tombador's capital stock, as formalized on Tombador Articles of Association, in such a way that Tombador became the only titleholder of the Mineral Right.

16. According to article 22, I of the Mining Code, the assignment of any mineral right shall be previously approved by ANM and then formalized on ANM's record books, for validity purposes. The first assignment of the Mineral Right, from Serabi to Colomi, was (i) approved by ANM on 2/15/2006, as per Dispatch No. 11/2006, and (ii) formalized on ANM's record books on 2/21/2006. The second assignment of the Mineral Right, from Colomi to Tombador, was (iii) approved by ANM on 4/14/2020, as per Dispatch No. 23/2020, and (iv) formalized on ANM's record books on 6/4/2020.

17. Therefore, we are of the opinion that the assignments were validly approved by ANM and Tombador is the lawful titleholder of the Mineral Right.

b) Status of the Mineral Right

18. As indicated in the Main Events section above, after a long period of suspension (*sobrestamento*), the Mining Proceeding was resumed in 2019 after Colomi requested the end of the suspension and the subsequent approval of the final exploration report. Upon such request, on 2/17/2020 ANM approved the final exploration report submitted by Colomi in 2010, as per Dispatch No. 144/2019.

19. As per article 31 of the Mining Code, the approval of the final exploration report gives the titleholder the right to submit a request for mining operation concession with respect to the area that was explored, within one year counted from the date of the approval. One of the documents that shall be submitted with such request for mining operation concession is the installation environmental license in connection with the mining project.

20. The mining operation concession regarding the Mineral Right was requested by Tombador (in the capacity of assignee) on 6/8/2020, within the term provided for in the Mining Code, but it will be necessary to submit to ANM the installation environmental license issued by INEMA once it is transferred to Tombador (see section IV below).

21. On 6/19/2020, upon Tombador's request, ANM issued a certificate of good standing stating that Tombador is the titleholder of the Mineral Right and acknowledging that the Mining Proceeding is in the phase of request for mining operation concession (*requerimento de lavra*) (such certificate is part of the Mining Proceeding).

22. Given the above, we are of the opinion that Tombador has timely requested the mining operation concession and that the Mineral Right is in the phase known as request for mining operation concession (*requerimento de lavra*).

III. Contractual Aspects:

a) Mineral Rights Agreements between Tombador and Colomi Iron Mineração Ltda. with respect to the Mineral Right

23. By means of the Mineral Rights Agreement, Tombador has granted an option to Colomi which, once exercised, would allow Colomi an exclusive lease of the Mineral Right. The option is exercisable on the earlier of (i) the completion of Tombador's extraction of hematite on the area (Tombador has informed us that its interest in the area is limited to hematite and would, therefore, focus extraction on it rather than itabirite) or (ii) 15 years from the date of execution of said agreement. The Mineral Rights Agreement is conditioned upon the parties obtaining all necessary third

party and governmental consents and approvals required to give effect to the subject matter of the Mineral Rights Agreement, including, but not limited to, the granting of the respective mining operation concession (*concessão de lavra*) by the Ministry of Mines and Energy.

24. The Mineral Rights Agreement provides the main following consideration to be fulfilled by Colomi, if the option is exercised:

Agreements	Description
Rehabilitation Agreement	Colomi undertakes to rehab the Mineral Right's area, especially considering environment aspects.
Royalty Deed	Colomi agrees to pay a royalty to Tombador of US\$1 per tonne for itabirite produced by Colomi on the Mineral Right's area.
Compensation Deed	Colomi agrees to pay a compensation amount equal to US\$10 per tonne or 50% of its 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 Mineral Right's area.

b) Overview of Mining Lease Agreements in Brazil

25. According to articles 130 et seq of Portaria ANM 155, mining lease agreements (*Contratos de Arrendamento de Direito Minerário*) are entered into by the titleholder of a mining operation concession and a third party, to regulate the extraction of all or part of the mineral rights comprised in the mining operation concession, without effectively transferring the title to such third party. As per such regulation, the parties may agree the transfer of all or part of the mining product to the lessor (the titleholder) as part of payment for the lease, and a preemptive right for the purchase of the mining product by lessor. The mining lease agreement shall not be executed for a period longer than 30 years (and if it is, ANM will only accept it for a term of 30 years, which may be renewed).

26. The lease agreement shall be submitted to ANM's prior approval and, after such approval, shall then be registered by ANM in its record books, for validity purposes. The lessee shall only carry out mining activities in the leased area after the registration of the agreement and issuance of the corresponding environmental operating license in lessee's own name. From the date of registration, it is mandatory for the lessee and lessor to be jointly liable for all obligations arising from the mining operation concession with respect to the leased area, during the term of the lease agreement.

IV. Environmental Licensing:

a) Overview of environmental licensing in Brazil

27. The environmental licensing in Brazil consists basically of three main licenses: (i) preliminary license, (ii) installation license and (iii) operating license.

28. The preliminary license is the one applicable to the planning and feasibility phase of the project and contains the basic requirements that shall be met in the other phases of the licensing. In order to obtain such license, the company shall carry out the applicable environmental impact studies.

29. The installation license is the one that authorizes the implementation (essentially construction of the plant) of the project according to guidelines approved by the environmental agency in the preliminary phase.

30. Lastly, the operating license certifies that the project was implemented according to the plan approved by the environmental agency and authorizes the operation of the licensed activities.

b) Summary of the environmental licenses in connection with the Mineral Right

31. Please find below a summary of the environmental licenses issued by INEMA, in connection with the Mineral Right:

	Title Holder	Number	Date of Publication	Validity	Licensed Activities
Preliminary License	Colomi	9232	2/11/2015	2/11/2018	exploitation of 1.44 million tonnes/year of iron ore/hematite in the areas of the Mineral Right and DNPM's proceedings Nos. 872.431/2003 and 872.430/2003
Renewal of Preliminary License	Colomi	16,059	5/3/2018	5/3/2022	exploitation of 1.44 million tonnes/year of iron ore/hematite in the areas of the Mineral Right and DNPM's proceedings Nos. 872.431/2003 and 872.430/2003
Modification License	Colomi	19,984	1/23/2020	5/3/2022	exploitation of 1.44 million tonnes/year of iron ore/hematite in the area of DNPM's proceeding No. 872.431/2003 (the Mining Proceeding) – exclusion of the area of DNPM's proceeding No. 872.430/2003
Installation License	Colomi	21,199	8/5/2020	8/5/2024	exploitation of 1.44 million tonnes/year of iron ore/hematite in the area of DNPM's proceeding No. 872.431/2003
Operating License	N/A	N/A	N/A	N/A	N/A

32. All the environmental licenses were issued on behalf of Colomi and shall be assigned to Tombador (in the capacity of assignee of the Mineral Right). According to Tombador, Colomi will submit the request for the assignment of the licenses to Tombador as soon as possible. On this basis, we do not foresee any issue with the assignment of the environmental licenses from Colomi to Tombador, as long as the applicable requirements are met.

*Conclusion*

33. Based on the foregoing, and except as otherwise excepted or qualified in this letter, we are of the opinion that:

- (a) There are no known claims formally challenging the Mineral Right, nor any information or event in the Mining Proceeding indicating that the Mineral Right has not been lawfully and validly in force.
- (b) The assignment of the Mineral Right from Colomi to Tombador was regularly approved of by ANM, as required by article 22, I of the Mining Code.
- (c) The Mineral Right is registered before ANM in the name of Tombador and is free from any charges, encumbrances and liens.

- (d) The exploration report was validly approved by ANM for both itabirite and hematite.
- (e) The mining operation concession was timely requested by Tombador, within the term provided for in the Mining Code.
- (f) Both Colomi and Tombador have reported to us that they are not aware of any third party interested in the Mineral Right. Additionally, the Mining Proceeding contains no registry of third parties interested in the Mineral Right.
- (g) According to the copies of the Mining Proceeding, Tombador is not, and Colomi was not, in default of any fee or other payment due to ANM in the exploration phase regarding the Mineral Right, including the so-called Annual Hectare Fee (*Taxa Anual por Hectare - TAH*).
- (h) According to the Debt Clearance Certificates that we had access to, no litigation or other proceedings have been commenced in connection with any of the Mineral Right by any third parties, including landowners or holders of the areas related to the Mineral Right, any regulatory authority or otherwise, before the Civil Courts of the State of Bahia.
- (i) As per the copies of the Mining Proceeding, there are no infraction notices (*autos de infração*) ongoing before ANM in the name of Tombador in connection with the Mineral Right.
- (j) The preliminary environmental license in connection with the Mineral Right was published by INEMA on 2/11/2015 and is valid until 5/3/2022.
- (k) The installation environmental license in connection with the Mineral Right was published by INEMA on 8/5/2020 and is valid until 8/5/2024.
- (l) All the environmental licenses were issued on behalf of Colomi and shall be assigned to Tombador, in the capacity of current titleholder of the Mineral Right, by Colomi. We do not foresee any issue with the assignment of the environmental licenses from Colomi to Tombador, as long as the legal requirements are met.

34. In this opinion, legal concepts (especially regarding the Mineral Right) are expressed in Brazilian language terms, which were translated to the English language. Brazilian legal concepts may not be identical in meaning to the concepts described by the English language terms as they exist under the law of other jurisdictions. In the event of a conflict or inconsistency, relevant expression in English language shall be deemed to refer only to Brazilian legal concepts. To avoid any interpretation doubts, we have indicated the wording of the Brazilian terms in parentheses.

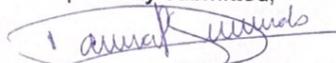
35. This opinion shall be governed and construed in accordance with the laws of Brazil and is given only with respect to the circumstances existing and Brazilian law in effect on the date of this opinion as it stands and has been interpreted in case law of the courts of Brazil and by legal commentators as at the date of this opinion. We express no opinion regarding any document other than the Reviewed Documents. We are licensed to practice law in Brazil, we have not investigated the laws of any jurisdiction other than Brazil and we do not express any opinion concerning any law other than Brazilian law. We assume no obligation to supplement or modify this opinion if any applicable law or its

interpretation changes after the date hereof or if we become aware of any facts that might change the opinions expressed herein after the date hereof.

36. This legal opinion is not intended to cover any aspect other than the ones expressly mentioned herein.

37. This legal opinion is given for the benefit of Tombador and the directors of Tombador in connection with the issue of the prospectus referred to in item 1 above and is not to be disclosed to any other person or used for any other purpose of quoted or referred to in any public document or filed with any government body or other person without our prior consent, except that we have consented to the inclusion of this legal opinion in the referred to prospectus to be issued by Resa Group Limited and lodged with the Australian Securities and Investments Commission.

Respectfully submitted,



Danusa Pereira Fernandes

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**9. INDEPENDENT GEOLOGIST'S REPORT**

RESA Group Limited

# Tombador Project

## Independent Geologist's Report

Prepared by:  
Paul Patrick Mazzoni

6 August 2020

Tuscan Geoscience

6 August 2020

The Directors  
 RESA Group Limited  
 Level 1, 45 Stirling Highway  
 Nedlands WA 6006  
 AUSTRALIA

**RE: Independent Geologist's Report - Tombador Project**

RESA Group Limited (to be renamed “Tombador Iron Limited”) (“RESA” or “the Company”) has commissioned Paul Patrick Mazzoni, trading as Tuscan Geoscience (“Tuscan”), to prepare this Independent Geologist Report (“IGR”) for the Tombador Project in Brazil.

The Company is seeking to list on the Australian Securities Exchange (“ASX”). This IGR is to be included in a prospectus (“Prospectus”) to be lodged by the Company with the Australian Securities and Investments Commission (“ASIC”) and may be relied upon by shareholders and potential investors. Under the Prospectus, the Company is seeking to raise a minimum of \$10,000,000 through the issue of 400,000,000 shares at an issue price of \$0.025 per Share, with the ability to accept oversubscriptions to raise an additional \$5,000,000 through the issue of up to an additional 200,000,000 shares (“Capital Raising”) in connection with the acquisition by the Company of the entire issued capital of Tombador Iron Singapore Pte. Ltd. (a company incorporated in Singapore) (“TIS”) which, through its wholly owned subsidiary Tombador Iron Mineração Ltda, (TIM), holds exploration tenement number 872.431/2003 in Bahia State, Brazil (“Tenement”), the Tombador iron ore deposit (“Tombador Project” or “Project”).

This IGR has been prepared in accordance with the Code and Guidelines for Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (“The Valmin Code” 2015 Edition), which is binding upon Members of the Australasian Institute of Mining and Metallurgy (AusIMM), the Australian Institute of Geoscientists (AIG), and the rules and guidelines issued by such bodies as the ASIC (including ASIC Regulatory Guides 111 (Content of Expert Reports) and 112 (Independence of Experts)) and ASX, as those rules and guidelines pertain to Independent Expert Reports. This IGR is also consistent with the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves of December 2012’ (the “JORC Code”) as prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Mineral Council of Australia (JORC).

Mr Mazzoni is the author of this IGR, is the principal of Tuscan and is a professional geologist with 45 years of experience in the mining industry. Mr Mazzoni is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM), holds Chartered Professional Status (CP-Management) and is a Member of the Society of Economic Geologists (MSEG).

The author has the appropriate relevant qualifications, experience, competence and independence to be considered an “Expert” under the definitions provided in the Valmin Code and as a “Competent Person” under the definition provided in the JORC Code. Mr Mazzoni consents to the inclusion of this Report in the Prospectus of the matters based on his information in the form and content in which it appears and has not withdrawn his consent prior to the lodgement of this Prospectus.

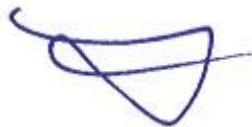
Where Exploration Results, Mineral Resources or Ore Reserves have been referred to in this IGR, the classifications are consistent with the JORC Code. The legal status of the Tenement is subject to a separate Independent Solicitor's Report which is set out in the Prospectus and these matters have not been independently verified by Tuscan. The present status of the tenement described in this IGR is based on information provided by the Company and the IGR has been prepared on the assumption that the property will prove lawfully accessible for evaluation and development.

Tuscan has not been requested to provide a Valuation Report (as defined in the VALMIN Code) and does not express an opinion with respect to the value of the mineral assets which comprise the Tombador Project or make any comment on the fairness or reasonableness of any of the transactions contemplated.

Tuscan does not doubt the authenticity or substance of previous investigating reports. Tuscan has not however, carried out a complete audit of the information but has relied on previous reporting and documentation where applicable and has used this for research purposes with qualifications applied, where necessary.

The author does not have, and has not previously had, any material interest in RESA or the mineral properties in which RESA has an interest. The relationship is solely one of professional association between client and independent consultant. This report is prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the contents of this report. Professional fees payable for the preparation of this Report constitutes Tuscan's only commercial interest in the Company and/or TIS.

The Project is considered to be sufficiently prospective, subject to varying degrees of risk, to warrant further development studies. Further information regarding the risk factors which may affect the Tenement and the Tombador Project are set out in section 12 of the Prospectus.




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Paul Mazzone  
Tuscan Geoscience

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## EXECUTIVE SUMMARY

### Context and Scope

RESA Group Limited (to be renamed “Tombador Iron Limited”) (“RESA” or “the Company”) has commissioned Paul Patrick Mazzoni, trading as Tuscan Geoscience, to prepare this IGR for the Tombador Project in Brazil.

The Company is seeking to list on the ASX. This IGR is to be included in the Prospectus to be lodged by the Company with the ASIC and may be relied upon by shareholders and potential investors. Under the Prospectus, the Company is seeking to raise a minimum of \$10,000,000 through the issue of 400,000,000 shares at an issue price of \$0.025 per Share (“Minimum Subscription”), with the ability to accept oversubscriptions to raise an additional \$5,000,000 through the issue of up to an additional 200,000,000 shares (“Full Subscription”) (“Capital Raising”) in connection with the acquisition by the Company of the entire issued capital of Tombador Iron Singapore Pte. Ltd. (a company incorporated in Singapore) (“TIS”) (“Acquisition”) which holds, through its wholly owned subsidiary Tombador Iron Mineração Ltda (“TIM”), exploration tenement number 872.431/2003 in Bahia State, Brazil (“Tenement”), the Tombador Project. The subject of this IGR is the Tenement which contains the Tombador Project.

The Independent Geologist Report has been prepared in accordance with the Code and Guidelines for Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (“The Valmin Code” 2015 Edition) and the regulatory guidelines issued by the ASIC which pertain to Independent Expert Reports. The report is also consistent with the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves of December 2012 (“The JORC Code 2012 Edition”). The Independent Geologist Report has been prepared based on information available up to and including 6 August 2020.

The author does not have, and has not previously had, any material interest in RESA or the mineral properties in which RESA has an interest. The relationship is solely one of professional association between client and independent consultant. This report is prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the contents of this report.

The information that relates to Mineral Resources and Exploration Results is based on information compiled in accordance with the JORC Code 2012 Edition by Mr Leonardo de Moraes Soares, who is a Member of The Australian Institute of Geoscientists. This information is publicly available having been previously released to the ASX. Please refer to Company’s ASX announcement dated 12 June 2020 (“Announcement”) for further information on this.

### Background

The Tombador Project is an advanced exploration/pre-development project based on a massive hematite deposit at Tombador. The deposit is capable of producing high grade direct shipping iron ore (DSO) through conventional drill and blast open cut mining followed by simple crushing and screening to produce lump and fines product for shipping to markets. The Project is located in the municipality of Sento Sé, in the northern Bahia State of Brazil and is supported by good infrastructure including roads, rail, airstrips, power, water and communications (Figure 1). Project tenure comprises exploration tenement number 872.431/2003 which covers 2,000 hectares. Tenure is held in the name of Tombador Iron Mineração Ltda (TIM) which will be acquired by the Company indirectly on completion of the Acquisition.



### Geology and Mineralisation

The Tombador Project is located on the northern margin of the São Francisco Craton which comprises a crystalline Archaean basement composed of migmatites, granites and gneisses overlain by supracrustal belts of the Palaeoproterozoic Colomis Group. The Colomis Group is a metasedimentary sequence represented by a basal sequence of quartzites and muscovite chlorite schists overlain by a succession of dolomitic marbles and a succession of banded iron formations (itabirites) of the Serra da Capivara Unit. Massive hematite deposits such as Tombador are developed locally within the itabirites and appear to be associated with structural features including folds, faults and shear zones which have localised alteration and iron enrichment of the host itabirite. The itabirites are correlated with those exploited from the “Iron Quadrangle” in the state of Minas Gerais, which produces a large part of Brazil’s iron ore exports.

The Tombador deposit is a high grade (67% Fe) iron ore deposit, related to a NW-SE trending and NE dipping shear zone. The deposit dips east and plunges 45° to the NE. Macroscopic textures in drill core, outcrop and microscopic petrography suggest structurally controlled hydrothermal alteration has leached the quartz and carbonates from the itabirites, enriching them in iron. Hematite, martite and magnetite constitute the main iron oxides. Three massive hematite types are distinguished: Compact Hematite, Friable Hematite, and Laminar Hematite. It is estimated that the deposit contains 70% laminated, 25% compact and 5% friable hematite. A significant component of mixed massive hematite/itabirite mineralisation is also indicated in a boundary or “transitional” zone enveloping the massive hematite mineralisation. Two types of itabirite are distinguished, dolomitic itabirite (TDI) and siliceous itabirite (ICS).

Layers of hematite rich talus occur, covering almost all the deposit. The talus thickness tends to increase towards the foot of the hills and the composition is directly proportional to the adjacent lithologies. The rock fragments in the talus vary from centimetre to metre size blocks composed mainly of itabirite and massive hematite with lesser amounts of quartzite, dolomite and shale. The matrix is predominantly silt with high levels of  $Al_2O_3$ .

### Exploration History

Some historical mining at the Tombador Project occurred during the 1980's when a local company named Ferbasa mined some outcropping massive hematite and some talus immediately below the outcropping hematite. No production information is available. More recent exploration from 2004 to 2014 was conducted by Vale S.A. (VALE), via an Investment Agreement with CIM. The exploration conducted by VALE at the Tombador Project was part of a much larger exploration program completed over a number of exploration permits in the region holding extensive itabirite iron formation outcrop (Sento Sé Block). The work included airborne geophysical survey, ground magnetic and gravity surveys, topographic surveying, diamond core drilling and RC drilling. Various technical studies and metallurgical testwork were focused on the extensive but lower grade itabirite iron mineralisation.

Between 2008 and 2010, 17 diamond drillholes were drilled in and around the Tombador deposit. The deposit was drilled at close spacing varying between 25m and 75m centres. The results from eight vertical diamond drillholes which intersected thick high-grade hematite mineralisation were subsequently used in the resource estimation. An additional six drillholes intersected narrow zones of massive hematite which were not included in the Mineral Resource estimation. Twelve trenches were dug manually and mapped in detail to define the extent of massive hematite bedrock beneath the talus and to examine the massive hematite component of talus fragments.

A channel sampling program was also completed in 2013 to improve confidence in the near surface mineralisation not effectively tested by the diamond drilling program. Channels were cut by continuous chipping over 1m intervals and 20 samples were collected and used in the Mineral Resource estimate. Please refer to JORC Table 1 in the Company's ASX Announcement for further information on these results.

### Mineral Resources

Coffey Consultoria e Serviços Ltda. (Coffey) completed an initial resource estimation in 2011 based on drilling data previously collected and reported in 2010 by VALE. The estimation was reported in accordance with the JORC Code (as it was in 2004) and was a subset of much larger Mineral Resource estimate which included all the itabirite resources in the Sento Sé and Remanso Blocks. In 2014, Coffey updated the Mineral Resources for the Tombador Project and reported in accordance with the guidelines as set out in the 2012 JORC Code. The estimate utilised the same drillhole data as the 2011 estimate together with some additional sampling results from the channel chip sampling. Measured, Indicated and Inferred Mineral Resources were estimated for the massive hematite and Inferred Resources were estimated for the associated talus mineralisation (Table 1). The Mineral Resources were subsequently re reported in 2019 by consulting firm GE21 Consultoria Ltda. (GE21) with the inclusion of JORC Table 1 and provision of Competent Person ("CP") consent forms. Please refer to JORC Table 1 in the Announcement for further information on these results. The massive hematite Mineral Resources were based on the same 2014 Coffey block model and are identical. GE 21 also completed Mineral Resource estimates for the lower grade itabirite mineralisation. As part of the Acquisition, the rights to the itabirite mineralisation will be retained by CIM (as defined in Section 2.4 below), though a royalty will be payable to the Company on any future production from the itabirite Mineral Resource.

**Table 1**  
**Tombador Compact (Massive) Hematite Mineral Resources**

Unit	Resource Class	Cutoff Grade (% Fe)	Tonnes (Mt)	Fe (%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	Mn (%)	P (%)	LOI (%)
Compact (Massive) Hematite	Measured	60	1.94	67.04	1.95	0.47	0.037	0.101	0.44
	Indicated	60	3.47	67.30	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

Source: de Moraes Soares 2020a

There is potential to add to the Project's massive hematite Mineral Resources through confirmation with additional processing testwork to show that talus mineralisation and transitional mineralisation may be successfully upgraded through simple processing.

### Development Studies

As noted in JORC Table 1 of the Announcement, processing testwork was based on ten bulk samples of between 31kg and 125kg collected from drill core and outcrop. Testwork included crushing and screening with chemistry and size analysis of products, thermal characteristics of products and gravity separation to beneficiate sub grade mineralisation. Results of the crushing testwork demonstrated a high average quality with 76.8% of the mass reporting as -38 +6.35mm lump size @ 67.4% Fe. An additional average 10.5% of coarse sinter feed (+1 -6.35mm) with 67.44% Fe could be screened off with the remaining < 1mm fines comprising 12.7% of the mass at an average grade of 65.4% Fe. To estimate the grade of an overall deposit lump blend, the results were averaged by hematite type and then weighted according to prevalence of the three types in the deposit. The overall massive hematite lump blend assayed 67.25% Fe, 0.05% P, 1.55% SiO<sub>2</sub>, 0.35% Al<sub>2</sub>O<sub>3</sub>, 0.02% Mn, 0.88% LOI.

A process flowsheet was developed based on a mobile plant to enable early production of DSO. A simple two-stage primary jaw crusher and secondary cone crushing circuit were proposed, supported by a vibrating screen unit and radial stackers producing both a lump and sinter feed product which could be stockpiled and reclaimed by front-end loader onto haulage trucks for road transport to port. Thermal characterisation testwork demonstrated that the four samples tested had acceptable thermal characteristics. Gravity separation testwork was also completed to investigate the potential for upgrading of sub grade DSO.

Studies in other disciplines to date are largely concept based, requiring further development. Preliminary costings have been completed but require confirmation with more detailed work so that economic outcomes can be quantified and allow reporting of Ore Reserves.

### Conclusions

The Tombador Project is an advanced exploration/pre-development project. It represents an attractive opportunity, subject to varying levels of risk, for low capital start up production of high-grade iron ore at low operating costs. It is located in an area of developed infrastructure with multiple shipping options available. Tuscan believes that further development studies are warranted to support transition to production.

Exploration and development programs and budgets have been proposed by the Company for the first year following the Capital Raising. Budgets of between approximately \$9.15M or \$13.82M are proposed according to whether Minimum or Maximum Subscription is achieved. The funding is to support the proposed project activities focused on fast tracking completion of a pre-feasibility study, project development activities and transitioning to production.

Tuscan supports the plan for additional infill and extensional resource drilling to upgrade all DSO resources to Measured and Indicated classification and inclusion of holes positioned so as to better quantify up plunge Mineral Resources as well as infill and extension of the DSO.

Economic, technical and legal-commercial studies should be advanced from the current concept-scoping stage by completion of a pre-feasibility study to support declaration of Ore Reserves for the Project which in turn could support an eventual transition to production.

## 1. INTRODUCTION

### 1.1 Context, Scope and Terms of Reference

The Company has commissioned Paul Patrick Mazzoni, trading as Tuscan Geoscience, to prepare this IGR for the Tombador Project in Brazil.

The Company is seeking to re-list on the ASX. This IGR is to be included in the Prospectus to be lodged by the Company with the ASIC and may be relied upon by shareholders and potential investors.

The scope of this IGR is firstly to summarise the relevant aspects of the Project including; the geology and mineralisation, Mineral Resource and development studies, together with activities planned and budgets proposed by the Company. Secondly, this Report is intended to provide an independent opinion as to the exploration and future development potential of the Project together with certain recommendations.

The IGR has been prepared on information available up to and including 6 August 2020. The conclusions expressed in this report are therefore only valid for this date and may change with time in response to variations in economic, market, legal or political factors, in addition to on-going developments with respect to the planned exploration activities. All monetary figures included in this report are expressed in Australian dollars (A\$) unless otherwise stated. Other units of measurement and technical terms used in the report are listed in Section 8.

The present status of tenements, agreements and legislation described in this report is based on information provided by the Company and its solicitors and these have not been independently verified by Tuscan. The report has been prepared on the assumption that exploration and potential development of the iron project will prove to be lawfully allowable. The author is not qualified to comment on the nature of any transactions or arrangements between the Company and other parties. These aspects are the subject of a separate disclosure in the Prospectus.

### 1.2 Qualifications, Experience and Independence

The author of this report is Mr Paul Mazzoni, who is a professional geologist with 45 years of experience in the exploration, development and mining of base and precious metal properties, bulk mineral commodities and industrial mineral properties internationally. Mr Mazzoni is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM), holds Chartered Professional Status (CP-Management) and is a Member of the Society of Economic Geologists (MSEG).

The author has the appropriate relevant qualifications, experience, competence and independence to be considered an "Expert" under the definitions provided in the Valmin Code and as "Competent Persons" under the definition provided in the JORC Code. This report is prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the contents of this report.

### 1.3 Principal Sources of Information

The principal sources of information used to compile this report comprise technical records, along with technical reports and data variously compiled by TIS/TIM, previous project operators, relevant consultants, and government agencies. Due to the COVID-19 Pandemic, no site visit was undertaken by the author.

The author has relied extensively on information provided by RESA in the production of this report. Notwithstanding this, reasonable enquiries have been made to confirm the authenticity and completeness of the technical data upon which this report is based. A listing of the principal sources of information is included in Section 9 of this report. A final draft of this report was also provided to RESA, along with a written request to identify any material omissions or errors.

#### 1.4 Reliance on Other Experts

The information that relates to Mineral Resources, Exploration Results/Exploration Targets is based on information compiled by Leonardo de Moraes Soares, who is a Member of The Australian Institute of Geoscientists. Mr. Leonardo Soares has claimed sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity undertaken (resource estimation) to qualify as a Competent Person as defined in the JORC Code. The information provided by Mr. Leonardo Soares and relied on for the purposes of this IGR is publicly available (refer to the Announcement) and the appropriate consents have been provided by Mr. Leonardo Soares to the Company for the publication of this information and the naming of the CP accountable for the estimates and such consent has not been withdrawn by Mr. Leonardo Soares. As noted in JORC Table 1 of the Announcement, a site visit was undertaken by Mr Porfirio Rodriguez (co-author of Table 1) to the Tombador Project between the 12<sup>th</sup> to the 14<sup>th</sup> of November 2013.

## 2. PROJECT BACKGROUND

### 2.1 Brazil Country Background

Brazil, officially the Federative Republic of Brazil is the largest country in South America and at 8.5 million km<sup>2</sup> is the world's fifth-largest country by area and the sixth most populous with over 211 million people. Bounded by the Atlantic Ocean on the east, Brazil has a coastline of 7,491km and borders all other countries in South America except Ecuador and Chile. Brazil's current constitution, formulated in 1988, defines it as a democratic federal republic. Brazil is classified as an upper-middle income economy by the World Bank and a developing country, with the largest share of global wealth in Latin America. It is considered an advanced emerging economy and has the ninth largest GDP in the world. Its Gross domestic product (PPP) per capita was \$15,919 in 2017. Active in agricultural, mining, manufacturing and service sectors Brazil has a labour force of over 107 million.

The country has been expanding its presence in international financial and commodity markets and is one of the group of four emerging economies called the BRIC countries. Brazil's diversified economy includes agriculture, industry, mining and a wide range of services. Industry in Brazil; from automobiles, steel and petrochemicals to computers, aircraft and consumer durables, accounted for 30.8% of the gross domestic product. Major export products include aircraft, electrical equipment, automobiles, ethanol, textiles, footwear, iron ore, steel, coffee, orange juice, soybeans and corned beef (Wikipedia.org).

### 2.2 Brazil Mining Industry

Brazil is one of the leading mining countries in the world, producing a wide array of industrial minerals, metals, and mineral fuels. The Brazilian Mining Institute (IBRAM) reported that mineral exports accounted for about 12% of the country's exports. In 2015, Brazil's estimated share of world mined niobium production amounted to 90%. Its share of global production for other commodities included; iron ore 18%, vermiculite 17%, asbestos 16%, bauxite 12%, talc and pyrophyllite 10%, tantalum 10%, alumina 9%, tin 9%, graphite 7%, and manganese 6%.

The World Steel Association reported that Brazil accounted for about 2% of the world's steel production and was the leading producer in South America (76% of South America's steel production). Brazil ranked 12<sup>th</sup> in the world in crude petroleum production and 2<sup>nd</sup> in South America (after Venezuela) in both crude petroleum and natural gas reserves. Brazil has huge offshore reserves of petroleum and natural gas, notably in the Southeast. (Szczesniak, 2015).

The National Mining Agency (ANM) is the federal agency entitled to regulate mining activities in Brazil. The main legislation regulating mining activities in Brazil is Decree Law No. 227/1967, the Brazilian Mining Code and Law No. 13,575/2017. Although primarily regulated by the Federal Constitution and federal laws, mining activities are also subject to state and municipal laws, particularly on taxes, environmental and soil usage matters. The Brazilian Mining Code (Decree No. 227/1967) grants authority to the Ministry of Mines and Energy and the environmental protection authorities, especially the Brazilian Environmental and Renewable Resources Institute (IBAMA) and the state environmental agencies, which, along with the ANM, are the main regulatory bodies supervising mining activities (Barbosa, 2019).

The Brazilian federal state has ownership over all Mineral Resources in Brazil. Private parties may acquire two main types of mining rights in Brazil:

- exploration licences; and
- mining concessions.

Private parties obtain the right to explore the minerals through the granting of an authorisation by the federal government represented by the ANM. The exploitation rights over any minerals, however, are granted through a mining concession issued by the Ministry of Mines and Energy.

Exploration licences work on a first-come, first-served basis, providing the licence holders with the right to access the properties and execute exploration activities. Exploration licenses can be held for up to 3 years; cover an area of up to 10,000 hectares, depending on the mineral type and location; and require adherence to an approved exploration plan, payment of an annual fee, payment of the landowner's revenue and compensation, and reporting on the results of any work completed. Upon analysis by the ANM and approval of the exploration results report, the licence holder may apply for a mining concession.

Mining Concessions are valid up to the depletion of the mineral deposit; require an environmental license and adherence to an approved mining plan; require annual reporting to the ANM on activities, production, and sales; and require the concession holder to restore the degraded areas. The request to obtain a mining concession is made to the Ministry of Mines and Energy. Mining concessions are granted for an indefinite period of time (until depletion of the resource) and therefore are not subject to renewal. Only local companies incorporated and headquartered in Brazil are authorised to hold mining rights. However, those local companies can be held by non-Brazilian entities. Applications for a mining concession must contain the detailed geological and geophysical information on the licence areas under request, and including:

- the description of the mineral deposits to be exploited;
- the description of the mining field's topographical location and the indication of its neighbouring concession areas;
- a map of the area to be mined, appointing its boundaries and the properties affected by the intended mining activities, with the names of the surface landholders;
- reference to any easements that may be required in the area;
- the exploitation's working plan with a description of the mining method, scale of production and processing facilities; and
- evidence that there are enough sources and availability of funds to complete the work on the mine.

There is no classification system for reporting Mineral Resources and Ore Reserves set in Brazil by the ANM. The JORC Code is the most common system contractually used by private parties for assessing Mineral Resources and Ore Reserves for projects in Brazil (Barbosa, 2019).

## 2.3 Project Location and Infrastructure

The Tombador Project is located in the municipality of Sento Sé, in northern Bahia State – Brazil approximately 700km by road from the State capital of Salvador. The Project is located in the semi-arid belt of the Northeastern Region of Brazil that has a hot dry climate. The average annual temperature high is 32.5°C and the average annual low 21.4°C. Average rainfall is 580mm. The rainy season begins in November and ends in April. After that, the climate is still dry until October, and in many years, there is very little rain even during the rainy season. The climate is similar to Port Headland in the iron ore producing Pilbara Region of Western Australia.

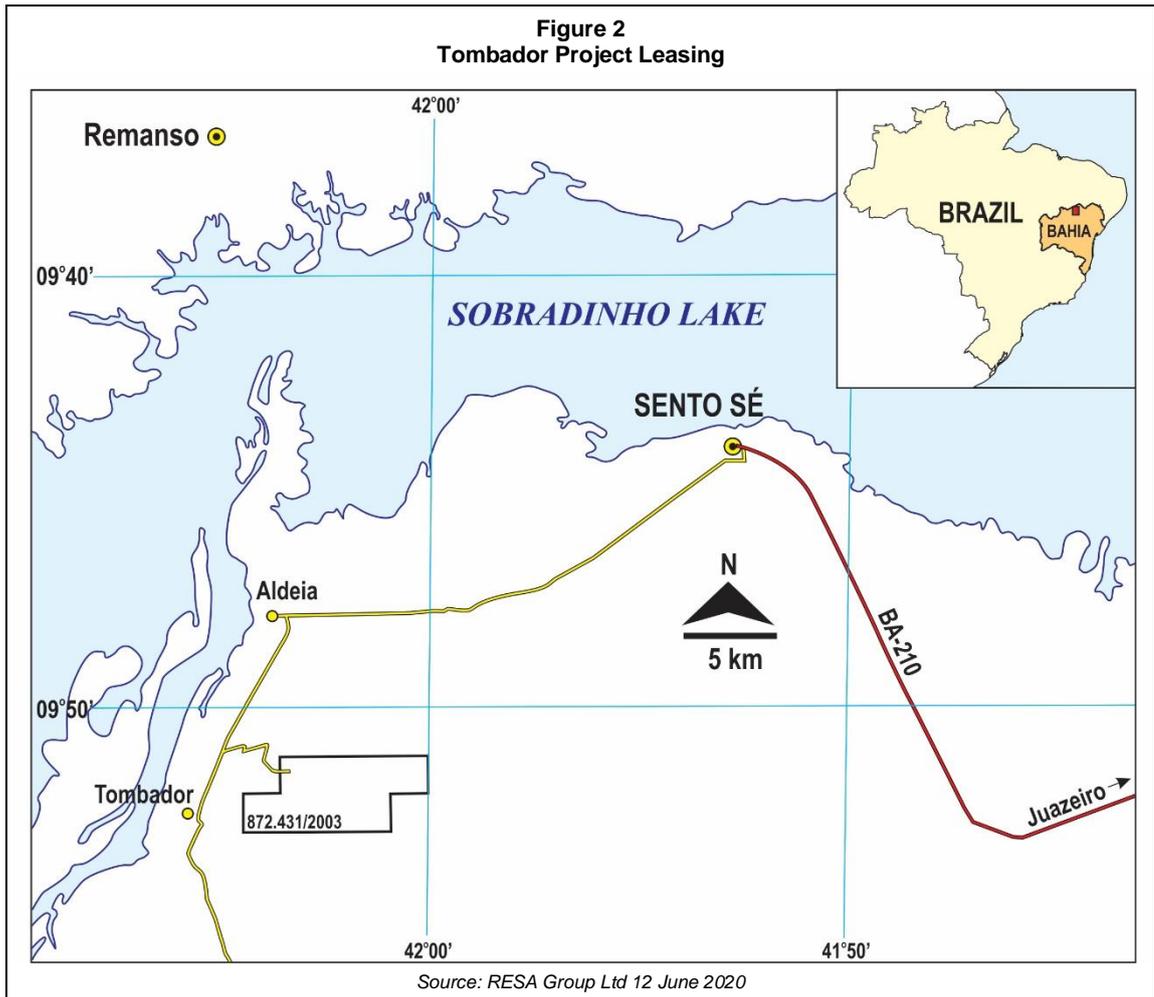
The Project is well supported by nearby infrastructure including roads, rail, airstrips, power, water and communications (Figure 1). The Hydroelectric Company of San Francisco (CHESF) operates a large hydroelectric plant at Sobradinho about 160km east of the Project. Ample supplies of fresh water for any scale of mining operation are available from the nearby Sobradinho Dam. The nearby cities of Juazeiro and Petrolina, 200km to the east in the state of Pernambuco are the main municipalities and economic centres for the region. Petrolina has a population of approximately 350,000 and is connected by air, road, and rail to the port city of Salvador, 450km to the southeast on the Atlantic Coast. The port city of Aracaju in the State of Sergipe is also approximately 500km by road from Juazeiro and a ship loading facility in the nearby city of Barra dos Coqueiros has confirmed berth, stockpile and loading capacity at their terminal for the Project.

## 2.4 Project Tenure

Project tenure comprises exploration tenement number 872.431/2003 covering 2,000 hectares (Figure 2). Tenure is held in the name of Tombador Iron Mineração Ltda (TIM). TIM is wholly owned by Tombador Iron Singapore Pte Ltd (TIS). TIS is proposed to be acquired by the Company in connection with the Acquisition. The Tenement is the central tenement of a contiguous group of 4 which comprise the Bicuda/Bicuda North Projects of Colomi Iron Mineração Ltda (CIM). CIM retains the right to mine and treat the lower grade itabirite mineralisation on the TIM tenement upon payment of a royalty to TIM. 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 ANM before 16 February 2021 as a condition to obtaining the Mining Licence for the Tenement (Table 2). As stated in the Solicitor’s Report, on the 6/8/2020, Tombador Iron Mineração Ltda submitted the PAE and requested to ANM the mining concession for the exploitation of itabirite and hematite (types of iron ore) in the area of the Mineral Rights.

Company	Municipality	Process No.	Area (Hectares)	Application Date	Exploration Permit No.	Status
Tombador Iron Mineração Ltda	Sento Sé	872.431/03	2,000	16/12/2003	1315	Mining Concession application phase “ <i>requerimento de lavra</i> ”. The mining concession was applied for on the 6/8/2020

Source: RESA Group Ltd 12 June 2020 and the Solicitor’s Report of this Prospectus

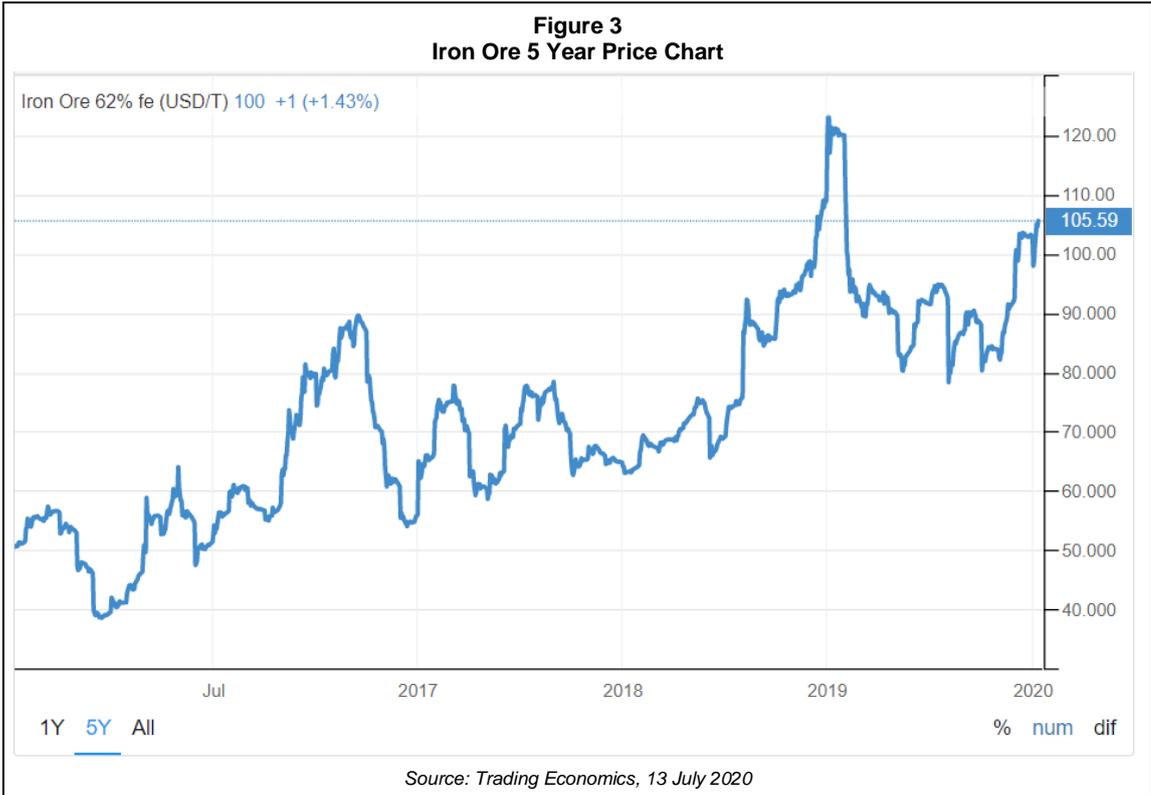


## 2.5 Iron Ore Industry Outlook

Iron ore is an essential component for the global iron and steel industries. Almost 98% of mined iron ore is used in steel making. About 50 countries mine iron ore, with Australia and Brazil dominating the market share for exports. In 2019, Australia led worldwide iron ore production with 930 million tonnes, followed by Brazil with 480 million tonnes and prices averaging US\$112 per tonne, up 21% from the US\$93 per tonne average during 2018. The top exporting countries were Australia, which sold 52% of the global trade and Brazil with a 22% share. The demand-side is therefore heavily reliant on the world’s two major producing nations.

Though China is the No. 3 iron ore producer, it is also the top importer, buying up 63% of the global trade. Japan is the second-largest importer, purchasing 8.3% of global trade, followed by South Korea at 5.1%. As China, which buys about two-thirds of global seaborne iron ore supplies, has sought to ramp-up industrial production via government stimulus in order to boost domestic economic growth in the wake of COVID-19, the nation’s access to iron ore has been restricted by lower levels of output from Brazil, the world’s number two supplier (Sharecafe, 2020).

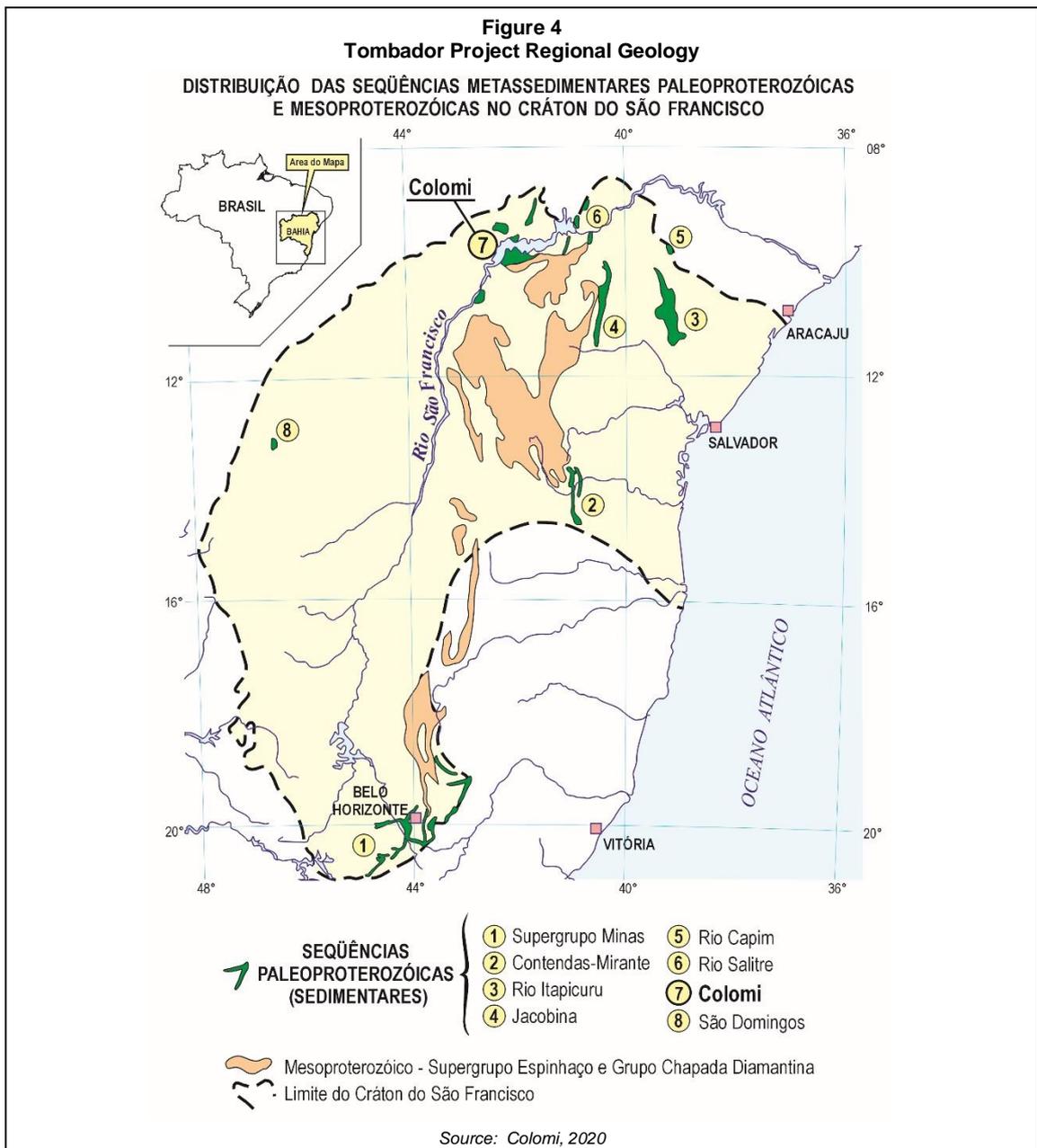
Tuscan is not qualified to provide commodity forecasts however the trend in price over the last five years, while volatile, suggests a positive outlook for iron ore in the short to medium term (Figure 3).



### 3. GEOLOGY AND MINERALISATION

#### 3.1 Regional Geology

The Tombador Project is located on the northern margin of the São Francisco Craton which comprises a crystalline Archaean basement composed of migmatites, granites and gneisses overlain by supracrustal belts of the Palaeoproterozoic Colomis Group (Figure 4). The Colomis Group is a metasedimentary sequence represented by a basal sequence of quartzites and muscovite chlorite schists (Serra do Choro Unit) overlain by a succession of dolomitic marbles (Serra da Castela Unit) and a succession of banded iron formations (itabirites) of the Serra da Capivara Unit. These in turn are unconformably overlain by quartzite of Chapada Diamantina Group. The regional metamorphic grade and deformation within the Colomi district increases from south to north with greenschist in the south and amphibolite facies in the north.



The banded iron formations of the Colomis Group which form the protolith for the iron deposits were formed between 2.2 – 2.6Ga. The Colomis Group metasedimentary succession is correlated with other important successions of banded iron formations from which significant amounts of iron ore are produced. These include the Minas Supergroup in Brazil and in the Lake Superior region of the USA (Rodrigues, 2014). The Serra da Capivara iron formations have a stratigraphic position similar to the Cauê formation located in the Iron Quadrangle district in the state of Minas Gerais, Brazil. The resource estimated in Iron Quadrangle district is about 30Bt of iron ore and is exploited mainly by VALE (Colomi, 2020).

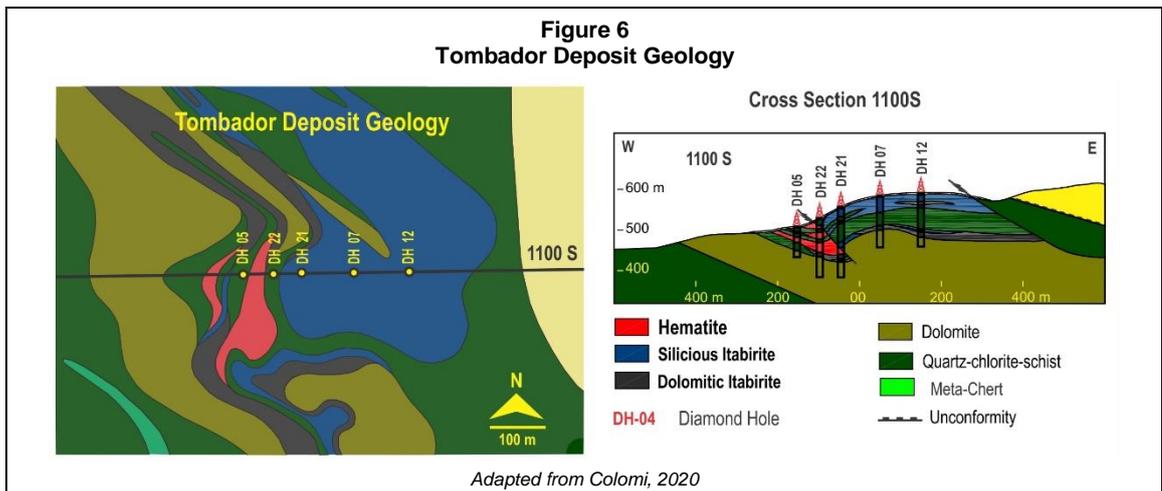
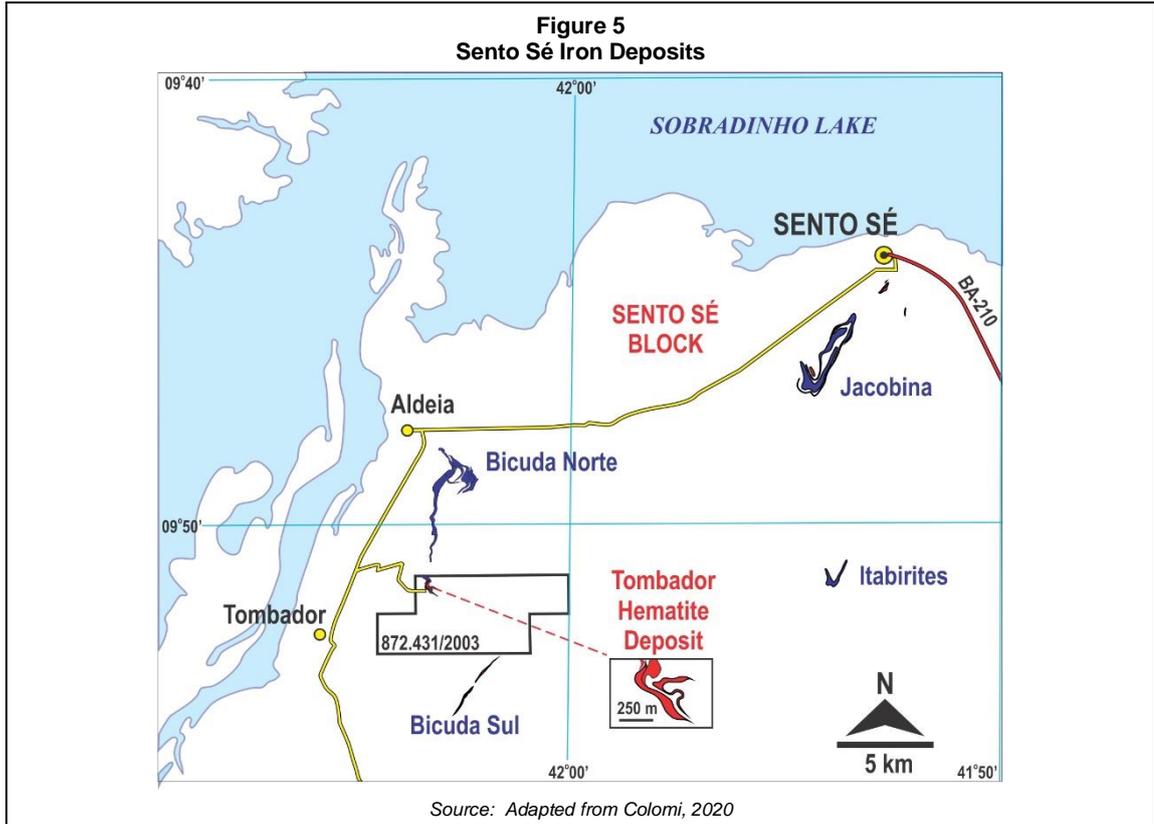
The iron formations are predominately itabirite. Itabirite is a laminated, metamorphosed oxide-facies iron formation in which the original chert or jasper bands have been recrystallised into megascopically distinguishable grains of quartz and the iron is present as thin layers of hematite, magnetite, or martite (pseudomorphs of hematite after magnetite). In appearance it is banded-quartz hematite schist and hematite schist. The term was originally applied in Itabirito (Pico de Itabirito), in the state of Minas Gerais and southern part of Belo Horizonte, Brazil, to a high-grade, massive specular hematite ore (66% iron) associated with a schistose rock composed of granular quartz and scaly hematite.

Massive hematite deposits at the Tombador Project are developed locally within the itabirites and appear to be localised by structural features. The structural framework of the Colomi Group is defined by two major directions of lineaments, NW and NE-SW, which are visible in the satellite images. They represent areas of shear and fold axis directions. Deformation and metamorphic grade increase from SW to NE. The massive hematite deposits of both the Iron Quadrangle and the Colomi Group are generally controlled by folds, faults and shear zones.

### 3.2 Local Geology and Mineralisation

The Tombador Project is focused on one section of the itabirites which occur in the Sento Sé Block (Figure 5). Two styles of mineralisation are present within the project area; more extensive itabirites suitable for beneficiation and locally developed massive hematite mineralisation suitable for direct shipping ore (HCO). The Tombador deposit is a high grade (67% Fe) granulated iron ore deposit, located in the south of the Bicuda Norte (Bicuda North) itabirite deposit. The massive hematite deposits occur in a fold hinge developed in siliceous itabirite, dolomitic itabirite and schist. The high-grade deposit is related to a NW-SE trending and NE dipping shear zone and plunges 45 degrees to NE (Figure 6). Macroscopic textures in drill core, outcrop and microscopic petrography suggest structurally controlled hydrothermal alteration has leached the quartz and carbonates from the itabirites, enriching them in iron.

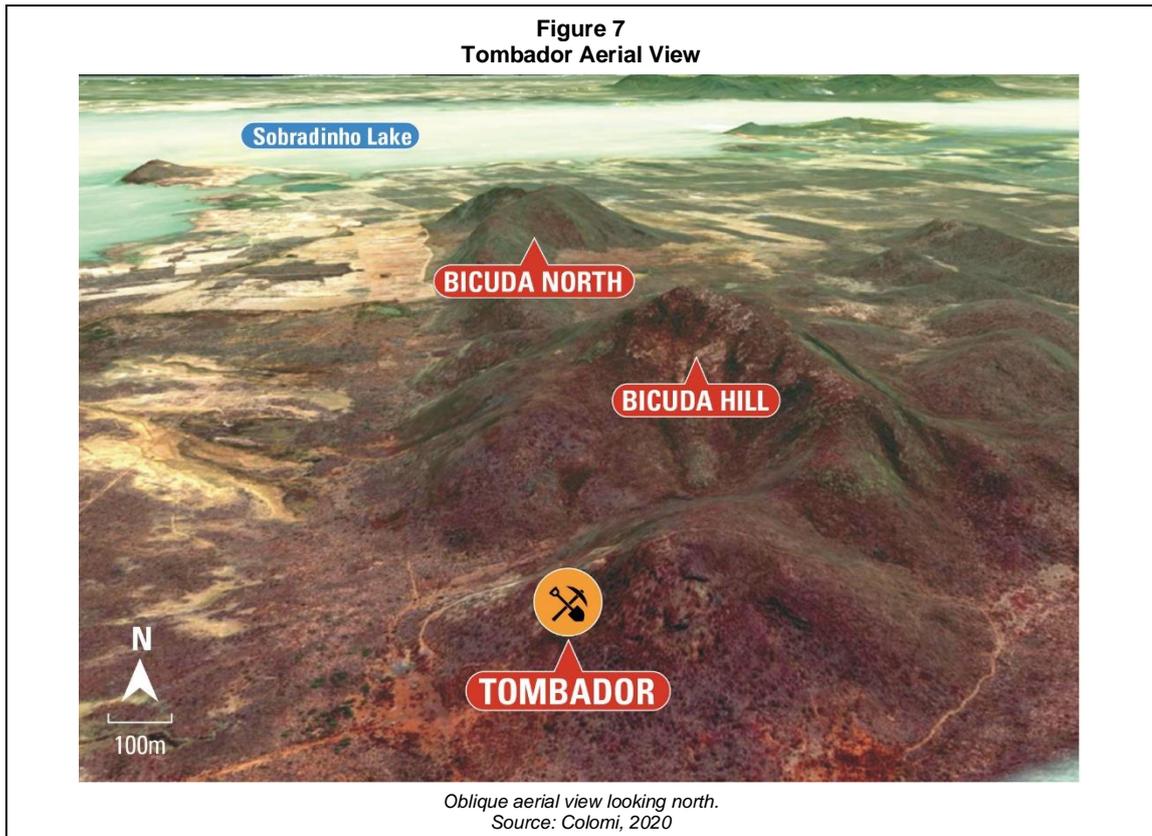
Two types of itabirite are distinguished, dolomitic itabirite (TDI) and siliceous itabirite (ICS). The former is composed of centimetric to decimetric bands of rhythmically alternating laminated dolomitic marble, quartz and iron oxides. Hematite and magnetite constitute the main iron oxides and occur in greyish bands associated with quartz. Siliceous itabirite contains millimetric to centimetric intercalations of recrystallised quartz and iron oxide rich bands containing variable amounts of magnetite and haematite. Intra-strata centimetric to decimetric recumbent and reclined folding is frequently observed in both types. The iron formations tend to be more resistant to erosion and therefore the topography is largely dominated by iron bearing stratigraphy (Figure 7).



A significant component of mixed massive hematite/itabirite mineralisation is also indicated in a boundary or “transitional” zone enveloping massive hematite. Due to the wide sample compositing (5m-10m), much of the differentiation between narrow massive hematite and itabirite is lost in the analytical data and hence in the resource model.

Three massive hematite types are distinguished:

- Compact Hematite;
- Friable Hematite; and
- Laminar Hematite.



It is estimated that the Tomabdor Deposit contains 70% laminated, 25% compact and 5% friable hematite (Yovanovic, 2013). The various Mineral Resource estimates (Coffey and GE21) did not distinguish between hematite types and reported all hematite Mineral Resources as Compact Hematite or HCO which is a literal translation from Portuguese “hematita compacta” to English of massive hematite. The dominant mineralogy is monocrystalline hematite with only trace magnetite and goethite in massive and laminated hematite varieties while martite is present in moderate amounts in the friable hematite (Yovanovic, 2013).

Layers of hematite rich talus occur, covering almost all the deposit. The talus thickness tends to increase towards the foot of the hills and the composition is directly proportional to the adjacent lithologies. The rock fragments in the talus vary from centimetre to metre size blocks composed mainly of itabirite with lesser amounts of quartzite, dolomite and shale. The matrix is predominantly silt with high levels of  $Al_2O_3$ . Mineral Resources have been estimated for insitu hematite mineralisation, hematite bearing talus and itabirite mineralisation.

## 4. EXPLORATION HISTORY

### 4.1 Pre 2008

Some historical mining was completed at the Tombador Project during the 1980's by a local company called Ferbasa. They mined the outcropping massive hematite with vertical box cut style mining and the richer talus that was deposited immediately below the outcropping hematite. Subsequent iron ore exploration in the Sento Sé block (including Tombador) was undertaken by CIM in conjunction with Vale S.A. (VALE), via an Investment Agreement. CIM started exploration in February 2004 when a topographic base grid was established and regional reconnaissance including geological traverses and rock sampling were undertaken. In November 2006, airborne magnetic surveys over the Sento Sé block were commissioned by VALE. At the end of 2006, six diamond drillholes were completed at the Bicuda deposit. Detailed geological mapping was completed in January 2007 over the entire Sento Sé block 1:5,000 scale maps or 1:2,000 scale. Between November 2007 and August 2009, the topographical grid was refined using a total station survey. In 2008, ground magnetic and ground gravity surveys were completed over the Sento Sé Block. This included the Tombador Project, Bicuda Norte and Bicuda Sul areas.

The work included; rock sampling, an airborne magnetic survey, ground magnetic and ground gravity surveys, RC and diamond drilling and metallurgical test samples (Colomi, 2010).

### 4.2 Post 2008 Drilling and Sampling

The exploration at the Tombador Project was part of a much larger exploration program completed over a number of exploration permits in the Colomi area and reported in the Final Exploration Report (FER) to DNPM (Brazilian National Department of Mineral Production) by VALE in February 2010 (Colomi, 2010). In May 2008 diamond drilling commenced on a regular grid at the Bicuda deposits and continued through to December of the same year. Between March and August 2009, additional diamond and RC drilling continued at the Bicuda Norte and Bicuda Sul deposits (Sento Sé Block). Between September and October 2009 drilling of the Jacobina itabirite deposit was also undertaken. All diamond holes were cored at HQ (6.35cm) diameter and the RC holes were 12.7cm diameter. The holes were mostly vertical with inclined hole trajectories measured using a Maxibor instrument at 3m intervals. All drillhole collars were topographically surveyed by total station surveying.

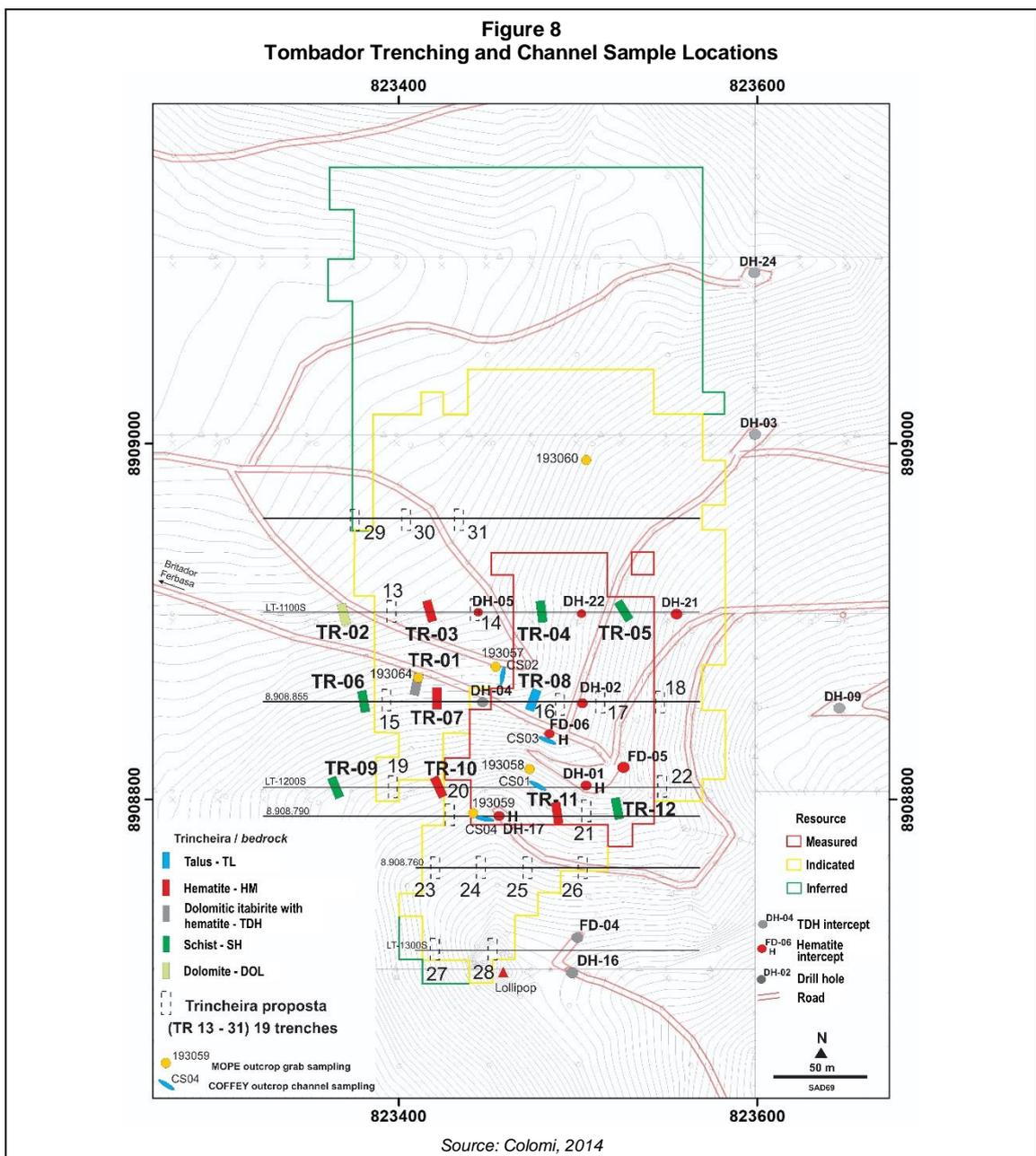
The drilling campaign in the Sento Sé block comprised 109 drillholes, totalling 14,376.95m. The average depth of the holes was 125m and the deepest hole was 250m. The holes were drilled on an 800 x 400m grid at the Jacobina deposit and at 200 x 200m or 100 x 100m at Bicuda/Bicuda Norte and Bicuda Sul deposits.

Twenty-eight HQ diameter diamond drillholes totalling 3,542.7m were completed within the Tenement 872.431/2003 at Bicuda/Bicuda North. All drill core was sampled. The holes at Bicuda were all vertical while some holes at Bicuda North were inclined. Inclined holes were surveyed every 3m for dip and azimuth using a REFLEX Maxibor® downhole instrument. Seventeen of the 28 holes were drilled and logged by VALE in and around the Tombador massive hematite deposit. The deposit was drilled at close spacing varying between 25m and 75m centres (Colomi, 2020). All drillhole collars were accurately surveyed by total station methods. As noted in JORC Table 1 of the Announcement, the results from eight vertical diamond drillholes which intersected thick high-grade hematite mineralisation were subsequently used in the HCO estimate (Rodrigues, 2014). There are an additional six drillholes which intersected narrow zones of massive hematite which were not included in the resource estimation (de Moraes Soares, 2020a).

All core was transported by VALE personnel from the drill site to the core storage facility in Sento Sé. Drill boxes were labelled with hole number and depth interval and the core was photographed prior to logging and sampling.

### 4.3 Trenching

In 2012 detailed surface geological mapping was completed over the Tombador Project area. In addition to the geological mapping, CIM excavated 12 trenches in the area of massive hematite mineralisation. The trenching program was reported in February 2014 (Colomi, 2014). Twelve trenches were dug manually and mapped in detail with the objective of examining the talus overlying bedrock, estimating the massive hematite component of talus fragments and mapping the extent of massive hematite bedrock beneath the talus. Trench locations and trench bedrock composition are shown in relation to drillholes and channel chip sampling in Figure 8.



#### 4.4 Channel Chip Sampling

A channel sampling program was also completed in 2013 to improve confidence in the near surface mineralisation not effectively tested by the diamond drilling program. Continuous chip sampling of massive hematite outcrops was completed and locations are shown in Figure 8. Some of the chip sampling locations coincided with nearby existing drillholes or trench sampling for comparison of assay results. Channels were cut by continuous chipping over 1m intervals using a hammer and rock chisel. The sampling was designed to collect the same sample mass per linear metre as HQ diamond drill core (~5kg/m). Twenty such samples were collected from outcrop and used in the Mineral Resource estimate. Sample preparation and analysis was effectively the same as for sawn half diamond drill core samples.

#### 4.5 Drilling Data Collection

The diamond core holes were logged in detail (geological and geotechnical), core recovery measured and marked up for sampling. Density measurements were completed on core billets. Core samples were sawn in half with half of the material sent for chemical analysis and half stored in the local core shed. For the HCO resource holes and for the itabirite resource drilling, selective sampling of the diamond drill core occurred. Only mineralised intervals identified from logging were sampled for assay. A selvage of barren country rock usually up to 2m width was also sampled on either side of mineralised intervals. Other than these barren margin samples, sampling was at 10m intervals within massive mineralisation. Sometimes longer intervals to a maximum of 15m and shorter intervals to a minimum of 5m were sampled to coincide with structural or lithological boundaries. Raw assay data from sampling was subsequently composited to 10m intervals within the mineralisation domains for data treatment and resource estimation.

The drilling information, geological and geotechnical descriptions, and sample intervals and numbers for each hole were imported from LogMate software data format into a Microsoft Access database. Material data copies and original paper forms were stored in a physical archive in the office at the Remanso storage facility.

#### 4.6 Sample Preparation and Analysis

The sample preparation scheme for the diamond drill core from massive hematite mineralisation commenced with weighing and drying to determine moisture content, then crushing to passing 31.5mm. At this point one third of the sample was split off for subsequent crushing to <3mm, homogenisation, splitting of ¼ of the mass for pulverising (95% passing 150# mesh) and total sample assay. If the HCO intersection was >5m width, the remaining two thirds of the sample mass was split off for “*Wet Granulometric assay*”. For the *Wet Granulometric assay* method, the crushed sample was screened into four size fractions (-31.5mm+8mm, -8mm+1mm, -1mm+0.15mm, and -0.15mm). The two coarser fractions were again crushed to -4mm then homogenised. A 250g aliquot was taken from all four fractions for pulverising (95% passing 150# mesh) and subsequent assay. In this way for each interval assayed, the chemical characteristics of the different size fractions could be examined as well as that of the total sample. Total sample assays were used in the resource estimation.

The VALE, physical preparation laboratory located in Santa Luzia, Minas Gerais was responsible for sample preparation (Rodrigues, 2014). Chemical analyses were conducted by SGS Geosol in their Vespasiano, Minas Gerais laboratory. External laboratory check samples comprising of 5% of the pulps were completed in the ALS Chemex laboratory.

Sample pulps were assayed by X-Ray fluorescence (XRF) for the following elements and oxides: Fe, SiO<sub>2</sub>, P, Al<sub>2</sub>O<sub>3</sub>, Mn, TiO<sub>2</sub>, CaO, MgO, BaO, K<sub>2</sub>O, Na<sub>2</sub>O, and Cr<sub>2</sub>O<sub>3</sub>. FeO was determined on all samples by wet chemistry (potassium dichromate titration). Loss on Ignition Determination (LOI) at 1000°C was also completed on all samples (Rodrigues, 2014). The level of formal accreditation of the sample preparation and analytical laboratories is not known however it is reasonable to assume they are industry standard.

#### 4.7 QAQC

The QAQC protocols utilised during drilling campaigns at Tombador completed by VALE between 2007 and 2009 comprised field duplicates at a rate of 1:20 samples (from 5m split diamond core billets), crushing duplicates (<4mm) at a rate of 1:30 samples, pulp duplicates (<0.105mm) at a rate of 1:20, internal laboratory pulp duplicates, external laboratory check samples (pulps) and a project standard (reference material) at a rate of 1:20 samples. No raw QAQC data from the drilling and assaying campaigns was available for analysis by Coffey Consultoria e Serviços Ltda. (Coffey) during its resource estimation and reporting between 2011 and 2014. Coffey reported on the adequacy of the QAQC data and results on the basis of VALE's QAQC reporting and on Coffey's experience with VALE's work elsewhere in Brazil. This adequacy and effectiveness were also reported during the most recent Mineral Resource reporting by GE21 Consultoria Ltda. (GE21). While some improvements were recommended (Rodrigues, 2014), no serious flaws were identified and the resulting data were judged adequate for use in the Mineral Resource estimation and reporting. QAQC protocols introduced under Coffey's guidance during the channel chip sampling program included coarse crushed duplicates, pulp duplicates, standards, and blanks. These were inserted at a frequency of 1 in 20 and performed in an acceptable manner.

## 5. RESOURCE ESTIMATION

### 5.1 Resource Estimation History

The exploration program for the Tombador Project was completed as part of a much larger program by VALE, a major iron ore mining company. The Vale work, including that at Tombador, was reported in the Final Exploration Report (FER) to DNPM/ANM (Brazilian National Department of Mineral Production/National Agency of Mining) and was subsequently reviewed by Mr Leonardo de Moraes Soares, the CP for the Mineral Resource estimate for the Project, as stated in the Announcement. Geological modelling and evaluation of the resources for six deposits was completed and reported as part of this work (Colomi, 2010). Resource estimates were reported for Bicuda/Bicuda Norte, Bicuda Sul, Jacobina, Boqueirão do Joaquim, Caldeirão dos Colomis and Colomis Norte. In 2011, Coffey completed a JORC 2004 compliant resource estimate for the larger Colomi project on behalf of CIM. A subset of the estimate for higher grade HCO mineralisation at Bicuda was tabled as 2.9Mt @ 66.7% Fe (Viana, 2011). An Independent Technical Report on Resources was prepared by Coffey and released on 29 September 2013. Bicuda (Tombador) and Bicuda Norte resources were again reported together.

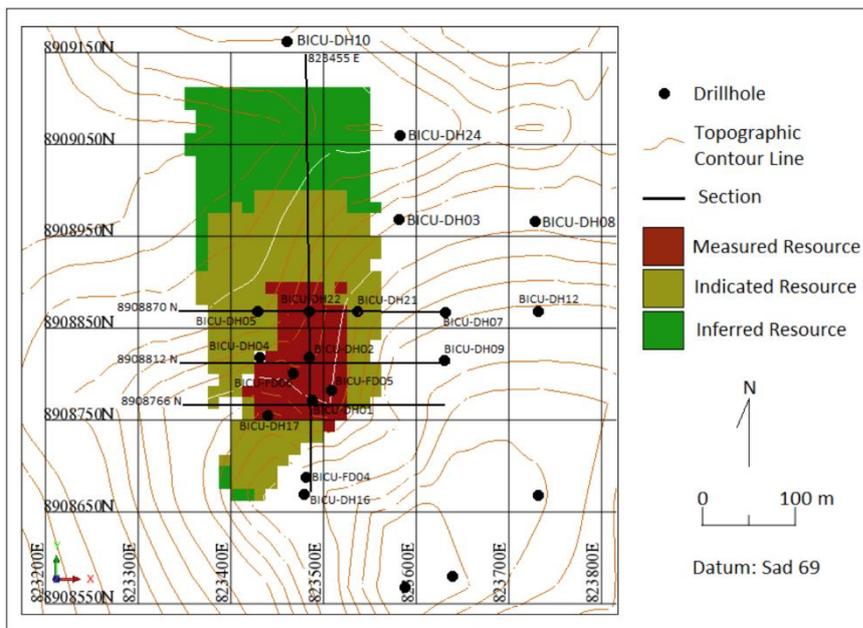
In 2014, Coffey updated the Mineral Resources for the Tombador Project deposit (the high-grade portion of the Colomi Project) and reported in accordance with the guidelines as set out in the JORC Code. The estimate utilised the same drillhole data from the 2011 estimate together with some additional sampling results (channel chip sampling). The Measured and Indicated Mineral Resources for the high-grade hematite were estimated at 5.41Mt at 67.21% Fe, 1.76% SiO<sub>2</sub>, 0.53% Al<sub>2</sub>O<sub>3</sub>, 0.032% Mn, 0.095% P and 0.36% LOI, (with 60%Fe lower cutoff grade applied). Inferred resources for HCO were estimated at 2.58Mt at 67.48% Fe, 1.54% SiO<sub>2</sub>, 0.62% Al<sub>2</sub>O<sub>3</sub>, 0.027% Mn, 0.086% P and 0.28% LOI (with 60% Fe lower cutoff grade applied). Additional Inferred Resources, composed basically of a talus deposit (TAL) overlying the hematite deposit, were estimated at 2.06Mt at 43,17% Fe, 31.08% SiO<sub>2</sub>, 2.04% Al<sub>2</sub>O<sub>3</sub>, 0.276% Mn, 0.022% P and 2.49% LOI, with 20% Fe lower cutoff grade applied (Table 3). The cutoff values applied were said to be based on knowledge from study of other similar deposits (Rodrigues, 2014).

Unit	Resource Class	Cutoff Grade (% Fe)	Tonnes (Mt)	Fe (%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	Mn (%)	P (%)	LOI (%)
Compact (Massive) Hematite	Measured	60	1.94	67.04	1.95	0.47	0.037	0.101	0.44
	Indicated	60	3.47	67.30	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

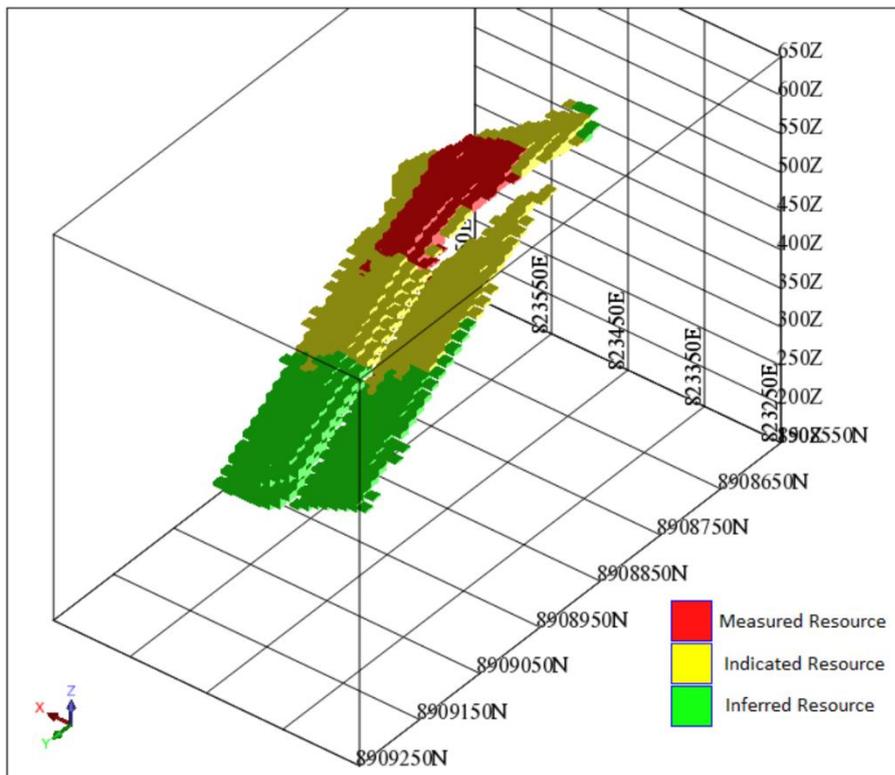
Source: RESA, 2020

The HCO (massive hematite) resource block model was built as an extension of the original model presented in the previous Coffey estimate. The extended model was based on more detail field mapping, surface channel-chip sampling data and a new interpretation on downdip and down plunge extension based on half the distance between HCO mineralised and non-HCO mineralised holes. A 3D block model was constructed for resource estimation purposes for the HCO orebody. The block dimensions were defined as 25m x 25m x 5m, honouring the grid spacing, and subblocks of 12.5m x 12.5m x 2.5m aiming to ensure good adherence to the geological model (Figure 9). Density estimates came from a significant amount of real data measured from diamond drill core by VALE on individual rock types and mineralisation types.

**Figure 9**  
**Tombador HCO Block Model Resource Classification**



**(a) Block Model Plan View**



**(b) Block Model 3D View (looking SE)**

Source: Rodrigues, 2014

Grade interpolation was by Ordinary Kriging (OK) with search ellipses and ranges determined from experimental variograms constructed from the spatial assay data. The method was used to estimate Fe%, SiO<sub>2</sub>%, Al<sub>2</sub>O<sub>3</sub>%, Mn%, P% and LOI% variables in the compact (massive) hematite (HCO) unit. Grade interpolation in the Talus mineralisation was by OK into a block model containing 100m x 100m x 5m blocks and 25m x 25m x 5m sub blocks (de Moraes Soares, 2020a).

## 5.2 Current Massive Hematite Mineral Resources

In April 2020, the hematite Mineral Resource estimation reporting was updated by GE21 for TIM (de Moraes Soares, 2020a). The update reported the exact same Mineral Resources and classification as those reported by Rodrigues in 2014 (Figure 9). These Mineral Resources were publicly reported by the Company in the Announcement. The Announcement included accompanying JORC Table 1 and provision of the appropriate Competent Person (CP) statement and consent.

## 5.3 Current itabirite Mineral Resources

The Acquisition Agreement provides that the mineral rights to the itabirite Mineral Resources on the Tombador Project will be retained by CIM, with a royalty payable to TIM on any future production following the conclusion of the Company's mining operations. As such the itabirite Mineral Resource represents a potential royalty stream following completion of the Company's mining operations at the Project.

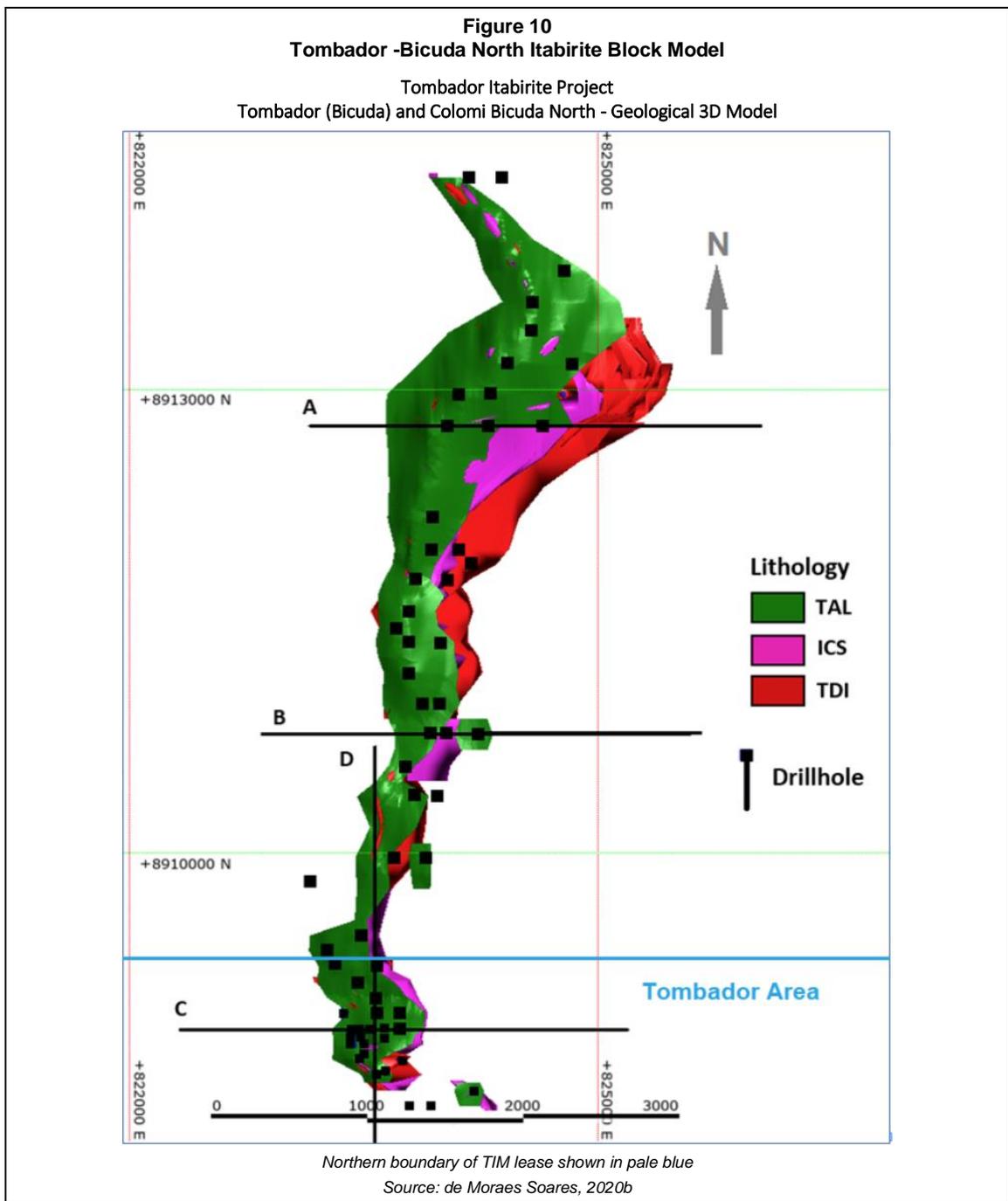
In April 2020, an estimate for the itabirite Mineral Resources on the Tombador Project was also reported by GE21 (de Moraes Soares, 2020b). These Mineral Resources were also publicly reported in the Announcement on 12 June 2020 by the Company. The Announcement included accompanying JORC Table 1 and provision of the appropriate Competent Person (CP) statement and consent.

The drilling and sampling program for Tombador (Bicuda) and Bicuda North itabirite deposits were completed together and stored as one dataset. Resource modelling including wireframing, variography, estimation and classification were completed in one block model. Block dimensions were 50m x 50m x 5m with 12.5m x 12.5m x 2.5m sub blocks. Estimation methodology was as per the Tombador massive hematite deposit. Resources for the Bicuda itabirite in tenement 872.431/2003 were cookie cut from the block model on tenement boundaries and reported separately (Figure 10).

The Indicated Mineral Resource for the Tombador Itabirite Project area was estimated at 27.52Mt with an average grade of 37.65% Fe for Siliceous Itabirite and 12.03Mt with an average grade of 26.58% Fe for Dolomitic Itabirite (Table 4). Additional Inferred Mineral Resources for the Tombador Project area have been estimated at 3.77Mt with an average grade of 39.90% Fe for Siliceous Itabirite, 6.29Mt with an average grade of 26.61% Fe for Dolomitic Itabirite and 0.73Mt with an average grade of 42.39% Fe for a thin blanket of Talus mineralisation. A cutoff grade of 20% Fe was used. The estimate was based on information collected by previous operators VALE up to 29 September 2011. No additional drilling or sampling was completed after that date.

### 5.4 Conclusions and Recommendations

Tuscan has not independently validated the Tombador Mineral Resources and relies on the information provided by the CP responsible for them. Tuscan has however reviewed the historical and current resource reporting as well as the drilling analytical database, the information relating to data collection, data treatment, QAQC protocols, resource estimation methodology and resource reporting provided. Tuscan believes the Mineral Resources as reported have been derived from appropriate data in an industry standard manner and have been appropriately classified.



**Table 4**  
**Tombador Itabirite Mineral Resources**

	Resource Class	Tonnes (Mt)	Fe (%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	Mn (%)	P (%)	LOI (%)
<b>Bicuda - TAL</b>	Inferred	0.73	42.39	33.04	2.02	0.259	0.019	2.54
<b>Bicuda - ICS</b>	Indicated	27.52	37.65	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
<b>Bicuda - TDI</b>	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

TAL= talus, ICS= siliceous itabirite, TDI = dolomitic itabirite

Source: adapted from de Moraes Soares, 2020b

Tuscan recommends additional drilling and sampling to better define the Mineral Resources and to test for extensions and additions to the bedrock hosted high grade hematite mineralisation. Tuscan specifically recommends near surface drilling to define the potential up plunge resources lying between the top of the Coffey resource model and the high-grade hematite outcrops at surface. Similarly, the lower grade bedrock mineralisation comprising mixed massive hematite and itabirite should be better defined through infill and extensional drilling if viable processing options can be demonstrated. Sampling and assaying should be over smaller intervals than the 10m composites previously employed. Tuscan believes sampling intervals of 2.5m or less would be more appropriately matched to mining bench height and SMU. Shorter composites would better differentiate between massive hematite and itabirite in mixed or “transitional” grade material. The talus mineralisation should also be better defined through infill and extensional drilling should metallurgical testwork show mining and processing of this mineralisation could be commercially viable.

Infill drilling to convert the down plunge DSO hematite Inferred resources to Measured or Indicated status and extensional drilling should both be considered as a third priority provisional on demonstration of potentially economic mining options (pit cut back driven by viable processing of mixed mineralisation or viable underground mining).

Additional localised deposits of DSO grade mineralisation are highly likely to be associated with itabirites elsewhere in the Sento Sé Block. TIM should assess this potential for defining targets and negotiating exploration and development rights to these if possible. The potential for high grade channel iron deposits (CID) should also be assessed. These would be a target for low cost, minimal beneficiation ores derived from lower grade itabirite protorees.

## 6. DEVELOPMENT STUDIES

### 6.1 Introduction

Prior to 2013, the focus of iron ore development studies in the Sento Sé Block was on mining and beneficiation of the itabirite deposits to produce a fine grained, high grade iron ore concentrate suitable as sinter feed. From 2013, focus has been on early development of a DSO iron ore project based on the high-grade hematite deposit at Tombador. Definition of Ore Reserves requires completion of additional technical and economic studies in the next phase of project development. Individual studies completed between 2013 and 2019 are discussed in the following sections.

### 6.2 Processing

#### 6.2.1 MOPE Testwork

Processing testwork was managed by Modelo Operational Ltda. (MOPE) and reported in 2013 (Yovanovic, 2013). Work was based on ten bulk samples of the three hematite types, massive (M), laminated (L) and friable (F) which occur at the Tombador deposit. Two 100kg samples of massive, two 100kg samples of laminated and one 100kg sample of friable were collected from individual outcrops. The terms massive and compact have been used interchangeably in the process testwork.

Three individual samples of laminated were sourced from core from three diamond drillholes (49kg, 50kg, and 31kg). One 53kg composite sample of laminated was sourced from core from three drillholes and one 125kg composite of all three hematite types was made up from drill core from five holes. Testwork included crushing with chemistry and size analysis of products, thermal characteristics of products and gravity separation to beneficiate sub grade mineralisation (Colomi, 2020).

Results of the crushing testwork demonstrated the high overall average quality of the deposit with 76.8% of the mass-producing lump size (-38 +6.35mm) @ 67.4% Fe. An additional average 10.5% of coarse sinter feed (+1 -6.35mm) with 67.44% Fe could be screened off. The remaining fines (<1mm) comprised 12.7% of the mass at an average grade of 65.4% Fe. To estimate the grade of an overall deposit lump blend, the results were averaged by lithology (M,L and F) and then the averages weighted according to prevalence of the three types in the deposit giving a combined product with very high iron content and relatively low deleterious elements (Table 5).

MOPE identified some material variations in the minor and deleterious element chemistry between the 10 samples and recommended blending of mined material prior to crushing to ensure local higher values were blended out (Yovanovic, 2013).

Thermal characterisation testwork was also completed by MOPE to investigate the likely performance of the lump ore in a blast furnace, specifically to test for decrepitation, tumbling, abrasion RDI and reducibility. Four samples from outcrop were tested comprising individual samples of massive compact hematite, laminated hematite and friable hematite together with one composite sample of all three types. The testwork demonstrated that the samples have acceptable thermal characteristics, with some further testing required of other relevant indexes (Colomi, 2020).

**Table 5**  
**Tombador DSO Lump Chemistry**

Sample	Lithology	% Fe	% P	% SiO <sub>2</sub>	% Al <sub>2</sub> O <sub>3</sub>	% Mn	% LOI
CO-HR-59	laminated	69.08	0.05	0.57	0.27	0.02	-0.24
CO-HR-60	laminated	69.17	0.02	0.47	0.19	0.03	-0.21
CO-HR-65	laminated	69.13	0.03	0.55	0.18	0.01	0.27
CO-HR-66	laminated	64.65	0.07	4.46	0.51	0.02	0.29
CO-HR-67	laminated	65.48	0.06	0.91	0.25	0.01	2.05
CO-HR-69	laminated	66.16	0.06	1.32	0.27	0.01	1.83
average	laminated	67.28	0.05	1.38	0.28	0.02	1.11
CO-HR-57	massive	66.88	0.07	2.74	0.17	0.02	-0.24
CO-HR-58	massive	67.06	0.06	1.42	0.82	0.01	0.39
average	massive	66.97	0.07	2.08	0.50	0.02	0.39
CO-HR-64	friable	68.20	0.02	1.24	0.54	0.10	0.06
<b>Overall Deposit Blend</b>	<b>@ 70 / 25 / 5% L M F</b>	<b>67.25</b>	<b>0.05</b>	<b>1.55</b>	<b>0.35</b>	<b>0.02</b>	<b>0.88</b>

L=laminated, M= massive, F= friable

Source: Colomi, 2020

### 6.2.2 Simulus Engineers Crusher Design Concept

In 2014, Simulus Engineers (Simulus) was commissioned by CIM to review the available metallurgical testwork data and based on this, generate a conceptual/scoping level of study for a DSO crushing and screening circuit. No new testwork was undertaken and the study relied heavily on the testwork managed by MOPE and reported in July 2013. The Simulus proposed flowsheet was based on the MOPE testing and from conventional flowsheets used by other iron ore miners.

It was envisaged that a mobile plant would enable early production of the DSO. A simple two-stage primary jaw crusher and secondary cone crushing circuit were proposed. It was suggested that this could be provided as a mobile plant, supported by a vibrating screen unit and radial stackers producing both a lump and sinter feed product which could be stockpiled and reclaimed by front-end loader onto haulage trucks for road transport to port. Another front-end loader or excavator would be required to feed the primary crusher.

The individual processing units required; crushing and dry screening, are common to almost all iron ore operations and are considered low risk and highly operable. Simulus considered their study demonstrated a technically viable process for Tombador DSO production but one which needed to be supported by a more extensive testwork program as part of a pre-feasibility study (Simulus, 2014).

## 6.3 Operation Concept

The most recent technical studies have been at concept study level (Colomi, 2020). The operational concept aims to achieve production and revenue in a short time frame while minimising capital expenditure. The production method assumes a simple drill, blast, load and haul open pit mining operation. The deposit geometry and local topography suggest a low life of mine waste to ore stripping ratio of 2.1 to 1 (tonnes to tonnes) should be possible. It is envisaged that 5Mt of massive hematite will be mined then crushed and screened on site into high grade lump and high-grade fines products.

Contractor mining was envisaged with processing via mobile crushing and screening equipment with hire and purchase options considered. Preliminary investigations were also completed for transport and shipping options including road transport 700km to Terminal Marítimo Inácio Barbosa (TMIB) at Barra dos Coqueiros, in Aracaju, Sergipe State. Approximately 5.5km of road construction will be required from the mine gate to the nearest gazetted state road.

Some preliminary budget quotes were obtained for contractor mining, purchase new versus second hand processing plant and trucking costs to port. Quotes have also been obtained for port costs at Aracaju. Site infrastructure such as power, workshops, mine office, laboratory, accommodation etc have also been investigated. Preliminary investigations by CIM suggest there are no permitting, social, community or environmental impediments to development (Colomi, 2020). CIM has already received a Preliminary Licence (LP) for mining operations at Tombador, which covers environmental and social considerations.

## 6.4 Conclusions and Recommendations

Whilst initial project studies for the Tombador Project suggest a low capital start up DSO iron ore project with early cashflow may be feasible, the economic benefits have yet to be quantified. There are currently no formally reported Ore Reserves. The Project's technical-economic studies require further development from the current concept level to feasibility level so that Ore Reserves can be formally established and the positive economic potential more accurately quantified. Capital and operating costs together with DSO product pricing and hence revenue all require confirmation. As part of these studies, Tuscan recommends that additional crushing testwork be completed on the DSO to further characterise deposit variability in lump/fines proportions and chemistry. Additional gravity separation testwork on sub grade DSO or mixed massive hematite and itabirite is recommended. This style of mineralisation will be mined in the process of accessing the high-grade DSO. It would make a meaningful contribution to the mineable Mineral Resources if gravity separation processing via DMS or other cost-effective method was possible to produce a saleable product or a blending component. Additional testwork should also be completed on talus mineralisation to investigate: its suitability for beneficiation, potential DSO yield, and chemical characteristics of beneficiated product.

## 7. PROJECT DEVELOPMENT STRATEGY AND BUDGET

### 7.1 Exploration and Development Program and Budget

The Company has provided a development strategy, budget and work program for the first twelve months following the Capital Raising. The Company intends to follow the fastest development path with commencement of production with minimal capital expense within 12 months of completion of the Capital Raising. The proposed work program is as follows:

- The Permitting process will continue from funding through to production.
- A 3-month infill and geotechnical drilling is planned to commence as soon as funds are available followed by a PFS and Ore Reserve estimation anticipated to take another 3 months.
- Following successful negotiation with key contractors, mobilization and site construction can commence which is expected to take 3 months.
- Following construction and the approval of the operating and mining licence, production can commence.

The indicative budget is presented in Table 6.

Allocation of funds	Minimum Subscription	Maximum Subscription
Environmental and mining licencing <sup>1</sup>	\$447,000	\$447,000
Infill drilling and mine planning <sup>2</sup>	\$982,000	\$1,200,000
Contractor mobilisation and pre-strip <sup>3</sup>	\$956,000	\$956,000
Site construction <sup>4</sup>	\$626,000	\$2,668,000
Brazil project costs <sup>5</sup>	\$1,808,000	\$1,808,000
Corporate costs <sup>6</sup>	\$1,565,000	\$1,565,000
Working capital <sup>7</sup>	\$2,761,000	\$5,180,000
Cost of the Public Offer <sup>8</sup>	\$1,005,000	\$1,326,000
<b>Total</b>	<b>\$10,150,000</b>	<b>\$15,150,000</b>

- Notes:
1. Expenses for environmental and regulatory licensing. This involves obtaining a construction licence, operating licence and mining licence.
  2. Expenses for infill and Geotech drilling, metallurgical test work samples for customers, completion of PFS and definition of Ore Reserves. In the case of over subscription additional drilling and sample testwork is completed to allow for an accelerated path to full production rate. It is anticipated the drilling program would take 3 months, and the PFS and Ore Reserves another 3 months.
  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 and setup costs for a hire crush and screen plant. In the case of over subscription included purchase and setup costs for a crush and screen plant.
  5. Direct site costs, general Brazil administration expenses and overheads, and Brazil staff salaries through to production
  6. General administration expenses, corporate costs and overheads, and staff salaries through to commencement of production.
  7. Working capital for ongoing operational site costs (e.g. contractor expenses) through to first revenue from production and for general working capital purposes. In the case of over subscription additional working capital will allow for an accelerated path to full production rate, and less reliance on trade financing.
  8. This includes ASX listing fees, share registry, independent experts (legal, accounting, and geological) and corporate advisor fees.
  9. Exchange rate of BRL:USD = 5:1 and AUD:USD = 0.69:1.

## 7.2 Conclusions and Recommendations

The Tombador Project is an advanced exploration/pre-development project. It represents an attractive opportunity, subject to varying levels of risk, for low capital start up production of high-grade iron ore at low operating costs. It is located in an area of developed infrastructure with multiple shipping options. Tuscan believes that further development studies are warranted to support transition to production.

Tuscan supports the plan for additional infill and extensional resource drilling to upgrade all DSO Mineral Resources to Measured and Indicated classification and inclusion of holes positioned so as to better quantify up plunge Mineral Resources as well as infill and extension of the DSO.

Economic, technical and legal-commercial studies should be advanced from the current concept-scoping stage by completion of a pre-feasibility study to support declaration of Ore Reserves for the Project and underpin the transition to production.

## 8. GLOSSARY OF TECHNICAL TERMS

\$	Australian dollars.
Al	The chemical abbreviation for aluminium.
<i>albite</i>	A plagioclase feldspar mineral. The sodium endmember of the plagioclase solid solution series.
<i>alteration</i>	The change in the mineral composition of a rock, commonly due to hydrothermal activity.
<i>amphibolite facies</i>	Conditions of moderate to high temperatures (450°C to 700°C) during regional metamorphism.
<i>anticline</i>	A fold in rocks in which strata dip in opposite directions away from the central axis.
<i>antiformal</i>	A fold in rocks in which strata dip in opposite directions away from the central axis but for which the correct way up is not known.
<i>Archaean</i>	The second oldest of the four geologic eons of Earth's history, occurring 4,000 to 2,500 million years ago (4Ga-2.5Ga).
<i>basalt</i>	A fine-grained volcanic rock composed of feldspars and mafic minerals including olivine, pyroxene and amphibole.
<i>bcm</i>	Bank Cubic Metre. A cubic metre of rock or material in situ before it is extracted.
<i>biotite</i>	A dark iron rich mica.
<i>BRL</i>	Brazilian Real. Equals 0.26 AUD
C	The chemical symbol for carbon.
Ca	The chemical symbol for calcium.
<i>calcite</i>	A mineral of composition CaCO <sub>3</sub> (calcium carbonate), which is an essential constituent of limestones, marbles or a product of hydrothermal alteration.
<i>chert</i>	A fine grained silica dominant sedimentary rock.
<i>chlorite</i>	The name of a group of common sheet silicate minerals that form during the early stages of metamorphism or alteration. Most chlorite minerals are green in colour.
<i>dolomite</i>	A common rock-forming mineral. It is a calcium magnesium carbonate with a chemical composition of CaMg(CO <sub>3</sub> ) <sub>2</sub>
<i>dolomitic</i>	Containing a significant component of dolomite.
<i>DSO</i>	Direct shipping ore, usually in reference to high grade hematite deposits requiring very minimal processing prior to sale.
<i>Fe</i>	The chemical symbol for iron.
<i>ferruginous</i>	Containing or rich in iron.
<i>Ga</i>	giga annum or billions of years.
<i>gneiss</i>	A high-grade metamorphic rock identified by its bands and lenses of varying composition.
<i>granite</i>	A coarse-grained igneous rock containing mainly quartz and feldspar minerals and subordinate micas.
<i>greenschist facies</i>	A classification of the metamorphic grade of a rock, diagnostically defined by the metamorphic formation of chlorite and biotite at generally lower pressures and temperatures.
<i>hematite</i>	An iron oxide mineral with the formula Fe <sub>2</sub> O <sub>3</sub> .

<i>itabirite</i>	A banded iron formation with quartz hematite magnetite and martite.
<i>JORC</i>	Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy. Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.
<i>kt</i>	Thousand metric tons.
<i>LOI</i>	Loss on ignition, referring to water lost on heating to 1000°C.
<i>magnetite</i>	An iron oxide mineral with the chemical formula Fe <sub>3</sub> O <sub>4</sub> .
<i>martite</i>	Partial or total hematite replacement of original magnetite.
<i>Maxibore</i>	REFLEX maXiboR. An optical instrument for accurate surveying the downhole dip and azimuth of drillholes.
<i>migmatite</i>	Rock composed of a metamorphic host material that is streaked or veined with granite; usually gneissic.
<i>Mn</i>	The chemical abbreviation for manganese.
<i>Mt</i>	Million tonnes.
<i>Mtpa</i>	Million tonnes per annum.
<i>muscovite</i>	A common member of the mica family, it is a hydrated sheet silicate mineral of aluminium and potassium with formula KAl <sub>2</sub> (AlSi <sub>3</sub> O <sub>10</sub> )(F,OH) <sub>2</sub> .
<i>O</i>	The chemical abbreviation for oxygen.
<i>P</i>	The chemical abbreviation for phosphorous.
<i>Palaeoproterozoic</i>	The first era of the Proterozoic eon. It lasted from 2500 to 1600 million years ago.
<i>protore</i>	Rock containing sub-economic material from which economic mineral deposits may form by geologic concentration processes such as enrichment through weathering.
<i>quartz</i>	A mineral composed of silicon dioxide, SiO <sub>2</sub> .
<i>quartzite</i>	A metamorphic rock composed almost entirely of quartz derived from quartz-rich sandstone.
<i>QAQC</i>	Quality assurance and quality control.
<i>RC</i>	Reverse circulation drilling method in which sample material is delivered to the surface inside the rod string by compressed air.
<i>regolith</i>	General name given to many weathered or unconsolidated materials that cover the bedrock (gravel, soil, alluvium, clays etc.).
<i>schist</i>	A metamorphic rock which consists of layers of different minerals and can be easily split into thin irregular plates.
<i>shear zone</i>	A zone in which shearing has occurred on a large scale, such that the rock is deformed in a dominantly ductile manner.
<i>Si</i>	The chemical abbreviation for silicon.
<i>silicification</i>	Replacement by, or introduction of, appreciable quantities of silica, via hydrothermal alteration.
<i>sinter feed</i>	A fine grained, high grade iron ore concentrate comprising magnetite or hematite suitable for agglomeration by sintering prior to use in steel making.
<i>sintering</i>	A process for converting fine-sized raw materials, including iron ore into an agglomerated product, sinter, of suitable size for charging into a blast furnace.
<i>SMU</i>	Selective mining unit (SMU) is the smallest volume of material on which ore/waste classification is determined.

<i>strike</i>	Horizontal direction or trend of a geological structure.
<i>strike length</i>	The horizontal distance along the long axis of a structural surface, mineral deposit or geochemical anomaly.
<i>syncline</i>	A fold in rocks in which the strata dip inward from both sides towards the axis.
<i>synformal</i>	Syncline like (fold) for which the way upwards of the rock sequence has not been determined.
<i>t</i>	Metric ton.
<i>t/bcm</i>	Tons per bank cubic metre.
<i>talus</i>	An outward sloping accumulated mass of rock fragments derived from and lying at the base of a cliff or very steep, rocky slope, and formed chiefly by gravitational falling, rolling, or sliding.
<i>tpa</i>	Metric tons per year.
<i>weathering</i>	The effect on rocks and minerals of prolonged exposure to atmospheric elements such as water and oxygen.

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## 10. BOARD AND MANAGEMENT

### 10.1 Directors of the Company

On Completion of the Acquisition, it is proposed that:

- (a) existing Directors Bill Nikolouzakis and Andrew Jensen will resign;
- (b) existing Director Stephen Quantrill will remain as a Non-Executive Director;
- (c) Proposed Director Anna Neuling will be appointed as Non-Executive Chairman; and
- (d) Proposed Directors Keith Liddell and David Chapman will be appointed as Non-Executive Directors.

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

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

Ms Neuling 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.

Ms Neuling 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 director 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 Non-executive Director of Neuroscientific Biopharmaceuticals Ltd (ASX:NSB) and Executive Chairman of McRae Investments, the venture capital and investment holding company established by Harold Clough in 1965. Mr Quantrill 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** (*Proposed 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** (*Proposed 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.

The Company is aware of the need to have sufficient management to properly manage the business and the Board will continually monitor the management roles in the Company. The Board may look to appoint additional management and/or consultants when and where appropriate to ensure proper management of the Company.

## 10.2 Senior Management

**Gabriel da Cunha Oliva** (*Proposed Chief Executive Officer*)

Gabriel is a corporate legal counsel and business administrator. He is a Brazilian mining law specialist with significant experience in mining start-ups. He has considerable experience in project financing for mining companies and acted as the in-house lawyer responsible for coordinating the Brazilian financing package for the construction of the Santa Rita Nickel Mine (TSX offering of C\$130M and a credit facility of \$ 190M). Gabriel has 14 years of experience with mining projects in Brazil assisting the development of various junior mining companies exploring for minerals such as nickel, iron, kaolin and manganese. Gabriel holds a Bachelor's Degree in Law from the Catholic University of Rio de Janeiro (PUC-Rio - LL.B, 2006) and has been working for Colomi Iron Mineração Ltda since inception in 2005. He is a board member of the Shippers Association of Bahia – USUPPORT and is member of the Brazilian Bar Association (OAB/RJ).

### 10.3 Personal Interests of Directors

Directors are not required under the Constitution to hold any Shares to be eligible to act as a Director. Details of the Current Directors' and Proposed Director's remuneration are set out in the table below:

Director	Remuneration for year ended 30 June 2019	Remuneration for year ended 30 June 2020	Proposed remuneration for current financial year
<b>Current Directors</b>			
Bill Nikolouzakis <sup>3</sup>	300,933 <sup>1</sup>	\$260,011 <sup>1</sup>	\$15,000 <sup>2</sup>
Stephen Quantrill	30,000	30,000	45,000
Andrew Jensen <sup>3</sup>	Nil	Nil	\$12,500 <sup>2</sup>
<b>Proposed Directors</b>			
Anna Neuling	Nil	Nil	60,000
Keith Liddell	Nil	Nil	45,000
David Chapman	Nil	Nil	45,000

**Notes:**

1. This includes superannuation and emoluments.
2. This is based on Completion having occurred by 30 September 2020.
3. Mr Nikolouzakis and Mr Jensen will resign on Completion.

The Company's Constitution provides that the remuneration of non-executive Directors will be not more than the aggregate fixed sum determined by a general meeting. The Shareholders have approved the payment of fees to the Non-Executive Directors which in aggregate cannot exceed \$500,000 per annum, although this may be varied by ordinary resolution of the Shareholders in general meeting.

The remuneration of any executive director that may be appointed to the Board will be fixed by the Board and may be paid by way of fixed salary or consultancy fee.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility.

Details of the Directors' and the Proposed Directors' relevant interest in the Securities of the Company upon completion of the Offers (assuming the Minimum Subscription is raised under the Public Offer is set out in the table below):

Director/Proposed Director	Shares	% (undiluted)	Performance Rights <sup>6</sup>	Options
Bill Nikolouzakis <sup>1</sup>	1,514,054 <sup>3</sup>	0.1%	500,000	Nil
Stephen Quantrill	Nil	Nil	3,000,000	Nil
Andrew Jensen <sup>1</sup>	60,190	0.0%	500,000	Nil
Anna Neuling <sup>2</sup>	2,000,000 <sup>4</sup>	0.1%	3,000,000	Nil
Keith Liddell <sup>2</sup>	16,779,936 <sup>5</sup>	1.0%	3,000,000	Nil
David Chapman <sup>2</sup>	2,000,000 <sup>4</sup>	0.1%	3,000,000	Nil

**Notes:**

1. To resign on Completion.
2. To be appointed on and from Completion.
3. Consisting of 354,054 Shares currently held as at the date of this Prospectus (on a post Consolidation basis) and 1,160,000 Shares to be issued to Mr Nikolouzakis under the Creditor Offer, subject to Shareholder approval at the General Meeting.
4. The Company is seeking approval so that both Ms Neuling and Mr Chapman may participate in the Public Offer and subscribe for up to 2,000,000 Shares each (\$50,000 each).
5. Consideration Shares to be issued to Mr Liddell under the Consideration Offer.
6. Refer to Section 13.4 of this Prospectus for the terms and conditions of Performance Rights to be issued to the Current and Proposed Directors, subject to Shareholder approval at the General Meeting.

It is noted that Ms Neuling and Mr Chapman are seeking Shareholder approval at the General Meeting to participate in the Public Offer and subscribe for up to 2,000,000 Shares (\$50,000) each. The ability for Ms Neuling and Mr Chapman to subscribe for those Shares is contingent on Shareholder approval being obtained for the relevant resolutions at the General Meeting.

## 10.4 Agreements with Directors and Related Parties

The material terms and conditions of the services agreements and director appointment letters in place with Stephen Quantrill and the Proposed Directors are summarised in Section 11.5.

## 10.5 Corporate Governance

### 10.5.1 ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. To implement these systems, the Company has adopted a set of policies and procedures. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted *The Corporate Governance Principles and Recommendations (4th Edition)* as published by ASX Corporate Governance Council (**Recommendations**).

In light of the Company's size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and the Company's full Corporate Governance Plan is available in a dedicated corporate governance information section of the Company's website [www.resagrouplimited.com.au](http://www.resagrouplimited.com.au).

### **10.5.2 Board of Directors**

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- (a) maintain and increase Shareholder value;
- (b) ensure a prudential and ethical basis for the Company's conduct and activities consistent with the Company's stated values; and
- (c) ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

- (a) leading and setting the strategic direction, values and objectives of the Company;
- (b) appointing the Chairman of the Board, Managing Director or Chief Executive Officer and approving the appointment of senior executives and the Company Secretary;
- (c) overseeing the implementation of the Company's strategic objectives, values, code of conduct and performance generally;
- (d) approving operating budgets, major capital expenditure and significant acquisitions and divestitures;
- (e) overseeing the integrity of the Company's accounting and corporate reporting systems, including any external audit (satisfying itself financial statements released to the market fairly and accurately reflect the Company's financial position and performance);
- (f) establishing procedures for verifying the integrity of those periodic reports which are not audited or reviewed by an external auditor, to ensure that each periodic report is materially accurate, balanced and provides investors with appropriate information to make informed investment decisions;
- (g) overseeing the Company's procedures and processes for making timely and balanced disclosure of all material information that a reasonable

person would expect to have a material effect on the price or value of the Company's securities;

- (h) reviewing, ratifying and monitoring the effectiveness of the Company's risk management framework, corporate governance policies and systems designed to ensure legal compliance; and
- (i) approving the Company's remuneration framework.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

### **10.5.3 Composition of the Board and diversity**

Election of Board members is substantially the responsibility of the Shareholders in general meeting, subject to the following:

- (a) membership of the Board of Directors will be reviewed regularly to ensure the mix of skills and expertise is appropriate; and
- (b) the composition of the Board has been structured so as to provide the Company with an adequate mix of directors with industry knowledge, technical, commercial and financial skills together with integrity and judgment considered necessary to represent shareholders and fulfil the business objectives and values of the Company as well as to deal with new and emerging business and governance issues.

Following completion of the Acquisition, the Board will consist of four directors (four non-executive Director one of whom will act as independent chair) of whom Ms Anna Neuling and Mr David Chapman will be considered independent. The Board considers the current balance of skills and expertise to be appropriate given the Company for its currently planned level of activity.

The Company, the Company's stated values and all the Company's related bodies corporate are committed to workplace diversity. The Company is committed to inclusion at all levels of the organisation, regardless of gender, marital or family status, sexual orientation, gender identity, age, disabilities, ethnicity, religious beliefs, cultural background, socio-economic background, perspective and experience.

To assist in evaluating the appropriateness of the Board's mix of qualifications, experience and expertise, the Board intends to maintain a Board Skills Matrix to ensure that the Board has the skills to discharge its obligations effectively and to add value.

The Board undertakes appropriate checks before appointing a person as a Director or putting forward to Shareholders a candidate for election as a Director or senior executive.

The Board ensures that Shareholders are provided with all material information in the Board's possession relevant to a decision on whether or not to elect or re-elect a Director.

The Company shall develop and implement a formal induction program for Directors, which is tailored to their existing skills, knowledge and experience. The purpose of this program is to allow new directors to participate fully and actively

in Board decision-making at the earliest opportunity, and to enable new directors to gain an understanding of the Company's policies and procedures.

The Board maintains oversight and responsibility for the Company's continual monitoring of its diversity practices. The Company's Diversity Policy provides a framework for the Company to achieve enhanced recruitment practices whereby the best person for the job is employed, which requires the consideration of a broad and diverse pool of talent.

#### **10.5.4 Identification and management of risk**

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

#### **10.5.5 Ethical standards**

The Board is committed to the establishment and maintenance of appropriate ethical standards and to conducting all of the Company's business activities fairly, honestly with integrity, and in compliance with all applicable laws, rules and regulations. In particular, the Company and the Board are committed to preventing any form of bribery or corruption and to upholding all laws relevant to these issues as set out in the Company's Anti-Bribery and Anti-Corruption Policy. In addition, the Company encourages reporting of actual and suspected violations of the Company's Code of Conduct or other instances of illegal, unethical or improper conduct. The Company and the Board provide effective protection from victimisation or dismissal to those reporting such conduct as set out in its Whistleblower Protection Policy.

#### **10.5.6 Independent professional advice**

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

#### **10.5.7 Remuneration arrangements**

The remuneration of an executive Director will be decided by the Board, without the affected executive Director participating in that decision-making process.

The total maximum remuneration of non-executive Directors is initially set by the Constitution. Subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum cap will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$500,000 per annum.

In addition, a Director may be paid fees or other amounts (i.e. subject to any necessary Shareholder approval, non-cash performance incentives such as Options) as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

#### **10.5.8 Trading policy**

The Board has adopted a trading policy that sets out the guidelines on the sale and purchase of securities in the Company by its directors, officers, employees and contractors. The trading policy generally provides that for directors, the written acknowledgement of the Chair (or the Board in the case of the Chairman) must be obtained prior to trading.

#### **10.5.9 External audit**

The Company in general meetings is responsible for the appointment of the external auditors of the Company. From time to time, the Board will review the scope, performance and fees of those external auditors.

#### **10.5.10 Audit committee**

The Company will not have a separate audit committee until such time as the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company. In the meantime, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee, including but not limited to:

- (a) monitoring and reviewing any matters of significance affecting financial reporting and compliance;
- (b) verifying the integrity of those periodic reports which are not audited or reviewed by an external auditor;
- (c) monitoring and reviewing the Company's internal audit and financial control system, risk management systems; and
- (d) management of the Company's relationships with external auditors.

#### **10.5.11 Departures from Recommendations**

Under the ASX Listing Rules the Company will be required to provide a statement in its annual financial report or on its website disclosing the extent to which it has followed the Recommendations during each reporting period. Where the Company has not followed a Recommendation, it must identify the Recommendation that has not been followed and give reasons for not following it.

The Company's compliance and departures from the Recommendations will also be announced prior to admission to the Official List of the ASX.

## 11. MATERIAL CONTRACTS

### 11.1 Acquisition Agreement

The Company has entered into a binding acquisition agreement (**Acquisition Agreement**) pursuant to which the Company has a conditional right to acquire 100% of the issued capital of Tombador Iron Singapore Pte Ltd (**TIS**) from the shareholders of TIS (**TIS Shareholders**).

TIS owns 100% of the issued capital of Tombador Iron Mineração Ltda (**TIM**) which in turn is the titleholder of the Tenement on which the Tombador Project is located in Bahia, Brazil.

The key commercial terms of the Acquisition Agreement are summarised below:

<b>Consideration</b>	The consideration payable by the Company for the Acquisition is 1,107,692,308 Shares ( <b>Consideration Shares</b> ) to be apportioned amongst the TIS Shareholders on a pro rata basis according to their TIS Shareholding. Refer to the table below in this Section 11.1 for a breakdown with respect to the apportionment of the Consideration Shares.
<b>Conditions Precedent</b>	<p>Settlement of the Acquisition is subject to the satisfaction (or waiver) of the following conditions precedent:</p> <ul style="list-style-type: none"><li>(a) <b>Due Diligence:</b> both the Company and TIS being satisfied with their due diligence investigations on the other;</li><li>(b) <b>TIS Restructure:</b> completion of the corporate restructure of TIS, that is, conversion of any outstanding notes in TIS to shares and the entry into the MRA (described in Section 10.2 below);</li><li>(c) <b>Placement:</b> the Company having completed the Placement (completed on 11 May 2020);</li><li>(d) <b>Capital Raising:</b> the Company receiving valid applications for the Minimum Subscription and completing the Public Offer;</li><li>(e) <b>Shareholder Approvals:</b> 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 Public Offer; and</li><li>(f) <b>Regulatory Approvals:</b> 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,</li></ul> <p>(together, the <b>Conditions Precedent</b>).</p> <p>If the Conditions Precedent are not satisfied (or waived) on or before 5:00 pm (WST) on 30 September 2020 (or such later date as is agreed between the parties), any party may terminate the Acquisition Agreement by notice in writing to the other parties.</p>
<b>Board Changes</b>	The Board will be reconstituted with effect from shortly after Completion so that existing directors, Bill Nikolouzakis and Andrew Jensen will resign and Anna Neuling, Keith Liddell and David Chapman will be appointed as directors of the Company.
<b>Settlement</b>	Settlement of the Acquisition will occur on the date which is five (5) business days after the satisfaction (or waiver) of the Conditions Precedent.

**ASX Escrow**

The TIS Shareholders have agreed that the Consideration Shares may be issued subject to any escrow provisions imposed by ASX (**ASX Escrow**) and the TIS Shareholders shall execute, upon Completion, a restriction agreement pursuant to Chapter 9 of the ASX Listing Rules in accordance with the requirements of ASX.

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.

Details of the TIS Shareholders, their holdings in TIS and proposed holding in the Company post Completion is as follows:

TIS Shareholder	Number of TIS Shares	Holding % in TIS	Consideration Shares	Holding % in RE1 <sup>1</sup>
Colomi Singapore Pte. Ltd <sup>1</sup>	80,000	85.30%	944,463,354	56.86%
Nortrust Nominees Limited	7,284	7.80%	86,005,337	5.18%
McRae Investments Pty Ltd <sup>1</sup>	3,699	3.90%	43,663,745	2.63%
Keith Stuart and Shelagh Jane Liddell <sup>2</sup>	1,421	1.50%	16,779,936	1.01%
Kamberg Investments Limited	1,421	1.50%	16,779,936	1.01%
<b>Total</b>	<b>93,825</b>	<b>100%</b>	<b>1,107,692,308</b>	<b>67%</b>

**Notes**

<sup>1</sup>Related party of the Company by virtue of having a controlling interest in the Company.

<sup>2</sup> Related party of the Company by virtue of Mr Liddell being a proposed director of the Company.

**11.2 Mineral Rights Agreement**

As described in Section 5.7 of this Prospectus, 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 TIM, has entered into a mineral rights agreement with 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 resource on the Tenement (**Other Mineral Rights**) (**OMR Option**). The OMR 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 (**OMR Option Exercise Date**). TIM retains all rights to Hematite under the MRA even following the OMR 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 OMR 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 OMR 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 OMR 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 (defined below).
- (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 following agreements:

Agreements	Description
Rehabilitation Agreement	Terms on which CIM has agreed to assume responsibility for rehabilitation on the Tenement arising from its operations once the OMR 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 OMR 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 OMR Option.
Lease Agreement	Terms for grant of the lease to CIM (as noted in Section 11.2(c) and 11.2(d) above).

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

### 11.3 Corporate Advisory Mandate

Please refer to Section 4.1.4 for a summary of the Corporate Advisory Mandate.

### 11.4 Debt Conversion Agreements

The Company currently has existing debts owing to creditors of the Company totalling \$235,671.33 (**Existing Debt**). On completion of the Acquisition, 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 Public Offer) (**Debt Conversion**).

The Creditor Offer made under this Prospectus is made to the Creditors identified below (or their nominees).

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

Party	Details	Amount Owed	Shares to be issued under Debt Conversion Offer
Bill Nikolouzakis <sup>1</sup>	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 <sup>2</sup>	Outstanding management fees including the rental of office space and shared facilities, prior property management consulting fees and travel expenses	\$131,281.95	5,251,278
Aura Group (Singapore) Pte Ptd <sup>2,3</sup>	For previous director fees and consultancy fees relating to acquisition services	\$62,479.00	2,499,160
Mccarthy Business Consultants <sup>2,4</sup>	For previous director fees and travel expenses	\$12,910.38	516,415
<b>Total</b>		<b>\$235,671.33</b>	<b>9,426,853</b>

**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 is being sought at the General Meeting.
2. Subject to Shareholder approval at the General Meeting.
3. An entity partially controlled by former Director Mr Kar Wing (Calvin) Ng who resigned on 5 September 2019.
4. 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 at the General Meeting to allow the issue of the Debt Conversion Shares, the making of the Creditor Offer (see Section 4.2.2 of this Prospectus) 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.

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

## **11.5 Non-Executive Director Appointment Letters**

The Company has entered into appointment letters with each of Stephen Quantrill, David Chapman, Keith Liddell and Anna Neuling pursuant to which they have agreed to act in the capacity of Non-Executive Directors (and in the case of Ms Neuling, Non-Executive Chairman) on and from Completion.

Messrs Chapman, Quantrill and Liddell will receive \$45,000 (inclusive of superannuation) as a fee for acting as a Director. Ms Neuling will receive \$60,000 (inclusive of superannuation).

Each of the directors will be issued 3,000,000 Performance Rights each on Completion. Terms of the Performance Rights are set out in Section 13.4.5.

## **11.6 CEO Employment Agreement**

The Company has engaged Mr Gabriel Oliva to act as its Chief Executive Officer effective on and from Completion. Mr Oliva will serve his employment on site at the Project or as required at the Company's corporate office in Rio de Janeiro, Brazil.

Mr Oliva's role will include the overall supervisory and managerial responsibility for the day to day operations of the Project, development of sales and marketing strategies and to fulfil the priorities and objectives determined by the Board in the context of the Company's strategic plans and budgets.

The term of Mr Oliva's engagement is not fixed but may generally be terminated by either party by the giving of three months' notice.

Mr Oliva will be paid a gross monthly salary of R\$70,000 (equivalent of A\$18,340 based on 1BRL=0.26AUD as at 6 August 2020) (subject to review at the Board's discretion) and may be entitled to non-cash benefits or bonuses at the discretion of the Board, including participation under any employee incentive scheme.

## **11.7 Deeds of Indemnity, Insurance and Access**

The Company is in the process of entering into Deeds of Indemnity, Insurance and Access with each of the Current Directors and Proposed Directors. Under these deeds, the Company intends to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company. The Company will also be required to maintain insurance policies for the benefit of the relevant officer and allow the officers to inspect board papers in certain circumstances. The Company anticipates that this will be finalised in the coming weeks post lodgement of the Prospectus.

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## 12. RISK FACTORS

The business, assets and operations of the Company, including after completion of the Acquisition, are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the securities of our Company. The Company's Securities comprise a speculative investment.

The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which they can effectively manage them is limited.

The risks and uncertainties described below are not intended to be exhaustive. The summary of risks that follows is not intended to be exhaustive and this Prospectus does not take into account the personal circumstances, financial position or investment requirements of any particular person. There may be additional risks and uncertainties that the Company is unaware of or that the Company currently considers to be immaterial, which may affect the Company, or its related entities and consequently Applicants. Based on the information available, a non-exhaustive list of risk factors for the Company associated with the Company's proposal to undertake the Acquisition is as follows.

### 12.1 Risks relating to the Change in Nature and Scale of Activities

#### (a) Completion Risk

Pursuant to the Acquisition Agreement, the Company has a conditional right to acquire 100% of the issued capital in TIS, which holds through TIM, the Tombador Project.

The Acquisition constitutes a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the Official List of ASX. Trading in the Company's Securities is currently suspended and will remain suspended until the Company re-complies with Chapters 1 and 2 of the Listing Rules following completion of the Acquisition.

There is a risk that the conditions for completion of the Acquisition cannot be fulfilled, including where the Company is unable to meet the requirements of the ASX for re-quotations of its Securities on the ASX. If the Acquisition is not completed, the Company will incur costs relating to advisors and other costs without any material benefit being achieved. Should this occur, Shares will not be able to be traded on the ASX until such time as the Company has recompiled with Chapters 1 and 2 of the ASX Listing Rules and Shareholders may be prevented from trading their Shares until such time as a successful re-compliance is completed.

#### (b) Dilution risk

The Company currently has 143,823,655 Shares on issue (based on the Consolidation having been approved by Shareholders). In connection with the Acquisition, the Company proposes to issue:

- (i) 1,107,692,308 Consideration Shares to the TIS Shareholders;
- (ii) 9,426,853 Debt Conversion Shares;

- (iii) up to 600,000,000 Public Offer Shares;
- (iv) 15,000,000 Corporate Advisor Options; and
- (v) up to 75,000,000 Performance Rights to various consultants, employees and Directors and Proposed Directors.

Some investors may consider that the risk of future dilution increases the risk of participating in the Public Offer. Following the issue of the above Securities, existing Shareholders will hold approximately 8.7% of the Company's issued Shares based on Minimum Subscription and 7.7% of the Company's issued Shares based on Maximum Subscription.

(c) **Additional Requirements for Capital**

The funds to be raised under the Public Offer are considered sufficient to meet the immediate objectives of the Company. 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.

In addition, should the Company consider that its exploration results justify commencement of production on any of its Projects, additional funding will be required to implement the Company's development plans, the quantum of which remain unknown at the date of this Prospectus.

Following completion of the Public Offer, 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 Company's proposed 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.

(d) **Liquidity risk**

On completion of the Acquisition and at the time of re-admission to the Official Quotation, the Company understands that the Consideration Shares, Debt Conversion Shares, Related Party Performance Rights, Corporate Advisor 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.

## 12.2 Risks relating to the Company

(a) **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.

(b) **Tenement applications and Mining Licence 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. Furthermore, the Company has yet to receive regulatory approval from Brazil's National Mining Agency (ANM) and Ministry of Mines and Energy to convert its Exploration Licence into a Mining Licence (i.e. into a production concession). The process for conversion into a Mining Licence is underway, and the Company is currently targeting early 2021. However, there is a risk that these approvals may be delayed or may not be obtained.

(c) **Environmental licencing**

The Company's ability to commence mine site construction and mining operations within the proposed timeline are dependent on receiving the approval of the appropriate environmental licence in a timely basis. The Company cannot guarantee that environmental permitting will ultimately be assigned and granted, or if it is, in a timely basis or without onerous conditions. As noted in Section 5.10, significant progress has been made for environmental permitting with the Bahia State Environment Department (INEMA) to date, having been granted a Preliminary Licence and a Construction/Installation Licence. As per the conditions of the MRA, CIM shall proceed to assign the Installation Licence to TIM. The final environmental permitting stage following this process will be to obtain an Operation Licence.

(d) **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.

(e) **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.

(f) **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.

(g) **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 iron ore. 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.

(h) **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 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. The Company is however mitigating this risk by considering more than one port option.

(i) **Mine development**

Possible future development of a mining operation at the Project is dependent on a number of factors including, but not limited to, the conversion of Mineral Resource to Ore Reserve, 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.

(j) **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 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.

## 12.3 Industry Specific

(a) **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.

**(b) 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.

**(c) 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.

**(d) 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.

**(e) 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:

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

**(f) 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.

## 12.4 General risks

### (a) Economic

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company, as well as on its ability to fund its operations.

### (b) Commodity price volatility and exchange rate risk

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 Shares have been suspended from trading since September 2019, 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 the prices at which Shares trade will increase following completion of the Acquisition and the Public Offer. The prices at which Shares trade may be above or below the Public Offer price and may fluctuate in response to a number of factors.

### (c) Unforeseen expenditure risk

Expenditure may need to be incurred that has not been taken into account in the planning of the Acquisition and the Public Offer. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the financial performance of the Company.

### (d) Competition risk

The industry in which the Company will be involved is subject to domestic and global competition. Although the Company will undertake reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions

of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company.

(e) **Management of growth**

There is a risk that management of the Company will not be able to implement its growth strategy after completion of the Acquisition. The capacity of the Company's management to properly implement the strategic direction of the Group may affect the Company's financial performance.

As part of its business strategy, the Company may make acquisitions of, or significant investments in, additional complementary companies or prospects (although no such acquisitions or investments are currently planned, other than the Acquisition). Any such transactions will be accompanied by risks commonly encountered in making such acquisitions.

(f) **Regulatory risk**

Changes in relevant taxes, legal and administration regimes, accounting practice and government policies may adversely affect the financial performance of the Company.

(g) **Litigation risk**

The Company is exposed to possible litigation risks including tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. Neither the Company nor TIS are currently engaged in any litigation.

(h) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic and political outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) 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 and technology stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(i) **Force Majeure**

The Company and its projects, 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.

(j) **Acquisition**

As part of its business strategy, the Company may make acquisitions of, or significant investments in, companies, products, technologies and/or products that are complementary to the Company's business. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies, products and technologies, such as integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements, achieving the sales and margins anticipated and retaining key staff and user and supplier relationships.

(k) **Risk of high volume of Share sales**

There can be no assurance that there will be, or continue to be, an active market for Securities or that the price of Securities will increase. As a result, Shareholders may, upon selling their Securities, receive a market price for their Securities that is less than the price of Securities offered pursuant to the Public Offer.

(l) **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.

(m) **Insurance**

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance of all risks associated with the Company's business may not always be available and where available the costs may be prohibitive.

## **12.5 Investment speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus.

Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

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## **13. ADDITIONAL INFORMATION**

### **13.1 Litigation**

Neither the Company nor TIS or any of their respective subsidiaries are involved in any material legal proceedings and the Directors and Proposed Directors are not aware of any legal proceedings pending or threatened against the Company or TIS or any of their respective subsidiaries.

### **13.2 Rights and liabilities attaching to Shares**

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

#### **(a) General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

#### **(b) Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of Shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

#### **(c) Dividend rights**

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which

shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

(e) **Shareholder liability**

As the Shares under the Prospectus are fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of Shares**

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Board of the Company as appointed from time to time. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing Share or class of shares), the Directors may issue Shares and other Securities as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of

that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of Constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of votes validly cast for Shares at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

### 13.3 Terms of Corporate Advisor Options

Set out below are the terms and conditions of the Corporate Advisor 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) below, 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 on 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 (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.

## 13.4 Terms of Performance Rights

### 13.4.1 Definitions

For the purpose of these terms and conditions:

**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.

**Holder** means a holder of a Performance Right.

**Milestone** means Milestone A, Milestone B, Milestone C and/or Milestone D (as applicable).

**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).

### 13.4.2 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 following Completion (**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.

### 13.4.3 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.

#### **13.4.4 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.

#### **13.4.5 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.

## 13.5 Incentive Performance Rights Plan

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

(a) **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.

(b) **Purpose**

The purpose of the Plan is to:

- (i) assist in the reward, retention and motivation of Eligible Participants;
- (ii) link the reward of Eligible Participants to Shareholder value creation; and
- (iii) 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.

(c) **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.

(d) **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.

(e) **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.

(f) **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.

(g) **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.

(h) **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.

(i) **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.

(j) **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:

- (i) 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
- (ii) any Convertible Securities which have not yet vested will be automatically forfeited on the expiry date specified in the invitation or vesting notice.

(k) **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.

(l) **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.

(m) **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:

- (i) transfer, encumber or otherwise dispose of, or have a security interest granted over that Plan Share; or
- (ii) 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.

(n) **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.

(o) **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.

(p) **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:

- (i) an employee incentive scheme of the Company covered by ASIC Class Order 14/1000; or
- (ii) 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:

- (iii) an offer to a person situated at the time of receipt of the offer outside Australia;
- (iv) 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
- (v) 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.

(q) **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 5% of the total number of issued Shares at the date of the invitation.

(r) **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.

(s) **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.

(t) **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).

### 13.6 ASX Waivers

The Company has received the following conditional waivers 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 Public Offer 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 set out in Section 13.4; and
- (c) waiver from the requirements of ASX Listing Rule 10.13.5 to allow the Company to issue Debt Conversion Shares to Bill Nikolouzakis under the Creditor Offer and Shares to David Chapman and Anna Neuling under the Public Offer later than 1 month after the date of the General Meeting.

### 13.7 Interests of Directors and Proposed Directors

Other than as set out in this Prospectus, no Director or Proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Public Offer; or
- (c) the Public Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:
  - (i) the formation or promotion of the Company; or
  - (ii) the Public Offer.

## 13.8 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Public Offer; or
- (f) the Public Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Public Offer.

Trident Capital has acted as corporate advisor to the Company in relation to the Public Offer. The Company estimates it will pay Trident Capital those fees as set out in Section 4.1.4. During the 24 months preceding lodgement of this Prospectus with ASIC, Trident Capital has received \$10,000 (excluding GST) in fees under the Corporate Advisory Mandate from the Company.

HLB Mann Judd (WA Partnership) has acted as Investigating Accountant for the Company and has prepared the Independent Limited Assurance Report which is included in Section 7 of this Prospectus. The Company estimates it will pay HLB Mann Judd \$15,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, HLB Mann Judd has received fees totalling \$22,000 (excluding GST) from the Company.

Stantons International has acted as current auditor of the Company. During the 24 months preceding lodgement of this Prospectus with ASIC, Stantons International has received \$137,163 (excluding GST) from the Company.

Link Market Services has acted as share registry for the Company. During the 24 months preceding lodgement of this Prospectus with ASIC, Link Market Services has received \$122,141 (excluding GST) from the Company.

Tuscan Geoscience has prepared the Independent Geologist's Report which is included at Section 9 of this Prospectus. The Company estimates it will pay Tuscan Geoscience a total of \$14,088 (excluding GST) for these services. Other than in connection with preparation of the Independent Geologist's Report, during the 24 months preceding lodgement of this Prospectus with ASIC, Tuscan Geoscience has not received any fees from the Company, TIS and TIM for their services.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Public Offer. The Company expects that it will pay Steinepreis Paganin \$100,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates.

### **13.9 Consents**

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section 13.9:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Trident Capital has given its written consent to being named as the corporate advisor to the Public Offer in this Prospectus. Trident Capital has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

HLB Mann Judd (WA Partnership) has given its written consent to being named as Investigating Accountant and proposed new auditor to the Company in this Prospectus and to the inclusion of the Independent Limited Assurance Report which is included in Section 7 of this Prospectus in the form and context in which the information and report is included. HLB Mann Judd has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Stantons International has given its written consent to being named as current auditor of the Company in this Prospectus and to the inclusion of the Company's audited or reviewed financial statements in the Prospectus in the form and context in which the information is included. Stantons International has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Tuscan Geoscience has given its written consent for the inclusion of the Independent Geologist's Report at Section 9 of this Prospectus in the form and context in which the information and report is included. Tuscan Geoscience has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Mundie has given its written consent for the inclusion of the Solicitor's Tenement Report at Section 8 of this Prospectus in the form and context in which the

information and report is included. Mundie has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Link Market Services has given its written consent to being named as share registry of the Company in this Prospectus. Link Market Services has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

The Proposed Directors have each given their written consent to being named as the proposed directors of the Company and to all other information relevant to them in this Prospectus. The Proposed Directors have not withdrawn their consents prior to the lodgement of this Prospectus with the ASIC.

### 13.10 Expenses of the Public Offer

The total expenses of the Public Offer (excluding GST) are estimated to be approximately \$1,005,000 (assuming minimum subscription) and \$1,326,000 (assuming maximum subscription) and are expected to be applied towards the items set out in the table below:

Item of Expenditure	\$10,000,000 Minimum Subscription under Public Offer (\$)	\$15,000,000 Maximum Subscription under Public Offer (\$)
ASIC fees	3,206	3,206
ASX fees	122,595	128,633
Australian Legal fees	100,000	100,000
Investigating Accountant's Fees	38,500	38,500
Capital Raising Fees <sup>1</sup>	600,000	900,000
Fees for Independent Geologist's Report	65,000	65,000
Fees for Solicitors Tenement Report	12,000	12,000
Share Registry	45,000	60,000
Printing, distribution and miscellaneous	18,699	18,661
<b>TOTAL</b>	<b>\$1,005,000</b>	<b>\$1,326,000</b>

#### Note

<sup>1</sup> The Corporate Advisory Fee payable to Trident Capital is detailed in Section 4.1.4. It has not been included as part of the Capital Raising Fees in the table above.

### 13.11 Governing Law

The Offers and the contracts formed on return of an Application Form are governed by the laws applicable in Western Australia, Australia. Each person who applies for Shares pursuant to this Prospectus submits to the non-exclusive jurisdiction of the courts of Western Australia, Australia, and the relevant appellate courts.

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**14. DIRECTORS' AUTHORISATION**

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



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**Stephen Quantrill**  
**Director**  
**For and on behalf of**  
**RESA GROUP LIMITED**

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## 15. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

**\$** means an Australian dollar.

**AEST** means Australian Eastern Standard Time, as observed in Sydney, New South Wales.

**Acquisition** means the acquisition of TIS on the terms set out in the Acquisition Agreement.

**Acquisition Agreement** means the acquisition agreement between the Company, TIS and the TIS Shareholders dated on or about 12 June 2020, which is summarised in Section 11.1.

**Acquisition Resolutions** means those Shareholder resolutions referred to in Section 4.3 of this Prospectus to be considered at the General Meeting, as described in further detail in the Notice of Meeting.

**Application Form** means an application form attached to or accompanying this Prospectus relating to the Offers.

**ASIC** means Australian Securities & Investments Commission.

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

**ASX Listing Rules** or **Listing Rules** means the official listing rules of ASX.

**Board** means the board of Directors as constituted from time to time.

**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.

**CHESS** means the Clearing House Electronic Subregister System operated by ASX Settlement.

**CS Parties** has that meaning given to it in Section 5.16.4.

**Closing Date** means the closing date of the Offers as set out in the indicative timetable in the Key Offer Information Section of this Prospectus (subject to the Company reserving the right to extend the Closing Date or close the Offers early).

**Colomi Iron Australia** or **CIA** means Colomi Iron Australia Pty Ltd.

**Colomi Iron Mineracao** or **CIM** means Colomi Iron Mineracao Ltda (an entity incorporated and domiciled in Brazil).

**Colomi Singapore** or **CS** means Colomi Singapore Pte Ltd (an entity incorporated and domiciled in Singapore).

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

**Completion** means settlement of the Acquisition in accordance with the terms of the Acquisition Agreement.

**Conditions** has the meaning set out in Section 4.3.

**Conditional Approval** means the letter issued by the ASX to the Company stating the conditions that are required to be met by the Company in order to re-comply with Chapters 1 and 2 of the ASX Listing Rules for re-quotations of its Shares on the Official List.

**Consideration Offer** means the offer of the Consideration Shares in accordance with the Acquisition Agreement, the terms of which are set out in Section 11.1.

**Consideration Shares** means Shares to be issued to the TIS Shareholders as part of the Acquisition, and under the Consideration Offer.

**Constitution** means the constitution of the Company.

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

**Corporate Advisor** means Trident Capital.

**Debt Conversion** has the meaning given in Section 11.4.

**Directors** means the directors of the Company at the date of this Prospectus.

**General Meeting** means the meeting of Shareholders to be held on 31 August 2020 at which the Shareholders will consider and vote on the resolutions outlined in the Notice of Meeting including the Acquisition Resolutions.

**JORC Code** has the meaning given in the Important Notice Section of this Prospectus.

**McRae** means McRae Investments Pty Ltd.

**Maximum Subscription** means the maximum amount to be raised under the Public Offer, being \$15,000,000.

**Mineral Rights Agreement** has that meaning given to it in Section 11.2.

**Minimum Subscription** means the minimum amount to be raised under the Public Offer, being \$10,000,000.

**Notice of Meeting** means the notice of general meeting and explanatory statement of the Company released on ASX on 31 July 2020 in relation to the General Meeting.

**Offers** means the Public Offer and Secondary Offers.

**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 Rights** means a performance right convertible into a Share.

**Project** has that meaning given to it in Section 5.2.1.

**Proposed Directors** means Anna Neuling, Keith Liddell and David Chapman who will be appointed to the Board of the Company upon completion of the Acquisition.

**Prospectus** means this prospectus.

**Public Offer** means the offer of Shares pursuant to this Prospectus as set out in Section 4.1.

**Section** means a section of this Prospectus.

**Security** means a security issued or to be issued in the capital of the Company, including a Share, an Option or a Performance Right.

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

**Shareholder** means a holder of Shares.

**TIS Shares** means 100% of the issued share capital in TIS.

**TIS Shareholders** means those persons as set out in Section 11.1.

**Tenement** has that meaning given to it in Section 5.2.1.

**Tombador Iron Mineracao** or **TIM** means Tombador Iron Mineracao S.A. (an entity incorporated and domiciled in Brazil).

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

**Trident Capital** means Trident Capital Pty Ltd.

**US** means United States of America.

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