

31 July 2020

## QUARTER ACTIVITIES REPORT FOR THE QUARTER ENDED 30 JUNE 2020

RESA Group Limited (ASX:RE1) (RE1 or the Company) (Formerly iBuyNew Group Limited (ASX: IBN)) provides the following quarterly activities report and attached Appendix 4C to its shareholders for the quarter ending 30 June 2020.

### Highlights

- RESA Group Limited (ASX:RE1) to acquire high-grade hematite iron project Tombador Iron Singapore (TIS), binding head of agreement executed;
- High-quality hematite lump product (Fe 66%);
- JORC (2012) high grade hematite Mineral Resource estimate of 8Mt @ 67.3% Fe<sup>1</sup> at a 60% Fe cut-off;
- JORC (2012) 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>2</sup> at a 20% Fe cut-off;
- Targeting commencement of production of high-grade DSO lump within 12 months of funding;
- Multiple routes to market: Paved roads to Aracaju or Aratu ports and to Brazilian steel mills;
- Tranche 2 of Placement shares complete and shares issued;
- Appointment of Andrew Jensen as non-executive director and Abby Macnish Niven as company secretary;
- Secured loan facility repaid in full; and
- Strong settlements quarter of \$598k in settlements delivering a cashflow positive quarter.

### Overview

As at 30 June 2020, the shares of RE1 remain suspended and will remain suspended from quotation on the ASX until the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules and the Acquisition is completed.

At the end of the quarter, RE1 held cash and cash equivalents of \$256k a material increase compared to \$69k held at the end of the last quarter 31 March 2020 (**PCP**). The Company delivered a strong settlements quarter through collections of the future receivables book. This, along with the completion

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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) itabirite Mineral Resource estimate consists of an Indicated Mineral Resource estimate of 39.55Mt @ 34.28% Fe and an Inferred Mineral Resource estimate of 10.06Mt @ 31.59% Fe, using a cut-off grade of 20% Fe.

For further information on the mineral resources estimates, the Company announcement dated 12 June 2020 contains detailed information. The company confirms that it is not aware of any new information or data that materially affects the information included in this announcement, and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

of tranche 2 of the placement shares approved at the FY19 AGM were the main contributors of the increase. During the quarter the Company was successful in achieving several financial milestones as it navigates towards the recently announced acquisition.

Payments to related parties during the June quarter totalled \$18k and relate to Director and Management fees.

### **Key activities and milestones achieved during the quarter:**

- Delivery of cashflow positive quarter due to strong settlements of \$598k, a 143% increase when compared to the PCP;
- Continued reduction of fixed costs. i.e. wages decreasing by -72% to \$51k compared to \$185k in the PCP;
- Increased operating, administration and corporate costs due to paying down creditors and transaction costs associated with the recently announced transaction;
- Completion of tranche 2 of the placement, reducing the secured loan facility by \$810k through the debt-to-equity swap, securing \$700k cash from new and existing investors and the conversion of \$84k from existing trade creditors; and
- Removal of interest costs associated with the secured loan facility with the secured principle and secured interest costs repaid.

Pleasingly, the key activities and milestones achieved have allowed the Company to enter into a binding head of agreement to acquire a high-grade hematite iron project based in Brazil. The Company's due diligence investigations into TIS and its assets are ongoing and it is noted that completion under the formal documentation of the acquisition is conditional on the Company being satisfied with the results of its due diligence investigations. However, the Company has undertaken appropriate enquiries into the assets and liabilities, financial position and performance, profits and losses, and prospects of TIS for the board of the Company to be satisfied that the Acquisition is in the interests of the Company and its shareholders. The Company will provide an update to its shareholders regarding the transaction in due course.

### **Subsequent events after 30 June 2020**

On 27 July 2020, the Company announced an update regarding a dismissal of claim which was originally filed in the County Court of Victoria from Mr Peter Scott a former contractor of RESA IBN Pty Ltd. The Company would like to confirm that the case has now been fully resolved with the Company settling on full and final payment of \$90k plus GST to Mr Scott, a significantly lower amount compared to the originally filed claim for commissions and expenses totalling \$219k plus GST.

On 29 July 2020, the Company received an update regarding the pending legal claims and proceedings against BEG Developments for unpaid commissions (refer to ongoing matters announcement released on 26 June 2020). The Company wishes to advise that the matter has now been resolved through a deed of settlement and release for full and final payment by BEG Developments to RESA IBN Pty Ltd for \$265k inc GST for commissions relating to the Embassy apartments and The Grove apartments. The full payment of \$265k inc GST has been made by BEG Developments and received by the Company.

**Authorised for release by the board.**

**Sincerely,**

Bill Nikolouzakis

CEO & Executive Director - RESA Group Limited (Formerly iBuyNew Group Limited)

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## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

RESA Group Limited

**ABN**

20 108 958 274

**Quarter ended ("current quarter")**

30 June 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	598	1,418
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(220)	(420)
(c) advertising and marketing	-	(20)
(d) leased assets	-	-
(e) staff costs	(51)	(613)
(f) administration and corporate costs	(303)	(1,204)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(74)	(236)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	57	57
1.8 Other (provide details if material)	8	8
<b>1.9 Net cash from / (used in) operating activities</b>	<b>15</b>	<b>(1,010)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(6)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	30	430
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>30</b>	<b>424</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)*	1,705	2,605
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(64)	(132)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(1,485)	(1,885)
3.7	Transaction costs related to loans and borrowings	(14)	(25)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>142</b>	<b>563</b>

\*During the quarter, the Company issued \$1,705,193 worth of shares but receipted \$1,605,193 comprising of \$700,000 through tranche 2 of the cash placement and \$905,193 through tranche 2 of the debt-to-equity swap. The other \$100,000 issued relates to an unsecured loan which the Company raised in Oct 2019 under its placement capacity as announced in the Company's half-year report ending 31 December 2019.

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	69	278
4.2	Net cash from / (used in) operating activities (item 1.9 above)	15	(1,009)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	30	424
4.4	Net cash from / (used in) financing activities (item 3.10 above)	142	563
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>256</b>	<b>256</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	256	69
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>256</b>	<b>69</b>

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

<b>Current quarter \$A'000</b>
(18)
0

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Item 6.1 above includes Director and Management fees

**7. Financing facilities**

*Note: the term "facility" includes all forms of financing arrangements available to the entity.*

*Add notes as necessary for an understanding of the sources of finance available to the entity.*

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-

7.5 **Unused financing facilities available at quarter end** -

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

During the quarter, the company repaid the secured loan facility in full, and this facility is now closed.

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	15
8.2 Cash and cash equivalents at quarter end (Item 4.6)	256
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	256
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	17

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 July 2020

Authorised by: Abby Macnish Niven (Company Secretary)  
(by the Board of Directors)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.