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**CONSOLIDATED TIN MINES LIMITED**  
**ACN 126 634 606**

**NOTICE OF GENERAL MEETING**

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Notice is given that the Meeting will be held at:

**TIME:** 1.00pm (EST)  
**DATE:** 23 April 2021  
**PLACE:** Level 16, 5 Martin Place  
Sydney NSW 2000

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

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

***The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 7.00pm (EST) on 21 April 2021.***

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## BUSINESS OF THE MEETING

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### AGENDA

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**1. RESOLUTION 1 – APPROVAL OF ACQUISITION OF AUCTUS CHILLAGOE HOLDINGS PTY LTD AND AUCTUS MINERALS PTY LTD**

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

*“That, the Acquisition of Auctus Chillagoe Holdings Pty Ltd and Auctus Minerals Pty Ltd is approved .”*

**Short Explanation:** The Company has entered into a deed of company arrangement (**DOCA Agreement**) pursuant to which the Company has agreed to acquire 100% of the issued capital of Auctus Chillagoe Holdings Pty Ltd and Auctus Minerals Pty Ltd. The DOCA Agreement requires the Company to seek Shareholder approval as a condition precedent to the DOCA Agreement. Please refer to the Explanatory Statement for further details.

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**2. RESOLUTION 2 – CHANGE OF COMPANY NAME**

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

*“That, for the purposes of section 157(1)(a) of the Corporations Act and for all other purposes, approval is given for the name of the Company to be changed to Aurora Metals Limited.”*

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**Dated: 25 March 2021**

**By order of the Board**



**Mr Ralph De Lacey**  
**Managing Director**

## **Voting in person**

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

## **Voting by proxy**

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

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

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

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

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

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 2 8072 1400.***

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## EXPLANATORY STATEMENT

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

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### 1. RESOLUTION 1 – APPROVAL OF ACQUISITION OF AUCTUS CHILLAGOE HOLDINGS PTY LTD AND AUCTUS MINERALS PTY LTD

#### 1.1 Background to the delisting of the Company

On 19 March 2021, the Company announced to Shareholders that it was unable to finalise and lodge its reviewed half year accounts for 31 December 2019 (the **2019 Half Year Review**) prior to the ASX deadline of close of business Friday, 19 March 2021 (the **Deadline**). As a result, the Company was delisted from the official list of the ASX prior to market open on Monday, 22 March 2021.

The delay in lodging the 2019 Half Year Review was primarily because the Directors and the Company's auditor were not able to agree on the 2019 Half Year Review and going concern disclosure before the Deadline.

As a result of the above, the Company has not yet been able to finalise its accounts for its financial year ended 30 June 2020 or its half year accounts for 31 December 2020.

The Company is continuing to work with the auditor to resolve these issues and the intends to re-apply for admission to the official list of the ASX at a future date.

Given that the Company is no longer listed on the ASX, it is no longer subject to the ASX Listing Rules. Resolution 1 is not required under the Corporations Act or the Constitution. However, given the requirements under the DOCA Agreement and the fact that approval of Shareholders would have been required but for the Company being delisted, the Company is seeking Shareholder approval for the Acquisition.

#### 1.2 Background to Acquisition

Resolution 1 seeks Shareholder approval for the Company to acquire 100% of the issued capital of:

- (a) Auctus Chillagoe Holdings Pty Ltd (ACN 605 053 610) (**Auctus Chillagoe**); and
- (b) Auctus Minerals Pty Ltd (subject to deed of company arrangement) (ACN 602 411 852) (**Auctus Minerals**),

(together, the **Target Companies**) from the Vendor in accordance with the DOCA Agreement (**Acquisition**).

Auctus Chillagoe, via its wholly owned subsidiary Auctus Resources Pty Ltd (subject to deed of company arrangement) (ACN 136 606 338) (**Auctus Resources**), owns 100% of the Chillagoe base and precious metals project (**Chillagoe Project**) located 200km west of Cairns and 140km northwest of the Company's Mount Garnet processing plant in North Queensland, Australia.

The Company previously announced that it had agreed to acquire Auctus Chillagoe (refer to the Company's ASX announcement dated 10 February 2020), however this transaction was unable to be completed due to circumstances set out in the ASX announcement made on 23 March 2020. Auctus Resources and

Auctus Minerals were placed into voluntary administration on 20 March 2020. As per the Company's announcement dated 13 July 2020, the Company successfully participated in a revised sale process undertaken by the Administrators of Auctus Resources and Auctus Minerals.

On 18 August 2020, Auctus Minerals, Auctus Resources, the Administrators, the Company and Cyan Stone Pty Ltd (ACN 606 864 840) (**Cyan**) entered into the DOCA Agreement whereby the Company will acquire the Target Companies. The DOCA Agreement was varied (with effect from 19 February 2021) by resolution at a meeting of creditors held on 19 February 2021. The key terms and conditions of the DOCA Agreement (as varied) are summarised in Section 1.7 and Schedule 1.

The Company believes the Acquisition provides a strategic opportunity for the Company to increase its production profile, extend its current mine life and to secure another closely located Queensland mining operation at well below its replacement cost that will complement the Company's existing operations in Australia. Further detail regarding the rationale for entry into the DOCA Agreement and the proposed activities of the Company following completion are set out in Sections 1.5 and 1.6.

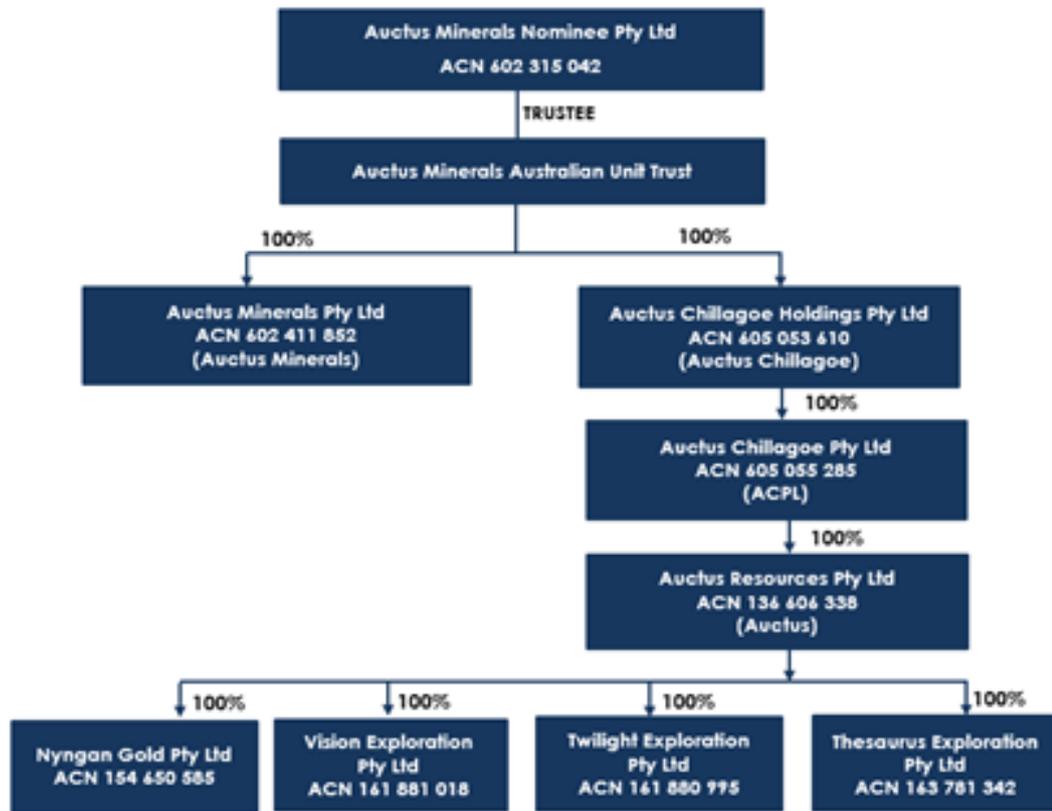
### **1.3 Auctus Resources, Auctus Minerals and the Auctus Group**

Auctus Resources is a private operating entity that purchased the Chillagoe Project in December 2015. Under Auctus Resources' stewardship, the Chillagoe Project has seen the successful construction of a processing facility at Mungana, the development of two mines (the King Vol underground mine and the Mungana underground mine) and the delivery of a maiden Inferred Resource for the Girofla deposit (refer to the Company's ASX Announcement dated 10 February 2020 and Section 1.4(d) below for further detail).

Auctus Minerals provides support services (including personnel) in respect of the maintenance and operation of the tenements comprising the Chillagoe Project.

A group structure chart of the Auctus Group and its related entities is set out below. As depicted in the chart, Auctus Resources is a wholly owned subsidiary of Auctus Chillagoe Pty Ltd (ACN 605 055 285) (**ACPL**) which, in turn, is a wholly owned subsidiary of Auctus Chillagoe. Both Auctus Chillagoe and Auctus Minerals are owned by Auctus Minerals Nominee Pty Ltd (ACN 602 315 042) as trustee for the Auctus Minerals Australian Unit Trust.

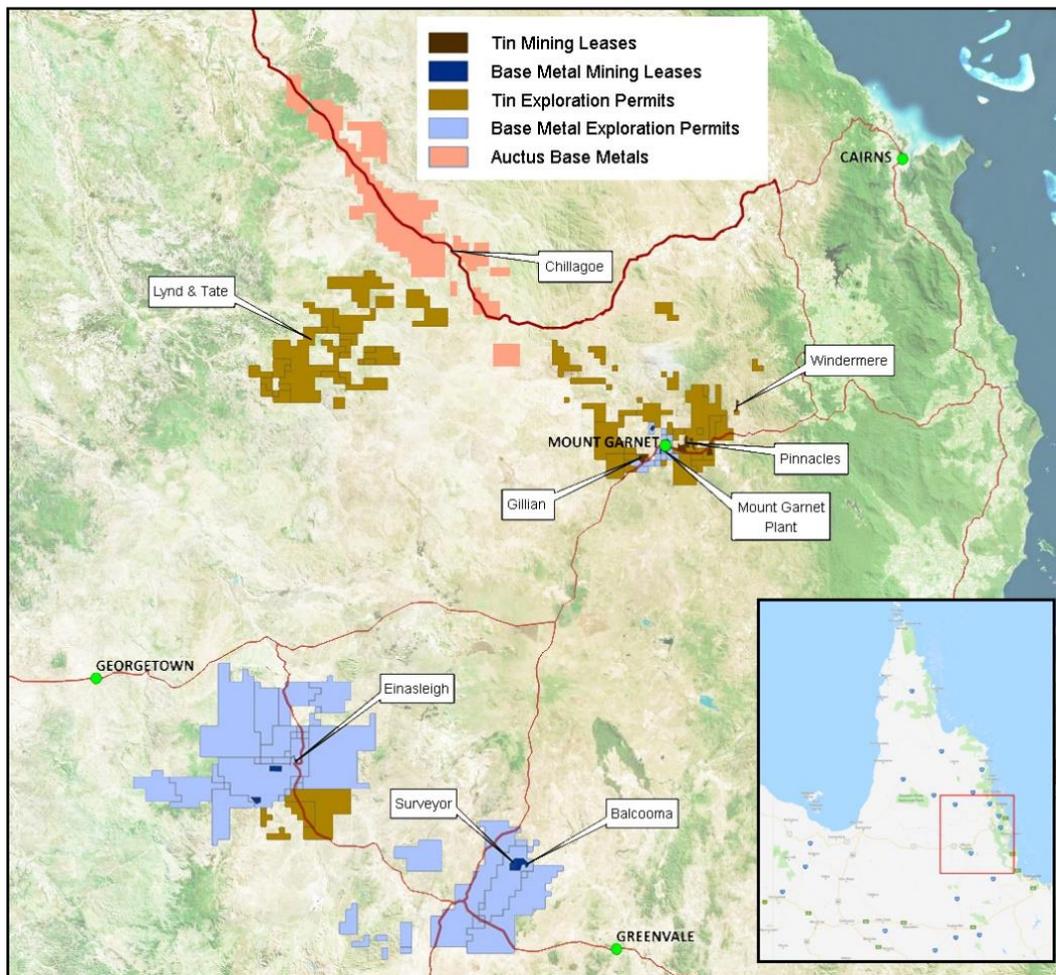
In accordance with the DOCA Agreement, the Administrators of Auctus Minerals and Auctus Resources must procure the transfer of 100% of the shares in Auctus Minerals and Auctus Chillagoe to the Company.



#### 1.4 Overview of the Chillagoe Project

The Chillagoe Project is located 16km from the town of Chillagoe, some 200km west of Cairns and approximately 300km northwest of Townsville. The Chillagoe Project is well serviced by infrastructure including Highway 1 and Highway 27 (Burke Development Road connecting the mining region to Cairns) and has access to electricity via the grid. The Chillagoe Project is also proximate to the Company's major operations including the Mount Garnet processing plant which is 140km southeast of Chillagoe.

The location of the assets of Auctus Resources and the Company is set out below.



**Figure 1 - Location of the Auctus assets relative to the Company's operations in North Queensland**

## History

Mining has been undertaken in the Chillagoe region in northeast Queensland for more than 100 years. Early mining included nearby mines, Girofla, Lady Jane, Dorothy, Red Dome Gold Mine and Griffiths Hill, which were operating between the late 1800's and 1990.

In 2006, Kagara Limited (**Kagara**) commenced underground development of the Mungana base metal deposit, developing the mine to a depth of approximately 700 metres. Mined ore was trucked to Kagara's Mount Garnet processing plant (now owned and operated by the Company) for processing.

In 2012, diminishing commodity prices and a high A\$/US\$ exchange rate saw Kagara enter administration and the base metal rights of the Chillagoe assets sold to Mungana Goldmines Limited (subsequently renamed Atherton Resources).

In late 2015, the Chillagoe Project was acquired by Auctus Resources. Development was restarted at the Mungana deposit focussing on oxidised/transitional ore in the upper level of the mine (BMU Block) in conjunction with construction of a processing facility. First ore from the Mungana underground mine and first concentrate production from the Mungana processing plant was delivered in 2017.

The King Vol underground mine was concurrently developed to provide additional ore feed to the Mungana processing plant. First ore production from the King Vol underground mine also occurred in 2017.

## Geology

The Chillagoe Project sits within the Chillagoe formation which comprises a sequence of limestones, cherts, clastic sediments and mafic volcanics occupying a narrow belt, up to 10km wide, along the western margin of the Siluro-Devonian Hodgkinson Province.

The Mungana underground mine (the **Mungana Mine**) is situated within a structurally disrupted Chillagoe formation, a short distance northeast of the Palmerville Fault, a steeply dipping reverse fault which has thrust the Chillagoe Formation over the Lower Proterozoic, high-grade, Dargalong Metamorphics to the southwest.

A historical ASX release indicates that approximately 700,000 tonnes of zinc, lead and copper ore was produced from the Mungana Mine between October 2008 and April 2012 (refer to Mungana Goldmines Limited (ASX:MUX) ASX announcement dated 15 August 2015).

## Tenements

The Chillagoe Project comprises the following tenements located in North Queensland, Australia (together, the **Tenements**):

- ML 20640;
- ML 20658;
- ML 4798;
- ML 4910;
- ML 4921;
- ML 4928;
- ML 4977;
- ML5176;
- ML 5319;
- ML 4911;
- EPM 25873;
- EPM 25875;
- EPM 27049;
- EPMA 27490; and
- EPMA 27225.

## Key Assets

The Chillagoe Project consists of three major assets, being the:

- (a) King Vol underground mine (**King Vol Mine**);
- (b) the Mungana underground mine (**Mungana Mine**); and
- (c) the Mungana processing facility (**Mungana Processing Plant**).

In addition, the Chillagoe Project consists of highly prospective exploration tenure, an accommodation village, exploration depot, the Chillagoe Cattle Station and freehold property in the Chillagoe township.

(a) **King Vol Mine**

The King Vol Mine is an operating underground mine (currently on care and maintenance) located approximately 26km northwest of the Mungana Processing Plant. Construction on the mine commenced in March 2016 with first ore generated in August 2017. The mine was placed on care and maintenance in March 2020 and will be restarted upon completion of the Acquisition.

King Vol is a zinc dominant high-grade polymetallic deposit and was, before entering care and maintenance, at steady state of production, with approximately 360,000 tonnes of ore being extracted per annum.



**Figure 2 - King Vol Mine Portal**

The Mineral Resource estimate for the King Vol Mine estimate (reported to the requirements of JORC Code 2012) was prepared by SRK Consulting (Australasia) Pty Ltd (**SRK**). The Mineral Resource estimate is summarised below and is set out in the Company's ASX Announcement dated 3 March 2021.

This Mineral Resource estimate is based on geological, structural, weathering and mineralisation models that have been developed since late 2019 by Auctus' geological personnel and external consultants, and an updated drillhole dataset since the previous Mineral Resource estimate was completed in April 2016.

**King Vol Mineral Resource estimate at a 3.0% ZnEq cut-off as at 10 March 2020**

Classification	Tonnes	Zn Grade (%)	Pb Grade (%)	Cu Grade (%)	Ag Grade (ppm)	As Grade (ppm)	Cd Grade (ppm)	Fe Grade (%)
Indicated	780,000	11.6	0.71	0.57	28.2	1,700	455	10.9
Inferred	1,890,000	8.2	0.64	0.43	24.1	1,538	350	10.2
<b>Total Resource</b>	<b>2,670,000</b>	<b>9.2</b>	<b>0.66</b>	<b>0.47</b>	<b>25.3</b>	<b>1,586</b>	<b>381</b>	<b>10.4</b>

Calculations have been rounded to the nearest 100,000t of ore and 0.1% or 0.1 ppm grade. Tonnages are dry metric tonnes. Minor discrepancies may occur due to rounding.

The Mineral Resource estimate above comprises some Inferred Mineral Resources, which are unable to have economic considerations applied to them nor is there certainty that they will be converted to Measured or Indicated Resources through further sampling.

Refer to the Company's ASX Announcement dated 3 March 2021 for further detail regarding the Mineral Resource estimates.

The Company confirms that there have been no material changes to the Mineral Resource estimate for King Vol since they were last reported in the ASX Announcement dated 3 March 2021 and it is not aware of any new information or data that materially affects the information included in the announcement and all material assumptions and technical parameters underpinning the estimates in the announcement continue to apply and have not materially changed.

(b) **Mungana Mine**

The Mungana Mine is located adjacent to the Mungana Processing Plant. As set out above, the operation was previously developed and run by Kagara from 2008 until 2012, until closure due to financial difficulties. Kagara mined the Mungana mineralisation to a depth of 700 vertical metres below surface, with approximately 700kt of ore extracted grading at 1.8% Cu, 1% Pb, 11.1% Zn, 1g/t Au and 80g/t Ag (refer to Atherton Resources ASX release dated August 2015). This ore was trucked to Mount Garnet and processed through the Mount Garnet processing facility (the Mungana Processing Plant not having been constructed at that time).

Following its acquisition in 2015, Auctus Resources brought the Mungana Mine back into production during 2017. This followed dewatering of upper levels of the underground workings, detailed geotechnical evaluation, installation of primary ventilation and appointment of a mining contractor to run the underground operations. Mined ore was treated through the newly constructed Mungana Processing Plant.

Mining under the Auctus redevelopment focussed on mining the transitional material in the BMU block by underground caving method. Peak monthly mining rates over that period exceeded an annualised rate of 360kt of ore. However, the BMU block ore was highly oxidised resulting in metal recovery challenges. As a function of this, operations ceased at the Mungana Mine and it was returned to care and maintenance in April 2019.



Figure 3 – Mungana Mine

(i) **Mungana Mineral Resource Estimate**

The Mineral Resource estimate for the Mungana Mine was prepared by Entech Pty Ltd (**Entech**) for Auctus during April 2018. The Mineral Resource is summarised below and is set out in the Company's ASX Announcement dated 10 February 2020.

This Mineral Resource estimate incorporates the global underground base (zinc, lead, copper) and precious (gold, silver) metal resources at Mungana based on reverse circulation and diamond drilling sampling data available as of 6 October 2017.

**Mungana Mineral Resource Summary at a 3.0% ZnEq cut-off**

Classification	Tonnes (Mt)	Zn Grade (%)	Pb Grade (%)	Cu Grade (%)	Ag Grade (ppm)	Au Grade (ppm)	As Grade (%)	Sb Grade (ppm)	Cd Grade (ppm)
Indicated	2.2	3.4%	0.4%	0.8%	48.9	1.4	0.9%	892.7	120.1
Inferred	1.8	3.3%	0.7%	0.6%	42.9	1.7	0.9%	734.2	62.4
<b>Total Resource</b>	<b>4.0</b>	<b>3.3%</b>	<b>0.5%</b>	<b>0.7%</b>	<b>46.2</b>	<b>1.6</b>	<b>0.9%</b>	821.3	94.1

Calculations have been rounded to the nearest 100,000t of ore and 0.1% or 0.1 ppm grade. Tonnages are dry metric tonnes. Minor discrepancies may occur due to rounding.

The Mineral Resource estimate above comprises some Inferred Mineral Resources, which are unable to have economic considerations applied to them nor is there certainty that they will be converted to Measured or Indicated Resources through further sampling.

Refer to the Company's ASX Announcement dated 10 February 2020 for further detail regarding the Mineral Reserve estimates.

(ii) **Mungana Ore Reserve Estimate**

The Mineral Resource block model used to estimate the Ore Reserves for the Mungana Mine was generated by Entech in March 2018.

The Ore Reserve estimate (reported to the requirements of JORC Code 2012) for the Mungana Mine as at 30 November 2018 is set out in the table below.

The Ore Reserve estimate is based on financials and modifying factors determined to a minimum Pre-Feasibility Study (**PFS**) level of detail. Operating processes and costs are well understood from recent operating activities.

#### **Mungana Ore Reserve Estimate (November 2018)**

<b>Physical</b>	<b>Proved</b>	<b>Probable</b>	<b>Total</b>
Tonnes (t)	-	890,000	890,000
Zn Grade (%)	-	3.4%	3.4%
Zn Metal (t)	-	30,000	30,000
Cu Grade (%)	-	0.8%	0.8%
Cu Metal (t)	-	8,000	8,000
Pb Grade (%)	-	0.8%	0.8%
Pb Metal (t)	-	7,000	7,000
Au Grade (%)	-	1.4	1.4
Au Metal (oz)	-	40,000	40,000
Ag Grade (%)	-	56	56
Ag Metal (oz)	-	1,600,000	1,600,000

*Calculations have been rounded to the nearest 10,000 t of ore, 0.1 %/0.1 g/t Au/1.0 g/t Ag metal grade and 1,000 t/1,000 oz. Au/100,000 oz. Ag metal.*

Refer to the Company's ASX Announcement dated 10 February 2020 for further detail regarding the Ore Reserve estimates.

The Company confirms that there have been no material changes to the Mineral Resource and Ore Reserve estimates for Mungana since they were last reported in the ASX Announcement dated 10 February 2020 and it is not aware of any new information or data that materially affects the information included in the announcement and all material assumptions and technical parameters underpinning the estimates in the announcement continue to apply and have not materially changed.

(c) **Mungana Processing Plant**

The Mungana Processing Plant is located adjacent to the Mungana Mine and has:

- (i) a nameplate capacity 600,000 tonnes per annum;
- (ii) sequential flotation circuit producing separate zinc, copper, and lead concentrate; and
- (iii) gold recovery consisting of Falcon Jigs and tables.

(d) **Infrastructure**

The town of Chillagoe has a population of approximately 200, with a primary school, police station, hospital, two hotels and normal modern facilities expected in a small Australian country town. The area is famous for underground limestone caves attracting national and international visitors and tourists.

The Auctus Resources accommodation village is located adjacent to the town, approximately 400m from the town centre. Chillagoe is located 200km from Cairns by a well maintained, predominantly sealed road.

The Mungana Mine and the Mungana Processing Plant are connected to grid power. The King Vol Underground Mine operates on generator power.

The King Vol Mine, Mungana Mine and the Auctus accommodation village are connected by good quality gravel roads.

Underground water supply is generally good quality due to the limestone mineralisation in the area.

(e) **Workforce**

The operation is currently on care and maintenance. The King Vol Mine mining operation was previously undertaken by a mining contractor. The Mungana Processing Plant was owner-operated. Many of the workforce were local from the local area and the Cairns hinterland region.

## 1.5 **Rationale for Acquisition**

The Company is a mining and production company with a number of base metals projects located in Queensland. Importantly, the Company has extensive expertise in mining and processing similar deposits to those at the Chillagoe Project. The Company's operations at Mount Garnet include the Mount Garnet Deeps Mine, an operating underground mine currently on care and maintenance and the Dry River South Mine located at the Surveyor Project.

These deposits have a similar geology to the deposits in the Chillagoe Project region. The Company also owns a base metals processing plant, the Mount Garnet Processing Plant, which historically has processed ore from the Mungana Mine, demonstrating the Company's understanding of the ore composition from the Chillagoe Project region.

In addition, the Company's management team has extensive mining expertise and an understanding of the Auctus assets, dating back to when the operations were part of those owned by Kagara. Because of the close proximity of the projects and similarity of mining and processing many of the Company's workforce and management have already worked at both sites at some stage.

It is for these reasons, and the key advantages described at Section 1.11, that the Company views the Acquisition to be in the best interests of Shareholders and believes that the Acquisition will create further value for the Company's Shareholders.

Please also refer to the Company's ASX announcement dated 10 February 2020 for the key benefits and short-term growth opportunities of which the Company confirms remain unchanged.

## 1.6 Proposed Activities of Merged Group following completion of Acquisition

The Company engaged PricewaterhouseCoopers Securities Ltd, PricewaterhouseCoopers, Xstract Mining Consultants and SRK to undertake due diligence in respect of the Acquisition and to develop a 10-year mining model for the merged projects (**MergeCo Model**).

The MergeCo Model recognises the objective to bring both the Mungana and Mt Garnet Processing Plants into full production within a reasonable timeframe and to maintain full production at both processing plants for the 10-year life of the plan. The Mungana Processing Plant has a 'nameplate capacity' of 600,000 tonnes per annum (**tpa**). The Mt Garnet Processing Plant polymetallic circuit has a 'nameplate capacity' of 500,000tpa.

The Company will also investigate potentially re-establishing mining at the historic Red Dome Gold Mine with initial emphasis on the potential to produce early cash flow from existing gold heap leach infrastructure.

The Company notes that other than in respect of the strategy set out above, no changes to the existing business model of the Company will be made in light of the Acquisition. The scale of the Company's operations will increase with anticipated cost savings due to the merging of the existing assets and the Chillagoe Project however the Company will continue to be a base metals mine operator and developer.

## 1.7 Summary of DOCA Agreement

The key terms of the DOCA Agreement (as varied) are as follows:

- (a) (**Consideration**): On completion of the Acquisition the Company and Cyan must pay the contribution balance equal to \$21,930,000, less estimated net excluded claim debt (being an amount which will be confirmed by the parties prior to completion) (**Contribution Balance**), to the creditors' trust. Following completion there will be an adjustment to the Contribution Balance based on the actual net excluded claim debt as at completion.
- (b) (**Deferred Amount**): The Company and Cyan will pay a further \$4,000,000 to the creditors' trust on the date that is 12 months after the completion.
- (c) (**Monthly Payments**): From 31 July 2020, the Company must fund the trading costs of Auctus Resources and Auctus Minerals (which are currently on care and maintenance), up to a maximum of \$250,000 per month (excluding GST) until December 2020, at which time the maximum increases to \$500,000 per month (excluding GST) until the earlier of:
  - (i) completion occurring under the DOCA Agreement; or
  - (ii) the DOCA Agreement being terminated in accordance with its terms,(the first \$250,000 being referred to as the **Monthly Amounts** and the second \$250,000 being referred to as the **Additional Amounts**).
- (d) (**Supplementary Amounts**): From 1 February 2021 until 30 April 2021, the Company must pay to the Administrators an amount of \$300,000 per month (excluding GST) to fund the supplementary costs of the Administrators in relation to their costs, liabilities and expenses (including,

for the avoidance of doubt, any interest that has accrued or will accrue in relation to any financing arrangements during the period of the DOCA Agreement) incurred in connection with the DOCA Agreement (**Supplementary Amounts**).

- (e) (**EPA Amount**): The Company paid an annual fee of \$236,040 payable by Auctus Resources to the Queensland Department of Environment and Science to the Administrators on 24 February 2021 (**EPA Amount**).
- (f) (**Conditions Precedent**): Completion is subject to satisfaction of the following outstanding conditions precedent on or before 30 April 2021:
  - (i) the Company issuing the notice of meeting and holding a general meeting of Shareholders to approve the Acquisition in accordance with the terms of the DOCA Agreement;
  - (ii) Shareholders approving the Acquisition (the subject of Resolution 1);
  - (iii) the estimated net excluded claim debt being determined;
  - (iv) the Company paying each Monthly Amount, Additional Amount and Supplementary Amount;
  - (v) the Administrators providing written confirmation to the Company that it holds validly executed original share transfer forms (for the entire issued capital of Auctus Chillagoe and Auctus Minerals (**Sale Shares**)) irrevocably and has the authority to deliver the share transfer forms at completion (together with a copy of the same);
  - (vi) Nebari and AMAUT Finance LLP delivering the validly executed consent letters to the Administrators confirming their consent to release all claims and to discharge their security against Auctus Resources and Auctus Minerals with effect at completion; and
  - (vii) the Company nominating new directors to the boards of Auctus Chillagoe (and its subsidiaries) and Auctus Minerals.
- (g) (**Completion**): At completion:
  - (i) the Administrators must (among other things):
    - (A) transfer the Deed Fund to the creditors' trust;
    - (B) deliver to the Company:
      - (I) the share transfer forms (for the entire issued capital of Auctus Chillagoe and Auctus Minerals);
      - (II) original share certificates for 100% of the issued capital in Auctus Chillagoe and Auctus Minerals; and
      - (III) resignations of existing directors of Auctus Chillagoe (and its subsidiaries) and Auctus Minerals, and appoint the new directors;

- (IV) removal of any notified encumbrances;
  - (V) releases and discharges held by Nebari and AMAUT Finance LLP in respect of encumbrances granted over the Sale Shares and any other assets;
  - (VI) evidence of termination of a pre-agreed list of certain contracts;
  - (VII) the consent of Ergon Energy Corporation Limited (**Ergon**) to the change of control of Auctus Resources that will arise on completion in accordance with the customer connection agreement between Auctus Resources and Ergon (**Ergon Contract**); and
- (ii) the Company must:
- (A) deliver executed share transfer forms;
  - (B) pay the Contribution Balance;
  - (C) pay any pro rata Additional Amounts up to, but excluding, the date of completion; and
  - (D) arrange a replacement of the Ergon Bond (being a \$766,699 bank guarantee in favour of Ergon in respect of the Ergon Contract) to take effect on and from the date of completion.

Further details regarding the terms and conditions of the DOCA Agreement are summarised in Schedule 1.

## 1.8 Summary of Cyan Loan Agreement

The Company has entered into an unsecured loan agreement with Cyan (a major Shareholder of the Company) (**Cyan Loan Agreement**) under which Cyan has agreed to advance an amount of up to \$30,000,000 to the Company to fund the balance of the consideration payable in respect of the Acquisition (being, an estimated amount of \$18,100,000 – the exact amount payable upon settlement will not be known until net excluded debt is determined), and for general working capital purposes following completion of the Acquisition.

The material terms and conditions of the Cyan Loan Agreement are as follows:

- (a) (**Loan Facility**): Cyan has agreed to provide the Company with up to \$30,000,000 in multiple drawdowns in accordance with the terms of the Cyan Loan Agreement (**Cyan Loan Facility**).
- (b) (**Drawdowns**): The Company shall provide Cyan with written requests to drawdown amounts under the Cyan Loan Facility. The total drawdowns may not exceed the Cyan Loan Facility unless both parties agree in writing. Any payments made by Cyan to the Administrators or Auctus pursuant to the DOCA Agreement shall be treated as having been made by Cyan on behalf of the Company and therefore a drawdown by the Company for the purposes of the Cyan Loan Agreement.

- (c) **(Interest):**
  - (i) Interest shall accrue daily on the outstanding amount owing under the Cyan Loan Facility at a rate of 6% per annum.
  - (ii) The accrued interest is payable in cash annually on the anniversary of the first drawdown under the Cyan Loan Facility.
- (d) **(Repayment):** The outstanding amount owing under the Cyan Loan Facility and all accrued but unpaid interest may be repaid to Cyan by the Company at any time following drawn down.
- (e) **(Maturity):** The outstanding amount owing under the Cyan Loan Facility and all accrued but unpaid interest will be due and payable on 29 February 2024.

The Cyan Loan Agreement contains such other terms as are considered standard for an agreement of its nature (including representations and warranties). The Cyan Loan Agreement is considered by the Company to be on arms-length terms.

## 1.9 Pro forma balance sheet

A summary of the financial effect of the Acquisition on the Company and on the interests of Shareholders, including, the likely effect of the Acquisition on the Company's consolidated total assets, total equity interests, annual revenue, annual expenditure and annual profit before tax is set out in Schedule 2.

## 1.10 Risks relating to the Company and the Acquisition

In addition to the existing risks impacting the Company, the Company believes that Shareholders will be exposed to the following additional risks by virtue of the Acquisition:

### (a) Additional requirements for capital

The Company has entered into the Loan Agreement under which it has received the Cyan Loan Facility to fund amounts payable pursuant to the Acquisition, costs associated with the Acquisition and for general working capital purposes (including, resumption of operating activities at the Company's projects and commencement of feasibility studies). However, further funds 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 development of additional resources or deposits, acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur.

Following completion of the Acquisition, 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. 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.

(b) **Reliance on key personnel during transitional period**

Following completion of the Acquisition, Auctus Resources' current employees will provide shared support services to the Company and Auctus Chillagoe. The Company (via Auctus Chillagoe) will be engage employees of Auctus Resources, in particular previous management and accounting employees currently employed by Auctus Resources.

In addition, the Company is dependent on its ability to attract and retain key personnel. It may not be able to hire and retain such personnel at compensation levels consistent with its expectations.

### **1.11 Advantages of the Acquisition**

The Directors view the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on Resolution 1:

- (a) the Acquisition presents an opportunity for the Company to acquire a high-quality base metals complex, supported by a large resource base, with significant exploration potential in a prospective mining region;
- (b) the Acquisition is consistent with the Company's strategic objective to increase production, Mineral Resources and Ore Reserves and establish the Company as a large diversified metal producer in Australia;
- (c) the Mungana Mine which is currently on care and maintenance has resource development optionality which includes the potential development of the Mungana Deeps;
- (d) the Mungana Processing Plant, which is currently on care and maintenance, is of a similar design to the Company's Mount Garnet Processing Plant and is approximately 140km apart. In addition, Mungana Processing Plant was recently constructed in 2017, is in good operating condition and operates on grid power reducing operating costs;
- (e) upon completion of the Acquisition, the Company would own operating mines with potential to haul ore to either processing plant to optimise ore blend and recoveries;
- (f) in addition to the two underground mines and the newly constructed Mungana Processing Plant, the Chillagoe Project contains a number of advanced exploration deposits providing the Company with multiple base and precious metals development opportunities;
- (g) the Company has extensive experience in mining and processing similar deposits to those at the Chillagoe Project;
- (h) the Chillagoe Project is located in Australia which is a politically and geographical stable investment decision; and
- (i) the Company may be exposed to further debt and equity opportunities that the Company did not have prior to the Acquisition.

### **1.12 Disadvantages of the Acquisition**

The Directors view the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on Resolution 1:

- (a) the Company will be changing the scale of its activities which may not be consistent with the objectives of all Shareholders;
- (b) pursuant to the Acquisition, the Company has agreed to acquire 100% of the issued capital of Auctus Chillagoe and Auctus Minerals, completion of which is subject to the fulfilment of certain conditions. There is a risk that the conditions for completion of the Acquisition cannot be fulfilled and, in turn, that completion of the Acquisition does not occur. If the Acquisition is not completed, the Company will incur costs relating to advisors and other costs without any material benefit being achieved;
- (c) future outlays of funds from the Company are likely to be required for the operations of the Company's existing projects and the Chillagoe Project (if completion occurs);
- (d) there is no guarantee that the Chillagoe Project will prove to be economically viable for the Company; and
- (e) current Shareholders will be exposed to the additional risks associated with the Chillagoe Project (refer to Section 1.10 above).

#### **1.13 Directors' interests in the Acquisition**

None of the Directors have any interest in the Acquisition.

#### **1.14 Vendor's interests in the Company**

The Vendor (or its associates) is not a related party of the Company.

#### **1.15 Board changes as a result of the Acquisition**

Following completion, the Board will be restructured to add appropriate mining and financing skills. The restructure is considered necessary at this point in the Company's development and is not necessarily occurring as a result of, or directly in relation to, the Acquisition.

#### **1.16 Payment for Acquisition**

The Company has entered into the Loan Agreement with Cyan under which a Loan Facility of \$30,000,000 has been made available to the Company for the purpose of funding for the Acquisition and for general working capital purposes.

#### **1.17 Directors' recommendation**

For the reasons set out above, the Directors believe that the Acquisition is in the best interests of Shareholders and therefore unanimously recommend that Shareholders vote in favour of Resolution 1.

#### **1.18 Continuous disclosure**

The Company will remain subject to continuous disclosure obligations under the Corporations Act as an unlisted disclosing entity. The Company will continue to post continuous disclosure announcements on the Company's website at: <https://www.csdfin.com.au/investor-centre/announcements/>

Shareholders are encouraged to regularly visit the Company's website in order to read announcements released by the Company.

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## **2. RESOLUTION 2 – CHANGE OF COMPANY NAME**

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

Resolution 2 seeks the approval of Shareholders for the Company to change its name to “Aurora Metals Limited”.

If Resolution 2 is passed the change of name will take effect when ASIC alters the details of the Company’s registration.

The proposed name has been reserved by the Company and if Resolution 2 is passed, the Company will lodge a copy of the special resolution with ASIC as soon as practicable (but within 14 days) after the Meeting in order to effect the change.

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

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## GLOSSARY

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**\$** means Australian dollars.

**ACPL** means Auctus Chillagoe Pty Ltd (ACN 605 055 285).

**Administrators** means Richard Scott Tucker and John Allan Bumbak in their role as joint and several administrators of Auctus Minerals and Auctus Resources in accordance with the DOCA Agreement.

**ASIC** means the Australian Securities & Investments Commission.

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

**Auctus Chillagoe** means Auctus Chillagoe Holdings Pty Ltd (ACN 605 053 610).

**Auctus Group** means Auctus Chillagoe, ACPL, Auctus and the Auctus Subsidiaries.

**Auctus Resources** or **Auctus** means Auctus Resources Pty Ltd (subject to deed of company arrangement) (ACN 136 606 338).

**Auctus Subsidiaries** means the wholly owned subsidiaries of Auctus Resources.

**Board** means the current board of directors of the Company.

**Chair** means the chair of the Meeting.

**Company** means Consolidated Tin Mines Limited (ACN 126 634 606).

**Constitution** means the Company's constitution.

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

**DOCA Agreement** has the meaning given in the short explanation immediately below Resolution 1 in the agenda section of this Notice.

**Directors** means the current directors of the Company.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

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

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**Proxy Form** means the proxy form accompanying the Notice.

**Resolution** means each resolution set out in the Notice.

**Section** means a section of the Explanatory Statement.

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

**Shareholder** means a registered holder of a Share.

**Vendor** means Auctus Minerals Nominee Pty Ltd (ACN 602 315 042) as trustee for the Auctus Minerals Australian Unit Trust.

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## SCHEDULE 1 – DOCA AGREEMENT SUMMARY

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In addition to those terms summarised above at Section 1.7, the key terms and conditions of the DOCA Agreement (as varied) are as follows:

- (a) **(Appointment):** In accordance with section 444A(4)(a) of the Corporations Act, the Administrators were appointed as administrators.
- (b) **(Deed Account):** The Administrators:
- (i) must establish in the name of the Auctus Resources and Auctus Minerals an interest-bearing account controlled by the Administrators (**Deed Account**); and
  - (ii) will, from time to time, pay into the Deed Account the "relevant assets" (consisting of assets that the Company will not be acquiring) and the resulting funds (plus any interest accruing) will comprise the '**Deed Fund**'.
- (c) **(Creditors' Trust):** The Administrators, Auctus Resources and Auctus Minerals must execute the Creditors' Trust Deed, pursuant to which the Administrators, in their capacity as trustees, shall act as trustee for each of the creditors pursuant to the terms of the Creditors' Trust Deed. The Creditors' Trust Deed was executed on 18 August 2020.
- (d) **(Transfer to Creditors' Trust):** On the completion date of the Acquisition:
- (i) the Administrators must immediately transfer the balance of the Deed Fund (plus any other rights in, to and under the relevant assets) to the creditors' trust; and
  - (ii) the Company must immediately transfer the Contribution Balance to the creditors' trust,
- which, along with the Deferred Amount to be paid by the Company and Cyan 12 months following completion, will be held on trust by the trustees.
- (e) **(Entitlement of Creditors):** In accordance with section 444A(4)(b) of the Corporations Act, the trust is to be available to pay creditors.
- (f) **(Conversion of Claims):** On completion of the Acquisition, each creditor who had a claim in accordance with the DOCA Agreement will be entitled to make a claim against the trust, which is equal in amount to their released claim. The Creditors' Trust Deed provides for the creditors' trust to be distributed as follows:
- (i) first, payment of the Administrators' liabilities, trustees' liabilities, Administrators' remuneration and trustees' remuneration;
  - (ii) second, payment of any indemnified liability of the Administrators and trustees;
  - (iii) third, to the terminated employees who have priority claims;
  - (iv) fourth, an amount paid to Nebari Natural Resources Credit Fund I, LP (**Nebari**) such that Nebari receives 100 cents in the dollar;
  - (v) fifth, an amount of \$0.2 million to be distributed pro rata between 'pool A' creditors such that they receive a return of an estimated 2 cents in the dollar;

- (vi) sixth, an amount of \$0.62 million to be distributed pro rata between 'pool B' creditors such that they receive a return of an estimated 2 cents in the dollar;
  - (vii) seventh, an amount of \$0.2 million to be distributed pro rata between 'pool C' creditors such that they receive an estimated return of 100 cents in the dollar; and
  - (viii) eighth, the residue of the creditors' trust is to be distributed to AMAUT Finance LLC.
- (g) **(Joint and Several liability):** Unless expressly stated otherwise in the DOCA Agreement, the Company and Cyan Stone are jointly and severally liable for the obligations of the Company under the DOCA Agreement.

The DOCA Agreement otherwise contains terms considered standard for an agreement of its nature.

## SCHEDULE 2 – PRO-FORMA BALANCE SHEET

	Statutory 30 Jun 20 \$	PRF Adj \$		PRF June \$
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	38,987	29,881,264	A	29,920,251
Trade and other receivables	1,143,988	-		1,143,988
Inventory	583,247	-		583,247
Prepayments	1,131,937	-		1,131,937
Deposits	68,432	-		68,432
	<u>2,966,591</u>	<u>29,881,264</u>		<u>32,847,855</u>
<b>Non-current assets</b>				
Property, plant and equipment	17,121,516	23,337,934	B	40,459,450
Right-of-use assets	112,351	-		112,351
Exploration & evaluation	28,593,693	-		28,452,891
Operating mines	6,720,447	12,614,755	C	16,837,896
Bonds and deposits	11,974,918	-		11,974,918
	<u>64,522,925</u>	<u>35,952,689</u>		<u>97,837,506</u>
<b>Total Assets</b>	<b><u>67,489,516</u></b>	<b><u>65,833,953</u></b>		<b><u>130,685,361</u></b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables	(18,962,801)	(4,000,000)	D	(23,487,373)
Loans & borrowings	(9,292,651)	(3,860,333)	E	(13,205,006)
Employee benefits	(1,891,894)	-		(1,891,894)
	<u>(30,147,346)</u>	<u>(7,860,333)</u>		<u>(38,584,273)</u>
<b>Non-current liabilities</b>				
Employee benefits	(150,150)	-		(150,150)
Loans & borrowings	(14,867,917)	(10,019,356)	F	(24,887,273)
Provision	(16,094,659)	(48,954,264)	G	(50,030,856)
	<u>(46,242,005)</u>	<u>(58,973,620)</u>		<u>(74,568,279)</u>
<b>Total liabilities</b>	<b><u>(150,150)</u></b>	<b><u>(66,833,953)</u></b>		<b><u>(113,652,552)</u></b>
<b>Net assets</b>	<b><u>21,247,511</u></b>	<b><u>(1,000,000)</u></b>		<b><u>17,032,809</u></b>
<b>Equity</b>				
Contributed equity	193,834,570			193,834,570
Accumulated losses	(172,587,059)	(1,000,000)	H	(176,801,761)
<b>Net Equity</b>	<b><u>21,247,511</u></b>	<b><u>(1,000,000)</u></b>		<b><u>17,032,809</u></b>

The Pro-Forma Balance Sheet is based on unaudited figures as at 30 June 2020, if there is a material difference between the figures included in the notice and the audited figures once finalised, the Company will issue an addendum to the Notice of Meeting to update the figures.

### Detail of Proforma Adjustments

- A \$29.9 million increase in cash represents loan proceeds received from Cyan Stone since 1 July 2020 to 24 March 2021 of \$19 million, proceeds to be received from Cyan Stone pursuant to the Loan Facility of \$30 million, less an estimated \$18.1 million completion payment (the exact amount payable upon settlement will not be known until net excluded debt is determined) and less \$1 million to pay for costs of the acquisition.
- B \$23.3 million increase in the value of Property, Plant and Equipment from the acquisition of Auctus.
- C \$12.6 million increase in the value of mining tenements from the acquisition of Auctus.
- D \$4 million deferred consideration for the acquisition of Auctus payable 12 months following effectuation of the Deed of Company Arrangement.
- E \$3.9 million increase in Loans and Borrowings assumed from the acquisition of Auctus.
- F Increase in rehabilitation provision of \$10 million as a result of acquiring Auctus.
- G \$49 million increase in non-current borrowings as a result of \$19 million in loans advanced by Cyan Stone between 1 July 2020 to 24 March 2021 and the proposed \$30 million loan for the acquisition and working capital.
- H Costs of acquisition including due diligence, advisory and legal fees.