
NOTICE OF EXTRAORDINARY GENERAL MEETING

EXPLANATORY MEMORANDUM

PROXY FORM

Date of Meeting

15 July 2020

Time of Meeting

10:30am (Sydney time)

Place of Meeting

Regus
Level 23, 52 Martin Place
Sydney NSW 2000

NOTICE OF EXTRAORDINARY GENERAL MEETING

TIMAH RESOURCES LIMITED
ABN 69 123 981 537

Notice is hereby given that an Extraordinary General Meeting (EGM) of members of Timah Resources Limited ('Company') will be held at the serviced corporate office of Regus, Level 23, 52 Martin Place, Sydney, New South Wales 2000 at 10.30am (Sydney time) on Wednesday, 15 July 2020.

Please note that in light of the Covid-19 crisis, and in the interests of protecting the health of shareholders, physical attendance at the EGM will be restricted to 15 persons due to capacity room constraints imposed by social distancing requirements. This capacity constraint includes 2 directors, company secretary and 2 audit representatives who have agreed with the company to attend in order to meet the quorum requirements for the meeting.

To facilitate this requirement, and in no way wishing to preclude shareholder attendance, the company encourages all shareholders to direct their proxy votes on each of their resolutions. This is the preferred means of voting at the EGM.

At the EGM, the meeting will consider and, if thought fit, pass the following resolution:

Ordinary business

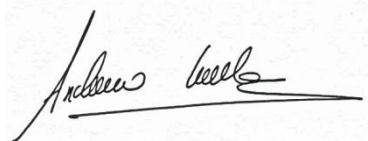
Resolution 1: Conversion of Debt to Equity

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

"That shareholders approve a new issue of ordinary shares in Mistral Engineering Sdn Bhd totalling 9,627,552 at a value of RM1.64 to Cash Nexus (M) Sdn Bhd in consideration for the conversion of a portion of a debt owed by the company's subsidiary Mistral Engineering Sdn Bhd to Cepatwawasan Group Berhad in the amount of RM15,803,202 and is approved under and for the purposes of Listing Rule 10.1."

DATED 29 May 2020

BY ORDER OF THE BOARD
TIMAH RESOURCES LIMITED



ANDREW WALLIS
COMPANY SECRETARY

NOTES

DETERMINATION OF MEMBERSHIP AND VOTING ENTITLEMENT

Everyone who is registered as a Shareholder at 7.00pm (Sydney time) on 11 July 2020 can vote at the Extraordinary General Meeting.

You may vote by:

(a) Attending the Extraordinary General Meeting in person (yourself or by sending an attorney, or, if you hold Shares through a company, by sending a corporate representative on your behalf); or

(b) completing and returning a proxy form.

A proxy form accompanies this Notice of Extraordinary General Meeting. The proxy form contains instructions on how to complete the form, the rules applicable to proxies, where to send the form and information regarding corporate representatives.

VOTING BY PROXY

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

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Extraordinary General Meeting. Broadly, the changes 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.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

- Section 250BB (1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:
- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way
- (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

Corporate Representative

Any corporate shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

Enquiries

If you have any questions in relation to the Resolution to be considered at the Meeting, please call Mr Andrew Wallis on +61 2 8054 1886 between 9.00am and 5.00pm (Sydney time) Monday to Friday.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum forms part of a Notice convening the Extraordinary General Meeting of shareholders of Timah Resources Limited to be held on Wednesday, 15 July 2020. This Explanatory Memorandum is to assist shareholders in understanding the background to and the legal and other implications of the Notice and the reasons for the resolutions proposed. Both documents should be read in their entirety and in conjunction with each other.

The resolution is an ordinary resolution.

EXPLANATORY NOTES

Resolution 1 - Conversion of Debt to Equity

Background Information

TML operates a biogas power plant through our wholly owned subsidiary, Mistral Engineering Sdn Bhd (“Mistral”), in Malaysia. Mistral holds a Feed-in Approval to participate in the Feed-in Tariff scheme in Malaysia which is being administered by the Sustainable Energy Development Authority Malaysia (“SEDA”).

On 20 August 2019, Mistral received a written notice from SEDA requesting Mistral to make written submissions as to why the Feed-in Approval should not be revoked, as Mistral is alleged to have failed to comply with rule 15 and rule 13(1)(a) of the Renewable Energy (Feed-in Approval and Feed-in Tariff Rate) Rules 2011.

Mistral has replied in writing to SEDA’s notice on 12th September 2019. This was followed by meetings between Mistral and SEDA resulting in two further letters being written to SEDA on 4th and 15th October 2019.

On 8th January 2020, Mistral received an official reply from SEDA dated 24th December 2019 informing Mistral that SEDA had decided at its committee meeting on 14th November 2019 not to revoke Mistral’s Feed-in Approval, subject to Mistral complying with rule 3(c)(i) of the Renewable Energy (Feed-in Approval and Feed-in Tariff Rate) Rules 2011.

The rule stipulates:

3. An eligible producer shall be as follows:

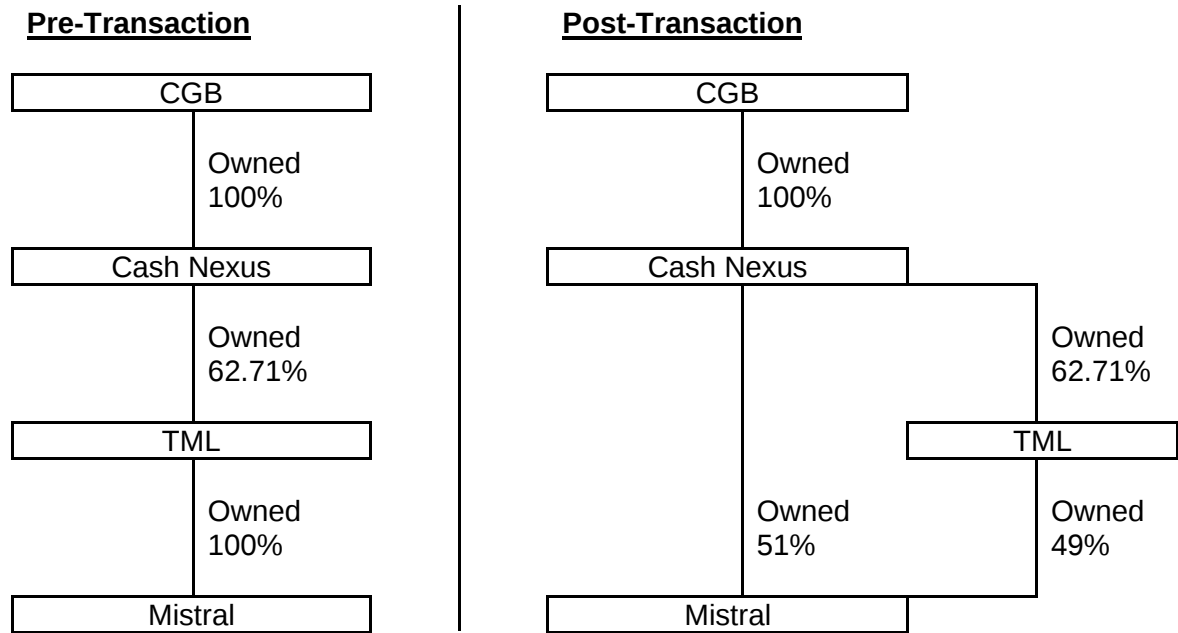
(c) a company incorporated in Malaysia other than-

- (i) a company in which a foreign person holds, directly or indirectly, more than forty-nine per centum of the voting power or issued share capital (excluding preference shares);

Mistral has been granted a 6 month period of grace before its Feed-in Approval is revoked to enable it to restructure its shareholding to comply with the above rule.

Proposed Resolution

To satisfy SEDA’s requirement to convert Mistral to a Malaysian majority-owned company, it is proposed to convert a part of Mistral’s existing debt owed to Cepatwawasan Group Berhad (“CGB”), TML’s ultimate majority and controlling shareholder, into new ordinary shares to be issued to another subsidiary of CGB, Cash Nexus Sdn Bhd (“Cash Nexus”). Mistral proposes to issue 9,627,552 new shares at an issue price of RM1.64. This will result in the reduction of debt to CGB of RM15,803,202 (“Transaction”). The new ownership structure of Mistral will then be 51% (Cash Nexus) and 49% (TML).



Shareholders’ benefits from the proposal

The primary benefit to TML’s shareholders as a result of this debt/equity conversion will be that Mistral will be fully compliant with SEDA requirements to participate in the Feed-in-Tariff scheme. Without this restructuring, Mistral will lose its Feed-in Approval.

Additionally, as a result of the reduction in debt to CGB of RM15,803,202, Mistral will save yearly interest costs of RM850,212.

No Change in Control

The Transaction does not result in any change in the shareholding of the listed entity, TML, and only applies to the shareholding of the subsidiary, Mistral. The ultimate ownership of the group remains the same, with Cash Nexus controlling TML and CGB controlling Cash Nexus, and the Transaction does not involve any change to Directors or management.

After the Transaction, Cash Nexus’ effective interest in Mistral will increase from 62.71% to 81.73%.

Interest of Directors

Directors' Shareholding		
	TML Ordinary Share	Cash Nexus Ordinary Share
Tan Sri Dr. Mah King Thian	57,500,000*	1,000,000*
Dato' Seri Mah King Seng	57,500,000*	1,000,000*
Soong Swee Koon	-	-
Lee Chong Hoe	-	-
Jack Tian Hock Tan	541,373	-
Derrick De Souza	14,000	-

* Tan Sri Dr. Mah King Thian and Dato' Seri Mah King Seng by virtue of their interests in ordinary shares in the CGB are also deemed interested in shares of all the CGB's subsidiaries to the extent that CGB has an interest.

None of the Directors, major Shareholders of the Company and/or persons connected to them have any interest, either direct or indirect, in the Proposal, save for their respective entitlements as shareholders of the Company.

Directors' Recommendation

The directors recommend the shareholders to approve the resolution based on the 3 reasons below:

- Mistral will lose its Feed- in-Tariff License and get its existing Renewable Energy Power Purchase Agreement revoked if it does not comply with SEDA's requirement. Without this restructuring, the Company will have a drastically reduced source of income and may no longer be viable.
- The crucial point to note here is that this is a positive transaction, which will result in the reduction of debt to CGB of RM15,803,202 , and a yearly saving in interest costs of RM850,212
- The transaction will not result in any change in the shareholding its listed entity, TML, and only affects the shareholding of its subsidiary, Mistral. It is stressed that the ultimate ownership of the Group remains the same, with Cash Nexus still controlling TML and CGB controlling Cash Nexus. The transaction does not involve any change to the Board of Directors nor to the management.

Timeline

Will complete the exercise within a reasonable timeframe once shareholder approval is given. It depends on the process time required for the statutory documentation.

Independent Expert's Report

The Independent Expert, Hall Chadwick has expressed their opinion that the proposed transaction is fair and reasonable, when considered in the context of the interest of the non-associated shareholders.

The principal factors that The Independent Expert have considered in forming their opinion are summarised below.

Fair

For the Transaction to be fair, the post-Transaction value held by Non-Associated Shareholders in Mistral must be equal to or exceed their pre-Transaction value.

The value of Mistral net assets held by Non-Associated shareholders of TML does not change as a result of the Transaction, given that the reduction in TML's shareholding in Mistral is equally offset by the increase in the net asset value of Mistral following the conversion of debt to equity, as shown in the table below:

	Mistral Net Assets			Non-Associated Interest	
	RM\$'000	AU\$'000		RM\$'000	AU\$'000
Pre-Transaction	15,183	5,314	37.29%	5,662	1,982
Capitalisation of debt	15,803	5,531			
Post-Transaction	30,987	10,845	18.27%	5,662	1,982

The Transaction is fair as the value held by Non-Associated Shareholders does not change as a result of the Transaction.

Reasonable

ASIC Regulatory Guide 111 states that a transaction is reasonable if:

- The Transaction is fair; or
- Despite not being fair the expert believes that there are sufficient reasons for shareholders to accept the offer in the absence of any higher bid before the close of the offer.

The Independent Expert have concluded that the Transaction is reasonable through considering the following relevant factors:

- The Transaction will allow the Company to continue to be fully compliant with SEDA requirements and participate in the Feed-in-Tariff system. Without this restructure the Company will have a reduced level of income.
- As a result of the reduction in debt to CGB of RM15,803,202 the Company will save yearly interest costs of RM850,212 (AU\$297,574).
- Unaware of any alternative proposal at the date of this report that may realise better value for TML shareholders and resolve the issues regarding SEDA compliance. Not achieving this compliance may result in the Mistral business no longer being viable.

Having considered that the Transaction is fair and the alternatives of not proceeding with the Transaction, in our opinion the Shareholders of TML should benefit if the Transaction proceeds and therefore, the Transaction is reasonable.

Purpose for seeking shareholder approval

TML is proposing to convert a part of Mistral's existing debt owed to CGB, TML's ultimate majority and controlling shareholder, into new ordinary shares to be issued to another subsidiary of CGB, Cash Nexus. Mistral proposes to issue 9,627,552 new shares at an issue price of RM1.64. This will result in the reduction of debt to CGB of RM15,803,202 ("Transaction").

Listing Rules 10.1 provides that a listed company must not acquire or agree to acquire a substantial asset from, or dispose of or agree to dispose of a substantial asset to:

10.1.1 a related party;

10.1.2 a child entity;

10.1.3 a person who is, or was at any time in the 6 months before the transaction, a substantial (10%+) holder in the company;

10.1.4 an associate of a person referred to in Listing Rules 10.1.1 to 10.1.3; or

10.1.5 a person whose relationship with the company or a person referred to in Listing Rules 10.1.1 to 10.1.4 in such that, in ASX's opinion, the issue or agreement should be approved by shareholders.

unless it obtains the approval of its shareholders.

Cash Nexus is the immediate holding company of TML which currently holds 62.71% of its shareholding. The Transaction falls within Listing Rules 10.1.3 ie. a person who is, or was at any time in the 6 months before the transaction, a substantial (10%+) holder in the company and involves the disposal of a substantial asset. It therefore requires the approval of TML's shareholders under Listing Rules 10.1.

This Resolution seeks the required shareholder approval to the Transaction under and for the purpose of Listing Rules 10.1

If this Resolution is passed, TML will be able to proceed with the Transaction and satisfy SEDA's requirement with the new ownership structure of Mistral which will then be 51% (Cash Nexus) and 49% (TML).

If this Resolution is not passed, TML will not be able to proceed with the Transaction and Mistral will lose its Feed-in-Tariff Licence and get its existing Renewable Energy Power Purchase Agreement revoked if it does not comply with SEDA's requirement. Without this restructuring, the Company will have a drastically reduced source of income and may no longer be viable.

Section 208 of the Corporations Act (the Act) specifies a public company must not give a financial benefit (including an acquisition or disposal of an asset) to a related party without shareholder approval. ASIC regulatory Guide 111 requires, amongst other things, that directors of a company need to provide shareholders with an analysis of whether a proposed transaction is fair and reasonable, when considered in the context of the interest of the non-associated shareholders. In this regard, please refer to the Independent Expert's Report prepared by Hall Chadwick dated 19 March 2020 attached to the information package.

Cash Nexus will be precluded from participating in the voting process for the proposed share and debt restructuring by reason of Section 224 of the Corporations Act 2001 and ASX Listing Rules 10.1 in that it is a related party of TML and the proposed resolution confers a financial benefit on Cash Nexus.

Voting Exclusion Statement

The Company will disregard any votes cast in favour of the resolution by or on behalf of:

- Cash Nexus (M) Sdn Bhd which is a related party of TML (disregard votes cast by ASX Listing Rules 10.1, the person disposing of the substantial asset to, or acquiring the substantial asset from, the entity and any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a holder of ordinary securities in the entity); or
- an associate of that Cash Nexus (M) Sdn Bhd.

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

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

If you would like to discuss this matter, you can do this by way of:

Email: andwwallis@bigpond.com.au

Phone: +61 2 8054 1886

Corporate information is also available on the ASX website under Timah Resources Limited (ASX: TML)

Time will be allowed during the extraordinary general meeting for consideration and questions by shareholders.

Timah Resources Limited
Suite 2501,
Level 25, 31 Market Street
Sydney NSW 2000
Telephone: 02 8054 1886

☐ Mark this box with an 'X' if you have made any changes to your address details (see reverse) reverse)

Appointment of Proxy

I/We (name of shareholder) _____

Of (address) _____

Being a member/s of Timah Resources Limited and entitled to attend and vote hereby appoint

☐ the Chairman of the Meeting (mark with an 'X')

OR

Write here the name of the person you are appointing if this person is **someone other than** the Chairman of the Meeting.

or failing the person named, or if no person is named, the Chairman of the Meeting as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Extraordinary General Meeting of Timah Resources Limited to be held to be held at the corporate serviced office of Regus, Level 23, 52 Martin Place, Sydney, New South Wales 2000 at 10:30 am (Sydney time) on 15 July 2020 and at any adjournment of that meeting.

☐ **Important:**

If the Chair of the meeting is appointed as your proxy, or may be appointed by default, and you do not wish to direct your proxy how to vote as your proxy in respect of a resolution, please place a mark in this box.

By marking this box, you acknowledge that the Chair of the Meeting may exercise your proxy even if he has an interest in the outcome of the resolutions (except for Resolution 1 per the below) and that votes cast by the Chair of the meeting for those resolutions other than as proxy holder will be disregarded because of that interest.

If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution.

Voting Directions to your proxy – please mark ☒ to indicate your directions

Resolution 1: That the proposed conversion of debt to equity be adopted.

For	Against	Abstain*

In addition to the intention advised above, the Chairman of the Meeting intends to vote undirected proxies in favour of the item of business. *If you mark the Abstain box for the item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in computing the required majority on a poll.

Appointing a second proxy

We wish to appoint a second proxy

☐ Mark with an 'X' if you wish to appoint a second proxy

AND

%

OR

State the percentage of your voting rights or the number of securities for this Proxy Form

PLEASE SIGN HERE This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder1	Securityholder2	Securityholder3
Individual/Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

HOW TO COMPLETE THE PROXY FORM

1 Your Address

This form has been sent to your address as it appears on the company's share register. If this address is incorrect, please mark the box and write the correct address on the form. **Please note, you cannot change ownership of your securities using this form.**

2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a security holder of the company.

3 Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite the item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on an item by inserting the percentage or number of securities you wish to vote in the appropriate box. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

4 Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's registered office or you may copy this form.

To appoint a second proxy you must:

- a) indicate that you wish to appoint a second proxy by marking the box;

on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded;

- b) return both forms together in the same envelope.

5 Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, all of the security holders should sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the company. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below no later than 48 hours before the commencement of the meeting at 10.30am on 15 July 2020. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged:

By posting, delivery or email to:

Timah Resources Limited
Suite 2501
Level 25, St Martins Tower
31 Market Street
Sydney NSW 2000

Telephone: 02 8054 1886
Email: andwallis@bigpond.com.au