



ACN 009 253 187

AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT

14 December 2022

Addendum to 2022 Annual Report

Following discussions with ASIC regarding disclosure of material business risks in the 2022 Tasman Annual Report in line with Regulatory Guide 247, Tasman Resources Ltd (“**Tasman**”) is responding by releasing this Addendum to its Directors report contained within the 2022 Annual Report.

The Addendum notes the nature of investments Tasman holds and provides a commentary on their respective current business strategies, opportunities and risks.

Requirement to Consolidate

Eden Innovations Ltd (“**Eden**”) is deemed to be a controlled entity by the accounting standards, thus requiring Tasman to consolidate the accounts of Eden into its accounts, although Tasman holds only 28.4% of the issued shares in Eden.

Investments

Tasman, which was listed on the ASX in 2001, currently holds the following long-term investments:

- **The Lake Torrens Project (directly owned)**
 - Tasman holds a 49% interest in the Lake Torrens Project in South Australia (“**Lake Torrens Project**”), with the other 51% interest currently being held by FMG Resources Pty Ltd (“**FMG Resources**”) which first entered into a farm-in agreement with Tasman in 2019.
 - Tasman’s interest in the Lake Torrens Project dates back to 1998 when it first acquired the large exploration licence that adjoins the Olympic Dam Iron Oxide Copper Gold (IOCG) licence area. Exploration to date has confirmed that the Lake Torrens Project also contains IOCG style mineralisation of similar age to the mineralisation at Olympic Dam, but to date a commercial orebody has yet to be discovered on the Lake Torrens Project.
 - FMG Resources is the current operator of the project and, following its election on 26 May 2022, presently is sole-funding up to the next \$7million of joint venture expenses.
- **Shareholding in Eden Innovations Ltd**
 - Tasman holds a 28.4% shareholding interest in Eden, a company that was initially incorporated in 2004 as a wholly owned subsidiary of Tasman, with Eden separately being listed on the Australian Securities Exchange in 2006. Eden has two wholly owned operating subsidiaries, Eden Innovations LLC (Eden US) in USA that was incorporated in 2005, and Eden Innovations India Pvt Ltd (Eden India) that was incorporated in 2007.
- **Shareholding in Conico Ltd**
 - Tasman holds a 7.96% shareholding interest in Conico Ltd (“**Conico**”), a company that was initially incorporated as a wholly owned subsidiary of Tasman, with Conico separately listed on the Australian Securities Exchange in 2007.

Investment Strategies

Tasman has held its interests in each of its three investments for more than 15 years. These long-term investments were all made into start-up ventures in different market sectors that were considered to have significant upside potential, but which come with the usual range of risks involved with “greenfield” investments.

All three of these investments have experienced, and may continue to experience, fluctuating periods of success, and periods of downturn.

Tasman periodically reviews its investment strategy and presently intends to continue holding these investments, but this strategy may change in the future due to changing market conditions or other events that lead to Tasman having to prioritise one investment over another.

Unless Tasman commences to generate sufficient income in its own right, or receives sufficient income through its investments, Tasman periodically has in the past, and will in the future, possibly require to raise additional funds to continue to service its cash requirements. This introduces the risk that for reasons such as adverse market conditions, successfully completing future capital raisings may not be possible.

Investments Commentary

The main risks and opportunities that are currently faced in relation to each of Tasman’s investments are considered below. Whilst this list is not intended to be exhaustive, it highlights what the Tasman Board considers are the major risks and opportunities:

- **Lake Torrens Project Investment**

- The major investment risks and opportunities with this investment are the same as risks associated with mineral exploration in general, namely that a commercial orebody may not be discovered, and/or even if one is discovered, the market prices of, and demand for, metals are subject to market fluctuations.

- **Eden Investment**

- Eden currently has two primary commercial products divisions, its EdenCrete® range of concrete admixtures to enhance concrete, and its OptiBlend® dual fuel system for operating diesel generator sets on a combination of diesel fuel and natural gas.
- Since 2016, when EdenCrete® was first sold in the USA, the EdenCrete® products have been sold and used commercially in USA, India, France and Australia. Tasman considers that the EdenCrete® product range has a significant upside potential, particularly in both USA and India where it is best established.
- Both USA and India are major markets for concrete, and each has also adopted very large, multi-year infrastructure budgets, much of which will be expended on building new concrete infrastructure or repairing or replacing existing concrete infrastructure.
- Relevantly, in addition to EdenCrete® products having been approved for use in concrete by Departments of Transportation in 21 US states, the Georgia Department of Transportation, since 2017, has specified that EdenCrete® be included in the concrete to be used in full depth concrete slab replacements on its state highways.

Investments Commentary – Eden Investment continued

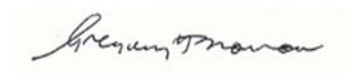
- o Numerous trials in both countries have shown most of the fly ash that has been tested to be responsive to the EdenCrete® PZ products, enabling that fly ash to be used to replace a significant percentage of the Ordinary Portland Cement (OPC) that would otherwise be required in the concrete, resulting not only in delivering cheaper concrete, but also concrete with a greatly reduced CO₂ footprint, and opening up a potentially extremely large market. Applying in both India and the USA markets, for the addition of fly ash that is currently being produced in on-going coal-fired power production, there are very large existing stockpiles of fly ash in land fill sites and ponds across both countries.
- o Similarly, OptiBlend® dual fuel systems have been sold, since 2009, many hundreds of times in each of USA and India, generating many millions of dollars of sales in both markets. As a result of its level of OptiBlend® sales, Eden India has been profitable and cash flow positive for the past several years, enabling Eden India to having recently paid Eden approximately A\$180,600 in accumulated interest on a loan made by Eden to Eden India in the early years after Eden India was first incorporated.
- o Both of Eden's products (the EdenCrete® range and the OptiBlend® dual fuel system) are well proven in the market place, but the sales of each have fluctuated, resulting in Eden having had to periodically raise capital to cover its operating losses.
- o To reduce the amount of future funds that will be required to supplement its cash flow until it achieves profitability, in November 2022 Eden US reduced its workforce whilst leaving its full production capability and most of its sales capability in place.
- o Eden US owns three US real estate properties, with a total appraised value over US\$12 million. US\$6.25 million of debt is secured against these properties. The vacant, 64-acre industrial site in Augusta, Georgia, with an appraised value of approximately US\$6million, is currently for sale, with interest from potential buyers emerging.
- o Apart from the usual range of market risks associated with developing, producing and selling new industrial products in several countries, Eden faces other risks including, but not limited to, risks from financial market upheavals, and major global disruptive events that are beyond Eden's control, such as supply chain shortages and upheavals, wars and other conflicts, pandemics, and market competition.
- o There is also a risk of Eden not being able to generate sufficient profits from the sale of its products and/or to raise sufficient funds to supplement its sales revenue to enable it to fully service its cash requirements before the Eden Group achieves longer-term sustainable profitability, which also poses a risk to the value of Tasman's Eden Investment.
- o Additionally, Tasman's ability to sell its shareholding in Eden in such circumstances, should it wish to do so, may also be impacted.

• Conico Investment

- o Conico holds (through a wholly owned subsidiary) two 100%-owned mineral projects in Greenland that it commenced exploring in 2020, and which are considered to be prospective for copper, nickel, platinum group elements (PGE), lead and zinc mineralisation.

Investments Commentary – Conico Investment continued

- o Conico also holds a 50% joint venture interest in a mineral project at Mt Thirsty, near Norseman in Western Australia, with both a nickel, cobalt, manganese lateritic deposit and a hard rock prospect for nickel, cobalt, PGE and other metals.
- o Conico faces the usual risks faced by “greenfield” exploration companies. In particular, the exploration results it achieves may not result in the discovery of a commercially viable orebody. Further, Conico may have to raise further funds from time to time to continue to fund the exploration, which may or may not be possible for various reasons, including it not discovering a commercially viable orebody, and/ or weak market conditions and/ or prices for the metals Conico is hoping to produce.
- o The Directors note untested, upside potential on all three of the aforementioned Conico projects.
- o Alternatively, Conico may choose to try to sell, or find a joint venture partner for, one or more of its assets, which may or may not be possible. In such circumstances, apart from possibly impacting the value of its shareholding in Conico, Tasman may also have difficulty selling its shareholding in Conico should it wish to do so.



Greg Solomon
Executive Chairman

This announcement was authorised by the above signatory.

For any queries regarding this announcement please contact Aaron Gates on +618 9282 5889