



TANTALUM INTERNATIONAL LIMITED
ACN 086 594 498

Tantalum International Ltd (TIL) – Chairman’s Address to Annual General Meeting

9 December 2021

It is my pleasure to address you here today on behalf of my fellow Directors; Rowan Caren, Ayman Ayyash and John Kenny, following the successful settlement of the expropriation dispute with Egypt and with shareholders having received the interim dividend. It was wonderful to hear various shareholder’s stories of surprise and spontaneous and hopefully, indulgent, celebrations as they found money in their accounts from their ‘long-forgotten’ Gippsland Ltd shareholdings.

I think it is interesting to reflect that Gippsland’s market capitalisation in early 2015, just prior to losing the Abu Dabbab Tantalum-Tin-Feldspar project was approximately A\$3-4M and that in October 2021 we distributed almost A\$20M to shareholders - that’s after all of the litigation funding costs, advisors fees, corporate taxes and Emerge Gaming’s “Co-Claimant Fee” – and there might be a little more yet to come.

This is certainly an event to celebrate, though tempered by the fact we did not deliver the completed project or forecast production.

I would like to take a few moments to reflect on the core asset and acknowledge some of the people and key milestones they met over the past 20 years.

The Abu Dabbab Tantalum-Tin-Feldspar project is still one of the most significant undeveloped, high-grade tantalum resources in the world. Some key attributes include;

- Large resource of 44.5Mt at 250 g/t Ta₂O₅, 0.09% Sn as well as c. 65% valuable feldspar by-product
- ‘Feasibility’ level studies which culminated in our last development plan we termed ‘The 400k Plan’ which forecast annual production of 400k lbs of Ta₂O₅, 960t of tin and 1Mt of high-quality ceramic grade feldspar over a 25-year project life
- An established, experienced operational team in Egypt, ready to take the next step-up from the tin mining

That’s where we were positioned in early 2015, with a financing offer to execute that plan. To get to this point, is due to the significant contributions from many people who I would like to acknowledge.

In 2002, Jack Telford, John Chisholm, John Kenny and Ayman Ayyash identified and secured this advanced development opportunity for Gippsland. They up-skilled the Board with the appointment of John Dunlop, a Mining Engineer, Rowan Caren with financial and corporate skills and then Jon Starink (a Metallurgical Engineer). It was a potent mix of corporate, mining, metallurgical, exploration, legal and corporate skills which quickly advanced the technical studies as well as secured a very valuable tantalum offtake deal with HC Starck of Germany, a major European specialty metals business.

e: tantalumint@westnet.com.au
Suite 1, 9 Havelock Street West Perth
WA 6005 Australia

<https://tantalumint.wixsite.com/tantalumint>



Ayman Ayyash, based in Jordan and John Chisholm established a team in Egypt which was led by Hany Zohery and Dr Atef Omar (who sadly recently passed away); they set up the commercial structure, undertook extensive exploration work and then commenced the placer-tin mining operations – all part of setting up the company to operate the larger scale, longer-term Abu Dabbab Tantalum project.

Following the Global Financial Crisis in 2008, Gippsland, like many junior companies was struggling financially. However, the quality of the assets and the team attracted the attention of Mr Ian Gandel, an experienced and successful resources investor who became Gippsland's Chairman in mid-2009. Ian became a major shareholder – but he also contributed a clear determination to improve shareholder returns through focus on the development of Abu Dabbab and pathways to financing and development. The project 'was quality' and Ian assisted with the contacts to progress those vital funding discussions. However, in late 2010, the Arab Spring ignited in Tunisia and the "Revolution of Egypt" followed in early 2011 – unsurprisingly, not helpful to any international financing efforts or the idea of Egypt as a stable source of critical metals.

These were troubled times indeed for the region, but the Company's directors and shareholders remained supportive, and even commenced a small placer-tin operation to establish itself as a 'miner' in Egypt, generate revenue and use this operation as a training ground for the future workforce of the larger Abu Dabbab project. At this time, Ian Gandel led a Board comprising John Kenny and Jon Starink, supported by Rowan Caren, John Chisholm and Ayman Ayyash – as well as long serving employees like Geoff Hawkins and Rhonda Light. This team displayed persistence and innovation trying various development and financing scenarios in a very challenging environment for all parties including Gippsland's shareholders.

Ian contacted me in late 2013 and wanted some help; "Mike can you share your views if this project really can be financed". Working with the Board, we put an updated, lower capital-cost development plan together and given the still volatile political situation in the region, decided to focus on a Middle East sourced financing structure. Afterall, who understands the region better than the local institutions and who is most motivated to invest into 'stabilising' Egypt – than local players. Ayman and I met with dozens of groups – but notwithstanding the rhetoric of diversifying from oil to minerals, the reality is that they didn't really understand the mining investment space – particularly for a specialty materials project such as Abu Dabbab. The markets that did understand the space, didn't understand Egypt and Egypt risk – so we needed a circuit breaker.

The 400k Plan was that circuit breaker! This was a fast-track to production with low capex, leveraging off the existing tin operation's equipment, permits and labour with a clear pathway to a larger-scale, globally significant tantalum production profile with robust margins. Much credit for this goes to the Company's Egypt Operations Manager, Brian Talbot. The key factors were the modest, staged capital and a staged, non-disruptive entry into the tantalum market and important co-product revenues from tin and feldspar. The result was we received a financing offer from a private Egyptian entity, and we were literally months away from finalising that and starting development work when we were reliably informed of material risks to our interests in Egypt. On that basis, we could not in good conscience continue to draw down on loans provided by Gandel Metals to fund the Egyptian operations. We were so close. The closest, the Company had ever got to starting development of the Abu Dabbab Tantalum-Tin-Feldspar Project. The project remains undeveloped to this day.

The Board moved very quickly to restructure, recapitalise and try to rebuild shareholder value following this unexpected and disastrous event. We are grateful for the decisive funding support from Jason Petersen at CPS Capital and his clients. That provided the breathing room for us to seek



new investment opportunities for Gippsland as well as secure litigation funding support and restructure the Company to spin out TIL to manage a process to seek compensation for the alleged expropriation of our projects. TIL was set up solely for the benefit of its shareholders if there was ever to be any compensation payment from Egypt.

The Board at that time consisted of myself, Rowan Caren and Ayman Ayyash. TIL was provided a \$20k limited recourse loan by Emerge Gaming (the new name for Gippsland) and was given limited chance of success. Hence the TIL shares were forgotten about by most shareholders over the succeeding three and a half years.

I am proud of the fact that we were able to survive on that \$20k loan, which we have since repaid by the way, and did not at any stage resort to seeking any further funding to cover corporate costs.

Our thanks to our legal team of Clifford Chance and Shahid Law in Cairo who expertly guided the dispute and the arbitration process and provided clear frameworks for the TIL Board to make critical commercial decisions in the best interests of you – the TIL shareholders. We all owe Clifford Chance and Shahid our deepest respect and gratitude. I should add that the legal team set some landmark legal precedents around jurisdiction pertaining to Bilateral Investment Treaties. Similarly, a great vote of thanks to Burford Capital, our litigation funder who supported our case and all the Board's decisions, including the final settlement decision.

In October 2021, TIL paid all ordinary shareholders 12.98 cents per share comprising:

- an interim dividend of \$16,914,011, representing 12.38 cents per share, franked to 38.33% and
- a return of capital of \$829,123, representing 0.607 cents per share.

The Company intends to pay a final dividend once the tax position, here and in Egypt and the final creditor positions are reliably estimated. Directors will then most likely seek to liquidate the Company.

International arbitration is a blood sport and I think all the TIL Board wear some scars. Ultimately, we achieved a rare and remarkable outcome, and we thank Egypt in arriving at that outcome co-operatively with us and we wish them well in developing the Abu Dabbab project. I thank my fellow directors, Rowan Caren, Ayman Ayyash, John Kenny and Richard Beale for their contributions, companionship, valuable advice, and support through this saga. Finally, we thank you – the TIL shareholders for your patience, encouragement, and kind words when we finally delivered.

On behalf of the TIL Board we are thrilled to have given you some cause to finally celebrate, and we wish you all a relaxing and safe Christmas holiday and prosperous, happy 2022.

Mike Rosenstreich

Chairman - TIL

E – tantalumint@westnet.com.au

Further background on the case is available on the TIL website at

<https://tantalumint.wixsite.com/tantalumint/arbitration-with-republic-of-egypt>

Procedural details for the case are available on the ICSID website at

<https://icsid.worldbank.org/cases/case-database/case-detail?CaseNo=ARB/18/22>