

ASX Announcement

17, May 2019

Merger to Consolidate Dominant Positions in Colombia's Prolific Mid-Cauca Gold Belt

Highlights

- **Metminco Limited and Andes Resources Limited have agreed binding terms for a Merger to create a leading Colombian gold explorer and developer, with a dominant position in the richly gold-copper endowed Mid-Cauca Gold Belt**
- **The Merger brings together Metminco's advanced Miraflores Gold Project and Chuscal, Tesorito and other surrounding prospects, with Andes' extensive tenement holding to create a company with multiple advanced exploration assets in richly endowed gold camps (refer also ASX announcement 13 March 2019)**
- **Strong support for the Merger received from Andes' largest shareholders Sandfire Resources Limited and Bullet Holdings Corporation and Andes board of directors¹**
- **Sandfire has indicated an intent to commit ~\$1.165 million in aggregate to the merged entity to potentially become a 15% shareholder in Metminco following close of the transaction**
- **Bonus Offer of quoted options to be undertaken after the close of the Merger on the basis of 1 option for every 5 Metminco shares held**
- **Shareholders will benefit from a significant restructuring of the existing RMB deferred acquisition payments through a debt for equity swap for \$2.0 million, making RMB one of Metminco's largest shareholders, and realigning future payments to project milestones**
- **Concurrent with the Merger, a capital raising of up to \$2.3 million is to occur at a pre-consolidation basis price of \$0.002 per share, with Metminco shareholders offered priority pool of up to \$1 million, and Sandfire intending to cornerstone the capital raising**
- **Post-Merger and the Capital Raising, the combined business is expected to have approximately \$2.3m million cash for an active exploration programme**
- **Funds raised will initially be deployed towards maiden drilling of the Chuscal Gold Project, which features an extensive gold geochemical anomaly over a 900m x 530m envelope, with high grade gold rock-chip results of up to 54 gpt Au²**
- **This announcement updates and revises the indicative Merger terms and conditions announced on 13 March 2019**

¹ Subject to no superior proposal being announced and other conditions described in this announcement.

² As per the ASX announcement of 6 December 2018. The Company confirms that it is not aware of any new information or data which materially affects the announcement.

Metminco Limited (ASX: MNC) (“**Metminco**” or “**the Company**”) is pleased to announce that following a period of mutual due diligence and negotiations with key stakeholders since announcement of the proposed merger on 13 March 2019, it has now signed a binding Bid Implementation Agreement (“**BIA**”) with Andes Resources Ltd (“**Andes**”) in connection with a proposed merger of the two companies (“**Merger**”).

Subject to completion of the Merger, the merged company will have a well-rounded portfolio of projects, from untested targets through to a potential development project in the advanced stage of permitting and will have aggregated a dominant tenement position in the Quinchia and Andes Gold Districts of the richly endowed Mid-Cauca Gold and Copper-Gold Belt in Colombia.

Metminco and Andes have agreed that Metminco will seek to acquire 100% of the issued capital of Andes through an off-market takeover offer. The Merger is subject to a number of conditions which are set out in Schedule 1 to the BIA which is attached to this announcement.

Andes, a public unlisted company, controls a highly complementary portfolio of gold-silver-copper exploration projects in the Cauca Valley, Colombia, in close proximity to Metminco’s existing Mineral Resources of over 877,000 ounces gold and Reserves of 457,000 ounces at the Miraflores deposit (refer Table 1, this announcement), as well as the Tesorito prospect and the large undrilled Chuscal target (in joint venture with AngloGold Ashanti Colombia SA (“**AngloGold**”)), all within Metminco’s Quinchia Gold Project. The granting of the exploration licences at Chuscal was achieved recently by AngloGold, through the signing of concession contracts in respect of the Chuscal mineral title, marking a major milestone at Chuscal. These contracts will now proceed to registration with the National Mining Agency and, once registered, will be incorporated as properties of the JV Agreement with Metminco.

The Merger is supported by Andes’ cornerstone shareholders: Sandfire Resources Limited (19.4% interest) (“**Sandfire**”), Bullet Holding Corporation (16.2%) (“**Bullet**”), Andes’ directors (collectively 21.5% interest), IFM Investors and Treadstone Resource Partners. Each of Sandfire, Bullet and the Andes’ directors (in respect of the shares in Andes that they have a relevant interest in) have separately confirmed that they intend to accept the terms of the takeover offer from Metminco in the absence of a superior proposal (and, in the case of Sandfire, subject to certain other conditions as described further below).

The Merger and financing will provide Metminco with:

- one of the largest portfolios of gold-copper exploration assets (combined 90,452 Ha portfolio) in one of the world’s most richly endowed gold belts, the Cauca Valley, Colombia (refer to Figure 1, below);
- funds to conduct a maiden drilling program at Chuscal;
- enhanced ability to advance the Quinchia Gold Project towards a development decision;
- an impressive and experienced shareholder base supporting Andes Resources such as Sandfire, IFM Investors and Treadstone Resource Partners; and
- favourable restructuring of the RMB Australia Holdings (“**RMB**”) debt to a combination of equity and deferred residual debt repayments on project milestones.

Metminco’s Executive Chairman, Mr. Kevin Wilson, commented:

“This transaction is transformational for both Metminco and Andes, providing Metminco with further exposure to a large exploration portfolio in the Mid-Cauca Gold Belt of Colombia, access to an experienced board, management and a new shareholder base of influential, experienced and financially strong shareholders and provides Andes with exposure to Metminco’s Quinchia and Chuscal gold projects. The funds to be raised, together with the favourable restructure of our existing repayments to RMB, ensures we can accelerate exploration activities on our merged projects.”

Andes' Managing Director, Mr. Jason Stirbinskis said:

“With the execution of the BIA, the Merger of these two highly complementary portfolios is a step closer. The combination of the two entities creates a company with enhanced scale and an advanced exploration and development portfolio with considerable exploration upside across vein hosted and porphyry hosted targets in a globally significant gold region. We look forward to establishing Metminco as a leader in gold exploration in Colombia, chasing world-class gold deposits.”

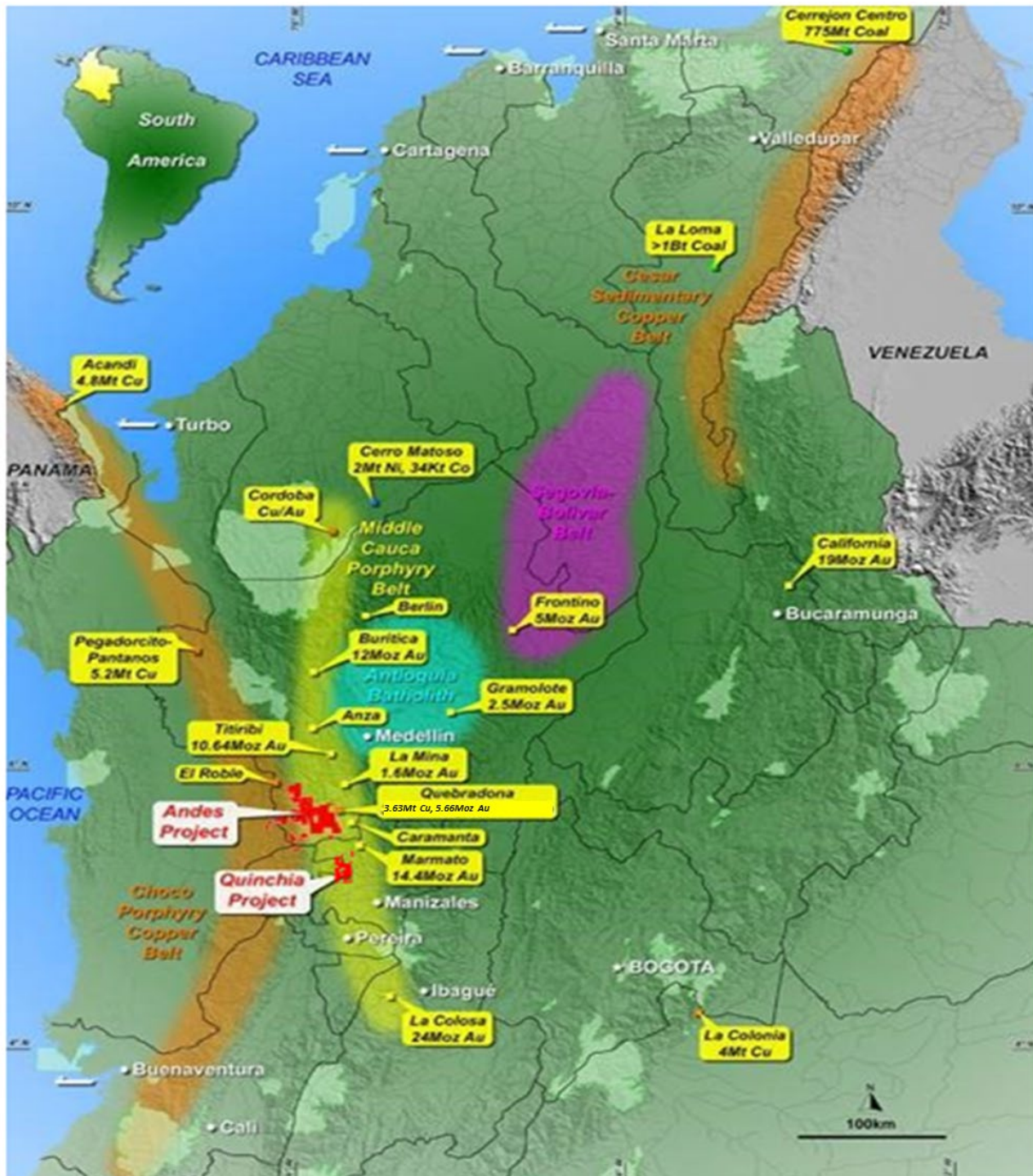


Figure 1: Location of Andes' exploration ground and Metminco's ground in the Mid-Cauca Gold Belt, along with major nearby gold discoveries. Source: various company public reports- the Company has not independently verified the information.

Transaction Details

Subject to terms of the BIA, it is intended that Metminco will acquire 100% of Andes through an off-market takeover bid through the issue of 25 new Metminco shares for every 1 Andes share, coincident with a capital raising to create a new, much larger and stronger gold exploration company with estimated cash at completion of approximately \$2.3m million and significantly reduced debt³.

The Merger is conditional on a number of conditions, in particular a minimum acceptance of 90% and the completion of a total \$4 million capital raising including funds raised by both Metminco and Andes. Other terms and conditions are described below.

Metminco also intends to make a loyalty offer of quoted options on the basis of 1 new quoted option for every 5 Metminco shares held by shareholders on the share register of Metminco post completion of the Merger⁴, with those options to have an expiry date of 2 years from the date completion of the Merger, and exercise price of \$0.004 each ("**Bonus Options**").

Each of the Merger, consolidation, capital raising and RMB debt conversion will be subject to shareholder approval at a shareholder meeting. Metminco will also seek shareholder approval under ASX Listing Rule 11.1.2, to effect a significant change to the scale of the Company's activities.

ASX has confirmed that Listing Rule 11.1.3 does not apply to the proposed Merger.

Capital Raising

In support of the proposed Merger, Metminco has completed a strongly supported placement of convertible notes to raise \$918,000 (refer full details announced on 15 March 2019), and Andes is in the process of completing its own working capital placement to raise up to \$750,000 on analogous terms (together the "**Working Capital Placements**").

Metminco plans to undertake a capital raising conducted at a price of \$0.002 per share (on a pre-consolidation basis) for \$2.33 million ("**Capital Raising**"), subject to completion of the Merger. Sandfire has confirmed to Andes and Metminco that it intends to subscribe for approximately \$990,000 in new Metminco shares under the Capital Raising, which would result in Sandfire potentially being a 15% shareholder of Metminco upon close of the Merger and Capital Raising.

A prospectus will be prepared and connection with the Capital Raising in the weeks ahead ("**Prospectus**").

Sandfire has provided Metminco with an intention statement that it intends to accept the current offer by Metminco in the absence of a superior proposal, subject to RMB and Metminco entering into a refinancing of Metminco's existing debt on the terms described in this announcement; Metminco raising a minimum of \$1.3 million in the Capital Raising (not including any amount to be subscribed by Sandfire and accepted by Metminco); and Metminco being entitled to proceed to compulsory acquisition of all remaining Andes shares upon acceptance of the takeover offer by Sandfire.

Sandfire and Metminco have also entered into a Collaboration Agreement whereby, in the event that Sandfire obtains a voting power of 15% or more in Metminco, Sandfire will have the following rights:

- to nominate one board member;

³ RMB has in principle agreed, subject to completion of the transaction and documentation, to a revised repayment schedule in addition to conversion of \$2.0 million of its existing acquisition repayments into ordinary shares in Metminco.

⁴ The Bonus Option Record Date of 30 September 2019 is indicative and may vary depending on the timetable for which the Merger is completed. The Bonus Offer Record Date will be set to ensure it is after the consideration for the off-market takeover has been issued to Andes shareholders.

- subject to a waiver from Listing Rule 6.18, anti-dilution rights where Sandfire have the right to subscribe for new equity to maintain their 15% interest in any future equity capital raising;
- to submit a competing proposal on any third party future proposal for debt financing or disposition of all or part of Metminco's assets; and
- to participate in technical committee meetings.

These rights are maintained so long as Sandfire's voting power in Metminco remains equal to or above 15%. These rights largely reflect the rights which Sandfire holds with Andes.

Metminco intends to set aside approximately \$1.0m in the Capital Raising for Metminco shareholders through a priority pool allocation ("**Priority Offer**"). Metminco will also make the offer available to all Andes' shareholders.

Metminco will be allocating shares under the Capital Raising in its sole discretion and in accordance with its allocation policy to be set out in the Prospectus.

Proceeds from the Capital Raising will be used to:

- undertake further exploration on the Company's exploration assets, including (subject to permitting) drilling the Chuscal Gold Prospect and potentially Andes' San Pablo prospect;
- pay current trade creditors of the companies; and
- for general working capital, including transaction costs.

Following the Merger and the Capital Raising, it is proposed Metminco will consolidate its share register on a ratio of 1 for 40.

Board and Management

Upon close of the Merger two directors from Andes will be invited to join the Board of Metminco, with Mr Kevin Wilson to remain the Chairman of the Company. Andes' current Managing Director, Mr Jason Stirbinskis will be offered the role of Managing Director of Metminco, and Mr Ross Ashton will be invited to the Board as a Non-Executive Director. Mr Roger Higgins and Mr Glenister Lamont, current Non-Executive Directors of Metminco are expected to resign at this time.

Kevin Wilson – Non-executive Chairman – Kevin has over 30 years' experience in the minerals and finance industries, including as Managing Director of Leviathan Resources, a successful Victorian gold mining company prior to its takeover in 2006. Kevin was also previously Managing Director of Rey Resources, an Australian energy exploration company. He has prior experience as a geologist with the Anglo-American Group in Africa and North America and as a stockbroking analyst and investment banker with CS First Boston and Merrill Lynch in Australia and USA.

Jason Stirbinskis – Managing Director, originally a Geologist, Mr Jason Stirbinskis is a Corporate Executive with 12+ years' experience leading both private and public companies in the mining and mining services space. He is experienced across a number of commodities including gold, zinc, lead, copper, and nickel and has managed projects ranging from greenfield to DFS/Development in West Africa, Scandinavia, Australia and Central Asia. He is well networked across international and Australian capital markets and skilled in leading multidisciplinary, international teams.

Ross Ashton - Non-executive Director. Mr Ashton has over 45 years' experience as a geologist specialising in mineral exploration and development internationally. He was founding Managing Director of Red Back Mining Limited a company subsequently acquired by Kinross Gold Corporation for US\$7.2 billion in 2010. He was also a director of TSX/ASX listed PMI Gold Ltd and ASX listed Brockman Resources Ltd. Both companies were involved in corporate transactions following the discovery of significant mineral resources.

Bid Conditions

The BIA is subject to bid conditions, which include the following:

- (a) a minimum acceptance condition of 90%;
- (b) no material adverse change or prescribed occurrences in relation to both Andes and Metminco;
- (c) the swapping of the Andes' options for Metminco options;
- (d) completion of the Capital Raising;
- (e) Metminco receiving all requisite shareholder approvals, including but not limited to a consolidation and approvals to issue the proposed consideration and Capital Raising shares; and
- (f) no regulatory intervention during the offer period.

Full details of the bid conditions are set out in the attached BIA.

The BIA also requires a unanimous recommendation from the directors of the Andes' board to its shareholders that they accept the offer and that all directors intend to accept the offer with respect to their own shares (including shares issued on exercise of any unquoted options) in the absence of a superior proposal.

Shareholder Approvals

A notice of meeting seeking shareholder approval for the resolutions required to give effect to the Merger and transactions described in this announcement will be sent to Metminco shareholders shortly. It is then expected that Metminco will put all resolutions to shareholders at a shareholder meeting which is expected to be convened in Q3 2019.

Refinancing Agreement

Metminco and RMB will enter into a formal binding agreement in respect of a proposed refinancing, the key commercial terms of which are summarised below:

- a) Subject to approval from the South African Reserve Bank, conversion of \$2.0 million of repayments due to RMB into equity in Metminco at a price of \$0.002 per share, through the issue of 1,000,000,000 shares;
- b) A payment of \$1.25 million upon the earlier of Metminco's market capitalisation exceeding \$30 million for more than 10 consecutive trading days, or a new indicated resource on Metminco's current assets of greater than 500,000 oz. of gold at a grade of 5 gpt, or 1Moz grading at 4 gpt;
- c) A payment of \$1.25 million upon the earlier of Metminco's market capitalisation exceeding \$35 million for more than 10 consecutive trading days, or of the merged company defining a new reserve on Metminco's current assets of greater than 500,000 oz. of gold at a grade of 5 gpt, or 1Moz grading at 4 gpt;
- d) A final payment of \$1.0 million upon the earlier of Metminco's market capitalisation exceeding \$40 million for more than 10 consecutive trading days, or upon the merged company announcing a decision to mine on any licences or applications or rights to applications or joint venture entitlements held by Metminco in the Quinchia Gold Project prior to the Merger.
- e) In consideration of no interest is payable on the deferred debt component, the total debt component has been increased by \$500,000.

Attaining the above noted milestones would trigger a call from RMB for Metminco to repay those debts in cash. A backstop date of 31 March 2025 has been set, at which point any remaining debt outstanding to RMB (if any) would become due. Metminco has also agreed to extend the cap on the 2% royalty due to RMB to \$15M.

RMB will maintain its existing security over Metminco's Quinchia Gold Project assets.

Proposed Capital Structure

On completion of the Merger, consolidation, RMB debt conversion and capital raisings associated with the Merger, it is expected that Metminco will have approximately 166.5 million fully paid ordinary shares on issue and approximately 76.9 million options and performance rights on issue.

Metminco has appointed Hartleys Limited and Bellanhouse Lawyers as its financial and legal advisers (respectively) in respect of the transactions.

Proposed Timetable

Step	Date
Announce bid to ASX	16 May 2019
Lodgement Date Notice of meeting dispatched to Metminco Shareholders Metminco lodges Bidder's Statement with ASIC and serves it to Andes and ASX Andes lodges Target Statement with ASIC and serves it to Metminco and ASX Andes agrees to earlier dispatch date Dispatch of bidder's statement to Andes security holders and dispatch of target's statement to Metminco, Andes' security holders, ASIC and ASX Register Date – Date set by Metminco pursuant to section 633(3) of the Corporations Act Lodge Priority Offer Prospectus with ASIC	5 June 2019
Metminco Shareholder Approval	5 July 2019
Takeover Offer to close unless extended (and for compulsory acquisition notices to be sent to non-accepting Andes' security holders)	8 July 2019
Complete Metminco Priority Offer and Placement Completion of Takeover Offer	12 July 2019
Complete compulsory acquisition	8 August 2019
Commence Consolidation	9 August 2019
Record Date for Bonus Options	30 September 2019

The above dates are indicative only and may change without notice. The Company reserves the right to extend the dates without prior notice. The Company will lodge a separate timetable in respect of the consolidation closer to the consolidation date.

For further enquiries contact:

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JORC STATEMENTS - COMPETENT PERSONS STATEMENTS

The technical information related to Metminco’s assets contained in this presentation that relates to Exploration Results (excluding those pertaining to Mineral Resources and Reserves) is based on information compiled by Mr Gavin Daneel, who is a Member of the Australasian Institute of Mining and Metallurgy and who is an independent Consulting Geologist. Mr Daneel has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr Daneel consents to the inclusion in the release of the matters based on the information he has compiled in the form and context in which it appears.

The technical information related to Andes Resources’ assets contained in this presentation that relates to Exploration Results is based on information compiled by Mr Simon Brown, who is a Member of the Australasian Institute of Mining and Metallurgy and who is an employee, a director and shareholder of Andes Resources with a beneficial interest of 10.9%. Mr Brown has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr Brown has not been formally engaged by Metminco but consents to the inclusion in the release of the matters based on the information he has compiled in the form and context in which it appears.

The Company is not aware of any new information or data that materially affects the information included in this release.

TABLE 1 - MIRAFLORES PROJECT RESOURCES AND RESERVES

The Miraflores Project Mineral Resource estimate has been estimated by Metal Mining Consultants in accordance with the JORC Code (2012 Edition) and first publicly reported on 14 March 2017. The Miraflores Project Ore Reserve estimate has been estimated by Ausenco in accordance with the JORC Code (2012 Edition) and first publicly reported on 27 October 2017. No material changes have occurred after the reporting of these resource estimates since their first reporting.

Miraflores Mineral Resource Estimate, as at 14 March 2017 (100% basis)

Resource Classification	Tonnes ('000)	Au (gpt)	Ag (gpt)	Contained Metal (Koz Au)	Contained Metal (Koz Ag)
Measured	2,958	2.98	2.49	283	237
Indicated	6,311	2.74	2.90	557	588
Measured & Indicated	9,269	2.82	2.77	840	826
Inferred	487	2.36	3.64	37	57

Notes:

- i) Reported at a 1.2 gpt gold cut-off.
- ii) Mineral Resource estimated by Metal Mining Consultants Inc.
- iii) First publicly released on 14 March 2017. No material change has occurred after that date that may affect the JORC Code (2012 Edition) Mineral Resource estimation.
- iv) These Mineral Resources are inclusive of the Mineral Reserves listed below.
- v) Rounding may result in minor discrepancies.

Miraflores Mineral Reserve Estimate, as at 27 November 2017 (100% basis)

Reserve Classification	Tonnes (Mt)	Au (gpt)	Ag (gpt)	Contained Metal (Koz Au)	Contained Metal (Koz Ag)
Proved	1.70	2.75	2.20	150	120
Probable	2.62	3.64	3.13	307	264
Total	4.32	3.29	2.77	457	385

Notes:

- i) Rounding of numbers may result in minor computational errors, which are not deemed to be significant.
- ii) These Ore Reserves are included in the Mineral Resources listed in the Table above.
- iii) First publicly released on 27 November 2017. No material change has occurred after that date that may affect the JORC Code (2012 Edition) Ore Reserve estimation.
- iv) Source: Ausenco, 2017

Bid Implementation Agreement

Metminco Limited (ACN 119 759 349)

Bidder

Andes Resources Limited (ACN 166 866 691)

Target

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This Agreement is made this day of

2019

Parties **Metminco Limited ACN 119 759 349** of Suite 3, Level 2 470 Collins Street, Melbourne, Victoria, 3000 (**Bidder**)

and

Andes Resources Limited ACN 166 866 691 of Suite 12, Level 1, 11 Ventnor Avenue, West Perth, Western Australia 6005 (**Target**)

Recitals

- A. Bidder proposes to acquire Target by means of the Takeover Bid.
- B. This Agreement is entered into to record and give effect to the terms and conditions on which Bidder proposes to make the Takeover Bid and Target intends to support the Takeover Bid.

This Agreement provides

1. Definitions and interpretation

1.1 Definitions

In this Agreement the following terms shall bear the following meanings:

Advisor Consideration means the following issues of securities and payments to be made by the Bidder as part of the Transaction:

- (a) the issue of 62,500,000 Bidder Shares to Hartleys Limited (or its nominees) in part payment for advisory services in respect to advising on the Takeover Bid; and
- (b) the issue of 50,000,000 Advisor Options to Hartleys Limited (or its nominees) in conjunction with the proposed capital raisings.

Advisor Option means an unquoted Bidder Option exercisable at \$0.006 (on a pre-consolidation basis) on or before the date three years from the date of Completion on the terms and conditions set out in Schedule 5.

Agreement means this Agreement.

Andes Holding SAS means Andes Holding SAS, a company incorporated through private document dated 12 December 2017, registered before the Chamber of Commerce of Medellin on 15 December 2017 under registration number 98945 of book 9.

Andes Resources EP SAS means Andes Resources EP SAS, a company duly incorporated under the laws of the Republic of Colombia on 15 January 2014, registration number 1603 of book 9.

Andes Resources Inc. means Andes Resources Inc, a company subject to a restoration application under the laws of British Columbia, Canada.

Announcement Date means the date of issue by the Bidder of its announcement in relation to the Takeover Bid in accordance with this Agreement.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given in Division 2 of Part 1.2 of the Corporations Act as if section 12(1) of the Corporations Act included a reference to this Agreement and Target were a designated body.

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

ASX Listing Rules means the official listing rules of the ASX.

Authority means:

- (a) any government or governmental, semi-governmental or local authority within the Commonwealth of Australia or any of its states and territories and any department, office, minister, commission, board, delegate or agency of any such government or authority;
- (b) any judicial or administrative entity or authority within the Commonwealth of
- (c) Australia or any of its states and territories; or
- (d) any other authority, commission, board, agency or other entity established or having power under statute within the Commonwealth of Australia or any of its states and territories or the ASX Listing Rules, including ASIC and ASX.

BHC Entity means Andes JV, LLC, a company incorporated in Wyoming, USA of Cr 32 12A-11, Medellin, Colombia.

BHC Nominee means Delta Holdings LLC, a company incorporated in Wyoming, USA of 30 N Gold St, Ste R, Sheridan, WY 82801 USA.

Bid Conditions means each of the conditions of the Offer set out in Schedule 1.

Bidder Board means the board of directors of Bidder as constituted from time to time.

Bidder Disclosure Materials means the information and documents disclosed in writing by Bidder or its Representatives about the Bidder Group and its businesses to Target or its Representatives or otherwise disclosed by Bidder in its public announcements to ASX prior to the date of this Agreement.

Bidder Group means Bidder and its related entities.

Bidder Impugned Amount has the meaning given in clause 12.8(a).

Bidder Material Adverse Change means any event, matter or circumstance which individually, or when aggregated with all such other events, matters or circumstances results in or could reasonably be expected to result in:

- (a) Bidder being removed from the Official List of ASX;
- (b) the termination of, or any material amendment to, the Bidder Material Contracts, save for amendments made to the RMB Sale and Purchase Deed or amendments otherwise made in respect of the Bidder Refinancing Agreement; or
- (c) Bidder becoming obliged to issue, agreeing to issue or issuing Bidder Shares at a price less than \$0.002 per Bidder Share, save for the:

- (i) issue and conversion of the Convertible Notes; and
 - (ii) issues contemplated by the Essential Bidder Resolutions;
 - (iii) other than an event, matter or circumstance:
- (d) required or permitted to be done by this Agreement;
 - (e) required to be done as a result of the Takeover Bid;
 - (f) the occurrence of which was fairly disclosed in the Bidder Disclosure Materials or fairly disclosed by Bidder in its public announcements to ASX prior to the date of this Agreement;
 - (g) caused or materially contributed to by Target;
 - (h) that is an actual event, matter or thing which is actually known to Target prior to the date of this Agreement (which does not include knowledge of the risk of an event, occurrence or matter happening); or
 - (i) directly resulting from any actions taken (or omitted to be taken) following a written request from Target or with Target's prior written consent.

Bidder Material Contracts means all Material Contracts entered into by Bidder and includes, but is not limited to, material contracts set out in a letter to Target no less than one Business Day before the date of this Agreement.

Bidder Material Transaction means any member of the Bidder Group:

- (a) acquiring, offering to acquire or agreeing to acquire one or more entities, businesses or assets (or any interest in one or more entities, businesses or assets) for an amount in aggregate greater than \$100,000;
- (b) disposing of, offering to dispose of or agreeing to dispose of one or more entities, businesses or assets (or any interest in one or more entities, businesses or assets) for an amount, or in respect of which the book value is, in aggregate, greater than \$100,000, save for any transaction concerning the potential disposal of the Chilean Projects;
- (c) entering into, agreeing to enter into or announcing any agreement to enter into any contract, commitment or arrangement, joint venture or partnership that:
 - (i) requires payments, expenditure or the foregoing of revenue by any member of the Bidder Group of an amount in excess of \$100,000 on any individual basis or which is, in aggregate, greater than \$250,000; or
 - (ii) is material in the context of the Bidder Group and is not in the ordinary course of business;
- (d) providing or agreeing to provide financial accommodation or a guarantee (other than to entities within the Bidder Group) for any amount, or receives financial accommodation (other than from entities within the Bidder Group) for any amount;

- (e) entering into, amending, or agreeing to enter into or amend, any Material Contract, commitment or other arrangement with a related party (as defined in section 228 of the Corporations Act) of Bidder unless otherwise provided for in this Agreement;
- (f) incurring, agreeing to incur or bringing forward the time for incurring, or granting to a Third Party a right the exercise of which would involve any member of the Bidder Group incurring or agreeing to incur an amount of capital expenditure in excess of \$100,000; or
- (g) announcing an intention to do any of the matters referred to in sub-paragraphs (a) to (f) above,

other than to the extent:

- (h) required or permitted to be done by this Agreement;
- (i) required to be done under the Takeover Bid;
- (j) fairly disclosed by Bidder to Target in writing prior to execution of this Agreement;
- (k) directly resulting from any actions taken (or omitted to be taken) following a written request from Target or with Target's prior written consent, with such consent not to be unreasonably withheld or delayed.

Bidder Option means an option to acquire one Bidder Share.

Bidder Prescribed Occurrence means any of the following:

- (a) Bidder converts all or any of its shares into a larger or smaller number of shares, noting however, nothing in this clause will preclude Bidder seeking approval from the Bidder Shareholders to undertake the Consolidation;
- (b) any member of the Bidder Group (other than a direct or indirect wholly owned subsidiary of Bidder) resolves to reduce its share capital in any way or reclassifies, redeems or repurchases directly or indirectly any of its shares;
- (c) any member of the Bidder Group (other than a direct or indirect wholly owned subsidiary of Bidder) enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement;
- (d) except in relation to the:
 - (i) issues contemplated under the Essential Bidder Resolutions; and
 - (ii) the conversion of the Convertible Notes,

any member of the Bidder Group issues equity securities or grants an option or performance right over any securities (including equity securities, debt securities or convertible securities) (or agrees to make such an issue or grant) other than to Bidder or to a direct or indirect wholly owned subsidiary of Bidder or pursuant to performance rights, the conversion of convertible securities or the exercise of options the existence of which has been fairly disclosed to Target before the date of this Agreement;

- (e) the Bidder amends or proposes to amend its constitution;

- (f) any member of the Bidder Group creates or agrees to create any Encumbrance over the whole or any part of its assets or undertaking other than an Encumbrance arising in the ordinary course of business;
- (g) an order or application is made or a resolution is passed for the winding up of any member of the Bidder Group;
- (h) an administrator, liquidator, provisional liquidator, receiver or receiver and manager is appointed in respect of any member of the Bidder Group or the whole or any part of the assets or undertaking of any member of the Bidder Group, or any member of the Bidder Group executes a deed of company arrangement;
- (i) any member of the Bidder Group ceases to carry on business or is deregistered under the Corporations Act;
- (j) any member of the Bidder Group enters into any unusual or abnormal contract or commitment which is outside the ordinary course of business and which could reasonably be expected to:
 - (i) change the nature of the business conducted by the Bidder Group; or
 - (ii) have a material adverse impact on the business conducted by the Bidder Group;
- (k) any member of the Bidder Group enters into a contract or commitment restraining any member of the Bidder Group from competing with any person or conducting activities in any market;
- (l) any member of the Bidder Group enters into or otherwise becomes a party to, any material transaction with a related party (as that term is defined in Chapter 2E of the Corporations Act) of Bidder (other than between Bidder and a direct or indirect wholly owned subsidiary of Bidder) other than the repayment of a promissory note provided by Kevin Wilson to Bidder with a principal value of \$50,000 dated 1 March 2019 plus interest payable at a rate of 9% per annum;
- (m) any member of the Bidder Group (other than a direct or indirect wholly owned subsidiary of Bidder) declares, pays, or determines to be payable any distribution, bonus or other share of its profits or assets (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie);
- (n) any member of the Bidder Group disposes of, or offers or agrees to dispose of, any material business, asset, joint venture interest, entity or undertaking (or any interest in a business, asset, joint venture, entity or undertaking) or makes an announcement in relation to such a disposal, offer or agreement, save for any occurrence concerning the potential disposal of the Chilean Projects;
- (o) any member of the Bidder Group:
 - (i) enters into any financing arrangement or commitment or agrees to extend, repay or materially amend any existing financing arrangement or commitment, save for any arrangements related to the Bidder Refinancing Agreement; or

- (ii) guarantees, indemnifies or provides security for the obligations of any person or entity other than a member of the Bidder Group; and
- (p) any member of the Bidder Group agrees or announces an intention to take any of the actions referred to in paragraphs (a) to (o) above,

provided that a Bidder Prescribed Occurrence will not include any matter:

- (q) required or permitted to be done or procured by Bidder under this Agreement or which is otherwise contemplated by this Agreement;
- (r) required to be done as a result of the Takeover Bid;
- (s) fairly disclosed by Bidder to Target in writing prior to execution of this Agreement;
- (t) actually known to Target prior to the date of this Agreement (which does not include knowledge of the risk of an event, occurrence or matter happening); or
- (u) directly resulting from any actions taken (or omitted to be taken) following a written request from Target or with Target's prior written consent; or
- (v) approved in writing by Target, such approval not to be unreasonably withheld or delayed.

Bidder Refinancing Agreement means an agreement to be entered into between Bidder and RMB for the re-financing of the debt owed by Bidder to RMB.

Bidder Reimbursement Amount means \$85,000 (plus GST, if applicable).

Bidder Securities means all securities on issue in the capital of Bidder, including but not limited to the Bidder Shares, Bidder Options, unquoted performance rights and the Convertible Notes.

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

Bidder Shareholder means a holder of one or more Bidder Shares.

Bidder Shareholder Approval Condition means the Bid Condition referred to in paragraph 8 of Schedule 1.

Bidder Shareholder Meeting means a meeting of Bidder Shareholders to consider and (if thought fit) approve:

- (a) the change to the nature and/or scale of Bidder's activities as a result of the Takeover Bid, for the purposes of ASX Listing Rule 11.1.2;
- (b) approval for the conversion of tranche 2 of the Convertible Notes for the purpose of Listing Rule 7.1;
- (c) approval for the issue of the Free Attaching Options for the purpose of Listing Rule 7.1;
- (d) the ratification of the issue of tranche 1 of the Convertible Notes for the purpose of Listing Rule 7.4; and

- (e) subject to the Takeover Bid being declared Unconditional or being capable of completing:
- (i) the issue of up to 1,166,000,000 Shares at \$0.002 per Bidder Share pursuant to the Priority Offer and Placement, for the purposes of ASX Listing Rule 7.1;
 - (ii) the issue of the Consideration for the purposes of ASX Listing Rule 7.1;
 - (iii) the issue of Bidder Shares to RMB for the purpose of Listing Rule 7.1;
 - (iv) the issue of the Advisor Consideration for the purpose of Listing Rule 7.1;
 - (v) the issue of the Replacement Options for the purpose of Listing Rule 7.1;
 - (vi) the election of the following two nominees of the Target to the Bidder Board:
 - (A) Jason Stirbinkskis (as Managing Director); and
 - (B) Ross Ashton (as Non-executive Director); and
 - (vii) the Consolidation,
- in each case with effect on and from the fifth Business Day (or such other date as the parties may agree) after the last day of the Offer Period.

Bidder Superior Proposal means a Superior Proposal from the perspective of Bidder Shareholders.

Bidder's Statement means the bidder's statement to be issued by Bidder to Target Shareholders in relation to the Offer as required under section 633(1) of the Corporations Act.

Bonus Options means a Bidder Option with an exercise price of \$0.004 and an expiry date two years from the date of issue.

Bullet means Bullet Holding Corp a company incorporated in Panama with address Calle 12A, 32-11, El Poblado, Medellin, Colombia.

Business Day means a business day as defined in the ASX Listing Rules.

Capital Raise Condition means the Bid Condition referred to in paragraph 6 of Schedule 1

Chilean Projects means Bidder's exploration projects referred to as Mollacas, Vallecillo and Loica respectively and located in Chile.

Competing Proposal means, in respect of a party, any expression of interest, offer or proposal by a Third Party in respect of a transaction under which, if the transaction were completed, a person (whether alone or together with one or more Associates) would:

- (a) acquire, or have a right to acquire, a legal, equitable or economic interest or Relevant Interest in 19.9% or more of all of the voting shares in that party's

Shares (whether by way of acquisition of existing shares or the issue of new shares);

- (b) acquire, or have a right to acquire, a legal, equitable or economic interest in the whole or a substantial part of the business or assets of that party and/or its related entities;
- (c) acquire Control of that party; or
- (d) otherwise acquire or merge with that party (including by reverse takeover bid or takeover bid, scheme of arrangement or by establishing a dual listed company structure or stapled security structure).

Completion means the successful completion of the Takeover Bid.

Consolidation means a consolidation of the Bidder Securities at a ratio 1 Bidder Security for every 40 Bidder Securities (as applicable and in accordance with the Listing Rules) on issue immediately prior to the consolidation.

Consideration means 25 Bidder Shares for each Target Share.

Control, in respect of an entity, has the meaning given in section 50AA of the Corporations Act.

Convertible Note means the convertible notes issued by Bidder with a face value of \$918,000.

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

Court means the Federal Court of Australia, the Supreme Court of Western Australia or any other court of competent jurisdiction under the Corporations Act as Bidder and Target agree in writing.

Encumbrance means any mortgage, fixed or floating charge, pledge, lien, option, right to acquire a security or to restrain someone from acquiring a security (including under a right of pre-emption or right of first refusal), assignment by way of security, trust arrangement for the purpose of providing security, retention arrangement or other security interest of any kind (including a "security interest" as defined under the *Personal Property Securities Act 2009* (Cth)), and any agreement to create any of the foregoing or allow any of the foregoing to exist.

Essential Bidder Resolutions means those resolutions referred to in paragraphs (a), (e)(i), (e)(ii), (e)(iii), (e)(iv),(e)(v), (e)(vi) and (e)(vii) of the definition of Bidder Shareholder Meeting.

Exclusivity Period means the period starting on the date of this Agreement and ending on the first to occur of:

- (a) termination of this Agreement; and
- (b) the Long Stop Date.

Free Attaching Option means an unquoted Bidder Option exercisable at \$0.004 (on a pre-consolidation basis) on or before the date two years from the date of Completion on the terms and conditions set out in Schedule 5.

GST has the meaning given in the GST Act.

GST Act means the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Hartleys Limited means Hartleys Limited ACN 104 195 057.

Insolvent means, in respect of a party, any one or more of the following events:

- (a) that party is (or states that it is) insolvent under administration or insolvent (each as defined in the Corporations Act);
- (b) an administrator, liquidator, provisional liquidator, receiver, receiver and manager or equivalent officer has been appointed in respect of that party or the whole or any part of its assets or undertaking;
- (c) an arrangement, compromise, moratorium, assignment, composition or similar arrangement with creditors has been proposed, agreed or sanctioned in respect of that party (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the other party);
- (d) an order or application has been made, or a resolution has been passed, for the winding up or dissolution of that party; or
- (e) something having a substantially similar effect to paragraphs (a) to (d) occurs in respect of that party under the laws of any jurisdiction.

Long Stop Date means the earlier of:

- (a) the date on which the Offer Period in respect of the Takeover Bid ends; and
- (b) 31 August 2019, or such later date as Bidder and Target agree in writing.

Material Contract means a contract with a value greater than A\$100,000, or a contract that is price sensitive.

Merged Group means, subject to Completion, the merged group comprising the Bidder Group and Target Group.

Miraflores Shares means the fully paid ordinary shares in Miraflores Compania Minera SAS, incorporated in Colombia.

Minimum Acceptance Condition means the Bid Condition referred to in paragraph 1 of Schedule 1.

NBIO means the exclusivity deed and non-binding indicative offer between Bidder and Target dated 13 March 2019.

Net Current Assets means current assets (including cash at bank, security deposits, accounts receivable (including the value of research and development tax offset) and inventory) less current liabilities.

New Bidder Options means the Advisor Options, Bonus Options, Free Attaching Options and the Replacement Options - Classes A, B, C and X.

Ni - Maria J SAS means Ni - Maria J SAS, a company duly incorporated through private document dated 10 August 2017, registered before the Chamber of Commerce of Medellin on 25 August 2017 under registration number 20626 of book 9.

Notice of Bidder Shareholder Meeting means the notice of the Bidder Shareholder Meeting to be prepared by Bidder in accordance with the Corporations Act and ASX Listing Rules, to convene the Bidder Shareholder Meeting.

Offer means the offer by Bidder to acquire each Target Share (including all rights attaching to them) under the Takeover Bid for the Consideration.

Offer Period means the period for which the Offer is open for acceptance.

Placement means a placement offer conducted by the Bidder in conjunction with the Priority Offer at a proposed issue price of \$0.002 per Bidder Share (on a pre-Consolidation basis).

Priority Offer means an offer by Bidder of Bidder Shares at \$0.002 per Bidder Share (on a pre-Consolidation basis), made to persons holding Bidder Shares at the Priority Offer Record Date pursuant to the Prospectus prepared in accordance with Chapter 6D of the Corporations Act.

Priority Offer Record Date means the record date set out in the Prospectus.

Prospectus means the prospectus proposed to be issued by Bidder in connection with the Priority Offer.

Quinchia Licences means the exploration contributions, concessions and applications set out in Schedule 6.

Reference Rate means in relation to interest payable on any payment due under this Agreement, the average bid rate displayed on the Reuters Screen BBSY for a 3 month term at or about 10.30 am on the first date on which interest accrues on that payment.

Register means the share register of Target and **Registry** has a corresponding meaning.

Relevant Interest has the meaning given in section 608 of the Corporations Act.

Replacement Options (Classes A, B, C and X) means 15,625,000 unquoted Bidder Options (on a post-Consolidation basis), issued on the terms set out in Schedule 5, comprising:

- (a) 6,250,000 Replacement Options - Classes A, B and C, issued as consideration for, and in proportion to, the Target Options set out in Schedule 4; and
- (b) 9,375,000 Replacement Options - Class X.

Representative means:

- (a) in relation to Target, a member of the Target Group, any director, officer or employee of any member of the Target Group, and any financier, financial adviser, accounting adviser, auditor, legal adviser or technical or other expert adviser or consultant to any member of the Target Group in relation to the Transaction; and
- (b) in relation to Bidder, a member of the Bidder Group, any director, officer or employee of any member of the Bidder Group, any financier, financial adviser, accounting adviser, auditor, legal adviser, or technical or other expert adviser or consultant to any member of the Bidder Group in relation to the Transaction.

RMB means RMB Australia Holdings Limited ACN 003 201 214.

RMB Sale and Purchase Deed means the sale and purchase agreement between Bidder and RMB dated on or around 30 May 2016, including the requirement for Bidder to pay RMB a royalty from operating cashflows.

Sandfire means Sandfire Resources Limited ACN 105 154 185.

Sandfire Collaboration Agreement means a proposed strategic relationship agreement between Bidder and Sandfire.

Shareholders Agreement means the shareholders agreement between Andes Holding EP, SAS, Andes Holdings S.A.S, BHC Entity and BHC Nominee, dated on or around December 2017.

Superior Proposal means, in respect of a party, a written bona fide Competing Proposal which the board of directors of that party, acting in good faith after receiving written advice from its external legal advisers, determines is:

- (a) reasonably capable of being completed, taking into account all aspects of the Competing Proposal; and
- (b) more favourable than the Takeover Bid from the perspective of the shareholders of that party, taking into account all terms and conditions of the Competing Proposal.

Takeover Bid means the off-market takeover bid to be made by Bidder for all Target Shares under Chapter 6 of the Corporations Act subject to the Bid Conditions and otherwise in accordance with the terms of this Agreement.

Target Board means the board of directors of Target as constituted from time to time.

Target Director means a director of Target as at the date of this Agreement.

Target Disclosure Materials means the information and documents disclosed in writing by Target or its Representatives about the Target Group and its businesses to Bidder or its Representatives or otherwise disclosed by Target to the public prior to the date of this Agreement.

Target Group means Target and its related entities.

Target Impugned Amount has the meaning given in clause 11.8(a).

Target Material Adverse Change means any event, matter or circumstance which individually, or when aggregated with all such other events, matters or circumstances results in or could reasonably be expected to result in:

- (a) the incurrence of any obligations, liabilities, costs or expenses (contingent or otherwise), where the quantum (whether individually or when aggregated with all such other events) of at least \$100,000 in any 6-month period; or
- (b) the termination or loss of or a reduction in Target's interest in any Target Material Contract; or
- (c) Sandfire not executing or executing and subsequently terminating, the Sandfire Collaboration Agreement,

other than an event, matter or circumstance:

- (d) required or permitted to be done by this Agreement;
- (e) required to be done as a result of the Takeover Bid;
- (f) the occurrence of which was fairly disclosed in the Target Disclosure Materials or fairly disclosed by Target to Bidder prior to the date of this Agreement;
- (g) caused or materially contributed to by Bidder; or
- (h) directly resulting from any actions taken (or omitted to be taken) following a written request from Bidder or with Bidder's prior written consent.

Target Material Contracts means all Material Contracts entered into by Target and includes, but is not limited to, material contracts set out in a letter to Bidder not less than one Business Day before the date of this Agreement.

Target Material Transaction means any member of the Target Group:

- (a) acquiring, offering to acquire or agreeing to acquire one or more entities, businesses or assets (or any interest in one or more entities, businesses or assets) for an amount in aggregate greater than \$100,000;
- (b) disposing of, offering to dispose of or agreeing to dispose of one or more entities, businesses or assets (or any interest in one or more entities, businesses or assets) for an amount, or in respect of which the book value is, in aggregate, greater than \$100,000;
- (c) entering into, agreeing to enter into or announcing any agreement to enter into any contract, commitment or arrangement, joint venture or partnership that:
 - (i) requires payments, expenditure or the foregoing of revenue by any member of the Target Group of an amount in excess of \$100,000 on any individual basis or which is, in aggregate, greater than \$100,000; or
 - (ii) is material in the context of the Target Group and is not in the ordinary course of business;
- (d) entering into or agreeing to enter into, terminating or agreeing to terminate a contract, commitment or arrangement for the provision of services or a licence to a Third Party that is a new or existing customer that results in any member of the Target Group incurring costs greater than \$100,000 on an individual basis or is, in aggregate, greater than \$100,000 for the entire term of such contract, commitment or arrangement;
- (e) entering into or agreeing to enter into an advisory agreement or mandate for corporate advisory or lead manager services in relation to the Transaction;
- (f) providing or agreeing to provide financial accommodation or a guarantee (other than to entities within the Target Group) for any amount, or receives financial accommodation (other than from entities within the Target Group) for any amount;
- (g) entering into, amending, or agreeing to enter into or amend, any material contract, commitment or other arrangement with a related party (as defined in section 228 of the Corporations Act) of Target;

- (h) incurring, agreeing to incur or bringing forward the time for incurring, or granting to a Third Party a right the exercise of which would involve any member of the Target Group incurring or agreeing to incur an amount of capital expenditure in excess of \$100,000; or
- (i) announcing an intention to do any of the matters referred to in subparagraphs (a) to (h) above,

other than to the extent:

- (j) required or permitted to be done by this Agreement;
- (k) required to be done under the Takeover Bid;
- (l) fairly disclosed by Target to Bidder in writing prior to execution of this Agreement;
- (m) actually known to Bidder prior to the date of this Agreement (which does not include knowledge of the risk of an event, occurrence or matter happening); or
- (n) directly resulting from any actions taken (or omitted to be taken) following a written request from Bidder or with Bidder's prior written consent, with such consent not to be unreasonably withheld or delayed.

Target Option means an option to acquire one Target Share.

Target Prescribed Occurrence means any of the following:

- (a) Target converts all or any of its shares into a larger or smaller number of shares;
- (b) any member of the Target Group (other than a direct or indirect wholly owned subsidiary of Target) resolves to reduce its share capital in any way or reclassifies, redeems or repurchases directly or indirectly any of its shares;
- (c) any member of the Target Group (other than a direct or indirect wholly owned subsidiary of Target) enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under the Corporations Act;
- (d) any member of the Target Group issues securities or grants an option or performance right over any securities (including equity securities, debt securities or convertible securities) (or agrees to make such an issue or grant) other than to Target or to a direct or indirect wholly owned subsidiary of Target or pursuant to performance rights, the conversion of convertible securities or the exercise of options the existence of which has been fairly disclosed to Bidder before the date of this Agreement;
- (e) any member of the Target Group creates or agrees to create any Encumbrance over the whole or any part of its assets or undertaking other than an Encumbrance arising in the ordinary course of business;
- (f) an order or application is made or a resolution is passed for the winding up of any member of the Target Group;
- (g) an administrator, liquidator, provisional liquidator, receiver or receiver and manager is appointed in respect of any member of the Target Group or the

whole or any part of the assets or undertaking of any member of the Target Group, or any member of the Target Group executes a deed of company arrangement;

- (h) any member of the Target Group ceases to carry on business or is deregistered under the Corporations Act;
- (i) any member of the Target Group enters into any unusual or abnormal contract or commitment which is outside the ordinary course of business and which could reasonably be expected to:
 - (i) change the nature of the business conducted by the Target Group; or
 - (ii) have a material adverse impact on the business conducted by the Target Group;
- (j) any member of the Target Group enters into a contract or commitment restraining any member of the Target Group from competing with any person or conducting activities in any market;
- (k) any member of the Target Group enters into or otherwise becomes a party to, any material transaction with a related party (as that term is defined in Chapter 2E of the Corporations Act) of Target (other than between Target and a direct or indirect wholly owned subsidiary of Target);
- (l) any member of the Target Group (other than a direct or indirect wholly owned subsidiary of Target) declares, pays, or determines to be payable any distribution, bonus or other share of its profits or assets (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie);
- (m) any member of the Target Group disposes of, or offers or agrees to dispose of, any material business, asset, joint venture interest, entity or undertaking (or any interest in a business, asset, joint venture, entity or undertaking) or makes an announcement in relation to such a disposal, offer or agreement;
- (n) any member of the Target Group:
 - (i) enters into any financing arrangement or commitment or agrees to extend, repay or materially amend any existing financing arrangement or commitment; or
 - (ii) guarantees, indemnifies or provides security for the obligations of any person or entity other than a member of the Target Group; and
- (o) any member of the Target Group agrees or announces an intention to take any of the actions referred to in paragraphs (a) to (n)(m) above,

provided that a Target Prescribed Occurrence will not include any matter:

- (p) required or permitted to be done or procured by Target under this Agreement or which is otherwise contemplated by this Agreement;
- (q) without limiting the generality of (p), required to be done to undertake the Target Raise;
- (r) required to be done as a result of the Takeover Bid;

- (s) fairly disclosed by Target to Bidder in writing prior to execution of this Agreement;
- (t) actually known to Bidder prior to the date of this Agreement (which does not include knowledge of the risk of an event, occurrence or matter happening);
- (u) directly resulting from any actions taken (or omitted to be taken) following a written request from Bidder or with Bidder's prior written consent; or
- (v) approved in writing by Bidder, such approval not to be unreasonably withheld or delayed.

Target Raise means an interim working capital placement by the Target to raise up to \$750,000 by the issue of up to 15,000,000 Target Shares at an issue price of \$0.05 and 15,000,000 free attaching Target Options with an exercise price of \$0.10 and an expiry date of 2 years from the date of issue.

Target Reimbursement Amount means \$85,000 (plus GST, if applicable).

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

Target Shareholder means a holder of one or more Target Shares.

Target Superior Proposal means a Superior Proposal from the perspective of Target Shareholders.

Target's Statement means the target's statement to be issued by Target to Target Shareholders in relation to the Offer as required under section 633(1) of the Corporations Act.

Terminating Party has the meaning given in clause 10.1(a).

Third Party means a person other than a member of the Bidder Group or the Target Group.

Timetable means the indicative timetable set out in Schedule 3.

Transaction means the acquisition of Target by Bidder under the Takeover Bid.

Unconditional means Bidder issuing a notice in accordance with section 630(3) of the Corporations Act declaring that the Takeover Bid is free or freed (as the case may be) from all defeating conditions otherwise applicable to the Takeover Bid.

1.2 Related entities

For the purposes of this Agreement, one entity is related to another if the first entity:

- (a) Controls the second entity;
- (b) is under the Control of the second entity; or
- (c) is under the Control of a third entity that also Controls the second entity,

in each case for the purposes of section 50AA of the Corporations Act but as if section 50AA(4) did not apply.

1.3 References to certain other words and terms

In this Agreement:

- (a) any reference, express or implied, to any legislation in any jurisdiction includes:
 - (i) that legislation as amended, extended or applied by or under any other legislation made before or after signature of this Agreement;
 - (ii) any legislation which that legislation re-enacts with or without modification; and
 - (iii) any subordinate legislation made before or after signature of this Agreement under that legislation, including (where applicable) that legislation as amended, extended or applied as described in clause 1.3(a)(i), or under any legislation which it re-enacts as described in clause 1.3(a)(ii);
- (b) references to persons or entities include natural persons, bodies corporate, partnerships, trusts and unincorporated associations of persons;
- (c) the Schedules and annexes form part of this Agreement and a reference to a clause, Schedule or annex is a reference to a clause, schedule or annex of or to this Agreement;
- (d) a reference to any time is, unless otherwise indicated, a reference to that time in Perth, Western Australia; and
- (e) a reference to \$ or to dollars is to Australian currency.

1.4 Rules of interpretation and construction

In this Agreement:

- (a) headings are for convenience only and do not affect interpretation; and
- (b) the Recitals are to be construed as part of this Agreement,

and unless the context indicates a contrary intention:

- (c) the expression 'person' includes an individual, the estate of an individual, a corporation, an authority, an association or a joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (d) a reference to any party includes that party's executors, administrators, successors and permitted assigns, including any person taking by way of novation and, in the case of a trustee, includes any substituted or additional trustee;
- (e) a reference to any document (including this Agreement) is to that document as varied, novated, ratified or replaced from time to time;
- (f) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;

- (g) words importing the singular include the plural (and vice versa), and words indicating a gender include every other gender;
- (h) references to parties, clauses, schedules, exhibits or annexures are references to parties, clauses, schedules, exhibits and annexures to or of this Agreement, and a reference to this Agreement includes any schedule, exhibit or annexure to this Agreement;
- (i) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (j) the word 'includes' in any form is not a word of limitation;
- (k) a reference to '\$' or 'dollar' is to Australian currency; and
- (l) if any day appointed or specified by this Agreement for the payment of any money or doing of any thing falls on a day which is not a Business Day, the day so appointed or specified shall be deemed to be the next Business Day.

1.5 Things required to be done other than on a Business Day

Unless otherwise indicated, if the day on which any act, matter or thing is to be done under this Agreement is a day other than a Business Day, that act, matter or thing must be done on or by the next Business Day.

1.6 Fully and fairly disclosed

In this Agreement, a fact, matter, event or circumstance is "fully and fairly disclosed" or "fairly disclosed" only if sufficient information has been disclosed to Bidder or Target, as the case may be, so as to enable a sophisticated investor (or one of its Representatives), acting reasonably, to be aware of the substance and significance of the information and to identify the nature and scope of the relevant fact, matter, event or circumstance.

1.7 Consolidation

The Parties acknowledge that the Bidder intends to undertake the Consolidation and that, unless stated otherwise, all references to Bidder Securities in this Agreement are on a pre-Consolidation basis.

2. Agreement to Propose Takeover Bid

2.1 Agreement to bid

- (a) Bidder agrees to make the Offer to Target Shareholders subject to the Bid Conditions and otherwise in accordance with the terms of this Agreement.
- (b) The Offer will apply to all Target Shares which are on issue prior to the close of the Offer Period including, for the avoidance of doubt, all Target Shares issued during the Offer Period, whether as a result of the conversion of any securities in the capital of Target, the exercise of any right to be issued with Target Shares, issued under the Target Raise or otherwise.
- (c) Bidder may vary the terms and conditions of the Offer in any manner permitted by the Corporations Act, but only if the varied terms and conditions

are no less favourable to Target Shareholders than the terms of the Offer that applied immediately prior to the relevant variation.

- (d) Bidder will:
- (i) announce the Takeover Bid no later than the time provided in the Timetable or such other time as agreed by the parties; and
 - (ii) use its best endeavours to lodge its Bidder's Statement with ASIC and provide a copy of the lodged Bidder's Statement to Target in accordance with the Timetable or such other time as agreed by the parties.

2.2 Fractional entitlements

If the number of Target Shares held by a Target Shareholder means that their aggregate entitlement to Bidder Shares under the Offer is not a whole number, then any fractional entitlement will be rounded up to the nearest whole number.

3. Bid Conditions

3.1 Bid conditions

- (a) To the extent that it is within its power to do so, each party must use best endeavours to procure that nothing occurs that will, or is likely to, cause any Bid Condition to be breached or will or is likely to prevent a Bid Condition from being satisfied.
- (b) If a fact, matter or circumstance occurs or arises of which either party is or becomes aware and which will or is likely to cause any Bid Condition to be breached, or will or is likely to prevent any Bid Condition from being satisfied or unreasonably delayed, that party must promptly notify the other party of that fact, matter or circumstance. Each party must, on request from the other party, advise of its progress to satisfy any Bid Condition.

3.2 Declaring free or unconditional

- (a) Bidder may not declare the Takeover Bid to be free from any of the Minimum Acceptance Condition, Capital Raise Condition, the Bidder Shareholder Approval Condition or Bidder Refinancing Condition, without the prior written consent of Target.
- (b) Subject to clause 3.2(a) and the Corporations Act, Bidder may at any time (but is not obliged to) declare the Takeover Bid to be free from any Bid Condition, or declare the Takeover Bid Unconditional, on such terms (if any) as it may determine.

3.3 Bidder Shareholder Approval Condition

- (a) Bidder must use its best endeavours to procure the satisfaction of the Bidder Shareholder Approval Condition.
- (b) Without limiting clause 3.3(a), Bidder must take all necessary steps to:
 - (i) prepare the Notice of Bidder Shareholder Meeting;

- (ii) make a public recommendation that Bidder Shareholders vote in favour of each of the Essential Bidder Resolutions at the Bidder Shareholder Meeting;
- (iii) procure that each Director of the Bidder will vote in favour of the Essential Bidder Resolutions to the extent of their respective holdings and include a statement to this effect in the Notice of Bidder Shareholder Meeting; and
- (iv) call and convene the Bidder Shareholder Meeting to approve the Essential Bidder Resolutions,

and, unless required pursuant to the Corporations Act, ASX Listing Rules or by any Authority, Bidder must:

- (v) not adjourn, postpone or cancel the Bidder Shareholder Meeting without the prior written consent of Target; and
- (vi) not make any public statement that suggests that one or more members of the Bidder Board does not, or has ceased to, recommend that Bidder Shareholders vote in favour of any of the Essential Bidder Resolutions unless the relevant member(s) determine(s), acting in good faith after receiving written advice from external advisers, that failing to do so would or would be likely to constitute a breach of his fiduciary or statutory duties.

3.4 Capital Raise Condition

- (a) Bidder and Target must use their best endeavours to procure the satisfaction of the Capital Raise Condition.
- (b) Without limiting clause 3.4(a), Bidder must take all necessary steps to:
 - (i) complete the:
 - (A) Placement; and
 - (B) Priority Offer,(to the extent necessary to satisfy the Capital Raise Condition);
 - (ii) prepare the Prospectus; and
 - (iii) use its best endeavours to lodge the Prospectus with ASIC in accordance with the Timetable or such other time as agreed by the parties, provided that the Bidder must not lodge the Prospectus without the prior written consent of the Target.
- (c) Bidder covenants:
 - (i) to accept all valid applications made under the Priority Offer and Placement (subject to the scaling back of applications that may be achieved in the event that it receives valid applications in excess of the maximum subscription available under the Priority Offer and Placement, provided that such scaling does not prevent or unduly delay the satisfaction of the Capital Raising Condition); and

- (ii) not to waive clause 3.4(c)(i).
- (d) Bidder will, in the Bidder's Statement, covenant in favour of the Target shareholders from time to time, in the same terms as set out in this clause 3.4.
- (e) Bidder must:
 - (i) consult with Target and its Representatives in good faith in relation to the contents of the Prospectus; and
 - (ii) within a reasonable time prior to lodgement of the Prospectus with ASIC, provide an advanced and reasonably complete draft of the Prospectus to Target and its Representatives for review and consider in good faith the comments of Target and its Representatives when finalising the Prospectus.
- (f) Without limiting clause 3.4(a), Target must take all necessary steps to complete the Target Raise (to the extent necessary to satisfy the Capital Raise Condition).

Target will provide on a timely basis any assistance and information that is reasonably requested by Bidder to enable Bidder to prepare and finalise the Prospectus.

4. Takeover Bid

4.1 Compliance with Timetable

- (a) Each party agrees to use reasonable endeavours to do all acts and things within its power as may be reasonably necessary for the implementation and performance of the Takeover Bid in accordance with the Timetable.
- (b) The parties acknowledge and agree that it is the intention of the parties to lodge the Bidder's Statement, Target's Statement, Prospectus, Notice of Bidder Shareholder Meeting with ASIC and (if applicable) ASX on or around the same day.
- (c) Unless otherwise agreed by the parties or as required by law, Bidder will not be entitled to extend the Offer Period if the Bidder Shareholder Approval Condition, Capital Raising Condition and Minimum Acceptance Condition have all been achieved and Bidder has entered into the Bidder Refinancing Agreement.

4.2 Bidder's Statement

- (a) Bidder must, within a reasonable time (and in any event no later than 10 Business Days) prior to lodgement of the Bidder's Statement with ASIC, provide an advanced and reasonably complete draft of the Bidder's Statement to Target and its Representatives for review and consider in good faith the comments of Target and its Representatives when finalising the Bidder's Statement.
- (b) Bidder and Target acknowledge that Bidder will make disclosures in the Bidder's Statement to comply the Corporations Act, Takeovers Panel decisions and guidance notes and ASIC regulatory guides.

4.3 Target Assistance

Target must provide on a timely basis any assistance and information that is reasonably requested by Bidder to enable Bidder to prepare and finalise the Bidder's Statement.

4.4 Target's Statement

- (a) Target must within a reasonable time (and in any event no later than 10 Business Days) prior to lodgement of the Target's Statement with ASIC, provide an advanced and reasonably complete draft of the Target's Statement to Bidder and its Representatives for review and consider in good faith the comments of Bidder and its Representatives when finalising the Target's Statement.
- (b) Bidder and Target acknowledge that Target will make disclosures in the Target's Statement to comply the Corporations Act, Takeovers Panel decisions and guidance notes and ASIC regulatory guides.

4.5 Bidder Assistance

Bidder must provide, on a timely basis, any assistance and information that is reasonably requested by Target to enable Target to prepare and finalise the Target's Statement.

4.6 Dispatch of Bidder's Statement and Target's Statement

To the extent permitted under the Corporations Act, each of Bidder and Target agrees that it will take prompt action to ensure that the Bidder's Statement and Target's Statement can be mailed together to Target Shareholders in accordance with the Timetable.

4.7 Supplementary Bidder's Statement and Supplementary Target's Statement

Each of Bidder and Target covenants to comply with Division 4 of Part 6.5 and Chapter 6B of the Corporations Act.

4.8 Access to information

- (a) Each party agrees to provide the other party, on a timely basis, with information that may be reasonably required to assist in the preparation of the Bidder's Statement or the Target's Statement (as applicable).
- (b) From the date of this deed until the end of the Offer Period, the Target must:
 - (i) provide the Bidder (at the Bidder's cost) with a copy of the register of members of Target in an electronic form reasonably requested by Bidder within two Business Days after such request from the Bidder;
 - (ii) provide the Bidder (at the Target's cost) with a copy of the register of members of the Target in electronic form within two days that the Target receives a copy from its share registry each time a copy is obtained by the Target; and
 - (iii) comply (at the Bidder's cost) with any reasonable request of the Bidder to give directions to the Target's Shareholders pursuant to Part 6C.2 of the Corporations Act.

4.9 No independent expert

The parties agree that an independent expert's report for the Target's statement is not required by section 640 of the Corporations Act. The parties acknowledge and agree that the Target does not expect to need to commission the preparation of an independent expert's report for the Target's Statement.

5. Recommendation of Takeover Bid

5.1 Public announcement

Immediately after execution of this Agreement, Target and Bidder must issue a joint announcement in the form agreed between the Bidder and the Target.

5.2 Target Directors' recommendation

Target represents and warrants to Bidder that each Target Director has informed Target, prior to its entry into this Agreement, that:

- (a) he supports the Takeover Bid;
- (b) he will publicly recommend that Target Shareholders accept the Offer in respect of all of their respective Target Shares; and
- (c) he will not change his public recommendation,

in each case, in the absence of a Target Superior Proposal.

5.3 Target Directors' intentions

Target represents and warrants to Bidder that, in the absence of a Target Superior Proposal, each Target Director has informed Target prior to its entry into this Agreement that the relevant Target Director (and each person and entity Controlled by that Target Director) intends to accept the Offer in respect of all of the Target Shares that they respectively hold (if any) as at the commencement of the Offer Period.

5.4 Joint promotion of Takeover Bid

Target will:

- (a) support the Offer made under the Takeover Bid during the Offer Period in the absence of a Target Superior Proposal, and on condition that this Agreement has not been terminated; and
- (b) jointly promote the Takeover Bid to Target Shareholders with Bidder, including:
 - (i) participating in joint conference calls and investor presentations; and
 - (ii) meeting key Target Shareholders, analysts, management, customers, press and other parties mutually agreed by Bidder and Target,

in each case, in the absence of a Target Superior Proposal and on condition that this Agreement has not been terminated.

- (c) Bidder will not make any announcement or statement to a Third Party concerning Target unless such announcement or statement is consistent with communications made jointly in accordance with clause 5.4 and Bidder has given Target reasonable prior notice of such announcement or statement and its content.

5.5 Change or withdrawal of recommendation

- (a) Subject to clause 5.5(b), Target will procure that the Target Board does not change or withdraw the recommendation referred to in clause 5.2 once made and will not make any public statement which would suggest that the Offer is no longer recommended or that it supports a Competing Proposal in respect of Target unless:
 - (i) the Target Board determines that a Competing Proposal in respect of Target constitutes a Target Superior Proposal;
 - (ii) a Bidder Prescribed Occurrence, a Bidder Material Adverse Change or a Bidder Material Transaction occurs;
 - (iii) Bidder breaches its obligations in clauses 3.3, 3.4 or 7; or
 - (iv) Bidder breaches any provision of this Agreement, other than clauses 3.3, 3.4 and 7, in a material respect and, if such breach is capable of remedy, Bidder has not remedied the breach within 7 days of receipt of written notice from Target.
- (b) Before the Target Board withdraws or changes its recommendation under clause 5.5(a)(i), Target must:
 - (i) provide Bidder with sufficient details in relation to the Target Superior Proposal to enable Bidder to respond to the Target Superior Proposal in accordance with clause 7.6(b); and
 - (ii) give Bidder at least 5 Business Days after the provision of information under clause 5.5(b)(i) to respond to the Target Superior Proposal, including by revising the Offer to match or better the Target Superior Proposal if Bidder so chooses in its absolute discretion.

5.6 Sandfire and Bullet Intention to Accept

Target will use its best efforts to procure that both Sandfire and Bullet provide Bidder written confirmation that in the absence of a Target Superior Proposal, both Sandfire and Bullet intend to accept the Offer in respect of all of the Target Shares that Sandfire and Bullet (or their respective nominees) hold (if any) as at the commencement of the Offer Period, and that such an acceptance will occur no sooner than 14 days after the Offer commences.

6. Escrow

6.1 Escrow by ASX only

The parties agree that any Bidder Shares or Bidder Options issued to Target Shareholders as Consideration will be escrowed only to the extent required by ASX.

6.2 Application for relief

To the extent any securities issued to Target Shareholders as Consideration will, upon issue, be a "restricted security" under the ASX Listing Rules, Bidder agrees to apply to ASX for relief from such escrow requirement, at its own cost, promptly upon request by Target and then, in consultation with Target.

7. Exclusivity

7.1 General

For the purposes of this clause 7, it is acknowledged that:

- (a) any actions by any director, officer or employee of any member of the Target Group or any other Representative of Target acting as authorised agent of Target that would, if they were actions of Target, breach this clause 7, shall be deemed to be a breach by Target of this clause 7 (including for the purposes of the definition of "Competing Proposal" and "Superior Proposal"); and
- (b) any actions by any director, officer or employee of any member of the Bidder Group or any other Representative of Bidder acting as authorised agent of Bidder that would, if they were actions of Bidder, breach this clause 7, shall be deemed to be a breach by Bidder of this clause 7 (including for the purposes of the definition of "Competing Proposal" and "Superior Proposal").

7.2 No existing discussions

Each party warrants that as at the date of this Agreement, it is not, and must ensure that none of its Representatives are, in any negotiations or discussions, and that it has, and its Representatives have, ceased any existing negotiations or discussions, in respect of any Competing Proposal in respect of that party (or which may reasonably be expected to lead to a Competing Proposal in respect of that party) with any person.

7.3 No shop

During the Exclusivity Period, each party must not, and must ensure that each of its Representatives does not, directly or indirectly solicit, invite, encourage or initiate (including by the provision of non public information) any inquiry, expression of interest, offer, proposal or discussion by any person in relation to, or that may reasonably be expected to encourage or lead to the making of, an actual, proposed or potential Competing Proposal in respect of that party or communicate to any person an intention to do anything of those things.

7.4 No talk and no due diligence

Subject to clause 7.5, during the Exclusivity Period, each party must not and must ensure that each of its Representatives does not, directly or indirectly, except with the prior written consent of the other party:

- (a) enter into, continue or participate in any negotiations or discussions with any person in relation to a Competing Proposal in respect of that party or that may reasonably be expected to encourage or lead to the making of a Competing Proposal in respect of that party;
- (b) negotiate, accept, approve, recommend or enter into, or offer or agree to negotiate, accept, approve, recommend or enter into, any agreement,

arrangement or understanding regarding an actual, proposed or potential Competing Proposal in respect of that party;

- (c) disclose or otherwise provide any material non public information about the business or affairs of that party or its related entities to any person (other than a public authority) with a view to obtaining a Competing Proposal in respect of that party or which may reasonably be expected to encourage or lead to the receipt of a Competing Proposal in respect of that party;
- (d) solicits, invites, initiates, encourages, facilitates or permits any other party to undertake due diligence investigations, save for:
 - (i) Sandfire in respect of the Sandfire Collaboration Agreement; and
 - (ii) RMB in respect of the RMB Sale and Purchase Deed and otherwise in respect of the Bidder Refinancing Agreement,
- (e) communicate to any person an intention to do anything referred to in paragraphs (a) to (d) (inclusive) of this clause 7.4,

even if:

- (f) the Competing Proposal was not directly or indirectly solicited, invited, encouraged or initiated by that party or its Representatives; or
- (g) the Competing Proposal is publicly announced.

7.5 Exceptions

Clause 7.4 does not prohibit any action or inaction by any party or any of its Representatives if the board of directors of that party determines, acting in good faith after receiving written advice from its external legal advisers, that:

- (a) where there is a Competing Proposal in respect of that party, the Competing Proposal is or may reasonably be expected to lead to a Superior Proposal from the perspective of the shareholders of that party, having regard to the steps that board proposes to take; and
- (b) failing to respond to that Competing Proposal constitutes or would be likely to constitute, a breach of any of the fiduciary or statutory duties of the directors of that party,

provided that the Competing Proposal was not directly or indirectly solicited, invited, encouraged or initiated by that party or any of its Representatives in a manner that would breach its obligations under clause 7.4.

7.6 Notice of Competing Proposal

- (a) During the Exclusivity Period, a party must as soon as possible notify the other party in writing if the first-mentioned party, or any of its Representatives, becomes aware of any direct or indirect:
 - (i) approach or attempt to initiate any negotiations or discussions, or intention to make such an approach or attempt to initiate negotiations or discussions, in respect of any expression of interest, offer, proposal or discussion in relation to an actual, proposed or potential Competing Proposal in respect of the first-mentioned party;

- (ii) proposal made to the first-mentioned party or any of its Representatives, in connection with, or in respect of any exploration or completion of, an actual, proposed or potential Competing Proposal in respect of the first mentioned party; or
- (iii) provision by the first-mentioned party or any of its Representatives of any material confidential information concerning that party or its related entities or their respective operations to any person in relation to an actual, proposed or potential Competing Proposal in respect of that party.

For the avoidance of doubt, any of the acts described in this clause 7.6(a) may be taken by a party only to the extent permitted or not proscribed under clauses 7.3 to 7.5 (inclusive).

- (b) A notification given under clause 7.6(a) must include the identity of the proponent of the Competing Proposal and a summary of all material terms and conditions of the actual, proposed or potential Competing Proposal.

7.7 Matching right

Without limiting clause 7.6(a), during the Exclusivity Period, a party must:

- (a) not enter into any legally binding agreement, arrangement or understanding (whether or not in writing) under which a Third Party and/or that party proposes to undertake or give effect to an actual, proposed or potential Competing Proposal in respect of that party; and
- (b) procure that its directors do not change their respective recommendation in favour of the Offer to publicly recommend the actual, proposed or potential Competing Transaction,

unless:

- (c) the board of directors of that party determines that the actual, proposed or potential Competing Proposal is or may reasonably be expected to lead to a Superior Proposal from the perspective of the shareholders of that party having regard to the steps which that board proposes to take;
- (d) that party has provided the other party with the material terms and conditions of the actual, proposed or potential Competing Proposal, including the price and the identity of the Third Party making the actual, proposed or potential Competing Proposal;
- (e) that party has given the other party at least 10 Business Days after the provision of the information referred to in clause 7.7(d) to revise, or provide proposed revisions, to the Offer (as the case may be) to match or better the actual, proposed or potential Competing Proposal if the other party so chooses in its absolute discretion; and
- (f) the other party has not, within the time period referred to in clause 7.7(d), revised, or provided proposed revisions, to the Offer (as the case may be) which the board of directors of the first-mentioned party determines, in good faith after receiving written advice from its external legal advisers, matches or betters the actual, proposed or potential Competing Proposal.

Each party acknowledges and agrees that each successive modification of any actual, proposed or potential Competing Proposal will constitute a new actual, proposed or potential Competing Proposal for the purposes of this clause 7.7.

7.8 Compliance with law

This clause 7 does not impose any obligation on the parties if the performance of that obligation would:

- (a) involve a breach of statutory, fiduciary or other duty of a director of either party;
- (b) otherwise be unlawful (except that it is acknowledged that a performance of an obligation would not be unlawful merely because it would result in a breach of a contractual obligation of the relevant party); or
- (c) constitute unacceptable circumstances (as declared by the Takeovers Panel or a court) under Part 6.10 (Division 2) of the Corporations Act.

8. Other Obligations during Exclusivity Period

8.1 Conduct of business

Subject to clauses 8.2 and 8.3, between the date of this Agreement and the earlier to occur of Completion and the termination of this Agreement:

- (a) Target must procure that each member of the Target Group; and
- (b) Bidder must procure that each member of the Bidder Group,

carries on business in the ordinary and usual course and in substantially the same manner as conducted at the date of this Agreement as well as using its reasonable endeavours to procure that:

- (c) respectively, no Target Prescribed Occurrence or Bidder Prescribed Occurrence occurs;
- (d) respectively, no Target Material Transaction or Bidder Material Transaction occurs;
- (e) respectively, each member of the Target Group or the Bidder Group:
 - (i) preserves its relationships with all authorities, material customers and suppliers, licensors, licensees, joint venturers and others with whom they have business dealings;
 - (ii) preserves intact its current business organisation and maintains its material assets in good working order necessary to operate all aspects of its business;
 - (iii) maintains current liabilities at normal levels and discharge current liabilities as they fall due or otherwise in the ordinary course;
 - (iv) does not incur any borrowings or other debt finance from any Third Party;

- (v) does not repay any borrowings or debt finance earlier than the applicable due date;
 - (vi) does not incur capital expenditure other than in accordance with the budget contained in the Target Disclosure Materials or Bidder Disclosure Materials (as the case may be);
 - (vii) keeps available the services of its senior employees and procures that those senior employees continue to conduct the business and affairs of the Target Group or the Bidder Group (as the case may be) in the ordinary and usual course;
 - (viii) does not enter or agrees to enter into any agreement in respect of the employment or engagement of a person in a managerial or executive office (as that expression is defined in the Corporations Act);
 - (ix) does not alter or agree to alter the terms of employment or benefits of any employee where such alteration would result in the total compensation payable by the Target Group or the Bidder Group (as the case may be) to an employee increasing by more than 5 % of the total compensation paid to that employee as at the date of this Agreement;
 - (x) does not enter or agree to enter into any unusual or abnormal contract or commitment;
 - (xi) does not permit any of its insurances to lapse or do anything that would make any policy of insurance void or voidable; and
- (f) respectively, no member of the Target Group or Bidder Group engages in any conduct that would or is reasonably likely to result in a Target Material Change Effect or Bidder Material Adverse Change (as the case may be).

8.2 Exceptions

The obligations under clause 8.1 do not apply to actions undertaken by any member of the Bidder Group or the Target Group:

- (a) which are required or permitted to be undertaken under this Agreement;
- (b) which are required to be undertaken as a result of the Takeover Bid;
- (c) have been fairly disclosed by Bidder to Target or by Target to Bidder respectively prior to the date of this Agreement;
- (d) actually known to Bidder or Target respectively prior to the date of this Agreement (which does not include knowledge of the risk of an event, occurrence or matter happening); or
- (e) as a direct result of any actions taken (or omitted to be taken) following a written request from Target or Bidder respectively; or
- (f) with the prior written consent of Target or Bidder respectively, such consent not to be unreasonably withheld or delayed.

8.3 Notification

Each party must promptly notify the other party in writing after it becomes aware of a matter which is in breach of or inconsistent with clause 8.1.

8.4 Composition of Bidder Board

Upon Bidder acquiring a Relevant Interest in at least 90% (by number) of all Target Shares and the Offer becoming Unconditional or completing, Bidder must, as soon as is practicable thereafter, take all actions necessary to ensure:

- (a) the appointment of the following two (2) nominees of the Target to the Bidder Board and the board of directors of each subsidiary of Bidder:
 - (i) Jason Stirbinskis (as Managing Director); and
 - (ii) Ross Ashton (Non-executive Director),identified by notice in writing to the Bidder and with effect on and from the fifth Business Day after the last day of the Offer Period, provided that each such person provides documentation sufficient to satisfy ASX's good fame and character requirements.
- (b) That all other Bidder directors, except for Kevin Wilson (who will remain as non-executive Chairman), resign from the Bidder Board and the board of directors of any subsidiary of Bidder (if applicable), with effect from the date of Completion (or such later date as Target may direct).

9. Representations and Warranties

9.1 Target warranties

Target represents and warrants to Bidder that each of the following statements is true, accurate and not misleading:

- (a) each member of the Target Group is a corporation validly existing under the laws of its place of incorporation;
- (b) Target has the power to execute, deliver and to perform its obligations under this Agreement, and has taken all necessary corporate action to authorise such execution, delivery and the performance of such obligations;
- (c) Target's obligations under this Agreement are legal, valid and binding obligations enforceable in accordance with their terms;
- (d) no regulatory action of any nature has been taken as at the date of this Agreement which would prevent, inhibit or otherwise have a material adverse effect on the ability of Target to fulfil its obligations under this Agreement;
- (e) except in relation to change of control clauses, which have been fairly disclosed to Bidder before the Execution Date, the execution and delivery by Target of this Agreement do not and will not conflict with or constitute a default under any provision of:
 - (i) any agreement or instrument to which it is a party; or

- (ii) its constitution; or
 - (iii) any law, order, judgment, award, injunction, decree, rule or regulation by which it is bound;
- (f) there is no mandate with any adviser in respect of the Transaction;
- (g) Target is not in breach of its continuous and periodic disclosure obligations under the Corporations Act;
- (h) no member of the Target Group is Insolvent;
- (i) as at the date of this Agreement, there are 85,811,474 Target Shares and 10,000,000 Target Options on issue and there are no other shares or other securities (including equity securities, debt securities or convertible securities) or options (listed or unlisted) or performance rights or other instruments which are convertible into securities in Target nor has it offered or agreed to issue any such shares, securities, options or performance rights or other instruments to any Third Party, save for those to be issued under the Target Raise, pursuant to which up to a further 18,292,683 Target Shares and 15,000,000 Target Options may be issued;
- (j) Target has terminated all negotiations and discussions (other than with Bidder and its Representatives) that relate to any Competing Proposal in respect of Target as at the date of this Agreement, and there are no discussions, negotiations or agreements in relation to any Competing Proposal in respect of Target other than to the extent permitted under this Agreement;
- (k) no member of the Target Group is involved in any litigation, arbitration, legal, administrative or governmental proceedings or other dispute and there are no facts or circumstances known to Target (after making reasonable inquiries) likely to give rise to any such proceedings or dispute;
- (l) each member of the Target Group holds all material licences, permits and authorisations necessary to conduct its activities as presently conducted or has the right to have any such licences or permits to be transferred to a member of the Target Group and such licenses and permits are in good standing;
- (m) so far as Target is aware, there has been no material breach by any member of the Target Group of any laws applicable to it, any orders of any Authority having jurisdiction over it, or any conditions to any material licence, permit or authorisation held by it;
- (n) all information Target or its Representatives have provided to Bidder or its Representatives (whether as part of the Target Disclosure Materials or otherwise) is, to the knowledge of Target (after making reasonable enquiries), true and correct in all material respects and is not misleading or deceptive in any material respect (whether by omission or otherwise);
- (o) as at the date of this Agreement, Target is not aware, after having made due enquiry, of any matter which is likely to result in the occurrence of a Target Prescribed Occurrence between the date of this Agreement and the first to occur of the date on which the Offer Period ends and the date when this Agreement is terminated (both inclusive);
- (p) Target's financial statements for the financial year ended 31 December 2018:

- (i) are, in all material respects, a true and fair reflection of Target's financial position as at 31 December 2018 and of Target's performance during the financial year ended 31 December 2018; and
 - (ii) comply with Australian Accounting Standards and the *Corporations Regulations 2001* (Cth);
- (q) Target has disclosed all Material Contracts to Bidder;
- (r) all Target Material Contracts are in full force and of full effect and, so far as Target is aware, having made due enquiry, are legally binding as between the parties thereto in accordance with their terms, save for any rights waived in accordance with the Bid Condition 13 as set out in Schedule 1;
- (s) as at the date of this Agreement, Target is not aware of any act, omission, event or fact that would result in any of the Bid Conditions being breached or not satisfied;
- (t) no person has any right (whether subject to conditions or not) to, as a result or otherwise in connection with Bidder acquiring Target Shares:
 - (i) acquire, or require Target to dispose of or offer to dispose of, any material asset of the Target Group;
 - (ii) terminate or vary any material deed with any member of the Target Group; or
 - (iii) accelerate or adversely modify the performance of any obligations of a member of the Target Group in a material respect under any material deed, arrangement or understanding;
- (u) no member of the Target Group is in default in any material respect under any document, agreement or instrument binding on it or its assets nor, so far as the Target is aware, having made due enquiry, has anything occurred which is or would with the giving of notice or lapse of time constitute an event of default, prepayment event or similar event, or give another party thereto a termination right or right to accelerate any right or obligation, under any such document or agreement with such an effect;
- (v) there is no Encumbrance (of whatsoever nature) over any assets of the Target Group other than an Encumbrance arising in the ordinary course of business; and
- (w) the corporate structure of the Target Group is comprised as follows:
 - (i) Target is the legal and beneficial owner of 100% of the issued and outstanding capital of Andes Resources EP SAS;
 - (ii) Andes Resources EP SAS is the legal and beneficial owner of 900 of 1,000 fully paid ordinary shares issued or outstanding in the capital of Andes Holding SAS; and
 - (iii) Target has constituted the company Ni - Maria J SAS before the Chamber of Commerce Medellin, a company that will be the assignee of 100% of the rights derived from the permit for exploration and exploitation of gold No. P8717011. Once Target makes the final outstanding payment through Ni - Maria J SAS to Minería Integral de

Colombia Minincol SAS, Nicanor Maria de Jesus Restrepo has undertaken to assign 100% of his fully paid ordinary shares in Ni - Maria J SAS to Andes Resources EP SAS.

9.2 Bidder warranties

Bidder represents and warrants to Target that each of the following statements is true, accurate and not misleading:

- (a) each member of the Bidder Group is a corporation validly existing under the laws of its place of incorporation;
- (b) Bidder has the power to execute, deliver and to perform its obligations under this Agreement, and has taken all necessary corporate action to authorise such execution, delivery and the performance of such obligations;
- (c) Bidder's obligations under this Agreement are legal, valid and binding obligations enforceable in accordance with their terms;
- (d) no regulatory action of any nature has been taken as at the date of this Agreement which would prevent, inhibit or otherwise have a material adverse effect on the ability of Bidder to fulfil its obligations under this Agreement;
- (e) the execution and delivery by Bidder of this Agreement does not and will not conflict with or constitute a default under any provision of:
 - (i) any agreement or instrument to which it is a party; or
 - (ii) its constitution; or
 - (iii) any law, order, judgment, award, injunction, decree, rule or regulation by which it is bound;
- (f) no member of the Bidder Group is Insolvent;
- (g) Bidder is not in breach of its continuous and periodic disclosure obligations under the Corporations Act, the ASX Listing Rules and is not relying on the carve out in ASX Listing Rule 3.1A to withhold any information from public disclosure (other than in respect of the Transaction);
- (h) as at the date of this Agreement:
 - (i) there are 1,187,940,614 Bidder Shares on issue;
 - (ii) there are the following unquoted Options on issue:
 - (A) 547,345,422 Options with an exercise price of \$0.011 expiring 1 June 2020;
 - (B) 12,345,639 Options with an exercise price of \$0.08 expiring 17 May 2019;
 - (C) 12,345,639 Options with an exercise price of \$0.08 expiring 25 May 2019;
 - (D) 9,600,000 Options with an exercise price of \$0.016 expiring 31 December 2019, subject to vesting;

- (E) 9,600,000 Options with an exercise price of \$0.024 expiring 31 December 2020, subject to vesting;
- (iii) there are 76,400,000 performance rights on issue; and
- (iv) there are Convertible Notes which may convert to 459,000,000 Bidder Shares and Bidder Options;

and there are no other shares or other securities (including equity securities, debt securities or convertible securities) or options or performance rights or other instruments which are convertible into securities in Bidder nor has it offered or agreed to issue any such shares, securities, options or performance rights or other instruments to any party;

- (i) Bidder has terminated all negotiations and discussions (other than with Target and its Representatives) that relate to any Competing Proposal in respect of Bidder as at the date of this Agreement, and there are no discussions, negotiations or agreements in relation to any Competing Proposal in respect of Bidder other than to the extent permitted under this Agreement;
- (j) other than the David Prins' litigation, no member of the Bidder Group is involved in any litigation, arbitration, legal, administrative or governmental proceedings or other dispute and there are no facts or circumstances known to Bidder (after making reasonable inquiries) likely to give rise to any such proceedings or dispute;
- (k) each member of the Bidder Group holds all material licences, permits and authorisations necessary to conduct its activities as presently conducted;
- (l) so far as Bidder is aware, there has been no material breach by any member of the Bidder Group of any laws applicable to it, any orders of any Authority having jurisdiction over it, or any conditions to any material licence, permit or authorisation held by it;
- (m) all information Bidder or its Representatives have provided to Target or its Representatives (whether as part of the Bidder Disclosure Materials or otherwise) is to the knowledge of Bidder (after making reasonable enquiries) true and correct in all material respects and is not misleading or deceptive in any material respect (whether by omission or otherwise);
- (n) as at the date of this Agreement, Bidder is not aware, after having made due enquiry, of any matter which is likely to result in the occurrence of a Bidder Prescribed Occurrence, a Bidder Material Adverse Change or a Bidder Material Transaction between the date of this Agreement and the first to occur of the date on which the Offer Period ends and the date when this Agreement is terminated (both inclusive);
- (o) as at the date of this Agreement, Bidder has disclosed to Target the status of the potential disposal of the Chilean Projects;
- (p) Bidder's audited financial statements for the year ended 31 December 2018:
 - (i) are, in all material respects, a true and fair reflection of Bidder's financial position as at 31 December 2018 and of Bidder's performance during the half year ended 31 December 2018; and

- (ii) comply with Australian Accounting Standards and the *Corporations Regulations 2001* (Cth);
- (q) the Bidder Material Contracts are in full force and of full effect and, so far as Bidder is aware, having made due enquiry, are legally binding as between the parties thereto in accordance with their terms;
- (r) as at the date of this Agreement, Bidder is not aware of any act, omission, event or fact that would result in any of the Bid Conditions being breached or not satisfied;
- (s) no person has any right (whether subject to conditions or not) to, as a result or otherwise in connection with Bidder acquiring Target Shares or making or completing the Offer:
 - (i) acquire, or require Bidder to dispose of or offer to dispose of, any material asset of the Bidder Group;
 - (ii) terminate or vary any material agreement or deed with any member of the Bidder Group; or
 - (iii) accelerate or adversely modify the performance of any obligations of a member of the Bidder Group in a material respect under any material deed, arrangement or understanding;
- (t) no member of the Bidder Group is in default in any material respect under any document, agreement or instrument binding on it or its assets nor, so far as the Bidder is aware, having made due enquiry, has anything occurred which is or would with the giving of notice or lapse of time constitute an event of default, prepayment event or similar event, or give another party thereto a termination right or right to accelerate any right or obligation, under any such document or agreement with such an effect; and
- (u) there is no Encumbrance (of whatsoever nature) over any assets of the Bidder Group other than an Encumbrance arising in the ordinary course of business, save for security held by RMB in respect of the Quinchia Licences and Miraflores Shares.

9.3 Timing of warranties

Each of the representations and warranties in clauses 9.1 and 9.2 is given:

- (a) as at the date of this Agreement and each day up to and including the date of termination of this Agreement; or
- (b) if the representation or warranty is expressly stated to be given at a different time, at that time.

9.4 Acknowledgements

Each party acknowledges that:

- (a) in entering into this Agreement, the other party has relied on the representations and warranties made by the first-mentioned party under this clause 9;

- (b) those representations and warranties are not extinguished or affected by any investigation into the affairs of business of the first-mentioned party or any of its related entities; and
- (c) each representation and warranty in this clause 9 is severable and survives termination of this Agreement.

9.5 Notice

If any party becomes aware of a matter or circumstance which results in or is likely to result in any of the representations or warranties given by that party in this clause 9 being untrue, inaccurate or misleading, it must give notice to the other party specifying that matter or circumstance in reasonable detail as soon as reasonably practicable after it becomes aware of that matter or circumstance. The failure by any party to give notice as contemplated by this clause 9.5 in relation to any matter or circumstance does not, for the avoidance of doubt, prevent the other party from making any claim arising from that matter or circumstance.

9.6 Releases

- (a) Bidder releases its rights against, and will not make a claim against, any past or present director or other Representative of Target in relation to:
 - (i) Target's execution or delivery of this Agreement;
 - (ii) any breach of any representation or warranty by Target in this Agreement;
 - (iii) Target's response to the Takeover Bid;
 - (iv) the acquisition of any Target Shares under the Takeover Bid; or
 - (v) any information that is fully and fairly disclosed by Target in the Target Disclosure Materials,except to the extent that the past or present director or other Representative of Target has not acted in good faith or has engaged in wilful misconduct.
- (b) Target releases its rights against, and will not make a claim against, any past or present director or other Representative of Bidder in relation to:
 - (i) Bidder's execution or delivery of this Agreement;
 - (ii) any breach of any representation or warranty by Bidder in this deed;
 - (iii) Bidder making the Takeover Bid;
 - (iv) the issue of any Consideration to Target Shareholders; or
 - (v) any information that is fully and fairly disclosed by Bidder in the Bidder Disclosure Materials,

except to the extent that the past or present director or other Representative of Bidder has not acted in good faith or has engaged in wilful misconduct.

10. Termination

10.1 Material breach

- (a) A party (**Terminating Party**) may terminate this Agreement at any time by giving written notice to the other if:
- (i) the other party is in breach of a material term of this Agreement or any representation or warranty given by the other under this Agreement is untrue, inaccurate or misleading in any material respect other than as a result of a breach of this Agreement by the Terminating Party;
 - (ii) the Terminating Party has given notice to the other party of its intention to terminate this Agreement under this clause 10.1, setting out the details of the matters or circumstances giving rise to the termination right; and
 - (iii) in the case of a breach of a material term of this Agreement, that breach has not been remedied within 5 Business Days after the date of receipt by the other party of the Terminating Party's notice under clause 10.1(a)(ii).
- (b) On receipt of a notice under clause 10.1(a)(ii), the recipient of that notice must use its reasonable endeavours for the 5 Business Days referred to in clause 10.1(a)(iii) to remedy the breach that is set out in that notice.

10.2 Bidder termination events

Without limiting clause 10.1, Bidder may terminate this Agreement at any time by giving written notice to Target if:

- (a) Target is in breach of its obligations in clause 5.5, or 7 (for the avoidance of doubt, no cure period of the kind referred to in clause 10.1(a)(iii) applies to any breach of clause 5.5 or 7);
- (b) the Target Board (or any one or more members of the Target Board) changes or withdraws its (or their) recommendation that Target Shareholders accept the Offer in respect of all their Target Shares or their intention to accept the Offer in respect of all of their Target Shares or make a public statement indicating that it no longer supports the Offer or that it supports a Competing Proposal in respect of Target, other than where the Target is entitled to validly terminate this Agreement under clause 10.3(c);
- (c) a Target Prescribed Occurrence occurs;
- (d) a Target Material Adverse Change occurs; or
- (e) a Target Material Transaction occurs.

10.3 Target termination events

Without limiting clause 10.1, Target may terminate this Agreement at any time by giving written notice to Bidder if:

- (a) Bidder is in breach of its obligations in clauses 3.3, 3.4 or 7 (for the avoidance of doubt, no cure period of the kind referred to in clause 10.1(a)(iii) applies to any breach of clauses 3.3 or 7);
- (b) the Target Board (or a majority of the Target Directors) changes or withdraws its (or their) recommendation or makes a public statement in accordance with clause 5.5, provided that Target has complied with its obligations under clauses 5.5(b) and 7;
- (c) Bidder (or any one or more members of the Bidder Board) withdraws or makes any public statement indicating that it no longer intends to make or intends to withdraw the Offer (as the case may be) or that it supports a Competing Proposal in respect of Bidder, other than where the Bidder is entitled to validly terminate this Agreement under clause 10.2(b);
- (d) a Bidder Prescribed Occurrence occurs;
- (e) a Bidder Material Adverse Change occurs; or
- (f) a Bidder Material Transaction occurs.

10.4 Other termination events

Either party may terminate this Agreement by giving written notice to the other if during the Offer Period:

- (a) a Court or Authority issues a final and non appealable order or ruling or takes an action which permanently restrains or prohibits the Offer;
- (b) the Offer lapses without the Bid Conditions being satisfied or waived;
- (c) the Bidder is removed from the Official List of ASX; or
- (d) the Long Stop Date is reached and the Offer Period has not concluded.

10.5 Effect of termination

If this Agreement is terminated under this clause 10 then:

- (a) except for this clause 10.5, 11, 12, 13 and any other term which by its nature is intended to survive termination of this Agreement, all the provisions of this Agreement will lapse and cease to have effect, and the parties will have no further obligation to comply with any of those provisions; and
- (b) neither the lapsing of those provisions nor their ceasing to have effect will affect any accrued rights or liabilities of either party in respect of damages for non-performance of any obligation under this Agreement falling due for performance before such lapse and cessation.

11. Target Reimbursement Amount

11.1 Acknowledgements

Bidder acknowledges and agrees that:

- (a) if Target enters into this Agreement and the Takeover Bid does not succeed, Target Group will have incurred significant costs and expenses, including significant opportunity costs;
- (b) the costs and expenses actually incurred by the Target Group will be of such nature that they cannot accurately be ascertained, but that the Target Reimbursement Amount is a genuine and reasonable estimate of the costs and expenses that have been or will be actually incurred by the Target Group in such circumstances and has been calculated to reimburse the Target Group for such costs and expenses;
- (c) Target has requested that provision be made for the payment of the Target Reimbursement Amount to Target in the circumstances described in clause 11.2, without which Target would not have entered this Agreement; and
- (d) the Bidder Board has concluded that it is reasonable and appropriate for Bidder to agree to payment of the Target Reimbursement Amount in the circumstances described in clause 11.2 to secure Target's participation in the Takeover Bid.

11.2 Target Reimbursement Amount payable to Target

Bidder agrees to pay to Target the Target Reimbursement Amount if this Agreement is terminated by:

- (a) Target under:
 - (i) clause 10.1(a);
 - (ii) clause 10.3(c), other than where Bidder withdraws or makes any public statement indicating that it no longer intends to make or intends to withdraw the Offer (as the case may be) due to:
 - (A) a material breach of this Agreement by Target;
 - (B) the occurrence of a Target Prescribed Occurrence or Target Material Adverse Change that is material in the context of the Takeover Bid; or
 - (C) a Bid Condition (other than in relation to a Target Material Adverse Change or Target Prescribed Occurrence) not being satisfied and not being waived (where the failure to satisfy the Bid Condition is not due to a material breach of this Agreement by Bidder), resulting in Bidder being unable to make, or complete, the Offer; or
 - (iii) clause 10.3(a), 10.3(d), 10.3(e) or 10.3(f), where such breach, occurrence, change, event, matter or circumstance is material in the context of the Takeover Bid; or
- (b) Bidder under clause 10.2(b), but only where the relevant change in or withdrawal of recommendation or public statement occurs as a result of:
 - (i) a material breach of this Agreement by Bidder; or

- (ii) the occurrence of a Bidder Prescribed Occurrence, a Bidder Material Adverse Change or a Bidder Material Transaction that is material in the context of the Takeover Bid.

11.3 Other remedies

- (a) Despite any other provision of this Agreement, the payment of the Target Reimbursement Amount to Target under clause 11.2 does not release Bidder from any claim or action such as for damages, specific performance or interlocutory relief arising from Bidder's breach of this Agreement.
- (b) The amount of any loss or damage caused in relation to a breach of this Agreement shall be reduced by the amount paid to Target under clause 11.2.

11.4 Time for payment

The Target Reimbursement Amount provided for in clause 11.2 must be paid within 5 Business Days after the receipt by Bidder of a written demand for payment by Target. The demand may only be made after the occurrence of an event referred to in clause 11.2. The obligation to reimburse under clause 11.2 cannot be triggered more than once.

11.5 Modifications following regulatory intervention

If any of the following occurs:

- (a) the Court finds that all or any part of the payment required to be made under clause 11.2 is unenforceable by Target against Bidder; or
- (b) as a result of an application to the Takeovers Panel by a party other than Bidder or its Representatives, the Takeovers Panel indicates that in the absence of a written undertaking pursuant to section 201A of the *Australian Securities and Investments Commission Act 2001* (Cth) to modify the amount of the Target Reimbursement Amount or the circumstances in which it is to be paid, it will make a declaration of unacceptable circumstances,

then, subject to clause 11.6:

- (c) the parties must amend this clause 11 to the extent required to give effect to the requirements of the Court or the Takeovers Panel (as the case may be) and (in the circumstances referred to in clause 11.5(b)) must give the required undertaking(s); and
- (d) neither the occurrence of any of the events referred to in clause 11.5(a) or 11.5(b) nor the amendment of this clause 11 will be taken to be a breach of, or permit any party to terminate, this Agreement.

11.6 No requirement to act unless decision is final

The parties are only required to take steps under clause 11.5(c) in relation to any requirement of the Court or the Takeovers Panel if:

- (a) no appeal or review proceeding is available from the decision to impose that requirement or the period for lodging an appeal or commencing review proceedings has expired without an appeal having been lodged or review proceedings commenced; or

- (b) the parties agree in writing not to appeal or seek review of the decision to impose that requirement.

11.7 Appeals and review of regulatory decisions

Nothing in this Agreement requires either party to appeal or seek review of any decision of the Court or the Takeovers Panel referred to in clause 11.5(a) or 11.5(b). If either party wishes to appeal or seek review of any such decision, then the other must make submissions in the course of those proceedings supporting the review application made by the first-mentioned party.

11.8 Determination by Court

If a Court determines that payment of all or any part of the Target Reimbursement Amount in accordance with clause 11.2 is unlawful or involves a breach of the fiduciary or statutory duties of the members of the Bidder Board (**Target Impugned Amount**) and either no appeal from that determination is available or the period for lodging an appeal has expired without an appeal having been lodged then:

- (a) the obligation of Bidder to pay the Target Reimbursement Amount does not apply to the extent of the Target Impugned Amount; and
- (b) if Target has received any part of the Target Impugned Amount, it must refund it within 5 Business Days after that determination is made or the period for lodging an appeal has expired, whichever is the later.

12. Bidder Reimbursement Amount

12.1 Acknowledgements

Target acknowledges and agrees that:

- (a) if Bidder enters into this Agreement and the Takeover Bid does not succeed, Bidder Group will have incurred significant costs and expenses, including significant opportunity costs;
- (b) the costs and expenses actually incurred by the Bidder Group will be of such nature that they cannot accurately be ascertained, but that the Bidder Reimbursement Amount is a genuine and reasonable estimate of the costs and expenses that have been or will be actually incurred by the Bidder Group in such circumstances and has been calculated to reimburse the Bidder Group for such costs and expenses;
- (c) Bidder has requested that provision be made for the payment of the Bidder Reimbursement Amount to Bidder in the circumstances described in clause 12.2, without which Bidder would not have entered this Agreement; and
- (d) the Target Board has concluded that it is reasonable and appropriate for Target to agree to payment of the Bidder Reimbursement Amount in the circumstances described in clause 12.2 to secure Bidder's participation in the Takeover Bid.

12.2 Bidder Reimbursement Amount payable to Bidder

Target agrees to pay to Bidder the Bidder Reimbursement Amount if this Agreement is terminated by:

- (a) Bidder under:
 - (i) clause 10.1(a);
 - (ii) clause 10.2(b), other than as a result of:
 - (A) a material breach of this Agreement by Bidder;
 - (B) the occurrence of a Bidder Prescribed Occurrence or Bidder Material Adverse Change that is material in the context of the Takeover Bid); or
 - (C) a Bid Condition not being satisfied and not being waived (where the failure to satisfy the Bid Condition is not due to a material breach of this Agreement by Target), resulting in Bidder being unable to make, or complete, the Offer; or
 - (iii) clause 10.2(a), 10.2(c), 10.2(d) or 10.2(e), where such breach, occurrence, change, event, matter or circumstance is material in the context of the Takeover Bid; or
- (b) Target under clause 10.3(b) (other than as a result of a material breach of this Agreement by Bidder or the occurrence of a Bidder Prescribed Occurrence, a Bidder Material Adverse Change or a Bidder Material Transaction that is material in the context of the Takeover Bid).

12.3 Other remedies

- (a) Despite any other provision of this Agreement, the payment of the Bidder Reimbursement Amount to Bidder under clause 12.2 does not release Target from any claim or action such as for damages, specific performance or interlocutory relief arising from Target's breach of this Agreement.
- (b) The amount of any loss or damage caused in relation to a breach of this Agreement shall be reduced by the amount paid to Bidder under clause 12.2.

12.4 Time for payment

The Bidder Reimbursement Amount provided for in clause 12.2 must be paid within 5 Business Days after the receipt by Target of a written demand for payment by Bidder. The demand may only be made after the occurrence of an event referred to in clause 12.2. The obligation to reimburse under clause 12.2 cannot be triggered more than once.

12.5 Modifications following regulatory intervention

If any of the following occurs:

- (a) the Court finds that all or any part of the payment required to be made under clause 12.2 is unenforceable by Bidder against Target; or

- (b) as a result of an application to the Takeovers Panel by a party other than Target or its Representatives, the Takeovers Panel indicates that in the absence of a written undertaking pursuant to section 201A of the *Australian Securities and Investments Commission Act 2001* (Cth) to modify the amount of the Bidder Reimbursement Amount or the circumstances in which it is to be paid, it will make a declaration of unacceptable circumstances,

then, subject to clause 12.6:

- (c) the parties must amend this clause 12 to the extent required to give effect to the requirements of the Court or the Takeovers Panel (as the case may be) and (in the circumstances referred to in clause 12.5(b)) must give the required undertaking(s); and
- (d) neither the occurrence of any of the events referred to in clause 12.5(a) or 12.5(b) nor the amendment of this clause 12 will be taken to be a breach of, or permit any party to terminate, this Agreement.

12.6 No requirement to act unless decision is final

The parties are only required to take steps under clause 12.5(c) in relation to any requirement of the Court or the Takeovers Panel if:

- (a) no appeal or review proceeding is available from the decision to impose that requirement or the period for lodging an appeal or commencing review proceedings has expired without an appeal having been lodged or review proceedings commenced; or
- (b) the parties agree in writing not to appeal or seek review of the decision to impose that requirement.

12.7 Appeals and review of regulatory decisions

Nothing in this Agreement requires either party to appeal or seek review of any decision of the Court or the Takeovers Panel referred to in clause 12.5(a) or 12.5(b). If either party wishes to appeal or seek review of any such decision, then the other must make submissions in the course of those proceedings supporting the review application made by the first-mentioned party.

12.8 Determination by Court

If a Court determines that payment of all or any part of the Bidder Reimbursement Amount in accordance with clause 12.2 is unlawful or involves a breach of the fiduciary or statutory duties of the members of the Target Board (**Bidder Impugned Amount**) and either no appeal from that determination is available or the period for lodging an appeal has expired without an appeal having been lodged then:

- (a) the obligation of Target to pay the Bidder Reimbursement Amount does not apply to the extent of the Bidder Impugned Amount; and
- (b) if Bidder has received any part of the Bidder Impugned Amount, it must refund it within 5 Business Days after that determination is made or the period for lodging an appeal has expired, whichever is the later.

13. Announcements and Confidentiality

13.1 Announcements

As soon as reasonably practicable after the execution of this Agreement, Target and Bidder must each issue their respective announcements in the form agreed between the parties.

13.2 Other announcements

Subject to clause 13.3, each party must not make, and must procure that its Representatives do not make:

- (a) any public announcement concerning the Transaction or the terms of or the negotiations relating to, this Agreement other than the announcement referred to in clause 13.1; or
- (b) any announcement or statement to a Third Party which directly or indirectly implies that the Offer made under the Takeover Bid will not be successful.

13.3 Permitted announcements

Nothing in clause 13.2 prevents any announcement being made:

- (a) with the written consent of both parties, which must not be unreasonably withheld or delayed; or
- (b) to the extent required by law, the ASX Listing Rules or any court of competent jurisdiction or any Authority, but if any party is required to make any such announcement, it must promptly notify the other party, where reasonably practicable and lawful to do so, before the announcement is made and must cooperate with the other party regarding the timing and content of such announcement or any action which the other party may reasonably elect to take to challenge the validity of such requirement.

14. GST

14.1 Definitions

Words and expressions defined in the GST Act have the same meaning in this clause 14.

14.2 Payments exclusive of GST

Unless expressly stated otherwise, all amounts payable under or in connection with this Agreement are exclusive of GST. If GST is payable on a taxable supply made under or in connection with this Agreement, the recipient of the supply must pay the supplier an additional amount equal to the GST payable on that supply provided that the supplier first issues a tax invoice for that supply.

14.3 Input tax credits

Without limiting clause 14.2, if an amount payable under or in connection with this Agreement is calculated by reference to a liability incurred by a party, then the amount of the liability must be reduced by the amount of any input tax credit to which that party is entitled in respect of the acquisition of the supply to which the liability

relates. A party will be assumed to be entitled to a full input tax credit unless it demonstrates that its entitlement is otherwise before the date on which payment must be made.

15. Payments

15.1 Accounts for payments

Unless otherwise expressly stated (or as otherwise agreed in the case of a given payment), any payment to be made under this Agreement must be made in Australian dollars by transfer of the relevant amount into the account nominated in writing on or before the date on which the payment is due.

15.2 Default interest

If a party defaults in making any payment when due of any sum payable under this Agreement, it must pay interest to the other party on that sum from (and including) the date on which payment is due until (but excluding) the date of actual payment (after as well as before judgment) at an annual rate of 5% above the Reference Rate on that sum, which interest accrues from day to day and must be compounded monthly.

15.3 Gross up

If a party (first mentioned party) is required by law to make a deduction or withholding in respect of any sum payable under this Agreement, the other party must, at the same time as the sum which is the subject of the deduction or withholding is payable, make a payment to the first mentioned party of such additional amount as is required to ensure that the net amount received by the first mentioned party will equal the full amount which would have been received by it had no such deduction or withholding been required to be made.

16. General

16.1 No representations or reliance

- (a) Each party acknowledges that no party (nor any person acting or its behalf) has made any representation or other inducement to it to enter into this Agreement, except for representations or inducements expressly set out in this Agreement and (to the maximum extent permitted by law) all other representations, warranties and conditions implied by statute or otherwise in relation to any matter relating to this Agreement, the circumstances surrounding the parties' entry into it and the transactions contemplated by it are expressly excluded.
- (b) Each party acknowledges and confirms that it does not enter into this Agreement in reliance on any representation or other inducement by or on behalf of any other party, except for any representation or inducement expressly set out in this Agreement.
- (c) Each party acknowledges and confirms that clauses 16.1(a) and 16.1(b) do not prejudice any rights a party may have in relation to information which has been filed by the other party with ASIC or ASX (as the case may be).

16.2 No merger

The rights and obligations of the parties do not merge on Completion. They survive the execution and delivery of any assignment or other document entered into for the purpose of implementing the Transaction.

16.3 Duty, costs and expenses

- (a) The Bidder must pay all stamp duty (including any interest, fine or penalty) in respect of the execution, delivery and performance of this deed.
- (b) Except as otherwise provided in this deed, each party must pay its own legal costs and expenses in respect of the negotiation, preparation, execution, delivery and completion of this deed.

16.4 Consents

Any consent referred to in, or required under, this Agreement from any party may not be unreasonably withheld, unless this Agreement expressly provides for that consent to be given in that party's absolute discretion.

16.5 Notices

- (a) Any notice or other communication including, but not limited to, any request, demand, consent or approval, to or by a party under this Agreement:

- (i) must be in legible writing and in English;

- (ii) must be addressed as shown below:

Name:	Metminco Limited
Address:	Suite 3, Level 2 470 Collins Street Melbourne, Victoria 3000

For the attention of:	Kevin Wilson
Email:	kwilson@metminco.com.au

Name:	Andes Resources Limited
Address:	Suite 12, Level 1 11 Ventnor Street, West Perth, Western Australia 6005

For the attention of:	Jason Stirbinskis
Email:	jason@andesresources.com

with a copy of communications to Bidder to Shaun Hardcastle (E-mail: sh@bellanhouse.com) (for information purposes only), and a copy of communications to Target (for information purposes only) to Toby Hicks (E-mail: thicks@steinpag.com.au), noting that the copy of communications to these addresses will not constitute service,

(or as otherwise notified by that party to the other party from time to time);

- (b) must be signed by the party making the communication or (on its behalf) by the solicitor for, or by any attorney, director, secretary, or authorised agent of, that party;
 - (c) must be delivered or posted by prepaid post to the address, or sent by email to the email address, of the addressee, in accordance with clause 16.5(a); and

- (d) will be deemed to be received by the addressee:
 - (i) (in the case of prepaid post) on the third Business Day after the date of posting to an address within Australia, and on the fifth Business Day after the date of posting to an address outside Australia;
 - (ii) (in the case of email)
 - (A) at the time shown in the delivery confirmation report generated by the sender's email system; or
 - (B) if the sender's email system does not generate a delivery confirmation report within 12 hours after the time the email is sent, unless the sender receives a return email notification that the email was not delivered, was undeliverable or similar, at the time which is 12 hours from the time the email was sent;
 - (iii) (in the case of delivery by hand) on delivery at the address of the addressee as provided in clause 16.5(a), unless that delivery is made on a non-Business Day, or after 5.00 pm on a Business Day, when that communication will be deemed to be received at 9.00 am on the next Business Day,
 - (iv) must be signed by an officer of or under the common seal of the sender;
 - (v) any such notice or communication is regarded as being given by the sender and received by the addressee:
 - (A) if by delivery in person, when delivered to the addressee;
 - (B) if by post, on delivery to the addressee; or
 - (C) if by email, when the email (including any attachment) comes to the attention of the addressee,but if the delivery or receipt is on a day which is not a Business Day or is after 5.00 pm (addressee's time) it is regarded as received at 9.00 am on the following Business Day.
- (e) Any such notice or other communication can be relied upon by the addressee and the addressee is not liable to any other person for any consequences of that reliance if the addressee believes it to be genuine, correct and authorised by the sender.
- (f) This clause 16.5 does not apply to the service of any proceedings or other documents in any legal action or, where applicable, any arbitration or other method of dispute resolution.

16.6 Governing law and jurisdiction

This Agreement is governed by the laws of Western Australia.

Each party irrevocably submits to the non-exclusive jurisdiction of the court of Western Australia and courts competent to hear appeals from those courts.

16.7 Waivers

- (a) Failure to exercise or enforce, a delay in exercising or enforcing, or the partial exercise or enforcement of any right, power or remedy provided by law or under this Agreement by any party does not in any way preclude, or operate as a waiver of, any exercise or enforcement, or further exercise or enforcement, of that or any other right, power or remedy provided by law or under this Agreement.
- (b) Any waiver or consent given by any party under this Agreement is only effective and binding on that party if it is given or confirmed in writing by that party.
- (c) No waiver of a breach of any term of this Agreement operates as a waiver of another breach of that term or of a breach of any other term of this Agreement.

16.8 Variation

This Agreement may only be varied by document signed by or on behalf of each of the parties.

16.9 Assignment

A party may not assign, novate, declare a trust over or otherwise transfer or deal with any of its rights or obligations under this Agreement without the prior consent of the other party.

16.10 Severability

If the whole or any part of a provision of this Agreement is invalid or unenforceable in a jurisdiction it must, if possible, be read down for the purposes of that jurisdiction so as to be valid and enforceable. If, however, the whole or any part of a provision of this Agreement is not capable of being read down, it is severed to the extent of the invalidity or unenforceability without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of that provision in any other jurisdiction.

16.11 Acknowledgement

Each party acknowledges that the remedy of damages may be inadequate to protect the interests of the parties for a breach of clause 7 and that a party is entitled to seek and obtain, without limitation, injunctive relief if the other party breaches clause 7.

16.12 No Third Party beneficiary

This Agreement shall be binding on and inure solely to the benefit of each party to it and each of their respective permitted successors and assigns, and nothing in this Agreement is intended to or shall confer on any other person, to the extent set forth in clause 9, any Third Party beneficiary rights.

16.13 Costs

The parties agree that each party shall bear its own costs in relation to, and associated with, this Agreement and giving effect to this Agreement.

16.14 Further action

Each party will do all things and execute all further documents necessary to give full effect to this Agreement.

16.15 Entire agreement

- (a) To the extent permitted by law, in relation to its subject matter, this Agreement:
 - (i) embodies the entire understanding of the parties, and constitutes the entire terms agreed by the parties; and
 - (ii) supersedes any prior written or other agreement of the parties including the NBIO.

16.16 Counterparts

- (a) This Agreement may be executed in any number of counterparts.
- (b) All counterparts, taken together, constitute one instrument.
- (c) A party may execute this Agreement by signing any counterpart.

16.17 Remedies Cumulative

Except as provided in this deed and permitted by law, the rights, powers and remedies provided in this deed are cumulative with, and not exclusive of, the rights, powers and remedies provided by law independently of this deed.

Schedule 1 - Bid Conditions

1. Minimum Acceptance Condition

As at the end of the Offer Period, Bidder Group has a Relevant Interest in such number of Target Shares as represents at least 90% in aggregate of all Target Shares then on issue.

2. No Target Material Adverse Change

During the period from the Announcement Date to the end of the Offer Period (inclusive), no Target Material Adverse Change occurs, is announced or becomes known to Bidder (whether or not it becomes public).

3. No Target Prescribed Occurrence

During the period from the Announcement Date to the end of the Offer Period (inclusive), no Target Prescribed Occurrence occurs.

4. No Bidder Material Adverse Change

During the period from the Announcement Date to the end of the Offer Period (inclusive), no Bidder Material Adverse Change occurs, is announced or becomes known to the Bidder (whether or not it becomes public).

5. Target Board recommendation

The directors of the Target Board give a unanimous recommendation to the Target Shareholders that they accept the offer and that all directors intend to accept the offer with respect to their own Target Shares (including Target Shares issued on exercise of any Target Options) in the absence of a Superior Proposal.

6. Capital Raise Condition

Bidder and Target receive valid applications or commitments in respect of no less than \$4,000,000 (before costs), comprising (to the extent necessary):

- (a) the Priority Offer and Placement;
- (b) the Target Raise; and
- (c) the funds raised by the issue of Convertible Notes.

7. Replacement of Target Option Condition

Target procures the provision of duly executed cancellation and replacement deeds in respect of all Target Options on issue in consideration for the issue of the Replacement Options.

8. Approval of Essential Bidder Resolutions

Bidder Shareholders approve the Essential Bidder Resolutions, in accordance with the Corporations Act and ASX Listing Rules, before the end of the Offer Period.

9. No regulatory intervention

During the period from the Announcement Date to the end of the Offer Period (inclusive):

- (a) there is not in effect any preliminary or final decision, order or decree issued by an Authority; and
- (b) no application is made to any Authority (other than by Bidder or a subsidiary of Bidder), or action or investigation is announced, threatened or commenced by an Authority,

in consequence of or in connection with the Offer (other than an application to or a determination by ASIC or the Takeovers Panel in the exercise of the powers and discretions conferred by the Corporations Act), which restrains, impedes or prohibits (or if granted could restrain, impede or prohibit), or otherwise materially adversely impacts upon, the making of the Offer or any transaction contemplated by this Agreement, the Offer or the rights of Bidder in respect of Target or the Target Shares to be acquired under the Takeover Bid, or requires the divestiture by Bidder or Bidder's Shareholders of any Target Shares or the divestiture of any assets of Target Group, Bidder, Bidder Group or otherwise.

10. No material acquisitions

Between the Announcement Date and the end of the Offer Period (each inclusive), no Target Material Transaction occurs.

11. Sandfire Condition

Sandfire does not terminate the Sandfire Collaboration Agreement.

12. No breach of Bid Implementation Agreement

Prior to the end of the Offer Period, Bidder does not become entitled to terminate the Agreement in accordance with clauses 10.1(a) or 10.2(a).

13. No change of control or pre-emptive rights

No person has any pre-emptive or other right (whether subject to conditions or not) as a result of Bidder acquiring Target Shares to:

- (a) acquire, or require Target or a subsidiary of Target to dispose of, or offer to dispose of, any material asset of Target or a subsidiary of Target, including any interest in any project of the Target Group; or
- (b) terminate or vary, or cause the acceleration of any obligations under, any agreement with Target or a subsidiary of Target, including in respect of any interest in any project of the Target Group.

Schedule 2

Not used.

Schedule 3 - Indicative Timetable

Step	Date
Announce bid pre market ¹	15 May 2019
Lodgement Date Notice of meeting dispatched to Bidder Shareholders Bidder lodgers Bidder's Statement with ASIC and serves it to Target and ASX Date Target lodges Target Statement with ASIC and serves it to Bidder and ASX Target agrees to earlier dispatch date Dispatch of bidder's statement to target security holders and dispatch of target's statement to bidder, target's security holders, ASIC and ASX ² Register Date - Date set by Bidder pursuant to section 633(3) of the Corporations Act Lodge Priority Offer Prospectus with ASIC	5 June 2019
Shareholder Approval	5 July 2019
Offer to close unless extended (and for compulsory acquisition notices to be sent to non-accepting target security holders)	8 July 2019
Complete Priority Offer and Placement Completion of Takeover Offer Conversion of Convertible Notes	12 July 2019
Complete compulsory acquisition	8 August 2019
Commence Consolidation	9 August 2019
Issue of Bonus Options	30 September 2019

¹ If the bidder publicly proposes to make a takeover bid, it must make offers by no later than 2 months after making that proposal. The announcement typically contains a full copy of the implementation agreement.

The last day permitted for making offers is 2 months after the bid is announced.

² The target's statement must be sent no later than 15 days after the target is notified by the bidder that all offers have been sent to target security holders.

Schedule 4 -Replacement Options - Classes A, B, C and X

Existing Target Option Series	No. of existing Target Options	Replacement Class	No. of Replacement Classes - A, B and C Options¹	Expiry Date	Exercise Price
1 July 2023 series - 20c exercise price	8,875,000	A	5,546,875	01-Jul-23	\$0.32
31 Aug 2023 series - 20c exercise price	1,050,000	B	656,250	31-Aug-23	\$ 0.32
15 Nov 2023 series - 20c exercise price	75,000	C	46,875	15-Nov-23	\$0.32
Sub-total	10,000,000		6,250,000		
Issued in conjunction with the Target Raise	15,000,000	X	9,375,000	2 years from issue	\$0.16
Total	25,000,000		15,625,000		

Note 1: all Replacement Options - Class A, B, C and X Options are set out on a post-Consolidation basis.

Schedule 5 Terms and Conditions of New Bidder Options

The following terms and conditions apply to the Bidder Options (Options):

1. Entitlement

Each Option entitles the holder (Optionholder) to subscribe for one fully paid ordinary share in the capital of the Company (Share) upon exercise of the Option.

2. Exercise Price and Expiry Date

Each Option has a (pre-consolidation) exercise price and expiry date as set out in the table below:

Option	Pre -Consolidation Exercise Price	Post-Consolidation Exercise Price	Expiry Date
Advisor Options	\$0.006	\$0.24	At 5:00pm (WST) on the date 3 years from the date of issue
Bonus Options	n/a	\$0.16	At 5:00pm (WST) on the date 2 years from the date of issue
Free Attaching Option	\$0.004	\$0.160	At 5:00pm (WST) on the date 2 years from the date of issue
Replacement Options - Class A	\$0.008	\$0.32	At 5:00pm (WST) on the date of 1 July 2023
Replacement Options - Class B	\$0.008	\$0.32	At 5:00pm (WST) on the date of 31 August 2023
Replacement Options - Class C	\$0.008	\$0.32	At 5:00pm (WST) on the date of 15 November 2023
Replacement Options- Class X	n/a	\$0.16	At 5:00pm (WST) on the date 2 years from the date of issue

Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

3. Exercise Period

The Options are exercisable at any time and from time to time on or prior to the Expiry Date.

4. Quotation of the Options

The Company will apply for official quotation on ASX of the Bonus Options, Free Attaching Options and Replacement Options-Class X.

The Company will not apply for official quotation of the Advisor Options and Replacement Options, Classes A, B and C.

5. Transferability of the Options

The Options will be transferable subject to compliance with the Corporations Act and Listing Rules.

6. Notice of Exercise

The Options may be exercised by notice in writing to the Company in a form reasonably acceptable to the Company (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by cheque or electronic funds transfer.

Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

7. Shares Issued on Exercise

Shares issued on exercise of the Options rank equally with the then Shares of the Company.

8. Timing of Issue of Shares

Within 15 Business Days after the later of the following:

- (a) receipt of a Notice of Exercise given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised; and
- (b) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

the Company will:

- (c) issue the Shares pursuant to the exercise of the Options;
- (d) give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (e) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If the Company is unable to deliver a notice under paragraph (d) or such a notice for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company will lodge with ASIC a "cleansing prospectus" prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors. Where a "cleansing prospectus" is required, any Shares issued on exercise of Options will be subject to a holding lock until such time as a prospectus is issued by the Company.

9. Participation in New Issues

There are no participation rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.

10. Adjustment for Bonus Issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (a) (the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

11. Adjustment for Entitlements Issue

If the Company makes an issue of Shares pro rata to existing Shareholders (other than as a bonus issue, to which paragraph 10 will apply) there will be no adjustment of the Exercise Price of an Option or the number of Shares over which the Options are exercisable.

12. Adjustments for Reorganisation

If there is any reorganisation of the issued share capital of the Company, the rights of the Optionholders will be varied in accordance with the Listing Rules.

Schedule 6 Quinchia Licences

Tenement ID (1)	Holder (2)	Type of Contract (3)	Stage
010-87M (4)	MCM	Contribution	Exploitation
DLK-14544X	MCM	Concession	Exploration
DLK-142 (6)	AngloGold JV	Concession	Exploration
FCG-08353X	MCM	Concession	Exploration
FCG-08355X	MCM	Concession	Exploration
FCG-08356X	MCM	Concession	Exploration
FCG-08357X	MCM	Concession	Exploration
FCG-08358X	MCM	Concession	Exploration
FKH-145510X	MCM	Concession	Exploration
TDR-11411 (5)	MCM	Application	Exploration
GC4-15004X (5)	AngloGold	Application	Exploration
GC4-15006X (5)	AngloGold	Application	Exploration
GC4-15007X (5)	AngloGold	Application	Exploration
GC4-15008X (5)	AngloGold	Application	Exploration
GC4-15009X (5)	AngloGold	Application	Exploration
GC4-15002X (6)	AngloGold JV	Application	Exploration
GC4-15005X (6)	AngloGold JV	Application	Exploration
KHL-15421 (5)	AngloGold	Application	Exploration
OG2-08112 (5)	MCM	Application	Exploration
OG2-10591 (5)	MCM	Application	Exploration
OG2-8073 (5)	MCM	Application	Exploration

Notes

- (1) All titles are part of the Quinchia Gold Portfolio, Quinchia, Department of Risaralda, Colombia.
- (2) MCM (Miraflores Compañía Minera SAS) a 100%-owned subsidiary of North Hill Holdings Group Inc., owned as to 100% by Bidder.

- (3) Concessions at exploration stage have 3 year life extendable for two years to a maximum 11 years.
- (4) 15 year life extendable for 15 years.
- (5) Applications have neither legal liabilities nor certainty that they will be granted in whole or in part. If there was open ground at the time of lodging, a contract for exploration and potential exploitation will be offered to the applicant. MCM has a beneficial interest of 100% of the tenement when the application is granted. Applications currently in the name of AngloGold are to be transferred to MCM on grant.
- (6) Bidder has a 10% beneficial interest in these tenements, with the right to earn up to 51% interest through a joint venture with AngloGold Ashanti Colombia SA. Concession contracts have been signed by AngloGold on these applications, which are subject to registration as at the date of this Agreement.

Executed as an Agreement.

Executed by Metminco Limited
ACN 119 759 349 in accordance with
section 127 of the Corporations Act:



Signature of Director

KEVIN WILSON

Name of Director in full

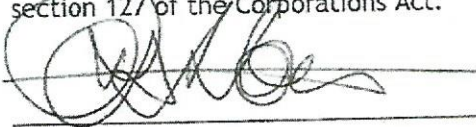
Geoffrey Widmer

Signature of Secretary/other Director



Name of Secretary/other Director in full

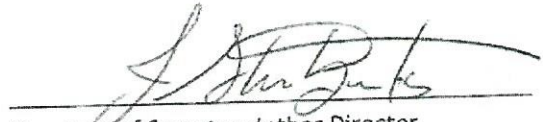
Executed by Andes Resources Limited
ACN 166 866 691 in accordance with
section 127 of the Corporations Act:



Signature of Director

ROSS ASHTON

Name of Director in full



Signature of Secretary/other Director

Jason Stibinski

Name of Secretary/other Director in full