

ASX Announcement**18 June 2019****Off Market Takeover Bid for Andes Resources Limited**

Metminco Limited (ASX: MNC) ("**Metminco**" or "**the Company**") refers to its 17 May 2019 announcement of its intention to make an all scrip takeover offer for 100% of the fully paid shares in Andes Resources Limited ("**Andes**") ("**Takeover Offer**") and its associated capital raising to raise \$2,332,000 (before costs) by way of a priority offer and placement ("**Capital Raising**").

A copy of the bidder's statement (attached) ("**Bidder's Statement**") has been lodged with the Australian Securities and Investments Commission ("**ASIC**") and sent to Andes today.

The Company has also lodged a prospectus in respect of the Capital Raising with ASIC today ("**Prospectus**"). The Bidder's Statement, Prospectus and an associated appendix 3B have been announced on the ASX Market Announcement Platform under the Company's code: MNC.

The Company will update the market and ASIC once the:

1. Bidder's Statement has been despatched to Andes shareholders, holding Andes shares as at today's date (being the relevant date in accordance with section 633(2) of *the Corporations Act 2001* (Cth); and
2. the Prospectus has been despatched to eligible shareholders of the Company and Andes,

both of which the Company expects to occur on 24 June 2019.

For further enquiries contact:

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THIS IS AN IMPORTANT DOCUMENT WHICH YOU SHOULD READ CAREFULLY. IF YOU ARE IN ANY DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONSULT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

METMINCO LIMITED
(ACN 119 759 349)

BIDDER'S STATEMENT

**In relation to a Takeover Offer by Metminco Limited to acquire all of
your shares in**

ANDES RESOURCES LIMITED
(ACN 166 866 691)

Consideration offered is:

Twenty-Five (25) Metminco Shares for every one (1) Andes Share you own

The Takeover Offer is dated 18 June 2019 and will close at 5.00pm (AEST) on 23 July 2019, unless extended or withdrawn.

The Andes Board unanimously recommend that Andes Shareholders accept the Takeover Offer in the absence of a Superior Proposal. The directors of Andes have indicated that they will accept the Takeover Offer in respect of their own holdings, in the absence of a Superior Proposal.

Corporate Advisor to Metminco



Legal Advisor to Metminco

BELLANHOUSE

L A W Y E R S

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IMPORTANT INFORMATION

Bidder's Statement

This document (**Bidder's Statement**), dated 18 June 2019, is issued by Metminco Limited (ACN 119 759 349) under Part 6.5 of the Corporations Act in relation to an off-market offer by Metminco to acquire all Andes Shares (including all Rights attaching to them) and sets out certain disclosures required by the Corporations Act.

A copy of this Bidder's Statement was lodged with ASIC on 18 June 2019. ASIC takes no responsibility for the contents of this Bidder's Statement.

Investments Risks

There are a number of risks that may have a material impact on the value of the Takeover Offer, the future performance of the Metminco and the value of Metminco Shares. Some of these risks are described in Section 8 of this Bidder's Statement.

Foreign Jurisdictions

The distribution of this document and the making of the Takeover Offer may be restricted by the laws or regulations of foreign jurisdictions. Persons who come into possession of this Bidder's Statement should seek advice and observe these restrictions.

The Takeover Offer is not being made, directly or indirectly, in or into and will not be capable of acceptance from within any jurisdiction, if to do so would not be in compliance with the laws of that jurisdiction.

The entitlements of Andes Shareholders who are located in jurisdictions outside Australia and its external territories are set out in Section 9.25 of this Bidder's Statement.

No action has been taken to register or qualify Metminco or to otherwise permit the offering of Metminco Shares outside Australia and its external territories.

This Takeover Offer is not registered in any jurisdiction outside Australia (unless an applicable foreign law treats it as registered as a result of the Bidder's Statement being lodged with ASIC).

This Bidder's Statement has been prepared having regard to Australian disclosure requirements. These disclosure requirements may differ from those of other countries.

Disclosure Regarding Forward-Looking Statements

This Bidder's Statement includes forward-looking statements that have been based on the Metminco's current expectations and predictions about future events including Metminco's intentions (which include those set out in Section 6). These forward-looking statements are, however, subject to inherent risks, uncertainties and assumptions that could cause actual results, performance or achievements of the Metminco, Andes and the Merged Group to differ materially from the expectations and predictions, expressed or implied, in such forward-looking statements. These factors include, among other things, those risks identified in Section 8.

You are cautioned not to place reliance on these statements in the event that the outcome is not achieved. The forward-looking statements in this Bidder's Statement reflect views held only at the date of this Bidder's Statement.

Value of Bidder Shares

The implied value of the Takeover Offer will vary with the market price of Metminco Shares. Further information on the implied value of the Takeover Offer is contained in Section 5.3. Before accepting the Takeover Offer, Andes Shareholders

should obtain current quotes for Metminco Shares from their stockbroker or other financial adviser.

In addition, all references to the implied value of the Takeover Offer are subject to the effects of rounding.

Consolidation

Metminco intends to undertake a 1 for 40 consolidation of its securities (**Consolidation**) as part of its merger with Andes. All references in this Bidder's Statement to Metminco Share numbers are stated on a pre-Consolidation basis unless stated otherwise. In particular, the consideration being offered to Andes Shareholders under the Takeover Offer of 25 Metminco Shares per Andes Share is on a pre-Consolidation basis.

Investment Advice

This Bidder's Statement does not take into account the individual investment objectives, financial situation or particular needs of each Andes Shareholder (or any other person). You may wish to seek independent financial and taxation advice before making a decision as to whether or not to accept the Takeover Offer.

Privacy

Metminco has collected your information from the registers of Andes for the purposes of making the Takeover Offer and administering your acceptance over your Andes Shares. The type of information Metminco has collected about you includes your name, contact details and information on your shareholding in Andes. Without this information, Metminco would be hindered in its ability to issue this Bidder's Statement. Metminco and its share registry may also disclose your personal information to their related bodies corporate and external service providers and may be required to disclose such information to regulators, such as ASIC and ASX. By submitting an Acceptance Form, you authorise Metminco to disclose any personal information contained in your Acceptance Form or collected from the register of Andes to Metminco, Andes, its share registry and their related bodies corporate and external service providers where necessary, for any purpose in connection with the Takeover Offer, including processing your acceptance of the Offer and complying with applicable law, the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and any requirements imposed by any Government Authority. Any disclosure of your personal information made for the above purposes will be on a confidential basis and in accordance with the *Privacy Act 1988* (Cth) and all other legal requirements. If you would like details of, or would like to update, information about you held by Metminco, please contact Metminco at the address set out in the Corporate Directory.

Defined Terms

A number of defined terms are used in this Bidder's Statement. Unless expressly specified otherwise, defined terms have the meaning given in Section 11.

Websites

Metminco and Andes each maintain websites, www.metminco.com.au and www.andesresources.com respectively. Information contained in or otherwise accessible through these internet sites is not part of this Bidder's Statement. All references to these sites in this Bidder's Statement are for information purposes only.

Estimates and Assumptions

Unless otherwise indicated, all references to estimates, assumptions and derivations of the same in this Bidder's Statement are references to estimates, assumptions and

derivations of the same by Metminco's management. Management estimates reflect and are based on views as at the date of this Bidder's Statement, and actual facts or outcomes may materially differ from those estimates or assumptions.

Effect of Rounding

Figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Bidder's Statement may be subject to the effect of rounding. Accordingly, the actual figures may vary from those included in this Bidder's Statement.

Currencies

In this Bidder's Statement, references to "Australian dollars", "AUD", "\$", "A\$" or "cents" are to the lawful currency of Australia.

This Bidder's Statement may contain conversions of relevant currencies to other currencies for convenience. These conversions should not be construed as representations that the relevant currency could be converted into the other currency at the rate used or at any other rate. Conversions that have been calculated at the date of this Bidder's Statement (or any other relevant date) may not correspond to the amounts shown in the historic or future financial statements of Metminco or Andes in respect of which different exchange rates may have been, or may be, used.

Maps and diagrams

Any diagrams and maps appearing in this Bidder's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in charts, maps, graphs and tables is based on information available at the date of this Bidder's Statement.

Competent Person Statement

The exploration results and estimates contained in this Bidder's Statement have previously been announced to the market on dates specified within this Bidder's Statement. Metminco confirms that it is not aware of any new information or data that materially affects the information contained in the relevant announcements, and that, in the case of estimates, the material assumptions and technical parameters underpinning the estimates continue to apply.

Queries

You should contact your legal, financial or professional advisor if you are unsure about how to deal with this Bidder's Statement.

If you have any enquires about the Takeover Offer, please contact Metminco's Company Secretary on +61 (3) 9867 7199.

CORPORATE DIRECTORY

Directors

Kevin Wilson	Executive Chairman
Roger Higgins	Non-Executive Director
Glenister Lamont	Non-Executive Director

Joint Company Secretaries

Geoffrey Widmer
Andrew Metcalfe

Registered and Principal Office

C/- Assoc & Associates
Suite 3, Level 2, 470 Collins Street
Melbourne VIC 3000
Phone: +61 3 9867 7199
Email: info@metminco.com.au
Website: www.metminco.com.au

Corporate Advisor

Hartleys Limited
Level 6, 141 St Georges Terrace
PERTH WA 6000

Lawyers (Australia)

Bellanhouse
Level 19, 58 Mounts Bay Road
PERTH WA 6000

Share Registry*

Link Market Services Limited
Level 12
680 George Street
SYDNEY NSW 2000
Phone (within Australia): 1300 554 474
Phone (outside Australia): +61 2 8767 1111

ASX Codes

Shares: MNC
Quoted Options: MNCOA

Auditor*

Grant Thornton
Collins Square, Tower 5,
Level 22,
727 Collins Street
Melbourne VIC 3000

* These entities are included for information purposes only. They have not been involved in the preparation of this Bidder's Statement.

LETTER FROM THE CHAIRMAN

Dear Andes Shareholders,

On behalf of the Directors of Metminco Limited (**Metminco**), I am pleased to present you with this compelling opportunity to create a leading ASX listed, Colombian focused gold exploration company through the integration of Metminco's advanced Miraflores Gold Project and Chuscal, Tesorito and other surrounding prospects, with Andes Resources Limited's (**Andes**) extensive tenement holding. The expanded Metminco will enjoy the benefit of multiple advanced exploration assets and a deep pipeline of exploration opportunities in two richly endowed gold camps.

Metminco is offering to acquire all your shares in Andes by way of an off-market takeover offer under which you will receive, subject to the terms and conditions of the takeover offer, twenty-five (25) Metminco Shares for every one (1) Andes Share you own (**Takeover Offer**).

Separately, Metminco will issue Replacement Options on analogous terms to Andes Optionholders who enter into cancellation deeds in respect of their Andes Options.

The Andes Board, in the absence of a Superior Proposal, unanimously recommends that Andes Shareholders accept the Takeover Offer. As at the date of this Bidder's Statement, Metminco's offer is the only offer that has been made for Andes Shares.

Metminco and Andes' respective portfolios are highly complementary, with Metminco providing a suite of mature projects to supplement Andes's attractive pipeline of earlier stage exploration opportunities. The Takeover Offer provides Andes Shareholders with, among other reasons, the following key benefits:

- a) The opportunity to be a part of a strong emerging gold exploration company;
- b) A direct and faster route to ASX listing when compared to an initial public offer;
- c) You will continue to benefit from the expertise of members of the Andes Board, given that it is intended that Andes Director's Jason Stirbinskis and Ross Ashton will join myself in forming Metminco's new Board post completion of the Takeover Offer, plus you will benefit from the experience and expertise of Metminco's senior executives;
- d) You will gain exposure to Metminco's Quinchia Gold Project and near-term exploration potential with drilling anticipated on the exciting Chuscal target planned to occur as soon as possible post completion of the Merger; and
- e) The Merger better positions the merged group to fund exploration on the expanded asset base to its full potential and resolves Andes' current funding uncertainty.

The members of the Andes Board and other key Andes Shareholders which together own approximately 54.6% of all Andes Shares on issue as at the date of this Bidder's Statement, have advised Andes that, in the absence of a Superior Proposal, they intend to accept and/or procure the acceptance of the Takeover Offer in respect of all of the Andes Shares that they control.¹

In conjunction with the Takeover Offer, Metminco will conduct a Priority Offer and Placement to raise \$2,332,000. This will enable Metminco to commence drilling at Chuscal, among other things.²

¹ For further information on the intentions of the Andes Board and certain Andes Shareholders, please see Sections 9.1 and 9.2.

² For further information on Metminco's proposed use of funds, please see the Prospectus, dated 18 June 2019.

The Conditions of the Takeover Offer are explained further in Section 9 of Appendix A and include obtaining the necessary approvals from Metminco Shareholders required as a result of the Takeover Offer.

We encourage you to read this Bidder's Statement carefully, including the risk factors set out in Section 8 before accepting the Takeover Offer.

To accept the Takeover Offer, you must follow the instructions on the Acceptance Form enclosed with this Bidder's Statement.

The Takeover Offer is open for your acceptance until 5.00 pm (AEST) on 24 July 2019, unless extended or withdrawn.

If you have any questions about the Takeover Offer, please contact your professional financial advisor or contact Metminco's Company Secretary on +61 (3) 9867 7199.

Yours faithfully

Kevin Wilson
Executive Chairman

KEY DATES

Event	Date
Execution of Bid Implementation Agreement and announcement of Takeover Offer	17 May 2019
Dispatch Notice of Meeting to Metminco Shareholders	14 June 2019
Lodgement of Bidder's Statement with ASIC Prospectus lodged with ASIC for Priority Offer Record Date Priority Offer and Placement Opens	18 June 2019
Lodgement of Target's Statement with ASIC	19 June 2019
Takeover Offer Opens Bidder's Statement and Target's Statement sent to Andes Shareholders	24 June 2019
Priority Offer and Placement closes	12 July 2019
Metminco Shareholder Meeting to approve Takeover Offer and associated transactions	15 July 2019
Give Status of Defeating Conditions	16 July 2019
Takeover Offer closes (unless otherwise extended or withdrawn)	24 July 2019
Completion of Takeover Offer Conversion of Notes Issue date of Shares under Priority Offer and Placement	31 July 2019
Complete compulsory acquisition	26 August 2019
Commence Consolidation	27 August 2019
Issue of Bonus Options	December 2019

Note:

The above dates are indicative only and may change without notice. Metminco reserves the right to amend the timetable at any time.

1. Investment Overview

The information in this Section is intended to provide an overview of Metminco, the Takeover Offer that Metminco is making for your Andes Shares and the risks you should consider.

The information in this Section 1 is not intended to be comprehensive and should be read in conjunction with the detailed information contained in this Bidder's Statement.

You should read this Bidder's Statement in its entirety and the separate Target's Statement which is enclosed with this Bidder's Statement before deciding how to deal with your Andes Shares. The detailed terms of the Takeover Offer are set out in Annexure A.

The information in this Section 1 is set out by way of response to a series of questions. Metminco believes this is the most informative way to provide the information. Each answer has, where appropriate, cross-references to other questions in this Investment Overview and other parts of this Bidder's Statement, including the Annexures, which contain more information that you might find useful or relevant.

Part A of this Investment Overview deals with the Takeover Offer. **Part B** deals with Metminco, its business and assets and Metminco securities. **Part C** deals with risks relating to Metminco, Andes, the Takeover Offer and the Merged Group. **Part D** deals with other relevant questions.

If you have any questions about the Takeover Offer, please contact Metminco's Company Secretary on +61 3 9867 7199, or your professional financial advisor.

Part A - Overview of the Takeover Offer

Question	Answer	Further information
What is Metminco offering to buy?	Metminco is offering to buy all Andes Shares (including all Rights attaching to them) on the terms set out in this Bidder's Statement. You may only accept the Takeover Offer in respect of all (and not some) of Your Andes Shares. Separately to the Bidder's Statement, Metminco will issue Replacement Options on analogous terms to Andes Optionholders who enter into cancellation deeds in respect of their Andes Options.	Annexure A contains the full terms of the Takeover Offer and the Conditions.
Why should I accept the Takeover Offer?	Metminco believes there are a number of reasons Andes Shareholders should accept the Takeover Offer, which are set out in Section 2. In summary, by accepting the Takeover Offer: <ul style="list-style-type: none">• a strong emerging gold exploration company will be created;• Andes will achieve imminent ASX listing;• the Merged Group will be better positioned to fund exploration on the expanded asset base to its full	Section 2

Question	Answer	Further information
	<p>potential and Andes' current funding uncertainty will be resolved;</p> <ul style="list-style-type: none"> Andes Shareholders will gain exposure to Metminco's Quinchia Gold Project and near-term exploration potential with drilling anticipated on the Chuscal target in Q3 2019; the Merged Group will have an experienced and motivated Board with the capability and track record of making tier 1 discoveries; and the Merged Group is expected to enhance access to further financial backing and provide a higher level of funding certainty in the current difficult equity market environment. <p>There is strong support from major Andes Shareholders and the Andes Board unanimously recommend you accept this Takeover Offer in the absence of a Superior Proposal.</p> <p>At the date of this Bidder's Statement no Superior Proposal has emerged.</p>	
What will you receive if you accept the Takeover Offer?	<p>If you accept the Takeover Offer, subject to satisfaction of the Conditions of the Takeover Offer, you will receive twenty-five (25) Metminco Shares for every one (1) Andes Share held by you on a pre- Consolidation basis unless you are an Ineligible Foreign Shareholder.</p> <p>Furthermore, Metminco intends to issue Bonus Options to persons holding Metminco Shares at the time of the Bonus Option Record Date, as set out in Section 9.15. Andes Shareholders who retain their Metminco Shares until the Bonus Option Record Date will also be eligible to receive the Bonus Options. The Bonus Options will be issued under a separate disclosure document, released on a date proximate to the Bonus Option Record Date.</p>	Annexure A contains full terms of the Takeover Offer and the Conditions.
What if I am an Ineligible Foreign Shareholder?	<p>If you accept the Takeover Offer and you are an Ineligible Foreign Shareholder, you will not be entitled to receive Metminco Shares as consideration for your Andes Shares, unless Metminco otherwise determines. In these circumstances, the Metminco Shares which would otherwise have been issued to you will instead be issued to the Sale Nominee who will sell those Metminco Shares and remit the sale proceeds (less any transaction costs) to you by cheque in Australian dollars.</p>	Section 8 of Annexure A
What is the value of the Takeover Offer?	<p>The implied value of the offer as at the date of this Bidder's Statement is \$0.05 per Andes Share.</p> <p>Over the past 12 months prior to the date of this Bidder's Statement, the closing price of Metminco's Shares have traded in the range of \$0.002 to \$0.011, and using those parameters, the implied value ranges from \$0.05 up to \$0.275 per Andes share based on the takeover offer ratio.</p> <p>The value of the Takeover Offer may change as a consequence of changes in the market price of Metminco Shares.</p>	Section 5.3

Question	Answer	Further information
How long will the Takeover Offer remain open?	The Takeover Offer opens on 24 June 2019. Unless withdrawn or extended in accordance with the Corporations Act, the Takeover Offer is scheduled to close at 5:00 pm (AEST) on 24 July 2019.	Section 2 of Annexure A
Can the Offer Period be extended?	The Offer Period can be extended at Metminco's election, up to a maximum period of 12 months after the opening date of the Offer Period. Andes Shareholders will be provided with written notice of any extension, and the extension will be announced to ASX under the code "MNC".	The Key Dates Section provides an indicative timetable for the Takeover Offer.
What choices do I have as an Andes shareholder?	As an Andes Shareholder, you have the following choices in respect of your Andes Shares: (a) accept the Takeover Offer; (b) sell all or some your Andes Shares outside of the Takeover Offer, but as Andes Shares are not listed on any securities exchange, this may be difficult for you to do; or (c) do nothing.	
How do I accept the Takeover Offer?	To accept the Takeover Offer, you should follow the instructions set out in this Bidder's Statement and in the enclosed Acceptance Form.	See your Acceptance Form enclosed with this Bidder's Statement and Section 4 of Annexure A.
Can I accept the Takeover Offer for part of my holding?	No, you must accept the Takeover Offer for all of Your Andes Shares.	Section 4(a) of Annexure A
If I accept the Takeover Offer can I withdraw my acceptance?	You cannot withdraw or revoke your acceptance unless a withdrawal right arises under the Corporations Act. A withdrawal right will arise if, after you have accepted the Takeover Offer, Metminco varies the Takeover Offer in a way that postpones for more than 1 month the time that Metminco has to meet its obligations under the Takeover Offer (for example, if Metminco extends the Offer Period for more than 1 month while the Takeover Offer remains subject to any of the Conditions).	Section 6(a) of Annexure A
What happens if I do not accept the Takeover Offer?	Subject to the explanation below, you will remain a shareholder of Andes and will not receive the Takeover Offer Consideration. If you do not accept the Takeover Offer and Metminco acquires a Relevant Interest in at least 90% of Andes Shares and the other conditions of the Takeover Offer are satisfied or waived, Metminco intends to proceed to compulsorily acquire the outstanding Andes Shares. You will be invited to claim the Takeover Offer Consideration. Therefore, accepting the Takeover Offer will result in you receiving your Takeover Offer Consideration sooner if you accept the Takeover Offer, rather than having your Andes Shares compulsorily acquired.	Section 6

Question	Answer	Further information
	<p>If the Takeover Offer becomes, or is declared, unconditional but Metminco does not become entitled to compulsorily acquire your Andes Shares under the Corporations Act, unless you sell your Andes Shares, you will remain a shareholder in Andes. In order for the Takeover Offer to become unconditional without Metminco being entitled to compulsorily acquire Your Shares, Andes consent will be required.</p> <p>In these circumstances, depending on the number of Andes Shares acquired by Metminco, you may be a minority Andes Shareholder in what will be a less liquid stock as Andes will not be listed on the ASX.</p>	
What happens if Metminco improves the Takeover Offer Consideration?	If Metminco improves the Takeover Offer Consideration, all the Andes Shareholders who accept the Takeover Offer (whether or not they have accepted the Takeover Offer before or after such improvement) will be entitled to the benefit of the improved Takeover Offer Consideration, should the Takeover Offer become or be declared unconditional.	This is a requirement of, and governed by, the Corporations Act.
What happens if a party terminates the Bid Implementation Agreement?	If a party terminates the Bid Implementation Agreement due to a material default by the other party (such as the failure of Metminco to satisfy the Metminco Shareholder Approval Condition) under the Bid Implementation Agreement, the defaulting party must pay an amount of \$85,000 as reimbursement for costs incurred in connection with the Bid Implementation Agreement and Takeover Offer.	Section 9.6
Are there conditions to the Takeover Offer?	<p>The Takeover Offer is subject to the Conditions set out in Section 9 of Annexure A.</p> <p>As at the date of this Bidder's Statement, Metminco is not aware of any act, omission, event of fact that would result in any of the Conditions to the Offer being not satisfied.</p>	Section 9 of Annexure A sets out the Conditions in full.
What if the Conditions are not satisfied or waived?	If the Takeover Offer closes and the Conditions are not satisfied or waived, the Takeover Offer will lapse, and your acceptance will be void. In other words, you will continue to hold your Andes Shares (unless you otherwise sell them). Metminco will announce whether the Conditions have been satisfied or waived during the Offer Period in accordance with its obligations under the Corporations Act.	Section 10 of Annexure A
Will my new Metminco Shares be listed on ASX?	Within 7 days of the date of this Bidder's Statement, Metminco will apply to ASX for Official Quotation of the new Metminco Shares to be issued as Takeover Offer Consideration. Quotation of the new Metminco Shares depends on ASX exercising its discretion to admit them to quotation on ASX.	Section 9.13
What fees are payable to Advisors of Metminco in relation to the Takeover Offer?	Metminco estimates it will incur fees for services provided in connection with the Takeover Offer and associated transactions and documentation, including for legal, taxation, financial advisers, share register and ASX and other professional fees, in the amount of approximately \$342,000, including commissions payable to Hartleys Limited (excluding GST).	Sections 9.12 and 9.16

Part B - Overview of Metminco

Question	Answer	Further information																				
Who is Metminco?	<p>Metminco is an ASX listed gold exploration company with projects in the Quinchia district of Colombia. Metminco has an existing gold reserve at Miraflores of 457,000ozs and is earning a 51% interest in the Chuscal Project, a gold porphyry prospect with associated epithermal veining. Maiden drilling is planned for Chuscal as soon as possible after Completion of the Merger.</p> <p>Metminco also has a portfolio of mineral projects in Chile which are on care and maintenance.</p>	Section 3.1																				
What rights and liabilities will attach to my new Metminco Shares?	The new Metminco Shares issued under the Takeover Offer will be issued fully paid and will, from the time of issue, rank equally with existing Metminco Shares.	Section 3.10																				
Who are the Metminco Directors and what experience do they have?	<p>The Directors of Metminco are:</p> <p>(a) Kevin Wilson - Executive Chairman</p> <p>(b) Roger Higgins - Non-Executive Director</p> <p>(c) Glenister Lamont - Non-Executive Director</p>	Section 3.3																				
Do the Metminco Directors or Proposed Directors have any securities in, or potential conflicts of interest in relation to, Andes?	<p>None of the Metminco Directors have an interest in Andes securities.</p> <p>The interests of the Proposed Directors in Andes are set out below:</p> <table><tr><th>Director</th><th>Shares</th><th>Unquoted Options</th></tr><tr><td>Jason Stirbinskis</td><td>266,667</td><td>3,000,000</td></tr><tr><td>Freshwater Resources Pty Ltd (an entity controlled by Ross Ashton)</td><td>7,858,235</td><td>2,500,000</td></tr></table>	Director	Shares	Unquoted Options	Jason Stirbinskis	266,667	3,000,000	Freshwater Resources Pty Ltd (an entity controlled by Ross Ashton)	7,858,235	2,500,000	Section 9.22											
Director	Shares	Unquoted Options																				
Jason Stirbinskis	266,667	3,000,000																				
Freshwater Resources Pty Ltd (an entity controlled by Ross Ashton)	7,858,235	2,500,000																				
Do the Metminco Directors or Proposed Directors have any interest in Metminco securities?	<p>None of the Proposed Directors have an interest in Metminco securities.</p> <p>The interests of the Directors in Metminco are set out below:</p> <table><tr><th>Director</th><th>Shares</th><th>Quoted Options</th><th>Unquoted Options</th><th>Performance Rights</th></tr><tr><td>Kevin Wilson</td><td>36,905,172</td><td>5,017,104</td><td>-</td><td>46,400,000</td></tr><tr><td>Glenister Lamont</td><td>2,625,000</td><td>625,000</td><td>9,600,000</td><td>-</td></tr><tr><td>Roger Higgins</td><td>2,123,348</td><td>417,636</td><td>9,600,000</td><td>-</td></tr></table>	Director	Shares	Quoted Options	Unquoted Options	Performance Rights	Kevin Wilson	36,905,172	5,017,104	-	46,400,000	Glenister Lamont	2,625,000	625,000	9,600,000	-	Roger Higgins	2,123,348	417,636	9,600,000	-	Section 9.22
Director	Shares	Quoted Options	Unquoted Options	Performance Rights																		
Kevin Wilson	36,905,172	5,017,104	-	46,400,000																		
Glenister Lamont	2,625,000	625,000	9,600,000	-																		
Roger Higgins	2,123,348	417,636	9,600,000	-																		

Part C - Overview of Risks

Question	Answer	Further information
Are there risks if I accept the Takeover Offer?	If you accept the Takeover Offer and it becomes unconditional or the Conditions are satisfied or waived, you	Section 8

Question	Answer	Further information
	<p>will be issued with new Metminco Shares. There are risks in holding Metminco Shares.</p> <p>Section 8 provides a summary of these risks. Specifically, it deals with:</p> <ul style="list-style-type: none"> (a) Risks relating to the Takeover Offer; (b) Risks that relate to the Merged Group; and (c) General and industry risks (to which you are already exposed). 	
Are there any risks in respect of the Takeover Offer not proceeding?	In the event that the Takeover Offer does not proceed, Andes Shareholders will not achieve the benefits of the Takeover Offer as described in Section 2. In addition, Andes will need to continue financing its activities as an unlisted company.	Section 8.2

Part D - Other relevant questions

Question	Answer	Further information
When will you receive your consideration?	<p>If you accept the Takeover Offer, Metminco intends to issue the Takeover Offer Consideration on the same date as the issue of Shares under the Placement and Priority Offer, on a date approximately 6 days after the Takeover Offer closes.</p> <p>Metminco is required under the Corporations Act to issue you Metminco Shares as consideration for your Andes Shares on or before the earlier of:</p> <ul style="list-style-type: none"> (a) one month after you have validly accepted the Takeover Offer or the contract resulting from its acceptance has become unconditional (whichever is later); and (b) 21 days after the end of the Offer Period, <p>provided that you have provided all of the documents required for acceptance of the Offer with your acceptance.</p> <p>If you accept the Takeover Offer and you are an Ineligible Foreign Shareholder, unless Metminco otherwise determines, you will not be entitled to receive Metminco Shares as consideration for accepting the Takeover Offer in respect of Your Andes Shares. In these circumstances, the Metminco Shares which would otherwise have been issued to you will instead be issued to the Sale Nominee who will sell those Metminco Shares and remit the proceeds (less transaction costs) of such sale to you by cheque in Australian dollars.</p> <p>However, you will not be an Ineligible Foreign Shareholder if Metminco is satisfied that it is not legally or practically constrained from making the Offer to an Andes Shareholder in the relevant jurisdiction and to issue Metminco Shares to such a shareholder on acceptance of the Offer, and that it is lawful for the shareholder to accept the Offer in such circumstances in the relevant jurisdiction.</p>	Section 7 and Section 8 of Annexure A

Question	Answer	Further information
Will I need to pay any transaction costs if I accept the Takeover Offer?	You will not incur any brokerage fees or be obliged to pay stamp duty or GST in connection with your acceptance of the Takeover Offer.	Section 7
What are the tax implications of accepting the Takeover Offer?	A general summary of the Australian tax consequences for Andes Shareholder who accept the Takeover Offer is set out in Section 7. This summary is expressed in general terms only and is not intended to provide taxation advice for your specific circumstances. Andes Shareholders should seek their own taxation advice in relation to the Takeover Offer.	Section 7

2. Why you should accept the Offer

Metminco believes you should ACCEPT the Takeover Offer for the following reasons:

- The Merger will create a strong emerging gold exploration company
- The Merger better positions the Merged Group to fund exploration on the expanded asset base to its full potential and resolves Andes' current funding uncertainty
- The Merger provides Andes' shareholders with exposure to Metminco's Quinchia Gold Project and near-term exploration potential with drilling anticipated on the exciting Chuscal target
- The Merged Group will have an experienced and motivated Board and senior executive team with the capability and demonstrated track record of making tier-1 discoveries
- The Andes Board unanimously recommends that you accept the Takeover Offer
- There is strong support from major Andes Shareholders
- Andes will achieve an imminent ASX Listing, which will provide Andes Shareholders with tradeable Shares, with no potential escrow implications
- The Merger is expected to enhance access to further financial backing and provide a higher level of funding certainty in the current difficult market environment
- You may be eligible for capital gains tax rollover relief

The above is only a headline summary of some of the reasons why you should accept the Takeover Offer. Each of the reasons is explained below.

If you wish to accept this Takeover Offer, you must return the signed Acceptance Form by 5.00pm (AEST) on 24 July 2019.

Metminco believes you should ACCEPT the Takeover Offer for the following reasons:

2.1 The Merger will create a strong emerging Colombian gold exploration company

The Merger brings together Metminco's advanced Miraflores Gold Project, Chuscal, Tesorito and other surrounding prospects (collectively the **Quinchia Gold Project**), with Andes' extensive tenement holding to create a strong emerging exploration company with excellent exploration upside across an expanded portfolio of projects concentrated in the premier Quinchia and Andes gold districts of the richly endowed Mid-Cauca gold and copper belt in Colombia.

The combined portfolio is well balanced, providing strong potential for the discovery of tier-1 gold and gold-copper deposits, and includes a:

- (a) potential near-term development project (Miraflores) in the advanced stage of permitting;
- (b) number of high priority drill-ready targets at the Chuscal, San Pablo, and Tesorito prospects; and
- (c) large number of untested targets in a substantial tenement package.

2.2 The Merger better positions the Merged Group to fund exploration on the expanded asset base to its full potential and resolves Andes' current funding uncertainty

Andes is currently unlisted and has limited cash resources to continue funding its exploration efforts. Furthermore, the ability to attract new funding is significantly more challenging than it would be for a listed company, given the Andes shares are not quoted on, or tradeable on, the ASX.

The Merger is expected to result in a significantly enhanced ability to fund exploration and development activities on the expanded portfolio, including Andes assets which are currently unfunded as a private unlisted company. Upon close of the Merger, Metminco will have a strengthened balance sheet (pro forma cash as at 31 December 2018, adjusted as per the pro forma balance sheet, of approximately \$2.3 million and reduced and deferred debt of \$3.5 million). Together with a larger market capitalisation and greater scale and diversity of the Merged Group's operations, this is expected to raise the profile of the Merged Group in capital markets and therefore widen the range of potential investors for the Merged Group and provide a greater ability to source equity funding on more favourable terms, than would currently be available to Andes. This, in turn, is expected to result in increased liquidity of shares in the Merged Group, and may be expected to assist in a positive re-rating of the Merged Group's shares. This will impose a reduced reliance on Andes' existing shareholders to continue funding its business.

2.3 The Merger provides Andes' shareholders with exposure to Metminco's Quinchia Gold Project and near-term exploration potential with drilling anticipated on the Chuscal target in Q3 2019

Andes Shareholders will be exposed to Metminco's existing exploration assets comprising the Quinchia Gold Project in the Cauca Valley of Colombia. This includes a potential mine development project (Miraflores), a recently discovered gold porphyry prospect (Tesorito), and a large, undrilled gold vein/porphyry target at surface (Chuscal)³. These prospects occur within 2km of a proposed treatment plant.

The Miraflores deposit has a resource (Measured & Indicated) of 9.3 Mt @ 2.82 g/t for 840koz, a reserve 4.3Mt @ 3.29 g/t for 457koz and had a definitive feasibility study completed in 2017,⁴ providing Andes Shareholders with exposure to a potential near term development opportunity. Whilst the Miraflores project is advanced, and offers a near-term development option if desired, the Merged Group will initially focus on potentially high impact and large gold and gold-copper exploration targets and, in particular, prospects which may have synergies with a potential future development of Miraflores.

³ As announced on 6 December 2018, Metminco is earning a 51% interest under a joint venture with AngloGold.

⁴ As announced on 18 October 2017, Metminco confirms that it is not aware of any new information or data that materially affects the information contained in the relevant announcements, and that, in the case of estimates, the material assumptions and technical parameters underpinning the estimates continue to apply.

Based on the gold reserves already defined at Miraflores, the Board of Metminco considers this asset to be a store of significant latent value that is not currently reflected in the Metminco share price, which the Board considers to be at least partly attributable to weakness in the current balance sheet. This balance sheet weakness will be resolved as a result of the Capital Raising and RMB Debt Refinancing Agreement, with the completion of the Capital Raising being a Condition and the entry into the RMB Debt Refinancing Agreement being a condition of Sandfire's Intention Statement.

On completion of the Takeover Offer, the Board intends that drilling will commence on Chuscal as soon as practical. An initial diamond drilling program of approximately 2,400m is planned. Drill site selection and permitting is underway as at the date of this Bidder's Statement and drilling is anticipated to commence in 3Q 2019 with drill results expected to be available in 4Q 2019.

Whilst the drilling of Chuscal will be the immediate focus of the Merged Group, the permitting of the Miraflores development will continue and it is planned to submit an Environmental Impact Statement in 4Q 2019. In addition, geological mapping and drill targeting is expected to continue on the San Pablo prospect in Andes current exploration portfolio.

2.4 Experienced and motivated Board and senior executive team of the Merged Group with the capability and demonstrated track record of making tier-1 discoveries

By accepting the Offer, eligible shareholders will become a shareholder in the Merged Group which will benefit from a high-quality senior management team and Board.

Two directors from Andes will be invited to join the Metminco Board, with Mr Kevin Wilson to remain the Chairman of Metminco. 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 (see Section 4.3 for further details). The invitation for Ross Ashton and Jason Stirbinskis to join the Board as Non-Executive Director and Managing Director respectively will provide excellent continuity for them to continue driving value for Andes Shareholders.

Furthermore, by merging with Metminco, Andes Shareholders will benefit from the expertise and experience of Mr Nick Winer, who has enjoyed considerable exploration success in Colombia. Most notably, while working as vice president of exploration with AngloGold.

2.5 Andes Board unanimously recommends that you accept the Takeover Offer

The Andes' Board of Directors, representing 19.7% of Andes Shares, have unanimously recommended that Andes Shareholders accept the Offer, in the absence of a Superior Proposal. Each Andes' Director who holds Andes Shares intends to accept, or procure the acceptance of, the Offer in respect of any Andes Shares that they own or control, in the absence of a Superior Proposal.

2.6 Strong support from major Andes Shareholders

The following beneficial Shareholders have provided Metminco with a written statement confirming their respective intentions to instruct their respective custodians to accept the Offer, subject to no Superior Proposal emerging:

- (a) Sandfire with a shareholding of 20,166,667 Andes Shares, comprising 19.4% of Andes' issued share capital, no later than 5 Business Days prior to the close of the Offer Period; and

- (b) BHC with a shareholding of 16,864,873 Andes Shares, comprising 16.2% of Andes' issued share capital, no sooner than 10 Business Days of the Offer Period opening.

In the case of Sandfire, the Sandfire Intention Statement is also subject to the additional conditions set out in Section 9.1, including:

- (a) RMB and Metminco enter into a proposed refinancing agreement on substantially the same terms as announced to ASX on 17 May 2019;
- (b) Metminco raise a minimum of \$1.3 million in the Capital Raising, not including:
 - (i) any amount to be subscribed by Sandfire and accepted by Metminco;
 - (ii) funds raised under the issue of the Notes; and
 - (iii) funds raised under the Andes Placement; and
- (c) Metminco being entitled, upon acceptance of the Takeover Offer by Sandfire, to proceed with compulsory acquisition of all remaining Andes shares upon acceptance of the Takeover Offer by Sandfire.

The commitment by the above Andes Shareholders supports the view of the Directors as to the merits of the Offer. These commitments also improve the prospects of the Offer being consummated in a timely manner.

Sandfire has also provided a commitment to subscribe for 494,769,725 Shares under the Placement, with a value of approximately \$990,000, subject to Metminco raising an additional minimum of \$1,300,000 under the Priority Offer and Placement (**Sandfire Commitment Statement**).

2.7 You will gain ASX share trading liquidity

The Merger will ensure Andes achieves an imminent listing on ASX. An alternative listing of Andes on the ASX via an initial public offer would not be guaranteed, particularly given the current difficult equity market conditions for junior resources companies. With no other emerging Superior Proposal, the offer from Metminco represents a significantly de-risked route towards publicly listing of Andes' shareholders current investment.

The Merger will result in Andes Shareholders sharing in the many advantages that are anticipated to come from being a shareholder in a larger company with an expanded shareholder base and a listing on ASX.

2.8 The Merger is expected to enhance access to further financial backing and provide a higher level of funding certainty in the current difficult market environment

Andes Shareholders are expected to benefit from having exposure to a much deeper pool of capital available to a listed entity which may not otherwise be available to invest in unlisted resources companies. There is also likely to be an enhanced ability to source equity and debt funding on better terms than may otherwise be available to Andes on a stand-alone basis due to the greater scale, greater liquidity and greater depth of project portfolio of the Merged Group.

2.9 No Superior Proposal has emerged

No Superior Proposals have emerged at the date of this Bidder's Statement. If the Merger does not complete, and no alternative proposal emerges, Andes will need to raise additional working capital, which may not be on favourable terms, in a difficult market.

2.10 You may be eligible for capital gains tax rollover relief

Andes Shareholders may have access to scrip for scrip rollover relief, in which case you will not incur capital gains tax (CGT) as a result of accepting the Takeover Offer.

Should the Takeover Offer be successful and result in Metminco becoming the holder of 80% or more of the voting shares in Andes as at the close of the Offer Period, Andes Shareholders who would otherwise make a capital gain from the disposal of their Andes Shares pursuant to the Takeover Offer may be able to choose to obtain full scrip for scrip rollover relief.

If scrip for scrip rollover relief is available and is chosen by Andes Shareholders who would otherwise have made a capital gain on the disposal of their Andes Shares under the Takeover Offer, all of the capital gain from the disposal may be disregarded.

However, Andes Shareholders may be subject to capital gains tax as a result of a later taxable event (such as a disposal) happening to the Metminco Shares received as consideration under the Takeover Offer.

Please refer to Section 7 for more information.

3. Profile of Metminco Limited

3.1 Overview of Metminco

Metminco is a gold exploration and development company with projects based in Colombia.

Metminco's existing exploration assets comprise the Quinchia Gold Project in the Cauca Valley of Colombia. This includes a potential mine development project (Miraflores), a gold porphyry prospect (Tesorito) and a large undrilled gold vein/porphyry target at surface (Chuscal). Metminco also has three mineral projects on care and maintenance in Chile.

(a) Chuscal

Metminco formed a joint venture with AngloGold Ashanti Colombia SA (**AngloGold**) in late 2018 to explore the large Chuscal porphyry/epithermal gold target. This is currently the focus of drill target definition activities and Metminco plans to undertake a maiden drilling campaign at Chuscal in Q3 2019.

Chuscal is located approximately 2 kilometres from the proposed Miraflores processing plant in the Quinchia Gold Project in the Mid-Cauca Gold Belt in Colombia. Chuscal features an extensive, undrilled surface gold geochemical anomaly (rock-soils and rock chips) with high grade sample results (up to 54 gpt Au). The samples in the Central Zone at Chuscal average 2.66 gpt Au (uncut) and this lies within a large (900m by 530m) envelope averaging 1.76 gpt (uncut) (refer ASX release dated 6 December 2018).⁵

A review of previous underground sampling has revealed two mineralisation populations which reflect an early phase of stockwork / disseminated mineralisation (porphyritic diorite) with an average grade of approximately 1.5 gpt Au; cut by a later high-grade epithermal vein population with an average grade of approximately 8 gpt Au using a 20 gpt Au top-cut (uncut: 19 gpt Au) (refer ASX release dated 21 January 2019).⁶

A joint venture between Metminco and AngloGold was formed in 2018 and covers three licences. Drilling permits are currently being sought and drilling is expected to be initiated soon after the Takeover Offer is complete.

(b) Tesorito

Tesorito is located approximately 1 kilometre to the north of Chuscal and only several hundred metres from the proposed processing facility described in the Miraflores feasibility study. Metminco drilled the Tesorito gold porphyry prospect in 2018. Tesorito is regarded as an outcropping medium grade (1gpt to 1.7gpt) gold porphyry system. Diamond drill hole TSDH-02 reported 384m @ 1.01gpt Au from surface to end-of-hole (refer to ASX announcement of 30 August 2018)² and TSDH-07, 253.1m @ 1.01 gpt Au from 2.9m, including 64.0m @ 1.67 gpt Au from 144m. Tesorito will be progressed within the context of the broader Chuscal exploration program.

⁵ As per the ASX announcement of 6 December 2018. Metminco confirms that it is not aware of any new information or data which materially affects the announcement.

⁶ As per the ASX announcement of 21 January 2019. Metminco confirms that it is not aware of any new information or data which materially affects the announcement.

(c) **Miraflores**

The Miraflores Gold Project is based on Mineral Resources of 877,000 ounces gold and Reserves of 457,000 ounces at the Miraflores deposit (refer Section 3.1(d)). The critical path for the development of the project remains subject to the completion an environmental impact assessment (EIA). This includes the validation of the impacts on the local communities and the strengthening of social licence for the project. The EIA is due for completion during 2019.

(d) **Miraflores 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 November 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:

1. Reported at a 1.2 gpt gold cut-off.
2. Mineral Resource estimated by Metal Mining Consultants Inc.
3. 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 and Metminco confirms that all material assumptions and technical parameters applicable to the Reserve continue to apply.
4. These Mineral Resources are inclusive of the Mineral Reserves listed below.
5. 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:

1. Rounding of numbers may result in minor computational errors, which are not deemed to be significant.

2. These Ore Reserves are included in the Mineral Resources listed in the Table above.
3. 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 and Metminco confirms that all material assumptions and technical parameters applicable to the Reserve continue to apply.
4. Source: Ausenco 2017

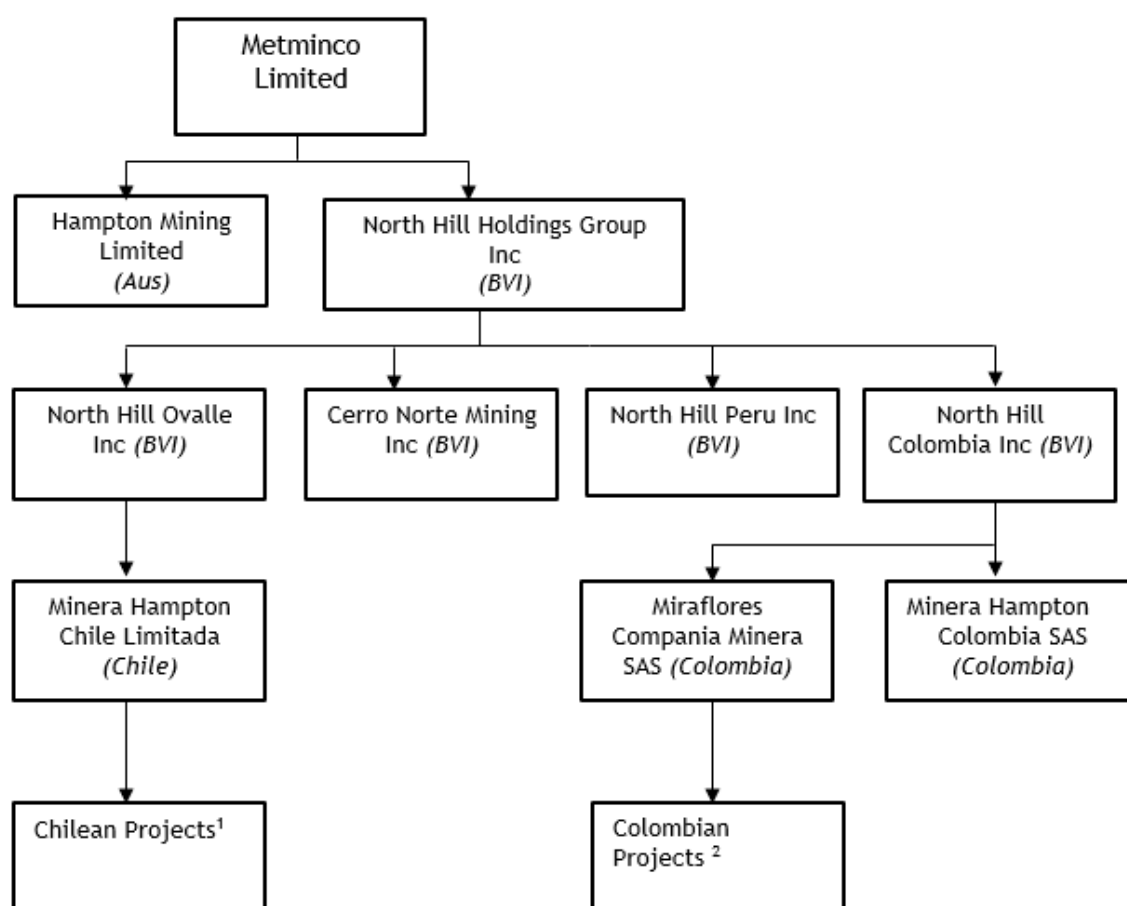
(e) Chile

Metminco is examining its options for exiting its Chilean mineral exploration projects at Mollacas, Vallecillo and Loica which are currently on care and maintenance and will keep the market informed in accordance with its continuous disclosure obligations.

3.2 Corporate Information

Metminco was incorporated on 18 May 2006 in Australia. It is currently listed on the ASX having commenced quotation on 2 October 2007.

The current corporate structure of Metminco is as follows:



Notes

1. Mollacas, Vallecillo and Loica projects, owned as to 100% by Minera Hampton Chile Limitada.
2. Miraflores, Tesorito and Dosquebradas projects, owned as to 100%; Chuscal Project- Metminco earning 51% interest in joint venture with AngloGold.

3.3 Directors and key personnel of Metminco

Details of the responsibilities and experience of the Metminco Directors (as at the date of this Bidder's Statement) are set out in Metminco's 2018 Annual Financial Report, a

copy of which is available on request or from Metminco's website www.metminco.com.au/site/news/Annual-Reports-Archive.

A brief summary of the Metminco Board and key personnel, as at the date of this Bidder's Statement, is set out below.

Mr Kevin Wilson - Executive Chairman

BSc, MBA

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.

Mr Glenister Lamont - Non-Executive Director

BEng, MBA

Mr Lamont has agreed to step down from his role as a Director upon the successful Completion of the Takeover Offer.

Mr Roger Higgins - Non- Executive Director

BE, MSc, PhD

Mr Higgins has agreed to step down from his role as a Director upon the successful Completion of the Takeover Offer.

Mr Nick Winer

BSc

Mr Winer is a geologist with over 30 years' experience in gold and copper exploration, dominantly in South America. During his professional career, Nick has held a range of senior managerial and technical positions in mineral exploration and project development with both major mining companies as well as with the junior exploration sector. This culminated in four years as VP Exploration with AngloGold Ashanti Colombia where he led the exploration team that discovered the Nuevo Chaquiro copper-gold porphyry deposit in the mid Cauca belt, Colombia, in which the Quinchia district is also located.

3.4 Capital Structure

As at the date of this Bidder's Statement, Metminco's capital structure is as follows:

Securities	Currently on issue
Shares	1,187,940,614 ¹
Options	566,545,422 ²
Performance Rights	76,400,000 ³
Notes	306 ⁴

Notes:

1. Assuming no options or performance rights are exercised.

2. Comprising:
 - a. 547,345,422 quoted Options with an exercise price of \$0.011 expiring 1 June 2020;
 - b. 9,600,000 unquoted Options issued under Metminco's long-term incentive plan exercisable at \$0.016 on or before 31 December 2019, subject to vesting conditions; and 9,600,000 unquoted Options issued under Metminco's long-term incentive plan exercisable at \$0.024 on or before 31 December 2020, subject to vesting conditions
3. Comprising:
 - a. 46,400,000 performance rights (as per the terms announced on 26 April 2018); and
 - b. 30,000,000 performance rights (issued under the long-term incentive plan)
4. Comprising:
 - a. 115 Tranche 1 Notes with a value of \$3,000 per note, that will convert at a price of \$0.002 per share; and
 - b. 191 Tranche 2 Notes with a value of \$3,000 per note, where conversion at \$0.002 per share is subject to Metminco Shareholder Approval at the Metminco Shareholder Meeting. Further information on the Tranche 1 and Tranche 2 Notes is set out at Section 9.8.

See Section 5.5 for the effect of the Takeover Offer and associated transactions on the capital structure of Metminco.

3.5 Financial Performance

(a) Basis of Presentation of Historical Financial Information

The historical financial information below relates to Metminco on a stand-alone basis and accordingly does not reflect any impact of the Offer. It is a summary only and the full financial accounts of Metminco for the financial period described below, which includes the notes to the financial accounts, are available in Metminco's annual reports for the years ended 31 December 2018, 31 December 2017 and 31 December 2016. Copies of these annual reports are available at www.metminco.com.au/site/news/Annual-Reports-Archive and also from the ASX website.

(b) Historical Financial Information of Metminco

(i) Consolidated Statement of Comprehensive Income

The historical consolidated statement of comprehensive income of Metminco, are set out below and have been extracted from the audited consolidated statement of comprehensive income for the financial years ended 31 December 2018 and 31 December 2017 and 31 December 2016, being the last three audited financial statements prior to the date of this Bidder's Statement.

	31-Dec-18 Audited	31 Dec-17 Audited	31 Dec-16 Audited
	\$	\$	\$
Revenue			
Interest revenue	3,611	-	389
Expenses			
Employee benefits expense	(1,301,801)	(1,295,015)	(503,267)
Foreign exchange loss/gain	(23,087)	(110,185)	16,369
Depreciation and amortisation expense	(31,599)	(40,282)	(92,156)
Impairment of property, plant & equipment	(61,935)	(934,037)	-
Loss on sale of asset	-	(27,228,513)	-
Impairment of exploration expenditure	(3,546,813)	(48,437)	(407,300)
Share based payment expense	(739,945)	(426,174)	-
Realised loss on derivative asset	(228,273)	(797,257)	-
Unrealised loss on derivative asset	-	(1,260,330)	-
Impairment of non-current receivables	-	(180,669)	-
Profit on disposal of assets	-	23,182	-
Finance costs	(406,495)	(559,484)	(221,057)
Corporate expenses	(917,514)	(1,416,089)	(975,800)
Occupancy	(133,770)	(161,574)	(199,537)
Administration	(446,347)	(792,509)	(65,140)
Total expenses	(7,837,579)	(35,227,373)	
Loss on loss of control of subsidiary	-	-	(121,540,173)
Share of net loss of associate			(113,198)
Loss before income tax expense	(7,833,968)	(35,227,373)	(124,100,870)
Income tax expense	-	-	-
Loss for the year attributable to:			
Owners of the parent	(7,833,968)	(35,227,373)	(124,100,870)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation	(50,263)	(208,982)	423,051
Other comprehensive loss for the year, net of tax	(50,263)	(208,982)	423,051
Total comprehensive loss attributable to:			
Owners of the parent	(7,884,231)	(35,436,355)	(123,677,819)

(ii) **Consolidated Statement of Financial Position**

The historical consolidated statements of financial position of Metminco are set out below and have been extracted from the audited consolidated statements of financial position for the financial years ended 31 December 2018, 31 December 2017 and 31 December 2016, being the last three audited consolidated statements of financial position prior to the date of this Bidder's Statement.

	31-Dec-18 Audited	31 Dec-17 Audited	31 Dec-16 Audited
	\$	\$	\$
Assets			
Current assets			
Cash and cash equivalents	167,614	834,377	71,548
Trade and other receivables	73,323	167,382	385,827
Derivative asset	-	272,683	-
Other	61,426	48,610	21,060
	302,363	1,323,052	
Asset held for sale	2,861,983	2,586,122	-
Total current assets	3,164,346	3,909,174	478,435
Non-current assets			
Investment in associate	-	-	33,766,877
Property, plant and equipment	637,774	569,642	4,538,349
Exploration and evaluation assets	10,411,767	12,015,128	9,486,691
Total non-current assets	11,049,541	12,584,770	47,791,917
Total assets	14,213,887	16,493,944	48,270,352
Current liabilities			
Trade and other payables	4,413,855	2,584,054	3,425,242
Borrowings	-	808,020	-
Provisions	213,133	187,214	236,775
Total current liabilities	4,626,988	3,579,288	3,662,017
Non-current liabilities			
Long term provisions	-	-	79,903
Other payables	1,781,946	4,322,867	4,893,628
Total non-current liabilities	1,781,946	4,322,867	4,973,531
Total liabilities	6,408,934	7,902,155	8,635,548

	31-Dec-18 Audited	31 Dec-17 Audited	31 Dec-16 Audited
	\$	\$	\$
Net assets	7,804,953	8,591,789	39,634,804
Equity			
Issued capital	339,411,378	332,987,792	329,032,074
Reserves	12,216,161	(29,914,047)	(30,142,687)
Accumulated losses	(343,822,586)	(294,481,956)	(259,254,583)
Total equity	7,804,953	8,591,789	39,634,804

(c) **Forecast Information**

Metminco's future financial performance is dependent on a range of factors, many of which are beyond Metminco's control. Accordingly, Metminco's Directors have concluded that forecast financial information would be misleading to provide, as a reasonable basis does not exist for providing forecasts that would be sufficiently meaningful and reliable as required by applicable Australian law, policy and market practice.

Further information is available on Metminco's financial performance from its financial reports. Copies of these reports are available from Metminco's website www.metminco.com.au/site/news/Annual-Reports-Archive.

(d) **Material changes in Metminco's financial net asset position since last published accounts**

There have been no material changes to Metminco's financial net position since its last published accounts other than:

- (i) the issue of Tranche 1 and Tranche 2 Notes, which has been completed and raised \$918,000 (before costs), with the Tranche 1 and 2 Notes convertible into a maximum of 459,000,000 Shares, subject to Shareholder approval;
- (ii) on 1 March 2019, Metminco entered into the Loan Agreement with Kevin Wilson, a director, dated 1 March 2019 in the amount of \$50,000, with interest accruing at an annual rate of 9%; and
- (iii) operating expenditure including working capital movements in the amount of approximately \$1,200,000.

3.6 Corporate Governance

The Metminco Board seeks, where appropriate, to provide accountability levels that meet or exceed the ASX Corporate Governance Council's Principles and Recommendations.

Details of Metminco's corporate governance procedures, policies and practices can be obtained from Metminco's website www.metminco.com.au/site/about-us/Corporate-Governance.

3.7 Trading of Metminco Shares

Set out below is a table showing relevant trading prices of Metminco Shares on ASX:

Trading Period	Price of Metminco Shares
Highest closing price on ASX in the four months prior to 17 June 2019 (being the last practicable trading date prior to the date of this Bidder's Statement)	\$0.003
Lowest closing price on ASX in the four months prior to 17 June 2019 (being the last practicable trading date prior to the date of this Bidder's Statement)	\$0.002
Closing sale price on ASX on the last trading day before the date Metminco announced the Takeover Offer	\$0.002
Closing sale price of Metminco shares on ASX on the last practicable trading date prior to the date of this Bidder's Statement	\$0.002
30-day volume weighted average price of Metminco Shares before announcing the Takeover Offer	\$0.002

3.8 Substantial shareholders of Metminco

As at the date of this Bidder's Statement, the following persons is a substantial Shareholder of Metminco (i.e. Shareholder that holds more than a 5% interest in Metminco):

Metminco Shareholder	Number of Metminco Shares	% of Metminco issued Share Capital
Citicorp Nominees Pty Limited	80,013,418	6.7%

In the event Completion occurs and Sandfire is issued 494,769,725 Shares under the Placement in accordance with the Sandfire Commitment Statement, it is anticipated that Sandfire will hold a 15% interest in Metminco, RMB will hold a 15.1% interest (subject to completion of the RMB Debt Refinancing Agreement) and BHC and Delta will hold in aggregate an 9.8% interest. No other shareholder will hold greater than 5% of the Shares on issue.

The directors of Metminco have a Relevant Interest in 41,653,520 Metminco Shares, being approximately 3.5% of the total number of Metminco Shares on issue as at the date of this Bidder's Statement. The individual interests of each Metminco Director are set out in Section 9.23.

As at the date of this Bidder's Statement, the Proposed Directors do not have an interest in any Metminco securities on issue.

3.9 Change to nature of activities

The Completion of the Takeover Offer will result in Metminco undergoing a significant change in scale of its activities as contemplated by ASX Listing Rule 11.1.

ASX has indicated that Listing Rule 11.1.3 will not apply to the Transaction, and Metminco will not need to re-comply with Chapters 1 and 2 of the Listing Rules. Metminco will however, need to comply with Listing Rule 11.1.2, due to the change of the nature and scale of its activity due to the proposed Takeover Offer.

To comply with ASX Listing Rule 11.1, Metminco must (amongst other things) obtain Metminco Shareholder approval for the change in nature and scale resulting from Completion of the Takeover Offer.

Metminco has scheduled the Metminco Shareholder Meeting for 15 July 2019 to obtain Shareholder approval for the Transaction.

3.10 Rights and liabilities of Metminco Shares

The Metminco Shares offered to Andes Shareholders under the Takeover Offer are fully paid ordinary shares in the capital of Metminco, and from the date of their issue will rank equally with all then existing Metminco Shares and will have the same rights and liabilities attaching to them.

The rights and liabilities attaching to Metminco Shares are governed by the Constitution of Metminco, the Corporations Act, ASX Listing Rules, ASX Settlement Operating Rules and the general law of Australia.

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Bidder's Statement. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Further details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at Metminco's registered office during normal business hours.

(a) General meetings

Each Shareholder is entitled to receive notice of, and to attend and vote at, general meetings of Metminco and to receive all notices, accounts and other documents required to be sent to members under the Constitution, the Corporations Act or the Listing Rules.

The Directors may convene a general meeting whenever they think fit. The Constitution does not permit Shareholders to call a general meeting, although Shareholders may call a general meeting in accordance with the provisions of the Corporations Act.

A notice of general meeting must be given in accordance with the Corporations Act and must specify the place, date and time of the meeting, the general nature of the business to be transacted at the meeting, information regarding a Shareholder's right to appoint a proxy, and if a special resolution is to be proposed at the meeting, set out an intention to propose the special resolution and the text of the special resolution.

The quorum for a meeting of the Shareholders is two Shareholders and the quorum must be present at all times during the meeting.

(b) Voting

Subject to any rights or restrictions for the time being attached to any class of Shares whether by the terms of their issue, the Constitution, the Corporations Act or the Listing Rules, at a general meeting every Shareholder present in person or by a representative has one vote on a show of hands and every Shareholder present in person or by a representative, proxy or attorney has one vote per Share on a poll. Where there are two or more joint Shareholders and more than one of them is present at a meeting and tenders a vote in respect of the Share (whether in person or by proxy or attorney), Metminco will count only the vote cast by the Shareholder whose name appears before the other(s) in Metminco's register.

(c) Alteration of Capital

Subject to the Constitution, Corporations Act and the Listing Rules, Metminco in general meeting may increase, divide, consolidate or reduce its share capital if it complies with the Constitution, Corporations Act and the Listing Rules.

(d) Variation of rights

Subject to the Constitution, Corporations Act and Listing Rules, if at any time the share capital is divided into different classes of shares, the rights attached to the shares in any class may be altered only by special resolution passed at a separate meeting of the holders of the issued shares of the affected class, or with the written consent of the holders of at least three quarters of the issued shares of the affected class.

(e) Transfer of Shares

Subject to the Constitution, the Corporations Act and the Listing Rules, Shares are freely transferable.

The Shares may be transferred by a proper transfer effected in accordance with ASX Settlement Rules, by any other method of transferring or dealing introduced by ASX and as otherwise permitted by the Corporations Act or by a written instrument of transfer in any usual form or in any other form approved by the Directors or the ASX.

Metminco must not prevent, delay or in any way interfere with the registration of a proper ASX Settlement transfer. However, Metminco may decline to register a transfer of Shares in the circumstances described in the Constitution and where permitted to do so under the Listing Rules. If Metminco declines to register a transfer, Metminco must, within five business days after the transfer is lodged with Metminco, give the lodging party written notice of the refusal and the reasons for refusal. The Directors must decline to register a transfer of Shares when required by law, the Constitution, the Listing Rules or the ASX Settlement Rules.

(f) Dividends

The Directors, subject to the Constitution, the Corporations Act and the Listing Rules, may determine that a dividend is payable and fix the amount, the time for payment, and the method of payment. The Directors may, before declaring any dividend, set aside out of the profits of Metminco, such sums as

they think proper as reserves, which may be used in the business of Metminco or be invested in such investments as the Directors think fit.

3.11 Dividend History

Metminco has not previously and does not currently pay dividends.

3.12 Further Information

Due to the fact that Metminco is offering Metminco Shares as consideration for the acquisition of Andes Shares, the Corporations Act requires that this Bidder's Statement must include all information that would be required for a prospectus for an offer of Metminco Shares under Sections 710 to 713 of the Corporations Act.

Metminco is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Metminco is subject to the ASX Listing Rules which require continuous disclosure of any information Metminco has concerning itself that a reasonable person would expect to have a material effect on the price or value or its securities.

ASX maintains files containing publicly disclosed information about all listed companies. Metminco's file is available for inspection at ASX during normal business hours.

Metminco is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Metminco may be obtained from, or inspected at, an ASIC office.

On request to Metminco and free of charge, Andes Shareholders may obtain a copy of:

- (a) the annual financial report of Metminco for the year ended 31 December 2018 (being the annual financial report most recently lodged with ASIC before lodgement of this Bidder's Statement with ASIC);
- (b) any half-year financial report lodged with ASIC by Metminco after the lodgement of the annual financial report referred to above and before lodgement of this Bidder's Statement with ASIC; and
- (c) any continuous disclosure notice given to ASX by Metminco since the lodgement with ASIC of the 2018 annual report for Metminco referred to above and before lodgement of this Bidder's Statement with ASIC.

A list of the announcements that Metminco has lodged with ASX since 31 December 2018 is set out below.

Date	Subject of Announcement
18 June 2019	Appendix 3B
18 June 2019	Prospectus
18 June 2019	Bidder's Statement
14 June 2019	Notice of Meeting/ Proxy Form
11 June 2019	ASX Waiver

Date	Subject of Announcement
3 June 2019	Capital Raising completed to support Andes Merger
30 May 2019	Trading Halt
27 May 2019	Notice of Lapsed Unlisted Options
27 May 2019	Merger Presentation
21 May 2019	Notice of Lapsed Unlisted Options
20 May 2019	Grant of Chuscal Exploration Licences
17 May 2019	Results of Meeting
17 May 2019	Execution of Bid Implementation Agreement & Capital Raising
16 May 2019	Trading Halt
14 May 2019	Appendix 3B
30 April 2019	March 2019 Quarterly Activities and App 5B Cashflow Report
16 April 2019	Notice of Annual General Meeting/ Proxy Form
1 April 2019	Appendix 3B
1 April 2019	Completion of Notes to Support Andes Merger
29 March 2019	Appendix 4G
29 March 2019	Annual Report to shareholders
25 March 2019	Appendix 3Y- Roger Higgins
20 March 2019	Update on Grant of the Chuscal Exploration Licences]
15 March 2019	Metminco raises \$1.0M to support proposed Andes merger
13 March 2019	Metminco to merge with Andes Resources
13 March 2019	Trading Halt
15 February 2019	Appendix 3B
15 February 2019	Deferred Acquisition Payment for Miraflores Colombia
31 January 2019	December 2018 Quarterly Activities & 5B Cashflow Report
21 January 2019	Chuscal Underground sampling gold assays
21 January 2019	Appendix 3B
2 January 2019	Lapse of Performance Rights and Performance Options

Date	Subject of Announcement
2 January 2019	Appendix 3Y- Roger Higgins
2 January 2019	Appendix 3Y- Glenister Lamont
2 January 2019	Appendix 3Y- Kevin Wilson

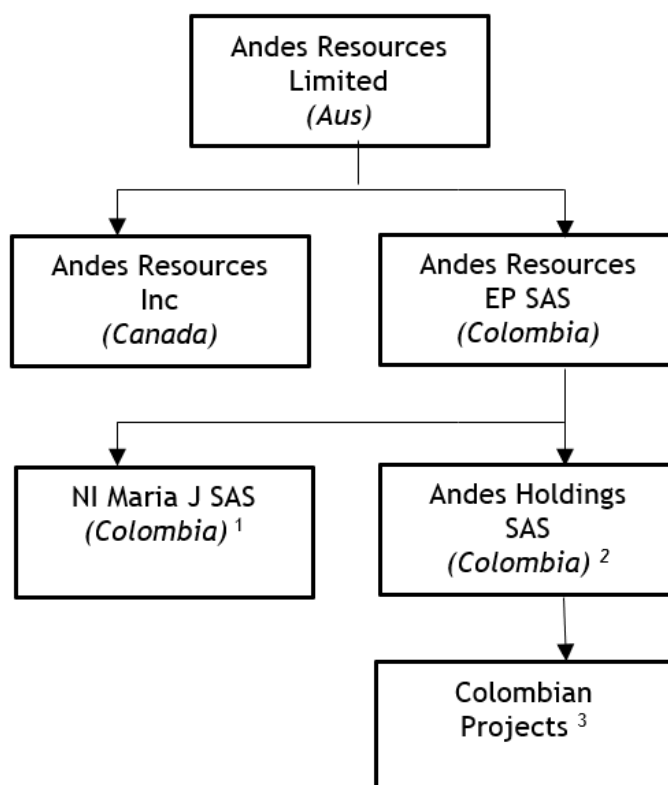
A substantial amount of information about Metminco is also available in electronic form from www.metminco.com.au.

4. Profile of Andes Resources Limited

Andes is a public unlisted company established in November 2013 for mineral exploration with a focus on gold/copper assets in Colombia.

4.1 Corporate Structure

The corporate structure of Andes is as follows:



Notes:

- 1 Andes has constituted Ni - Maria J SAS before the Chamber of Commerce Medellin, a company currently owned 70% by Andes Resources EP SAS and which will be the assignee of 100% of the rights derived from the permit for exploration and exploitation of gold No. P8717011. Once Andes 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 for the benefit of Andes Holdings SAS.
- 2 Owned 90% by Andes Resources EP SAS, with the remaining 10% held by BHC.
- 3 Includes 800km² of applications and granted exploration permits including the San Pablo and Columpio prospects. Andes Holding SAS currently has a 77% beneficial right to San Pablo and capacity to secure 100% of the rights on payment of the final milestone payment. Andes Holding SAS, holds 100% of the beneficial interest to all other titles and applications.

4.2 Overview of Activities and Projects

Andes holds a 90% interest in a large portfolio (c800 km²) of applications and granted titles which is considered highly prospective for both epithermal gold-silver veins as well as porphyry gold-copper. Approximately 35Moz of gold has been discovered within a 30 km radius of Andes' portfolio including AngloGold's Nuevo Chaquiro (previously known as Quebradona) at 5.66Moz Au & 3.63Mt Cu.⁷

⁷ As announced by Metminco on 13 March 2019 and as set out in the AngloGold Ashanti Limited Annual Report 2017.

The Andes properties occur only approximately 70 kms to the north of Metminco's Quinchia Gold Project presenting potential operational and administrative cost savings.

Andes was established in 2013 and undertook extensive regional and local sampling programs to identify at least 12 vein-style drill targets interpreted to be in five regional NW trending mineralised corridors.

As announced on 13 March 2019, Andes have also defined several porphyry gold-copper targets. To date over 14,000 surface and rock chip samples have been collected to define multiple vein hosted and porphyry targets including the Gibraltar porphyry copper/gold target just 22 kms from, and in the same porphyry belt, as AngloGold's Nuevo Chaquiro deposit.⁸ Andes completed drilling its first of many targets in late 2018. Approximately, only 10% of Andes' land holding has been explored.

Andes main projects comprise:

(a) El Culpio

El Culpio is a mining title hosting a corridor of gold-silver veins. LiDAR imagery suggests the target is within a regional scale ring structure often associated with substantial mineralised discoveries. A maiden scout drilling program by Andes in November 2018, and the first drill program within the entire project area, reported NW/SE oriented epithermal gold veining with best intersection of a 26.79m wide zone grading 1.58 gpt Au and 83.17 gpt Ag from 52.4m including 7.27m grading 3.32 gpt Au and 247.57 gpt Ag from 72.07m).⁹ High silver: gold ratios and other signature elements suggest the extensive veining mapped at El Culpio formed on the flanks of a causative intrusion such as a porphyry, with some evidence in surface results and the limited drilling pointing northward to an intrusive heat source(s)¹⁰. Andes holds a 100% beneficial interest in the mining title to El Culpio.

(b) San Pablo

San Pablo lies two kilometres to the south of El Culpio and within an interpreted 11 km long mineralised corridor (refer Figure 2). San Pablo is a granted licence of 150 Ha (permitted for drilling). It comprises numerous historical and active artisanal adits with 9 substantial veins mapped thus far, some traced for 700 vertical meters and for over 1km of strike with veining swelling to over 5m wide in some locations. In addition to San Pablo being a vein hosted gold-silver target, recent results and mapping have raised the potential of the area to also be a gold porphyry target. Potassic alteration has been recorded at lower elevations with stockworks and porphyritic textured intrusives observed over an area of 500m x 300m in the deep valley below the extensively vein mineralized regions. This target is drill ready subject to receipt of certain drilling permits. Immediately to the east of San Pablo and on Andes licence applications is the El Bosque mineralised zone including the El Bosque Mine which is the largest artisanal mine in the region. Andes Holding SAS, an incorporated joint venture in which Andes has a 90% interest, currently has a 77% beneficial right to San Pablo and capacity to secure 100% of the

⁸ As announced on 13 March 2019 - Metminco confirms that it is not aware of any new material information that affects the information in the announcement.

⁹ibid

¹⁰ ibid

rights on payment of a final milestone payment in the amount of 491,500,000 Colombian Pesos.¹¹

(c) Andes' Other Targets

Andes has only explored approximately 10% of its land holding and has thus far identified numerous priority targets based on surface work and artisanal mining activity in the western portion of the portfolio (refer Figure 3). Some of these regions such as San Esteban, Santa Rita and La Alianza are considered to represent the Au-Ag-As-base metal bearing intermediate-sulphidation epithermal veins that typically occur from 500m to 5km from a causal intrusive (porphyry). Others such as Taparto and San Pablo show potential to occur in the middle to upper portions of porphyry systems characterised by anomalous Cu-Mo and Bi. La Rochela, San Agustin prospects indicate potential to lie within the upper parts of porphyry systems as inferred from anomalous Mo, Bi, Au & Ag. The eastern region of Andes' portfolio lies within the same subsection of the Mid-Cauca Gold Belt that hosts Quinchia along with other significant discoveries such as Nuevo Chaquiro and Continental Gold's Buritica project to the north. Andes has a number of established porphyry targets in this region including Gibraltar, an outcropping porphyry just 20 kms south of Nuevo Chaquiro.

¹¹ Equal to approximately \$217,000 Australian Dollars at an exchange rate of 1 Australian Dollar = 2,267.32 Colombian Peso, as at 11 June 2019.

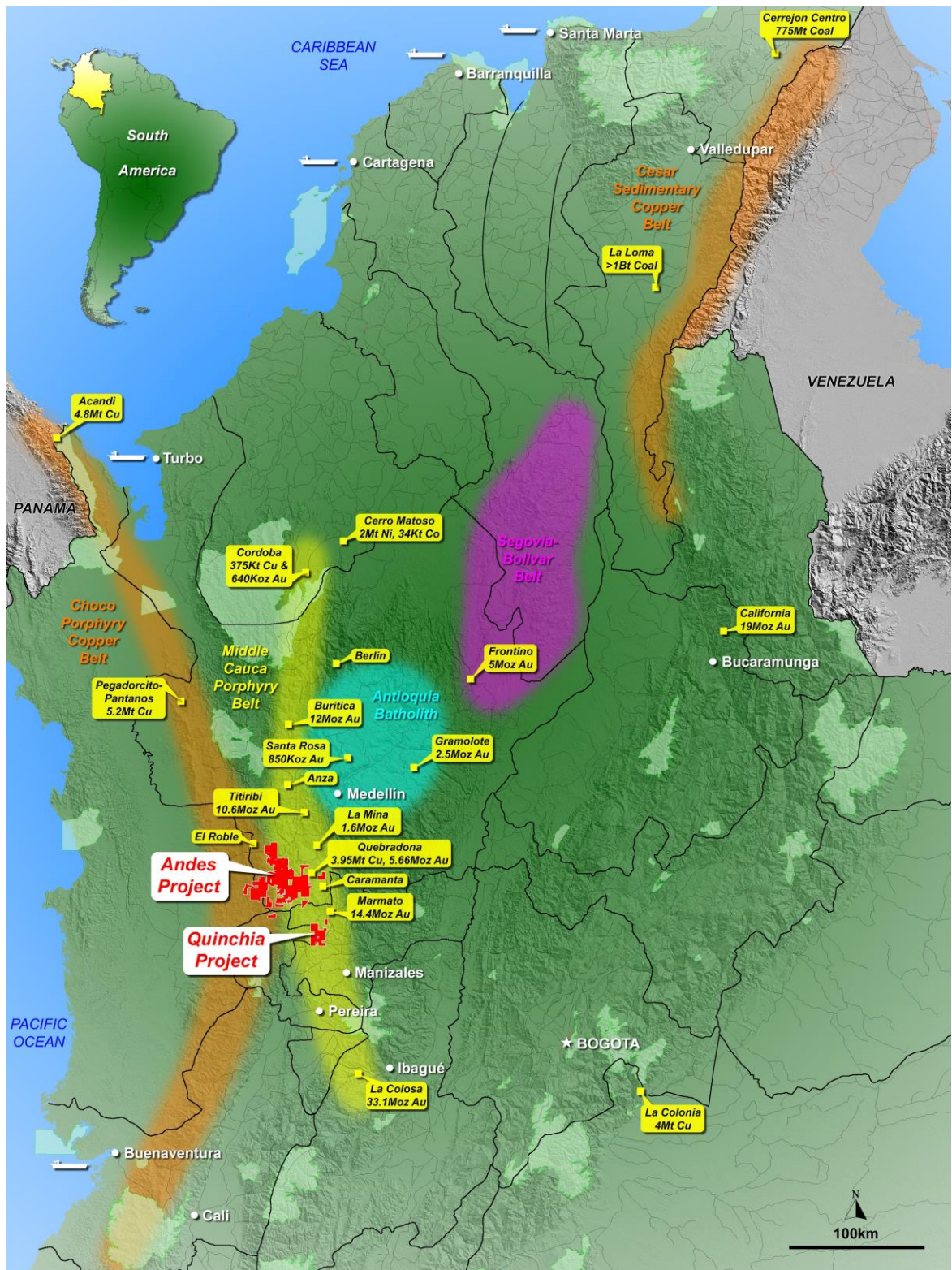


Figure 1: Location of Andes' exploration ground and Metminco's ground in the Mid-Cauca Gold Belt, along with major nearby gold discoveries. Source: various company public reports- Metminco has not independently verified the information.

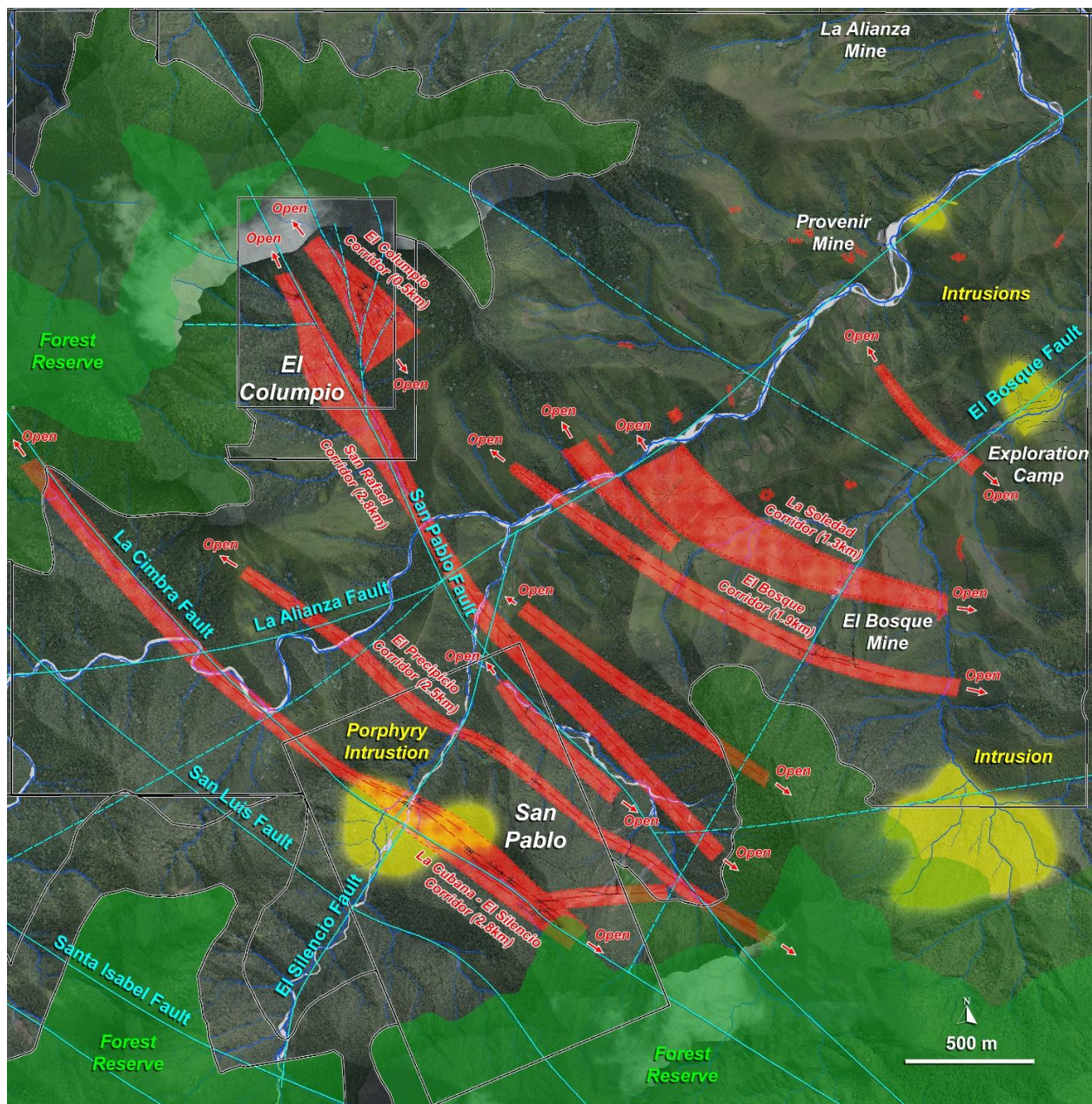


Figure 2: El Cumpio and San Pablo / El Bosque cover parallel mineralised corridors. The valley at San Pablo contains an intrusion (potentially a porphyritic diorite subject to petrography) traced over an area of 500m x 300m. Observed alteration zonation combined with element signatures are consistent with porphyry-style zonation and points to the deep valley in the centre of the licence area as the mineralised source. The combination of highly anomalous soil samples, extensive alteration and numerous workings in the El Cumpio and San Pablo/El Bosque area indicates the potential for a significant mineralized NW oriented corridor.

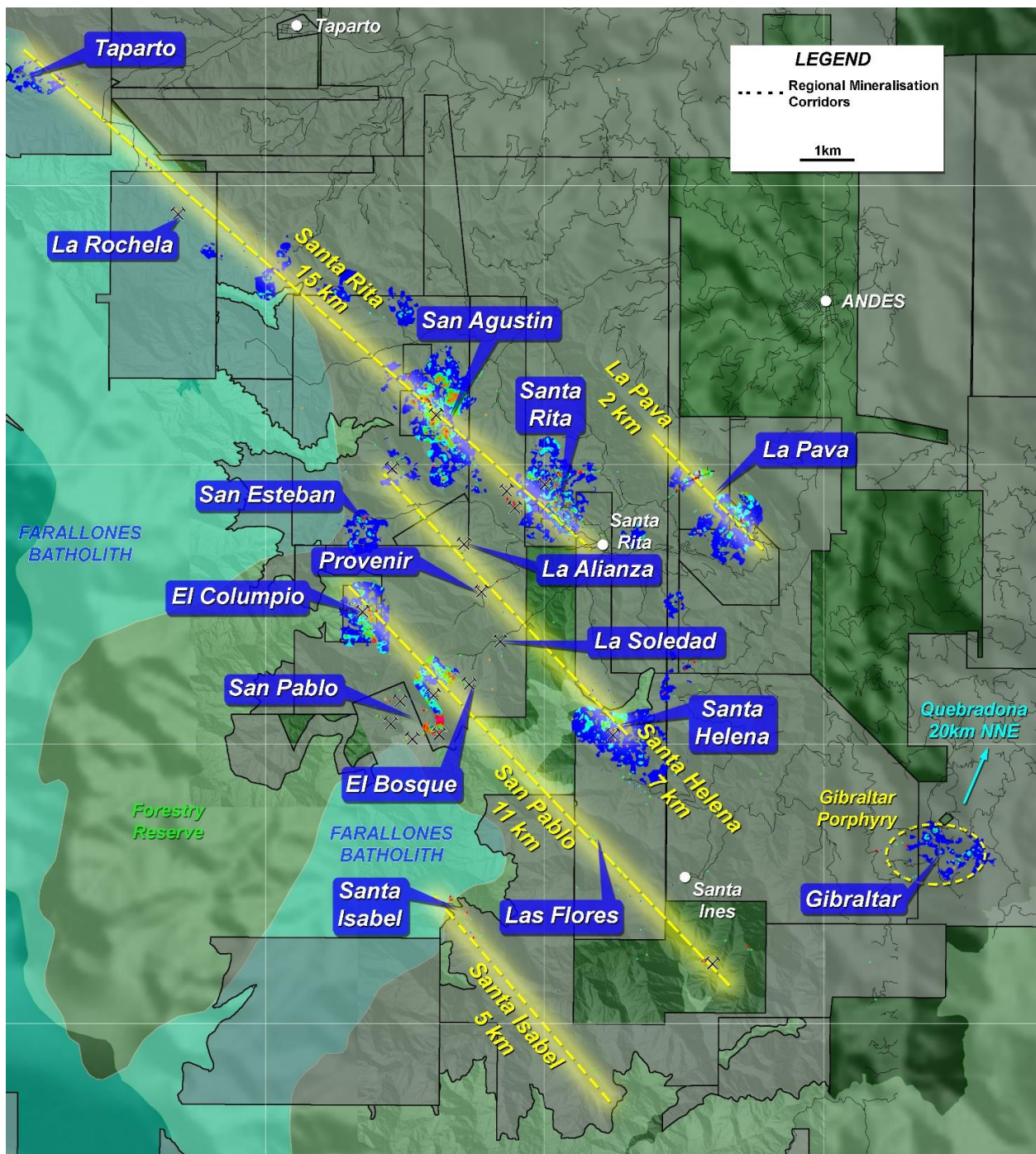


Figure 3: A subsection of Andes' portfolio. Surface mapping and sampling has defined 12 targets interpreted to lie with five NW trending mineralised corridors. Much of Andes' portfolio remains unexplored by modern techniques.

4.3 Andes Board of Directors

As at the date of this Bidder's Statement, the directors of Andes are:

- (a) Mr Jason Stirbinskis - Managing Director;
- (b) Mr Ross Ashton - Non-Executive Chairman;
- (c) Mr Simon Brown - Executive Director;
- (d) Mr Stuart Moller - Non-Executive Director; and

(e) Mr Stephen Belben - Non-Executive Director.

Jason Stirbinskis and Ross Ashton will become directors of Metminco on successful Completion of the Takeover Offer. Further details in respect of the Proposed Directors are set out below:

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.

4.4 Information about Andes Securities

Andes has the following securities on issue:

Securities	Number of Securities
Shares	104,104,157
Options ¹	25,000,000

Note 1. Comprising:

- 8,875,000 Andes Options with an exercise price of \$0.20 and an expiry date of 1 July 2023.
- 1,050,000 Andes Options with an exercise price of \$0.20 and an expiry date of 1 July 2023.
- 75,000 Andes Options with an exercise price of \$0.20 and an expiry date of 1 July 2023.
- 15,000,000 Andes Options with an exercise price of \$0.10 and an expiry date of 1 July 2023.

4.5 Minimum Participation Right

BHC and Delta are Andes Shareholders, which acquired interests in Andes through the issue of Andes Shares under an interest transfer agreement dated 11 December 2017 (in a respective proportion of 90% to BHC and 10% to Delta) (ITA). The ITA contains a right in favour of BHC (and its nominees) whereby in the event Andes is admitted to a recognised exchange, it will be issued fully paid ordinary shares in the listed entity with a value of no less than \$1,300,000 (at no cost), calculated with reference to the value of the listed entity's shares at the date of quotation of the listed entity's shares (**Minimum Participation Right**).

BHC and Delta will be issued 181,531,292 Consideration Shares in satisfaction of the Minimum Participation Right, to be issued in accordance with their respective interests. These Shares will be issued in addition to the Metminco Shares that BHC and

Delta will be issued in accordance with their respective pro-rata entitlements under the Takeover Offer.

4.6 Substantial shareholders of Andes

As at the date of this Bidder's Statement, so far as is known to Metminco, the following persons are substantial shareholders of Andes:

Andes Shareholder	Number of Andes Shares	% of Andes issued Share Capital
Sandfire	20,166,667	19.4%
BHC & Delta ¹	18,409,480	17.7%
Simon Richard Brown	9,354,542	9.0%
Freshwater Resources Pty Ltd	7,108,235	7.6%

Notes:

1. BHC and Delta were issued Andes Shares pursuant to an interest transfer agreement and hold common rights in Andes in accordance with their respective proportions. 90% of the Andes Shares issued pursuant to the interest transfer agreement were issued to BHC (or its nominee) and 10% of were issued to Delta (or its nominee). BHC has provided statement in respect of its intention to accept the Offer, as set out in Section 9.1. Delta has not provided an indication of whether or not it intends to accept the Offer.

4.7 Andes Financial Information

The summary historical financial information below has been extracted from Andes' audited financial statements for the years ended 31 December 2018 and 31 December 2017 and does not take into account the effect of the Takeover Offer.

Copies of Andes' annual reports from which the financial information was extracted can be obtained by contacting Andes' Company Secretary on +61 (8) 6245 2050.

(a) Consolidated Statement of Financial Position of Andes Group

	31-Dec-18 Audited	31-Dec-17 Audited
	\$	\$
Current assets		
Cash and cash equivalents	245,917	14,832
Trade and other receivables	21,838	(5,792)
Total current assets	267,755	9,040
Non-current assets		
Plant and equipment	42,003	20,537
Exploration and evaluation assets	2,767,871	-
Total non-current assets	2,809,874	20,537

Total assets	3,077,629	29,577
Current liabilities		
Trade and other payables	69,671	214,985
Borrowings	-	494,722
Provisions	65,137	40,553
Total current liabilities	134,808	750,260
Total liabilities	134,808	750,260
Net assets	2,942,821	(720,683)
Equity		
Issued capital	9,340,699	3,430,223
Reserves	398,266	(32,493)
Accumulated losses	(6,712,455)	(4,118,413)
Equity attributable to owners	3,026,510	(720,683)
Non-controlling interest	(83,689)	-
Total equity	2,942,821	(720,683)

(b) Consolidated Statement of Profit or Loss and Other Comprehensive Income of Andes Group

	31-Dec-18 Audited	31 Dec-17 Audited
	\$	\$
Continuing operations		
Revenue from continuing operations	260	759
Administration expense	(59,191)	(93,185)
Consultants expense	(133,719)	(96,265)
Depreciation expense	(5,368)	(9,141)
Directors' fees, salaries and superannuation	(341,303)	(36,500)
Employee benefits expense	(192,101)	(103,207)
Exploration expenditure	(1,142,185)	(446,870)
Share based payment expense	(497,755)	-
Interest Expense	(35,414)	(17,222)
Marketing and public relations	(48,489)	(14,019)
Occupancy expense	(21,859)	(24,348)
Other expense	(127,405)	(155,350)

Travel expense	(73,202)	(55,138)
Loss before income tax expense	(2,677,731)	(1,050,486)
Income tax (benefit)/expense	-	-
Loss for the year from continuing operations	(2,677,731)	(1,050,486)
Other comprehensive loss		
Items that will be reclassified to profit or loss		
Exchange differences on translating foreign operations	(66,996)	(19,999)
Other comprehensive loss for the period, net of tax	(66,996)	(19,999)
Total comprehensive loss for the period	(2,744,727)	(1,070,485)
Loss for the year attributable to:		
Owners of the parent	(2,594,042)	(1,050,486)
Non-controlling interest	(83, 689)	-
	(2,677,731)	(1,050,486)
Total comprehensive loss attributable to:		
Owners of the parent	(2,661,038)	(1,070,485)
Non-controlling interest	(83,689)	-
	(2,744,727)	(1,070,485)

(c) Consolidated Statement of Cash Flow

	31-Dec-18 Audited	31 Dec-17 Audited
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(2,311,216)	(910,499)
Interest received	260	759
Net cash used in operating activities	(2,310,956)	(900,740)
Cash flows from investing activities		
Payments for property, plant and equipment	(27,546)	-
Payment for tenements acquisition	(933,155)	-
Net cash used in investing activities	(960,701)	-
Cash flow from financing activities		
Proceeds from issues of shares	3,464,519	-
Proceeds from borrowings	36,211	477,500

Net cash generated by financing activities	3,500,730	477,500
Net (decrease)/increase in cash and cash equivalents	229,073	(423,240)
Cash and cash equivalents at the beginning of the year	14,832	362,738
Effects of foreign exchange	2,012	75,334
Accumulated losses	245,917	14,832

4.8 Further information on Andes

Andes maintains a website, www.andesresources.com, which contains further information about Andes and its operations.

Andes is an unlisted public company and, as such, is subject to regular financial reporting obligations under the Corporations Act. Andes is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Andes may be obtained from, or inspected at, an ASIC office.

Further information about Andes is contained in its Target's Statement which is enclosed with this Bidder's Statement.

5. Merged Group

5.1 Approach

This Section 5 provides an overview of Metminco and its subsidiaries following the acquisition by Metminco of all, or a portion of the Andes Shares on issue (**Merged Group**), in the various scenarios following the Takeover Offer and the effect of the Takeover Offer on Metminco and Andes.

5.2 Profile of the Merged Group

If the Takeover Offer is successful, Andes Shareholders who accepted the Takeover Offer will each receive twenty-five (25) Metminco Shares for every one (1) Andes Share transferred to Metminco (except in the circumstances described in Section 9.25) and thereupon, become economic owners of the Merged Group.

If Metminco becomes entitled to compulsorily acquire outstanding Andes Shares in accordance with Part 6A.1 of the Corporations Act, it intends to proceed with compulsory acquisition of those Andes Shares and all of Andes Shareholders will be shareholders in Merged Group, along with existing Metminco Shareholders.

In addition, Andes Optionholders will be offered Replacement Options, with proportional exercise prices and the same expiry dates as the existing Andes Options, in consideration for the entry into Andes Option cancellation deeds (**Andes Option Cancellation Deeds**).

It is a Condition that the Andes Optionholders enter into the Andes Option Cancellation Deeds. In the event that one or more Andes Optionholders do not enter into the Andes Option Cancellation Deeds, either:

- (a) The Takeover Offer will not complete; or
- (b) Metminco may waive the relevant Condition, and proceed to Completion. In this event, any Andes Optionholders that do not enter into an Andes Option Cancellation Deed, will not be issued Replacement Options, and will continue to hold Andes Options, which will be exercisable in the capital of Andes (which will become a wholly owned subsidiary of Metminco) subject to the terms of the relevant Andes Option.

Metminco intends to apply to ASX to seek quotation of the Replacement Options - Class X at the same time and in conjunction with an application for quotation of the Bonus Options and Free Attaching Options, which it expects to occur in December 2019 under a separate disclosure document.

5.3 Takeover Offer Consideration

Under the Offer, Andes Shareholders will be issued 25 Metminco Shares for every Andes Share held implying a theoretical value of \$0.05 per Andes Share, based upon a Metminco Share price of \$0.002, as it was at the close of trading on 15 May 2019, immediately prior to the execution of the Bid Implementation Agreement.

Based on the number of Andes Shares on issue on the day immediately prior to the date of this Bidder's Statement and the Metminco Shares to be issued to BHC and Delta in satisfaction of the Minimum Participation Right, up to 2,784,135,217 Metminco Shares could be issued as Takeover Offer Consideration.

5.4 Effect of Completion of the Takeover Offer

The Merged Group will have a stronger financial position with an unaudited pro forma cash position of approximately \$2.3 million immediately after Completion of the Takeover Offer.

Upon Completion of the Offer, Metminco will emerge as a strong Colombian focused exploration company with multiple advanced exploration assets and a deep pipeline of exploration opportunities in two richly endowed gold camps within one of the world's most richly endowed gold belts, the Cauca Valley, Colombia with an experienced Board and management with a track record of making tier-1 discoveries. The Merged Group's strengthened balance sheet will enable it to conduct a maiden drilling program at Chuscal and Metminco's strong shareholder base, greater market capitalisation, increased market relevance and improved access to investors and funding going forward will provide an enhanced ability to advance the Merged Group's projects.

5.5 Effect of Takeover Offer on capital structure

The effect of the Takeover Offer (and associated issues of shares relating to the Takeover Offer) on the capital of Metminco is set out below, assuming no Metminco Options are exercised and no Metminco performance rights vest, or other Metminco Shares issued other than as contemplated by this Bidder's Statement and the associated issues laid out below.

	Shares	Options / Performance Rights
Current	1,187,940,614	642,945,422 ¹
Consideration Shares²	2,784,135,217	625,000,000 ³
Debt Refinancing Shares⁴	1,000,000,000	0
Capital Raising Shares⁵	1,625,000,000	459,000,000 ⁶
Advisor Securities	62,500,000	50,000,000 ⁷
Bonus Options⁸	0	1,331,915,166
TOTAL (pre-Consolidation)	6,659,575,831	3,108,860,588
TOTAL (post Consolidation)	166,489,396	77,721,515

Notes:

1. Comprising:
 - a. 547,345,422 quoted Options with an exercise price of \$0.011 expiring 1 June 2020;
 - b. 76,400,000 performance rights (as per the terms announced on 26 April 2018); and
 - c. 9,600,000 unquoted Options issued under Metminco's long-term incentive plan exercisable at \$0.016 on or before 31 December 2019, subject to vesting conditions; and 9,600,000 unquoted Options issued under Metminco's long-term incentive plan exercisable at \$0.024 on or before 31 December 2020, subject to vesting conditions.

2. This figure comprises Consideration Shares issued as follows:
 - a. 2,602,603,925 to Andes Shareholders; and
 - b. 181,531,292 to BHC and Delta in satisfaction of the Minimum Participation Right in Andes.
3. This figure comprises:
 - a. 250,000,000 Options exercisable at \$0.008 in consideration for 10,000,000 Andes Options; and
 - b. 375,000,000 Options exercisable at \$0.004 in consideration for an estimated 15,000,000 Andes Options exercisable at \$0.10 issued in connection with the Andes Placement.
4. To be issued to RMB as the RMB Debt Refinancing Shares as part of the consideration for RMB entering into the RMB Debt Refinancing Agreement, which amongst other things provides for a \$2,000,000 reduction of Metminco's debt owing to RMB.
5. Assuming a total Capital Raising of \$4,000,000 as follows:
 - a. 459,000,000 Shares issued on conversion of the Notes.
 - b. 1,166,000,000 Shares issued in the Priority Offer & Placement
6. 459,000,000 Metminco Options issued on a 1 for 1 basis to Noteholders, subject to Shareholder approval, exercisable at \$0.004 within 2 years from the date of issue.
7. 50,000,000 unquoted options exercisable at \$0.006 (on a pre-Consolidation basis) and an expiry date three years from the date of Completion.
8. The Bonus Options exercisable at \$0.004 (on a pre-Consolidation basis) and an expiry date two years from the date of issue.

5.6 Substantial Shareholders

Following Completion of the Takeover Offer, it is expected that the following will be substantial shareholders of Metminco:

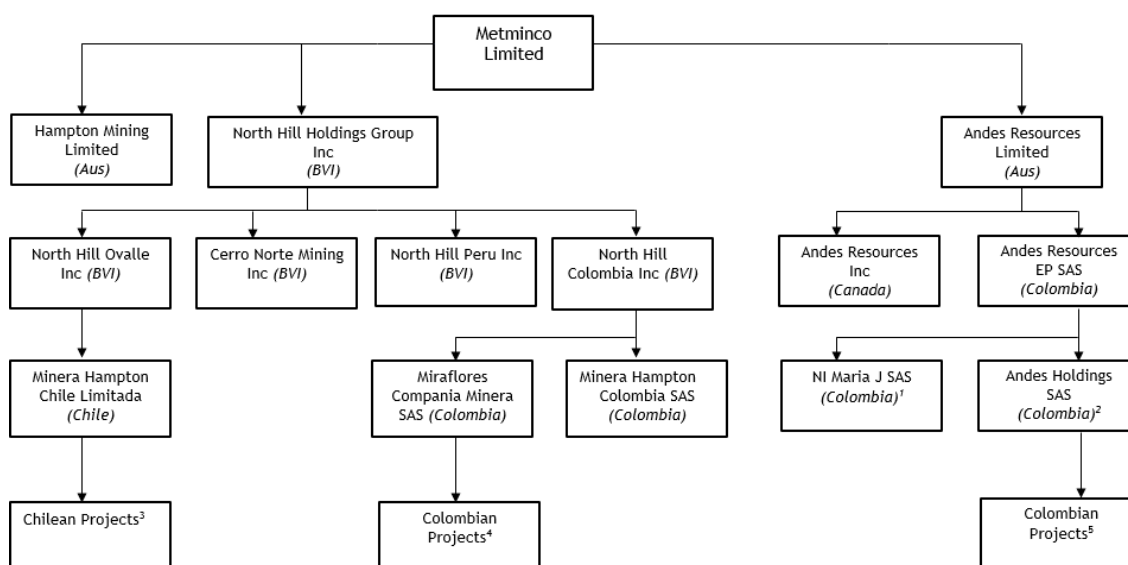
Holder	Shares (on a pre-Consolidation basis)	Percentage
Sandfire ¹	998,936,375	15%
RMB ²	1,008,000,000	15.1%
BHC & Delta ³	650,000,000	9.8%

Notes:

- 1 It is anticipated that Sandfire will be issued 504,166,650 Consideration Shares. Sandfire has provided Metminco with confirmation that it intends to subscribe for 494,769,725 Shares under the Placement, and the figures in this table assume that number of Shares will be allotted to Sandfire under the Placement. See section 9.8 for further details.
- 2 Through the issue of the RMB Debt Refinancing Shares and RMB's existing 8,000,000 Shares.
- 3 Through the issue of Consideration Shares to BHC and Delta Holdings LLC (Delta).

5.7 Effect of takeover Offer on corporate structure

At Completion, Metminco's structure will be as follows:



Note:

1. Andes has constituted Ni - Maria J SAS before the Chamber of Commerce Medellin, a company currently owned 70% by Andes Resources EP SAS and which will be the assignee of 100% of the rights derived from the permit for exploration and exploitation of gold No. P8717011. Once Andes 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 for the benefit of Andes Holdings SAS.
2. Owned 90% by Andes Resources EP SAS, with the remaining 10% held by BHC.
3. Mollacas, Vallecillo and Loica projects, owned as to 100% by Minera Hampton Chile Limitada.
4. Miraflores, Tesorito and Dosquebradas projects, owned as to 100%; Chuscal Project earning 51% interest in joint venture with AngloGold Ashanti Colombia SA.
5. Includes 800km² of applications and granted exploration permits including the San Pablo and Culpio prospects. Andes Holding SAS currently has a 77% beneficial right to San Pablo and capacity to secure 100% of the rights on payment of the final milestone payment. Andes Holding SAS, holds 100% of the beneficial interest to all other titles and applications.

5.8 Basis for preparation of the unaudited pro forma consolidated statement of financial position

The unaudited pro forma consolidated statement of financial position has been prepared in connection with the Transaction. The unaudited pro forma consolidated statement of financial position has been prepared for illustrative purposes only and gives effect to the Transaction pursuant to the assumptions described in Section 5.9. The unaudited pro forma consolidated statement of financial position as at 31 December 2018 gives effect to the Transaction as if it had occurred as at that date.

The unaudited pro forma consolidated statement of financial position is not necessarily indicative of the financial position that would have been achieved if the transaction had been completed on the dates or for the periods presented, nor do they purport to project the results of operations or the financial position of the consolidated entities for any future period or as of any future date. The unaudited pro forma consolidated statement of financial position does not reflect any special items such as integration costs or operating synergies that may be incurred or achieved as a result of the acquisition.

The pro forma adjustments and allocations of the purchase price for the proposed acquisition of Andes is based on a preliminary determination that the fair value of net assets acquired will be allocated to the exploration and evaluation assets. The final purchase price allocation will be completed after the transaction is complete.

The unaudited pro forma consolidated statement of financial position has been prepared in accordance with the recognition and measurement principles of the International Financial Reporting Standards (IFRS).

In preparing the unaudited pro forma consolidated statement of financial position in accordance with IFRS, the following historical information was used:

- (a) the audited consolidated financial report of Metminco as of and for the year ended 31 December 2018; and
- (b) the audited consolidated financial report of Andes for the year ended 31 December 2018.

In preparing the pro forma consolidated statement of financial position no alignment has been made between the accounting policies of Andes and Metminco.

	Metminco audited 31 Dec 2018 ‘\$000	Andes audited 31 Dec 2018 ‘\$000	Group adjustments to 30 June 2019 ‘\$000	adjustments on Merger ‘\$000	Metminco Pro Forma ‘\$000
Current Assets					
Cash and cash equivalents	168	246	32 (a)	1,896 (b)	2,342
Trade and other receivables	2,996	22	0	0	3,018
Total Current Assets	3,164	268	32	1,896	5,360
Non-Current Assets					
Non-current financial assets	638	42	0	2,350 (c)	3,030
Deferred exploration, evaluation and development expenditure	10,412	2,767	250	0	13,429
Total Non-Current Assets	11,050	2,809	250	2,350	16,459
TOTAL ASSETS	14,214	3,077	282	4,246	21,820
Current Liabilities					
Trade and other payables	4,627	134	481	(2,887) (d)	2,355
Total Current Liabilities	4,627	134	481	(2,887)	2,355
Non-Current Liabilities					
Trade and other payables	1,782	0	0	1,019 (d)	2,801
Total Current Liabilities	1,782	0	0	1,019	2,801
TOTAL LIABILITIES	6,409	134	481	(1,868)	5,156
NET ASSETS (LIABILITIES)	7,805	2,943	(198)	6,114	16,664
Equity					
Issued capital	339,412	9,341	1,743	(611)	349,885
Reserves	12,216	398	0	(398)	12,216
Accumulated losses	(343,823)	(6,796)	(1,941)	7,123	(345,437)
TOTAL EQUITY	7,805	2,943	(198)	6,114	16,664

- (a) Includes funds raised from the issue of the Tranche 1 and Tranche 2 Notes of \$918,000 (before costs), Andes Placement of \$750,000 (before costs) less Company and Andes estimated operating expenses (\$1.7M).
- (b) Includes capital raisings on Completion (\$2.3M) net of costs of Capital Raise and Takeover Bid (\$0.4M).
- (c) Includes goodwill adjustment of \$2.35M on acquisition of Andes.
- (d) Includes elimination of \$2.0M of RMB debt on conversion to equity and transfer of \$1.0M RMB debt from current to non-current liabilities

5.9 Effect of transaction on the unaudited pro forma statement of financial position

The pro forma consolidated statement of financial position incorporates the following pro forma assumptions in relation to Metminco's proposed acquisition of Andes:

- (a) Metminco raising a further \$2,332,000 under the Capital Raising (before costs);
- (b) costs of \$400,000 incurred in connection with the Takeover Offer, Priority Offer & Placement;
- (c) a goodwill adjustment of \$2,354,000 on acquisition of Andes; and
- (d) reduction in debt owing to RMB of \$2,000,000, and the transfer of \$1,000,000 to non-current liabilities.

5.10 Outlook for the Merged Group

This Bidder's Statement does not include any financial forecasts or projections for revenue or profit in relation to Metminco, Andes or the Merged Group.

Metminco has given careful consideration as to whether there is a reasonable basis to produce reliable and meaningful forecast financial information for the Merged Group. However, the Metminco Directors have concluded that as at the date of this Bidder's Statement, it would be misleading to provide forecast financial information for the Merged Group.

6. Intentions of Metminco

6.1 Disclosure Regarding Forward-Looking Statements

This Bidder's Statement includes forward-looking statements that have been based on Metminco's current expectations and predictions about future events including Metminco's intentions (which include those set out in this Section 6). These forward-looking statements are, however, subject to inherent risks, uncertainties and assumptions that could cause actual results, performance or achievements of Metminco, Andes and the Merged Group to differ materially from the expectations and predictions, express or implied, in such forward-looking statements. These factors include, among other things, those risks identified in this Bidder's Statement (including those set out in Section 8).

None of Metminco, its officers, the persons named in this Bidder's Statement with their consent or the persons involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of any forward-looking statements. You are cautioned not to place reliance on these statements in the event that the outcome is not achieved. These statements reflect views and opinions as at the date of this Bidder's Statement.

6.2 Metminco's Intentions Regarding Andes

(a) Overview

Subject to the below, it is the present intention of Metminco, on the basis of the information concerning Andes which is known to Metminco and the existing circumstances affecting the business of Andes, that:

- (i) the business of Andes will otherwise be continued in substantially the same manner as it is presently being conducted, noting that as with any exploration entity, the Merged Group is likely to focus its assets and expenditure in accordance with exploration results and market conditions;
- (ii) no other major changes will be made to the business of Andes;
- (iii) there will not be any redeployment of the fixed assets of Andes; and
- (iv) the present employees of Andes, including Simon Brown, will otherwise continue to be employed by Andes pending a review of the circumstances of the Metminco operations post Completion.

The current intentions of Metminco may change in light of material facts and circumstances at the relevant time.

(b) Intentions Upon Acquisition of 90% or More of Andes

Metminco reserves its right, with Andes's consent, to declare the Takeover Offer free from the Minimum Acceptance Condition (or any other Condition) to the Takeover Offer. If, as a result of the Takeover Offer, Metminco becomes entitled to compulsorily acquire outstanding Andes Shares in accordance with Part 6A.1 of the Corporations Act, it intends to proceed with the compulsory acquisition of those Andes Shares.

Metminco then intends to undertake the steps outlined in 6.2(a) above.

(c) Intentions Upon Gaining Control (more than 50%) but Less Than 90% of Andes

Metminco reserves its right, with Andes's consent and subject to the status of the other Conditions, to declare the Takeover Offer free from the Minimum Acceptance Condition (or any other Condition) to the Takeover Offer. However, Metminco has not decided at this stage whether it will free the Takeover Offer from the 90% minimum acceptance Condition (or any other Condition).

If, Metminco does declare the Takeover Offer unconditional and, following the close of the Takeover Offer, Andes becomes a controlled entity but not a wholly owned subsidiary of Metminco, Metminco presently intends, subject to the following, and to the extent possible, and to the extent appropriate, to implement the objectives and goals mentioned in 6.2(a).

The extent to which Metminco will be able to implement these intentions will be subject to:

- (i) the law and the ASX Listing Rules, in particular in relation to related party transactions and conflicts of interests; and
- (ii) the legal obligation of the directors of Andes to act for proper purposes and in the best interests of Andes Shareholders as a whole.

Having regard to this, and in particular the possible requirements of minority shareholder approval, it is possible that Metminco may not be able to implement some of these intentions.

(d) Intentions if Metminco does not Acquire Effective Control of Andes (50% or less)

Metminco reserves its right, with Andes's consent and subject to the status of the other Conditions, to declare the Takeover Offer free from the Minimum Acceptance Condition (or any other Condition) to the Takeover Offer. However, Metminco has not decided at this stage whether it will free the Takeover Offer from the 90% minimum acceptance Condition (or any other Condition).

It is noted that the Sandfire Intention Statement is conditional upon Metminco being entitled to proceed with compulsory acquisition of all remaining Andes shares upon acceptance of the Takeover Offer by Sandfire. Accordingly, there will be no requirement for Sandfire to accept the Takeover Offer in respect of its Andes Shares if the Minimum Acceptance Condition is waived.

If Metminco does declare the Takeover Offer unconditional, Metminco presently intends, subject to the Corporations Act and the ASX Listing Rules, to implement, as far as possible, objectives and goals outlined in 6.2(a) above.

7. Australian Tax Considerations

7.1 Overview

The following is a general summary of the Australian income tax, GST and duty considerations for Andes Shareholders who accept the Offer by Metminco. Under the Offer, each Andes Shareholder will receive 25 Metminco Shares for every Andes Share held.

This summary does not provide an exhaustive consideration of all possible Australian income tax, GST and duty implications that could apply to Andes Shareholders that accept the Offer. Furthermore, this summary does not consider any tax implications in jurisdictions outside of Australia.

Only Andes Shareholders that are individuals, complying superannuation funds and corporate shareholders that hold their shares on capital account have been considered in this summary. In particular, this summary is not intended to cover Andes Shareholders who:

- (a) are exempt from Australian income tax;
- (b) hold their Andes shares on revenue account or as trading stock;
- (c) are partnerships or persons that are partners of such partnerships;
- (d) acquired their Andes shares under an employee share scheme or similar employee incentive plan; or
- (e) are subject to the taxation of financial arrangements rules in Division 230 of the *Income Tax Assessment Act 1997* in relation to gains and losses on their Andes shares.

This summary does not constitute tax advice and is intended only as a general guide to the Australian tax implications of accepting the Offer based upon Australian taxation law and administrative practice in effect as at the date of this Bidder's Statement. It does not consider any specific facts or circumstances that may apply to Andes Shareholders. As the tax consequences of accepting the Offer depend on each Andes Shareholder's individual circumstances, all Andes shareholders are advised to seek independent professional advice regarding the Australian and foreign tax consequences of accepting the Offer according to their own particular circumstances.

7.2 Australian Tax Resident Shareholders

This Section applies to Andes Shareholders that accept the Offer and are residents of Australia for Australian income tax purposes that hold their Andes shares on capital account.

(a) Capital Gains Tax (CGT) Event

By accepting the Offer, Andes Shareholders will dispose of their Andes Shares to Metminco in exchange for the Consideration Shares, comprising Metminco Shares. The disposal of the Andes Shares to Metminco will give rise to a CGT event. The time of the CGT event should be the date the Andes Shares are disposed of, which will be the date that Andes Shareholders enter into a contract with Metminco.

If an Andes Shareholder does not accept the Offer and their Andes Shares are compulsorily acquired in accordance with Part 7A.1 of the Corporations Act, the date of disposal for CGT purposes will be the date when Metminco becomes the owner of the Andes Shares.

In the absence of CGT roll-over relief, the following tax consequences are expected to arise for Andes Shareholders:

- (i) a capital gain will be realised to the extent the capital proceeds received by Andes Shareholders from the disposal of their Andes Shares exceed the cost base of those Andes Shares; or
- (ii) A capital loss will be realised to the extent the capital proceeds received by Andes Shareholders from the disposal of their Andes shares are less than the reduced cost base of those shares.

Capital losses can be offset against capital gains derived in the same income year or in later income years. Specific loss recoupment rules apply to companies to limit their availability in future years in certain circumstances. Andes Shareholders should seek their own tax advice in relation to the operation of these rules.

(b) Capital Proceeds

The capital proceeds on the disposal of the Andes Shares should be equal to the Consideration Shares received by Andes shareholders.

The capital proceeds will be equal to the market value of the Metminco Shares received by Andes Shareholders at the time they enter into a contract with Metminco.

(c) Cost Base and Reduced Cost Base of an Andes Share

The cost base of an Andes share will generally be equal to the cost of acquiring the Andes Share, plus any incidental costs of acquisition and disposal (such as brokerage fees and legal costs). The reduced cost base of an Andes Share is determined in a manner similar to the cost base although some differences in the calculation of the reduced cost base may exist depending on the Andes Shareholder's particular individual circumstances. The cost base and reduced cost base of each Andes Share will depend on the individual circumstances of each Andes shareholder.

(d) CGT Discount

The CGT Discount may apply to Andes Shareholders that are individuals, complying superannuation funds or trusts, who have held, or are taken to have held, their Andes Shares for at least 12 months (not including the date of acquisition or the date of disposal) at the time of the disposal of their Andes shares.

The CGT Discount is:

- (i) one-half if the Andes Shareholder is an individual or trustee; meaning only 50% of the capital gain will be included in assessable income; and

- (ii) one-third if the Andes shareholder is a trustee of a complying superannuation entity; meaning only two-thirds of the capital gain will be included in assessable income.

The CGT Discount is not available to Andes Shareholders that are companies.

If an Andes shareholder makes a discount capital gain, any carried forward capital losses will be applied to reduce the undiscounted capital gain before either the one-half or one-third discount is applied. The resulting amount is then included in the Andes shareholder's net capital gain for the income year and included in assessable income.

The CGT Discount rules relating to trusts are complex. Accordingly, we recommend trustees seek their own independent advice on how the CGT Discount applies to them and the trust's beneficiaries.

(e) CGT Scrip for Scrip Roll-over Relief

Andes Shareholders who make a capital gain from the disposal of their Andes Shares may be eligible to choose CGT scrip for scrip roll-over relief (provided certain conditions are met). CGT scrip for scrip roll-over relief enables Andes shareholders to disregard the capital gain they make from the disposal of their Andes Shares under the Offer.

Broadly, for roll-over relief to be available, Metminco must become the owner of 80% or more of the Andes Shares under the Offer and Andes Shareholders must make a capital gain on the disposal of their Andes Shares. If a capital loss arises, no CGT scrip for scrip roll-over relief is available.

Andes Shareholders do not need to inform the ATO, or document their choice to claim CGT scrip for scrip roll-over relief in any particular way, other than to complete their income tax return in a manner consistent with their choice.

(f) Consequences of Choosing CGT Scrip for Scrip Roll-over Relief

If an Andes Shareholder chooses to obtain CGT scrip for scrip roll-over relief, the capital gain arising on the disposal of their Andes Shares under the Offer should be disregarded.

Further, the first element of the cost base for the Metminco Shares received is determined by attributing to them, on a reasonable basis, the existing cost base of the Andes shares exchanged under the Offer. The first element of the reduced cost base is determined similarly.

Finally, for the purposes of determining future eligibility for the CGT Discount, the acquisition date of the Metminco Shares is taken to be the date when the Andes Shareholder originally acquired their Andes Shares.

(g) Consequences if CGT Scrip for Scrip Roll-over Relief is not Available or is not Chosen

If an Andes Shareholder does not qualify for CGT scrip for scrip roll-over relief or does not choose to obtain CGT scrip for scrip roll-over relief, the general CGT treatment outlined above at Section 7.1(a) will apply.

If an Andes Shareholder makes a capital loss from the disposal of their Andes Shares, this loss may be used to offset capital gains in the same or subsequent

years of income (subject to satisfying certain conditions). The capital loss cannot be offset against ordinary income or carried back to offset against capital gains arising in earlier income years.

7.3 Foreign Tax Resident Shareholders

This Section applies to Andes Shareholders that accept the Offer and are not residents of Australia for Australian income tax purposes (i.e. foreign tax residents) that hold their Andes Shares on capital account. It does not apply to Andes shareholders who have held their Andes Shares at any time in carrying on a business at or through a permanent establishment in Australia.

(a) Indirect Australian Real Property Interests

Foreign tax resident Andes Shareholders who hold their Andes Shares on capital account should generally not be subject to the CGT rules in Australia on the disposal of their Andes Shares, provided their Andes Shares are not an “indirect Australian real property interest” as at the time of the disposal.

Broadly, an Andes Shareholder’s Andes Shares will not be an indirect Australian real property interest unless both of the following conditions are satisfied:

- (i) the foreign tax resident Andes Shareholder and their associates (as defined for tax purposes) together hold 10% or more of the issued shares in Andes at the time of disposal, or held 10% or more of the issued shares for at least 12 months during the 24 months prior to disposal of their Andes Shares (the non-portfolio interest test); and
- (ii) the aggregate market value of Andes’s assets which are taxable Australian property (being direct and indirect interests in real property, including land, leases of land and property affixed to land, situated in Australia) exceeds the aggregate market value of Andes’s assets which are not taxable Australian property (the principal asset test).

- (b) On the basis that the aggregate market value of Andes’s assets which are taxable Australian property does not exceed the aggregate market value of Andes’s assets which are not taxable Australian property, Andes’s Shares will not pass the principal asset test. Whilst there may be some foreign resident Andes shareholders that hold/held the requisite 10% or more of the issued shares in Andes at the time of disposal, and therefore the non-portfolio interest test is passed, their Andes Shares will not be an indirect Australian real property interest because both tests have not been passed. No CGT liability should therefore arise.

- (c) A foreign tax resident Andes Shareholder who was previously an Australian resident and chose to disregard a capital gain or loss on ceasing to be an Australian resident will be subject to the CGT consequences on disposal of their Andes Shares as detailed in Section 7.2.

(d) Foreign Resident CGT Withholding Rules

In broad terms, a foreign resident CGT withholding tax applies to transactions involving the acquisition of the legal ownership of an asset that is an indirect Australian real property interest from a foreign resident. The current withholding rate is 12.5%.

As noted above, it is unlikely that any Andes Shares held by foreign resident Andes Shareholders will be considered to be an indirect Australian real property interest. No CGT liability should therefore arise. However, to avoid any withholding, foreign resident Andes Shareholders should complete a foreign resident capital gains withholding - vendor declaration form and provide this to MNC prior to accepting the Offer.

Foreign resident Andes shareholders should seek their own advice in relation to the vendor declaration and the application of an exemption from CGT withholding in respect of this transaction.

7.4 GST

No GST will be payable by Andes Shareholders on the acquisition of their Andes Shares by Metminco under the Offer, or on the receipt of Metminco Shares as consideration for acceptance of the Offer. Andes Shareholders who are registered for GST may not be entitled to input taxed credits (or only entitled to reduced input taxed credits) for any GST incurred on costs associated with the disposal of their Andes Shares.

7.5 Duty

No Australian duty should be payable by Andes shareholders on the acquisition of their Andes shares by Metminco under the Offer, or on the receipt of Metminco Shares as consideration for acceptance of the Offer.

8. Risk Factors

8.1 Overview

The business activities of Metminco and the Merged Group are subject to various risks that may impact on the future performance of Metminco and the Merged Group. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of Metminco and the Merged Group and cannot be mitigated.

If the Offer becomes unconditional, Andes Shareholders who accept the Offer will become Metminco Shareholders. In those circumstances, Andes Shareholders will:

- (a) continue to be exposed to the risks associated to the investment in Andes as a result of their indirect interest in Andes through Metminco;
- (b) be exposed to the risks which are specific to an investment in Metminco; and
- (c) be exposed to additional risks relating to the Offer and the Merged Group.

The principal risk factors are explained below. These risks are not intended to be an exhaustive list of the risk factors to which Metminco and the Merged Group are exposed.

Andes Shareholders should read the Bidder's Statement carefully and consult their professional advisers before deciding whether to accept the Offer. This Section 8 has been prepared without taking into account the individual financial objectives, financial situation and particular needs of Andes Shareholders.

An investment in the Merged Group carries no guarantee with respect to the payment of dividends, return of capital or price at which shares will trade and should be considered speculative.

By accepting the Offer, Andes Shareholders will be investing in Metminco.

8.2 Risks Relating to the Offer

(a) Contractual and Completion risk

Pursuant to the Bid Implementation Agreement Metminco has agreed to acquire the Andes Shares subject to the fulfilment of certain Conditions. The ability of Metminco to achieve its stated objectives will depend on the performance by the parties of their obligations under the Bid Implementation Agreement. If any party defaults in the performance of their obligations, it may be necessary for Metminco to approach a court to seek a legal remedy, which can be costly, or mean that Metminco cannot complete or be able to complete the Offer.

(b) Transaction Completion risk

Metminco seeks to acquire 100% of the issued capital of Andes by way of the Takeover Offer. The Takeover Offer is subject to Conditions. If any of the Conditions are not satisfied or waived, or any of the counterparties do not comply with their obligations, Completion of the Takeover Offer may be deferred or not occur. Failure to complete the Takeover Offer would adversely impact Metminco's financial condition and level of operations.

(c) Transaction Due Diligence Risk

Metminco and its advisers have performed certain pre-acquisition due diligence on Andes. While Metminco has obtained certain warranties from Andes under the Bid Implementation Agreement with respect to information provided by Andes, there is a risk that the due diligence conducted has not identified issues that would have been material to the decision by Metminco to acquire Andes. A material adverse issue which was not identified prior to Metminco's acquisition of Andes could have an adverse impact on the financial performance or operations of the relevant businesses and may have a material adverse effect on Metminco.

(d) Issue of Metminco Shares as consideration

Andes Shareholders are being offered specific quantities of Metminco Shares as consideration under the Offer. As a result, the value of the consideration will fluctuate depending upon the market value of Metminco Shares at any given time. Accordingly, the market value of the Metminco Shares at the time you receive them may vary significantly from their market value on the date of your acceptance of the Offer.

(e) Rollover Relief

If Metminco does not acquire a Relevant Interest in at least 80% of Andes Shares, scrip-for-scrip CGT rollover relief will not be available to Andes Shareholders. Refer to Section 7 above for further details.

(f) Sale of Metminco Shares

Under the Offer, Metminco will issue a significant number of new Metminco Shares. Some holders of Metminco Shares may not intend to continue to hold their Metminco Shares and may wish to sell them. There is a risk that this may adversely impact on the price of and demand for Metminco Shares.

(g) Acquisition of Less than 90% of Andes Shares

It is possible that Metminco could acquire a Relevant Interest of less than 90% of Andes Shares on issue under the Offer. The existence of a minority interest in Andes may have an impact on the operations of the Merged Group, although the degree of this impact will depend upon the ultimate level of Andes ownership acquired by Metminco.

(h) RMB Refinancing Agreement

It is a condition to Sandfire's Intention Statement that Metminco enter into the RMB Debt Refinancing Agreement on substantially similar terms to the indicative terms announced by Metminco on 17 May 2019. While Metminco and RMB have prepared advanced drafts of the RMB Refinancing Agreement, there is a risk that the RMB Debt Refinancing Agreement will not be completed prior to the end of the Offer Period, which may delay Completion, or cause Completion not to occur. In the event that the RMB Debt Refinancing Agreement does not complete, Sandfire may choose not to accept the Takeover Offer in respect of their Andes Shares. This would result in Metminco being unable to satisfy the Minimum Acceptance Condition and compulsorily acquire the remaining Andes Shares, which may cause Completion not to occur.

The issue of the RMB Debt Refinancing Shares is further conditional upon RMB receiving approval from the South African Reserve Bank, which may lead to a delay in the issue of the RMB Debt Refinancing Shares. In the event such an approval is not forthcoming, this may affect Metminco's ability to complete the Transaction in a timely manner or at all.

8.3 Specific Risks Relating to the Merged Group

This Section 8.3 sets out risks that are specific to Metminco and Andes as the Merged Group.

(a) Risks in respect of Metminco's current operations

(i) Future capital requirements

Metminco may have difficulty in obtaining future equity or debt funding to support exploration programs, evaluation and development of its tenements.

Metminco's ability to raise further equity or debt, or to divest part of its interest in a tenement, and the terms of such transactions will vary according to a number of factors, including the success of exploration results and the future development of the tenements, stock market conditions and prices for commodities.

Should it subsequently be established that a mining production operation is technically, environmentally and economically viable, Metminco will require additional financing to establish mining operations and production facilities. Metminco may not be able to raise the additional finances that may be required for future activities. Commodity prices, environmental regulations, environmental rehabilitation or restitution obligations, revenues, taxes, transportation costs, capital expenditures, operating expenses and technical aspects are all factors which will impact on the amount of additional capital that may be required.

Additional financing may not be available on terms acceptable to Metminco, or at all. Significantly, any additional equity financing or the exercising of Options, may dilute your existing shareholdings; and debt financing, if available, may restrict financing and future activities. If Metminco fails to obtain additional financing, as needed, it may have to reduce the scope of its operations or anticipated expansion, forfeit its interest in some or all of its tenements, incur financial penalties and/ or reduce or terminate its operations.

(ii) Regulatory risks

Metminco will incur ongoing costs and obligations associated with compliance with necessary regulations. Regulatory areas which are of particular significance to Metminco include environmental compliance and rehabilitation, mining, taxation, employee relations, worker health and safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species, bribery, corruption and other matters. Metminco requires permits from regulatory authorities to authorise Metminco's operations. These permits relate to exploration, development, production and rehabilitation activities.

Any failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions on Metminco's proposed business operations. In addition, changes in regulations could require extensive changes to Metminco's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of Metminco.

(iii) Foreign governments and legal systems risk

The Colombian and Chilean jurisdictions, where Metminco's current operating assets reside, differ from the legal system found in Australia. This could lead to exposure to any or all of the following risks:

- (A) lack of guidance or interpretation of the applicable rules and regulations; and
- (B) delays in redress or greater discretion on the part of governmental authorities.

Whilst there is no evidence of material impact of this risk has had on operations in these countries, Metminco cannot guarantee that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected or even forfeited as a result of the actions of government authorities or others, and the effectiveness of and enforcement of such arrangements in these jurisdictions cannot be certain. In addition, political instability and changes in foreign law, including taxation law, may affect Metminco's ability to operate successfully, profitably or optimally in foreign jurisdictions.

(iv) Sovereign Security Risks

Both Metminco and Andes' operations are substantially located in Colombia and are subject to various in-country security risks. These risks and uncertainties include, but are not limited to, terrorism, trafficking narcotics, hostage taking, labour unrest, the risks of war or civil unrest, expropriation and nationalisation, illegal mining and changing political conditions.

In 2016, after more than 50 years of conflict, the government of Colombia signed a peace agreement with the country's largest guerrilla group, the Fuerzas Armadas Revolucionarias de Colombia (FARC). However, several other armed groups remain active across parts of the country.

It is not possible for Metminco to predict the extent to which the abovementioned risks and uncertainties may adversely impact on the Merged Group's operations.

(v) Tenure, access and grant of applications

Metminco's operations are subject to receiving and maintaining licences and permits from appropriate governmental authorities. There is no assurance that delays will not occur in connection with obtaining all necessary grants or renewals of licences/permits for the proposed operations, additional licences/permits for any possible

future changes to operations, or additional permits associated with new legislation. Prior to any development on any of its properties, subsidiaries of Metminco must receive licences/permits from appropriate governmental authorities. There is no certainty that Metminco will hold all licences/permits necessary to develop or continue operating at any particular property.

(vi) Exploration Risk

Mining exploration and development is a high-risk undertaking. The success of Metminco depends on the delineation of economically minable reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to Metminco's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities.

Exploration of Metminco's projects may be unsuccessful, resulting in a reduction of the value of those projects and diminution in the cash reserves of Metminco. The exploration costs of Metminco are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that cost estimates and underlying assumptions will be realised in practice, which may materially and adversely affect Metminco's viability.

(vii) Chuscal expenditure risk

Metminco is party to a joint venture agreement with AngloGold, which currently owns the Chuscal project. Metminco is required to spend US\$2,500,000 by May 2022 in order to obtain a 51% interest in the Chuscal licences. To date Metminco has not yet undertaken substantive expenditure on Chuscal. In the event that Metminco is unable to meet its expenditure commitments under the joint venture agreement, there is a risk that Metminco may not obtain a 51% interest in the Chuscal project.

(viii) Environmental risk

Mining and exploration have become subject to increasing environmental responsibility and liability in Australia, Colombia and Chile. The potential for liability is an "ever present" risk. The use and disposal of chemicals in the mining industry is under constant legislative scrutiny and regulation. Consistent with this, Metminco may be required, in some cases, to undertake baseline environmental studies prior to certain exploration or mining activities, so that the environmental impact can be monitored and, as far as possible, minimised. The discovery of any endangered species of fauna and flora may impact upon Metminco's ability to freely explore or develop its tenements.

There is no guarantee that nature reserves or parks will not be decreed by government agencies in the areas in which Metminco works. These could constrain Metminco's ability to operate on its existing or future licences.

(ix) **Social Licence**

In order to explore, develop or operate in communities, the general acceptance of certain stakeholder populations may be required. This may include formal agreements that can require extended negotiations with large numbers of stakeholders, for example indigenous communities and groups with native title rights. There can be no guarantee these negotiations will be concluded successfully or not be protracted and cause significant delay to Metminco's plans.

(x) **Mine development risks**

Possible future development of a mining operation at any of Metminco's future projects is dependent on a number of factors including, but not limited to, the Transaction and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

(xi) **Metallurgy**

Metal and/or mineral recoveries are dependent upon the metallurgical process, and by its nature contain elements of significant risk such as:

identifying a metallurgical process through test work to produce a saleable metal and/or concentrate;

developing an economic process route to produce a metal and/or concentrate; and

changes in mineralogy in the ore deposit can result in inconsistent metal/mineral recovery, affecting the economic viability of the project.

(xii) **Insurance risks**

There are significant exploration and operating risks associated with exploring for gold, including adverse weather conditions, environmental risks and fire, all of which can result in injury to persons as well as damage to or destruction of the extraction plant, equipment, production facilities and other property. In addition, Metminco's subsidiaries will be subject to liability for environmental risks such as pollution and abuse of the environment. The occurrences of a significant event against which Metminco is not fully insured could have a material adverse effect on its operations and financial performance. In addition, in the future some or all of Metminco's insurance coverage may become unavailable or prohibitively expensive.

(xiii) **Ability to exploit successful discoveries**

Even if an apparently viable deposit is identified, there is no guarantee that Metminco can economically exploit it. That is, it may not always be possible for Metminco to participate in the exploitation of successful discoveries made in any areas in which it has an interest because such exploitation may require further intensive capital input as well as further licences, mining concessions and clearances from relevant authorities. Metminco notes that it may or may not be possible for such conditions to be satisfied.

(xiv) **Commodity Prices**

Commodity prices are influenced by physical and investment demand for those commodities. Fluctuations in commodity prices may influence individual projects in which Metminco has an interest as well as Metminco's ability to raise capital.

(xv) **Loss of key management personnel**

Metminco's success largely depends upon key management personnel for the management of Metminco as well as upon other management and technical personnel for the daily operation of Metminco. Consequently, there is a possibility that Metminco will be adversely affected, particularly in respect of the rate at which its exploration programs and tenements are developed or prioritised, if one or more of the key management personnel cease their employment.

(xvi) **Transactional Risks**

Metminco intends to divest its non-core assets. This can be impacted by many risks beyond the control of Metminco including market risks which itself is impacted by business cycles, political, government and regulatory risks amongst others. There is no guarantee that Metminco will be able to divest its assets, or achieve reasonable prices for these assets, or complete these transactions in any timeframe.

(xvii) **Exploration costs**

The exploration costs of Metminco are premised upon a number of assumptions and estimates as regards the method and timing of exploration. These assumptions and estimates are, by their nature, speculative and subject to a number of uncertainties. Consequently, Metminco does not give any assurance that the cost estimates and the underlying assumptions will be realised in practice, which may adversely affect Metminco's

(xviii) **Tax rules**

Tax rules or their interpretation in relation to equity investments may change. In particular, both the level and basis of taxation may change. In addition, an investment in the Shares involves tax considerations that may differ for each Shareholder. Each prospective Shareholder is encouraged to seek professional tax advice in connection with any investment in Metminco.

Tax law is complex and is subject to regular change. Changes in tax law, including various proposed but as yet not enacted changes in tax

law may adversely impact Metminco's future financial performance and position.

Resulting changes in tax arrangements may adversely impact Metminco's future financial performance and position. In addition, future changes to other laws and regulations or accounting standards, which apply to Metminco from time to time, could materially adversely affect Metminco's future financial performance and position.

(xix) Litigation Risks

Metminco is exposed to possible litigation risks including contractual disputes, occupational health and safety claims and employee claims. Further, Metminco may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on Metminco's operations, financial performance and financial position. Metminco is aware that a former director of a company that was acquired by Metminco (Minera Seafield SAS, now called Miraflores Compania Minera SAS) previously lodged a claim with the Labour Court in Medellin, Colombia (Juzgado Laboral del Circuito de Medellin) seeking termination payments, unpaid bonus payments and damages in the amount of approximately US\$2 million. The Directors are of the opinion that the claim can be successfully defended and believe that the risk of Metminco facing an unfavourable judgement is remote. The next court hearing is expected to occur on or around November 2019. Metminco intends to defend the proceeding.

(xx) Competition risk

The industry in which Metminco is involved is subject to domestic and global competition. Although Metminco will undertake all reasonable due diligence in its business decisions and operations, it will have no influence or control over the activities or actions of its competitors, which activities or actions may positively or negatively affect the operating and financial performance of Metminco's business.

(xxi) Economic Risks

General economic conditions, movements in commodity prices, interest and inflation rates may have an adverse effect on Metminco's activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of Metminco's securities regardless of Metminco's operating performance. Share market conditions are affected by many factors such as:

- (A) general economic outlook;
- (B) interest rates and inflation rates;
- (C) currency fluctuations;
- (D) changes in investor sentiment toward particular market sectors (such as the exploration industry or the base metals sector within that industry);

- (E) the demand for, and supply of, capital; and
- (F) terrorism or other hostilities.

(xxii) **Force Majeure**

Metminco, now or in the future may be adversely affected by risks outside the control of Metminco including labour unrest, civil disorder, war, subversive activities or sabotage, extreme weather conditions, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

Metminco will seek to mitigate these risks to the extent possible. However, Metminco's ability to mitigate such risks may be limited to by occurrences outside their control.

8.4 General Risks Relating to the Merged Group

(a) **Risk of High Volume of Sale of Securities in Metminco**

If the Takeover Offer is successfully completed, Metminco will have issued a significant number of new Shares to various parties. Some of the Andes Shareholders, Andes Optionholders and others that receive Metminco Shares and Metminco Options as a result of the Takeover Offer may not intend to continue to hold those Shares and may wish to sell them on ASX (subject to any applicable escrow period). There is a risk that an increase in the amount of people wanting to sell Shares and Options may adversely impact on the market price of Metminco's securities.

In particular, those Metminco Shares that would otherwise be issued to Ineligible Foreign Shareholders pursuant to their acceptance of the Takeover Offer will, in accordance with the terms of the Takeover Offer and Section 619(3) of the Corporations Act, and unless Metminco otherwise determines, be sold by Hartleys as the Sale Nominee, subject to ASIC approval (see Annexure A, Section 8, of the Bidder's Statement). Assuming 100% acceptance of the Takeover Offer, the Metminco Shares to be sold by Hartleys on behalf of the Foreign Andes Shareholders is expected to amount to 4.3% of the total issued capital of Metminco immediately after Completion of the Transaction.

There can be no assurance that there will be, or continue to be, an active market for Shares or that the price of Shares will increase. As a result, Andes Shareholders may, upon selling their Shares, receive a market price for their securities that is less than the price at the date of this Bidder's Statement.

(b) **Acquisition of less than 90% of Andes Shares**

It is possible that Metminco could acquire a Relevant Interest of less than 90% of all Andes Shares on issue under the Takeover Offer (in the event that Metminco waives, with the prior written consent of Andes and subject to the status of the other Conditions, the Minimum Acceptance Condition). The existence of third-party minority interests in Andes Shares may have an impact on the operations of Andes as Andes would not, in those circumstances, be a wholly owned subsidiary of Metminco. However, this impact will depend upon the ultimate level of Metminco's ownership in Andes.

(c) Trading Price of Metminco Shares

Metminco's operating results, economic and financial prospects and other factors will affect the trading price of the Metminco Shares. In addition, the price of Metminco Shares is subject to varied and often unpredictable influences on the market for equities, including, but not limited to general economic conditions including the performance of the Australian dollar and United States dollar and Colombian Peso on world markets, inflation rates, foreign exchange rates and interest rates, variations in the general market for listed stocks in general or Australian mining stocks in particular, changes to government policy, legislation or regulation, industrial disputes, general operational and business risks and hedging or arbitrage trading activity that may develop involving the Metminco Shares.

In particular, the share prices for many companies have been and may in the future be highly volatile, which in many cases may reflect a diverse range of non-company specific influences such as global hostilities and tensions relating to certain unstable regions of the world, acts of terrorism and the general state of the global economy. No assurances can be made that Metminco's market performance will not be adversely affected by any such market fluctuations or factors.

(d) Additional Requirements for Capital

The capital requirements of the Merged Group depend on numerous factors. Depending on the ability of the Merged Group to generate income from its operations, the Merged Group may require further financing in addition to amounts raised under the Capital Raising. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Merged Group is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be.

9. Additional Information

9.1 Andes Shareholders' intention to accept the offer

On 17 May 2019, Metminco and Andes announced that they had entered into a Bid Implementation Agreement, and that Andes had been provided with letters of intention from the following Andes Shareholders to accept the Takeover Offer in the absence of a Superior Proposal.

Andes Shareholder	Andes Shares	% of Andes Share Capital
Sandfire	20,166,667	19.4%
BHC	16,864,873	16.2%

These Andes Shareholders have consented to the disclosure of the letter of intention in this Bidder's Statement and have not withdrawn that consent before the date of this Bidder's Statement.

As at the date of the Bidder's Statement, Sandfire holds 20,166,667 Andes Shares. Sandfire's intention to accept the Takeover Offer is subject to the additional conditions that:

- (a) RMB and Metminco enter into a proposed refinancing agreement on substantially the same terms as announced to ASX on 17 May 2019;
- (b) Metminco raise a minimum of \$1,300,000 in the Capital Raising, not including:
 - (i) any amount to be subscribed by Sandfire and accepted by Metminco;
 - (ii) funds raised under the issue of the Notes; and
 - (iii) funds raised under the Andes Placement; and
- (c) Metminco being entitled to proceed with compulsory acquisition of all remaining Andes shares upon acceptance of the Takeover Offer by Sandfire.

Sandfire intends to accept, or cause to be accepted the Offer in full for all its Andes Shares, no later than five Business Days prior to the close of the Offer Period, subject to the above conditions (**Sandfire Intention Statement**).

As at the date of the Bidder's Statement, BHC holds 16,864,873 Andes Shares. It is BHC's intention to accept the offer in the absence of a Superior Proposal, no sooner than 10 Business Days and no later than 20 Business Days after the commencement of the Offer Period.

9.2 Andes Board Recommendation

The Andes Board has welcomed the Takeover Offer and has indicated that, in the absence of a Superior Proposal for Andes Shares, its members intend to accept and/or procure the acceptance of the Offer in respect of all of the Andes Shares that they control and will unanimously recommend that Andes Shareholders accept the Takeover Offer.

9.3 Bid Implementation Agreement

On 16 May 2019, Metminco and Andes entered into the Bid Implementation Agreement pursuant to which Metminco made a conditional off-market Takeover Offer for all the Andes Shares on issue. The Conditions to the Takeover Offer are set out in Annexure A, Section 9.

A full copy of the Bid Implementation Agreement was lodged with the ASX on 17 May 2019 and can be obtained from Metminco's website (at www.metminco.com.au/site/news/ASX-Announcements) or on Metminco's profile on the ASX's website at (www.asx.com.au).

9.4 Exclusivity

Under the Bid Implementation Agreement, Metminco and Andes have agreed to an exclusivity period commencing 16 May 2019 until the earlier of Completion, termination of the Bid Implementation Agreement or 31 August 2019 (unless otherwise agreed in writing), during which neither party may solicit other proposals without the other party's consent and must notify each other if a competing proposal is received. In the event that a competing proposal is received by Andes which is superior to the Takeover Offer, Metminco will have an opportunity to vary the terms of the Takeover Offer to match or better such a Superior Proposal.

9.5 Reconstitution of the Metminco Board

Under the Bid Implementation Agreement, Metminco and Andes agreed that two (2) Andes nominees would be appointed to the Metminco Board, and two (2) existing Metminco Directors would resign, upon successful Completion of the Takeover Offer. Consequently, it is proposed that Messrs Roger Higgins and Glenister Lamont will step down from the Metminco Board and the following Proposed Directors will join the Metminco Board upon successful completion of the Takeover Offer:

- (a) Mr Jason Stirbinskis - Managing Director; and
- (b) Mr Ross Ashton - Non-Executive Director.

In addition, under the Sandfire Collaboration Agreement, from the date Sandfire acquires a voting interest in Metminco of 15%, Sandfire is granted the right to appoint a Director to the Board, provided that it has a voting interest of not less than 15% of Metminco.

9.6 Termination Fee

If a party terminates the Bid Implementation Agreement due to a material default by the other party (such as the failure of Metminco to satisfy the Metminco Shareholder Approval Condition) under the Bid Implementation Agreement, the defaulting party must pay an amount of \$85,000 as reimbursement for costs incurred in connection with the Bid Implementation Agreement and Takeover Offer.

9.7 Status of Conditions

The conditions of the Takeover Offer are set out in Section 9 of Annexure A (Conditions). Metminco will use all reasonable endeavours to ensure the Conditions are satisfied as soon as possible after the date of this Bidder's Statement.

As at the date of this Bidder's Statement, Metminco is not aware of any events which have occurred which would result in a breach or inability to satisfy the Conditions.

Metminco will give a notice of the status of the Conditions in accordance with the Corporations Act on 16 July 2019 (subject to extension if the Offer Period is extended).

9.8 Capital Raising

It is a condition under the Bid Implementation Agreement that Metminco and Andes undertake a joint capital raising. The proposed capital raising will raise no less than \$4,000,000 (**Capital Raising**) and comprises:

- (a) the issue of Tranche 1 and Tranche 2 Notes, which has been completed and raised \$918,000 (before costs), with the Tranche 1 and 2 Notes convertible into a maximum of 459,000,000 Shares, subject to Shareholder approval of the issue of the Tranche 2 Notes as equity securities;
- (b) Andes Placement to raise up to \$750,000 (before costs);
- (c) a Priority Offer to raise up to \$1,000,000 (before costs) through the issue of up to 500,000,000 Shares at an issue price of \$0.002, made to Metminco's eligible Shareholders (**Priority Offer**); and
- (d) a Placement to raise up to \$1,332,000 (before costs) through the issue of up to 666,000,000 Shares at an issue price of \$0.002 (**Placement**).

On 1 April 2019, Metminco announced that it had issued 306 Notes (comprising 115 Tranche 1 Notes and 191 Tranche 2 Notes to unrelated professional and sophisticated investors to raise \$918,000 (before costs). Subject to Shareholder approval, the Notes automatically convert upon Completion at a conversion price of \$0.002.¹²

The Priority Offer and Placement will be conducted under a Prospectus and together will raise \$2,332,000 by the issue of up to 1,166,000,000 Shares. Metminco will accept applications from professional, sophisticated and retail investors.

The Board in consultation with Hartleys retains the ultimate discretion to allocate Shares under the Priority Offer and Placement as it sees fit, however, it is noted that its current intention is to prioritise applications as follows:

- (i) under the Priority Offer to Metminco's existing Shareholders as at 18 June 2019;
- (ii) under the Placement to Andes Shareholders, including Sandfire; and
- (iii) in respect of shortfall to the Priority Offer and Placement, a preference to Metminco's Shareholder and Andes Shareholders and then to all other applicants.

The Andes Placement completed on 17 June 2019.

As at the date of this Bidder's Statement only the funds to be raised by the Priority Offer and Placement totalling \$2,332,000 remain outstanding.

On 3 June 2019, Metminco announced it had entered into an underwriting agreement with Hartleys, under which the full amount of \$1,342,461 has been underwritten. The Underwriting Agreement is conditional upon the Bid Implementation Agreement not

¹² As announced on 1 April 2019, the Notes automatically convert at a conversion price of \$0.003 upon successful completion of the Takeover Offer. The conversion price of the Tranche 1 and Tranche 2 Notes has been amended by way of a Note amendment deed, entered into by each of the Noteholders and Metminco.

terminating, RMB entering into the RMB Debt Refinancing Agreement, and industry standard underwriting conditions.

9.9 Andes Optionholders

It is a condition under the Bid Implementation Agreement that each Andes Optionholder that does not otherwise exercise its Andes Options prior to the date 10 Business Days prior to the end of the Offer Period, enters into a Andes Option Cancellation Deed in respect of their Andes Options. In consideration for entry of Andes Optionholders into the Andes Options Cancellation Deeds, Metminco has agreed to offer Andes Optionholders, Metminco Options (**Replacement Options**), on the terms set out in Annexure B.

Currently there are 25,000,000 Andes Options on issue. This means that up to 625,000,000 Replacement Options will be issued, at Completion, under the ratio of 25 Replacement Options for 1 Andes Option.

Andes Optionholders that submit an eligible exercise notice in respect of Andes Options up to 10 Business Days prior to the Record Date will be eligible to receive Consideration Shares.

9.10 Sandfire Collaboration Agreement

On 16 May 2019, Metminco entered a collaboration agreement with Sandfire (**Sandfire Collaboration Agreement**). The Sandfire Collaboration Agreement replaces an existing collaboration agreement Sandfire has in place with Andes dated on or around 13 June 2018 (**Existing Collaboration Agreement**). To the extent possible, the Sandfire Collaboration Agreement replicates the terms of the Existing Collaboration Agreement between Andes and Sandfire and in any event, contains terms that are no more favourable than the Existing Collaboration Agreement.

The Sandfire Collaboration Agreement becomes effective upon Sandfire acquiring voting power of 15% or greater in Metminco. Under the Sandfire Collaboration Agreement, Metminco grants Sandfire:

- (a) an anti-dilution right to ensure Sandfire is offered the ability to participate in any new offer of Securities for consideration no more favourable than third party subscribers;
- (b) the right to appoint a nominee to Metminco's technical committee;
- (c) the right to submit a competing proposal in respect of any debt financing; and
- (d) the right to appoint a Board nominee.

The Sandfire Collaboration Agreement will terminate in the event that Sandfire's voting interest falls below 15% as a result of either:

- (a) its non-participation in a new offer of securities; or
- (b) as a result of the conversion of convertible securities, and stays below 15% for a period of greater than 3 months.

As announced on 11 June 2019, Metminco has received a waiver from ASX in respect of Listing Rule 6.18 to permit it to grant the Anti-Dilution Right to Sandfire.

9.11 RMB Debt-refinancing

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

- (a) subject to approval from the South African Reserve Bank, RMB will be issued 1,000,000,000 Metminco shares as the RMB Debt Refinancing Shares as part of the consideration for RMB entering into the RMB Debt Refinancing Agreement, which amongst other things provides for a \$2,000,000 reduction of Metminco's debt owing to RMB;
- (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 of gold 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.

Attaining the above noted milestones will 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 \$15 million.

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

The RMB Debt Refinancing Shares will be subject to voluntary disposal restrictions, which preclude RMB from disposing of the RMB Debt Refinancing Shares, save for in certain circumstances. The restriction will apply to all RMB Debt Refinancing Shares over a period of 48 months, save for the RMB Debt Refinancing Shares that are released in accordance with the RMB Debt Refinancing Agreement. The release of the RMB Debt Refinancing Shares will occur at six monthly intervals, with 12.5% of the initial number of RMB Debt Refinancing Shares being released in each instance.

It is a condition within the Sandfire Intention Statement that RMB and Metminco enter into this proposed refinancing agreement.

Metminco has been granted a confirmation from ASX in respect of Listing Rule 10.1 to confirm that Listing Rule 10.1 does not apply to RMB as a substantial shareholder of Metminco, on the basis that RMB acquired the security interest prior to becoming a substantial Shareholder.

9.12 Hartleys Mandate

Pursuant to a mandate dated 24 February 2019, Hartleys has been appointed as Metminco's corporate advisor in relation to the proposed Transaction (**Advisor Mandate**).

Under the Advisor Mandate, Metminco has agreed to pay Hartley's Limited certain fees in consideration for its services, namely:

- (a) a success fee payable on Completion of the Transaction of:
 - (i) \$125,000 in cash; and
 - (ii) 62,500,000 fully paid Shares;
- (b) an abort fee of 25% of any break fee paid to Metminco in respect to the Transaction;
- (c) capital raising fees of:
 - (i) 50,000,000 Advisor Options conditional on Metminco and Andes raising \$4,000,000 through the Capital Raising (**Advisor Options**); and
 - (ii) 6% of the gross amount subscribed for Metminco shares pursuant to Capital Raisings undertaken while Hartleys is engaged, not including fees associated with the Andes Placement.

The Advisor Options will have an exercise price of \$0.006 and an expiry date of 3 years from the date of issue. The terms and conditions of the Advisor Options are set out in Annexure B.

9.13 Admission of Takeover Offer Consideration

Metminco will lodge an application for admission to Official Quotation of all Metminco Shares issued as the Takeover Offer Consideration on ASX. Quotation will not be automatic and will depend upon ASX exercising its discretion.

As Metminco is listed on ASX, Metminco's actions and activities are subject to the ASX Listing Rules.

9.14 Consolidation

Post-Completion, Metminco proposes to undertake a Consolidation of its capital on a 1 for 40 basis.

Metminco Options will also be consolidated pursuant to the requirements of Listing Rule 7.22.1, in the same ratio as the Shares, and the exercise price amended in inverse proportion to the ratio.

9.15 Bonus Options

Following the Completion of the Takeover Offer, Metminco intends to issue each Metminco Shareholder on the record date, which is expected to be in December 2019, one (1) Option for every five (5) Metminco Shares held.

These Options will have a pre-Consolidation exercise price of \$0.004 and an expiry date of two years from the date of issue.

The Options will be offered on a post-Consolidation basis and will be subject to a separate disclosure document.

The terms and conditions of these Options are set out in Annexure B.

9.16 Expenses of the Takeover Offer

Metminco estimates it will incur fees for services provided in connection with the Takeover Offer and associated transactions and documentation, including for legal, taxation, financial advisers, share register and ASX and other professional fees, in the amount of approximately \$342,001 (excluding GST).

Estimated expenses of the Takeover Offer	\$
ASIC lodgment fees ¹	11,957
Legal expenses ²	150,000
Advisor fees ³	125,000
Underwriting Fee ⁴	20,000
Printing, mailing and other expenses	12,000
ASX listing fees ⁵	23,044
TOTAL	342,001

Note:

1. Comprised of \$5,264 fee for the lodgement of the Bidder's Statement, \$3,206 for the lodgement of the Prospectus and \$3,487 for appointment of foreign sale nominee.
2. Comprising legal fees associated with the negotiation of the non-binding indicative offer and Collaboration Agreement, due diligence, drafting of the Notice of Meeting, issue of the Notes, preparation of Capital Raising and Takeover Offer documents.
3. Advisor fees estimated at \$125,000 are payable in accordance with the Lead Manager Mandate (see Section 9.17 for further details).
4. Relating to an underwriting management fee of \$20,000 additional to the fees payable to Hartleys in respect of the Advisor Mandate.
5. This figure assumes 5,471,635,217 new Metminco Shares are to be quoted at \$0.002 per Share comprised of:
 - a. 2,784,135,217 Consideration Shares;
 - b. 1,000,000,000 Debt Refinancing Shares;
 - c. 1,625,000,000 Capital Raising Shares; and
 - d. 62,500,000 Advisor Shares.

9.17 Interests and Benefits Relating to the Takeover Offer

(a) Interests

Other than as set out below or elsewhere in this Bidder's Statement, no:

- (i) Director or Proposed Director of Metminco;
- (ii) person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement;
- (iii) promoter of Metminco; or

- (iv) broker or underwriter in relation to the issue of Metminco Shares pursuant to the Takeover Offer or financial services licensee named in this Bidder's Statement as being involved in the issue of Metminco Shares,

(together, the **Interested Persons**) has, or had within 2 years before the date of this Bidder's Statement, any interest in:

- (v) the formation or promotion of Metminco;
- (vi) any property acquired or proposed to be acquired by Metminco in connection with its formation or promotion or in connection with the offer of Metminco Shares under the Takeover Offer; or
- (vii) the offer of Metminco Shares under the Takeover Offer.

(b) Disclosure of Fees and Benefits Received by Certain Persons

Other than as set out below or elsewhere in this Bidder's Statement, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given:

- (i) to a Director or Proposed Director of Metminco to induce them to become, or to qualify as, a Director of Metminco; or
- (ii) for services provided by a Director or Proposed Director of Metminco in connection with the formation or promotion of Metminco or the offer of Metminco Shares under the Takeover Offer.

9.18 Metminco's Interest in Andes Shares

As at the date of this Bidder's Statement:

- (a) Metminco has no voting power in Andes; and
- (b) Metminco has no Relevant Interest in Andes Shares.

Immediately before the first Takeover Offer is sent:

- (a) Metminco has no voting power in Andes; and
- (b) Metminco has no Relevant Interest in Andes Shares.

9.19 Acquisitions of Andes Shares by Metminco and its Associates

(a) Previous 4 months

Neither Metminco nor any Associate of Metminco has provided, or agreed to provide, consideration for Andes Shares under any purchase or agreement during the period beginning 4 months before the date of this Bidder's Statement ending on the day immediately before the date of this Bidder's Statement.

(b) Period before Takeover Offer

Neither Metminco nor any Associate of Metminco will provide, or agree to provide, consideration for Andes Shares under any purchase or agreement

during the period starting on the date of this Bidder's Statement and ending on the date immediately before the date of the Takeover Offer.

9.20 No Escalation Agreements

Neither Metminco nor any Associate of Metminco has entered into any escalation agreement that is prohibited by Section 622 of the Corporations Act.

9.21 Collateral Benefits

(a) Previous 4 months

During the period beginning 4 months before the date of this Bidder's Statement and ending on the day immediately before the date of this Bidder's Statement, neither Metminco nor any Associate of Metminco gave, or offered to give or agreed to give, a benefit to another person that was likely to induce the other person, or an Associate of that person, to:

- (i) accept the Takeover Offer; or
- (ii) dispose of their Andes Shares,

and which is not offered to all holders of Andes Shares under the Takeover Offer.

It is noted that one Andes Shareholder, who is not a related party of Metminco or Andes, subscribed for 5 Notes in the amount of \$15,000 on the same terms and conditions as other Noteholders.

(b) Period before Takeover Offer

During the period starting on the date of this Bidder's Statement and ending on the date immediately before the date of the Takeover Offer, neither Metminco nor any Associate of Metminco will give, or offer to give or agree to give, a benefit to another person that was likely to induce the other person, or an Associate of that person, to:

- (i) accept the Takeover Offer; or
- (ii) dispose of their Andes Shares,

and which is not offered to all holders of Andes Shares under the Takeover Offer.

9.22 Disclosure of Interests of Directors and Proposed Directors

The Relevant Interests of each of the Directors in Securities as at the date of this Bidder's Statement are set out below:

Director	Shares	Quoted Options ¹	Unquoted Options ³	Performance Rights ²
Kevin Wilson	36,905,172	5,017,104	-	46,400,000
Glenister Lamont	2,625,000	625,000	9,600,000	-
Roger Higgins	2,123,348	417,636	9,600,000	-
TOTAL	41,653,520	6,059,740	19,200,000	46,400,000

Notes

1. Quoted Options with an exercise price of \$0.011 expiring 1 June 2020;
2. Performance rights (as per the terms announced on 26 April 2018); and
3. 9,600,000 Unquoted Options issued under Metminco's Long Term incentive plan exercisable at \$0.016 on or before 31 December 2019, subject to vesting conditions; and 9,600,000 unquoted Options issued under Metminco's Long Term incentive plan exercisable at \$0.024 on or before 31 December 2020, subject to vesting conditions.

The Proposed Directors do not have any interests in Metminco securities as at the date of this Bidder's Statement.

The Proposed Directors interests in Andes securities, as at the date of this Bidder's Statement, is set out below.

Name	Andes Shares	Andes Options
Jason Stirbinskis ¹	266,667	3,000,000
Ross Ashton	7,858,235	2,500,000 ^{2,3}

Notes:

1. 3,000,000 Andes Options exercisable at \$0.20 and expiring on 1 July 2023, subject to vesting conditions.
2. 1,000,000 Andes Options exercisable at \$0.20 and expiring on 1 July 2023.
3. 1,500,000 Andes Options exercisable at \$0.10 and expiring 2 years from the date of issue.

The Directors of Metminco do not have any interests in Andes securities as at the date of this Bidder's Statement.

9.23 Fees and Benefits of Directors and Proposed Directors

The Constitution of Metminco provides that the Directors may be paid for their services as Directors a sum not exceeding such fixed sum per annum as may be determined by Metminco in general meeting, to be divided among the Directors and in default of agreement then in equal shares. The current sum payable to Directors, including executive directors, is \$287,500 per annum.

The annual remuneration (inclusive of superannuation) of the Metminco Directors for the last two financial years ended 31 December 2018 and 31 December 2017 are as follows:

Director	FY	Salary, fees & leave (\$)	Super-annuation (\$)	TOTAL (\$)
Kevin Wilson ¹	2018	139,786	14,182	153,968
	2017	-	-	-
Glenister Lamont ²	2018	27,092	2,799	29,891
	2017	-	-	-
Roger Higgins ³	2018	37,500	-	37,500
	2017	37,500	-	37,500

Notes:

1. Mr Wilson was appointed as Executive Chairman on 23 March 2018 and is remunerated at \$200,000 per annum (including statutory superannuation) plus annual bonuses based on performance as determined by the Board. Mr Wilson has also been granted Performance Rights under Metminco's Long Term Incentive Plan as set out in Section 9.22 above.
2. Mr Lamont was elected as a Non-Executive Director on 28 May 2018 and is remunerated via a directors' fee of \$50,000 per annum (including statutory superannuation). Mr Lamont has also been granted Unquoted Options under Metminco's Long Term Incentive Plan as set out in Section 9.22 above.
3. Mr Higgins has also been granted Unquoted Options under Metminco's Long Term Incentive Plan as set out in Section 9.22 above.

Directors are also reimbursed for all reasonable expenses incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of Metminco and other miscellaneous expenses.

The remuneration of Directors is reviewed annually by Metminco.

Other than statutory superannuation payments, the Directors did not receive any cash salary during 2018.

9.24 Material Litigation

Metminco is not aware of any instituted or threatened litigation, or other legal proceedings in relation to Metminco, save for the below.

Metminco is aware that a former director of a company that was acquired by Metminco (Minera Seafeld SAS, now called Miraflores Compania Minera SAS) previously lodged a claim with the Labour Court in Medellin, Colombia (Juzgado Laboral del Circuito de Medellin) seeking termination payments, unpaid bonus payments and damages in the amount of approximately US\$2 million. The Directors are of the opinion that the claim can be successfully defended and believe that the risk of Metminco facing an unfavourable judgement is remote. The next court hearing is expected to occur on or around November 2019. Metminco intends to defend the proceeding.

9.25 Ineligible Foreign Shareholders

Andes Shareholders who are Ineligible Foreign Shareholders will not be entitled to receive Metminco Shares as consideration for their Andes Shares pursuant to the Takeover Offer, unless Metminco otherwise determines.

An Andes Shareholder is an Ineligible Foreign Shareholder for the purposes of the Takeover Offer if their address as shown in the register of members of Andes is in a jurisdiction other than Australia or its external territories. However, such a person will not be an Ineligible Foreign Shareholder if Metminco is satisfied, in its sole discretion, that it is not legally or practically constrained from making the Takeover Offer to a Andes Shareholder in the relevant jurisdiction and to issue Metminco Shares to such a Andes Shareholder on acceptance of the Takeover Offer, and that it is lawful for the Andes Shareholder to accept the Takeover Offer in such circumstances in the relevant jurisdiction. Notwithstanding anything else in this Bidder's Statement, Metminco is not under any obligation to spend any money, or undertake any action, in order to satisfy itself concerning any of these matters.

The Metminco Shares which would otherwise have been issued to Ineligible Foreign Shareholders will instead be issued to the Sale Nominee who will sell these shares. The proceeds of the sale (less any transaction costs) of such shares will then be remitted to the relevant Ineligible Foreign Shareholders.

For further information, see Section 8 of Annexure A of this Bidder's Statement.

9.26 Expiry Date

No securities will be issued on the basis of this Bidder's Statement after the date which is 13 months after the date of this Bidder's Statement.

9.27 Date for Determining Holders

For the purposes of Section 633 of the Corporations Act, the date for determining the people to whom this Bidder's Statement is sent is the Record Date.

9.28 Other Material Information

There is no other information material to the making of a decision by a holder of Andes Shares whether or not to accept the Takeover Offer being information that is known to Metminco and which has not previously been disclosed to Andes Shareholders other than as is contained elsewhere in this Bidder's Statement.

9.29 Consent

Each of the parties referred to in this Section 9.29:

- (a) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Bidder's Statement other than a reference to its name and a statement included in this Bidder's Statement with the consent of that party as specified in this Section 9.29; and
- (b) has not caused or authorised the issue of this Bidder's Statement.

Each of the following has consented to being named in this Bidder's Statement in the capacity as noted below and have not withdrawn such consent prior to the lodgement of this Bidder's Statement with ASIC:

- (a) Hartleys as lead manager and underwriter to the Placement and Priority Offer and corporate advisor to the Takeover Offer;
- (b) Bellanhouse as Australian legal advisors to Metminco in relation to the Takeover Offer; and

(c) Link Market Services Limited as the share registry of Metminco.

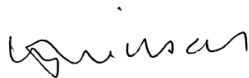
This Bidder's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC or on Metminco announcement platform of ASX. Under the Class Order 13/521, the parties making those statements are not required to consent to, and have not consented to, inclusion of those statements in this Bidder's Statement. If you would like to receive a copy of any of these reports or statements free of charge, please contact Metminco 's Company Secretary on +61 3 9867 7199.

10. Directors Authorisation

The Bidder's Statement is issued by Metminco and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Bidder's Statement with ASIC and has not withdrawn that consent.

This Bidder's Statement is signed for and on behalf of Metminco by:

A handwritten signature in black ink, appearing to read 'Kevin Wilson', with a stylized flourish at the end.

Kevin Wilson
Executive Chairman
Dated: 18 June 2019

11. Glossary of Terms

11.1 Definitions

In this Bidder's Statement (including its annexures), unless the context otherwise requires:

\$ or Dollar means Australian dollars.

Acceptance Form means the form of acceptance for the Offer accompanying this Bidder's Statement or alternatively any acceptance form sent to an Andes Shareholder by Metminco's share registry in relation to the Offer, as the context requires.

Advisor Mandate has the meaning given in Section 9.12.

Advisor Option has the meaning given in 9.12(c)(i).

Advisor Securities means Metminco Shares and Options issued to Hartley's Limited under the Advisor Mandate.

AEST means Australian eastern standard time.

Ag means silver.

Andes or Target means Andes Resources Limited (ACN 166 866 691).

Andes Board or Target Board means the board of directors of Andes as at the date of this Bidder's Statement.

Andes Group or Target Group means Andes and its Subsidiaries.

Andes Option or Target Option means an option to acquire an Andes Share.

Andes Option Cancellation Deeds has the meaning given in Section 5.2.

Andes Optionholders means all persons who hold Andes Options.

Andes Placement means the placement by Andes raising \$750,000 by the issue of 15,000,000 Andes Shares and 15,000,000 Andes Options.

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

Andes Shareholders or Target Shareholders means all persons who hold Andes Shares.

AngloGold means AngloGold Ashanti Colombia SA.

Announcement Date means 16 May 2019, being the date, the Offer was announced on ASX.

As means arsenic.

Associate has the meaning given in Chapter 6 of the Corporations Act.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange (as the context requires).

ASX Listing Rules means the official listing rules of ASX, as amended from time to time.

ASX Settlement Corporation means ASX Settlement Pty Ltd (ACN 008 504 532).

ASX Settlement Operating Rules means the operating rules of the ASX Settlement Facility (as defined in Rule 1.1.1 and Rule 1.1.2 of the ASX Settlement Operating Rules) in accordance with Rule 1.2 which govern, inter alia, the administration of the CHES subregisters.

Au means gold.

AWST means Australian western standard time.

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

Bid Implementation Agreement means the agreement between Metminco and Andes pursuant to which Metminco agreed to make the Takeover Offer, a copy of which was announced by Metminco on 16 May 2019.

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 in respect of the RMB Bidder Refinancing Agreement; or
- (c) Bidder becoming obliged to issue, agreeing to issue or issuing Metminco Shares at a price less than \$0.002 per Metminco Share, save for the:
 - (i) issue and conversion of the Notes; and
 - (ii) issues contemplated by the Essential Shareholder Resolutions;
 - (iii) other than an event, matter or circumstance:
- (d) required or permitted to be done by this Bid Implementation Agreement;
- (e) required to be done as a result of the Takeover Offer;
- (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 the Bid Implementation 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 the Bid Implementation 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 the material contracts of Metminco.

Bidder's Statement means this document including the Annexures.

Board or Metminco Board means the board of directors of Metminco.

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

Bonus Option Record Date means a date to be determined by Metminco, as set out in Section 9.15.

Business Day means a day that is not a Saturday, Sunday or any other day which is a public holiday or a bank holiday in Western Australia.

Capital Raising has the meaning given in Section 9.8.

Capital Raising Shares means the Metminco Shares issued under the Placement, Priority Offer and upon conversion of the Notes.

Capital Raise Condition means the condition to the Takeover Offer set out in Section 9(a)(vi) of Annexure A to this Bidder's Statement.

CGT means capital gains tax as defined in the Income Tax Assessment Act 1997 (Cth).

CGT Discount has the meaning given in Section 7.2(d).

CHESS means Clearing House Electronic Subregister System as defined in Rule 2.3.1 of the ASX Settlement Operating Rules.

CHESS Holding means a number of Andes Shares which are registered on Andes's share register being a registered administered by the ASX Settlement Corporation and which records uncertified holdings of shares.

Company or Metminco means Metminco Limited (ACN 119 759 349) or the Merged Group as the context requires.

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 Offer or Takeover Offer, scheme of arrangement or by establishing a dual listed company structure or stapled security structure).

Completion means successful completion of the Takeover Offer.

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

Conditions means the conditions to the Takeover Offer set out in Section 9 of Annexure A.

Consideration Shares means Metminco Shares offered to Andes Shareholders as Takeover Offer Consideration.

Consolidation means the consolidation of the capital of Metminco on a 1:40 basis, for which Shareholder approval is being sought at the Metminco Shareholder Meeting.

Constitution means the constitution of Metminco.

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

Cu means copper.

Director or **Metminco Director** means a director of Metminco as at the date of this Bidder's Statement.

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

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 Metminco Shareholder Resolutions means those resolutions referred to in paragraphs (a) and (e) of the definition of "Metminco Shareholder Meeting".

Free Attaching Options has the meaning given in the Notice of Meeting.

Government 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 Australia or any of its states and territories; or
- (c) 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, ASX and the Takeovers Panel.

gpt means grams per tonne.

Hartleys means Hartleys Limited ACN 104 195 057.

Ineligible Foreign Shareholder means any Andes Shareholder whose address, as entered in the register of members of Andes, is in a jurisdiction other than Australia (and its external Territories), unless Metminco otherwise determines after being satisfied that it is not unlawful, not unduly onerous and not unduly impracticable to make the Offer to an Andes Shareholder in the relevant jurisdiction and to issue Metminco Shares to such an Andes Shareholder on acceptance of the Offer, and that it is not unlawful for such an Andes Shareholder to accept the Offer in such circumstances in the relevant jurisdiction.

JORC Code means the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and the terms **Measured, Indicated, Inferred, Proved, Probable, Resource** and **Reserve** have the meanings given by the JORC Code.

Loan Agreement means the loan agreement between Kevin Wilson and Metminco dated 1 March 2019, under which Kevin Wilson advanced \$50,000 to Metminco on industry standard terms for a loan of this nature, with interest accruing at an annual rate of 9%.

Merger means the proposed merger of Metminco and Andes following successful Completion of the Takeover Offer.

Merged Group means Metminco and its subsidiaries after successful Completion of the Takeover Offer, including without limitation Andes.

Metminco or Bidder means Metminco Limited ACN 119 759 349.

Metminco Group means Metminco and its Subsidiaries.

Metminco Option or Option means an option to acquire a Metminco Share.

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

Metminco Shareholder or Shareholder means a holder of a Metminco Share.

Metminco Shareholder Approval Condition means the condition to the Takeover Offer set out in Section 9(a)(viii) of Annexure A to this Bidder's Statement.

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

- (a) the change to the nature and/or scale of Metminco's activities as a result of the Takeover Offer, for the purposes of ASX Listing Rule 11.1.2;
- (b) approval for the conversion of Tranche 2 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 Notes for the purpose of Listing Rule 7.4; and
- (e) subject to the Takeover Offer being declared Unconditional or completing:

- (i) the issue of up to 1,166,000,000 Bidder Shares at \$0.002 per Metminco Share pursuant to the Priority Offer and Placement, for the purposes of ASX Listing Rule 7.1;
- (ii) the issue of the Consideration Shares 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 Securities 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 Andes to the Board:
 - (A) Jason Stirbinkskis (as Managing Director); and
 - (B) Ross Ashton (as Non-executive Director); and
- (vii) the Consolidation,

Minimum Acceptance Condition means the condition to the Takeover Offer set out in Section 9(a)(i) of Annexure A.

Minimum Participation Right has the meaning given in Section 4.5.

Mo means molybdenum.

Note means the 306 notes, comprising the Tranche 1 and Tranche 2 Notes, issued by Metminco on the terms set out in the Notice of Meeting.

Noteholder means the holder of a Note.

Notice of Meeting means the Notice for the Metminco Shareholder Meeting as announced on 14 June 2019 to be held on 15 July 2019, as required under the ASX Listing Rules and the Corporations Act.

Ozs means ounces.

Offer has the same meaning as given to the term "Takeover Offer" in this Bidder's Statement.

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

Official List of the ASX means the official list of entities that ASX has admitted and not removed.

Optionholder means the holder of a Metminco Option.

Placement means the placement offer of 666,000,000 Metminco Shares at \$0.002 (on a pre-Consolidation basis) conducted by Metminco in conjunction with the Priority Offer.

Priority Offer means an offer by Metminco of 500,000,000 Metminco Shares at \$0.002 per Metminco Share (on a pre-Consolidation basis) made pursuant to the Prospectus, in conjunction with the Placement.

Proposed Directors means the nominees of Andes to be appointed to the Metminco Board pursuant to the terms of the Bid Implementation Agreement.

Prospectus means the prospectus prepared by Metminco in accordance with Chapter 6D of the Corporations Act, pursuant to which the Priority Offer is made, dated 18 June 2019.

Quinchia Gold Projects has the meaning given in Section 2.1.

Record Date means the date set by Metminco under section 633(2) of the Corporations Act, being 5pm AEST on 18 June 2019.

Relevant Interest has the meaning given in Sections 608 and 609 of the Corporations Act.

Replacement Options means Options offered to Andes Optionholders on Completion pursuant to the terms and conditions in Annexure B.

Rights means, in respect of Your Shares, all accreditations, benefits and rights attaching to or arising from Your Shares directly or indirectly at or after the date of the Takeover Offer (being 18 June 2019) (including, but not limited to, all dividends and distributions and all rights to receive dividends and distributions and to receive or subscribe for shares, stock units, notes, options or other securities declared, paid, or issued by Andes).

RMB means RMB Australia Holdings Limited (ACN 003 201 214).

RMB Debt Refinancing Agreement means the proposed debt refinancing agreement set out in Section 9.11.

RMB Debt Refinancing Shares means the issue of 1,000,000,000 shares to RMB (or its nominees) pursuant to the proposed RMB Debt Refinancing Agreement.

Sale Nominee means the nominee approved by ASIC for the sale of Metminco Shares that would otherwise be issued as Takeover Offer Consideration to Ineligible Foreign Shareholders.

Sandfire means Sandfire Resources NL (ACN 105 154 185).

Sandfire Collaboration Agreement has the meaning given in Section 9.10.

Sandfire Commitment Statement has the meaning given in Section 2.6.

Sandfire Intention Statement has the meaning given in Section 9.1.

Section means a section of this Bidder's Statement.

Subsidiary means a subsidiary within the meaning given to that term in Section 9 of the Corporations Act.

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 Offer from the perspective of the shareholders of that party, taking into account all terms and conditions of the Competing Proposal.

Takeover Offer or Offer means the off-market takeover offer by Metminco to acquire all Andes Shares (including all Rights attaching to them) in consideration for twenty-five (25) Metminco Shares for every one (1) Andes Share (on a pre-Consolidation basis), on the terms and conditions set out in this Bidder's Statement.

Takeover Offer Consideration means twenty-five (25) Metminco Shares for every one (1) Andes Share held by Andes Shareholders on a pre-Consolidation basis to be issued to Andes Shareholders who accept the Takeover Offer.

Takeovers Panel means the body called the Takeovers Panel continuing in existence under section 261 of the *Australian Securities and Investments Commission Act 2001* (Cth) and given various powers under Part 6.10 of the Corporations Act.

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 the Bid Implementation Agreement;
- (e) required to be done as a result of the Takeover Offer;
- (f) the occurrence of which was fairly disclosed in the Target's disclosure materials or fairly disclosed by Target to Bidder prior to the date of the Bid Implementation 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 Contract means a material contract of Andes.

Target Material Transaction means a material transaction of Andes and has the meaning given in the Bid Implementation Agreement.

Target Prescribed Occurrence is defined as (using the terms as defined in the Bid Implementation Agreement):

- (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) above,
- (p) provided that a Target Prescribed Occurrence will not include any matter:
- (q) required or permitted to be done or procured by Target under this Agreement or which is otherwise contemplated by this Agreement;
- (r) without limiting the generality of (q), required to be done to undertake the Target Raise;
- (s) required to be done as a result of the Takeover Offer;
- (t) fairly disclosed by Target to Bidder in writing prior to execution of this Agreement;
 - (i) 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);
 - (ii) 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
 - (iii) approved in writing by Bidder, such approval not to be unreasonably withheld or delayed.

Target's Statement means the target's statement prepared by Andes in respect of the Takeover Offer, a copy of which is enclosed with this Bidder's Statement.

Tranche 1 Notes means 115 Notes on the terms and conditions set out in the Notice of Meeting.

Tranche 2 Notes means 191 Notes issued on the terms and conditions set out in the Notice of Meeting.

Transaction means collectively the Capital Raising, Takeover Offer and RMB Debt Refinancing Agreement.

US\$ means United States dollar.

Your Shares or Your Andes Shares means, in respect of an Andes Shareholder, all of the Andes Shares:

- (a) on issue as at the Record Date; and

- (b) to which you are able to give good title at the time you accept this Offer during the Offer Period,

including all Rights attaching to all such Andes Shares.

11.2 Interpretation

The following rules of interpretation apply unless intention appears or the context requires otherwise:

- (a) a reference to a time is a reference to Perth (Western Australian) time, unless otherwise stated;
- (b) headings are for convenience only and do not affect interpretation;
- (c) the singular includes the plural and conversely;
- (d) a reference to a Section is to a section of this Bidder's Statement;
- (e) a gender includes all genders;
- (f) where a word or phrase is defined, the other grammatical forms have a corresponding meaning;
- (g) \$, or cents is a reference to the lawful currency in Australia, unless otherwise stated;
- (h) a reference to a person includes a body corporate, an unincorporated body or other entity and conversely;
- (i) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (j) a reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it;
- (k) a reference to any instrument or document includes any variation or replacement of it;
- (l) a term not specifically defined in this Bidder's Statement has the meaning given to it (if any) in the Corporations Act;
- (m) a reference to a right or obligation of any two or more persons confers that right, or imposes that obligation, as the case may be, jointly and individually;
- (n) a reference to you is to a person to whom the Takeover Offer is made; and

the words 'include', 'including', 'for example' or 'such as' are not used as, nor are they to be interpreted as, words of limitation, and, when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

Annexure A - Terms of Takeover Offer

1. General Terms

- (a) Metminco offers to acquire all of Your Shares (including all Rights attached to them) on the following terms and conditions.
- (b) The Takeover Offer Consideration being offered by Metminco the acquisition of all of Your Shares is twenty-five (25) Metminco Shares for every one (1) Andes Share (on a pre-Consolidation basis) you own, subject to the terms and conditions set out in this Takeover Offer.
- (c) If you are an Ineligible Foreign Shareholder then, unless Metminco otherwise decides, despite any other provision of this Takeover Offer, you may be offered and may receive for Your Shares a cash amount calculated under Section 8(a) of this Annexure A.
- (d) The Metminco Shares to be issued pursuant to this Takeover Offer will be fully paid and, from their date of issue, rank equally in all respects with existing Metminco Shares currently on issue.
- (e) The rights and obligations of the Metminco Shares to be issued under the Takeover Offer are summarised in Section 3.10 of the Bidder's Statement.

2. Offer Period

- (a) Unless withdrawn, this Takeover Offer will remain open for acceptance during the period commencing on the date of this Takeover Offer and ending at 24 July 2019 5:00 pm (AEST).
- (b) Metminco reserves the right, exercisable in its sole discretion, to extend the Offer Period in accordance with the Corporations Act.
- (c) If, within the last 7 days of the Offer Period, either of the following events occurs:
 - (i) the Takeover Offer is varied to improve the consideration offered; or
 - (ii) Metminco's voting power in Andes increases to more than 50%,then the Offer Period will automatically be extended so that it ends 14 days after the relevant events in accordance with section 624(2) of the Corporations Act.

3. Who May Accept?

- (a) An Offer on the terms and conditions set out in this Annexure A and bearing the same date is being made to each person registered as a holder of Andes Shares on Andes's register of members at 5:00pm (AEST) on the Record Date.
- (b) The Offer applies in respect of all Andes Shares on issue as at the Record Date.
- (c) A person who:
 - (i) is able, during the Offer Period, to give good title to a parcel of Andes Shares; and

- (ii) has not already accepted this Takeover Offer in relation to those Andes Shares, may accept as if an Offer from Metminco on terms identical with this Takeover Offer had been made to that person in relation to those Andes Shares.
- (d) If, at the time the Takeover Offer is made to you, or at any time during the Offer Period, another person is registered as the holder of some or all of Your Shares, then a corresponding offer on the same terms and conditions as this Takeover Offer will be deemed to have been made to that other person in respect of those Andes Shares.
- (e) If, at any time during the Offer Period you are registered as the holder of one or more parcels of Andes Shares as trustee or nominee for, or otherwise on account of, another person, you may accept as if a separate and distinct offer on the same terms and conditions as this Takeover Offer has been made in relation to each of those parcels and any parcel you hold in your own right. To validly accept the Takeover Offer for each distinct parcel, you must comply with the procedure in section 653B(3) of the Corporations Act and provide Metminco with a notice stating the following:
 - (i) either that the parcel is held in your own right or, if the parcel is held for a beneficiary, the name and address of each beneficiary;
 - (ii) if the parcel is held in your own right, the date of the transaction through which you acquired a legal interest in the parcel; and
 - (iii) if the parcel is held for one or more beneficiaries, the date on which each beneficiary acquired a beneficial interest in that parcel (or, if unknown, the date that the beneficiary is reasonably believed to have acquired a beneficial interest in that parcel).

If, for the purposes of complying with that procedure, you require additional copies of this Bidder's Statement and/or the Acceptance Form, please call Metminco's Company Secretary on +61 3 9867 7199 to request those additional copies.
- (f) This Takeover Offer is not registered in any jurisdiction outside Australia (unless an applicable foreign law treats it as registered as a result of the Bidder's Statement being lodged with ASIC).
- (g) If Your Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee you should contact that nominee for assistance in accepting this Takeover Offer.

4. How to Accept this Takeover Offer

- (a) You may only accept this Takeover Offer in respect of all (and not a lesser number) of Your Shares. For example, if you have 10,000 Andes Shares and you wish to accept the Takeover Offer, you may only accept this Takeover Offer in respect of 10,000 Andes Shares.
- (b) You may accept this Takeover Offer at any time during the Offer Period.
- (c) To accept this Takeover Offer for Andes Shares held in your name, you must:

- (i) complete and sign the Acceptance Form in accordance with the terms of this Takeover Offer and the instructions on the Acceptance Form; and
 - (ii) ensure that the Acceptance Form (including any documents required by the terms of this Takeover Offer and the instructions on the Acceptance Form) is received before the end of the Offer Period, at the address shown on the Acceptance Form.
- (d) **Acceptance Form and Other Documents**
 - (i) The Acceptance Form forms part of the Takeover Offer. The requirements on the Acceptance Form must be observed in accepting the Takeover Offer.
 - (ii) For your acceptance of this Offer to be valid, you must ensure that your Acceptance Form (including any documents required by the terms of this Takeover Offer and the instructions on the Acceptance Form) are posted or delivered by email in sufficient time for it to be received by Metminco at the address shown on the Acceptance Form before the end of the Offer Period.
 - (iii) The postage and transmission of the Acceptance Form and other documents is at your own risk.
 - (iv) When accepting the Takeover Offer, you must also forward for inspection:
 - (A) if the Acceptance Form is executed by an attorney, a certified copy of the power of attorney; and
 - (B) if the Acceptance Form is executed by the executor of a will or the administrator of the estate of a deceased Andes Shareholder, the relevant grant of probate or letters of administration.

5. Validity of Acceptances

- (a) Subject to the remainder of this section 5 of this Annexure A, your acceptance of the Takeover Offer will not be valid unless it is made in accordance with the procedures set out in section 4 of this Annexure A.
- (b) Metminco may, in its sole discretion, at any time deem any Acceptance Form it receives to be a valid acceptance in respect of Your Shares even if a requirement for acceptance has not been complied with.
- (c) Metminco may at any time in its sole discretion:
 - (i) treat the receipt by it of an Acceptance Form during the Offer Period (or in an envelope post-marked before the expiry of the Offer Period) as a valid acceptance notwithstanding that one or more of the other requirements for a valid acceptance have not been complied with and without further communication to you; and
 - (ii) where you have satisfied the requirements for acceptance in respect of only some of Your Andes Shares, treat the acceptance as a valid acceptance in respect of all of Your Andes Shares.

- (d) In respect of any part of an acceptance treated by it as valid, Metminco will provide you with the relevant consideration in accordance with sections 7(a) and 8 of this Annexure A, and the exercise of Metminco's rights under this section 5 of this Annexure A will be conclusive and only evidenced by its so doing. Subject to the requirements of the Corporations Act, the payment of consideration in accordance with the Takeover Offer may be delayed until any irregularity has been resolved or waived and any other documents required to procure registration have been received by Metminco.

6. The Effect of Acceptance

- (a) Once you have accepted this Takeover Offer, you will be unable to revoke your acceptance and the contract resulting from your acceptance will be binding on you. In addition, you will be unable to withdraw your acceptance of the Takeover Offer or otherwise dispose of Your Shares, except as follows:
 - (i) if by the end of the Offer Period of this Annexure A, the conditions in Section 9(a) of this Annexure A have not all been fulfilled or waived (in which case the Takeover Offer will lapse and any contract resulting from an acceptance of the Offer will be void); or
 - (ii) if the Takeover Offer is varied in accordance with the Corporations Act in a way that postpones for more than one month the time when Metminco has to meet its obligations under the Takeover Offer, and, at the time, the Takeover Offer is subject to one or more of the conditions in Section 9(a) of this Annexure A, you may be able to withdraw your acceptance in accordance with section 650E of the Corporations Act.
- (b) By following the procedures described in section 4 of this Annexure A, you will be deemed to have:
 - (i) accepted this Takeover Offer (and any variation to it) in respect of all of Your Andes Shares, regardless of the number of Andes Shares specified in the Acceptance Form;
 - (ii) agreed to the terms of the Takeover Offer and, subject to the conditions contained in Section 9(a) of this Annexure A being fulfilled or waived, agreed to transfer to Metminco all of Your Andes Shares (including all of the Rights attached to those Andes Shares);
 - (iii) in the event that the ASX requires that Andes Shareholders who receive Metminco Shares as Takeover Offer Consideration enter into restriction agreements on the terms set out in the ASX Listing Rules, irrevocably appointed Metminco and its Directors as your attorney for the purpose of executing such a restriction agreement;
 - (iv) authorised Metminco to complete the Acceptance Form by correcting any errors in or omissions from the Acceptance Form as may be necessary:
 - (A) to make the Acceptance Form an effective acceptance of this Takeover Offer; and/or
 - (B) to enable registration of the transfer to Metminco of Your Andes Shares;

- (v) irrevocably authorised and directed Andes to pay to Metminco or to account to Metminco for all dividends and other distributions and entitlements which are declared, paid or which arise or accrue after the date of this Takeover Offer in respect of Your Andes Shares (subject to Metminco accounting to you for any dividends, distributions or entitlements received by it if your acceptance of this Takeover Offer is validly withdrawn pursuant to Section 650E of the Corporations Act or the contract resulting from that acceptance becomes void);
- (vi) represented and warranted to Metminco that:
 - (A) Metminco will acquire good title to and beneficial ownership of all of Your Andes Shares free from all Encumbrances (whether legal or equitable) and other third-party interests of any kind;
 - (B) you have paid Andes all amounts which are due in respect of Your Andes Shares;
 - (C) all of Your Andes Shares are fully paid; and
 - (D) you have full power and capacity to accept the Takeover Offer and to sell and transfer the legal and beneficial ownership of Your Andes Shares (including all Rights attached to them) to Metminco;
- (vii) unless you are an Ineligible Foreign Shareholder, agreed to accept the Metminco Shares to which you become entitled by accepting this Takeover Offer subject to the Constitution and the terms of issue of the Metminco Shares and to have authorised Metminco to place your name on its register of shareholders as the holder of the Metminco Shares issued to you under the Takeover Offer;
- (viii) acknowledged and agreed that if you are an Ineligible Foreign Shareholder, Metminco will arrange for any Metminco Shares otherwise issuable to you to be issued and sold, and the proceeds (less any transaction costs) to be remitted to you, as described in section 8 of this Annexure A;
- (ix) represented and warranted to Metminco that the making by Metminco to you, and your acceptance, of this Takeover Offer is lawful under any foreign law which applies to you, to the making of this Takeover Offer, and to your acceptance of this Takeover Offer;
- (x) with effect from the later of acceptance of the Takeover Offer and the date that any contract resulting from that acceptance becomes or is declared unconditional, appointed (and agreed not to revoke that appointment) Metminco and each of its directors, secretaries and other officers from time to time severally as your agent and true and lawful attorney, with power to do all things which you could lawfully do concerning Your Andes Shares or in exercise of any right or power derived from the holding of Your Andes Shares including, without limitation:
 - (A) attend and vote in respect of Your Andes Shares at any and all meetings of the members of Andes;

- (B) requisition or join with other holders of Andes Shares in requisitioning and/or convening a meeting of the members of Andes;
- (C) demand a poll for any vote to be taken at any meeting of the members of Andes;
- (D) propose or second any resolutions to be considered at any, and all meetings of Andes Shareholders;
- (E) execute all forms, transfers, assignments, notices, instruments (including instruments appointing a director of Metminco as a proxy in respect of all or any of Your Andes Shares and a transfer form for Your Andes Shares), proxies, consents, agreements and resolutions relating to your Andes Shares;
- (F) request Andes to register in the name of Metminco all of Your Andes Shares; and
- (G) do all things incidental or ancillary to the foregoing,

and to have agreed that in exercising the powers conferred by that power of attorney, the attorney shall be entitled to act in the interests of Metminco as the beneficial owner and intended registered holder of Your Andes Shares and to have further agreed to do all such acts, matters and things that Metminco may require to give effect to the matters the subject of this paragraph (including the execution of a written form of proxy to the same effect as this paragraph which complies in all respects with the requirements of the constitution of Andes) if requested by Metminco. This appointment is irrevocable and terminates upon the earlier of registration of a transfer to Metminco of Your Andes Shares, withdrawal of your acceptance of the Offer in accordance with section 650E of the Corporations Act and withdrawal of this Takeover Offer by Metminco in accordance with section 652A of the Corporations Act;

- (xi) with effect from the later of acceptance of the Takeover Offer and the date that any contract resulting from that acceptance becomes, or is declared unconditional, agreed not to vote in person at any general meeting of Andes or to exercise (or purport to exercise) in person, by proxy or otherwise, any of the powers conferred on Metminco and the directors, secretaries and other officers of Metminco by Section 6(b)(x) of this Annexure A;
- (xii) irrevocably authorised Metminco to notify Andes on your behalf that your place of address for the purposes of serving notices in respect of Your Andes Shares is the address specified by Metminco in the notification;
- (xiii) represented and warranted to Metminco that, unless you have notified Metminco in accordance with Section 3(e) of this Annexure A, Your Andes Shares do not consist of one or more separate parcels of Andes Shares; and

- (xiv) agreed, subject to the conditions of this Takeover Offer in Section 9(a) of this Annexure A being fulfilled or freed, to execute all such documents, transfers and assurances, and do all such acts, matters and things that Metminco may consider necessary or desirable to transfer and convey Your Andes Shares (including all Rights attaching to them) to Metminco.
- (c) The representations, warranties, undertakings and authorities referred to in this Section 6 of this Annexure A will (unless otherwise stated) remain in force after you receive the consideration for Your Andes Shares and after Metminco becomes the register as the holder of Your Andes Shares.

7. Payment of Consideration

- (a) Subject to the terms of this Takeover Offer and the Corporations Act, Metminco will provide the consideration for Your Shares on or before the earlier of:
 - (i) one month after the date of your acceptance or, if this Takeover Offer is subject to a defeating condition when you accept this Takeover Offer, within one month after this Takeover Offer becomes unconditional; and
 - (ii) 21 days after the end of the Offer Period.

Notwithstanding the above, Metminco will endeavour to issue the Takeover Offer Consideration on the same date as the issue of Shares under the Placement and Priority Offer, on a date approximately 6 days after the Takeover Offer closes.

- (b) Under no circumstances will interest be paid on the consideration to which you are entitled under the Takeover Offer, regardless of any delay in providing the consideration or any extension of the Takeover Offer.
- (c) Where the Acceptance Form requires an additional document to be given with your acceptance (such as a power of attorney):
 - (i) if that document is given with or at the same time as your acceptance, Metminco will provide the consideration in accordance with section 7(a) of this Annexure A;
 - (ii) if that document is given after acceptance and before the end of the Offer Period while this Takeover Offer is subject to a defeating condition, Metminco will provide the consideration by the end of whichever of the following periods ends earlier:
 - (A) within one month after this Takeover Offer becomes unconditional; or
 - (B) 21 days after the end of the Offer Period;
 - (iii) if that document is given after acceptance and before the end of the Offer Period while this Takeover Offer is not subject to a defeating condition, Metminco will provide the consideration due to you on or before the earlier of:
 - (A) one month after that document is given to Metminco; and

- (B) 21 days after the end of the Offer Period; and
- (iv) if that document is given after acceptance and after the end of the Offer Period, and the Takeover Offer is not subject to a defeating condition, Metminco will provide the consideration within 21 days after that document is given to Metminco. However, if at the time the document is given, the Takeover Offer is still subject to a defeating condition that relates only to the happening of an event of circumstances referred to in section 652C(1) or (2) of the Corporations Act, Metminco will provide the consideration for you within 21 days after the Takeover Offer becomes unconditional.
- (d) Subject to section 8 of this Annexure A, the obligation of Metminco to allot and issue any Metminco Shares to which you are entitled as a result of your acceptance of this Takeover Offer will be satisfied by:
 - (i) entering your name on the register of members of Metminco; and
 - (ii) dispatching or procuring the dispatch to you by pre-paid post to your last recorded address on Andes's register of members (or as stated in your Acceptance Form, if different), or by email in the case of holders that have designated a preference for electronic communication, a confirmation of the issue of Metminco Shares in your name. If Your Shares are held in a joint name, an uncertificated holding statement will be issued in the name of the first person that appears on Andes's register of members, and forwarded to your last recorded address on Andes's register of members (or as stated in your Acceptance Form, if different).
- (e) If, at the time you accept the Takeover Offer, any of the following:
 - (i) *the Autonomous Sanctions Regulations 2011 (Cth)*;
 - (ii) *Charter of the United Nations (Sanctions - Al-Qaida) Regulations 2008 (Cth)*;
 - (iii) *Charter of the United Nations (Dealing with Assets) Regulations 2008 (Cth)*;
 - (iv) any other law of Australia,

require that an authority, clearance or approval of the Australian Department of Foreign Affairs and Trade or the Australian Taxation Office be obtained before you receive any consideration for Your Shares, or would make it unlawful for Metminco to provide any consideration to you for Your Shares, you will not be entitled to receive any consideration for Your Shares until all requisite authorities, clearances or approvals have been received by Metminco.

8. Ineligible Foreign Shareholders

- (a) If you are an Ineligible Foreign Shareholder, you may not be entitled to receive Metminco Shares as the consideration for Your Shares as a result of accepting the Takeover Offer, and Metminco will, subject to receiving ASIC approval for the appointment of a sale nominee:

- (i) arrange for the issue to a nominee approved by ASIC (the **Sale Nominee**) of the number of Metminco Shares to which you and all other Ineligible Foreign Shareholders would have been entitled but for section 1(c) of this Annexure A and the equivalent provision of each other Offer;
- (ii) cause the Metminco Shares so issued to be offered for sale by the Sale Nominee on ASX as soon as practicable and otherwise in the manner, at the price and on such other terms and conditions as are determined by the Sale Nominee acting in good faith; and
- (iii) cause the Sale Nominee to pay, to you the amount ascertained in accordance with the following formula (calculated on an average basis so that all Ineligible Foreign Shareholders who accept the Takeover Offer receive the same proceeds per Andes Share, subject to rounding):

$$\frac{\text{Net Proceeds of Sale} \times \text{Your Metminco Shares}}{\text{Total Nominee Metminco Shares}}$$

Where:

Net Proceeds of Sale means the amount which is received by the Sale Nominee upon the sale of all Metminco Shares under this Annexure A section 8(a);

Your Metminco Shares means the number of Metminco Shares which would have been issued to you under the Offer; and

Total Nominee Metminco Shares means the total number of Metminco Shares allotted to the Sale Nominee.

- (b) You will be paid your share of the proceeds of the sale of Metminco Shares by the Sale Nominee in Australian currency.
- (c) Payment will be made by cheque payable in Australian Dollars and drawn on an Australian bank branch posted to you at your risk by ordinary mail (or in the case of overseas shareholders by airmail) as soon as practicable and in any event within the period required by the Corporations Act to your last recorded address on Andes's register of members (or as stated in your Acceptance Form, if different).
- (d) Under no circumstances will interest be paid on your share of the proceeds of the sale of Metminco Shares by the Sale Nominee, regardless of any delay in remitting these proceeds to you or your receipt of those proceeds.

9. Conditions of this Takeover Offer

- (a) Subject to sections 9(b) and (c) of this Annexure A, the Takeover Offer and any contract that results from acceptance of the Takeover Offer is subject to the fulfilment of the following conditions:

- (i) **Minimum Acceptance Condition**

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

(ii) 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).

(iii) No Target Prescribed Occurrence

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

(iv) 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).

(v) Andes Board recommendation

The directors of the Andes Board give a unanimous recommendation to the Andes 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.

(vi) 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 Andes Placement; and
- (C) the funds raised by the issue of Notes.

(vii) Replacement of Target Options Condition

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

(viii) Metminco Shareholder Approval Condition

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

(ix) 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 a Government Authority; and

- (B) no application is made to any Government Authority (other than by Bidder or a subsidiary of Bidder), or action or investigation is announced, threatened or commenced by a Government 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.

(x) No material acquisitions

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

(xi) Sandfire Condition

Sandfire does not terminate the Sandfire Collaboration Agreement.

(xii) No breach of Bid Implementation Agreement

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

(xiii) No change of control or pre-emptive rights

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

- (b) Each condition in section 9(a) of this Annexure A (each, a **Condition**) is a separate, several and distinct condition and is for the benefit of Metminco alone and may only be relied upon by Metminco.

- (c) All the Conditions are conditions subsequent. The non-fulfilment of any Condition does not prevent a contract to sell Your Shares from arising upon your acceptance of the Offer in accordance with these terms. But, if a Condition is not satisfied by the end of the Offer Period or waived by the end of the relevant time specified in section 2 of this Annexure A, the contract

formed upon your acceptance of the Offer will thereupon be automatically void.

10. Freeing the Takeover Offer of Conditions

- (a) Subject to paragraph (b) below, Metminco may free this Takeover Offer, and any contract resulting from its acceptance, from all or any of the conditions in Section 9(a) of this Annexure A by giving notice to Andes declaring the Takeover Offer to be free from the relevant Conditions specified in accordance with section 650F of the Corporations Act. This notice may be given not less than 7 days before the end of the Offer Period.
- (b) Metminco may only waive the Minimum Acceptance Condition, Capital Raise Condition, Metminco Shareholder Approval Condition with the prior written consent of Andes.
- (c) If, at the end of the Offer Period, any of the Conditions in section 9(a) of this Annexure A has not been fulfilled and Metminco has not declared the Takeover Offer (or it has not become) free from the relevant condition, all contracts resulting from the acceptance of the Takeover Offer will be automatically void.

11. Notice of Status of Conditions

The date for giving the notice required by section 630(1) of the Corporations Act is 16 July 2019, subject to extension in accordance with 630(2) if the Offer Period is extended.

12. Quotation

- (a) An application will be made within 7 days after the start of the Offer Period to ASX for the granting of quotation of the Metminco Shares to be issued in accordance with the Takeover Offer. However, quotation is not granted automatically on application.
- (b) Pursuant to the Corporations Act, this Takeover Offer and any contract that results from your acceptance of it is subject to conditions that:
 - (c) application for permission to quotation is made within 7 days after the start of the Offer Period; and
 - (d) permission for quotation by ASX (as the circumstances require) of the Metminco Shares to be issued pursuant to the Takeover Offer being granted no later than 7 days after the end of the Offer Period. If this condition is not fulfilled, all contracts resulting from the acceptance of the Takeover Offer will be automatically void.

13. Withdrawal of Offer

- (a) Metminco may withdraw this Takeover Offer at any time before you accept it, but only with the consent in writing of ASIC (which consent may be given subject to such conditions, if any, as are imposed by ASIC). If ASIC gives such consent, Metminco will give notice of the withdrawal to ASX and to Andes and comply with any other conditions imposed by ASIC.
- (b) Subject to any conditions imposed by ASIC in its consent, if Metminco withdraws the Offer, the Offer, to the extent not previously accepted,

automatically becomes incapable of acceptance and any contract resulting from acceptance of the Offer before the withdrawal will be automatically void.

14. Variation

Metminco may vary this Takeover Offer in accordance the Corporations Act.

15. Duty or Other Costs

- (a) All costs and expenses of the preparation, dispatch and circulation of this Takeover Offer and any duty payable in respect of the transfers will be paid by Metminco.
- (b) As long as Your Andes Shares are registered in your name and you deliver them directly to Metminco, you will not incur any brokerage in connection with your acceptance of this Takeover Offer.

16. Governing Law

This Takeover Offer and any contract that results from your acceptance of this Takeover Offer is governed by the laws in force in Western Australia.

17. Date of Offer

This Takeover Offer is dated 18 June 2019.

Annexure B - Terms of Replacement, Bonus, Advisors Options

The following terms and conditions apply to the Advisor Options, Bonus Options, Replacement options and Free-Attaching Options. (defined as **Options** in this Annexure):

1. Entitlement

Each Option entitles the holder to subscribe for one fully paid ordinary Share in the capital of Metminco 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 (AWST) on the date 3 years from the date of issue
Bonus Options	n/a	\$0.16	At 5:00pm (AWST) on the date 2 years from the date of issue
Free Attaching Option	\$0.004	\$0.160	At 5:00pm (AWST) on the date 2 years from the date of issue
Replacement Options - Class A	\$0.008	\$0.32	At 5:00pm (AWST) on the date of 1 July 2023
Replacement Options - Class B	\$0.008	\$0.32	At 5:00pm (AWST) on the date of 31 August 2023
Replacement Options - Class C	\$0.008	\$0.32	At 5:00pm (AWST) on the date of 15 November 2023
Replacement Options- Class X	n/a	\$0.16	At 5:00pm (AWST) 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

Metminco intends to apply for official quotation on ASX of the Free Attaching Options and Replacement Options-Class X in conjunction with the issue of the Bonus Options, which is anticipated to occur in December 2019 under a separate disclosure document.

Metminco 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 Metminco in a form reasonably acceptable to Metminco (**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 Metminco will be deemed to be a notice of the exercise of that Option as at the date of receipt of payment.

7. Shares Issued on Exercise

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

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 Metminco (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

Metminco 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 Metminco 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, Metminco 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 Metminco.

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 Metminco 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 Metminco 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 Metminco, the rights of the Optionholders will be varied in accordance with the ASX Listing Rules.