

**ASX Announcement**

**24 June 2019**

## **Confirmation of Dispatch of Bidder's and Target's Statement**

**Metminco Limited (ASX: MNC) ("Metminco" or "the Company")** refers to its bidder's statement dated 18 June 2019 ("**Bidder's Statement**") in respect of its all scrip takeover offer for 100% of the fully paid shares in Andes Resources Limited ("**Andes**").

A copy of the Bidder's Statement has been sent to each person who held securities in the bid class as at the date set by Metminco pursuant to section 633(2) of the *Corporations Act 2001* (Cth) (**Act**) (**Andes Shareholder**), as required by item 6 of section 633(1) of the Act.

The Company confirms that it has sent notices pursuant to items 7 and 9 of section 633(1) of the Act to Andes and ASIC respectively.

Metminco also sent each Andes Shareholder:

1. a covering letter;
2. bidder's statement and acceptance form;
3. Andes's target statement dated 20 June 2019; and
4. a copy of Metminco's priority offer and placement prospectus and application form.

***For further enquiries contact:***

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**Executive Chairman**  
Metminco Limited  
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Jason Stirbinskis  
**Managing Director**  
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NOTICE THAT BIDDER'S STATEMENT AND OFFER HAVE BEEN SENT

(CORPORATIONS ACT 2001 (CTH) SECTION 633(1), ITEMS 7 AND 9)

OFF-MARKET TAKEOVER OFFER BY METMINCO LIMITED FOR ALL OF THE ORDINARY SHARES  
IN ANDES RESOURCES LIMITED

- To:
1. Andes Resources Limited (ACN 166 866 691) (Andes)
  2. Australian Securities and Investments Commission

Metminco Limited ACN 119 759 349 (**Metminco**) gives notice in accordance with items 7, and 9 of section 633(1) of the *Corporations Act 2001* (Cth) (**Act**) that it has sent, as required by item 6 of section 633(1) of the Act, Metminco's bidder's statement dated 18 June 2019 and offer in relation to its off-market takeover bid for all of the ordinary shares in Andes to all Andes shareholders registered on the record date of 5:00pm (AEST) on 18 June 2019.

Metminco has also sent a copy of:

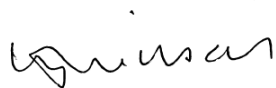
1. a covering letter;
2. bidder's statement and acceptance form;
3. Andes's target statement dated 20 June 2019; and
4. a copy of Metminco's priority offer and placement prospectus and application form,

which is attached to this Notice.

An announcement has also been made on the Australian Securities Exchange.

The offer is dated 24 June 2019.

Dated: 24 June 2019



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Signed for and on behalf of  
Metminco Limited  
Kevin Wilson  
Executive Chairman



24 June 2019

Dear Andes Shareholder,

**Distribution of Bidder's Statement**

On behalf of the directors of Metminco Limited ACN 119 759 349 (**Metminco**), I am pleased to enclose the following documents in relation to an off-market takeover offer by Metminco to acquire all of your shares in Andes Resources Limited (ACN 166 866 691) (**Andes**):

1. Bidder's Statement;
2. Target's Statement;
3. Acceptance Form; and
4. Priority Offer and Placement Prospectus and Application Form.

You should contact your legal, financial or professional adviser if you are unsure about how to deal with the documents. If you have any enquires about the offers, please contact Metminco's Company Secretary on +61 3 9867 7199 between 9.00am and 5.00pm (AEST) Monday to Friday or contact your legal, financial or other professional adviser.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Kevin Wilson'.

Kevin Wilson  
Executive Chairman

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**



## Table of Contents

Section	Page No
Important Information .....	ii
Corporate Directory .....	iv
Letter from the Chairman .....	v
KEY DATES .....	vii
1. Investment Overview .....	1
2. Why you should accept the Offer .....	8
3. Profile of Metminco Limited.....	13
4. Profile of Andes Resources Limited.....	27
5. Merged Group .....	38
6. Intentions of Metminco.....	45
7. Australian Tax Considerations .....	47
8. Risk Factors.....	52
9. Additional Information .....	62
10. Directors Authorisation .....	75
11. Glossary of Terms .....	76
Annexure A - Terms of Takeover Offer .....	87
Annexure B - Terms of Replacement, Bonus, Advisors Options.....	100

# 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](http://www.metminco.com.au) and [www.andesresources.com](http://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](mailto:info@metminco.com.au)  
Website: [www.metminco.com.au](http://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.<sup>1</sup>

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.<sup>2</sup>

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

<sup>2</sup> 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.

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## 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
<b>What is Metminco offering to buy?</b>	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.
<b>Why should I accept the Takeover Offer?</b>	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"><li>• a strong emerging gold exploration company will be created;</li><li>• Andes will achieve imminent ASX listing;</li><li>• the Merged Group will be better positioned to fund exploration on the expanded asset base to its full</li></ul>	Section 2

Question	Answer	Further information
	<p>potential and Andes' current funding uncertainty will be resolved;</p> <ul style="list-style-type: none"> <li>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;</li> <li>the Merged Group will have an experienced and motivated Board with the capability and track record of making tier 1 discoveries; and</li> <li>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.</li> </ul> <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>	
<b>What will you receive if you accept the Takeover Offer?</b>	<p>If you accept the Takeover Offer, subject to satisfaction of the Conditions of the Takeover Offer, you will receive <b>twenty-five (25) Metminco Shares for every one (1) Andes Share</b> 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.
<b>What if I am an Ineligible Foreign Shareholder?</b>	<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
<b>What is the value of the Takeover Offer?</b>	<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>	
<b>What happens if Metminco improves the Takeover Offer Consideration?</b>	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.
<b>What happens if a party terminates the Bid Implementation Agreement?</b>	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
<b>Are there conditions to the Takeover Offer?</b>	<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.
<b>What if the Conditions are not satisfied or waived?</b>	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
<b>Will my new Metminco Shares be listed on ASX?</b>	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
<b>What fees are payable to Advisors of Metminco in relation to the Takeover Offer?</b>	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"> <li>(a) Risks relating to the Takeover Offer;</li> <li>(b) Risks that relate to the Merged Group; and</li> <li>(c) General and industry risks (to which you are already exposed).</li> </ul>	
<b>Are there any risks in respect of the Takeover Offer not proceeding?</b>	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
<b>When will you receive your consideration?</b>	<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"> <li>(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</li> <li>(b) 21 days after the end of the Offer Period,</li> </ul> <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
<b>Will I need to pay any transaction costs if I accept the Takeover Offer?</b>	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
<b>What are the tax implications of accepting the Takeover Offer?</b>	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

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## 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)<sup>3</sup>. 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,<sup>4</sup> 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.

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

<sup>4</sup> 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.

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## 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).<sup>5</sup>

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).<sup>6</sup>

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)<sup>2</sup> 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.

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<sup>5</sup> 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.

<sup>6</sup> 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
<b>Measured &amp; Indicated</b>	<b>9,269</b>	<b>2.82</b>	<b>2.77</b>	<b>840</b>	<b>826</b>
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
<b>Total</b>	<b>4.32</b>	<b>3.29</b>	<b>2.77</b>	<b>457</b>	<b>385</b>

**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

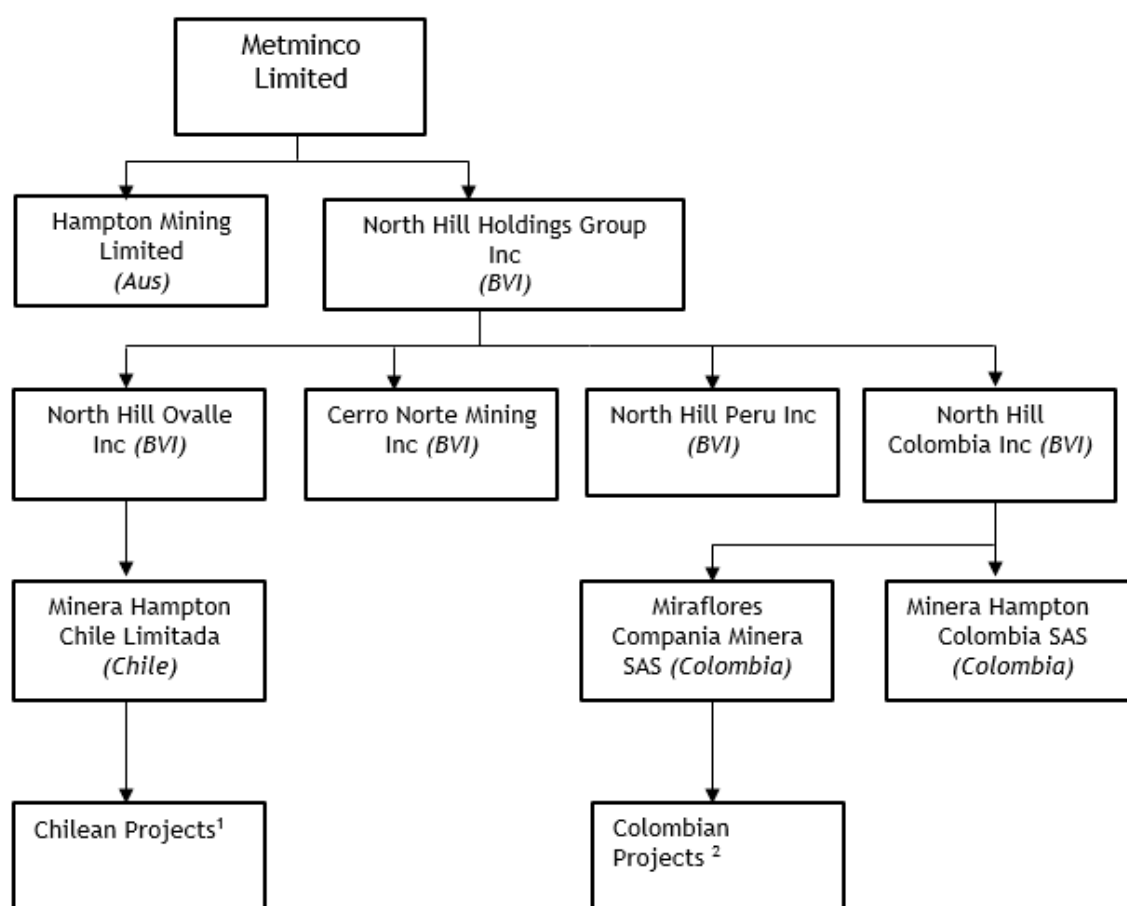
### (e) Chile

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](http://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 <sup>1</sup>
Options	566,545,422 <sup>2</sup>
Performance Rights	76,400,000 <sup>3</sup>
Notes	306 <sup>4</sup>

**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](http://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
	\$	\$	\$
<b>Revenue</b>			
Interest revenue	3,611	-	389
<b>Expenses</b>			
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)
<b>Loss before income tax expense</b>	<b>(7,833,968)</b>	<b>(35,227,373)</b>	<b>(124,100,870)</b>
Income tax expense	-	-	-
<b>Loss for the year attributable to:</b>			
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
<b>Total comprehensive loss attributable to:</b>			
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
	\$	\$	\$
<b>Assets</b>			
<b>Current assets</b>			
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	-
<b>Total current assets</b>	<b>3,164,346</b>	<b>3,909,174</b>	<b>478,435</b>
<b>Non-current assets</b>			
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
<b>Total non-current assets</b>	<b>11,049,541</b>	<b>12,584,770</b>	<b>47,791,917</b>
<b>Total assets</b>	<b>14,213,887</b>	<b>16,493,944</b>	<b>48,270,352</b>
<b>Current liabilities</b>			
Trade and other payables	4,413,855	2,584,054	3,425,242
Borrowings	-	808,020	-
Provisions	213,133	187,214	236,775
<b>Total current liabilities</b>	<b>4,626,988</b>	<b>3,579,288</b>	<b>3,662,017</b>
<b>Non-current liabilities</b>			
Long term provisions	-	-	79,903
Other payables	1,781,946	4,322,867	4,893,628
<b>Total non-current liabilities</b>	<b>1,781,946</b>	<b>4,322,867</b>	<b>4,973,531</b>
<b>Total liabilities</b>	<b>6,408,934</b>	<b>7,902,155</b>	<b>8,635,548</b>

	31-Dec-18 Audited	31 Dec-17 Audited	31 Dec-16 Audited
	\$	\$	\$
<b>Net assets</b>	7,804,953	8,591,789	39,634,804
<b>Equity</b>			
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)
<b>Total equity</b>	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](http://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](http://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](http://www.metminco.com.au).

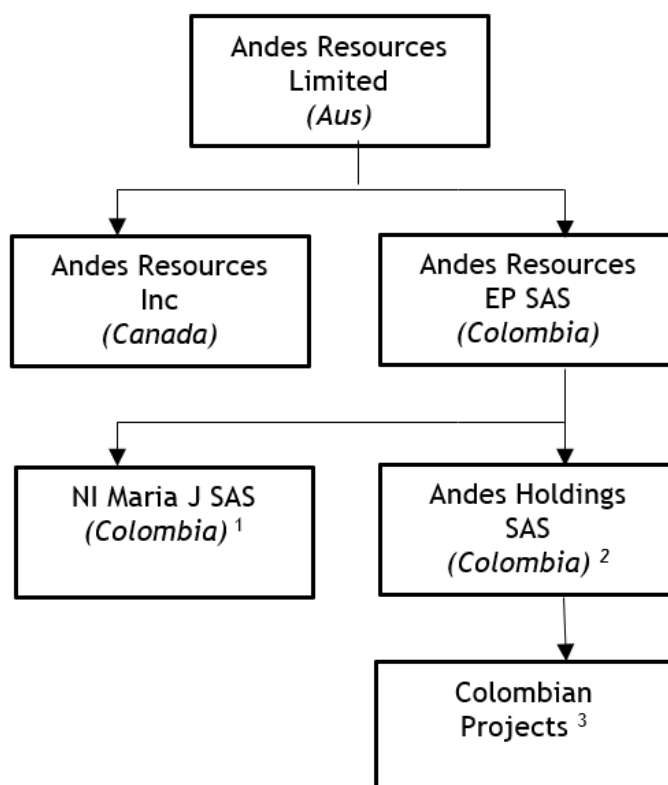
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## 4. Profile of Andes Resources Limited

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 800km<sup>2</sup> 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 km<sup>2</sup>) 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.<sup>7</sup>

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<sup>7</sup> 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.<sup>8</sup> 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).<sup>9</sup> 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)<sup>10</sup>. 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

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<sup>8</sup> 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.

<sup>9</sup>ibid

<sup>10</sup> ibid

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

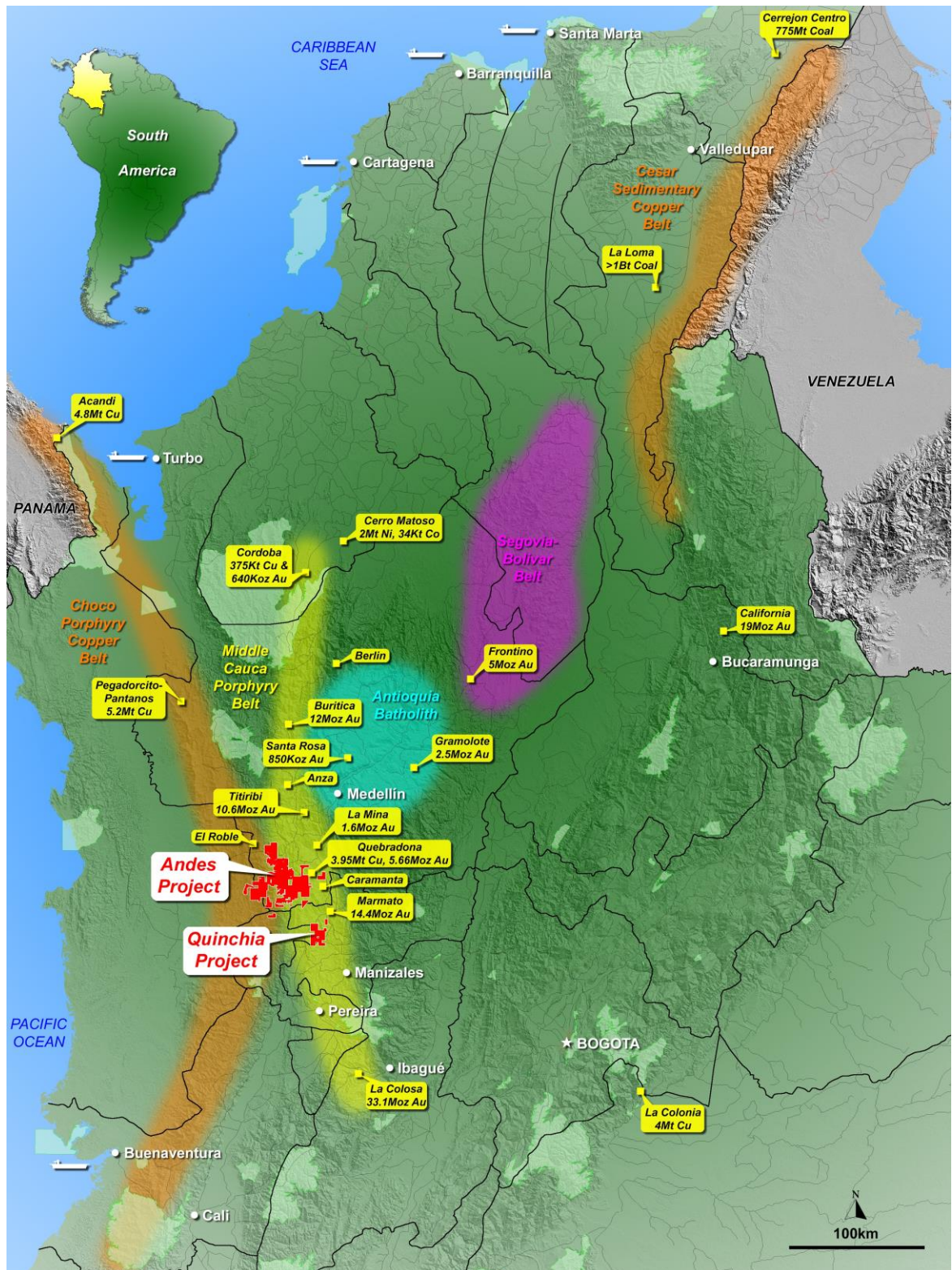
(c) **Andes' Other Targets**

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.

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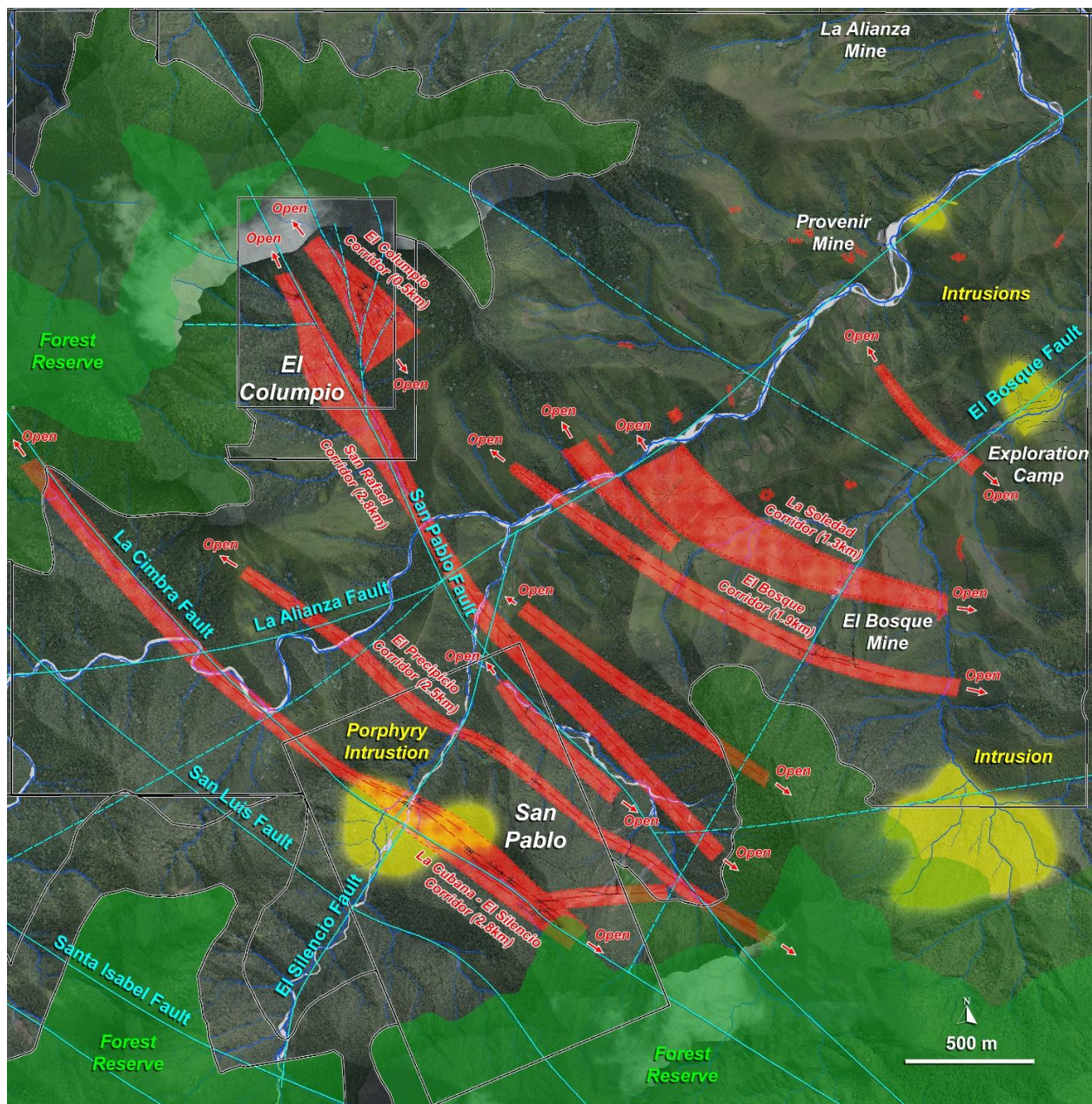
<sup>11</sup> Equal to approximately \$217,000 Australian Dollars at an exchange rate of 1 Australian Dollar = 2,267.32 Colombian Peso, as at 11 June 2019.





**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.



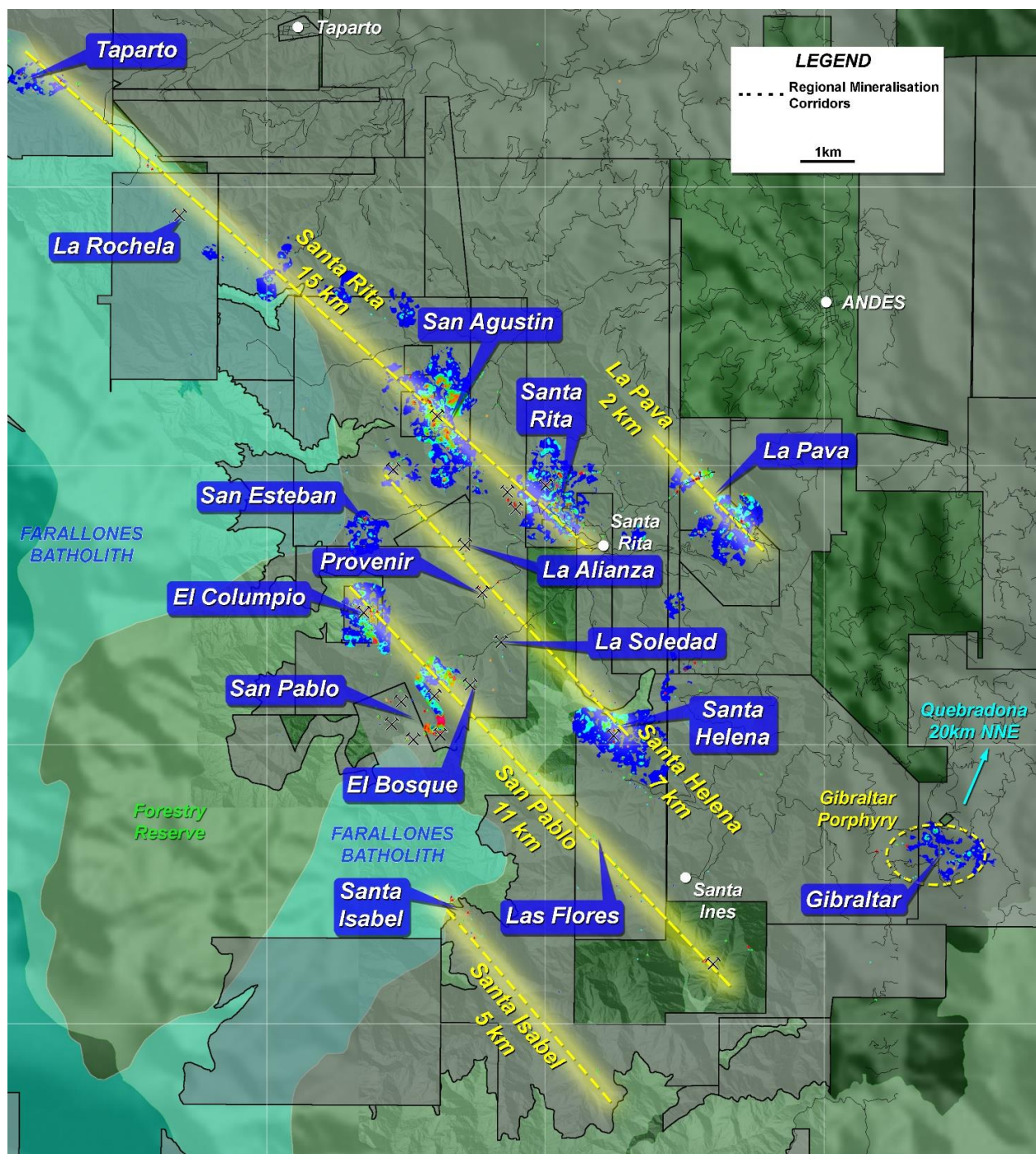


Figure 3: A subsection of Andes' portfolio. Surface mapping and sampling has defined 12 targets interpreted to lie with five NW trending mineralised corridors. Much of Andes' portfolio remains unexplored by modern techniques.

#### 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:

<b>Securities</b>	<b>Number of Securities</b>
Shares	104,104,157
Options <sup>1</sup>	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 <sup>1</sup>	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
	\$	\$
<b>Current assets</b>		
Cash and cash equivalents	245,917	14,832
Trade and other receivables	21,838	(5,792)
<b>Total current assets</b>	<b>267,755</b>	<b>9,040</b>
<b>Non-current assets</b>		
Plant and equipment	42,003	20,537
Exploration and evaluation assets	2,767,871	-
<b>Total non-current assets</b>	<b>2,809,874</b>	<b>20,537</b>

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

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

	<b>31-Dec-18 Audited</b>	<b>31 Dec-17 Audited</b>
	\$	\$
<b>Continuing operations</b>		
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)
<b>Loss before income tax expense</b>	<b>(2,677,731)</b>	<b>(1,050,486)</b>
Income tax (benefit)/expense	-	-
<b>Loss for the year from continuing operations</b>	<b>(2,677,731)</b>	<b>(1,050,486)</b>
Other comprehensive loss		
<b>Items that will be reclassified to profit or loss</b>		
Exchange differences on translating foreign operations	(66,996)	(19,999)
<b>Other comprehensive loss for the period, net of tax</b>	<b>(66,996)</b>	<b>(19,999)</b>
<b>Total comprehensive loss for the period</b>	<b>(2,744,727)</b>	<b>(1,070,485)</b>
<b>Loss for the year attributable to:</b>		
Owners of the parent	(2,594,042)	(1,050,486)
Non-controlling interest	(83, 689)	-
	<b>(2,677,731)</b>	<b>(1,050,486)</b>
<b>Total comprehensive loss attributable to:</b>		
Owners of the parent	(2,661,038)	(1,070,485)
Non-controlling interest	(83,689)	-
	<b>(2,744,727)</b>	<b>(1,070,485)</b>

(c) Consolidated Statement of Cash Flow

	31-Dec-18 Audited	31 Dec-17 Audited
	\$	\$
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(2,311,216)	(910,499)
Interest received	260	759
<b>Net cash used in operating activities</b>	<b>(2,310,956)</b>	<b>(900,740)</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(27,546)	-
Payment for tenements acquisition	(933,155)	-
<b>Net cash used in investing activities</b>	<b>(960,701)</b>	<b>-</b>
<b>Cash flow from financing activities</b>		
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
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>229,073</b>	<b>(423,240)</b>
Cash and cash equivalents at the beginning of the year	14,832	362,738
Effects of foreign exchange	2,012	75,334
Accumulated losses	<b>245,917</b>	<b>14,832</b>

#### 4.8 Further information on Andes

Andes maintains a website, [www.andesresources.com](http://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.



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## 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 <sup>1</sup>
Consideration Shares <sup>2</sup>	2,784,135,217	625,000,000 <sup>3</sup>
Debt Refinancing Shares <sup>4</sup>	1,000,000,000	0
Capital Raising Shares <sup>5</sup>	1,625,000,000	459,000,000 <sup>6</sup>
Advisor Securities	62,500,000	50,000,000 <sup>7</sup>
Bonus Options <sup>8</sup>	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:

- 547,345,422 quoted Options with an exercise price of \$0.011 expiring 1 June 2020;
- 76,400,000 performance rights (as per the terms announced on 26 April 2018); and
- 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:

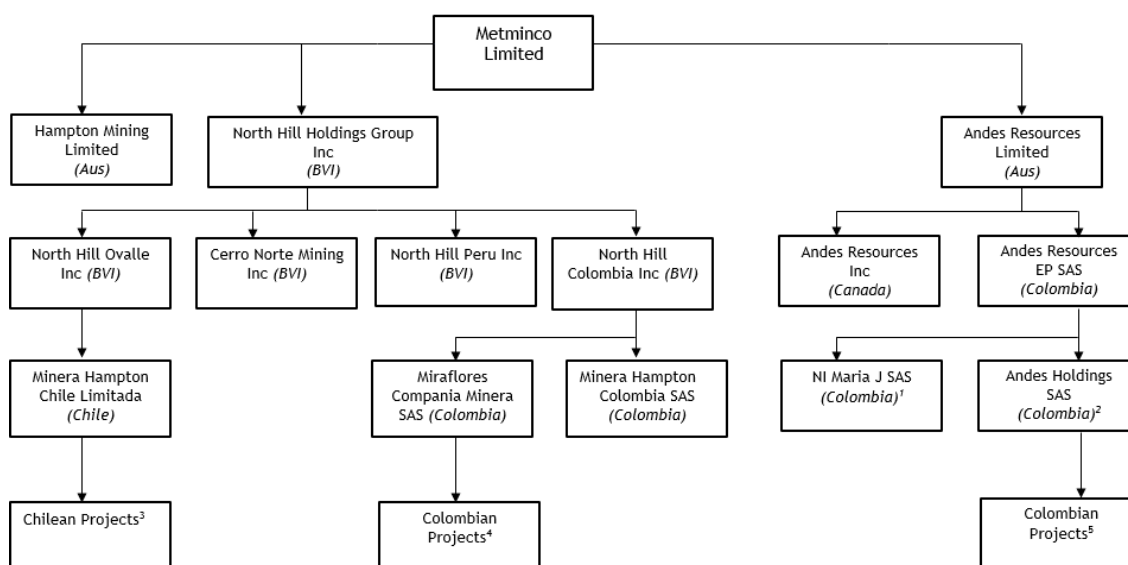
Holder	Shares (on a pre-Consolidation basis)	Percentage
Sandfire <sup>1</sup>	998,936,375	15%
RMB <sup>2</sup>	1,008,000,000	15.1%
BHC & Delta <sup>3</sup>	650,000,000	9.8%

### 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
<b>Current Assets</b>					
Cash and cash equivalents	168	246	32 (a)	1,896 (b)	2,342
Trade and other receivables	2,996	22	0	0	3,018
<b>Total Current Assets</b>	<b>3,164</b>	<b>268</b>	<b>32</b>	<b>1,896</b>	<b>5,360</b>
<b>Non-Current Assets</b>					
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
<b>Total Non-Current Assets</b>	<b>11,050</b>	<b>2,809</b>	<b>250</b>	<b>2,350</b>	<b>16,459</b>
<b>TOTAL ASSETS</b>	<b>14,214</b>	<b>3,077</b>	<b>282</b>	<b>4,246</b>	<b>21,820</b>
<b>Current Liabilities</b>					
Trade and other payables	4,627	134	481	(2,887) (d)	2,355
<b>Total Current Liabilities</b>	<b>4,627</b>	<b>134</b>	<b>481</b>	<b>(2,887)</b>	<b>2,355</b>
<b>Non-Current Liabilities</b>					
Trade and other payables	1,782	0	0	1,019 (d)	2,801
<b>Total Current Liabilities</b>	<b>1,782</b>	<b>0</b>	<b>0</b>	<b>1,019</b>	<b>2,801</b>
<b>TOTAL LIABILITIES</b>	<b>6,409</b>	<b>134</b>	<b>481</b>	<b>(1,868)</b>	<b>5,156</b>
<b>NET ASSETS (LIABILITIES)</b>	<b>7,805</b>	<b>2,943</b>	<b>(198)</b>	<b>6,114</b>	<b>16,664</b>
<b>Equity</b>					
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)
<b>TOTAL EQUITY</b>	<b>7,805</b>	<b>2,943</b>	<b>(198)</b>	<b>6,114</b>	<b>16,664</b>

- (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.

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## **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.

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## 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.

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## **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.



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## 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](http://www.metminco.com.au/site/news/ASX-Announcements)) or on Metminco's profile on the ASX's website at ([www.asx.com.au](http://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.<sup>12</sup>

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

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<sup>12</sup> 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 <sup>1</sup>	11,957
Legal expenses <sup>2</sup>	150,000
Advisor fees <sup>3</sup>	125,000
Underwriting Fee <sup>4</sup>	20,000
Printing, mailing and other expenses	12,000
ASX listing fees <sup>5</sup>	23,044
<b>TOTAL</b>	<b>342,001</b>

**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 <sup>1</sup>	Unquoted Options <sup>3</sup>	Performance Rights <sup>2</sup>
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	-
<b>TOTAL</b>	<b>41,653,520</b>	<b>6,059,740</b>	<b>19,200,000</b>	<b>46,400,000</b>

**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 <sup>1</sup>	266,667	3,000,000
Ross Ashton	7,858,235	2,500,000 <sup>2,3</sup>

**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 <sup>1</sup>	2018	139,786	14,182	153,968
	2017	-	-	-
Glenister Lamont <sup>2</sup>	2018	27,092	2,799	29,891
	2017	-	-	-
Roger Higgins <sup>3</sup>	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.

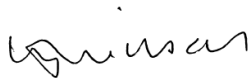
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## 10. Directors Authorisation

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

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## 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.

# TARGET'S STATEMENT

prepared by

## **Andes Resources Ltd**

ACN 166 866 691

in relation to the off-market takeover bid by

## **Metminco Limited**

ACN 119 759 349

to acquire all of your ordinary fully paid shares in ARL.

The Directors of ARL unanimously recommend, in the absence of a Superior Proposal, that you

# ACCEPT

the Offer from Metminco.

This is an important document and requires your immediate attention. If you do not understand it or are in doubt as to how to act, you should consult your legal, financial or other professional adviser immediately. If you have recently sold all your ARL Shares, please disregard this document.

ARL Shareholders who require assistance may contact ARL by contacting the Company Secretary, Julia Beckett on +61 8 6245 2050.

**Legal Adviser**

**STEINEPREIS PAGANIN**  
**Lawyers & Consultants**



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## IMPORTANT NOTICES

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### **Nature of this document**

This Target's Statement is dated 20 June 2019 and is given by Andes Resources Ltd (**ARL**) under Part 6.5 Division 3 of the Corporations Act in response to the Bidder's Statement by Metminco Limited (**Metminco**) dated 18 June 2019.

The ARL Directors recommend that you read this Target's Statement in full and seek independent advice if you have any queries in respect of the Offer.

### **ASIC disclaimer**

A copy of this Target's Statement has been lodged with the ASIC. Neither the ASIC, nor any of its officers, takes any responsibility for the contents of this Target's Statement.

### **No account of personal circumstances**

This Target's Statement should not be taken as personal financial, investment or tax advice as each Shareholder's deliberations and decision will depend upon their own financial situation, tax position, investment objectives and particular needs.

Your ARL Directors encourage you to read this Target's Statement in its entirety and obtain independent advice from your investment, financial, tax or other professional adviser before making a decision whether or not to accept the Offer.

### **No Independent Expert's Report**

No independent expert's report accompanies this Target's Statement. The Company is not required under the Corporations Act to commission an independent expert report in connection with the Offer.

In deciding not to engage an independent expert to assess the merits of the Offer, the Directors considered a range of factors including:

- the Company has been engaged in recently raising funds, and has gained a reasonable and practical understanding of the value that investors were willing to pay for an ARL Share;
- Metminco is listed on the ASX and so a reasonable comparison between the value of a Metminco Share and an ARL Share was able to be determined by the Directors;
- the Directors understand the value of Metminco's prospects as Metminco's assets are also located in the richly endowed Mid-Cauca Gold and Copper-Gold Belt in Colombia;
- the current alternatives available to ARL to provide an acceptable funding solution to ARL's upcoming work programs are limited as an unlisted public company; and
- the costs of obtaining an independent expert to assist in assessing the Offer were prohibitive.

Given these factors the Directors of ARL decided not to engage an independent expert to assist them in assessing the Offer and have recommended that ARL Shareholders accept the Offer in the absence of a Superior Proposal for the reasons set out in Section 1 of the Target's Statement.

## **Defined terms**

Capitalised terms used in this Target's Statement are defined in section 12 of this Target's Statement.

## **Further information**

ARL Shareholders who require assistance may contact ARL by contacting the Company Secretary, Julia Beckett on +61 8 6245 2050.

Further information relating to the Offer can be obtained from ARL's website at **[www.andesresources.com](http://www.andesresources.com)**. Information contained in, or otherwise accessible through, this internet site is not a part of this Target's Statement. All references in this Target's Statement to this internet site are inactive textual references and are for your information only.

## **Forward looking statements**

This Target's Statement contains various forward looking statements. Statements other than statements of historical fact may be forward looking statements. ARL believes that it has reasonable grounds for making all statements relating to future matters attributed to it in this Target's Statement. ARL Shareholders should note that such statements are subject to inherent risks and uncertainties in that they may be affected by a variety of known and unknown risks, variables and other factors, many of which are beyond the control of ARL. Shareholders should note that any reference to past performance is not intended to be, nor should it be relied upon as, a guide to any future performance. Actual results, values, performance or achievements may differ materially from results, values, performance or achievements expressed or implied in any forward looking statement. None of ARL, its officers nor any person named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any results, values, performance or achievements expressed or implied in any forward looking statement, except to the extent required by law. Shareholders should not place undue reliance on any such statement. The forward looking statements in this Target's Statement only reflect views held as at the date of this Target's Statement. Any forward looking statement in this Target's Statement is qualified by this cautionary statement.

## **Information on Metminco**

All of the information concerning Metminco contained in this Target's Statement has been obtained from publicly available sources including public documents filed by Metminco and the Bidder's Statement. None of the information in this Target's Statement relating to Metminco has been verified by ARL or its Directors for the purposes of this Target's Statement. Accordingly, to the extent permitted by law, ARL makes no representation or warranty (either express or implied) as to the accuracy or completeness of this information. The information on Metminco in this Target's Statement should not be considered comprehensive.

## **Foreign jurisdictions**

The release, publication or distribution of this Target's Statement in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions, and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. This Target's Statement has been prepared in accordance with Australian law, and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside Australia.

## **Charts and diagrams**

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

## **Privacy**

ARL has collected your information from the register of ARL Shareholders for the purpose of providing you with this Target's Statement. The type of information ARL has collected about you includes your name, contact details and information on your shareholding (as applicable) in ARL. Without this information, ARL would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the name and address of Shareholders to be held in a public register. Your information may be disclosed on a confidential basis to external service providers (including print and mail service providers) and may be required to be disclosed to regulators such as ASIC.

If you would like details of information about you held by ARL, please contact the Company Secretary, Julia Beckett on +61 8 6254 2050.

## **Risk Factors**

Shareholders should note that there are a number of risks associated with the Offer and with remaining an ARL Shareholder if they reject the Offer.

Please refer to section 8 of this Target's Statement for further information on those risks.

## **Rounding**

A number of figure, amounts, percentages, prices, estimates, calculations of value and fractions in this Target's Statement are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Target's Statement.

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## IMPORTANT DATES

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Event	Key Date
Execution of the Bid Implementation Agreement and Announcement of the Offer	17 May 2019
Date of Bidder's Statement	18 June 2019
Date of this Target's Statement	20 June 2019
Date of despatch of Bidder's Statement and Target's Statement to ARL Shareholders	24 June 2019
Opening date of the Offer	24 June 2019
Close of Offer Period (unless extended)	5:00 pm (Sydney time) on 24 July 2019

\* The above dates are indicative only and may change without notice.

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## TABLE OF CONTENTS

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WHAT YOU SHOULD DO .....	6
1. DIRECTORS' RECOMMENDATION & REASONS TO ACCEPT THE OFFER .....	9
2. FREQUENTLY ASKED QUESTIONS .....	13
3. DETAILS OF THE OFFER.....	21
4. REASONS AGAINST ACCEPTING THE OFFER.....	29
5. YOUR CHOICES AS A SHAREHOLDER .....	30
6. INFORMATION RELATING TO ARL.....	31
7. INFORMATION RELATING TO METMINCO.....	39
8. RISK FACTORS .....	40
9. ADDITIONAL INFORMATION .....	52
10. CONSENTS .....	58
11. APPROVAL OF THE TARGET'S STATEMENT .....	59
12. GLOSSARY AND INTERPRETATION.....	60

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## WHAT YOU SHOULD DO

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### WHAT YOU SHOULD DO

- Your Directors unanimously recommend, in the absence of a superior proposal, that you **ACCEPT** the Offer for all the ARL Shares you hold by following the instructions outlined in the Bidder's Statement.
- Your Directors intend to **ACCEPT** the Offer for ARL Shares that they own or control, in the absence of a superior proposal.

### WHAT YOU NEED TO DO

- You should read the Bidder's Statement in its entirety.
- You should read this Target's Statement, which contains your Directors' unanimous recommendation to **ACCEPT** and reasons for this recommendation.
- If you have any questions regarding the Offer or this Target's Statement, please contact Company Secretary, Julia Beckett on +61 8 6245 2050.

**YOU CAN ACCEPT THE OFFER BY FOLLOWING THE INSTRUCTIONS IN THE BIDDER'S STATEMENT AND COMPLETING THE ACCEPTANCE FORM ENCLOSED WITH THE BIDDER'S STATEMENT PRIOR TO THE CLOSE OF THE OFFER.**



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## LETTER FROM THE CHAIRMAN OF ANDES RESOURCES LTD

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Dear Shareholder

### **TAKEOVER BID BY METMINCO LIMITED**

On 17 May 2019, Metminco Limited announced to ASX that it had entered into a Bid Implementation Agreement with our Company pursuant to which Metminco would make an off-market takeover bid for all of the Shares in ARL. This Target's Statement is now being sent to you in response to and in conjunction with the Bidder's Statement you will have received from Metminco to acquire all of your Shares in ARL under that Offer.

Under the terms of the Offer, ARL Shareholders who accept the Offer will receive **25 Metminco Shares** for each ARL Share that they hold. This **represents an implied value of \$0.05 per ARL Share** based upon Metminco's Share price as at 19 June 2019.

After careful consideration of the advantages and disadvantages of the Offer, the Directors of ARL unanimously recommend that you **ACCEPT** the Offer in the absence of a Superior Proposal and I note that the ARL Directors who hold ARL Shares intend to accept the Offer in full, in the absence of a Superior Proposal. The principle reasons for your Directors' recommendation are as follows:

1. the Offer provides the opportunity for ARL Shareholders to receive shares in an ASX listed company, making their investment more liquid than ARL Shares which are currently not quoted on any stock exchange;
2. the Offer provides attractive value for your ARL Shares comparable to Metminco and current market conditions;
3. the investment objectives of Metminco and ARL Shareholders are aligned, in that both Metminco and ARL hold exploration assets prospective for gold in Colombia, which creates strong synergies for the merger or combination of the two different asset groups;
4. the Merger better positions the Combined Entity to fund exploration on the expanded asset base to its full potential and is expected to enhance access to further financial backing and provide a higher level of funding certainty in the current difficult market environment;
5. the Merger provides ARL Shareholders with exposure to Metminco's Miraflores Gold Project with its established JORC-compliant Reserve<sup>1</sup> and near-term exploration potential with drilling anticipated on the Chuscal target in Q3 2019;
6. the Combined Entity will have an experienced and motivated Board and senior executive team with the capability and demonstrated track record of making tier-1 discoveries;
7. the Offer is supported by multiple major ARL Shareholders;
8. at the date of this Target's Statement, no Superior Proposal has emerged; and
9. there are risks of not accepting the Offer including that ARL may not be able to complete its own listing on ASX, putting the investment objectives of ARL Shareholders at risk.

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<sup>1</sup> Refer to Section 3.1(d) of the Bidder's Statement in relation to the details of these Reserves.

A detailed explanation of these reasons is contained in section 1 of this Target's Statement. The Board's recommendation is based on the Offer as it currently stands, but may be reconsidered should circumstances change.

If you wish to accept the Offer, you should follow the instructions in the Bidder's Statement and on the Acceptance Form.

The Offer is scheduled to close at **5:00 pm (AEST) on 24 July 2019**, unless extended by Metminco. You should not assume that the Offer Period will be extended.

The ARL Directors recommend that you read this Target's Statement in its entirety and in conjunction with the Bidder's Statement you have received from Metminco.

If you have any questions in relation to the Offer, I encourage you to seek independent advice from your investment, financial, tax or other professional adviser, or contact the Company by contacting the Company Secretary, Julia Beckett on +61 8 6245 2050.

I would also like to take this opportunity to thank you for your support of ARL.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Ross Ashton', with a horizontal line extending to the right.

**Mr Ross Ashton**  
**Non-Executive Chairman**  
**Andes Resources Ltd**

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## 1. DIRECTORS' RECOMMENDATION & REASONS TO ACCEPT THE OFFER

The ARL Directors have considered the advantages and disadvantages of the Offer and unanimously recommend that you **ACCEPT** the Offer, unless a Superior Proposal emerges.

The ARL Directors further recommend that you accept the Offer promptly to ensure that your acceptance is received before the closing date of the Offer at **5:00 pm (AEST) on 24 July 2019** (unless extended). You should not assume that the Offer Period will be extended.

In making their decision the Directors advise that Shareholders should:

- (a) read the Bidder's Statement and this Target's Statement in full;
- (b) consider the future prospects of ARL and Metminco as a merged entity compared to the future prospects of ARL as a separate entity;
- (c) have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances; and
- (d) obtain independent advice from your investment, financial, tax or other professional adviser on the effect of accepting the Offer if needed.

The reasons for the recommendation of the ARL Directors are as follows:

- **OPPORTUNITY TO RECEIVE SHARES IN AN ASX LISTED COMPANY AND MERGER OF ASSETS LOCATED IN COLOMBIA**

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The Offer allows ARL Shareholders who have invested in the Company for the development of the Company's Colombian assets to receive shares in an ASX listed company, which should mean greater liquidity and trading opportunities for ARL Shareholders, and also open up more opportunities for fundraising than are presently available for an unlisted public company in Australia.

The Merger also brings together Metminco's advanced Miraflores gold project, Chuscal, Tesorito and other surrounding prospects in Colombia, with ARL's existing 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 rounded, providing strong potential for the discovery of tier-1 gold-copper deposits, and includes a:

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

- **THE OFFER PROVIDES ATTRACTIVE VALUE FOR YOUR ARL SHARES**

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The Offer consideration of 25 Metminco Shares per ARL Share **implies a value of \$0.05 per ARL Share** based on the price of Metminco Shares as at 19 June 2019.

The most recent price at which the Company has been able to raise funds, completed in June 2019, is \$0.05 per Share.

The Offer consideration, based on the prevailing trading price of Metminco Shares, implies an enterprise value of ~\$5.2 million for ARL.

The actual value of the Offer consideration will vary depending on the price of Metminco Shares during the Offer Period and when the Metminco Shares are issued to you, if you accept the Offer, but is not reasonably expected to change materially during the Offer Period.

The table in section 3.3 of this Target's Statement sets out the implied value of the Offer assuming different market prices of Metminco Shares on ASX.

- **THE COMBINED ENTITY CREATES OPPORTUNITIES AND SYNERGIES NOT CURRENTLY AVAILABLE TO ARL IN ISOLATION**

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The Metminco asset portfolio is complementary to ARL's portfolio which creates opportunities and synergies such as:

- (a) a mature project pipeline supplementing ARL's very attractive but early stage portfolio (refer to Section 3 of the Bidder's Statement for further details);
- (b) a potentially near-term pathway to development. New capital raised upon completion of the Merger is intended to fund drilling at Chuscal, (subject to necessary approvals). Success at drilling programs within proximity to the established Miraflores project has the potential to launch the Combined Entity on a near term development pathway leveraging the advanced nature of the Miraflores project; and
- (c) in-Country cost savings are realisable both with Medellin corporate office and site-based teams given the proximity of the ARL and Metminco project areas.

- **THE MERGER BETTER POSITIONS THE COMBINED ENTITY TO FUND EXPLORATION ON THE EXPANDED ASSET BASE TO ITS FULL POTENTIAL**

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ARL Shareholders are expected to benefit from having exposure to a much deeper pool of capital available to a listed entity that may not otherwise 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 ARL on a stand-alone basis due to the greater scale, greater liquidity and greater depth of project portfolio of the Combined Entity.

ARL 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 ARL shares are not quoted on the ASX. As a result, ARL has been unable to fully appraise the potential of its portfolio of assets with the limited cash resources available to it as an unlisted company.

The Merger is expected to result in a significantly enhanced ability to fund exploration and development activities on the expanded portfolio, including ARL assets which are currently unfunded as a public 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 \$2.3 million and reduced and deferred debt of \$3.5 million) which, together with the

larger market capitalisation and greater scale and diversity of the Combined Entity's operations, is expected to raise the profile of the Combined Entity in capital markets and therefore widen the range of potential investors for the Combined Entity providing a greater ability to source equity funding on more favourable terms, than would currently be available to ARL.

- **THE MERGER PROVIDES ARL SHAREHOLDERS WITH EXPOSURE TO METMINCO'S QUINCHIA GOLD PROJECT AND NEAR-TERM EXPLORATION POTENTIAL WITH DRILLING ANTICIPATED ON THE CHUSCAL TARGET IN Q3 2019**

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ARL Shareholders will gain exposure 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). All properties occur within 2km of a proposed treatment plant.

Details of the resource and proposed work program are set out in Section 3 of the Bidder's Statement.

- **EXPERIENCED AND MOTIVATED BOARD AND SENIOR EXECUTIVE TEAM OF THE MERGED ENTITY WITH THE CAPABILITY AND DEMONSTRATED TRACK RECORD OF MAKING TIER-1 DISCOVERIES**

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By accepting the Offer, Shareholders will become a shareholder in the Combined Entity which will benefit from a high-quality senior management team and Board.

Two directors from ARL will be invited to join the Board of Metminco. ARL's 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 Metminco Board as a Non-Executive Director. 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 ARL Shareholders.

Furthermore, by merging with Metminco, ARL 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 Anglo Gold Ashanti Colombia.<sup>2</sup>

- **THE OFFER IS SUPPORTED BY MULTIPLE MAJOR ARL SHAREHOLDERS**

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The ARL Directors (representing 18.99% of ARL Shares) have indicated their intention to accept the Offer in relation to the ARL Shares that they control and have recommended the Offer to ARL Shareholders.

In addition, ARL's two largest shareholders, Sandfire Resources Limited and Bullet Holdings Corporation, have indicated their intention to support the Offer. Together, these parties hold approximately 35.6% of the ARL Shares.

Please refer to section 3.7 of this Target's Statement for further details.

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<sup>2</sup> Refer to 2018 Annual Report of AngloGold Ashanti

- **NO SUPERIOR PROPOSAL HAS EMERGED**

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As at the date of this Target's Statement, ARL has not received any alternative proposal from any party intending to make a Superior Proposal and your Directors are not aware of any other offer or proposal which might be made as an alternative to the Offer. Should such a proposal arise, your Directors will reconsider their recommendation and inform you accordingly.

- **THERE ARE OTHER RISKS IN NOT ACCEPTING THE OFFER**

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If the Offer is unsuccessful and no other offers emerge, ARL Shareholders will be exposed to the ongoing risks associated with an investment in ARL, including the risks associated with the Company's ongoing need to raise funds as an unlisted public company to meet its exploration and working capital needs.

If you do not accept the Offer and the Offer becomes Unconditional, Metminco may be entitled to acquire your ARL Shares through compulsory acquisition (see section 3.17 of this Target's Statement).

Further details on the risks associated with not accepting the Offer are set out in section 8.4 of this Target's Statement.

If you retain your ARL Shares, you will continue to be exposed to the risks associated with being an ARL Shareholder. A non-exhaustive summary of such risks is set out in section 8.5 of this Target's Statement.

ARL Shareholders should note that there are also risks associated with accepting the Offer. Details on the risks associated with accepting the Offer are contained in sections 8.2 and 8.3 of the Bidder's Statement and section 8 of this Target's Statement.

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## 2. FREQUENTLY ASKED QUESTIONS

In this section answers are provided to some commonly asked questions about the Offer. This section should be read together with the rest of this Target's Statement. This section is not intended to comprehensively answer all questions that may arise in relation to the Offer nor address all issues that are relevant to ARL Shareholders.

The Offer	
<b><i>What is the Bidder's Statement?</i></b>	The Bidder's Statement is the document setting out the terms of the Offer. Metminco lodged the Bidder's Statement with ASIC and sent the Bidder's Statement to ARL Shareholders on 18 June 2019.
<b><i>What is the Target's Statement?</i></b>	This Target's Statement has been prepared by ARL and provides ARL's response to the Offer, including the recommendation of your Directors.
<b><i>Who is offering to purchase my ARL Shares?</i></b>	<p>Metminco Limited (ACN 119 759 349) (<b>Metminco</b>).</p> <p>Metminco is a company incorporated in Australia and listed on the Australian Securities Exchange (<b>ASX</b>) under ASX code <b>MNC</b>.</p> <p>Metminco is advancing a strong portfolio of exploration projects located in Colombia and Chile, mainly focused on gold, but with significant exposure to copper. Projects range from early stage exploration, through advanced stage exploration to feasibility.</p> <p>Information in relation to Metminco can be obtained from section 3.1 of the Bidder's Statement and Metminco's website at <b><a href="http://www.metminco.com.au">www.metminco.com.au</a></b>.</p>
<b><i>What is being offered to me?</i></b>	<p>Metminco is offering 25 Metminco Shares for each ARL Share held by you.</p> <p>You may only accept the Offer in respect of all of the ARL Shares held by you.</p> <p>If you are an Ineligible Foreign Shareholder, you will not be provided Metminco Shares. Instead you will be paid the net proceeds of the sale of the Metminco Shares you would have been entitled to. See section 3.14 of this Target's Statement for more details.</p>
<b><i>What are the ARL Directors recommending?</i></b>	<p>The ARL Directors unanimously recommend that you <b>ACCEPT</b> the Offer, subject to there being no Superior Proposal.</p> <p>If there is any change to this recommendation the ARL Directors will inform you.</p> <p>The reasons for your Directors' recommendation are set out in section 1 of this Target's Statement.</p> <p>You are encouraged to read the Bidder's Statement and Target's Statement in full and to consider the Offer having regard to your personal circumstances. The ARL Directors encourage you to seek your own independent financial and taxation advice prior to deciding whether to accept the Offer.</p>

<b>The Offer</b>	
<b><i>What do the Directors intend to do with their ARL Shares?</i></b>	Each Director who holds or controls Shares intends to accept or procure the acceptance of the Offer in respect of the Shares they own or control, in the absence of a Superior Proposal.
<b><i>What do some of the major shareholders of ARL intend to do with their ARL Shares?</i></b>	As at the date of this Target's Statement, a number of ARL shareholders, have indicated that they intend to accept the Offer in the absence of a Superior Proposal. Indications of an intention to accept the Offer, subject to receipt of a Superior Proposal have each been given to Metminco by Sandfire (19.4% interest), BHC (16.2% interest) and ARL directors (collectively 18.99% interest). Please refer to section 3.7 of this Target's Statement for further details.
<b><i>Did ARL engage an independent expert to evaluate the Offer</i></b>	<p>ARL is not required under the Corporations Act to commission an independent expert report in connection with the Offer.</p> <p>In deciding not to engage an independent expert to assess the merits of the Offer, the Directors considered a range of factors including:</p> <ul style="list-style-type: none"> <li>• the Company has been engaged in recently raising funds, and has gained a reasonable and practical understanding of the value that investors were willing to pay for an ARL Share;</li> <li>• Metminco is listed on the ASX and so a reasonable comparison between the value of a Metminco Share and an ARL Share was able to be determined by the Directors;</li> <li>• the Directors understand the value of Metminco's prospects as Metminco's assets are also located in the richly endowed Mid-Cauca Gold and Copper-Gold Belt in Colombia;</li> <li>• the current alternatives available to ARL to provide an acceptable funding solution to ARL's upcoming work programs are limited as an unlisted public company; and</li> <li>• the costs of obtaining an independent expert to assist in assessing the Offer were prohibitive.</li> </ul> <p>Given these factors the Directors of ARL decided not to engage an independent expert to assist them in assessing the Offer and have recommended that ARL Shareholders accept the Offer in the absence of a Superior Proposal for the reasons set out in Section 1 of the Target's Statement.</p>
<b><i>What does the Offer mean for ARL's projects?</i></b>	<p>ARL's assets will be owned and operated by Metminco and will benefit from synergies not currently available to ARL in isolation.</p> <p>The Combined Entity will be better positioned to fund exploration on the expanded asset base to its full potential and ARL's current funding uncertainty will be resolved.</p>



<b>The Offer</b>	
	The Combined Entity will also have an experienced and motivated Board with the capability and track record or making tier 1 discoveries.
<b><i>What will be the role of ARL Directors in the Combined Entity?</i></b>	<p>If the Offer is successful, it is intended that Metminco will appoint the following two ARL Directors to the board of directors of Metminco:</p> <ul style="list-style-type: none"> <li>• Jason Stirbinskis (as Managing Director); and</li> <li>• Ross Ashton (Non-executive Director),</li> </ul> <p>Refer to section 9.1 of this Target's Statement for further details.</p>
<b><i>When will I receive payment if I accept the Offer?</i></b>	<p>Provided you have validly accepted the Offer, and subject to the Conditions being fulfilled or waived by Metminco, you will receive the consideration to which you are entitled on acceptance of the Offer on the earlier of:</p> <ul style="list-style-type: none"> <li>• one month after the Offer is accepted by you, or if the Offer is subject to the Conditions at the time the Offer has been validly accepted by you, one month after the Offer becomes Unconditional; and</li> <li>• 21 days after the end of the Offer Period.</li> </ul> <p>Ineligible Foreign Shareholders will be provided with the net proceeds of sale to which they are entitled under the Offer at a different time.</p>
<b><i>What happens if Metminco increases the Offer?</i></b>	<p>If Metminco improves the Offer Price, all of the Andes Shareholders who accept the Offer (whether or not they accepted the Offer before or after the improvement) will be entitled to the benefit of the improved Offer Price, if the Offer becomes unconditional. As at the date of this Target's Statement, Metminco has given no indication of its intention to increase the Offer.</p>
<b><i>What are the conditions to the Offer?</i></b>	<p>The Offer is subject to the following conditions:</p> <ul style="list-style-type: none"> <li>• approval of the Essential Metminco Shareholder Resolutions</li> <li>• minimum acceptance of 90% of all the fully paid ordinary shares in the capital of ARL;</li> <li>• no prescribed occurrence or material adverse change (see Glossary);</li> <li>• Metminco and ARL collectively complete the Capital Raising;</li> <li>• Metminco entering into a formal binding agreement with RMB with respect to the refinancing of the RMB Debt;</li> <li>• All ARL Optionholders accepting the private treaty offer by Metminco for their ARL Options;</li> <li>• obtaining any approvals or consents required in respect of the change of control of ARL as a result of the Offer;</li> </ul>

<b>The Offer</b>	
	<ul style="list-style-type: none"> <li>no material breach of the Bid Implementation Agreement; and</li> <li>other standard conditions for a transaction of this type.</li> </ul> <p>This is a summary only. The Conditions to which the Offer is subject are set out in full in section 9 of Appendix A of the Bidder's Statement and section 3.8 of this Target's Statement.</p>
<b>When does the Offer close?</b>	<p>The Offer is presently scheduled to close at <b>5:00 pm (AEST time) on 24 July 2019</b> (unless extended).</p> <p>Section 3.11 of this Target's Statement provides further details regarding the circumstances in which the Offer Period may be extended.</p>
<b>What happens if the conditions are not satisfied or waived?</b>	<p>If the Conditions are not satisfied or waived before the end of the Offer Period, then the Offer will lapse and any acceptances of the Offer will be void. You will continue to hold your ARL Shares and be free to deal with your ARL Shares as if the Offer had not been made.</p>
<b>What happens if I accept the Offer now?</b>	<p>If you accept the Offer now, while it is conditional, you will give up your rights to your ARL Shares (for example, by accepting a Superior Proposal if one was to emerge) unless the limited withdrawal rights apply at the applicable time and you validly withdraw your acceptance.</p>
<b>When will Metminco advise as to the status of the conditions?</b>	<p>Section 11 of Annexure A of the Bidder's Statement indicates that the Bidder will give a Notice of Status of Conditions in accordance with section 630(1) of the Corporations Act.</p>
<b>Can Metminco extend the Offer?</b>	<p>Metminco may extend the Offer Period at any time before the end of the Offer Period.</p> <p>In addition, there will be an automatic extension of the Offer Period, if within the last 7 days of the Offer Period:</p> <ul style="list-style-type: none"> <li>Metminco improves the consideration offered under the Offer; or</li> <li>Metminco's voting power in ARL increases to more than 50%.</li> </ul> <p>If either of these two events occurs, the Offer Period will be automatically extended so that it ends 14 days after the relevant event occurs.</p>
<b>Does the Offer include my ARL Options?</b>	<p>As they are a separate class of securities, the Offer does not include ARL Options. However, the Offer does extend to ARL Shares that are issued on the exercise of ARL Options during the period from the Record Date to the end of the Offer Period.</p> <p>It is a condition of the Offer, that each ARL Optionholder that does not otherwise exercise its ARL Options, enters into a cancellation deed for their ARL Options. In consideration for entry of ARL Optionholders into cancellation deeds of ARL Options, Metminco has</p>

The Offer	
	<p>agreed to offer ARL Optionholders the Replacement Options.</p> <p>Refer to section 3.22 of this Target's Statement and section 9.9 of the Bidder's Statement for further information.</p>
<b>Does ARL expect a competing offer?</b>	<p>The Board unanimously recommends the Offer (in the absence of a Superior Proposal).</p> <p>It is not the ARL Board's role to speculate on the likelihood of a competing offer.</p> <p>The Bid Implementation Agreement contains customary "no shop" and "no talk" provisions in relation to competing offers.</p> <p>If a competing offer emerges, the ARL Board will deal with it at the time and update shareholders accordingly.</p>
<b>ARL is unlisted. What is ARL's available financial information?</b>	<p>Yes, ARL is unlisted and therefore ARL Shares do not trade on a securities exchange.</p> <p>ARL is an unlisted Australian registered public company that is subject to various reporting and disclosure obligations and is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by ARL may be obtained from, or inspected at, an ASIC office.</p> <p>ARL's most recent audited financial statements are for the financial year ended 31 December 2018 which are included in the 2018 Annual Report.</p> <p>Other than the Offer, the Directors of ARL are not aware of any material matter affecting the operations or financial position of ARL since the 2018 Annual Report.</p> <p>See Section 6.4 of this Target's Statement and Section 4.7 of the Bidder's Statement.</p>

Options for ARL Shareholders	
<b>What choices do I have as a Shareholder?</b>	<p>As a Shareholder, you have the following choices in respect of your Shares:</p> <ul style="list-style-type: none"> <li>• accept the Offer in respect of all of your ARL Shares;</li> <li>• sell some or all of your ARL Shares (unless you have previously accepted the Offer), however this may be difficult as ARL Shares are not listed on any securities exchange; or</li> <li>• do nothing in relation to the Offer.</li> </ul> <p>If you have already sold all your ARL Shares, no action is required.</p> <p><b>YOUR ARL DIRECTORS UNANIMOUSLY RECOMMEND, IN THE ABSENCE OF A SUPERIOR PROPOSAL, THAT YOU <u>ACCEPT THE OFFER</u>.</b></p>

<b>The Offer</b>	
<b><i>When do I have to decide?</i></b>	<p>If you wish to accept the Offer you need to do so before its scheduled closing date. Metminco has stated that its Offer is scheduled to close at <b>5:00 pm (AEST) on 24 July 2019</b>, unless it is extended.</p> <p>If you wish to reject the Offer, you do not need to do anything.</p>

<b>How to respond to the Offer</b>	
<b><i>How do I accept the Offer?</i></b>	<p>To accept the Offer, you should follow the instructions set out on the Acceptance Form that accompanies the Bidder's Statement.</p> <p>You may only accept the Offer in respect of all of the ARL Shares held by you.</p>
<b><i>What should I do if I did not receive or have misplaced my Acceptance Form?</i></b>	<p>If you have not received your Acceptance Form or have misplaced it, please call Link Market Services Limited on:</p> <ul style="list-style-type: none"> <li>• 1300 554 474 (if calling within Australia); or</li> <li>• +61 2 8767 1111 (if calling from outside Australia).</li> </ul> <p>Calls to the above numbers will be recorded. Inquiries in relation to the Offer will not be received on any other telephone numbers of Metminco or its advisers.</p>
<b><i>How do I reject the Offer?</i></b>	<p>To reject the Offer, you should do nothing.</p> <p>If you decide to do nothing, you should be aware of the rights of Metminco to compulsorily acquire your Shares in certain circumstances.</p> <p>See section 3.17 of this Target's Statement for more details in relation to compulsory acquisition.</p>
<b><i>Can I accept the Offer for part of my shareholding?</i></b>	<p>No. You cannot accept the Offer for part of your shareholding. You may only accept the Offer made to you for all of the ARL Shares held by you.</p>
<b><i>What if I am a Foreign Shareholder?</i></b>	<p>Ineligible Foreign Shareholders that accept the Offer will not receive Metminco Shares. Rather, the Metminco Shares that Ineligible Foreign Shareholders would have been entitled to receive will be issued to, and sold by, a Sale Nominee and the net proceeds attributable to each Foreign Shareholder will be paid to them by cheque in Australian dollars drawn on an Australian bank account.</p> <p>Ineligible Foreign Shareholders should refer to section 8 of Annexure A of the Bidder's Statement, which provides further information on Ineligible Foreign Shareholders and the Sale Nominee sale process. Metminco's determination of whether an ARL Shareholder is an Ineligible Foreign Shareholder shall be final.</p>
<b><i>What are the consequences of accepting the Offer?</i></b>	<p>If you accept the Offer you will receive 25 Metminco Shares for each ARL Share you hold.</p>

<b>The Offer</b>	
<b><i>If I accept the Offer now, can I withdraw my acceptance?</i></b>	<p>You may withdraw your acceptance only if Metminco varies the Offer in a way that postpones the time when Metminco is required to satisfy its obligations by more than 1 month.</p> <p>Further details on your ability to withdraw your acceptance are set out in section 3.12 of this Target's Statement.</p>
<b><i>What happens if I do nothing?</i></b>	<p>You will remain an ARL Shareholder. However, Metminco has stated that if it becomes entitled to compulsorily acquire ARL Shares, it intends to do so. See section 6.2 of the Bidder's Statement for more details.</p> <p>If you do not accept the Offer and Metminco acquires a Relevant Interest in at least 90% of ARL Shares and the Conditions of the Offer are satisfied or waived, Metminco intends to proceed to compulsorily acquire your ARL Shares.</p> <p>See Section 6.2(b) of the Bidder's Statement for more information about Metminco's intentions if it acquires a Relevant Interest in at least 90% of the ARL Shares.</p> <p>See Section 6.2(c) of the Bidder's Statement for more information about Metminco's intentions if it acquires control but less than a Relevant Interest in 90% of the ARL Shares.</p> <p>See Section 6.2(d) of the Bidder's Statement for more information about Metminco's intentions if it does not acquire 50% of ARL Shares and therefore does not acquire control.</p>
<b><i>Can I be forced to sell my shares?</i></b>	<p>You cannot be forced to sell your ARL Shares unless Metminco acquires a Relevant Interest in at least 90% of all ARL Shares.</p> <p>Metminco's intentions with respect to compulsory acquisition are set out in section 6.2(b) of the Bidder's Statement. In summary, Metminco has indicated that if it becomes entitled to do so under the Corporations Act, it intends to give notices to compulsorily acquire any outstanding ARL Shares in accordance with section 661B of the Corporations Act.</p>
<b><i>Will Metminco Shares issued under the Offer be listed on ASX?</i></b>	<p>Metminco intends to make an application for quotation of the Metminco Shares issued under the Offer on ASX. If the application is not successful, then all contracts resulting from acceptances of the Offer will be automatically void.</p>
<b><i>What if I don't want Metminco Shares?</i></b>	<p>You are free to sell the Metminco Shares you received under the Offer on market. Brokerage will be payable on any subsequent sale of Metminco Shares.</p>

<b>The Offer</b>	
<b>General Matters</b>	
<b><i>What are the tax implications of accepting the Offer?</i></b>	<p>A general outline of the tax implications of accepting the Offer is set out in section 7 of the Bidder's Statement.</p> <p>If the Offer becomes Unconditional, CGT rollover relief will not be available if Metminco acquires less than 80% of the ARL Shares under the Offer.</p> <p>As the outline is general in nature, you should consult your taxation adviser for detailed taxation advice before making a decision as to whether or not to accept the offer.</p>
<b><i>Do I pay brokerage if I accept?</i></b>	No brokerage or stamp duty will be payable as a result of your acceptance of the Offer.
<b><i>If I have further questions in relation to the Offer, what can I do?</i></b>	Please contact ARL by contacting the Company Secretary, Julia Becket on +61 (8) 6245 2050, or you can speak to your financial or other professional adviser.

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### **3. DETAILS OF THE OFFER**

#### **3.1 Background to the Offer**

On 17 May 2019, ARL and Metminco jointly announced that they had entered into the Bid Implementation Agreement under which Metminco agreed to make an off-market takeover offer for all of the ARL Shares.

You should have recently received the Bidder's Statement from Metminco, containing the full terms and conditions of the Offer, together with other information material to your decision whether or not to accept the Offer.

#### **3.2 The Offer**

Metminco will offer 25 Metminco Shares for each ARL Share held.

#### **3.3 Offer Price**

The implied value of the Offer Price will fluctuate during the Offer Period with the Metminco Share price. Accordingly, if the Metminco Share price falls, the implied value of the Offer Price will fall. Likewise, if the Metminco Share price rises, the implied value of the Offer Price will rise. The table below illustrates the implied value of the Offer Price based on a Metminco Share price range of \$0.001 to \$0.011 with the latter being Metminco's highest trading price over the past 12 months prior to the date of the Target's Statement.

<b>Metminco Share price (pre-Consolidation)</b>	<b><i>Implied value of scrip consideration</i></b>
\$0.001	\$0.025
\$0.002 (prevailing price)	\$0.05
\$0.003	\$0.075
\$0.004	\$0.10
\$0.005	\$0.125
\$0.0075	\$0.188
\$0.010	\$0.25
\$0.011 (highest 12 month trading price)	\$0.275

#### **3.4 The Offer is unanimously recommended by the ARL Directors**

The ARL Directors unanimously recommend that ARL Shareholders accept the Offer in the absence of a Superior Proposal.

#### **3.5 Directors' intentions in relation to the Offer**

Each of the ARL Directors who holds a Relevant Interest in ARL Shares have indicated their intention to accept, or procure the acceptance of, the Offer in respect of the ARL Shares that they, or their Associates, own or control or otherwise have a Relevant Interest in, subject to there being no Superior Proposal.

### 3.6 Metminco intentions

See section 6.2 of the Bidder's Statement for a summary of Metminco's intentions following completion of the Offer.

### 3.7 Intentions of major shareholders

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

ARL Shareholder	ARL Shares	% of ARL Shares Held
Sandfire Resources Limited	20,166,667	19.4
Bullet Holding Corporation	16,864,873	16.2

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

Sandfire's intention to accept the 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. Refer to Section 9.14 for information on the RMB debt financing;
- (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 ARL Placement; and
- (c) Metminco being entitled to proceed with compulsory acquisition of all remaining ARL shares upon acceptance of the Offer by Sandfire.

### 3.8 Offer Conditions

The Offer is subject to a number of Conditions which are set out in full in section 9 of Annexure A of the Bidder's Statement.

In summary, the Conditions of the Offer are:

#### (a) Minimum acceptance

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

#### (b) No Material Adverse Change

Between the Announcement Date and the end of the Offer Period (inclusive), no Target Material Adverse Change or Bidder Material



Adverse Change occurs, is announced or becomes known to Metminco (whether or not it becomes public).

(c) **No prescribed occurrences**

Between the Announcement Date and the end of the Offer Period (inclusive), no Target Prescribed Occurrence occurs.

(d) **ARL Board recommendation**

The ARL Board give a unanimous recommendation to ARL Shareholders that they accept the Offer and that all ARL Directors intend to accept the Offer with respect to their own ARL Shares in the absence of a Superior Proposal.

(e) **Capital Raise Condition**

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

- (i) the Priority Offer and Placement;
- (ii) the ARL Placement; and
- (iii) the funds raised by the issue of Notes.

(f) **Replacement of Options**

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

(g) **Approval of Essential Metminco Shareholder Resolutions**

Metminco shareholders approve the Essential Metminco Shareholder Resolutions by the requisite majorities in accordance with the Corporations Act, the ASX Listing Rules and the constitution of Metminco before the end of the Offer Period.

(h) **No regulatory intervention**

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

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

in consequence of or in connection with the Offer (other than an application to or a determination by ASIC or the Takeovers Panel in the exercise of the powers and discretions conferred by the Corporations Act), which restrains, impedes or prohibits (or if granted could restrain, impede or prohibit), or otherwise materially adversely impacts upon, the making of the Offer or any transaction contemplated by the Bid Implementation Agreement, the Offer or the rights of Metminco in respect of

ARL or the ARL Shares to be acquired under the Offer, or requires the divestiture by Metminco or Metminco's Shareholders of any ARL Shares or the divestiture of any assets of the ARL Group, Metminco, Metminco Group or otherwise.

(i) **No material transactions**

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

(j) **Sandfire Condition**

Sandfire does not terminate the Sandfire Collaboration Agreement.

(k) **No material breach of the Bid Implementation Agreement**

Between the Announcement Date and the end of the Offer Period (each inclusive), Metminco does not become entitled to terminate the Bid Implementation Agreement pursuant to the terms of the Bid Implementation Agreement, as a result of any of the representations and warranties given by ARL under the Bid Implementation Agreement becoming untrue or incorrect in any material respect.

(l) **No change of control or pre-emptive rights**

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

- (i) acquire, or require ARL or a subsidiary of ARL to dispose of, or offer to dispose of, any material asset of ARL or a subsidiary of ARL, including any interest in any project of ARL (or its subsidiaries); or
- (ii) terminate or vary, or cause the acceleration of any obligations under, any agreement with ARL or a subsidiary of ARL, including in respect of any interest in any project of ARL and its subsidiaries.

### **3.9 Consequence of Conditions not being satisfied**

The Conditions are conditions subsequent. The non-fulfilment of a condition subsequent does not, until the end of the Offer Period, prevent a contract to sell your ARL Shares from arising, but it does entitle Metminco by written notice to you to rescind the contract resulting from your acceptance of the Offer. If a Condition is not satisfied, it may be waived by Metminco.

Therefore, if any Condition is unsatisfied, Metminco may elect to waive the Condition and proceed with the acquisition of ARL Shares under its Offer or allow the Offer to lapse with unsatisfied Conditions.

Generally, Metminco will not have to decide whether to proceed with the acquisition of ARL Shares under its Offer until the date that it is required to provide its notice of status of Conditions which, as outlined in section 3.10 of this Target's Statement, can be postponed if the Offer Period is extended.

As at the date of this Target's Statement, ARL is not aware of any event having occurred which would cause any of the Conditions not to be fulfilled.

### 3.10 Notice of status of Conditions

Metminco has indicated in section 9.7 of the Bidder's Statement that it will give a notice of the status of the Conditions on 16 July 2019 (subject to extension if the Offer Period is extended). It will give this notice by making an announcement on the ASX website (**ASX:MNC**).

The Corporations Act requires that such notice state:

- (a) whether the Offer is free from Conditions;
- (b) whether the Conditions have been fulfilled as at the date of the notice; and
- (c) the voting power of Metminco in ARL.

If the Offer Period is extended before the date the notice is required to be given, the date that Metminco must give its notice is taken to be postponed for the same period. In this case, Metminco is required, as soon as reasonably practicable after the extension, to notify ARL and ASX of the new date for giving the notice.

If a Condition is fulfilled (so that the Offer becomes free of that Condition) during the Offer Period but before the date on which the notice of status of conditions is required to be given, Metminco must, as soon as practicable, give ARL and ASX a notice that states that the particular Condition has been fulfilled.

### 3.11 Offer Period and extension

Unless the Offer is extended, it is open for acceptance from 24 June 2019 until **5:00pm (AEST) on 24 July 2019** (unless extended). You should not assume that the Offer Period will be extended.

Metminco may extend the Offer Period at any time before giving the notice of status of conditions (referred to in section 3.10 of this Target's Statement) while the Offer is subject to conditions. There are also limited circumstances where Metminco may extend the Offer Period after the notice of status of conditions has been given. However, if the Offer is Unconditional (that is, all the Conditions are fulfilled or freed), Metminco may extend the Offer Period at any time before the end of the Offer Period.

In addition, if the events set out in section 624(2) of the Corporations Act occur within the last seven days of the Offer Period, the Offer Period will be automatically extended so that it ends 14 days after that event.

### 3.12 Effect of accepting the Offer and rights of withdrawal

Accepting the Offer would (subject to the withdrawal rights discussed below):

- (a) prevent you from accepting any higher takeover bid that may be made by a third party or any alternative transaction proposal that may be recommended by the Board;
- (b) relinquish control of your Shares to Metminco with no guarantee of payment until the Offer becomes, or is declared, Unconditional – and as the Offer Period could be extended by Metminco, this could result in further delays in payment; and

- (c) give Metminco the option to keep your ARL Shares (if the Conditions of its Offer are not satisfied (i.e. by waiving the Conditions)) or return your ARL Shares.

If you accept the Offer, you will have a right to withdraw your acceptance in some circumstances. Those withdrawal rights comprise general statutory withdrawal rights under the Corporations Act. In summary:

- (a) under the Corporations Act, you may withdraw your acceptance of the Offer if Metminco varies the Offer in a way that postpones, for more than one month, the time when Metminco needs to meet its obligations under the Offer and the Offer is still subject to one or more Conditions. This will occur if Metminco extends the Offer Period by more than one month while the Offer is still subject to any of the Conditions; and
- (b) in those circumstances, you will have one month after the date that notice of the extension is given to ARL to withdraw your acceptance. Your statutory withdrawal rights will terminate on the expiry of that one month, although if the Offer Period is then further extended you may receive further statutory withdrawal rights.

If you become entitled to withdraw your acceptance, you will be sent a notice from Metminco, explaining your rights in this regard.

### **3.13 Lapse of Offer**

The Offer will lapse if the Conditions are not satisfied or waived by the end of the Offer Period. In that event, all contracts resulting from acceptances of the Offer, and all acceptances that have not resulted in binding contracts, will be void and you will be free to deal with your ARL Shares as you see fit.

### **3.14 Ineligible Foreign Shareholders**

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

An ARL Shareholder is a Foreign Shareholder for the purposes of the Offer if their address as shown in the register of members of ARL 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 that it is not legally or practically constrained from making the Offer to an ARL 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. 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 a nominee approved by ASIC, who will sell these shares. The net proceeds of the sale of such shares (after the deduction of fees, taxes and sale expenses) will then be remitted to the relevant Ineligible Foreign Shareholders. Refer to section 9.25 of the Bidder's Statement for further details.

### **3.15 When you will receive the Offer Price if you accept the Offer**

Metminco has set out in Sections 7 and 8 of Annexure A of the Bidder's Statement the timing of the provision of the consideration to ARL Shareholders who accept the Offer. In general terms, provided you have validly accepted the Offer, and subject to the Conditions being fulfilled or waived by Metminco, you will receive the consideration to which you are entitled on acceptance of the Offer on the earlier of:

- (a) one month after the Offer is accepted, or if the Offer is subject to the Conditions at the time the Offer has been validly accepted by you, 1 month after the Offer becomes Unconditional; and
- (b) 21 days after the end of the Offer Period.

### **3.16 Increased Offer Price**

If there is a competing proposal and Metminco improves the Offer Price during the Offer Period, any Shareholder who had previously accepted the Offer will be entitled to receive the improved Offer Price.

### **3.17 Compulsory acquisition**

Metminco's intentions with respect to compulsory acquisition are set out in section 6.2(a) and (b) of the Bidder's Statement.

In summary, Metminco has indicated that if it becomes entitled to compulsory acquire any outstanding ARL Shares in accordance with Part 6A.1 of the Corporations Act and any outstanding ARL Options in accordance with Part 6A.2 of the Corporations Act, it intends to proceed with the compulsory acquisition of these shares and options.

An overview of Metminco rights to compulsorily acquire ARL Shares is set out below.

### **3.18 Post-bid compulsory acquisition**

Metminco will be entitled, under section 661A of the Corporations Act, to compulsorily acquire any ARL Shares in respect of which it has not received an acceptance of the Offer on the same terms as the Offer if, during or at the end of the Offer Period, Metminco (together with its Associates) has a Relevant Interest in at least 90% (by number) of the ARL Shares and Metminco and its Associates have acquired at least 75% (by number) of the ARL Shares that Metminco offered to acquire under the Offer (whether the acquisitions happened under the bid or otherwise).

If these thresholds are met, Metminco will have up to one month after the end of the Offer Period within which to give compulsory acquisition notices to ARL Shareholders who have not accepted the Offer. ARL Shareholders have statutory rights to challenge the compulsory acquisition, but a successful challenge will require the relevant ARL Shareholder to establish to the satisfaction of a Court that the consideration offered does not represent "fair value" for their ARL Shares.

If compulsory acquisition occurs, ARL Shareholders who have their ARL Shares compulsorily acquired will be paid their consideration later than the ARL Shareholders who accept the Offer.

### 3.19 General compulsory acquisition provisions

Metminco will be entitled, under section 664A of the Corporations Act, to compulsorily acquire any outstanding ARL Shares and ARL Options if Metminco's voting power in ARL is at least 90% and Metminco (either in its own right or through related bodies corporate) acquires full beneficial interests in at least 90% (by value) of the aggregate of all ARL Shares and ARL Options and:

- (a) Metminco lodges a compulsory acquisition notice with ASIC within six months of achieving that 90% holding;
- (b) Metminco proposes a cash sum for the compulsory acquisition of the ARL Shares and ARL Options; and
- (c) Metminco obtains the report of an expert stating whether, in the expert's opinion, the terms proposed in the notice give fair value of the securities covered.

### 3.20 Further developments

Should there be any developments during the Offer Period (for example, the emergence of a Superior Proposal from another bidder) which would alter the ARL Directors' recommendations in relation to the Offer, ARL Shareholders will be notified through a supplementary Target's Statement.

### 3.21 Taxation Consequences

In making a decision whether to accept the Offer, ARL Shareholders should also have regard to the fact that the disposal of ARL Shares may have taxation consequences. ARL Shareholders should carefully read and consider the potential Australian taxation consequences of accepting the Offer as set out in section 7 of the Bidder's Statement.

If the Offer becomes Unconditional, CGT rollover relief will not be available if Metminco acquires less than 80% of the ARL Shares under the Offer.

### 3.22 Options Offer

ARL currently has 25,000,000 Options on issue as follows:

Option Class	Number of Options	Exercise Price	Expiry Date
1	8,875,000	\$0.20	1 July 2023
2	1,050,000	\$0.20	31 August 2023
3	75,000	\$0.20	15 November 2023
4	15,000,000	\$0.10	10 June 2021

Contemporaneous with the Offer, Metminco is seeking to acquire all of the ARL Options by way of private treaty with ARL Optionholders. The consideration for the private treaty arrangements are the Replacement Options.

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## **4. REASONS AGAINST ACCEPTING THE OFFER**

### **4.1 Possible reasons not to accept the Offer**

This section sets out key reasons why Shareholders may decline to accept the Offer.

(a) **You may disagree with the recommendation of the ARL Directors**

You may hold a different view to the ARL Directors and believe that the Offer Price of 25 Metminco Shares per Share is inadequate.

(b) **You may wish to remain an ARL Shareholder**

If you accept the Offer, you will no longer be entitled to participate in the future financial performance of ARL or exercise the rights (including voting rights) of being an ARL Shareholder.

(c) **The tax consequences of acceptance of the Offer may not be favourable to you given your financial position**

Acceptance of the Offer by ARL Shareholders is likely to have tax implications. You should carefully read and consider the potential Australian taxation consequences of accepting the Offer as summarised in section 7 of the Bidder's Statement. If the Offer becomes Unconditional, CGT rollover relief will not be available if Metminco acquires less than 80% of the ARL Shares under the Offer.

ARL Shareholders should not rely on the taxation considerations set out in section 7 of the Bidder's Statement as being advice on their own affairs. ARL Shareholders should consult with their own independent taxation advisers regarding the taxation implications of accepting the Offer given their particular circumstances.

(d) **You may consider that there is the potential for a proposal superior to the Offer to be made for ARL Shares**

It is possible that a proposal superior to the Offer could materialise in the future. However, as at the date of this Target's Statement, no alternative proposal has been received.

### **4.2 Risks associated with accepting the Offer and being an Metminco Shareholder**

Details on the risks associated with accepting the Offer and being an Metminco shareholder are contained in section 8 of the Bidder's Statement and section 8 of this Target's Statement.

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## 5. YOUR CHOICES AS A SHAREHOLDER

As an ARL Shareholder you have three choices currently available to you:

- **ACCEPT THE OFFER**

ARL Shareholders may elect to accept the Offer in respect of their ARL Shares. ARL Shareholders will receive 25 Metminco Shares for each Share for which a valid acceptance has been received.

To accept the Offer, follow the instructions on the Acceptance Form which accompanies the Bidder's Statement.

- **SELL YOUR ARL SHARES**

ARL Shareholders may elect to sell some or all of their ARL Shares if they have not already accepted the Offer in respect of those ARL Shares. However, presently, there is no market for ARL Shares. ARL Shares are not quoted on a financial market and are an illiquid investment.

If you do elect to sell you ARL Shares:

- you will receive payment based on the price at which you privately negotiate with a third party and will not be able to accept the Offer or any Superior Proposal that may emerge; and
- depending on the sale price achieved, you may receive more or less for your ARL Shares than the value of the Offer Price.

The taxation implications of privately selling your ARL Shares depend on a number of factors and will vary according to your particular circumstances.

You should seek your own specific professional advice regarding the taxation consequences for you of privately selling your ARL Shares relative to accepting the Offer.

- **DO NOTHING**

ARL Shareholders who do not wish to accept the Offer or sell their ARL Shares can do nothing.

ARL Shareholders should note that if Metminco acquires a Relevant Interest in at least 90% of the ARL Shares during or at the end of the Offer Period, Metminco has indicated that it intends to compulsorily acquire the ARL Shares in which it has not acquired a Relevant Interest. In that situation, you may be paid for your ARL Shares later than ARL Shareholders who accept the Offer.



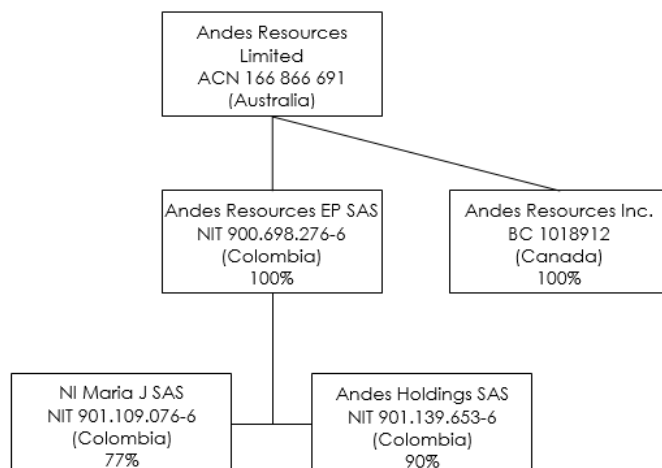
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## 6. INFORMATION RELATING TO ARL

### 6.1 Overview of ARL

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

### 6.2 The corporate structure of ARL is as follows:



### 6.3 Overview of Activities and Projects

ARL holds a 90% interest in a large portfolio (circa 800 km<sup>2</sup>) 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 ARL's portfolio including AngloGold's Nuevo Chaquiro (Quebradona) at 5.66Moz Au & 3.63Mt Cu<sup>3</sup>.

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

ARL 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.

ARL 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.<sup>4</sup> ARL completed drilling its first of many targets in late 2018. Only, approximately 10% of ARL land holding has been explored.

ARL's 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

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<sup>3</sup> Refer to AngloGold's 2017 Annual Report. Investors should be aware that ARL has not independently verified the information reported by AngloGold.

<sup>4</sup> As announced by Metminco on 13 March 2019 – ARL confirms that it is not aware of any new material information that affects the information in the announcement.

associated with substantial mineralised discoveries. A maiden scout drilling program by ARL 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). High silver: gold ratios and other signature elements suggest the extensive veining mapped at El Columpio 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).<sup>5</sup>

(b) **San Pablo**

San Pablo lies two kilometers to the south of El Columpio 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 ARL licence applications is the El Bosque mineralised zone including the El Bosque Mine which is the largest artisanal mine in the region.

(c) **ARL's Other Targets**

ARL 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 ARL's 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. ARL has a number of established porphyry targets in this region including Gibraltar, an outcropping porphyry just 20 kms south of Nuevo Chaquiro.

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<sup>5</sup> As announced by Metminco on 13 March 2019 – ARL confirms that it is not aware of any new material information that affects the information in the announcement.

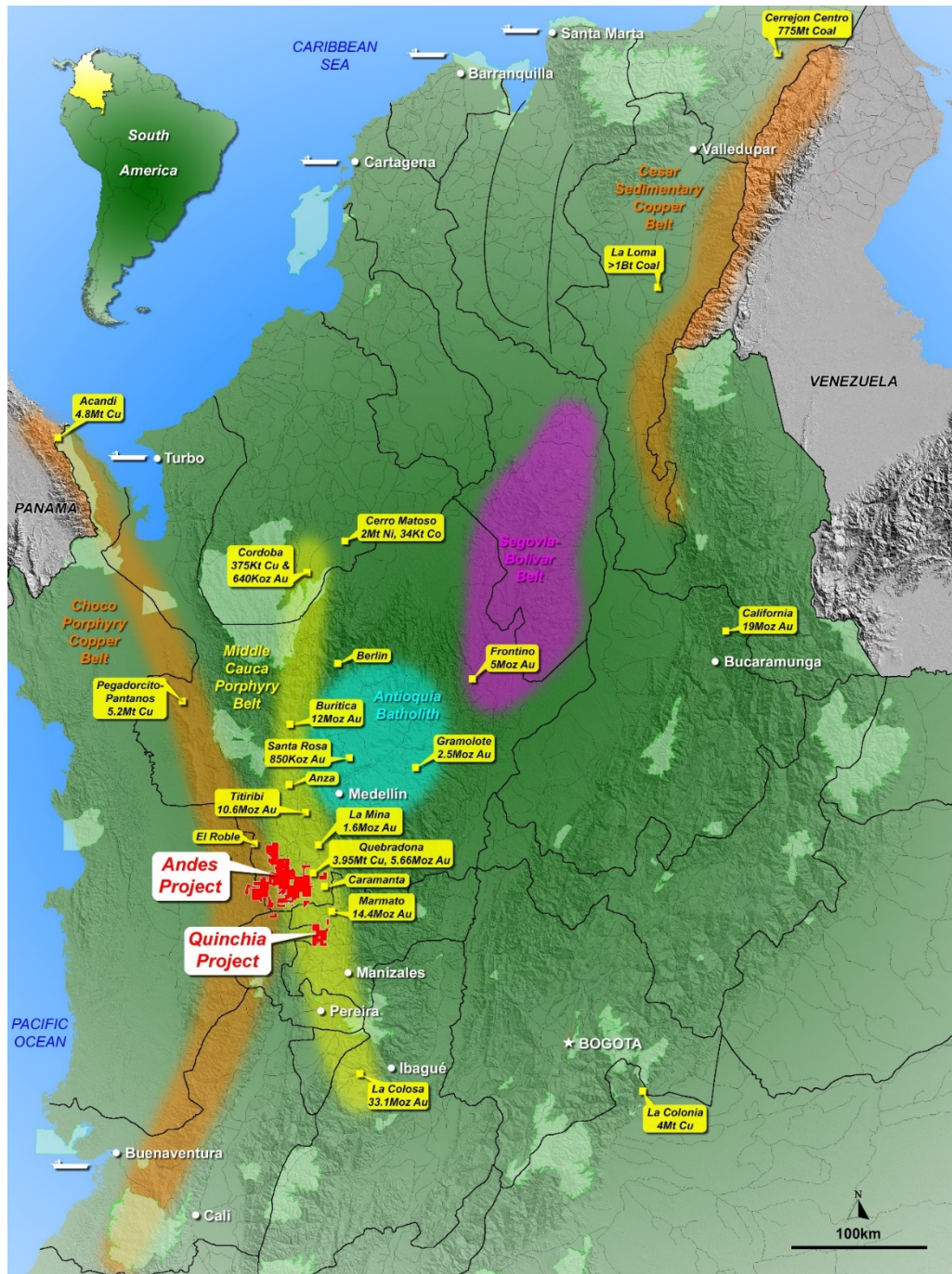


Figure 1: Location of ARL's exploration ground and Metminco's ground in the Mid-Cauca Gold Belt, along with major nearby gold discoveries. Source: various company public reports- ARL has not independently verified the information.



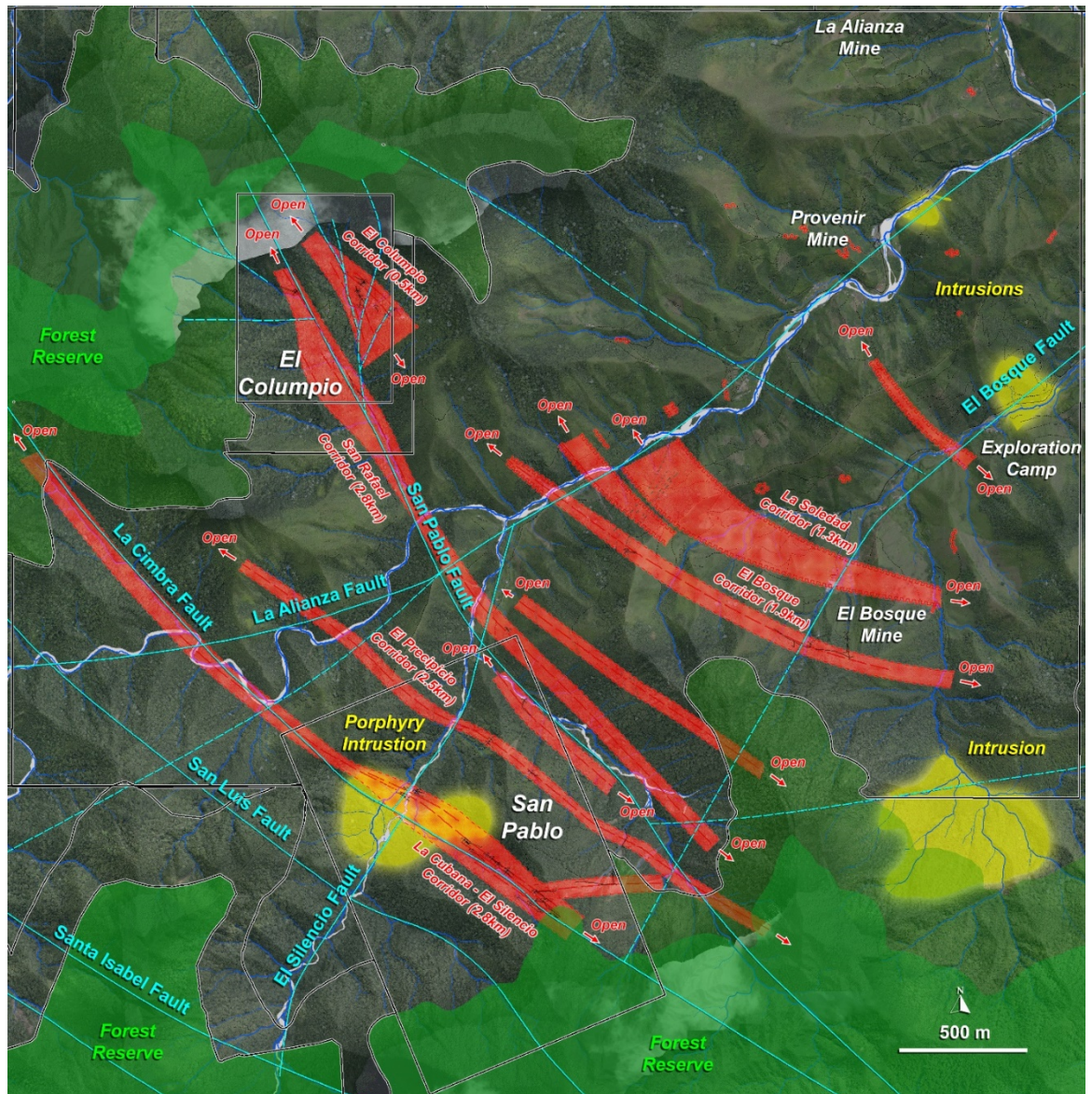
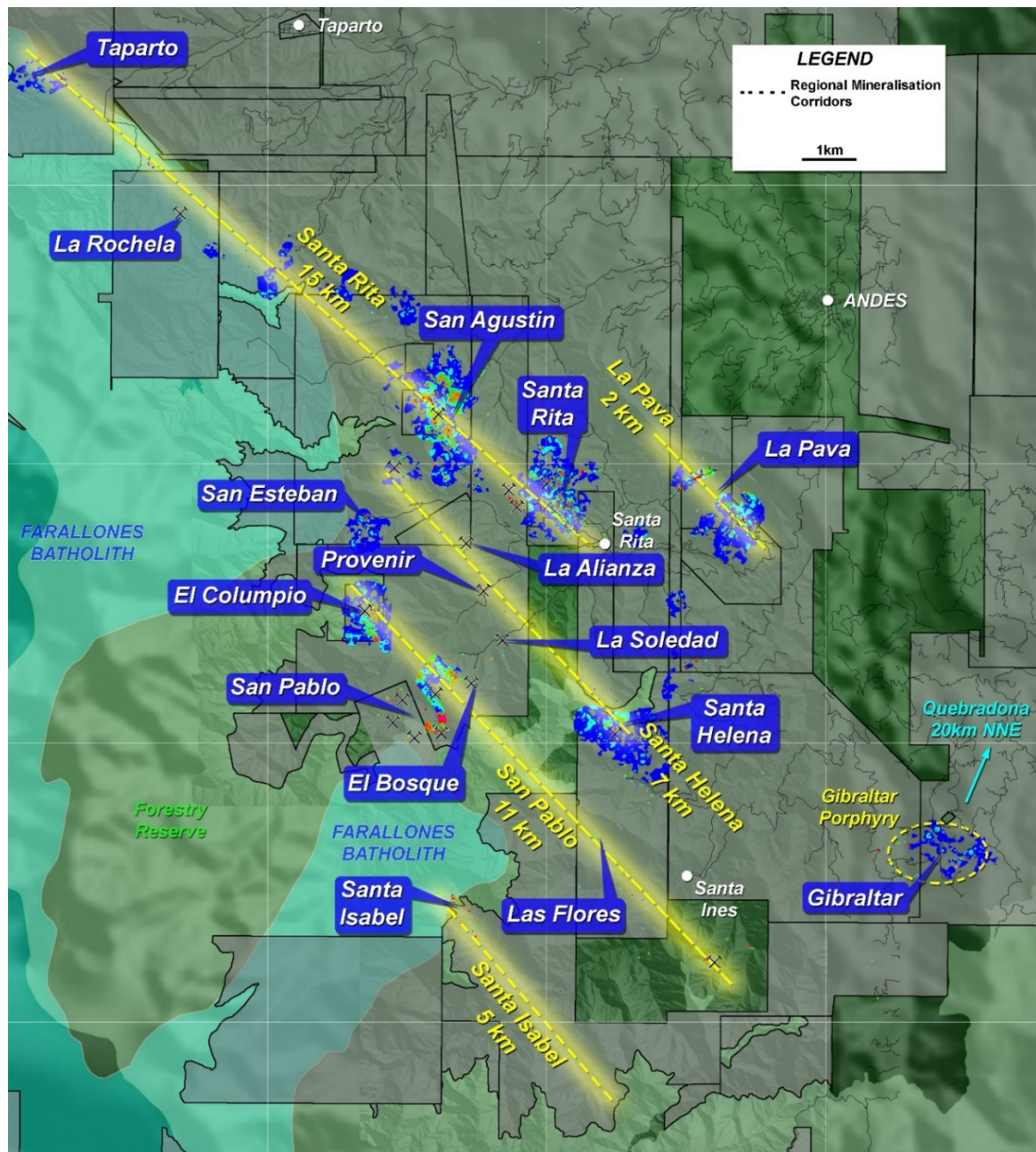


Figure 2: El Cumpio and San Pablo / El Bosque cover parallel mineralised corridors. The valley at San Pablo contains an intrusion (potentially a porphyritic diorite subject to petrography) traced over an area of 500m x 300m. Observed alteration zonation combined with element signatures are consistent 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 ARL portfolio. Surface mapping and sampling has defined 12 targets interpreted to lie within five NW trending mineralised corridors. Much of ARL portfolio remains unexplored by modern techniques.**

#### 6.4 ARL financial profile

ARL's last published audited financial statements are for the financial year ended 31 December 2018, which are included in the 2018 Annual Report. A copy of this document was lodged with ASIC on or about 24 April 2019.

A copy of the 2018 Annual Report may be obtained from, or inspected at, an ASIC office, or is available from ARL on request.

Section 4.7 of the Bidder's Statement sets out the following financial information for ARL, which has been extracted from the audited financial statements of ARL:

- (a) consolidated statement of financial position of the ARL Group for the years ended 31 December 2017 and 31 December 2018;

- (b) consolidated statements of comprehensive income of the ARL Group for the years ended 31 December 2017 and 31 December 2018; and
- (c) consolidated statements of cash flows of the ARL Group for the years ended 31 December 2017 and 31 December 2018.

So far as the ARL Directors are aware:

- (a) the financial position of ARL has not materially changed since the date of the Annual Report for the financial year ended 31 December 2018; and
- (b) there has not been any matter or circumstance, other than those referred to in the Annual Report for the year ending 31 December 2018 and this Target's Statement that has significantly affected or may significantly affect the operations of the financial position of ARL, the results of operations of ARL or the state of affairs of ARL in future financial years.

## 6.5 ARL issued capital

As at the date of this Target's Statement, ARL has the following securities on issue:

- (a) 104,104,157 Shares;
- (b) 8,875,000 Options exercisable at \$0.20 each on or before 1 July 2023;
- (c) 1,050,000 Options exercisable at \$0.20 each on or before 31 August 2023;
- (d) 75,000 Options exercisable at \$0.20 each on or before 15 November 2023; and
- (e) 15,000,000 Options exercisable at \$0.10 each on or before 10 June 2021.

## 6.6 Substantial Shareholders

The substantial holders of ARL Shares (being persons who hold a Relevant Interest in ARL of 5% or more) as at the date of this Target's Statement, are as follows:

Shareholder Name	Number of Shares	Voting Power in ARL
Sandfire Resources NL	20,166,667	19.4%
BHC & Delta <sup>1</sup>	18,738,748	18.0%
Simon Richard Brown	9,354,542	8.98%
Freshwater Resources Pty Ltd	7,858,235	7.54%

### Notes:

1. BHC and Delta were issued ARL Shares pursuant to an interest transfer agreement and hold common rights in ARL in accordance with their respective proportions. 90% of the ARL Shares were issued to BHC (or its nominee) and 10% of were issued to Delta (or its nominee).

## 6.7 ARL Board

As at the date of this Target's Statement, the directors of ARL are:

- (a) Mr Ross Ashton – Non-Executive Chairman;
- (b) Mr Jason Stirbinskis – Managing Director;

- (c) Mr Simon Brown – Executive Director;
- (d) Mr Stephen Belben – Non-Executive Director; and
- (e) Mr Stuart Moller – Non-Executive Director.

**Mr Ross Ashton**  
**Non-Executive Chairman**

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.

**Mr Jason Stirbinskis**  
**Managing Director**

Originally a Geologist, Mr Jason Stirbinskis has become a Corporate Executive with 10+ years' experience leading both private and public companies in the mining and mining services space. Jason has held CEO/MD roles at ASX listed – Drake Resources, Philips River Mining and Central Asia Resources. 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, often international teams.

Jason has also held senior roles in engineering/metallurgical consultancies and in the banking and finance industry. In addition to his Geology degree, Jason holds an MBA, is an AICD graduate, a member of AusIMM and has held the post of Honorary Consul of Kazakhstan in Western Australia for the last 8 years. He was the General Manager of the 2006 Telstra Small Business of the Year (Australia wide) and in 2007 was identified as one of the top 40 business people under 40 in Western Australia.

**Mr Simon Brown**  
**Executive Director**

Mr Brown is an exploration and GIS geologist with over 20 years of gold, base metals and manganese experience in Australia, Asia, Ghana and Colombia. This includes nine years as Managing Director of internationally recognised geological consultancy, GeoViz Pty Ltd, which specialises in providing visualisation, animations and GIS consultancy services to over 400 global mining, petroleum and engineering companies including BHP Billiton, Rio Tinto, Ivanhoe, SKM and Woodside Petroleum. Mr Brown was a founding director and the Colombian Country/Exploration Manager for West Rock Resources Ltd (which was acquired by ASX Listed Pacifico Minerals Ltd), establishing the Colombian exploration programs and target generation in Colombia and Asia/Australia for the Cliff Resources Alliance. He was the founding MD of Andes Resources and has lived in Colombia since 2011.

**Mr Stephen Belben**  
**Non-Executive Director**

Mr Belben has been an executive and non-executive director of a number of public and private companies over the past 21 years, before which he was a senior partner at Ernst & Young (EY) specialising in corporate and assurance work. Whilst at EY he was appointed the national partner responsible for the firms Mineral and Energy Industry Group. Most recently he was the founding shareholder and director of Xceed Resources Ltd that identified and advanced a coal project in South Africa, which was the subject of a successful takeover bid from a JSE listed Company. He is currently the Non-Executive Chairman of ASX listed Tech Mpire Ltd.

**Mr Stuart Moller**  
**Non-Executive Director**

Mr Moller has 40 years' experience as a geologist with a focus on Latin America where he has held senior roles with Barrick Gold, Continental Gold and Andes' JV partner, BHC. Mr Moller has direct experience with the geology of the region in which Andes is active having led previous exploration campaigns in the region. He is the author of several papers including a paper focussed on high grade gold discoveries in the Buritica District of Antioquia which hosts Continental Gold's Buritica discovery. Mr Moller is currently a Consulting Geologist and a Director of Fenix Gold, a private Canadian company exploring for gold and copper in Colombia.

**6.8 Other material information about ARL**

For more information on ARL, please visit [www.andesresources.com](http://www.andesresources.com).



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## **7. INFORMATION RELATING TO METMINCO**

**Section 3 of the Bidder's Statement contains detailed information about Metminco and its assets.**

Metminco is also a company listed on the ASX, and therefore, information and announcements made by Metminco can be obtained from the ASX website (using the company code 'MNC').

The Directors recommend that Shareholders read the Bidder's Statement in full and speak to their professional advisors if they have any questions in relation to their decision whether or not to accept the Offer.

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## **8. RISK FACTORS**

### **8.1 Risks associated with accepting the Offer**

#### **(a) Conditions of the Offer**

As described in section 9 of Annexure A of the Bidder's Statement and section 3.8 of this Target's Statement, the Offer is subject to a number of conditions.

If the conditions of the Offer are not satisfied by the applicable date (or waived by Metminco), the Offer will not be free of conditions and therefore will not proceed.

#### **(b) Limited withdrawal rights**

You may only withdraw your acceptance if:

- (i) the conditions of the Offer are not fulfilled or waived by the times specified in the Bidder's Statement; or
- (ii) Metminco extends the Offer Period for more than one month and the Offer remains subject to one or more of the conditions at that time (see section 9 of Annexure A of the Bidder's Statement).

Otherwise, you will be unable to withdraw your acceptance even if the value of Metminco varies significantly from the date of your acceptance of the Offer.

#### **(c) If a Superior Proposal is announced you will not be able to withdraw your acceptance of the Offer**

If a Superior Proposal is announced, ARL Shareholders who accept the Offer will not be able to withdraw their acceptance of the Offer and accept a Superior Proposal.

At the date of this Target's Statement, the ARL Directors are not aware of any Superior Proposal.

#### **(d) CGT**

If the Offer becomes Unconditional, CGT rollover relief will not be available if Metminco acquires less than 80% of the ARL Shares under the Offer. A general overview of the tax implication of accepting the Offer for Australian resident ARL Shareholders is set out in section 7 of the Bidder's Statement.

ARL Shareholders should not rely on the taxation considerations set out in section 7 of the Bidder's Statement as being advice on their own affairs. Shareholders should consult with their own independent taxation advisers regarding the taxation implications of accepting the Offer given their particular circumstances.

(e) **Consideration**

Metminco will offer 25 Metminco Shares for each ARL Share held. As Metminco is listed on ASX, the value of the Offer consideration will fluctuate depending on the market value of Metminco Shares. There are risks associated with investing in Metminco. These risks are discussed in sections 8.3 and 8.4 of the Bidder's Statement and also in section 8.2 of this Target's Statement.

(f) **ARL has not independently verified Metminco information**

ARL has relied on publicly available information released by Metminco which has not been independently verified by ARL and has assumed that Metminco has complied with its continuous disclosure obligations under the ASX Listing Rules and the Corporations Act. Any inaccuracy in this information could adversely affect the anticipated results of operations of the Combined Entity.

(g) **RMB Refinancing Agreement**

It is a condition to Sandfire's voting intention statement that Metminco enter into a refinancing agreement with RMB on substantially similar terms as announced on 17 May 2019. There is a risk that this agreement will not be completed and therefore Sandfire will not participate in the Offer. This would result in Metminco being unable to acquire 90% of ARL Shares and its ability to compulsorily acquire the remaining shares.

## **8.2 Specific Risks Relating to Metminco's Current Operations.**

(a) **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.

(b) **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.

(c) **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:

- (i) lack of guidance or interpretation of the applicable rules and regulations; and
- (ii) 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.

(d) **Sovereign Security Risks**

Metminco's 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 Combined Entity's operations.

(e) **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.

(f) **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.

(g) **Chuscal expenditure risk**

Metminco is party to a joint venture agreement with AngloGold Ashanti, which currently owns the Chuscal project. Metminco is required to spend \$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.

(h) **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.

(i) **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.

(j) **Mine development risk**

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 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.

(k) **Metallurgy**

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

- (i) identifying a metallurgical process through test work to produce a saleable metal and/or concentrate;
- (ii) developing an economic process route to produce a metal and/or concentrate; and
- (iii) changes in mineralogy in the ore deposit can result in inconsistent metal/mineral recovery, affecting the economic viability of the project.

(l) **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.

(m) **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.

(n) **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.

(o) **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.

(p) **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.

(q) **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.

(r) **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.

(s) **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 and chief executive officer 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.

(t) **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.

(u) **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:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;



- (iv) changes in investor sentiment toward particular market sectors (such as the exploration industry or the base metals sector within that industry);
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

(v) **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 by occurrences outside their control.

### **8.3 General Risks Relating to the Combined Entity**

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

If the Offer is successfully completed, Metminco will have issued a significant number of new securities to various parties. Some of the ARL Shareholders, ARL Optionholders and others that receive Metminco Shares and Metminco options as a result of the Offer may not intend to continue to hold those securities 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 securities 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 Offer will, in accordance with the terms of the Offer and Section 619(3) of the Corporations Act, and unless Metminco otherwise determines, be sold by the Sale Nominee (refer to section 8 of Annexure A of the Bidder's Statement for further details). Assuming 100% acceptance of the Offer, the Metminco Shares to be sold by the Sale Nominee on behalf of the foreign ARL Shareholders is expected to amount to 4.3% of the total issued capital of Metminco immediately after Completion of the Offer.

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

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

It is possible that Metminco could acquire a relevant interest of less than 90% of all ARL Shares on issue under the Offer (in the event that Metminco waives, with the prior written consent of ARL, the Minimum Acceptance Condition). The existence of third-party minority interests in ARL Shares may have an impact on the operations of ARL as ARL 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 ARL.

(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 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 Combined Entity depend on numerous factors. Depending on the ability of the Combined Entity to generate income from its operations, the Combined Entity 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 Combined Entity 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.

#### **8.4 There are other risks in not accepting the offer**

(a) **Minority ownership consequences**

In section 6.2(c) of the Bidder's Statement, Metminco describes its intentions in the event that it does not become entitled to at least 90% of the ARL Shares.

If the scenario described in section 6.2(c) of the Bidder's Statement occurs, ARL Shareholders who do not accept the Offer will become minority shareholders in ARL and those ARL Shareholders will no longer collectively control ARL.

This has a number of possible implications including the following:

- (i) Metminco will be able to cast the majority of votes at a general meeting of ARL enabling it to control the Board and senior management, determine ARL's dividend policy and control the strategic direction of ARL.

- (ii) Subject to the requirements of the Corporations Act and ARL's constitution, Metminco may appoint nominees of Metminco to the Board.
- (iii) Your Directors believe it is reasonably likely that the liquidity of ARL Shares would be lower than at present if a number of ARL Shareholders accept the Offer.
- (iv) If Metminco acquires 75% or more of the ARL Shares, it will be able to pass special resolutions of ARL. This will enable Metminco to amend ARL's constitution.

There are also risks associated with holding ARL Shares, these are detailed at section 8.5 of this Target's Statement.

(b) **Limited Liquidity**

If the Offer is not successful ARL Shareholders may not be able to sell their ARL Shares in the future while it remains a public unlisted company.

(c) **Compulsory acquisition**

If, after the end of the Offer Period, Metminco becomes the holder of at least 90% of all ARL Shares (for example, by subsequent acquisitions of ARL Shares), then Metminco may be entitled to compulsorily acquire the ARL Shares it does not own in accordance with Part 6A.1 of the Corporations Act (see section 3.17 of this Target's Statement and 6.2(b) of the Bidder's Statement for more information).

(d) **No Scrip for Scrip Rollover Relief**

If the Offer results in Metminco owning less than 80% of ARL Shares, ARL Shareholders will not receive scrip for scrip taxation rollover relief.

## 8.5 Risks associated with holding ARL Shares

If you decide not to accept the Offer and retain your ARL Shares, you will continue to be exposed to the risks associated with being an ARL Shareholder. Holding an ARL Share provides an economic interest in the ongoing operating activities of ARL. However, there is no guarantee that ARL will become profitable in the future as the business is affected by many risk factors.

These may be risks that are widespread risks associated with any form of business or specific risks associated with ARL's business and its involvement in the exploration and mining industry.

The following summary represents some of the major risk factors which affect ARL. These risk factors ought not to be taken as exhaustive of the risks faced by ARL or by ARL Shareholders. These factors, and others not specifically referred to, may in the future materially affect the financial performance of ARL and the value of ARL Shares.

Where relevant, the risk factors below assume the Offer will not be successful and ARL will continue to develop its projects interests:

(a) **Risks consistent with Metminco**

Many of the risks outlined in Section 8.2 in relation to Metminco's current operations are equally relevant to ARL's operations, given that they are both located within the same region in Colombia. Those risks include:

- (i) Regulatory risks;
- (ii) Foreign government and legal system risk;
- (iii) Sovereign Security Risks;
- (iv) Tenure, access and grant of applications;
- (v) Exploration risk;
- (vi) Environmental risk;
- (vii) Social licence;
- (viii) Mine development risk;
- (ix) Metallurgy;
- (x) Insurance risks;
- (xi) Ability to exploit successful discoveries;
- (xii) Commodity prices;
- (xiii) Loss of key management personnel
- (xiv) Exploration costs;
- (xv) Tax rules;
- (xvi) Competition risk;
- (xvii) Economic risks; and
- (xviii) Force majeure.

(b) **Capital raising risk**

ARL is currently an unlisted public company, and despite the Company's intentions, may not be able, subject to prevailing market conditions, to successfully complete a listing on a public exchange. Being an unlisted public company limits the options available to the Company to raise working capital required, which may impact on the Company's ability to raise sufficient funds to adequately explore its existing granted permits, or any permits that may be granted in the future.

(c) **Granting of permits**

A number of the Company's permits in Colombia remain applications, meaning that the Company has limited areas within its existing portfolio where it can currently drill.

(d) **Liquidity**

As an unlisted public company, the trading of the Company's shares is very illiquid, meaning that there is limited opportunity for investors to realise their investment or buy or trade their ARL Shares.

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## 9. ADDITIONAL INFORMATION

### 9.1 Details of Directors

The Directors of ARL as at the date of this Target's Statement are:

Director Name	Position
Mr Ross Ashton	Non-Executive Chairman
Mr Jason Stirbinskis	Managing Director
Mr Simon Brown	Executive Director
Mr Stephen Belben	Non-Executive Director
Mr Stuart Moller	Non-Executive Director

### 9.2 Directors' interests in ARL securities

Details of ARL Shares and ARL Options in which each Director has a Relevant Interest are as follows:

Director Name	ARL Shares	ARL Options
Mr Ross Ashton <sup>1</sup>	7,858,235	2,500,000 <sup>2</sup>
Mr Jason Stirbinskis	266,667	3,000,000 <sup>3</sup>
Mr Simon Brown	9,354,542	3,000,000 <sup>3</sup>
Mr Stephen Belben	3,038,051	1,350,000 <sup>4</sup>
Mr Stuart Moller	Nil	750,000 <sup>5</sup>

**Notes:**

1. Held by Freshwater Resources Pty Ltd, an entity controlled by Mr Ashton.
2. Comprising 1,000,000 options exercisable at \$0.20 on or before 1 July 2023 and 1,500,000 options exercisable at \$0.10 on or before 10 June 2021.
3. Exercisable \$0.20 on or before 1 July 2023 (and subject to vesting conditions).
4. Comprising 750,000 options exercisable at \$0.20 on or before 1 July 2023 and 600,000 options exercisable at \$0.10 on or before 10 June 2021.
5. Comprising 750,000 options exercisable at \$0.20 on or before 1 July 2023.

### 9.3 Dealings in securities in ARL

ARL note that each of Ross Ashton and Stephen Belben acquired ARL Shares and free attaching Options under the ARL Placement as follows:

- (a) Ross Ashton – 1,500,000 ARL Shares and 1,500,000 Options; and
- (b) Stephen Belben – 600,000 ARL Shares and 600,000 Options.

Mr Ashton and Mr Belben paid the same price for their ARL Shares and Options under the Placement as all other unrelated participants.

Other than as noted above, no Director has acquired or disposed of a Relevant Interest in any ARL Shares or ARL Options during the four-month period ending on the date immediately before the date of this Target's Statement.

#### **9.4 Directors' interests in Metminco securities**

No Director has a Relevant Interest in any securities of Metminco as at the date of this Target's Statement.

#### **9.5 Dealing in Metminco securities**

Neither ARL nor any Director acquired or disposed of a Relevant Interest in any securities in Metminco during the four-month period ending on the date immediately before the date of this Target's Statement.

#### **9.6 Conditional agreements**

No Director is a party to any agreement or arrangement with any other person in connection with or conditional on the outcome of the Offer, other than in their capacity as ARL Shareholders and/or Optionholders.

#### **9.7 Payments and benefits**

Except as otherwise disclosed in this Target's Statement, other than a benefit permitted under section 200F of the Corporations Act, no benefit is proposed to be given to a Director in connection with his retirement from office at ARL or a related body corporate of ARL, or in connection with the transfer of the whole or any part of the undertaking or property of ARL.

To the extent permitted by law and subject to restrictions in the Corporations Act, ARL has entered into deeds of indemnity with each of the ARL Directors and indemnifies each Director against any liabilities arising as a result of the Director acting as an officer of ARL.

#### **9.8 Bid Implementation Agreement**

On 17 May 2019, ARL and Metminco entered into the Bid Implementation Agreement in relation to the Offer.

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 <http://www.metminco.com.au/site/news/ASX-Announcements>) or on Metminco's profile on the ASX's website at ([www.asx.com.au](http://www.asx.com.au)).

The conditions of the Offer are set out in section 3.8 of this Target's Statement and section 9 of Annexure A of the Bid Implementation Agreement.

#### **9.9 Consolidation**

Concurrent with the completion of the Offer, 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 ASX Listing Rule 7.22.1, in the same ratio as the Metminco Shares, and the exercise price amended in inverse proportion to the ratio.

#### **9.10 Exclusivity**

Under the Bid Implementation Agreement, Metminco and ARL 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 ARL which is superior to the Offer, Metminco will have an opportunity to vary the terms of the Offer to match or better such a superior proposal.

#### **9.11 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 Offer.

#### **9.12 Capital Raising**

It is a condition under the Bid Implementation Agreement that Metminco and ARL 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 Metminco Shares, subject to Metminco shareholder approval of the issue of the Tranche 2 Notes as equity securities;
- (b) a placement by ARL to raise up to \$750,000;
- (c) a Priority Offer to raise up to \$1,000,000 through the issue of up to 500,000,000 Metminco 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 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 Metminco shareholder approval, the Notes automatically convert upon Completion at an issue price of \$0.003. To reflect the pricing of the Priority Offer and Placement, the noteholders have been invited to amend the terms of the Note Deeds (**Note Amendment Deed**), such that the Notes the subject of the Note Amendment Deed convert at \$0.002.

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 Metminco Shares. Metminco will accept applications from professional, sophisticated and retail investors.

As announced by Metminco on 3 June 2019, this capital raising has been fully committed through a commitment of \$990,000 from Sandfire and an underwritten portion of \$1.342 million underwritten by Hartleys Limited. These commitments and underwriting reduce the risk of the non-satisfaction of this condition.

#### **9.13 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 had in place with ARL.



The Sandfire Collaboration Agreement becomes effective upon Sandfire having a voting interest 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.

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

#### **9.14 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, conversion of \$2.0 million of repayments due to RMB into equity in Metminco at a price of \$0.002 per share, through the issue of 1,000,000,000 RMB Debt Refinancing Shares;
- (b) a payment of \$1.25 million upon the earlier of Metminco's market capitalisation exceeding \$30 million for more than 10 consecutive trading days, or a new indicated resource on Metminco's current assets of greater than 500,000 oz. of gold at a grade of 5 gpt, or 1Moz grading at 4 gpt;
- (c) a payment of \$1.25 million upon the earlier of Metminco's market capitalisation exceeding \$35 million for more than 10 consecutive trading days, or of the merged company defining a new reserve on Metminco's current assets of greater than 500,000 oz. of gold at a grade of 5 gpt, or 1Moz grading at 4 gpt;
- (d) a final payment of \$1.0 million upon the earlier of Metminco's market capitalisation exceeding \$40 million for more than 10 consecutive trading days, or upon the merged company announcing a decision to mine on any licences or applications or rights to applications or joint venture entitlements held by Metminco in the Quinchia Gold Project prior to the Merger.

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 \$15M.

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

It is a condition within Sandfire's voting intention statement that RMB and Metminco enter into this proposed refinancing agreement.

Metminco has been granted a confirmation from ASX in respect of ASX Listing Rule 10.1 to confirm that ASX 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.

#### **9.15 Bonus Options**

Following the Completion of the Offer, Metminco has announced that if it intends to issue each Metminco shareholder on the record date of 16 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 of the Bidder's Statement.

#### **9.16 Publicly available information**

This Target's Statement contains statements which are made in or based on statements made in documents lodged by various parties (including ARL) with ASIC (or given to ASX, in the case of Metminco), including the Bidder's Statement.

As required by ASIC Class Order 13/521, ARL will make available a copy of these documents (or of relevant extracts from these documents), free of charge, to ARL Shareholders who request it during the Offer Period. To obtain a copy of these documents (or the relevant extracts), ARL Shareholders may contact ARL by contacting the Company Secretary on +61 8 6245 2050.

#### **9.17 Material litigation**

As at the date of this Target's Statement, ARL is not aware of any current or proposed litigation or dispute that is material and to which it is or may be party.

#### **9.18 ASIC declarations**

ARL has not been granted any modifications or exemptions by ASIC from the Corporations Act in connection with the Offer.

#### **9.19 Taxation considerations for ARL Shareholders**

A general outline of the tax implications of accepting the Offer is set out in section 7 of the Bidder's Statement.

As that section provides a general overview only, ARL Shareholders are encouraged to seek their own personal advice on the taxation implications applicable to their circumstances.

## **9.20 No other material information**

This Target's Statement is required to include all the information ARL Shareholders and their professional advisers would reasonably require to make an informed assessment of whether to accept the Offer, but:

- (a) only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in this Target's Statement; and
- (b) only if the information is known to any of the ARL Directors.

The ARL Directors are of the opinion that the information that ARL Shareholders and their professional advisers would reasonably require to make an informed assessment of whether to accept the Offer is:

- (a) the information contained in the Bidder's Statement (to the extent that the information is not inconsistent with or superseded by information in this Target's Statement);
- (b) the information lodged by ARL with ASIC prior to the date of this Target's Statement; and
- (c) the information contained in this Target's Statement.

The ARL Directors have assumed, for the purposes of preparing this Target's Statement, that the information contained in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). The ARL Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all statements contained in it.

In deciding what information should be included in this Target's Statement, the ARL Directors have had regard to:

- (a) the nature of the ARL Shares;
- (b) the matters ARL Shareholders may reasonably be expected to know;
- (c) the fact that certain matters may reasonably be expected to be known to the professional advisers of ARL Shareholders; and
- (d) the time available to ARL to prepare this Target's Statement.

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## 10. CONSENTS

Each of the persons listed below has given and has not, before the lodgement of this Target's Statement with ASIC, withdrawn their consent to the inclusion of the following information in this Target's Statement in the form and context in which it is included and to all references in this Target's Statement to that information in the form and context in which they appear:

- (a) each Director, to being named as a director; and
- (b) Steinepreis Paganin, to being named in this Target's Statement as legal adviser to ARL.

Each person named above as having given its consent to being named in this Target's Statement:

- (a) does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name.

As permitted by ASIC Class Order 13/521, this Target's Statement contains statements which are made, or based on statements made, in documents lodged with ASIC (or ASX, in the case of Metminco). Pursuant to this Class Order, the consent of persons to which such statements are attributed is not required for the inclusion of those statements in this Target's Statement.

As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target's Statement may include or be accompanied by certain statements:

- (a) fairly representing a statement by an official person; or
- (b) from a public official document or published book, journal or comparable publication.

Pursuant to ASIC Corporations (Consents to Statements) Instrument 2016/72, the consent of persons to which such statements are attributed is not required for the inclusion of those statements in this Target's Statement.

Any ARL Shareholder who would like to receive a copy of any of the documents (or parts of the documents) that contain the statements which have been included pursuant to ASIC Class Order 13/521 may obtain a copy free of charge by writing to the ARL Company Secretary or by contacting the Company Secretary on +61 (8) 6245 2050 at any time between 8:30am and 5:00pm (WST) on Monday to Friday.

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**11. APPROVAL OF THE TARGET'S STATEMENT**

The copy of this Target's Statement that is to be lodged with ASIC has been approved by a resolution passed by the Directors.

This Target's Statement is dated 20 June 2019, which is the date on which it was lodged with ASIC.

Signed for and on behalf of ARL.

**Dated 20 June 2019**

A handwritten signature in blue ink, appearing to read 'Ross Ashton', with a long horizontal flourish extending to the right.

**Mr Ross Ashton**  
**Non-Executive Chairman**

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## 12. GLOSSARY AND INTERPRETATION

### 12.1 Definitions

The following definitions apply in this Target's Statement unless the context requires otherwise:

**Acceptance Form** means the Acceptance Form provided to you by Metminco with its Bidder's Statement containing instructions on how to accept the Offer.

**Announcement Date** means 17 May 2019, being the day on which Metminco and ARL announced the Offer.

**ARL** or **Company** means Andes Resources Ltd (ACN 166 866 691).

**ARL Board** or **Board** means the board of directors of ARL.

**ARL Director** or **Director** means a director of ARL.

**ARL Group** means ARL and its Subsidiaries.

**ARL Optionholder** or **Optionholder** means a person registered in the register of options of ARL as a holder of one or more ARL Options.

**ARL Options** or **Options** means options to subscribe for ARL Shares which are on issue at the Record Date.

**ARL Placement** means the interim working capital placement undertaken by ARL, to raise \$750,000 through the issue of 15,000,000 ARL Shares at an issue price of \$0.05, together with 15,000,000 free attaching ARL Options with an exercise price of \$0.10 and an expiry date 2 years from the date of issue.

**ARL Share** or **Share** means a fully paid ordinary share in ARL.

**ARL Shareholder** or **Shareholder** means a person who is registered as the holder of an ARL Share in the ARL register of members.

**ASIC** means the Australian Shares and Investments Commission.

**Associate** has the meaning given in Division 2 of Part 1.2 of the Corporations Act.

**ASX** means ASX Limited or the market operated by it (as the context requires).

**ASX Listing Rules** means the official listing rules of ASX as amended, varied, modified or waived from time to time.

**Authority** has the meaning given in the **Bid Implementation Agreement**.

**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 bid implementation deed between ARL and Metminco dated 17 May 2019.

**Bidder Material Adverse Change** has the meaning given in the Bid Implementation Agreement.

**Bidder's Statement** means the bidder's statement served on ARL by Metminco on 18 June 2019 in relation to the Offer.

**Business Day** means a day which is not a Saturday, Sunday or a public holiday in Perth, Western Australia.

**Capital Raising** has the meaning given in section 9.12 of this Target's Statement.

**Combined Entity** means the Metminco Group following the acquisition of ARL.

**Completion** means successful completion of the Offer.

**Condition** means the conditions of the Offer as provided in Schedule 1 of the Bid Implementation Agreement, and summarised in section 3.8 of the Target's Statement and set out in full in section 9 of Annexure A of the Bidder's Statement.

**Consolidation** means the consolidation of Metminco's securities described at Section 9.9.

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

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

**Essential Metminco Shareholder Resolutions** has the same meaning as in the Bidder's Statement.

**Ineligible Foreign Shareholder** has the meaning in the Bidder's Statement.

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

**Metminco** or **Bidder** means Metminco Limited (ACN 119 759 349).

**Metminco Group** means Metminco and its Subsidiaries.

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

**Minimum Acceptance Condition** means the condition to the Offer set out in Section 9(a)(i) of Annexure A of the Bidder's Statement.

**Notes** means the Tranche 1 Notes and/or Tranche 2 Notes.

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

**Offer** means the takeover bid by Metminco to acquire all of the ARL Shares on the terms and conditions set out in the Bidder's Statement.

**Offer Price** means 25 Metminco Shares per ARL Share.

**Offer Period** means the period within which the Offer is open for acceptance in accordance with the Bidder's Statement and the Corporations Act.

**Placement** has the meaning given at Section 9.12.

**Priority Offer** has the meaning given at Section 9.12.

**Record Date** means the date set by Metminco under section 633(2) of the Corporations Act, being 5:00pm (AEST) on 18 June 2019.

**Related Bodies Corporate** has the meaning given in the Corporations Act.

**Relevant Interest** has the meaning given to that term in section 9 of the Corporations Act.

**Replacement Options** means Options offered to ARL Optionholders on Completion pursuant to the terms and conditions in Annexure B of the Bidder's Statement.

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

**RMB Debt** means all amounts owed by Metminco to RMB pursuant to the RMB Sale and Purchase Deed, as detailed in Metminco's ASX announcement dated 13 March 2019.

**RMB Debt Refinancing Agreement** means the proposed debt refinancing agreement set out in Section 9.14.

**RMB Debt Refinancing Shares** means the issue of 1,000,000,000 Metminco Shares to RMB (or its nominees) pursuant to the proposed debt refinancing agreement.

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

**Sale Nominee** has the meaning in the Bidder's Statement.

**Sandfire** means Sandfire Resources Limited (ACN 105 154 185).

**Sandfire Collaboration Agreement** has the meaning given in Section 9.13.

**Section** means a section of this Target's Statement.

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

**Superior Proposal** has the meaning given to that term in the Bid Implementation Agreement.

**Target Material Adverse Change** has the meaning given in the Bid Implementation Agreement.

**Target Material Transaction** has the meaning given in the Bid Implementation Agreement.

**Target Prescribed Occurrence** has the meaning given in the Bid Implementation Agreement.

**Target's Statement** means this document, being the statement of ARL under Part 6.5 of the Corporations Act in relation to the Offer.

**Tranche 1 Notes** means 115 convertible notes issued by Metminco on the terms and conditions set out in the Notice of Meeting.

**Tranche 2 Notes** means 191 convertible notes issued by Metminco on the terms and conditions set out in the Notice of Meeting.



**Unconditional** means that the Offer and any contracts resulting from acceptance of the Offer are no longer subject to fulfilment of the Conditions.

## 12.2 Interpretation

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

- (a) A term not specifically defined in this Target's Statement has the meaning given to it (if any) in the Corporations Act (as is appropriate to the context).
- (b) A gender includes all genders.
- (c) The singular includes the plural, and the converse also applies.
- (d) A reference to a person includes a corporation, trust, partnership, unincorporated body or other entity, whether or not it comprises a separate legal entity.
- (e) A reference to legislation or to a provision of legislation includes any modification or re-enactment of it, any legislative provision substituted for it and any regulations and statutory instruments issued under it.
- (f) A reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including, but not limited to, persons taking by novation) and assigns.
- (g) A reference to a right or obligation of any two or more people comprising a single party confers that right, or imposes that obligation, as the case may be, on each of them severally and each two or more of them jointly. A reference to that party is a reference to each of those people separately (so that, for example, a representation or warranty by that party is given by each of them separately).
- (h) A reference to an agreement or document is to the agreement or document as amended, supplemented, novated or replaced.
- (i) Headings used in this Target's Statement are for ease of reference only and do not affect the meaning or interpretation of this Target's Statement.
- (j) A reference to a section or Annexure is to a section of, or annexure to, this Target's Statement unless otherwise specified.
- (k) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (l) \$, A\$ or AUD is a reference to the lawful currency of Australia.
- (m) A reference to time is a reference to Australian Western Standard Time.

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## CORPORATE DIRECTORY

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### **ANDES RESOURCES LTD (ACN 166 866 691)**

#### **Registered Office**

Andes Resources Limited  
Suite 12 Level 1  
11 Ventnor Avenue  
WEST PERTH WA 6005

Telephone: +61 (8) 6245 2050  
Website: [www.andesresources.com](http://www.andesresources.com)

#### **Legal Adviser**

Steinepreis Paganin  
Level 4  
16 Milligan Street  
PERTH WA 6000

#### **Auditor**

BDO Audit (WA) Pty Ltd  
38 Station Street  
SUBIACO WA 6008

**A Your name**

SAMPLE NAME 1  
SAMPLE NAME 2  
<SAMPLE A/C>  
SAMPLE ADDRESS 1  
SAMPLE ADDRESS 2

**Your holding**

Securityholder Reference Number: I12345678910

Andes Resources Limited Shares held as at  
18 June 2019 99,999,999

If your holding has changed between record date and time of acceptance, then write your current holding here. Your acceptance will be granted over your updated holding.

**This is an important document. If you are in doubt as to how to complete this form, please consult your financial or other professional adviser immediately.**

**Transfer and Acceptance Form – Issuer Sponsored Subregister**

This is a personalised form for the sole use of the holder and holding recorded above.

**B You must give your instructions to accept the Offer**

If you correctly sign and return this form you will be deemed to have accepted the Offer in respect of **ALL** of your Andes Resources Limited Shares. Your form must be received by the Closing Date.

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

**C Contact details**

Please provide your contact name and telephone number in case we need to speak to you about this Acceptance Form.

Telephone Number where you can be contacted during business hours

Contact Name (PRINT)

**D You must sign this form for your instructions in this Acceptance Form to be executed**

I/We, the person(s) named above, accept the Offer in respect of all my/our Andes Resources Limited Shares and hereby agree to transfer to Metminco Limited all my/our Andes Resources Limited Shares for the consideration specified in the Offer, and on the terms and conditions of the Offer as set out in the Bidder's Statement.

Shareholder 1 (Individual)

Sole Director &amp; Sole Company Secretary

Shareholder 2 (Individual)

Secretary/Director (delete one)

Shareholder 3 (Individual)

Director

**Please refer overleaf for further important instructions**

REGISTRY USE ONLY



SRN



Holding

MNCT TKO001



## Further Important Instructions

Your Andes Resources Limited Shares are in an Issuer Sponsored Holding. To accept the Offer, you must complete and return this Acceptance Form in accordance with the instructions below.

Please refer to the Bidder's Statement dated 18 June 2019 which accompanies this Acceptance Form. Terms are defined in the Bidder's Statement and have the same meaning in this Acceptance Form.

### Completion instructions

- A**
- **Please check the front page** to ensure that your name and address are correct. If incorrect, please write your correct details and initial the amendments. Amendments to your name can only be processed by your Andes Resources Limited Registry.
  - **Please note** your consideration will be issued in the names as they appear on the Andes Resources Limited register.
- D**
- **Please sign this Acceptance Form** in the places for signature(s) set out on the front page and in accordance with the following instructions:
    - **Joint Shareholders:** If your Andes Resources Limited Shares are held in the names of more than one person, all of those persons must sign this Acceptance Form.
    - **Corporations:** This Acceptance Form must be signed by either two directors or a director and a company secretary. Alternatively, where the company has a sole director and, pursuant to the Corporations Act, there is no company secretary, or where the sole director is also the sole company secretary, that director may sign alone. Alternatively, a duly appointed attorney may sign.
    - **Powers of attorney:** If this Acceptance Form is signed under a power of attorney, please attach a certified copy of the power of attorney to this Acceptance Form when you return it. If this Acceptance Form is signed under Power of Attorney, the attorney declares that he/she has no notice of revocation of the Power of Attorney.
    - **Deceased Estates:** All the executors and administrators must sign this Acceptance Form. When you return this Acceptance Form, please attach it to a certified copy of probate, letters of administration or certificate of grant accompanied (where required by law for the purpose of transfer) by a certificate of payment of death or succession duties and (if necessary) a statement in terms of Section 1071B(9)(b)(iii) of the Corporations Act.

**Personal Information Collection Notification Statement:** Personal information about you is held on the public register in accordance with Chapter 2C of the *Corporations Act 2001*. For details about Link Group's personal information handling practices including collection, use and disclosure, how you may access and correct your personal information and raise privacy concerns, visit our website at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) for a copy of the Link Group condensed privacy statement, or contact us by phone on +61 1800 502 355 (free call within Australia) 9am–5pm (Sydney time) Monday to Friday (excluding public holidays) to request a copy of our complete privacy policy.

### Lodgement instructions

- Mail or deliver completed Acceptance Form(s) and any other documents required by the above instructions to:

**Mailing Address**

Link Market Services Limited  
Andes Resources Limited Takeover  
Locked Bag A14  
SYDNEY SOUTH NSW 1235

or

**Hand Delivery**

Link Market Services Limited  
Andes Resources Limited Takeover  
1A Homebush Bay Drive  
RHODES NSW 2138

- A reply paid envelope is enclosed for use within Australia.

**Your acceptance must be received by no later than the end of the Offer Period, which is 5:00pm (AEST) on the last day of the Offer Period, being 24 July 2019.**

**If you have any questions about the terms of the Offer or how to accept, please call the Metminco Limited Offer Information Line on the following numbers:**

**within Australia: 03 9867 7199**  
**outside Australia: +61 3 9867 7199**



**METMINCO LIMITED**  
**ACN 119 759 349**

**PROSPECTUS**

This Prospectus is being issued for the following offers:

- an offer to Eligible Shareholders of up to 500,000,000 Shares, at an issue price of \$0.002 per Share in order to raise \$1,000,000 (before costs) (**Priority Offer**);
- an offer of Shortfall Shares, being any Shares not subscribed for by Eligible Shareholders under the Priority Offer, at an issue price of \$0.002 per Shortfall Share (**Shortfall Offer**); and
- an offer of up to 666,000,000 Shares at an issue price of \$0.002 per Share to subscribers under the Placement to raise \$1,332,000 (**Placement**),

together, (the **Offers**).

The Offers:

- are underwritten by Hartleys Limited up to \$1,342,461;
- close at 5:00pm (AEST) on 12 July 2019\*; and
- are subject to the Conditions set out in Section 1.10.

**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT SHOULD BE READ IN ITS ENTIRETY.**

**IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER WITHOUT DELAY.**

**AN INVESTMENT IN THE SECURITIES OFFERED IN CONNECTION WITH THIS PROSPECTUS SHOULD BE CONSIDERED OF A SPECULATIVE NATURE.**

\* The Company reserves the right, subject to the Corporations Act and Listing Rules to extend the Closing Date.

## IMPORTANT INFORMATION

This Prospectus is dated 18 June 2019 and was lodged with ASIC on that date with the consent of all Directors. Neither ASIC, ASX, nor any of their respective officers take any responsibility for the contents of this Prospectus.

No Securities will be issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus (being the expiry date of this Prospectus). The Company will apply for Official Quotation by ASX of the Shares and Options offered by this Prospectus.

A copy of this Prospectus is available for inspection at the registered office of the Company C/- Accosec & Associates, Suite 3, Level 2, 470 Collins Street, Melbourne, Victoria during normal business hours. The Prospectus will also be made available in electronic form. Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus (free of charge) from the Company's registered office by contacting the Company. The Offers contemplated by this Prospectus are only available in electronic form to persons receiving an electronic version of this Prospectus within Australia, New Zealand or Singapore. Applications for Securities will only be accepted on an Application Form attached to or provided by the Company with a copy of this Prospectus either in paper or electronic form. The Corporations Act prohibits any person from passing on to another person an Application Form unless it is accompanied by a complete and unaltered copy of this Prospectus.

No person is authorised to give any information or to make any representation in connection with the Offers in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offers.

No action has been taken to permit the offer of Securities under this Prospectus in any jurisdiction other than Australia (or subject to the restrictions in Section 1.16, New Zealand or Singapore). The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of Securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

This document is important and should be read in its entirety before deciding to participate in an Offer. This does not take into account the investment objectives, financial or taxation, or particular needs of any Applicant. The Shares offered by this Prospectus should be considered speculative. Before making any investment in the Company, each Applicant should consider whether such an investment is appropriate to his/her particular needs, and considering their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each Applicant should consult his/her stockbroker, solicitor, accountant or other professional adviser without delay. Some of the risk factors that should be considered by potential investors are outlined in Section 4.

This Prospectus includes forward-looking statements that have been based on current expectations about future acts, events and circumstances. These forward-looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in the forward-looking statements.

Definitions of certain terms used in this Prospectus are contained in Section 7. All references to currency are to Australian dollars and all references to time are to AEST unless otherwise indicated. Revenues and expenditures disclosed in this Prospectus are recognised exclusive of the amount of goods and services tax, unless otherwise disclosed.

## CORPORATE DIRECTORY

### Directors

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

### Joint Company Secretaries

Mr Geoffrey Widmer  
Mr Andrew Metcalfe

### Registered Office & Principal Place of Business

C/- Accosec & Associates  
Suite 3, Level 2  
470 Collins Street  
MELBOURNE VIC 3000

Telephone: +61 3 9867 7199  
Email: [info@metminco.com.au](mailto:info@metminco.com.au)  
Website: [www.metminco.com.au](http://www.metminco.com.au)

### ASX Codes

Shares:	MNC
Quoted Options:	MNCOA

### Australian Share Registry\*

Link Market Services  
Level 12, 680 George Street  
SYDNEY NSW 2000

Phone (within Australia): 1300 554 474  
Phone (outside Australia): +61 2 8767 1111

Email: [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au)

### Auditor\*

Grant Thornton  
Collins Square, Tower 5,  
Level 22  
727 Collins Street  
MELBOURNE VIC 3008

### Lawyers

Bellanhouse Lawyers  
Level 19, Alluvion  
58 Mounts Bay Road  
PERTH WA 6000

### Corporate Advisor

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

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\* These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus.

## INDICATIVE TIMETABLE

Event	Date
Lodgement of Prospectus with ASX and ASIC Lodgement of Appendix 3B with ASX Lodge Bidder's Statement Record Date for determining Eligible Shareholders Priority Offer and Placement Opening Date	18 June 2019
Lodgement of Target's Statement with ASIC	19 June 2019
Prospectus and Application Forms despatched Takeover Offer Opens	24 June 2019
Closing Date of Offers	12 July 2019
General Meeting of Shareholders (the issue of all Shares the subject of this Prospectus is subject to receipt of Shareholder approval)	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	31 July 2019
Commence Consolidation timetable	27 August 2019
Anticipated issue of Bonus Options	December 2019

All dates (other than the date of the Prospectus, the date of lodgement of the Prospectus with ASIC and ASX) are indicative only. The Directors reserve the right to vary these dates, including the Closing Date, without notice. The Company also reserves the right not to proceed with the Offers at any time before the issue of Shares to Applicants.



## LETTER FROM THE CHAIRMAN

Dear Investor,

Metminco Limited (**Company**) is pleased to invite existing Shareholders, Andes Shareholders and new investors to participate in a fully committed capital raising, to raise \$2,332,000 (before costs) at an exciting time in the Company's development.

A series of landmark transactions were announced by the Company on 17 May 2019, revolving around the Company's proposed acquisition of 100% of the issued capital of Andes Resources Limited (**Andes**) through an off-market Takeover Offer and an associated recapitalisation of the Company. The recapitalisation includes raising, in conjunction with Andes, \$4 million in new equity (including \$2.3 million to be raised under this Prospectus), restructuring the Company's debt, and the introduction of a new strategic shareholder, Sandfire Resources NL (**Sandfire**).<sup>1</sup>

The above-mentioned transactions will see the Company emerge with a much-improved balance sheet and enhanced ability to fund a maiden diamond drilling programme at the Chuscal Gold Project in Colombia, which is conducted in joint venture with AngloGold Ashanti Colombia SA (**AngloGold**). We encourage all Shareholders to consider subscribing under the Offers to add to their investment in the Company.

It is a condition to the completion of the Takeover Offer (**Bid Condition**) that the Company and Andes jointly raise no less than \$4,000,000. The Company will satisfy this Bid Condition by raising the \$2,332,000 under the Offers.

The Shares being offered under the three Offers set out below have the same issue price and terms and conditions. The only distinction between the Offers is the manner in which the Board will allocate the Shares.

The Offers comprise:

- The Priority Offer to Eligible Shareholders to raise \$1 million before costs by the issue of 500,000,000 Shares at an issue price of \$0.002 each.
- The Shortfall Offer, being any Shares not subscribed for under the Priority Offer.
- The Placement to Andes Eligible Shareholders, Eligible Shareholders and new investors, to raise \$1,332,000 (before costs) by the issue of 666,000,000 Shares.

The Priority Offer will only be made to Eligible Shareholders registered at the Record Date.

The Shortfall Offer and Placement will be offered, in order of preference, to Andes Eligible Shareholders (including Sandfire), Eligible Shareholders (in respect of the Placement) and new investors.

The Company has received commitments in respect of all Shares to be issued under the Offers, with Sandfire providing conditional commitments to subscribe for 494,769,725 Shares to raise \$989,539 under the Placement, and Hartleys Limited (**Hartleys**) underwriting the issue of the remaining Shares available under the Offers, being 671,230,275 in the amount of \$1,342,461.

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<sup>1</sup> For further information on Sandfire's conditional participation in the Placement and conditional intention in relation to the Takeover Offer, please see Sections 1.8 and 5.3 of this Prospectus. In the event that the Sandfire Commitment Condition and Sandfire Intention Statement Conditions are satisfied and the Company determines to allocate Shares under the Placement in accordance with the Sandfire Commitment, Sandfire will become a 15% holder of the Company at completion of the Takeover Offer and Offers.

The Offers are subject to the Conditions set out in Section 1.10.

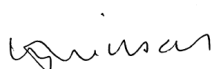
To apply for Shares under the Offers, you will need to complete the relevant Application Form in accordance with the instructions on the form and as outlined in this Prospectus.

Funds raised pursuant to this Prospectus will be used to fund exploration at the Company's Quinchia Gold Project, in particular drilling of the Chuscal prospect, exploration on newly acquired projects, the costs of the Takeover Offer and Offers, as well as providing working capital for the Merged Group. For further details on the proposed use of funds please see Section 1.6 of this Prospectus.

The Prospectus includes further details of the Offers and their effect on the Company, and a statement of the risks associated with investing in the Merged Group. This is an important document and should be read in its entirety. If you have any doubts or questions in relation to the Prospectus you should consult your stockbroker, accountant, solicitor or other independent professional advisor to evaluate whether or not to participate in the Offers.

On behalf of the Board, I encourage you to consider this investment opportunity and thank you for your ongoing support.

Yours faithfully

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

Kevin Wilson  
Executive Chairman

## INVESTMENT OVERVIEW

This Section is intended to highlight key information for potential investors. It is an overview only, and is not intended to replace the Prospectus. Potential investors should read the Prospectus in full before deciding to invest in Securities.

Key Information	Further Information
<p><b>Transaction specific prospectus</b></p> <p>This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.</p>	Section 5.3
<p><b>Risk factors</b></p> <p>Potential investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 4, and includes but is not limited to the risk that:</p> <ul style="list-style-type: none"> <li>(a) the Takeover Offer and Offers do not proceed;</li> <li>(b) RMB and the Company are unable to finalise the RMB Debt Refinancing Agreement;</li> <li>(c) Shareholders are diluted as a result of the Company issuing further Securities to finance exploration; and</li> <li>(d) the Company is unable to conduct exploration on its assets because of funding, permitting, title, access, environmental, regulatory or other matters.</li> </ul>	Section 4
<p><b>Priority Offer</b></p> <p>The Priority Offer is for up to 500,000,000 Shares at \$0.002, to raise up to \$1,000,000 (before costs) to Eligible Shareholders at the Record Date.</p>	Section 1.2
<p><b>Eligible Shareholders</b></p> <p>The Priority Offer is made to Eligible Shareholders only. Eligible Shareholders are those persons who are the registered holder of Shares as at 5.00pm (AEST) on the Record Date and who have a registered address in Australia or, subject to the offer restrictions in Section 1.16, New Zealand or Singapore.</p>	Sections 1.2 and 1.16
<p><b>Shortfall</b></p> <p>Any Shares not taken up pursuant to the Priority Offer will form the Shortfall Offer.</p> <p>Andes Eligible Shareholders as well as members of the public may apply for Shares under the Shortfall Offer.</p>	Section 1.4

Key Information	Further Information
<p>Andes Eligible Shareholders are those persons who are the registered holder of Andes Shares as at 5.00pm (AEST) on the Record Date and who have a registered address in Australia or, subject to the offer restrictions in Section 1.16, New Zealand or Singapore.</p> <p>The allocation policy for the Shortfall Offer is outlined in Section 1.4. There is no guarantee that Applicants will receive Shares applied for under the Shortfall Offer.</p> <p>The allocation policy for the issuance of Shares under the Shortfall Offer will be as follows, in order of priority:</p> <ul style="list-style-type: none"> <li>(a) to Andes Eligible Shareholders;</li> <li>(b) to any third parties unrelated to the Company; and</li> <li>(c) any remaining Shares will be subscribed for by Hartleys (or its nominees or sub-underwriters) pursuant to the Underwriting Agreement, up to a maximum of the Underwritten Amount.</li> </ul> <p>No Shares will be allocated or issued to any person to the extent that the Company is aware that to do so would result in a breach of the Corporations Act, the Listing Rules or any other relevant legislation or law, including without limitation, a breach of section 606 of the Corporations Act</p>	
<p><b>Placement</b></p> <p>The Company is also conducting a Placement of 666,000,000 Shares at \$0.002 to raise \$1,332,000 (before costs).</p> <p>The allocation policy for the issuance of Shares under the Placement will be as follows, in order of priority:</p> <ul style="list-style-type: none"> <li>(a) to Andes Eligible Shareholders (which, may include 494,769,725 Shares to Sandfire (or its nominee) in accordance with the Sandfire Commitment and is subject to the Sandfire Commitment Condition);</li> <li>(b) to any other Eligible Shareholders who are not related parties of the Company;</li> <li>(c) to any third parties unrelated to the Company (including Andes Eligible Shareholders) who apply for Shares prior to the Closing Date; and</li> <li>(d) any remaining Shares will be allocated to Hartleys (or its nominees or sub-underwriters) pursuant to the Underwriting Agreement, to a maximum of the Underwritten Amount.</li> </ul> <p>No Shares will be allocated or issued to any person to the extent that the Company is aware that to do so would result in a breach of the Corporations Act, the Listing Rules or any other relevant legislation or law, including without limitation, a breach of section 606 of the Corporations Act.</p>	Section 1.3

Key Information	Further Information																							
<p><b>Purpose of Offers</b></p> <p>The Offers are being undertaken in connection with the Company's proposed acquisition of 100% of the issued capital in Andes as announced to ASX on 17 May 2019 and to fund exploration of the Company and Andes' collective exploration portfolios in Colombia, and for working capital.</p>	Section 1.6																							
<p><b>Use of funds</b></p> <p>The following indicative table sets out the proposed use of funds raised under the Offers:</p> <table><tr><th rowspan="2">Use of funds</th><th colspan="2">Fully Subscribed (\$2.332m)</th></tr><tr><th>\$</th><th>%</th></tr><tr><td>Costs of the Offer</td><td>162,000</td><td>6.9%</td></tr><tr><td>Underwriting Fee</td><td>20,000</td><td>0.9%</td></tr><tr><td>Corporate, Admin, Working Capital<sup>1</sup></td><td>700,000</td><td>30.0%</td></tr><tr><td>Exploration (existing projects)</td><td>1,250,000</td><td>53.6%</td></tr><tr><td>Exploration (new projects)</td><td>200,000</td><td>8.6%</td></tr><tr><td>TOTAL</td><td>2,332,000</td><td>100</td></tr></table> <p>Notes: for further information, see the table at Section 1.6.</p>	Use of funds	Fully Subscribed (\$2.332m)		\$	%	Costs of the Offer	162,000	6.9%	Underwriting Fee	20,000	0.9%	Corporate, Admin, Working Capital <sup>1</sup>	700,000	30.0%	Exploration (existing projects)	1,250,000	53.6%	Exploration (new projects)	200,000	8.6%	TOTAL	2,332,000	100	Section 1.6
Use of funds		Fully Subscribed (\$2.332m)																						
	\$	%																						
Costs of the Offer	162,000	6.9%																						
Underwriting Fee	20,000	0.9%																						
Corporate, Admin, Working Capital <sup>1</sup>	700,000	30.0%																						
Exploration (existing projects)	1,250,000	53.6%																						
Exploration (new projects)	200,000	8.6%																						
TOTAL	2,332,000	100																						
<p><b>Opening and Closing Dates</b></p> <p>For the Offers, the Company will accept Acceptance Forms from the opening date of the Offer until 5:00pm AEST on 12 July 2019 or such other date as the Directors in their absolute discretion shall determine, subject to the requirements of the Listing Rules.</p>	Section 1.7																							
<p><b>Sandfire Commitment</b></p> <p>Sandfire has provided a commitment to subscribe for 494,769,725 Shares under the Placement, with a value of approximately \$990,000, subject to the Company raising an additional minimum of \$1,300,000 under the Offers.</p>	Section 1.8																							
<p><b>Partial Underwriting</b></p> <p>The Offers are underwritten by Hartleys up to the Underwritten Amount.</p>	Section 1.9																							

Key Information	Further Information												
<p><b>Conditions of the Offers</b></p> <p>The issue of the Shares under the Offers is conditional on upon the following events occurring:</p> <p>(a) the Company raising the Minimum Subscription pursuant to the Offers;</p> <p>(b) the Implementation Agreement not terminating; and</p> <p>(c) the Company receiving Shareholder approval at the General Meeting to issue the Shares.</p>	Section 1.10												
<p><b>Minimum subscription</b></p> <p>The minimum subscription amount under the Offers is collectively 1,166,000,000 Shares at \$0.002 to raise \$2,332,000 (before costs).</p>	Section 1.11												
<p><b>Issue Date and dispatch</b></p> <p>The Shares will be issued approximately one week after the completion of the Takeover Offer, in accordance with the Indicative Timetable. Shares issued under the Offers and Takeover Offers will be freely tradeable and will not be subject to escrow restriction.</p>	Section 1.12												
<p><b>Effect on control of the Company</b></p> <p>Eligible Shareholders should note that if they do not participate in the Offers, their holdings will be diluted.</p> <p>At the date of this Prospectus, the Company has one substantial Shareholder. At completion of the Offers and Takeover Offers, it is expected the Company will have the following substantial Shareholders:</p> <table><tr><th>Holder</th><th>Shares (on a pre-Consolidation basis)</th><th>Percentage</th></tr><tr><td>Sandfire<sup>2</sup></td><td>998,936,375</td><td>15%</td></tr><tr><td>RMB</td><td>1,008,000,000</td><td>15.1%</td></tr><tr><td>BHC &amp; Delta</td><td>650,000,000</td><td>9.8%</td></tr></table> <p><b>Notes:</b></p> <p>1. For further information, see the table at Section 3.4.</p> <p>2. It is anticipated that Sandfire will be issued 504,166,650 Shares under the Takeover Offer. Sandfire has provided the Sandfire Intention Statement in respect of the Takeover Offer, which is subject to the Sandfire Intention Statement Conditions. Sandfire has also provided the Sandfire Commitment to subscribe for 494,769,725 Shares under the Placement. The Sandfire Commitment is subject to the Sandfire Commitment Condition.</p> <p>No investor or existing Shareholder will hold a voting power greater than 20% as a result of the Offers.</p>	Holder	Shares (on a pre-Consolidation basis)	Percentage	Sandfire <sup>2</sup>	998,936,375	15%	RMB	1,008,000,000	15.1%	BHC & Delta	650,000,000	9.8%	Section 3.4
Holder	Shares (on a pre-Consolidation basis)	Percentage											
Sandfire <sup>2</sup>	998,936,375	15%											
RMB	1,008,000,000	15.1%											
BHC & Delta	650,000,000	9.8%											

Key Information	Further Information																								
<p><b>Indicative capital structure and pro-forma balance sheet</b></p> <p>The pro forma capital structure of the Company on completion of the Offers and changes to the capital structure connected with the Takeover Offer will be as follows (on a pre-Consolidation basis unless otherwise stated):</p> <table><tr><th></th><th>Shares</th><th>Options / Performance Rights</th></tr><tr><td>Current</td><td>1,187,940,614</td><td>642,945,422</td></tr><tr><td>Consideration Shares</td><td>2,784,135,217</td><td>625,000,000</td></tr><tr><td>RMB Debt Refinancing Shares<sup>4</sup></td><td>1,000,000,000</td><td>0</td></tr><tr><td>Capital Raising Shares<sup>5</sup></td><td>1,625,000,000</td><td>459,000,000<sup>6</sup></td></tr><tr><td>Broker Securities</td><td>62,500,000</td><td>50,000,000</td></tr><tr><td>TOTAL (pre-Consolidation)</td><td>6,659,575,831</td><td>1,776,945,422</td></tr><tr><td>TOTAL (post Consolidation)</td><td>166,489,396</td><td>44,423,636</td></tr></table> <p>Notes: for further information see the table at Section 3.1.</p> <p>The pro-forma balance sheet showing the indicative effect of the Offers is in Section 3.2.</p>		Shares	Options / Performance Rights	Current	1,187,940,614	642,945,422	Consideration Shares	2,784,135,217	625,000,000	RMB Debt Refinancing Shares <sup>4</sup>	1,000,000,000	0	Capital Raising Shares <sup>5</sup>	1,625,000,000	459,000,000 <sup>6</sup>	Broker Securities	62,500,000	50,000,000	TOTAL (pre-Consolidation)	6,659,575,831	1,776,945,422	TOTAL (post Consolidation)	166,489,396	44,423,636	<p>Sections 3.1 and 3.2</p>
	Shares	Options / Performance Rights																							
Current	1,187,940,614	642,945,422																							
Consideration Shares	2,784,135,217	625,000,000																							
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TOTAL (pre-Consolidation)	6,659,575,831	1,776,945,422																							
TOTAL (post Consolidation)	166,489,396	44,423,636																							
<p><b>Directors' interests in Securities</b></p> <p>The Relevant Interest of each of the Directors in Securities as at the date of this Prospectus is set out in the table below:</p> <table><tr><th>Name</th><th>Existing Shares</th><th>Options</th><th>Performance Rights</th></tr><tr><td>Kevin Wilson</td><td>36,905,172</td><td>5,017,104</td><td>46,400,000</td></tr><tr><td>Glenister Lamont</td><td>2,625,000</td><td>10,225,000</td><td>-</td></tr><tr><td>Roger Higgins</td><td>2,123,348</td><td>10,017,636</td><td>-</td></tr></table> <p>Notes: for further information see the table at Section 5.8(b).</p>	Name	Existing Shares	Options	Performance Rights	Kevin Wilson	36,905,172	5,017,104	46,400,000	Glenister Lamont	2,625,000	10,225,000	-	Roger Higgins	2,123,348	10,017,636	-	<p>Sections 5.9(b)</p>								
Name	Existing Shares	Options	Performance Rights																						
Kevin Wilson	36,905,172	5,017,104	46,400,000																						
Glenister Lamont	2,625,000	10,225,000	-																						
Roger Higgins	2,123,348	10,017,636	-																						
<p><b>Forward looking statements</b></p> <p>This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are considered reasonable.</p> <p>Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company.</p>	<p>Important Information and Section 4</p>																								

Key Information	Further Information
<p>the Directors and the management. The Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.</p> <p>The Directors have no intention to update or revise forward-looking statements in this Prospectus, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law. These forward-looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 4.</p>	



## TABLE OF CONTENTS

Section	Page No.
1. Details of the Offers .....	1
2. Action required by Investors .....	9
3. Effect of the Priority Offer & Placement .....	12
4. Risk Factors.....	3
5. Additional information .....	12
6. Directors' Statement and Consent .....	21
7. Definitions .....	22

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# 1. Details of the Offers

## 1.1 The Offers

This Prospectus is being issued for the offer of Shares under the Priority Offer, Shortfall Offer and Placement, (together, the **Offers**).

All Shares issued under this Prospectus will be issued as fully paid ordinary shares and will rank equally in all respects with existing Shares on issue. Further details on the rights and liabilities attaching to the Shares proposed to be issued are contained in Section 5.1. As the Shares (including the Shortfall Shares) will be issued on the same terms and at the same time, the Company reserves the right to issue Shares to Applicants under any one of the three Offers at the discretion of the Directors, regardless of the Application Form used. The Directors will however, exercise their discretion in accordance with the allocation policies set out in Sections 1.2, 1.3 and 1.4.

The Company will apply to the ASX for quotation of the Shares (including the Shortfall Shares).

The purpose of the Offers and the intended use of funds raised are set out in Section 1.5.

## 1.2 Priority Offer

By this Prospectus, the Company invites Eligible Shareholders to apply for a total of 500,000,000 Shares at an issue price of \$0.002 per Share to raise \$1,000,000 (before costs) (**Priority Offer**).

Applications under the Priority Offer will be allocated at the discretion of the Directors in consultation with Hartleys. In determining the allocation, the Board and Hartleys may consider various factors including the size of the Applicant's Shareholding, and buying and selling activity in Shares by the Applicant.

## 1.3 Placement

By this Prospectus, the Company is offering 666,000,000 Shares at \$0.002 per New Share in order to raise \$1,332,000 (before costs) (**Placement**).

Eligible Shareholders and third parties (including Andes Eligible Shareholders) may also apply for Shares under the Placement by completing the relevant Application Form provided by the Company with a copy of this Prospectus.

The allocation policy for the issuance of Shares under the Placement will be as follows, in order of priority:

- (a) to Andes Eligible Shareholders (which, may include 494,769,725 Shares to Sandfire (or its nominee) in accordance with the Sandfire Commitment and is subject to the Sandfire Commitment Condition);
- (b) any other Eligible Shareholders who are not related parties of the Company;
- (c) any third parties unrelated to the Company; and
- (d) any remaining Shares will be allocated to Hartleys (or its nominees) pursuant to the Underwriting Agreement, to a maximum of the Underwritten Amount.

## 1.4 Shortfall Offer

Any Shares not taken up pursuant to the Priority Offer will become Shortfall Shares. The Shortfall Offer is a separate offer of the Shortfall Shares made pursuant to this Prospectus.

Each of the Shortfall Shares to be granted under the Shortfall Offer shall be granted on the same terms and conditions as the Shares being offered under the Priority Offer (including the issue price). Shortfall Shares will only be issued if the Priority Offer is undersubscribed and will only be issued to the extent necessary to make up any shortfall in subscriptions.

The allocation policy for the issuance of Shortfall Shares will be as follows, in order of priority:

- (a) to Andes Eligible Shareholders;
- (b) to any third parties unrelated to the Company; and
- (c) any remaining Shortfall Shares will be allocated to Hartleys (or its nominees) pursuant to the Underwriting Agreement as Underwriter to the Offers, to a maximum of the Underwritten Amount.

To apply for Shortfall Shares, the same Application Form as the Placement is to be filled out.

## 1.5 Oversubscriptions

No oversubscriptions will be accepted. The Directors, in consultation with Hartleys, retains the discretion to scale back or not accept Applications.

There is no guarantee that any Shares will be issued to Andes Eligible Shareholders, Eligible Shareholders or other third parties. Excess Application Monies for the Placement will be refunded without interest.

No Shares will be allocated or issued to any person to the extent that the Company is aware that to do so would result in a breach of the Corporations Act, the Listing Rules or any other relevant legislation or law, including without limitation, a breach of section 606 of the Corporations Act.

## 1.6 Purpose of the Offers and use of funds

The Company and Andes have entered into an Implementation Agreement, by which the Company intends to acquire 100% of the issued capital of Andes under the Takeover Offer. It is a condition to the Takeover Offer (**Bid Condition**) that the Company and Andes jointly raise not less than \$4,000,000 (before costs) (**Joint Capital Raising**).

Prior to the issue of the Prospectus, the Company and Andes completed the following capital raisings:

- (a) the Company raised \$918,000 (before costs) by the issue of the Tranche 1 and Tranche 2 Notes to the Noteholders, which are convertible into a maximum of 459,000,000 Shares, (noting that the Tranche 2 Notes are convertible subject to Shareholder approval at the General Meeting); and
- (b) Andes completed the Andes Placement to raise \$750,000 (before costs).

The Company seeks to raise a further \$2,332,000 under the Offers to satisfy the relevant Bid Condition.

The following indicative table sets out the proposed use of funds raised under the Offers:

Use of funds <sup>1</sup>	Fully Subscribed (\$2.332m)	
	\$	%
Costs of the Offer <sup>2</sup>	162,000	6.9%
Underwriting Fee	20,000	0.9%
Corporate, Admin, Working Capital	700,000	30.0%
Exploration (existing projects)	1,250,000	53.6%
Exploration (new projects)	200,000	8.6%
<b>TOTAL</b>	<b>2,332,000</b>	<b>100</b>

**Notes:**

1. Includes the general costs associated with the management and operation of the Company's businesses including administration expenses, Director and employee fees, costs of the Takeover Offer, creditor expenses, and other associated costs.
2. This relates to expenses of the Offers and Underwriting. See Section 5.12 for further details relating to the estimated expenses of the Offers, Underwriting and Takeover Offer.

The above table is a statement of current intentions as at the date of this Notice. Shareholders should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments and market and general economic conditions. In light of this, the Board reserves the right to alter the way the funds are applied.

The Board is satisfied that upon completion of the Offers, the Company will have sufficient working capital to meet its stated objectives.

## 1.7 Opening and Closing Dates

For the Offers, the Company will accept Acceptance Forms from the opening date of the Offer until 5:00pm AEST on 12 July 2019 or such other date as the Directors in their absolute discretion shall determine, subject to the requirements of the Listing Rules (Closing Date).

## 1.8 Sandfire Commitment

Sandfire has provided a commitment statement to subscribe for 494,769,725 Shares under the Placement, with a value of approximately \$990,000 (Sandfire Commitment), subject to the Company raising a minimum of \$1,300,000

under the Offers (before costs) (not including any amount to be subscribed by Sandfire and accepted by the Company) (**Sandfire Commitment Condition**).

## **1.9 Partial Underwriting**

On 3 June 2019, the Company announced it had entered into an underwriting agreement with Hartleys Limited (**Underwriting Agreement**), under which Hartley underwrites the issue of 671,230,275 Shares with a value of \$1,342,461, being the full amount of available under the Offers (not including the Sandfire Commitment) (**Underwritten Amount**).

The Underwriting Agreement is subject to various conditions precedent, including but not limited to the following:

- (a) the Implementation Agreement is not withdrawn, rescinded, breached or terminated;
- (b) the Bid Conditions are satisfied (or not waived without Hartleys consent);
- (c) Sandfire provide a valid application for Shares in accordance with the Sandfire Commitment; and
- (d) execution of the RMB Debt Refinancing Agreement,

and is further subject to industry standard termination events. The conditions precedent and termination events of the Underwriting Agreement are set out in Schedule 1.

Hartleys has also been appointed as the corporate advisor to the Company. A summary of the terms of the appointment of Hartleys is in Section 5.2.

## **1.10 Conditions of the Offers**

The issue of the Shares under the Offers is conditional on upon the following events occurring:

- (a) the Company raising the Minimum Subscription pursuant to the Offers;
- (b) the Implementation Agreement not terminating; and
- (c) the Company receiving Shareholder approval at the General Meeting to issue the Shares.

(together, the **Conditions**).

If the Conditions are not satisfied then the Offers will not proceed and the Company will repay all Application Monies received under the Offers in accordance with the Corporations Act.

It is Bid Condition that the Company completes the Offers as part of the Joint Capital Raising. In the event that the Conditions are not satisfied, the Company will not satisfy the Joint Capital Raising Bid Condition, and the Takeover Offer may not proceed.

## **1.11 Minimum subscription**

The minimum subscription amount under the Offers is collectively 1,166,000,000 Shares at \$0.002 to raise \$2,332,000 (before costs).

The Company has received commitments in respect of all Shares to be issued under the Offer, by way of the:

- (a) Sandfire Commitment; and
- (b) Underwriting Agreement.

### **1.12 Issue Date and dispatch**

All Shares to be issued under the Offers are expected to be issued on or before the date specified in the proposed timetable in this Prospectus but not before completion of the Takeover Offer.

Shareholder statements will be dispatched shortly after completion of the Takeover Offer.

Shares issued under the Offers and Takeover Offers will be freely tradeable and will not be subject to escrow restriction.

### **1.13 Application Monies held on trust**

All Application Monies received for Shares and Shortfall Shares will be held on trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus until the Shares and Shortfall Shares are issued. All Application Monies will be returned (without interest) if the Shares and Shortfall Shares are not issued.

### **1.14 ASX quotation**

Application has been or will be made for the Official Quotation of the Shares offered by this Prospectus. If permission is not granted by ASX for the Official Quotation of the Securities offered by this Prospectus within 3 months after the date of this Prospectus (or such period as the ASX allows), the Company will repay, as soon as practicable, without interest, all Application Monies received pursuant to this Prospectus.

### **1.15 CHESS**

The Company participates in the Clearing House Electronic Sub-Register System, known as CHESS. ASX Settlement Pty Limited, a wholly-owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of Shares. If you are broker sponsored, ASX Settlement Pty Limited will send you a CHESS statement. The CHESS statement will specify the number of Shares issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Shares.

If you are registered on the Issuer Sponsored sub-register, your statement will be despatched by the Share Registry and will contain the number of Securities issued to you under this Prospectus and your securityholder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their Shareholding changes. Shareholders may request a statement at any other time; however, a charge may be made for additional statements.

## **1.16 Residents outside Australia**

### **(a) General**

This Prospectus, and any accompanying Application Form do not, and are not intended to, constitute an offer of Shares in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus or the Shares under the Offers.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Shareholders and potential investors with a registered address outside Australia should consult their professional advisers as to whether any governmental or other consents are required, or other formalities need to be observed to enable them to accept or deal with the Priority Offer or Placement. The return of a completed Application Form from a Shareholder or potential investor with a registered address outside Australia will be taken by the Company to constitute a representation and warranty by that Shareholder or potential investor that all relevant approvals have been obtained and that the Company may legally issue the Securities to that Shareholder or potential investor.

### **(b) New Zealand offer restrictions**

The Securities are not being offered or sold to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand at the Record Date. This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority. This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

### **(c) Singapore offer restrictions**

This document and any other materials relating to the Securities under the Offers have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Securities under the Offers may not be issued, circulated or distributed, nor may these Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (SFA), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA. This document has been given to you on the basis that you are an existing holder of the Company's Shares. In the event that you are not such a Shareholder, please return this document immediately. You may not forward or circulate this document to any other person in Singapore. Any offer is not made to you with a view to the Securities under the Offers being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Securities under the Offers. As such, investors are advised to acquaint

themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

### **1.17 Risk factors**

An investment in Shares should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are certain specific risks associated with an investment in the Company which are detailed in Section 4.

### **1.18 Taxation implications**

The Directors do not consider it appropriate to give Applicants advice regarding the taxation consequences of subscribing for Shares under this Prospectus. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Applicants. As a result, Applicants should consult their professional tax adviser in connection with subscribing for Shares under this Prospectus.

### **1.19 Major activities and financial information**

A summary of the activities and financial information relating to the Company for the financial year ended 31 December 2018 can be found in the Company's 2018 Annual Financial Report and the Half Yearly Report for the six-month period to 30 June 2018 lodged with ASX. The Company's continuous disclosure notices (i.e. ASX announcements) since the lodgement of its Annual Financial Report on 15 March 2019 are listed in Section 5.5.

Copies of these documents are available free of charge from the Company and on its website at [www.metminco.com.au](http://www.metminco.com.au). The Directors strongly recommend that Applicants review these and all other announcements prior to deciding whether or not to participate in the Offers.

### **1.20 Privacy**

If you complete an Application Form, you will be providing personal information to the Company (directly or by Share Registry). The Company collects, holds and will use that information to assess the Application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder, and carry out administration. The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your Securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes set out herein and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application. An Applicant has a right to gain access to, correct and update the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.



Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules.

## **1.21 Enquiries concerning Prospectus**

All enquiries concerning Application Forms and the Prospectus should be directed to the Company on +61 3 9867 7199.

For general shareholder enquiries, please contact Link Market Services Limited on 1300 554 474 (within Australia) or +61 2 8767 1111 (outside Australia).

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## 2. Action required by Investors

The Company will send this Prospectus, together with a:

- (a) Priority Offer Application Form to all Eligible Shareholders; and
- (b) Placement and Shortfall Application Form to Andes Eligible Shareholders,

and it will also be made available on the Company's website at [www.metminco.com.au](http://www.metminco.com.au) and from [www.asx.com](http://www.asx.com). Third party investors who wish to subscribe under the Placement and Shortfall Offer can request an Application Form by the process set out in Section 2.2.

### 2.2 Placement and Shortfall Applicants

Persons having received a copy of this Prospectus in its electronic form, or who otherwise want to subscribe for Shares under the Placement and Shortfall Offer but are not Eligible Shareholders or Andes Eligible Shareholders may obtain an additional paper copy of this Prospectus and the relevant Application Form (free of charge) from the Company's registered office during the Offer Period by contacting the Company as detailed in the Corporate Directory. The Offers constituted by this Prospectus in electronic form is only available to persons receiving an electronic version of this Prospectus and the relevant Application Form within Australia.

### 2.3 If you wish to accept Shares

Should an:

- (a) Eligible Shareholder wish to accept Shares under the Priority Offer;
- (b) Andes Eligible Shareholder or other investor wish to accept Shares or Shortfall Shares under the Placement or Shortfall Offer,

and you are not paying by BPAY, then applications for Shares under this Prospectus must be made on the Application Form which accompanies this Prospectus, in accordance with the instructions referred to in this Prospectus and on the Application Form. Please read the instructions carefully.

Please complete the Application Form by filling in the details in the spaces provided and attach a cheque for the amount indicated on the Application Form.

Completed Application Forms must be accompanied by a cheque in Australian dollars, crossed "Not Negotiable" and made payable to "Metminco Limited" and lodged at any time after the issue of this Prospectus and on or before the Closing Date with the Share Registry (by delivery or by post) at:

By Post	By Hand
Metminco Limited C/- Link Market Services Limited GPO Box 3560 Sydney NSW 2001	Metminco Limited C/- Link Market Services Limited 1A Homebush Bay Drive Rhodes NSW 2138

If paying via BPAY, Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that funds are submitted through BPAY by the

**Closing Date.** If you elect to pay via BPAY, you must follow the instructions for BPAY set out in the Application Form and you will not need to return the Application Form.

Applications will be deemed not to have been received until the Company is in receipt of cleared funds.

Applicants are encouraged to pay by BPAY.

## **2.4 Application Forms**

Acceptance of a completed Application Form by the Company creates a legally binding contract between the Applicant and the Company for the number of Securities accepted by the Company. The Application Form does not need to be signed to be a binding acceptance of Securities.

If the Application is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Application Form, is final.

By completing and returning your Application Form with the requisite Application Monies, or making a payment via BPAY in respect of the:

- (a) Priority Offer, you will be deemed to have represented that you are an Eligible Shareholder;
- (b) Placement and Shortfall Offer, you will be deemed to have represented that you are either an Andes Eligible Holder or a person with a registered address in Australia, New Zealand or Singapore.

In addition, Applicants will also be deemed to have represented and warranted on behalf of themselves or each person on whose account you are acting that the law in their place of residence and/or where they have been given the Prospectus, does not prohibit them from being given the Prospectus and that they:

- (a) agree to be bound by the terms of the relevant Offer;
- (b) declare that all details and statements in the Application Form are complete and accurate;
- (c) declare that they are over 18 years of age and have full legal capacity and power to perform all their rights and obligations under the Application Form;
- (d) declare that they have a registered address in Australia or subject to the offer restrictions in Section 1.16, New Zealand or Singapore;
- (e) authorise the Company and its respective officers or agents, to do anything on their behalf necessary for the Shares to be issued to them, including to act on instructions of the Share Registry upon using the contact details set out in the Application Form;
- (f) acknowledge that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that Shares are suitable for them given their investment objectives, financial situation or particular needs; and
- (g) acknowledge that the Shares have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia.

## **2.5 Enquiries concerning applications**

For all enquiries concerning the Offers, Application Forms and the Prospectus, please contact the Company on +61 3 9867 7199.

For general shareholder enquiries, please contact the Share Registry on 1300 554 474 (within Australia) or +61 2 8767 1111 (outside Australia).

### 3. Effect of the Priority Offer & Placement

#### 3.1 Capital structure on completion of the Priority Offer & Placement

The pro forma capital structure of the Company on completion of the Offers and changes to the capital structure connected with the Takeover Offer (on a pre-Consolidation basis unless otherwise stated) will be as follows:

	Shares	Options / Performance Rights
Current	1,187,940,614	642,945,422 <sup>1</sup>
Consideration Shares <sup>2</sup>	2,784,135,217	625,000,000 <sup>3</sup>
Debt Refinancing Shares <sup>4</sup>	1,000,000,000	0
Capital Raising Shares <sup>5</sup>	1,625,000,000	459,000,000 <sup>6</sup>
Broker Securities	62,500,000	50,000,000 <sup>7</sup>
<b>TOTAL (pre-Consolidation)</b>	<b>6,659,575,831</b>	<b>1,776,945,422</b>
<b>TOTAL (post Consolidation)</b>	<b>166,489,396</b>	<b>44,423,636</b>

**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 by the Company on 26 April 2018); and
  - c. 9,600,000 unquoted Options issued under the Company'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 the Company'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 to be issued under the Takeover Offer as follows:
  - a. 2,602,603,925 to Andes Shareholders; and
  - b. 181,531,292 to BHC and Delta Holdings LLC (**Delta**) in satisfaction of a minimum participation right in Andes.
3. This figure comprises:
  - a. 250,000,000 Options exercisable at \$0.008 to be issued to replace 10,000,000 Andes Options exercisable at \$0.20; and
  - b. 375,000,000 Options exercisable at \$0.004 to be issued to replace 15,000,000 free-attaching Andes Options exercisable at \$0.10 issued under the Andes Placement.
4. The issue of the RMB Debt Refinancing Shares under the RMB Debt Refinancing Agreement.
5. Comprising:
  - a. 459,000,000 Shares issued on conversion of the Tranche 1 and Tranche 2 Notes; and
  - b. 1,166,000,000 Shares issued under the Offers.
6. 459,000,000 Options issued to Noteholders of Tranche 1 and Tranche 2 Notes, to be issued 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.

The Company intends to issue Bonus Options exercisable at \$0.16 (on a post-Consolidation basis) and an expiry date two years from the date of issue in December 2019 under a separate disclosure document.

### 3.2 Pro forma consolidated statement of financial position

	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
<b>Current Assets</b>					
Cash and cash equivalents	168	246	32 (a)	1,896 (b)	2,342
Trade and other receivables	2,996	22	0	0	3,018
<b>Total Current Assets</b>	<b>3,164</b>	<b>268</b>	<b>32</b>	<b>1,896</b>	<b>5,360</b>
<b>Non-Current Assets</b>					
Non-current financial assets	638	42	0	2,350 (c)	3,030
Deferred exploration, evaluation and development expenditure	10,412	2,768	250	0	13,429
<b>Total Non-Current Assets</b>	<b>11,050</b>	<b>2,810</b>	<b>250</b>	<b>2,350</b>	<b>16,459</b>
<b>TOTAL ASSETS</b>	<b>14,214</b>	<b>3,077</b>	<b>282</b>	<b>4,246</b>	<b>21,820</b>
<b>Current Liabilities</b>					
Trade and other payables	4,627	134	481	(2,887) (d)	2,355
<b>Total Current Liabilities</b>	<b>4,627</b>	<b>134</b>	<b>481</b>	<b>(2,887)</b>	<b>2,355</b>
<b>Non-Current Liabilities</b>					
Trade and other payables	1,782	0	0	1,019 (d)	2,801
<b>Total Current Liabilities</b>	<b>1,782</b>	<b>0</b>	<b>0</b>	<b>1,019</b>	<b>2,801</b>
<b>TOTAL LIABILITIES</b>	<b>6,409</b>	<b>135</b>	<b>481</b>	<b>(1,868)</b>	<b>5,156</b>
<b>NET ASSETS (LIABILITIES)</b>	<b>7,805</b>	<b>2,943</b>	<b>(198)</b>	<b>6,114</b>	<b>16,664</b>
<b>Equity</b>					
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)
<b>TOTAL EQUITY</b>	<b>7,805</b>	<b>2,943</b>	<b>(198)</b>	<b>6,114</b>	<b>16,664</b>

(a) Includes funds raised from the issue of the Tranche 1 and Tranche 2 Notes of (\$918,000), Andes Placement (\$750,000) both net of costs, less Company and Andes estimated operating expenses (\$1.7M).

- (b) Includes capital raisings on Completion (\$2.3M) net of costs of Offers and Takeover Offer (\$0.4M).
- (c) Includes goodwill adjustment of \$2.4M 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

### 3.3 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 the Company's proposed acquisition of Andes:

- (a) The Company raising a further \$2,300,000 under the Offers (before costs);
- (b) costs of \$400,000 incurred in connection with the Takeover Offer and Offers;
- (c) a goodwill adjustment of \$2,350,000 on the 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.

### 3.4 Effect of the Offers on control of the Company

Following completion of the Takeover Offer and Offers, it is expected that the following will be substantial Shareholders of the Company:

Holder	Shares (on a pre-Consolidation basis)	% of Share Capital
Sandfire <sup>1</sup>	998,936,375	15%
RMB <sup>2</sup>	1,008,000,000	15.1%
BHC & Delta <sup>3</sup>	650,000,000	9.8%

**Notes:**

- 1 It is anticipated that Sandfire will be issued 504,166,650 Consideration Shares. This figure assumes that Sandfire accepts the Takeover Offer in respect of its Andes Shares. Sandfire has provided the Sandfire Intention Statement, which is subject to the Sandfire Intention Statement Conditions. Sandfire has provided the Sandfire Commitment in respect of 494,769,725 Shares. The Sandfire Commitment is subject to the Sandfire Commitment Condition.
- 2 Through the issue of the Debt Refinancing Shares and RMB's existing 8,000,000 Shares.
- 3 Through the issue of Consideration Shares to BHC and Delta.

### 3.5 Market price of Shares

The highest and lowest market closing prices of the Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales were:

Lowest: \$0.002 per Share on various dates, including 17 June 2019.

Highest: \$0.003 per Share on 27 March 2019.

The latest available market closing sale price of the Shares on ASX prior to the date of lodgement of this Prospectus with ASIC was \$0.002 per Share on 17 June 2019.



### **3.6 Dividend Policy**

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

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## **4. Risk Factors**

### **4.1 Risk Factors**

The Offers should be considered speculative because of the nature of, amongst other things, the Company's business activities. Consequently, the Company strongly recommends that you consider the risk factors set out in this Section 4, together with information contained elsewhere in this Prospectus, and that you consult your stockbroker, solicitor, accountant or other professional adviser before deciding whether to invest in Securities.

Set out below are a number of specific risks which relate directly to the Company and Merged Group, as well as certain industry and general risks, many of which are largely beyond the control of the Company or its Directors. The Company considers that the risks set out in this Section 4 may have a material impact on the financial performance of the Company and, specifically, the market price of the Securities.

The following is a summary of material risks. The list is not exhaustive and you should read it in conjunction with specific matters referred to in previous Company announcements and reports.

### **4.2 Risks specific to the Offers**

#### **(a) Risks relating to Shares**

As at the date of this Prospectus, the Company is listed on the ASX. You should note that if the Shares are granted Official Quotation, they will be listed securities for the purposes of the Listing Rules and Corporations Act. Consequently, share market conditions may affect the price of the Shares regardless of operating performance. Specifically, local and international stock markets, movements in commodity prices, interest rates, economic conditions and investor sentiment generally may affect the price of the Shares.

#### **(b) Potential for dilution**

At the date of the Prospectus it is expected that Company will have 1,187,940,614 Shares on issue. Upon completion of the Offers, assuming the Offers are fully subscribed and completion of the Takeover Offer, the number of Shares in the Company will increase to 6,659,575,831. This increase equates to approximately 460.6% of all the issued Shares in the Company following completion of the Offers.

This means that each Share will represent a lower proportion of the ownership of the Company. It is not possible to predict what the value of the Company or a Share will be following the completion of the Offers and the Directors do not make any representation to such matters.

Shareholders should note that if they do not participate in the Offers and assuming the Offers are fully subscribed, their holdings are likely to be diluted.

There is also a risk that the interests of Shareholders will be further diluted as a result of future capital raisings required in order to fund the future development of the Company's projects.

(c) **Underwriting**

The Company has entered into an Underwriting Agreement with Hartleys for the underwriting of the Offers up to the Underwritten Amount. The Underwriting Agreement is subject to various conditions precedent, including but not limited to the following:

- (i) the Implementation Agreement is not withdrawn, rescinded, breached or terminated;
- (ii) the Bid Conditions are satisfied (or not waived without with Hartleys consent);
- (iii) Sandfire provide a valid application for Shares in accordance with the Sandfire Commitment; and
- (iv) execution of the RMB Debt Refinancing Agreement.

There are various termination events within the Underwriting Agreement that may lead to Hartleys terminating its obligations under the Underwriting Agreement. Termination events include, but are not limited to a 10% or greater fall in the gold price or All Ordinaries Index, delay in the lodgement of Offer documents (without Hartleys consent), breach of the Company's material contracts, change in Shareholdings, changes in market conditions, withdrawal of ASX waivers, disclosure deficiencies in this Prospectus and other matters considered to be industry standard.

If the Underwriter terminates its obligations, the Company may not raise the full amount it is seeking to raise under the Offers. This could lead to the Bid Condition under the Implementation Agreement relating to the Joint Capital Raising being unfulfilled and the Takeover Offer not going ahead. Further information on the conditions and termination events is set out in Schedule 1.

#### **4.3 Company specific risks**

(a) **Contractual and Completion risk**

Pursuant to the Implementation Agreement the Company has agreed to acquire 100% of the issued capital in Andes subject to the fulfilment of certain Bid Conditions. The ability of the Company to achieve its stated objectives will depend on the performance by the parties of their obligations under the Implementation Agreement. If any party defaults in the performance of their obligations, it may be necessary for the Company to approach a court to seek a legal remedy in order to attempt to complete the Takeover Offer, which can be costly.

(b) **Transaction Completion risk**

The Company seeks to acquire 100% of the issued capital of Andes by way of the Takeover Offer. The Takeover Offer is subject to Bid Conditions. If any of the Bid 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 the Company's financial condition and level of operations.

**(c) Transaction due diligence risk**

The Company and its advisers have performed certain pre-acquisition due diligence on Andes. While the Company has obtained certain warranties from Andes under the 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 the Company to acquire Andes. A material adverse issue which was not identified prior to the Company'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 the Company.

**(d) Sale of Shares**

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

**(e) RMB Debt Refinancing Agreement**

It is a condition to the Sandfire Intention Statement that the Company enter into the RMB Debt Refinancing Agreement on substantially similar terms to the indicative terms announced by the Company on 17 May 2019. While the Company and RMB have prepared advanced drafts of the RMB Debt 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 of the Takeover Offer and Offers, or cause completion of the Takeover Offer and Offers 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 its Andes Shares. This would result in the Company being unable to obtain a Relevant Interest in 90% or more of the Andes Shares on issue and compulsorily acquire the remaining Andes Shares, which may cause completion of the Takeover Offer and Offers 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 the Company's ability to complete the Transaction in a timely manner or at all.

**(f) Future capital requirements**

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

The Company'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, the Company will require additional financing to establish mining operations and production facilities. The Company 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 the Company, 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 the Company fails to obtain additional financing, as needed, it may have to reduce the scope of its operations or anticipated expansion of its operations, forfeit its interest in some or all of its tenements, incur financial penalties and/ or reduce or terminate its operations.

**(g) Regulatory risks**

The Company will incur ongoing costs and obligations associated with compliance with necessary regulations. Regulatory areas which are of particular significance to the Company 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, social licence obligations, bribery, corruption and other matters. The Company requires permits from regulatory authorities to authorise the Company'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 restrictions on the Company's proposed business operations. In addition, changes in regulations could require extensive changes to the Company'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 the Company.

**(h) Foreign governments and legal systems risk**

The Colombian and Chilean jurisdictions, where the Company'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:

- (i) lack of guidance or interpretation of the applicable rules and regulations; and
- (ii) 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, the Company 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 the Company's ability to operate successfully, profitably or optimally in foreign jurisdictions.

**(i) Sovereign Security Risks**

Both the Company 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 the Company to predict the extent to which the abovementioned risks and uncertainties may adversely impact on the Merged Group's operations.

**(j) Tenure, access and grant of applications**

The Company'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 the Company must receive licences/permits from appropriate governmental authorities. There is no certainty that the Company will hold all licences/permits necessary to develop or continue operating at any particular property.

**(k) Exploration risk**

Mining exploration and development is a high-risk undertaking. The success of the Company 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 the Company's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities.

Exploration of the Company's projects may be unsuccessful, resulting in a reduction of the value of those projects, diminution in the cash reserves of the Company. The exploration costs of the Company 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 the Company's viability.

**(l) Chuscal expenditure risk**

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

**(m) Environmental risk**

Mining and exploration has 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 and other materials in the mining industry is under constant legislative scrutiny and regulation. Consistent with this, the Company 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 the Company'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 the Company works. These could constrain the Company's ability to operate on its existing or future licences.

**(n) 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 or informal miners. There can be no guarantee these negotiations will be concluded successfully or not be protracted and cause significant delay to the Company's plans.

**(o) Mine development risk**

Possible future development of a mining operation at any of the Company'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, climate change, 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.

**(p) Metallurgy**

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

- (i) identifying a metallurgical process through test work to produce a saleable metal and/or concentrate;
- (ii) developing an economic process route to produce a metal and/or concentrate; and
- (iii) changes in mineralogy in the ore deposit can result in inconsistent metal/mineral recovery, affecting the economic viability of the project.

**(q) Insurance risks**

There are significant exploration and operating risks associated with exploring for gold and other metals, 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, the Company's subsidiaries will be subject to liability for environmental risks such as pollution and damage of the environment. The occurrences of a significant event against which the Company 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 the Company's insurance coverage may become unavailable or prohibitively expensive.

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

Even if an apparently viable deposit is identified, there is no guarantee that the Company can economically exploit it. That is, it may not always be possible for the Company 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. The Company notes that it may or may not be possible for such conditions to be satisfied.

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

The Company's success largely depends upon key management personnel for the management of the Company as well as upon other management and technical personnel for the daily operation of the Company. Consequently, there is a possibility that the Company 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.

**(t) Transactional Risks**

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

**(u) Exploration costs**

The exploration costs of the Company 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, the Company does not give any assurance that the cost estimates and the underlying assumptions will be realised in practice, which may adversely affect the Company's budget and forecast cashflows and ultimately the trading price of its Securities.

**(v) Commodity Prices**

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



**(w) 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 the Company.

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 the Company's future financial performance and position.

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

**(x) Litigation Risks**

The Company is exposed to possible litigation risks including contractual disputes, occupational health and safety claims and employee claims. Further, the Company 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 the Company's operations, financial performance and financial position. The Company is aware that a former director of a company that was acquired by the Company (Minera Seafield, 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 the Company facing an unfavourable judgement is remote. The next court hearing is expected to occur on or around November 2019. The Company intends to defend the proceeding.

**(y) Competition risk**

The industry in which the Company is involved is subject to domestic and global competition. Although the Company 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 the Company's business.

**(z) Economic Risks**

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

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

- (i) general economic outlook;
- (ii) interest rates and inflation rates;

- (iii) currency fluctuations;
  - (iv) changes in investor sentiment toward particular market sectors (such as the exploration industry or the base metals sector within that industry);
  - (v) the demand for, and supply of, capital; and
  - (vi) terrorism or other hostilities.
- (aa) **Force Majeure**

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

#### **4.4 Speculative Investment**

The above list of risk factors should not to be taken as an exhaustive list of the risks faced by the Company or you as an investor in the Company. The above factors, and others not specifically referred to above, may materially affect the Company's future financial performance and the value of the Shares. Therefore, the Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

You should consider an investment in the Company as speculative and should consult your professional advisers before deciding whether to apply for Shares under the Offers.

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## **5. Additional information**

### **5.1 Rights and liabilities attaching to Shares**

A summary of the rights attaching to Shares in the Company is below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to Shares in any specific circumstances, the Shareholder should seek legal advice.

#### **(a) General meetings**

Each Shareholder is entitled to receive notice of, and to attend and vote at, general meetings of the Company 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), the Company will count only the vote cast by the Shareholder whose name appears before the other(s) in the Company's register.

#### **(c) Alteration of Capital**

Subject to the Constitution, Corporations Act and the Listing Rules, the Company 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.

The Company must not prevent, delay or in any way interfere with the registration of a proper ASX Settlement transfer. However, the Company 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 the Company declines to register a transfer, the Company must, within five business days after the transfer is lodged with the Company, 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 the Company, such sums as they think proper as reserves, which may be used in the business of the Company or be invested in such investments as the Directors think fit.

## **5.2 Advisor Mandate**

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

Under the Advisor Mandate, the Company has agreed to pay Hartleys certain fees in consideration for its services, namely:

- (a) fees in respect of the Company's capital raising:
  - (i) 50,000,000 Broker Options conditional on the Company and Andes raising \$4,000,000 through the Joint Capital Raising; and
  - (ii) 6% of the gross amount subscribed for Shares pursuant to capital raisings undertaken while Hartleys is engaged, not including fees associated with the Andes Placement.
- (b) a success fee payable on completion of the Takeover Offer of:

- (i) \$125,000 in cash; and
- (ii) 62,500,000 Shares (**Broker Shares**);
- (c) an abort fee of 25% of any break fee paid to the Company in respect to the Takeover Offer.

Under the Underwriting Agreement, the Company will also be required to pay Hartleys fee of \$20,000 for managing the underwriting obligations under the Underwriting Agreement (**Underwriting Fee**).

### 5.3 Sandfire Intention 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) The Company 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,

(together, the **Sandfire Intention Statement Conditions**).

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 Sandfire Intention Statement Conditions (**Sandfire Intention Statement**).

### 5.4 Company is a disclosing entity

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules. These obligations require the Company to notify ASX of information about specific events and matters as they arise for the purpose of ASX making the information available to the securities market conducted by ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain limited exceptions), to notify ASX once it is, or becomes aware of information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Shares.

The Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a Directors' statement and report, and an audit review or report. Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office (see Section 5.5 below). Copies of all documents announced to the ASX can be found at [www.metminco.com.au](http://www.metminco.com.au) under the "Investors" tab.

## 5.5 Copies of documents

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of ASIC. The Company will provide free of charge to any person who requests it during the period of the Offers a copy of:

- (a) the Annual Financial Report for the period ending 31 December 2018 and the Half Yearly Report for the period ending 30 June 2018, being the last two financial statements of the Company lodged with ASIC before the issue of this Prospectus; and
- (b) the following continuous disclosure notices given by the Company to notify ASX of information relating to the Company during the period from the date of lodgement of the Annual Financial Report (29 March 2019) until the date of this Prospectus:

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

The following documents are available for inspection throughout the period of the Offers during normal business hours at the registered office of the Company:

- (a) this Prospectus;
- (b) the Bidder's Statement;
- (c) the Constitution; and
- (d) the consents referred to in Section 5.13 and the consents provided by the Directors to the issue of this Prospectus.

## 5.6 Information excluded from continuous disclosure notices

Other than as set out below, there is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules other than as is set out in this Prospectus.

The Company advises that it has been in discussions with third parties unrelated to the Company regarding a potential divestment of some of the Company's non-core assets in Chile, however discussions are ongoing and incomplete in all cases.

## 5.7 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the Securities under this Prospectus.

## 5.8 Substantial Shareholders

As at the date of this Prospectus, the following person is a substantial Shareholder of the Company (i.e. Shareholder that holds more than a 5% interest in the Company):

Shareholder	Number of Shares (on a pre-Consolidation basis)	% of Share Capital
Citicorp Nominees Pty Limited	80,013,418	6.7%

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

Holder	Number of Shares (on a pre-Consolidation basis)	% of Share Capital
Sandfire <sup>1</sup>	998,936,375	15%
RMB <sup>2</sup>	1,008,000,000	15.1%
BHC & Delta <sup>3</sup>	650,000,000	9.8%

### Notes:

- 1 It is anticipated that Sandfire will be issued 504,166,650 Shares under the Takeover Offer. Sandfire has provided the Sandfire Commitment to subscribe for 494,769,725 Shares under the Placement. The Sandfire Commitment is subject to the Sandfire Commitment Condition. This figure also assumes that Sandfire accepts the Takeover Offer, which is subject to the Sandfire Intention Statement Conditions.

- 2 Through the issue of the RMB Debt Refinancing Shares and RMB's existing 8,000,000 Shares.
- 3 Through the issue of Shares under the Takeover Offer to BHC and Delta.

The Directors of the Company have a Relevant Interest in 41,653,520 Shares, being approximately 3.5% of the total number of Shares on issue prior to completion. The individual interests of each Director are set out in Section 5.9.

## 5.9 Interests of Directors

### (a) Information disclosed in this Prospectus

Except as disclosed in this Prospectus, no Director and no firm in which a Director or proposed director is a partner:

- (i) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Securities offered under this Prospectus or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Securities offered under this Prospectus; or
- (ii) has been paid or given or will be paid or given any amount or benefit to induce him or her to become, or to qualify as, a Director, or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Securities offered under this Prospectus.

### (b) Security holdings

The Relevant Interests of each of the Directors in Securities as at the date of this Prospectus are set out below:

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	-
<b>TOTAL</b>	<b>41,653,520</b>	<b>6,059,740</b>	<b>19,200,000</b>	<b>46,400,000</b>

#### 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 the Company'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 the Company's long-term incentive plan exercisable at \$0.024 on or before 31 December 2020, subject to vesting conditions.

### (c) Remuneration

The Constitution of the Company 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 the Directors in a 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 \$300,000 per annum.

A Director may also be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship.

The Company currently has one Executive Director, Mr Kevin Wilson, the Company's Executive Chairman. Mr Wilson's base executive remuneration is \$200,000 per annum (including statutory superannuation) and he is entitled to annual bonuses based on his performance in meeting targets and goals as determined by the Board.

Directors received the following remuneration for the preceding two financial years:

Director		Salary, fees & leave (\$)	Super-annuation (\$)	TOTAL (\$)
Kevin Wilson <sup>1</sup>	2018	139,786	14,182	153,968
	2017	-	-	-
Glenister Lamont <sup>2</sup>	2018	27,092	2,799	29,891
	2017	-	-	-
Roger Higgins <sup>3</sup>	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 the Company's Long-Term Incentive Plan.
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 the Company's Long-Term Incentive Plan above.
3. Mr Higgins has also been granted unquoted Options under the Company's Long-Term Incentive Plan.

## 5.10 Related party transactions

There are no related party transactions involved in the Offers.

## 5.11 Interests of other persons

Except as disclosed in this Prospectus, no expert, promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Securities offered under this Prospectus or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Securities offered under this Prospectus; or

- (b) has been paid or given or will be paid or given any amount or benefit in connection with the formation or promotion of the Company or the Securities offered under this Prospectus.

Hartleys has been appointed by the Company as Corporate Advisor in relation to the Offers and the Takeover Offer and pursuant to the Underwriting Agreement will underwrite the Offers up to the Underwritten Amount. The Company will pay and issue, Hartleys the fees described in Section 5.2 (unless otherwise stated), comprising approximately:

- (a) \$225,548 in cash for services rendered in relation to the Takeover Offer, Offers and Underwriting Agreement;
- (b) \$51,540 in respect of the issue of the Notes, which has been paid;
- (c) 50,000,000 Broker Options; and
- (d) 62,500,000 Shares.

Bellanhuse Lawyers will be paid approximately \$150,000 (plus GST) in fees for legal services in connection with the Offers and Takeover Offer.

Link Market Services Limited has been appointed to conduct the Company's Australian share registry functions and to provide administrative services in respect to the processing of Applications received pursuant to this Prospectus, and will be paid for these services on standard industry terms and conditions.

## 5.12 Expenses of Offers and Takeover Offer

The estimated expenses of the Offers and the Takeover Offer are as follows:

Estimated expenses of the Offers and Takeover Offer	\$
ASIC lodgment fees <sup>1</sup>	11,957
Legal expenses	150,000
Advisor fees and costs of offer <sup>2</sup>	225,548
Printing, mailing and other expenses	14,000
ASX listing fees <sup>3</sup>	23,044
<b>TOTAL</b>	<b>\$424,549</b>

### 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. Advisor fees estimated at:
  - a. approximately \$80,548 (being 6% of \$1,342,000 to be raised under the Offers (before costs));
  - b. \$20,000 in respect of the Underwriting Fee; and
  - c. \$125,000 success fee payable in respect of completion of the Takeover Offer, (see Section 5.2 for further details).
3. This figure assumes 5,471,635,217 Company Shares are to be quoted at \$0.002 per Share comprised of:
  - a. 2,784,135,217 Consideration Shares;

- b. 1,000,000,000 RMB Debt Refinancing Shares;
- c. 1,625,000,000 Shares under the Offers and on conversion of the Notes; and
- d. 62,500,000 Broker Shares.

## 5.13 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of Securities under this Prospectus), the Directors, the Underwriter, any persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Bellanhuse Lawyers has given its written consent to being named as the solicitors to the Company in this Prospectus. Bellanhuse Lawyers has not withdrawn its consent prior to the lodgment of this Prospectus with ASIC.

Hartleys has given its written consent to being named as Corporate Advisor and Underwriter in this Prospectus. Hartleys has not withdrawn its consent prior to the lodgment of this Prospectus with ASIC.

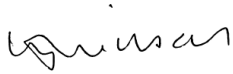
Link Market Services Limited has given its written consent to being named as the Australian share registry to the Company in this Prospectus. Link Market Services Limited has not withdrawn its consent prior to the lodgment of this Prospectus with ASIC.

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## 6. Directors' Statement and Consent

This Prospectus is authorised by each of the Directors of the Company.

This Prospectus is signed for and on behalf of Company by:



Kevin Wilson  
**Executive Chairman**  
Dated: 18 June 2019

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## 7. Definitions

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

**\$** means Australian dollars.

**Advisor Mandate** has the meaning given in Section 5.2.

**AEST** means Australian Eastern Standard Time, being the time in Melbourne, Victoria.

**All Ordinaries Index** means the index of the same name as published by ASX and as tracked by the ASX code “XAO”.

**Andes** means Andes Resources Limited (ACN 166 866 691).

**Andes Option** means an option to acquire an Andes Share.

**Andes Optionholders** means all persons who hold Andes Options.

**Andes Placement** means the placement by Andes raising \$750,000 (before costs) by the issue of 15,000,000 Andes Shares and Andes Options.

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

**Andes Eligible Shareholder** means a person registered as the holder of Andes Shares on the Record Date whose registered address is in Australia, New Zealand or Singapore.

**Andes Shareholder** means a holder of an Andes Share.

**AngloGold** means AngloGold Ashanti Colombia SA.

**Applicant** means an applicant for Shares offered under this Prospectus.

**Application** means a valid application for Securities made on an Application Form.

**Application Form** means the relevant application form for an Offer provided by the Company with a copy of this Prospectus.

**Application Monies** means the amount of money in dollars and cents payable for Shares at \$0.002 per Share pursuant to the Priority Offer, Shortfall Offer and Placement.

**ASIC** means Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

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

**Bid Condition** means a condition to the Takeover Offer.

**Bidder's Statement** means the document prepared by the Company in conjunction with the Takeover Offer, dated on or around 18 June 2019.

**Board** means the Directors meeting as a board.

**Bonus Options** means an Option that the Company intends to issue in December 2019 under a separate disclosure document, with an exercise price of \$0.004 and an expiry date two years from the date of issue.

**Broker Options** means unquoted options exercisable at \$0.006 (on a pre-Consolidation basis) with an expiry date three years from the date of completion of the Takeover Offer and has the meaning given in Section 5.2.

**Broker Shares** has the meaning given in Section 5.2.

**Broker Securities** means the Broker Shares and Broker Options.

**Business Day** means Monday to Friday inclusive, other than a day that ASX declares is not a business day.

**CHESS** means ASX Clearing House Electronic Subregister System.

**Closing Date** has the meaning given to it in Section 1.7.

**Company** means Metminco Limited (ACN 119 759 349).

**Conditions** has the meaning given in Section 1.10.

**Consideration Shares** means Shares offered to Andes Shareholders as Takeover Offer consideration.

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

**Constitution** means the constitution of the Company as at the date of this Prospectus.

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

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

**Directors** mean the directors of the Company as at the date of this Prospectus.

**Eligible Shareholder** means a person registered as the holder of Shares on the Record Date whose registered address is in Australia, New Zealand or Singapore.

**General Meeting** means the general meeting of Shareholders to be convened on or around 15 July 2019 to approve the issue of the Shares under the Offers, amongst other things.

**Hartleys** means Hartleys Limited (ACN 104 195 057).

**Issuer Sponsored** means Shares issued by an issuer that are held in uncertified form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

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

**Joint Capital Raising** has the meaning given in Section 1.6.

**Listing Rules** means the official listing rules of ASX and any other rules of ASX which are applicable while any Securities are admitted to the Official List, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

**Long Term Incentive Plan** means the Company's Long Term Incentive Plan as approved by Shareholders at the 2017 annual general meeting.

**Merged Group** means Company and its subsidiaries after successful completion of the Takeover Offer, including without limitation, Andes.

**Notice of Meeting** means the Company's notice of meeting dated 14 June 2019.

**Noteholder** means a holder of a Tranche 1 or Tranche 2 Note.

**Offer Period** has the meaning given in Section 1.7.

**Offers** means the Priority Offer, Shortfall Offer and Placement.

**Official List** means the official list of ASX.

**Official Quotation** means quotation of Securities on the Official List.

**Option** means an option to acquire a Share.

**Placement** means the placement of 666,000,000 Shares at \$0.002 each to raise \$1,332,000 (before costs).

**Placement Subscribers** means each applicant who subscribed for and was issued Shares under the Placement.

**Priority Offer** means the issue of 500,000,000 Shares at \$0.002 to Eligible Shareholders to raise \$1,000,000 (before costs).

**Prospectus** means this prospectus dated 18 June 2019.

**Record Date** means 5:00pm (AEST) on the date identified in the proposed timetable.

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

**RMB** means RMB Australia Holdings Limited ACN 003 201 214.

**RMB Debt Refinancing Agreement** means a proposed debt refinancing agreement between RMB and the Company, on terms set out in the Bidder's Statement.

**RMB Debt Refinancing Shares** means the issue of 1,000,000 Shares (on a pre-Consolidation basis) pursuant to a proposed debt refinancing agreement with RMB (or its nominees).

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

**Sandfire Commitment** has the meaning given in Section 1.8.

**Sandfire Commitment Condition** has the meaning given in Section 1.8.

**Sandfire Intention Statement** has the meaning given in Section 5.3.

**Sandfire Intention Statement Conditions** has the meaning given in Section 5.3.

**Section** means a section of this Prospectus.

**Securities** mean any securities, including Shares, Options and Performance Rights, issued or granted by the Company.

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

**Share Registry** means Link Market Services Limited (ACN 083 214 537).

**Shareholder** means a holder of Shares.

**Shortfall Offer** means the offer of the Shortfall Shares under this Prospectus.

**Shortfall Shares** means Shares not taken up under the Priority Offer.

**Takeover Offer** means the Company's proposed acquisition of 100% of the issued capital in Andes through an off-market takeover bid.

**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.

**Underwriter** means Hartleys.

**Underwriting Agreement** means the meaning given in Section 1.9.

**Underwriting Fee** means \$20,000 payable to Hartleys under the Underwriting Agreement.

**Underwritten Amount** has the meaning given in Section 1.9.



## Schedule 1 - Underwriting Agreement Key Terms

Note in this Schedule the following defined terms apply:

**Allotment Date** means the proposed date of allotment of Offer Shares specified in the Timetable.

**ASIC Modifications** means any exemptions from, modifications (including class orders) of or declarations under the Corporations Act which are necessary.

**ASX Waivers** means any waiver of the Listing Rules which is necessary or desirable to enable the Company to conduct the Offer in compliance with Applicable Laws and as described in the Prospectus.

**Applicable Laws** includes the Corporations Act (including the requirements of any applicable ASIC class orders, regulatory guidance and policies including the guidance of the Takeovers Panel), the Listing Rules, ASX Waivers (if applicable), ASIC Modifications (if applicable) and all other applicable laws, policies and regulation relevant to a fact, matter or thing.

**Application** means an application to subscribe for Offer Shares duly made in accordance with the Prospectus accompanied by payment of the Offer Price in respect of each Offer Share for which an application is made.

**Application Form** means the application form attached to the Prospectus in relation to the Offer.

**Authorisation** means any approval, authorisation, consent, declaration, exemption, notarisation, concession, licence, permit, order, registration, qualification, decree or waiver, however described, and any condition attaching to it, including any renewal, consolidation, replacement, extension or amendment of any of them.

**Bid Implementation Agreement** means the bid implementation agreement between the Company and Andes Resources Limited on or about 17 May 2019.

**Bid Condition** means the condition to the takeover bid announced by the Company on 17 May 2019 as set out in schedule 1 of the Bid Implementation Agreement.

**Certificate** means a certificate signed on behalf of the Company which certifies to the Underwriter as at the date of the certificate that to the best of the Company's knowledge and information after due enquiry:

- (a) the Company has complied with all obligations on its part to be performed as at the date of the certificate:
  - (i) under this document; and
  - (ii) under statute or otherwise in respect of the Offer;
- (b) other than as previously notified to the Underwriter in writing, none of the Termination Events have occurred; and
- (c) other than as previously notified to the Underwriter in writing, the representations and warranties set out in schedule 1 of the Underwriting Agreement are true and correct.

**Closing Date** means 5.00pm on the date referred to as the Closing Date in the Timetable or such other date as the Underwriter and the Company may agree in writing.

**Debt Facility** means any external debt facility or similar financial accommodation provided to the Company or its Subsidiaries or any part thereof.

**Due Diligence Committee** means the due diligence committee formed by the Company in connection with the Offer.

**Due Diligence Committee Report** means the report of the Due Diligence Committee to the Company, its directors and the Underwriter including all annexures.

**Due Diligence Investigations** means the activities below: Until Completion, the Company must:

- (a) make such enquiries as are prudent and reasonable; and
- (b) exercise due diligence, to ensure that
- (c) there are no omissions from the Offer Materials (including the Prospectus) of material required to be included by Applicable Laws;
- (d) the content, issue and distribution of any Offer Materials does not constitute conduct by any person which is misleading or deceptive or likely to mislead or deceive (whether by reason of statements included in, or omissions from, those Offer Materials or otherwise) and that those Offer Materials do not become false or misleading in any material respect (including by omission); and
- (e) the Company becomes aware of any information or circumstances which may render the Offer Materials misleading or deceptive or need to be disclosed to ASX or incorporated into any Supplementary Prospectus as soon as such information or circumstances arise.

**Due Diligence Planning Memorandum** means the memorandum including its schedules, annexures and attachments setting out the responsibilities and purpose of the Due Diligence Committee, the final form of which is annexed to the Due Diligence Committee Report.

**Force Majeure** means any act of God, war, revolution, or any other unlawful act against public order or authority, an industrial dispute, a governmental restraint, or any other event which is not within the control of the parties.

**Government Agency** means any government or any government department, governmental, semi-governmental, administrative, fiscal, judicial, investigative, review or regulatory body, department, commission, authority, tribunal, agency, stock exchange or entity in any jurisdiction relevant to the Offer, including ASX, ASIC and the Takeovers Panel.

**Lodgement Date** means the date referred to as the Lodgement Date in the Timetable.

**Offer** means the public offer of up to 1,166,000 Offer Shares under the Prospectus to raise \$2,332,000 at the Offer Price which public offer includes the Priority Offer.

**Official Quotation** means the grant by ASX of "Official Quotation" (as that term is used in the Listing Rules).

**Opening Date** means the opening date for the Offer specified in the Timetable or such other date as the Underwriter and the Company may agree in writing.

**Offer Materials** means:

- (a) Any roadshow presentation materials in connection with the Offer;
- (b) All announcements released to ASX by the Company in connection with the Offer;
- (c) The Prospectus and any Application Form;
- (d) All correspondence delivered to Shareholders in respect of the Offer and approved by the Company (or on its behalf with its consent); and
- (e) Public Information.

**Offer Price** means \$0.002 per Offer Share.

**Offer Shares** means a Share to be issued under the Offer.

**Public Information** means any press releases, presentation materials, or public or media statement or other public disclosure made (on or after the Lodgement Date and up to and including the Settlement Date) in relation to the Group or the Offer, including amendments or updates to or supplementary disclosure in respect of any other Offer Materials, or in relation to bids or applications received for Offer Shares or the progress or results of the Offer, in each case by the Company (or on its behalf).

**Prescribed Occurrences** means any of the events listed in section 652C(1)(a) to (h) of the Corporations Act.

**Sandfire Commitment Offer Shares** means 494,769,725 Offer Shares which Sandfire has publicly stated it will subscribe for under the Offer.

**Settlement Date** means the date referred to as the Settlement Date in the Timetable.

Valid Application

**Underwriter** means Hartleys Limited.

**Takeovers Panel** means the body established under the Australian Securities and Investments Commission Act 2001 (Cth) as the primary forum for resolving disputes about takeovers.

**Terminate** means the termination by the Underwriter of all further obligations of the Underwriter under this document in accordance with clauses 2.4 or 10.1 of the Underwriting Agreement, in each case without loss or liability to it and Termination has a corresponding meaning.

**Termination Events** are those events listed in clause 3.

**Valid Application** means an Application:

- (a) that is made by or on behalf of a person in a manner that complies with (and the relevant allotment would comply with) Applicable Laws;

- (b) that is made in conjunction with an application form accompanying the Prospectus, and that is properly completed in accordance with the instructions in that form and in the Prospectus;
- (c) that is accompanied by any supporting documents required by the Prospectus to accompany that form;
- (d) that is received by the Company on or before 5.00pm on the Closing Date at the place specified in the Prospectus for lodgement of forms or is otherwise duly received in accordance with the provisions of the Prospectus for electronic lodgement of applications;
- (e) that is not withdrawn before it ceases to be capable of being withdrawn (if it is so capable of being withdrawn); and
- (f) in respect of which payment of the Offer Price for the relevant number of Offer Shares is received and is cleared (either before or after the Closing Date) when presented (either before or after the Closing Date) for payment by the relevant financial institution on which the payment is drawn.

## 1. Conditions precedent

The obligations of the Underwriter under the Underwriting Agreement to manage and underwrite the Offer are conditional on:

- (a) **(Due Diligence Investigations)** the Due Diligence Investigations being completed to the satisfaction of the Underwriter (in its absolute discretion) by 11.00am on the Lodgement Date;
- (b) **(Due Diligence Committee Report)** the Underwriter receiving a copy of the Due Diligence Committee Report contemplated by the Due Diligence Planning Memorandum in a form and substance satisfactory to the Underwriter (in its absolute discretion) by 11.00am on the Lodgement Date, which is also to be addressed to, and expressed to be for the benefit of, each of the members of the Due Diligence Committee and the Underwriter and signed by each member of the Due Diligence Committee;
- (c) **(legal opinion)** an opinion dated on the Lodgement Date addressed to, and expressed to be for the benefit of, the Company and the Underwriter, in a form and substance satisfactory to the Underwriter (in its absolute discretion) being delivered to the Underwriter by 11.00am on the Lodgement Date from Bellanhouse Lawyers, counsel to the Company;
- (d) **(ASIC Modifications and ASX Waivers)** the Company either:
  - (i) obtaining by 9.00am on the Lodgement Date all ASIC Modifications and ASX Waivers, in a form and substance satisfactory to the Underwriter and which have not been withdrawn or revoked; or
  - (ii) certifying in writing to the Underwriter that no ASIC Modifications or ASX Waivers are required in connection with the Offer;
- (e) **(consent to be named)** the Underwriter being satisfied with the form of the Prospectus (in its absolute discretion) and having given its consent to be named in the Prospectus by 11:00 am on the Lodgement Date as evidence thereof;

- (f) **(Prospectus lodgement)** the Company lodging the Prospectus with ASIC prior to 5.00pm on the Lodgement Date;
- (g) **(Certificate)** the Underwriter receives a Certificate in accordance with clause 4.1 of the Underwriting Agreement;
- (h) **(Official Quotation)** the Company applying for Official Quotation of the Offer Shares prior to the commencement of trading on the Business Day after the date of lodgement of the Prospectus and ASX not having indicated that it will not grant Official Quotation of the Offer Shares on or before 9.00am on the Settlement Date;
- (i) **(Offer)** the Company becoming capable of accepting Applications in respect of the Offer by the Opening Date;
- (j) **(Bid Implement Agreement)** the Bid Implementation Agreement not having been withdrawn, rescinded, breached, terminated, altered or amended prior to the Settlement Date (other than with the prior written consent of the Underwriter);
- (k) **(Satisfaction of all Bid Conditions)** in respect of each Bid Condition:
  - (i) each Bid Condition that is required to be satisfied has been satisfied and remained at all times satisfied prior to and up and until 10am on the Settlement Date;
  - (ii) no Bid Condition has been breached prior or otherwise become incapable of being satisfied prior to 10am on the Settlement Date;
  - (iii) no Bid Condition has been waived, altered or amended prior to 10am on the Settlement Date (other than with the prior written consent of the Underwriter);
- (l) **(Compulsory acquisition)** prior to 10am on the Settlement Date the Company's takeover offer for all of the issued shares in Andes Resources Limited has closed with the Company having a Relevant Interest in more than 90 per cent of the issued shares then on issue in Andes Resources Limited and the Company has lodged with ASIC a form 6021 notice of compulsory acquisition;
- (m) **(Sandfire Commitment)** Sandfire has prior to the Closing Date lodged with the Company a Valid Application for the Sandfire Commitment Offer Shares and not sought to revoke, rescind or otherwise withdraw that Valid Application; and
- (n) **(RMB Refinancing Agreement)** the RMB Refinancing Agreement having been executed by the relevant parties, and those documents not having been withdrawn, rescinded, breached, terminated, altered or amended prior to the Settlement Date (other than with the prior written consent of the Underwriter).

## 2. Termination of the Underwriter's obligations

The Underwriter may, by notice given to the Company and without cost or liability to the Underwriter, immediately Terminate if any one or more of the Termination Events occurs or has occurred on or before Completion (or such other time as specified in such event) and:

- (a) **(unqualified)** that Termination Event is not marked with an “\*”; or
- (b) **(qualified)** that Termination Event is marked with an “\*” and in the reasonable opinion of the Underwriter the event:
  - (i) has had, or could be expected to have, individually or in aggregate a material adverse effect on:
    - (A) the financial position or performance, shareholder’s equity, profits, losses, results, condition, operations or prospects of the Company or a Subsidiary either individually or taken as a whole; or
    - (B) the success or outcome of the Offer, the market price of Offer Shares or the Shares or the ability of the Underwriter to market, promote or settle the Offer (including matters likely to have an effect on a decision of an investor to invest in Offer Shares or Shares);
  - (ii) leads (or is, in the Underwriter’s opinion, reasonably likely to lead) to the Underwriter’s obligations under this document becoming materially more onerous than those which exist at the date of this document;
  - (iii) has had, or could be expected to have, individually or in aggregate a material adverse effect on the tax position of:
    - (A) the Company or its Subsidiaries either individually or taken as a whole; or
    - (B) an Australian resident shareholder of the Company; or
  - (iv) leads (or is, in the Underwriter’s opinion, reasonably likely to lead) to:
    - (A) a material liability for the Underwriter (when assessed in the context of the fees payable to the Underwriter under this document); or
    - (B) the contravention, or involvement in a contravention of, or a liability under the Corporations Act or any other applicable law.

### 3. Termination Events

- (a) **(Change in gold price)** the spot “ask” A\$ gold price as quoted by The Perth Mint is at any time after the date of this document, 10.0% or more below its price as at the close of business on the Business Day before the date of this document;
- (b) **(index fall)** the All Ordinaries Index as published by ASX is for two consecutive Business Days after the date of this document 10.0% or more below its level as at the close of business on the Business Day prior to the date of this document;
- (c) **(Debt Facility)** a Debt Facility is breached by any party to the agreement or it is revoked, rescinded, avoided, amended (including by way of any standstill arrangements), varied, superseded or replaced in any way, the lender under

a Debt Facility seeks to enforce any security granted in connection with, or accelerate or otherwise require repayment of any amounts under, the Debt Facility or an event of default or potential event of default (however defined) occurs under a Debt Facility, in each case without the prior written consent of the Underwriter (in the Underwriter's absolute discretion);

- (d) **(Prospectus)** the Company does not lodge the Prospectus on the Lodgement Date or the Offer is withdrawn by the Company without the prior written consent of the Underwriter;
- (e) **(breach of material contracts)** any of the contracts described in the Prospectus (other than this document) is breached, not complied with according to its terms, terminated or substantially modified other than as disclosed in the Prospectus;
- (f) **(board and senior management composition)** there is a change in the composition of the board or a change in the senior management of the Company before Completion without the prior written consent of the Underwriter (which consent is not to be unreasonably withheld) except as announced to ASX or fully and fairly disclosed to the Underwriter prior to the date of this document;
- (g) **\*(change in shareholdings)** other than as a result of the Offer and the proposed merger with Andes Resources Limited there is a change in the major or controlling shareholdings of a Group Member or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Group Member;
- (h) **\*(market conditions)** a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, commercial banking activities or political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or any other international financial market;
- (i) **(Offer Materials)** a statement contained in the Offer Materials is or becomes false, misleading or deceptive (including by omission) or likely to mislead or deceive or the Offer Materials omit any information they are required to contain (having regard to sections 711, 713 and 716 of the Corporations Act and any other applicable requirements), or there are no reasonable grounds in accordance with section 728(2) of the Corporations Act for the making of any statement in the Offer Materials relating to future matters;
- (j) **(listing)** ASX announces or informs the Company (including verbally) that the Company will be removed from the official list or that Shares will be delisted or suspended from quotation by ASX for any reason, for the avoidance of doubt this does not include any voluntary suspension or trading halt that has been obtained by the Company with the Underwriter's prior written consent;
- (k) **(notification)** any of the following notifications are made:
  - (i) an application is made by ASIC or another person for an order under Part 9.5 of the Corporations Act, or to any other Government Agency, in relation to the Offer Materials or the Offer; or
  - (ii) ASIC or any other Government Agency commences or gives notice of an intention to hold, any investigation, proceedings or hearing in relation to the Offer or any of the Offer Materials or prosecutes or

commences proceedings against or gives notice of an intention to prosecute or commence proceedings against the Company,

and in either case:

- (iii) where the Government Agency is the Takeovers Panel, the application is not withdrawn or the Takeovers Panel has not declined to conduct proceedings or declined to make a declaration of unacceptable circumstances within five Business Days of the date of the application or by the Allotment Date; or
  - (iv) where the Government Agency is not the Takeovers Panel, such application, notice or proceeding becomes public or is not withdrawn within two Business Days after it is made or by the Allotment Date;
- (l) **(Authorisation)** any Authorisation which is material to anything referred to in the Prospectus is repealed, revoked, or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter;
- (m) **(quotation)** ASX announces or informs the Company (including verbally) that unconditional approval (or approval subject to customary listing conditions) by the ASX for Official Quotation of the Offer Shares will be refused, or not granted by the Allotment Date or, if granted, such approval is withdrawn on or before the Allotment Date;
- (n) **(unable to issue Offer Shares)** the Company is prevented from allotting and issuing the Offer Shares in accordance with this document and the Timetable;
- (o) **\*(hostilities)** there is an outbreak of hostilities (whether or not war has been declared) not presently existing, or a major escalation in existing hostilities occurs (whether or not war has been declared) involving any one or more of Australia, New Zealand, the United States of America, the United Kingdom, the People's Republic of China, Indonesia, India, Pakistan, Russia, Israel, any member of the European Union, the Democratic People's Republic of Korea, the Republic of Korea or Japan, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;
- (p) **\*(Timetable)**
  - (i) subject to clause (p)(ii) below, any event specified in the Timetable is delayed by the Company for more than one Business Day without the prior written consent of the Underwriter (such consent not to be unreasonably withheld); or
  - (ii) the Lodgement Date and Allotment Date is delayed by the Company, in any way, without the prior written consent of the Underwriter (such consent not to be unreasonably withheld);
- (q) **(ASIC or ASX action)** the Offer is prevented from proceeding (without amendment on terms acceptable to the Underwriter) by reason of:
  - (i) or in accordance with, the Listing Rules, the Corporations Act or any other applicable laws;
  - (ii) an order made by ASIC, ASX, any other government agency or a court of competent jurisdiction; or



- (iii) an investigation or inquiry or proceedings initiated by either ASIC or ASX into the conduct of the Company;
- (r) **(withdrawal of consent)** any:
  - (i) person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or any Supplementary Prospectus or to be named in the Prospectus or any Supplementary Prospectus, withdraws that consent; or
  - (ii) accounting or legal adviser to the Company refuses to give its consent or having previously consented to be named in the Prospectus, withdraws that consent;
- (s) **(supplementary prospectus):**
  - (i) the Underwriter forms the view on reasonable grounds that a supplementary or replacement prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary or replacement prospectus in such form and content and within such time as the Underwriter may reasonably require; or
  - (ii) the Company lodges a supplementary or replacement prospectus without the prior written agreement of the Underwriter;
- (t) **(Certificate)** any certificate which is required to be delivered by the Company under this document (including a Certificate) is not delivered when required (other than as permitted under (p)(i) above) or is untrue, incorrect or misleading in a material respect;
- (u) **(suspension of debt payments)** except as fully and fairly disclosed to the Underwriter prior to the date of this document, the Company suspends payment of its debts generally;
- (v) **(insolvency)** any one of the following occurs:
  - (i) except as fully and fairly disclosed to the Underwriter prior to the date of this document, the Company (or any of its Subsidiaries):
    - (A) being or stating that it is unable to pay its debts as and when they fall due; or
    - (B) failing to comply with a statutory demand;
  - (ii) any step being taken which will or is likely to result in any of the following:
    - (A) the appointment of a liquidator, provisional liquidator, administrator, receiver, receiver and manager or other similar official in relation to, or to any property of, the Company (or any of its Subsidiaries);
    - (B) the Company (or any of its Subsidiaries) being wound up or dissolved or entering into a scheme, moratorium, composition or other arrangement with, or to obtain protection from, its creditors or any class of them or an

- assignment for the benefit of its creditors or any class of them;
- (C) circumstances existing which would permit a presumption of insolvency in relation to the Company (or any of its Subsidiaries) under section 459C(2) of the Corporations Act; or
- (D) anything analogous or having a substantially similar effect occurring in relation to the Company (or any of its Subsidiaries);
- (w) **\*(judgment against the Company)** a judgment in an amount exceeding \$50,000 is obtained against the Company and is not set aside or satisfied within 7 days;
- (x) **(ASIC Modifications and ASX Waivers)** approval for any ASIC Modifications or ASX Waivers is subsequently withdrawn, or is varied in a way that in the reasonable opinion of the Underwriter, would have a material adverse effect on the success of the Offer;
- (y) **(conduct)** the Company or any of its directors or officers (as that term is defined in the Corporations Act) engage in any fraudulent conduct or activity whether or not in connection with the Offer;
- (z) **\*(Director):**
  - (i) a director or senior manager of any Group Member (in that capacity) is charged with an indictable offence, or any Government Agency or regulatory body commences any public action against a director or senior manager of any Group Member (in that capacity) or announces that it intends to take any such action; or
  - (ii) a director of any Group Member is disqualified from managing a corporation under sections 206B, 206C, 206D, 206E, 206F, or 206G of the Corporations Act;
- (aa) **(adverse change)** in the reasonable opinion of the Underwriter, there is a material adverse change, or any one or more matters, events or circumstances occurs, is announced or disclosed or becomes known to the Underwriter (whether or not it becomes public) which individually or when aggregated with any other such matters, events or circumstances is likely to give rise to a material adverse change, in the financial position or performance, shareholder's equity, profits, losses, results, condition, operations or prospects of the Group taken as a whole, or is likely to have a materially adverse effect on the marketing, settlement or outcome of the Offer;
- (bb) **\*(litigation)** litigation, arbitration, administrative or industrial proceedings are after the date of this document commenced or threatened against the Company, other than any claims foreshadowed in the Prospectus, or Due Diligence Program or otherwise disclosed during the Due Diligence Investigations;
- (cc) **\*(breach of obligations)** the Company is in breach of any terms and conditions of this document (other than with respect to compliance with the Timetable);

- (dd) **\*(breach of representations)** any of the representations or warranties made or given by the Company in schedule 1 is or becomes incorrect, untrue or misleading;
- (ee) **\*(information supplied to Underwriter)** the information supplied by or on behalf of the Company to the Underwriter including as part of the Due Diligence Program is, or the results of the Due Diligence Investigations are, in the reasonable opinion of the Underwriter, false, misleading or deceptive (including by omission);
- (ff) **\*(change in law)** there is introduced, or there is an official public announcement of a proposal to introduce, into the Parliament of Australia or any State of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority, adopts or announces a proposal to adopt a new, or any major change in, existing, monetary, taxation, exchange or fiscal policy (other than a law or policy which has been announced prior to the date of this document);
- (gg) **\*(investigation)** any person is appointed under any legislation in respect of companies to investigate the affairs of the Company;
- (hh) **\*(capital structure)** the Company alters its capital structure in any manner not contemplated by the Prospectus or as announced by the Company on or before the date of this document;
- (ii) **(certain resolutions passed)** the Company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (jj) **\*(force majeure)** a Force Majeure affecting the Company's business or any obligation under this document lasting in excess of 7 days occurs;
- (kk) **\*(Prescribed Occurrence)** a Prescribed Occurrence occurs;
- (ll) **\*(contravention of law)** a contravention by any Group Member of the Corporations Act, its Constitution, any of the ASX Listing Rules, any other applicable law or regulation (as amended or varied) or order or request made by or on behalf of ASIC, ASX or any Government Agency;
- (mm) **(compliance)** any aspect of the Offer, including the Prospectus or the underwriting and any sub-underwriting of the Offer, does not comply with the Corporations Act, the Listing Rules, the ASIC Modifications or the ASX Waivers or any other applicable law or regulation, or requires an approval or other authorisation that has not been obtained at the date of this document.



# Your Guide to the Application Form

Please complete all relevant white sections of the Application Form in BLOCK LETTERS, using black or blue ink. These instructions are cross-referenced to each section of the form.

The Shares to which this Application Form relates are Metminco Limited Shares. Further details about the shares are contained in the Prospectus 18 June 2019 issued by Metminco Limited.

The Australian Securities and Investments Commission requires that a person who provides access to an electronic application form must provide access, by the same means and at the same time, to the relevant Prospectus. This Application Form is included in the Prospectus.

The Prospectus contains important information about investing in the shares. You should read the Prospectus before applying for Shares.

- A** Insert the number of Shares you wish to apply for. You may be issued all of the Shares applied for or a lesser number.
- B** Insert the relevant amount of Application Monies. To calculate your Application Monies, multiply the number of Shares applied for by the issue price. Amounts should be in Australian dollars. Please make sure the amount of your cheque or bank draft equals this amount.
- C** Write the full name you wish to appear on the register of Shares. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table below for the correct registrable title.
- D** Enter your Tax File Number (TFN) or exemption category. Business enterprises may alternatively quote their Australian Business Number (ABN). Where applicable, please enter the TFN or ABN for each joint Applicant. Collection of TFN(s) and ABN(s) is authorised by taxation laws. Quotation of TFN(s) and ABN(s) is not compulsory and will not affect your Application. However, if these are not provided, Metminco Limited will be required to deduct tax at the highest marginal rate of tax (including the Medicare Levy) from payments.
- E** Please enter your postal address for all correspondence. All communications to you from Metminco Limited and the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- F** If you are already a CHESS participant or sponsored by a CHESS participant, write your Holder Identification Number (HIN) here. If the name or address recorded on CHESS for this HIN is different to the details given on this form, your Shares will be issued to Metminco Limited's issuer sponsored subregister.
- G** Please enter your telephone number(s), area code and contact name in case we need to contact you in relation to your Application.
- H** Please complete the details of your cheque or bank draft in this section. The total amount should agree with the amount shown in section B.
- Make your cheque or bank draft payable to "Metminco Limited" in Australian currency and cross it "Not Negotiable". Your cheque or bank draft must be drawn on an Australian bank. Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected.

## LODGEMENT INSTRUCTIONS

This Application Form and your cheque or bank draft must be mailed or delivered so that it is received before 5:00pm (AEST) on 12 July 2019 at:

Metminco Limited Share Offer  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235

Metminco Limited Share Offer  
C/- Link Market Services Limited  
1A Homebush Bay Drive  
Rhodes NSW 2138  
**(do not use this address for mailing purposes)**

## PERSONAL INFORMATION COLLECTION NOTIFICATION STATEMENT

Personal information about you is held on the public register in accordance with Chapter 2C of the *Corporations Act 2001*. For details about Link Group's personal information handling practices including collection, use and disclosure, how you may access and correct your personal information and raise privacy concerns, visit our website at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) for a copy of the Link Group condensed privacy statement, or contact us by phone on +61 1800 502 355 (free call within Australia) 9am–5pm (Sydney time) Monday to Friday (excluding public holidays) to request a copy of our complete privacy policy.

## CORRECT FORMS OF REGISTRABLE NAMES

Note that ONLY legal entities are allowed to hold Shares. Applications must be in the name(s) of natural persons or companies. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
<b>Individual</b> Use given names in full, not initials	Mrs Katherine Clare Edwards	K C Edwards
<b>Company</b> Use Company's full title, not abbreviations	Liz Biz Pty Ltd	Liz Biz P/L or Liz Biz Co.
<b>Joint Holdings</b> Use full and complete names	Mr Peter Paul Tranche & Ms Mary Orlando Tranche	Peter Paul & Mary Tranche
<b>Trusts</b> Use the trustee(s) personal name(s)	Mrs Alessandra Herbert Smith <Alessandra Smith A/C>	Alessandra Smith Family Trust
<b>Deceased Estates</b> Use the executor(s) personal name(s)	Ms Sophia Garnet Post & Mr Alexander Traverse Post <Est Harold Post A/C>	Estate of late Harold Post or Harold Post Deceased
<b>Minor (a person under the age of 18 years)</b> Use the name of a responsible adult with an appropriate designation	Mrs Sally Hamilton <Henry Hamilton>	Master Henry Hamilton
<b>Partnerships</b> Use the partners' personal names	Mr Frederick Samuel Smith & Mr Samuel Lawrence Smith <Fred Smith & Son A/C>	Fred Smith & Son
<b>Long Names</b>	Mr Hugh Adrian John Smith-Jones	Mr Hugh A J Smith Jones
<b>Clubs/Unincorporated Bodies/Business Names</b> Use office bearer(s) personal name(s)	Mr Alistair Edward Lilley <Vintage Wine Club A/C>	Vintage Wine Club
<b>Superannuation Funds</b> Use the name of the trustee of the fund	XYZ Pty Ltd <Super Fund A/C>	XYZ Pty Ltd Superannuation Fund

Put the name(s) of any joint Applicant(s) and/or account description using < > as indicated above in designated spaces at section C on the Application Form.