

ASX Announcement**17th July 2019**

Takeover Offer Update – Lodgement of Supplementary Bidder'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 (“**Takeover Offer**”) (“**Andes**”).

The Company has today lodged with ASIC a supplementary bidder's statement with ASIC, which supplements and is to be read together with the original Bidder's Statement. A copy of the supplementary bidder's statement has also been sent to Andes and, in accordance with section 647(3)(c) of the Corporations Act, will be sent to all Andes shareholders who are yet to accept the offer. The supplementary bidder's statement includes:

1. enhanced disclosure on:
 - a. the RMB refinancing agreement; and
 - b. risks facing the Company;
2. a solicitor's report on Metminco's Colombian assets;
3. confirmation that no foreign sale nominee will be appointed;
4. information on the composition and interests of the proposed board; and
5. amendments to the indicative timetable, use of funds and pro-forma statement of financial position.

The Company confirms that the Takeover Offer remains open.

The Company also refers to its Withdrawal Notice announced today and confirms a new prospectus will be issued shortly to allow for the inclusion of a number of additional disclosures, including the above. The Company confirms that the structure of the capital raising for up to \$2.332 million at an issue price of \$0.002 per share remains unchanged.

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Supplementary Bidder's Statement

Metminco Limited ACN 119 759 349

1. Introduction

This document is the first supplementary bidder's statement (**Supplementary Bidder's Statement**) to the bidder's statement dated 18 June 2019 (**Original Bidder's Statement**) issued by Metminco Limited ACN 119 759 349 (**Metminco**) in relation to Metminco's off-market takeover bid for all the issued capital in Andes Resources Limited ACN 166 866 691 (**Andes**).

This Supplementary Bidder's Statement is given pursuant to Division 4 of Part 6.5 of the *Corporations Act 2001* (Cth) (**Corporations Act**) in compliance with the requirements of section 643 Corporations Act.

This Supplementary Bidder's Statement supplements and is to be read together with the Original Bidder's Statement. This document prevails in the event of any inconsistency with the Original Bidder's Statement.

This is an important document and requires your immediate attention.

If you are in any doubt about how to deal with this document, you should contact your legal, financial, tax or other professional advisor immediately.

1.1 Important notices

A copy of the Supplementary Bidder's Statement was lodged with the Australian Securities and Investments Commission (**ASIC**) on 17 July 2019. Neither ASIC nor any of its officers take any responsibility for the contents of this Supplementary Bidder's Statement.

1.2 Defined terms

Unless the context otherwise requires, capitalised terms in this Supplementary Bidder's Statement have the same meaning given to them in section 11 of the Original Bidder's Statement. The rules of interpretation set out in section 11.2 of the Original Bidder's Statement also apply to the Supplementary Bidder's Statement, unless the context otherwise requires.

1.3 Extension of Offer Period

The Original Bidder's Statement was lodged with ASIC on 18 June 2019.

The Original Bidder's Statement noted that the Offer and any contract resulting from acceptance of the Offer is subject to the satisfaction of the Conditions to the Offer.

The Offer was to remain open for acceptance during the period commencing on 24 June 2019 and ending at 5:00pm (AEST) on the later of:

- (a) 24 July 2019; or
- (b) any date to which the Offer Period is extended, in accordance with the Corporations Act.

On 16 July 2019, Metminco gave notice in accordance with section 650D(1) of the Corporations Act that it varied the Offer by extending the closing date of the Offer until 5:00pm (AEST) on 7 August 2019.

All references in the Original Bidder's Statement to the closing date of the Offer are varied accordingly.

On 16 July 2019, in accordance with section 630(2)(b) of the Corporations Act Metminco also gave notice that the date for giving a notice on the status of the Conditions as required by section 630(1) of the Corporations Act was extended from 16 July 2019 to 31 July 2019, subject to variation in accordance with section 630(2)(b) of the Corporations Act in the event that the Offer Period is extended again. All references in the Original Bidder's Statement to the date for the delivery of that notice are varied accordingly.

Metminco notes that the Key Dates of the Original Bidder's Statement, should be deleted and replaced by adding the following timetable:

Event	Date
Metminco Shareholder Meeting to approve Takeover Offer and associated transactions	15 July 2019
Lodgement of Supplementary Bidder's Statement with ASIC	17 July 2019
Supplementary Bidder's Statement sent to Andes Shareholders who are yet to accept the Takeover Offer	19 July 2019
Give Status of Defeating Conditions	31 July 2019
Takeover Offer closes (unless otherwise extended or withdrawn)	7 August 2019
Completion of Takeover Offer Conversion of Notes Issue date of Shares under Priority Offer and Placement	14 August 2019
Complete compulsory acquisition	9 September 2019
Commence Consolidation	10 September 2019
Issue of Bonus Options	December 2019

If you have any questions about the Original Bidder's Statement, the Supplementary Bidder's Statement or the Offer, please contact Metminco's Company Secretary on +61 3 9867 7199, or your professional financial adviser.

2. RMB Refinancing Agreement

On 11 July 2019 Metminco executed the RMB Debt Refinancing Agreement with RMB on terms consistent with the terms set out in Section 9.11 of the Original Bidder's Statement.

The execution of the RMB Debt Refinancing Agreement satisfies the applicable condition within the Sandfire Intention Statement.

The Sandfire Intention Statement remains subject to the following conditions:

- (a) Metminco raising 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
- (b) 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, and there being no superior proposal or breach for acceptance of the Offer by Sandfire.

3. Solicitor's Report

By way of supplementary disclosure, Metminco provides the solicitor's report on Metminco's Colombian assets as set out in Schedule 1.

4. Further Risk Disclosure

Section 8 of the Original Bidder's Statement sets out numerous risk factors to which Metminco and the Merged Group are exposed.

Metminco notes that the risk contained in 8.2(h) of the Original Bidder's Statement, should be replaced with the following:

South African Reserve Bank regulatory approval

Metminco draws investors' attention to the fact that the issue of the RMB Debt Refinancing Shares is conditional upon RMB receiving approval from the South African Reserve Bank, to permit RMB to receive the RMB Debt Refinancing Shares as consideration under the RMB Debt Refinancing Agreement. In the event that this approval is not forthcoming, or is delayed, this will affect Metminco's ability to complete the RMB Debt Refinancing Agreement.

For the avoidance of doubt, Metminco confirms that the Sandfire Intention Statement is not conditional on RMB receiving approval from the South African Reserve Bank to receive the RMB Debt Refinancing Shares.

Metminco notes that the following additional risks should be inserted following Section 8.3(a)(xxii) of the Original Bidder's Statement:

(xxiii) Land Access risk

Land access is critical for exploration and/or exploitation to succeed. It requires both access to the mineral rights and access to the surface rights.

Mineral rights in Colombia are governed under the national Mining Code which defines the procedures and obligations that need to be met to obtain and maintain the mineral rights. Exploration applications are granted on a first come first served basis. Applications are subject to analysis by the authorities to define the area within the application boundary that was "available" at the time of application. There is no guarantee that all or part of the application will be granted until the authorities have conducted this study.

Mineral rights may be negotiated and acquired. In all cases the acquisition of prospective exploration and mining licences is a competitive business, in which proprietary knowledge or information is critical and the ability to negotiate satisfactory commercial arrangements with other parties is often essential. The Merged Group may not be successful in acquiring or obtaining the necessary licences to conduct exploration or evaluation activities outside of the mineral tenements that it already owns.

Access to land for exploration and evaluation purposes can be obtained by: private access and compensation agreement with the landowner; purchase of surface rights; or through judicial rulings. However, access rights to the licences can be affected by many factors including:

- (i) presence of small artisanal mining operations which are common in the gold bearing areas of Colombia;
- (ii) surface title land ownership negotiations, which are required before ground disturbing exploration activities can commence within the jurisdiction where the Merged Group will operate;
- (iii) sporadic lawlessness and sovereign security issues (refer to Sovereign Security Risks in the Original Bidder's Statement 8.3 (a) (iv));
- (iv) permitting for exploration activities, which are required in order to undertake most exploration and exploitation activities within the jurisdictions where the Merged Group will operate;
- (v) social licence to operate (refer to Social Licence Risks in the Original Bidder's Statement 8.3 (a) (ix)); and
- (vi) natural occurrences including inclement weather, volcanic eruptions, lahars and earthquakes.

All of these issues have the potential to delay, curtail and preclude the Merged Group's operations. Whilst Metminco will have the potential to influence some of these access issues, and retains staff to manage those instances where negotiations are required to gain access, is not possible for Metminco to predict the extent to which the above-mentioned risks and uncertainties may adversely impact on the Merged Group's operations.

(xxiv) Going Concern risk

The most recent full year accounts of Metminco and Andes include a material uncertainty as to each entity's ability to continue as a going concern. Even if the Priority Offer and Placement are fully subscribed, further funding will be required by the Merged Group to support its ongoing activities and operations. There can be no assurance that such funding will be available on satisfactory terms or at all.

The Merged Group's ability to raise further capital within an acceptable time, of a sufficient amount and on terms acceptable to the Merged Group will vary according to a number of factors, including prospectivity of projects (existing and future), the results of exploration, subsequent feasibility studies, development and mining, share market and industry conditions and the price of relevant commodities and exchange rates.

If adequate funds are not available on acceptable terms the Merged Group may not be able to develop its projects and it may impact on the Merged Group's ability to continue as a going concern.

(xxv) Land Restitution Risk

There are risks arising from existing and potential claims made on Metminco's tenements under the Colombian land restitution process.

As a consequence of the peace process in Colombia, the Colombian National Government established a special jurisdiction to return land (surface title) to owners who had been dispossessed in the time of conflict.

This land restitution process can result in:

- (i) an annotation of this process in the National Mining Register;
- (ii) a temporary suspension of activities while the restitution is resolved;
or
- (iii) an agreement made between the beneficiaries of restitution and the mineral title holders.

Currently, two of Metminco's mining concession applications (OG2-10591 and KHL 15421) have been suspended through a decision of the Land Restitution Court of Pereira in order to prevent detriment on the land that may affect the alleged owner.

Although these two areas are not regarded as priorities by the current management of Metminco, and there are no current plans to explore these areas, the land restitution process could delay the grant of mining concession contracts and thus, in the future, delay the Merged Group's exploration operations in these areas. There is also a risk that an agreement is ordered to be made with the beneficiaries of restitution and this may result in additional costs to the Merged Group.

(xxvi) State Imposed Royalty Risk

Under the Colombian Mining Code (Law 685) of 2001, the Merged Group's mining concessions (depending on the nature and stage of the grant) could be subject to a state imposed royalty.

The royalty, (if applied) is 4% (paid quarterly) of the gross revenue from exploited non-renewable natural resources, paid to the Colombian government as owners of the resources.

Metminco notes that the risk contained in Section 8.3(a)(iii) of the Original Bidder's Statement, should be replaced with the following:

Foreign governments and legal systems risk

Colombia, where Metminco and Andes' current operating assets reside and other jurisdictions in which they may operate in the future, differ from the legal system found in Australia. This could lead to exposure to any or all of the following risks:

- (iv) lack of guidance or interpretation of the applicable rules and regulations;
- (v) delays in redress or greater discretion on the part of governmental authorities; and
- (vi) restrictions on exploration activities or the potential extraction and export of mineral ores or concentrates.

Whilst there is no evidence of material impact of this risk has had on operations in jurisdictions in which Metminco and Andes operate, 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.

Metminco notes that the risk contained in Section 8.3(a)(viii) of the Original Bidder's Statement, should be replaced with the following:

Chuscal expenditure and joint venture risk

Metminco is party to a farm-in joint venture agreement with AngloGold, which currently owns the Chuscal project. The farm-in joint venture agreement with AngloGold was finalised in December 2018 and the exploration licences granted to AngloGold in May 2019. The earn-in period for the joint venture commenced 22 May 2019. Metminco is required to spend US\$2,500,000 by 22 May 2022 in order to obtain a 51% interest in the Chuscal licences. To date, Metminco has applied minimal funds towards Chuscal.

Metminco intends to apply approximately \$1,050,000 funds raised under the Placement to Chuscal during the second half of 2019.

In order for Metminco to satisfy the requirement of US\$2,500,000, it will be required, subject to relevant Australian Dollar/US Dollar exchange rates at the relevant future date, to raise a further approximately AUD\$2,520,000 by way of equity or other capital, and deploy this at Chuscal prior to 22 May 2022 or the interest in the Chuscal licences will not be earned.

As with all exploration, it is not possible to predict the degree of success that Metminco will have at Chuscal. If exploration activities at Chuscal do not

deliver encouraging results, Metminco will reconsider whether it is in the best interests of the Shareholders to continue earning into the joint venture with AngloGold. In the event that Metminco chooses to not fulfil the earn-in, it would not be obligated to continue spending the full US\$2,500,000 but, in this case, will not earn its interest in Chuscal.

Following execution of the joint venture agreement with AngloGold, Miraflores Compania Minera S.A.S (**MCM**) has a 10% interest in the joint venture. Until MCM earns an additional 41% interest by completing 7,500 metres of drilling and committing US\$ 2,500,000 of project expenditure within three years of the commencement of the joint venture (**Second Earning Requirement**), MCM is solely responsible for undertaking all of the joint venture operations and AngloGold is not responsible to undertake any joint venture operations. MCM will also be appointed as manager of the joint venture. After the Second Earning Requirement, when the respective interests of the joint venture are 51% for MCM and 49% for AngloGold, MCM and AngloGold are required to contribute to project expenditure in their respective proportions. Following the Second Earning Requirement, AngloGold also has a one-off right to buy back a 21% interest in the joint venture from MCM, exercisable within 30 days of publication of a JORC resource of at least 3 million ounces of gold at a price to be agreed between the parties, or in the event a price cannot be agreed, by reference to a valuation prepared by two jointly appointed valuers. The manager of the joint venture following the Second Earning Requirement will be the party who holds a majority interest. AngloGold's obligations under the joint venture agreement are guaranteed by Compania Kedahda Limited, a company incorporated under the laws of the British Virgin Islands which is the holding company of AngloGold.

- (i) Following satisfaction of the Second Earning Requirement by MCM, there are risks that:
 - (A) AngloGold may fail, or refuse, to transfer the 41% interest in the joint venture to MCM. Amongst other remedies that might be available to MCM in this circumstance, MCM would commence the dispute resolution procedure in the joint venture agreement to require AngloGold to transfer the 41% interest;
 - (B) Agencia Nacional de Minería (**Mining Authority**) may not approve the transfer of the 41% interest in the joint venture to MCM. However, under the Mining Code of the Republic of Colombia being Law 685 of 2001, if the Mining Authority does not accept the assignment within 45 business days, the assignment will be deemed to be accepted; or
 - (C) the Mining Authority may impose conditions on the transfer of the 41% interest in the joint venture to MCM. If this happens, MCM and AngloGold will use best endeavours to satisfy the requirements of the Mining Authority to approve the transfer;
- (ii) following the satisfaction of the Second Earning Requirement, there is a risk that AngloGold may not comply with its obligation to contribute to its respective proportion of project expenditure. Amongst other remedies that might be available to MCM in this circumstance, the interest of AngloGold under the joint venture will

dilute if MCM pays any project expenditure that remains unpaid by AngloGold; and

- (iii) if AngloGold does not comply with its obligations under the joint venture agreement, and MCM and Metminco have otherwise exhausted all legal rights under the joint venture agreement and under Colombian law against AngloGold, MCM and Metminco may have to pursue legal rights against Compania Kedahda Limited.

Metminco notes that the risk contained in Section 8.3(a)(xix) of the Original Bidder's Statement, should be amended by adding the following paragraph at the end of that paragraph:

Metminco's subsidiary, MCM received advice from Phillipi, Prietocarrizosa Ferrero Du & Uria, an international law firm operating in Colombia, setting out that the probability that the claim against MCM would be successful was "low".

Metminco confirms that the risks listed sections 8.3 and 8.4 in the Original Bidder's Statement (as amended by this Supplementary Bidder's Statement) includes risks specific to Andes and its assets.

5. Foreign Sale Nominee

Section 8 of Annexure A of the Original Bidder's Statement noted that Metminco would arrange for a Sale Nominee to be appointed in relation to Ineligible Foreign Shareholders.

Metminco has determined that it is lawful and not unduly onerous for it to extend the Takeover Offer to all of the foreign shareholders of Andes. Metminco deletes the following:

- (a) The second sentence in "What if I am an Ineligible Foreign Shareholder" on page 2 and the fourth sentence in "When will you receive your consideration?" on page 6;
- (b) The second paragraph of Section 8.4(a), second and third paragraph of Section 9.25, the definition of "Sale Nominee" in section 11.1 and paragraph 8 of Annexure A;
- (c) The Table and Note 1 in Section 9.16, which is replaced as follows:

Estimated expenses of the Takeover Offer	\$
ASIC lodgment fees ¹	8,470
Legal expenses ²	150,000
Advisor fees ³	125,000
Underwriting Fee ⁴	20,000
Printing, mailing and other expenses	12,000
ASX listing fees ⁵	23,044

Estimated expenses of the Takeover Offer	\$
TOTAL	338,514

Note:

1. Comprised of \$5,264 fee for the lodgement of the Bidder's Statement, \$3,206 for the lodgement of the Prospectus.

6. Board of the Merged Group

6.1 Composition of Merged Group board

As detailed in sections 2.4, 4.3 and 9.5 of the Original Bidder's Statement, upon Completion the Merged Group's Board will comprise of:

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

6.2 Profiles of Merged Group board

As detailed in section 3.3 and 4.3, of the Original Bidder's Statement, the following information is disclosed in relation to the backgrounds of the Board of the Merged Group:

Mr Kevin Wilson -currently Executive Chairman (moving at Completion to Non-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.

Jason Stirbinskis - incoming 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 - incoming 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.

6.3 Interests of the Merged Group's board

A new Section 5.12 is inserted into the Original Bidder's Statement, as follows:

The relevant interests of the proposed board of the Merged Group in Metminco, at the date of this Supplementary Bidder's Statement, are set out below:

Director	Shares	% interest in Shares	Quoted Options ¹	Performance Rights ²
Kevin Wilson	36,905,172	3.1	5,017,104	46,400,000
Jason Stirbinskis	0	0	0	0
Ross Ashton	0	0	0	0
TOTAL	36,905,172	3.1	5,017,104	46,400,000

Notes

1. Quoted Options with an exercise price of \$0.011 expiring 1 June 2020.
2. Performance rights (as per the terms announced on 26 April 2018).

The relevant interests of the proposed board of the Merged Group in Andes are set out below:

Name	Andes Shares	% interest in Andes Shares	Andes Options
Kevin Wilson	-	0	-
Jason Stirbinskis ¹	266,667	0.3	3,000,000
Ross Ashton	7,858,235	7.5	2,500,000 ^{2,3}
TOTAL	8,124,902	7.8	5,500,000

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.

On Completion, no Director of the Merged Group will hold an interest of more than 5% in the shares of the Merged Group.

The relevant interests of the proposed board of the Merged Group, at Completion, assuming all the Consideration Shares and Replacement Options are issued, are set out below:

Director	Shares	% interest in Shares	Replacement Options	Performance Rights ²
Kevin Wilson ¹	36,905,172	0.6	5,017,104	46,400,000
Jason Stirbinskis ³	6,666,675-	0.1	75,000,000	-
Ross Ashton ^{4 and 5}	196,455,875-	2.9	62,500,000	-
TOTAL	240,027,722	3.6	142,517,104	46,400,000

Notes

1. Quoted Options with an exercise price of \$0.011 expiring 1 June 2020;
2. Performance rights (as per the terms announced on 26 April 2018).
3. 3,000,000 Replacement Class A Options, with a pre-Consolidation exercise price of \$0.008 and an expiry date of 1 July 2023, on the terms set out in Schedule 4.
4. 1,000,000 Replacement Class A Options, with a pre-Consolidation exercise price of \$0.008 and an expiry date of 1 July 2023, on the terms set out in Schedule 4.
5. 1,500,000 Replacement Class X Options, with a pre-Consolidation exercise price of \$0.004 and an expiry date 2 years from the date of issue, on the terms set out in Schedule 4.

6.4 Proposed Remuneration of the Merged Group's Board

Metminco notes that the following disclosure should be inserted at Section 5.11 of the Original Bidder's Statement:

Metminco has not entered into a formal executive services agreement with Jason Stirbinskis. It is the current intention of the Board to offer Jason Stirbinskis an executive services contract on terms consistent with his existing executive services contract with Andes, whereby Metminco would offer Mr Stirbinskis \$200,000 per annum plus superannuation, with the opportunity to participate in Metminco's employee incentive plan and may be terminated by Metminco by providing 12-months' written notice or the payment of an amount equivalent to 12-months' salary.

Kevin Wilson will move into the role of non-executive chairman.

It is the current intention of the Board, upon appointment of Kevin Wilson and Ross Ashton, to pay Kevin Wilson and Ross Ashton as non-executive directors an annual salary of \$50,000 per annum plus superannuation, with the right to participate in Metminco's employee incentive plan.

6.5 Nick Winer

Metminco confirms that Nick Winer has entered into a consultancy agreement with Metminco on 1 March 2019 as key explorationist at Metminco, a role that is expected to continue in the Merged Group. Nick Winer may terminate the consultancy agreement by providing one month's notice. Nick Winer is no longer employed by AngloGold.

6.6 Simon Brown

Metminco notes that the following disclosure should be inserted at Section 5.11 of the Original Bidder's Statement:

Mr Simon Brown, a current Executive Director of Andes, has entered into an executive services agreement with Andes on or about 25 October 2017 pursuant to which Mr Brown is engaged as an executive Director of Andes, based in Colombia (**Brown Agreement**).

Under the Brown Agreement, Mr Brown currently receives remuneration of \$200,000 per annum (excluding statutory superannuation). Mr Brown is also entitled to reimbursement for reasonable expenses incurred in the performance of his services. Mr Brown is also entitled to receive incentive options, and Andes has issued 3,000,000 options to Mr Brown exercisable at \$0.20 on or before 1 July 2023 (subject to vesting conditions) pursuant to this Brown Agreement. The incentive options issued to date by Andes to Mr Brown will be subject to cancellation as part of the Offer and will be replaced by Replacement Options with similar exercise price and expiry dates.

The term of the Brown Agreement expires in October 2020, however Mr Brown is entitled to remain a director of Andes (with his consent) at the expiration of the Brown Agreement and a new agreement shall be negotiated.

Where Mr Brown's current role with Andes is made redundant as a result of a change of control transaction, Mr Brown is entitled to a payment equal to 12 months' salary (subject to limits imposed under statute and the ASX Listing Rules).

The Brown Agreement otherwise contains terms that are standard for an agreement of this nature, including in relation to termination of the agreement with and without notice, confidentiality, non-competition and other general clauses.

In relation to Mr Brown's ongoing role, as at the date of this Supplementary Bidder's Statement no formal decision has been agreed with Mr Brown, however it is Metminco's current intention, that given Mr Brown's knowledge and role in relation to the Andes Colombian assets that Mr Brown will continue to be engaged with the Merged Group after the completion of the Takeover Offer. Any final decision will be made, in consultation with Mr Brown, following completion of the Takeover Offer.

7. Use of Funds

Metminco provides the following supplementary disclosure around the use of funds, to be raised pursuant to the Priority Offer and Placement:

Use of funds	Fully Subscribed (\$2.332m)	
	\$	%
Costs of the Placement and Priority Offer ¹	182,000	8%

Use of funds	Fully Subscribed (\$2.332m)	
	\$	%
Corporate and Administrative costs	368,431 ²	16%
Working capital	89,000	4%
Costs associated with the Takeover Offer	242,549	10%
Exploration -existing projects ³	1,250,000	54%
Exploration - new projects ⁴	200,000	8%
TOTAL	2,332,000	100%

Notes:

1. This Comprises \$162,000 towards costs associated with the Priority Offer and Placement and an underwriting fee in respect of the Priority Offer and Placement of \$20,000 payable to Hartleys.
2. This comprises payments of fixed corporate costs and repayment of creditors in the amount of \$368,431.
3. Existing projects- the Quinchia Gold Project, see below.
4. New projects- El Columpio and San Pablo, see below.

Metminco notes that the 'Exploration (existing projects)' funds are expected to be applied towards the maiden drilling of Chuscal, which Metminco intends to undertake in September to November 2019. If results warrant continued expenditure Chuscal is likely to be the only target drilled in 2019. In the event that Chuscal does not provide the results to warrant this focus, the exploration effort will move initially to Tesorito which was drilled by Metminco in 2018 and is approximately 1km from Chuscal.

Following a review of all data on the Andes' tenements it is expected that funds up to approximately \$200,000 will be used to further define targeting at El Columpio and / or San Pablo before a decision to drill is made. That decision will be made by the new board of the Merged Group.

The \$1,250,000 to be applied to 'Exploration- existing projects' is broken down as follows:

- (a) \$850,000 towards approximately 2,500 metres of diamond core drilling at Chuscal;
- (b) \$200,000 towards final targeting geology and geophysics for Chuscal; and
- (c) \$200,000 towards completion of Miraflores' environmental impact statement and defining drill targets at Tesorito.

The use of funds table sets out the Merged Group's proposed expenditure for the period from the completion of the Takeover Offer until such time as the Merged Group is able to complete drilling at Chuscal. The Merged Group will not be funded for further

exploration programs following the drilling of Chuscal (save for the \$200,000 set aside for defining targets at El Columpio and / or San Pablo).

8. Pro-Forma

The unaudited pro forma consolidated statement of financial position in Section 5.8 of the Original Bidder's Statement, is replaced with Schedule 2.

9. Terms of Securities

In addition to the disclosure in section 3.1 of the Original Bidder's Statement, Metminco provides the terms of the Tranche 1 and Tranche 2 Notes in Schedule 3.

10. Additional Matters

10.1 Discoveries amendment

Metminco deletes the phrase "Tier 1" from the following paragraphs and replaces the paragraph on page 1-2 of the Original Bidder's Statement under the heading 'Why should I accept the Takeover Offer?' with the following:

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:

- a strong emerging gold exploration company will be created;
- Andes will achieve imminent ASX listing;
- the Merged Group will be better positioned to fund exploration on the expanded asset base to its full potential and Andes' current funding uncertainty will be resolved;
- Andes Shareholders will gain exposure to Metminco's Quinchia Gold Project and near-term exploration potential with drilling anticipated on the Chuscal target in Q3 2019;
- the Merged Group will have an experienced and motivated Board with the capability and track record of making tier 4 discoveries; and
- the Merged Group is expected to enhance access to further financial backing and provide a higher level of funding certainty in the current difficult equity market environment.

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.

At the date of this Bidder's Statement no Superior Proposal has emerged.

Bullet point 4 in section 2, page 8 of the Original Bidder's Statement is replaced with:

The Merged Group will have an experienced and motivated Board and senior executive team with the capability and demonstrated track record of making tier 4 discoveries.

Paragraph 2, of section 2.1 of the Original Bidder's Statement is replaced with:

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.

The heading of section 2.4 is replaced with:

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

Paragraph 2, in section 5.4 is replaced with:

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.

11. Consents

Each of the parties referred to in this Section 11:

- (a) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Supplementary Bidder's Statement other than a reference to its name and a statement included in this Supplementary Bidder's Statement with the consent of that party as specified in this Section 11; and
- (b) has not caused or authorised the issue of this Supplementary Bidder's Statement.

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

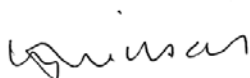
- (a) M&NC Consultoria as author of the solicitor's report contained in Schedule 1; and
- (b) Philippi Prietocarrizosa Ferrero DU & Uria as providing legal advice to Metminco in relation to the Colombian litigation.

12. Approval of the Supplementary Bidder's Statement

This Supplementary Bidder's Statement has been approved by a unanimous resolution of the directors of Metminco.

This Supplementary Bidder's Statement is dated 17 July 2019, which is the date it was lodged with ASIC.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Kevin Wilson', written in a cursive style.

Kevin Wilson
Executive Chairman
Metminco Limited

Schedule 1 - Solicitor's Report



Medellin, July 17, 2019

Sirs

DIRECTORS

Metminco LIMITED

Suite 3, Level 2, 470 Collins Street

Melbourne

VIC 3000

Australia

Dear Directors,

Metminco Limited

Solicitor's Report - Exploration and Mining Tenements

This report (the "**Report**") has been prepared for inclusion in the Supplementary Bidders Statement to be issued by Metminco Limited (ACN 119 759 349) ("**Company**") dated on or about July 12, 2019 by the merger ("**Merger**") of Metminco Limited and Andes Resources Ltd ("**Andes**") (jointly "**Companies**"); where the Company will acquire 100% of Andes through an off-market takeover bid with an offer of 25 Company shares for 1 Andes share. In conjunction with, and subject to, the Merger completing, the Company will also: raise equity of \$ 2.3 million at price of \$ 0.002 per share via a prospectus offer; and restructure its debt to RMB Australia Holdings Limited ("**RMB**") via a swap of debt for equity and by realigning future payments to project milestones out to 2025. The Company also proposes to undertake a bonus offer of listed options after close of the Merger on the basis of 1 option for every 5 Company shares held.

1. SCOPE

The Company has asked M&NC Consultoria S.A.S. ("**M&NC**") as an independent law firm, to report on legal title, securities and applications for mining contracts and exploration concession contracts for which Miraflores Compañía Minera S.A.S. ("**MCM**") is a beneficiary, jointly the "**Tenements**", located in the municipality of Quinchia in the department of Risaralda; and the municipalities of Riosucio, Neira and Anserma in the department of Caldas, Republic of Colombia. MCM is beneficiary to the mineral rights through contracts signed with the national government in conformity with the Colombian Mining Code or, where MCM is not the registered beneficiary, through private, binding agreements with the registered contract/tenement holder. They include:

- 1.1 certain titles and concession contract applications located in de Departments of Quinchia and Caldas, Colombia of which MCM is beneficiary ("**Miraflores Tenements**"); and



1.2 certain titles that make up the "**Chuscal Project**" through the Joint Venture Agreement ("**JV Agreement**") dated November 8, 2018 entered between MCM, AngloGold Ashanti Colombia S.A. "**AGAC**", the Company and Compañía Kedahda Ltd ("**Kedahda**").

2. OPINION

As a result of:

- 2.1 our review of the JV Agreement for Chuscal Project,
- 2.2 our searches and research on the **Tenements**,

and, subject to legal cases, requirements and exceptions stated in paragraph 8 of this **Report**, we are of the opinion that, at the time of this study, this paper provides accurate information regarding:

- 2.3 (**Company's interest**) interest of the Company in the Tenements;
- 2.4 (**Good standing**) the validity and compliance of the Tenements;
(**Third Party Interests**) interests of third parties, including charges (if any) in relation to the Tenements.

3. EXECUTIVE SUMMARY

The **Tenements** comprise 20 granted mining titles (one mining contract plus 19 exploration concession contracts), of which 12 are current, plus 4 in relinquishment process (DLK-141, FCG-08354X, FHH-083 and FCG-082) and 4 in liquidation process (following relinquishment) (FKH-141, FKH-145511X, FKH-145512X and FKH-145513X); together with 11 applications for exploration concession contracts; organized as follows:

3.1 Miraflores Tenements

- i) 1 Mining Contract (010-87M) "**Miraflores Contract**";
- ii) 16 exploration concession contracts (DLK-141, DLK-14544X, FCG-08353X, FCG-08354X, FCG-08355X, FCG-08356X, FCG-08357X, FCG-08358X, FHH-083, FCG-082, FKH-141, FKH-145510X, FKH-145511X, FKH-145512X, FKH-145513X, GC4-150010X) being MCM the registered holder, except for the last concession which documents for transfer to MCM will be submitted but, on the current date, AGAC is the current holder, "**Other Contracts**";
- iii) 11 applications for exploration concession contracts (OG2-08073, OG2-08112, OG2-10591, TDR-11411, KHL-15421, GC4-15001X, GC4-15004X, GC4-15006X, GC4-15007X, GC4-15008X and GC4-15009X) "**Miraflores Applications**"; and



3.2 three exploration concession contracts, which encompass the JV Agreement - Chuscal Project (DLK-142, GC4-15002X and GC4-15005X) ("**Chuscal Project**") where AGAC is the registered holder.

Subject to the qualifications, assumptions and exceptions set out in this Report, we consider the following to be a summary of the key issues in relation to the Tenements:

a) (**Company's interests**) According to the "Sale and Purchase Deed", ("**SPD**") signed on 30 May 2016, between RMB, and North Hill Colombia Inc. ("**NHC**"), NHC owns 100% of the shares of MCM (formerly Minera Seafield SAS) which is 100% owned by the Company, with the Company having the ultimate benefit of the Tenements.

According to the above, the Company, through its affiliate MCM, has rights as registered on the Tenements, as follows:

i) Regarding the **Miraflores Contract**, MCM owns 100% of the rights and obligations. MCM will receive 100% of the rights and obligations to be derived from the **Miraflores Applications**, as all conditions have been satisfied. MCM do not owe or have obligations to third parties regarding these titles and applications.

While currently AGAC is the owner of some of the **Applications** before the National Mining Agency ("**ANM**") (Mining Authority), it has the obligation to transfer to MCM the titles once they are granted and registered in the National Mining Register ("**RMN**") as exploration concession contracts; with the exception of the securities that make up the

ii) **Chuscal Project** where MCM has securities over the exploration concession contracts **DLK-142, GC4-15005X GC4-15002X**, through which MCM's initial beneficial participation is 10% and, subject to the satisfaction of certain conditions, MCM will acquire an additional 41% interest in the title. It should be noted that a request for the integration of the three tenements (to create one title) has been submitted and is currently pending before the ANM.

Currently, AGAC is the owner of the 3 Concession Contracts that encompasses the Chuscal Project, so it is the beneficiary of the rights to explore them technically, to exploit them economically and to benefit the minerals that are extracted from them, therefore, is currently responsible for the mining and environmental liabilities that might be caused, before the relevant authorities.



The integration of Concession Contracts is currently underway before the ANM, which, if approved, will cease to be 3 mining titles and will become a single contract "**Chuscal Contract**", which will be granted on behalf of AGAC. According to the JV Agreement, once integrated, AGAC will formally grant to MCM before the ANM, 10% of the rights derived from the Chuscal Contract, same rights currently held by AGAC in the 3 Concession Contracts. After fulfilling the conditions, AGAC will assign an additional 41% to MCM of the Chuscal Contract, to be the majority holder of exploration, exploitation and benefit rights together with AGAC. Further details of the **JV Agreement** are set out in paragraph 4 of this Report;

- b) (**Artisanal miners**) in the area of the **Miraflores Contract** have been undertaking unauthorized mining activities for over 20 years. Since 2011 MCM has advanced negotiations and signed agreements ("**Social Agreements**") with the relevant artisanal miners with the objective of providing alternative livelihoods. Individual agreements have been signed with the majority of the members of the community such that when the Company enters into an operational phase and commences production, the artisanal miners are able to gain employment with the Company or otherwise be provided with subsidies for activities that allow their alternative livelihood to continue. Further details of the Social Agreements are set out in paragraph 7 of this Report;
- c) (**Prior consultation**) In the area of influence of the **Miraflores Tenements** are two indigenous groups: Embera Karamba and Embera Chami, jointly ("**Indigenous Communities**") according to certification issued by the Department of Consultation of the Ministry of Interior in March 2015. Consultations with the Indigenous Communities have occurred from May 19, 2015, which resulted in agreements with the Embera Chami community and no agreement with Embera Karamba. As a result of not finalizing agreement with Embera Karamba, a validation of the impact assessment that meets the parameters established by the Ministry of the Interior was requested to the National University of Colombia, which was issued on July, 2018.
- d) (**Land Restitution Processes**) As a result of historical armed conflict in Colombia, some regions have seen situations where the occupants and owners of land were dispossessed. The Colombian National Government, as a consequence of the peace process, established a special jurisdiction to return land to owners who had been dispossessed in the time of conflict. Some of the surface title under which some of the Tenements are located, have been subject to a request for the restitution of lands under this process.



The owner of surface title does not have any rights over the subsoil (mining title). Some Judges in the land restitution process make an annotation of this process in the RMN; others have suspended mining activities temporarily while the restitution is resolved; and others have authorized agreements to be made between the beneficiaries of the restitution and mineral title holders.

4. SUMMARY OF THE JV AGREEMENT:

- 4.1 On 8 November 2018, MCM and the Company (acting in the capacity of guarantor of MCM) entered into a joint venture to explore and develop the Chuscal Gold Prospect in Quinchia, Colombia with AGAC and Kedahda (acting in the capacity of guarantor of AGAC);
- 4.2 The Company and Kedahda, as guarantors of their respective subsidiaries shall be jointly and severally liable for MCM's and AGAC's, obligations under the agreement. Kedahda unconditionally and irrevocably guarantees to the Company and MCM the payment of the AGAC Guaranteed Moneys;
- 4.3 At establishment of the Joint Venture, the Company has a 10% beneficial interest and AGAC has a 90% beneficial interest in the title to be integrated once the ANM approves the Unified Exploration Program whereby the three Chuscal concessions are to be integrated and reissued as one concession (PUE);
- 4.4 The Company can earn a further 41% by spending \$ 2.5 million US over 3 years, including at least 7,500m of drilling;
- 4.5 Once the Company obtains 51% interest, the parties may participate pro-rata or dilute. Once a party has diluted to 9.9%, the participation of the diluting party reverts to a 2% net profit royalty;
- 4.6 The Company acts as manager of the joint venture (except in the interest of the AGAC's buy back right being exercised as below);
- 4.7 The manager of the joint venture is responsible for the care of the Chuscal Project;
- 4.8 AGAC has a one-off right to buy back a 21% interest from the Company, exercisable within 30 days of publication of a JORC resource of at least 3 million ounces of gold:
 - i) the price of this 21% interest is to be agreed between the parties or be determined by an independent valuer;
 - ii) upon exercise of the right, ownership in the joint venture will be 70% and 30% in favour of AGAC and the Company and AGAC will act as manager.



iii) AGAC will free-carry the Company through feasibility until permits have been granted for a development proposal of not less than 250,000oz annual production of gold.

4.9 If either party defaults its material obligations under the JV Agreement then upon delivery of written notice, the non-defaulting party may have the right to terminate the JV Agreement, subject to the dispute resolution process as set out in the JV Agreement;

4.10 Neither party under the JV Agreement may dispose of all or part of its interest under the JV Agreement without prior written consent from the other party (with such consent not to be unreasonably withheld);

4.11 If a party gets a bona fide offer from a third party to sell all or part of its interest in the JV agreement, then the other party has pre-emptive rights in relation to that interest.

The JV Agreement also contains other terms usual for agreements of this kind.

5. MIRAFLORES TENEMENTS:

5.1 MIRAFLORES CONTRACT:

5.1.1 Regulations and competent authority:

National Decree 2655 of 1988, by which the Mining Code, subsequently repealed by Law 685 of 2001, aims to encourage exploration of the national territory and jurisdictional maritime areas, fully manages mineral resources owned by the state, and promotes the optimal and sustainable utilization of the mineral resources.

Acting in accordance with the Constitution of Colombia, all non-renewable soil and subsoil natural resources belong to the nation as inalienable and imprescriptible. In order to explore and exploit the natural resources, mechanisms have been established to award rights to individuals for the development of exploration and mining activities.

Exploration concession contracts are granted on a first claimed, first served basis over open ground. During the exploration phase the concessions are valid for 3 years, renewable for additional 2 year periods up to a total of 11 years. During the exploration phase the concession holder may submit a technical justification and environmental impact study in order to progress to a mining concession. The total life of a concession, including exploration and mining, is 30 years. If justified, the mining concession can be renegotiated with the Mining Authorities.



5.1.2 **Transfer of rights:**

The contract under contribution is a category of mining concession, by means of which the ANM gives its affiliated or related entities temporary and exclusive power to mine, explore and exploit deposits of one or more minerals that may exist in a given area.

- i) October 13, 1987, the Colombian mining company Ecomin and the Miners Association of Miraflores signed a contract over concession No. 010-87M (1043) for the exploration and exploitation of precious metals. This was registered with the National Mining Register (RMN) on 3 December 1991.
- ii) On December 6, 2006 by ADDENDUM the contract was extended by the Colombian Institute of Geology and Mining, for a term of 15 years, for exploration and exploitation of precious metals, and duly registered with the RMN on 11 February of 2013.
- iii) Exercised preferential rights on April 28, 2016, MCM submitted a technical mine plan request, "PTO" (Act 685 of 2001) on January 26, 2018 and, in response to the request for additional information (Auto PARMZ No. 153, on April 10, 2018) a supplementary report was presented.
- iv) On June 15, 2018 following the approval of the Technical Concept (No. 236) by the mining authorities, the drafting of the mining contract was approved and, at the date of this Report, is awaiting signing.

5.1.3 **Category authorized mineral:**

The licensee is entitled to exploit minerals specifically mentioned in the contract, as well as those that may be associated with them or result as by-products.

The minerals awarded in the **Miraflores Contract** are gold, silver, its concentrates and related minerals.

5.1.4 **Contract procedure under contribution and competent authority responsible:**

The registration of an exploration or mining contract for a specific area (tenement) in the National Mining Register is the administrative act that gives an entity the exclusive and temporary right to explore and exploit the soil or subsoil, considered national property, and extract minerals in quantities and quality as determined by studies submitted to, and approved, by the relevant authorities. The contract also provides the right of access to the surface property of third parties and the use of



easements where necessary for the proper exercise of such activities within the tenement.

On June 27, 1988, the **Miraflores Contract** was registered in the RMN. The current status is VALID - pending on signing of Mining Concession Contract under Law 685 of 2001. The competent authority to authorize all mining proceedings regarding the **Miraflores Contract** is the ANM.

5.1.5 **Term and termination of the concession of the mining title:**

The ANM is the competent body to regulate relations between the various agencies and state entities, of individuals among themselves, concerning prospecting, exploration, exploitation, processing, utilization and marketing of unrenovable natural resources on the ground or in the subsoil.

The Mining Code established that the duration of the concession contracts, shall be thirty (30) years from its registration in the National Mining Register.

Currently, MCM, is expected to sign the concession contract under the terms of Law 685 of 2001. If the concession contract is signed and registered this year (2019), the duration of the contract is until 2049.

- i) **Term:** the duration of the concession contract to be signed will be 30 years, divided into the following stages:
 - Construction and assembly stage: 3 years; and
 - Operational phase (Exploitation): 27 years.

The deadlines for the stages commence on the date of registration of the concession contract in the RMN.

- ii) **Extension:** once the concession contract is granted, MCM, before the expiration of the initial term of 30 years and, if compliant with their obligations, may request an extension of the contract for 30 additional years.

5.1.6 **Conditions and obligations under which the contract is given:**

Mining concessions are granted subject to compliance with conditions and obligations established by the Mining Code (Law 685) of 2001. Overall, the concession holder will have the primary duty of executing mining activity, and must:



- i) Comply with environmental regulations.
- ii) Comply with the provisions of the technical proposal and scope of work “PTO”.
- iii) Comply with mining health and safety obligations.
- iv) Comply with reporting standards eg 6-monthly Basic Mining Forms – “FBM”.
- v) Present due royalties.
- vi) Establish and maintain an effective mining and environmental policy.

Accordingly, and depending on the nature and stage of the grant, the following conditions may apply:

- i) **Royalties:** Royalties are a percentage of the gross revenue from exploited non-renewable natural resources, paid to the nation as owners of the resources. The royalty is 4%, paid quarterly.

The authorities have approved (AUTO PAR Manizales No.275 of April 30, 2019) Miraflores' royalty submissions for the III and IV quarters of 2018.

- iii) **Mining and Environmental Policy:** the mining operator shall provide a guarantee that covers compliance with mining and environmental obligations which shall be maintained throughout the duration of the concession contract. MCM submitted its policy on May 7, 2018, which as at the date of this Report, is still in the approval process with the ANM.

- iv) **FBM:** It is the duty mining companies to report to the ANM information on investments and work undertaken for each six-month period. MCM presented its annual FBM 2018, which to date is still in the approval process with the ANM.

5.1.7 Minimum expenditure

According to the particular conditions of each of the titles and stage, the holder must invest the necessary resources to ensure the viability and operation of the project it owns.

In the case of the PTO approved by the ANM, MCM established an investment, for the construction phase and installation within three (3) years, the sum of one billion, two hundred and fourteen million, eight hundred and thirty-three thousand, eight hundred twenty-five pesos COP (\$1,214,833,825.00), which is approximately AUD \$ 544,307.25.



The minimum expenditures committed before the MOM in COP (Colombian Peso) are expressed approximately in AUD for the purposes of this Report. In order to provide the most accurate and official rate, we conducted the conversion from COP to USD (American Dollar) according to the official Market Representative Rate "TRM" of July 9, 2019, published by the Bank of the Republic of Colombia: COP \$ 3,207.66, and subsequently that value in USD was converted to AUD according to the official exchange rate published by the Reserve Bank of Australia for July 9, 2019: 0.6958 (Series ID FXRUSD).

Sources:

- <http://www.banrep.gov.co/es/estadisticas/trm>
<https://www.rba.gov.au/statistics/historical-data.html#exchange-rates>.

5.1.8 **Transfer of mining titles with their respective terms and conditions transferees:**

The transfer of mining rights is the legal act by which the beneficiary of a mining title (transferor) voluntarily transfers to a third party the rights on the title or part of it, through a private business transaction, in which the transferee takes the position of the transferor in the obligations under the contract. Disposals and acquisitions of Miraflores Contract are described below:

- (i) On June 3, 2010, January 24, 2013 and September 25, 2013 the ANM approved the transfer of ten percent (10%), thirty percent (30%) and sixty percent (60%), respectively, of the rights and obligations of the **Miraflores Contract** from the Miners Association of Quinchia to Minera Seafield S.A.S. (now MCM) for a total transfer of 100% of the rights corresponding to **Miraflores Contract**. All transfers have been registered in the RMN.

5.1.9 **Land ownership**

MCM has acquired certain rights to surface title where the Miraflores Contract is located, acquiring the lands 29312175, 293119867, 20313836, 2934219 and 293540, therefore not needing the approval of third parties to access these areas for mineral development.

5.1.10 **Report on detailed environmental conservation program and specific conditions.**

The ANM, with the purpose of regulating mining within the conditions of grant, enacts the implementation of an environmental plan as a tool in the evaluation of the process of mining within the concession. This is part of the Environmental Impact



Study that considers the actions of prevention, mitigation or compensation to be conducted during an activity, work or project.

This program is approved as a condition for granting the environmental permit, which seeks to control potential impacts on flora and fauna by mining projects.

MCM is currently preparing an Environmental Impact Study under the following conditions:

- (i) CARDER by Resolution 563 of October 21, 1997, the environmental management plan to the society of miners with NIT Miraflores contract was awarded. 800000437-7.
- (ii) By resolution 839 of 19 July 2004, the Autonomous Regional Corporation of Risaralda CARDER imposes environmental management measures to advance exploitation by the Mining Association of Miraflores contract for five (5) years.
- (iii) PARMZ by Order No. 431 of July 30, 2018, the Program of Works and Works approved - PTO, in accordance with the technical concept PARMZ No 236 of 15 June 2018, for the time being pending the preparation of the minutes.

5.1.11 Granted area

Miraflores Contract area is granted as follows: an area 124.93 hectares located in in the municipality of Quinchia, Risaralda as evidenced below in the map of reference:

5.1.12

Información Geográfica

Código Expediente	010-87M	Clasificación	TITULO	Modalidad Actual	CONTRATO EN VIRTUD DE APORTE
Estado Jurídico Actual	TITULO VIGENTE-EN EJECUCION	Grupo de Trabajo	PAR CENTRO		

Información Geográfica

Busqueda y Actualización de Expediente

El Código de Expediente : 010-87M, fue encontrado con Exito.



ts:

At any time, MCM may relinquish the **Miraflores Contract** and remove machinery and equipment of the area. As **Miraflores Contract** is in the operational phase, MCM should execute closure and abandonment according to the PMA, which would then guarantee that the area will not have environmental liability and that the area is in good condition.

In order to relinquish, the ANM must approve that request by verifying that the title is in good standing and all environmental liabilities have been addressed.

5.1.13 **Suspensions:**

Mining authorities must react by administrative action regarding a specific suspension, establishing the term and conditions thereof. To date, Miraflores contract has requested the following suspensions to the obligations under the supply contract for six-month periods as follows:

- i) Between 27 May 2014 and 26 November 2014.
- ii) Between February 16, 2015 to August 15, 2015.
- iii) Between August 16, 2015 to February 15, 2017.

5.1.14 **Illegal mining:**

These are exploratory mining practices or mineral extraction, developed without proper mining title or without authorization of the owner of private property where the project is located, and undertaken outside legal regulations established by the State.

MCM have filed the reports required for obtaining administrative protection under the terms of Law 685 of 2001, asking for the authorities to: set dates for verification visits by the authorities to the disturbances in the title area, in order to demonstrate to the ANM that any environmental damage, or general damage caused to third parties, is not caused by MCM; and to cause stoppage to illegal activities in the area of the **Miraflores Contract**.

5.2 OTHER CONTRACTS:



MCM holds 19 exploration concession contracts, which give the holder the right to pursue an economic activity, exploiting a product and subsequently removing an economic benefit from it. A summary of the key issues is provided as follows:

5.2.1 Regulations applicable to the matter and competent authority:

Law 685 of 2001 (Mining Code) is the general law governing the mining sector in Colombia. This code regulates the application of concession contracts, which allow individuals to exploit non-renewable resources of the country.

The ANM is the competent body to regulate relations between the various agencies and state entities, of individuals among themselves, concerning prospecting, exploration, exploitation, processing, utilization and marketing of non-renewable natural resources on the ground or in the subsoil.

5.2.2 Stages and duration of the concession contract

The concession contract is the contract concluded by the State and an individual to perform, at the risk of the latter, studies, works and works of exploration and exploitation of state-owned minerals that can be found within a given area. This contract includes within its object the steps of:

- i) Exploration: Mineral exploration, the initial stage of mining, aims to identify areas where mineral deposits are located which are then - depending on their size and composition - exploited in a mining project. The initial term is for 3 years, and 8 years of extension for a maximum term of 11 years.
- ii) Construction and Assembly: Construction works are those works of infrastructure essential for normal functioning of the work of support and management of the mining company. For its part, the mining assembly consists of the preparation of mining fronts and installation works, services, equipment and fixed equipment needed to start and advance the extraction or collection of minerals, their collection, internal transport and benefit. The initial term is for 1 year, and 3 years of extension, for a total term of the stage that might be granted of 4 years.
- iii) Exploitation: The operation phase comprises all mining operations found in the concession area, gathering, benefit, and abandonment and closure assemblies and infrastructure. The general term is 24 years which is the remaining term after the exploration and construction and assembly stages,



and 3 years of extension, for a total term of the stage that might be granted of 4 years.

The law established that the duration of the concession contracts, shall be thirty (30) years from its registration in the Mining Register.

5.2.3 Current status and expiration date of concession contracts:

Contract	Stage	Annuity	Expiry date
DLK-14544X	Exploration	10th annuity	November 30, 2039
FCG-08353X	Exploration	10th annuity	17 December 2039
FCG-08354X	Exploration	7th annuity	February 5, 2043
FCG-08355X	Exploration	9th annuity	December 27, 2039
FCG-08356X	Exploration	8th annuity	16 December 2040
FCG-08357X	Exploration	8th annuity	September 20, 2040
FCG-08358X	Exploration	9th annuity	December 27, 2039
FKH-145510X	Exploration	4th annuity	May 5, 2045
GC4-15002X	Exploration	1st annuity	May 19, 2049
GC4-15005X	Exploration	1st annuity	May 20, 2049
GC4-150010X	Exploration	1st annuity	May 23, 2049

Before the termination of the initial term granted for the concession contract, the holder may request the contract extension for an additional 30 years.

5.2.4 Category authorized mineral:

The categories of minerals that were granted for the **Other Contracts** are:

- i) Silver and concentrates;
- ii) Zinc and concentrates;
- iii) Gold and concentrates,
- iv) Platinum and concentrates;
- v) Copper and concentrates;
- vi) Molybdenum and concentrates.



5.2.5 Causes of termination:

The concession contracts may be terminated for the following reasons:

- i) On expiry of the terms established in the law and the contract without an extension;
- ii) If the holder requests the termination;
- iii) Death of the holder (if the holder is a company the dissolution and liquidation of the company).
- iv) By declaration of forfeiture: which is a sanction imposed on the mining company by the repeated failure of requests made, or breaches of obligations, which results in loss of the right to explore and exploit the area granted and results in the holder not being able to sign further concession contracts for five (5) years.

5.2.6 Minimum Expenditures

The holder must submit to the ANM a Minimum Exploratory Program when making extensions of exploration stages. The minimum investment established in the Minimum Exploratory Program or Format B governed by the time of reporting are:

Concession Contract	Total investment in COP, over the 2 years of the exploration extension term	Minimum expenditure in AUD (Approx.) over the 2 years of the exploration extension term
DLK-14544X	\$ 135,415,280	\$ 60,672.92
FCG-08353X	\$ 122,915,408	\$ 55,072.35
FCG-08354X	\$ 47,200,000	\$ 21,148.00
FCG-08355X	\$ 141,144,388	\$ 63,239.85
FCG-08356X	\$ 103,500,000	\$ 46,373.26
FCG-08357X	\$ 63,500,000	\$ 28,451.23
FCG-08358X	\$ 139,139,200	\$ 62,341.43
FKH-145510X	\$ 139,738,152	\$ 62,609.79
GC4-150010X	\$ 10,889,413	\$ 4,879.01
TOTAL:	\$ 903,441,841 COP	\$ 404,787.83 AUD

expenditures committed before the ANM in COP (Colombian Peso) are expressed approximately in AUD for the purposes of this Report. In order to provide the most accurate and official rate, we conducted the conversion from COP to USD (American Dollar) according to the official Market Representative Rate "TRM" of July 9, 2019,



published by the Bank of the Republic of Colombia: COP \$ 3,207.66, and subsequently that value in USD was converted to AUD according to the official exchange rate published by the Reserve Bank of Australia for July 9, 2019: 0.6958 (Series ID FXRUSD).

Sources:

- <http://www.banrep.gov.co/es/estadisticas/trm>
- <https://www.rba.gov.au/statistics/historical-data.html#exchange-rates>.

5.2.7 Transfer of mining titles with their respective terms and conditions transferees:

The transfer of mining rights is the legal act by which the beneficiary of a mining title (transferor) voluntarily transfers to a third party its rights over the title or part of it, in which the transferee, takes the position of the transferor in the obligations under the contract. The assignor must inform the mining authority, who will verify that the transferee meets the requirements of a concession holder. Once the ANM verifies this information, it authorizes the transfer of the concession contract with all its obligations.

5.2.8 Conditions and obligations of the contract

Concession contracts have a number of obligations under the Mining Code (Law 685 of 2001) which must be met in order to retain the concession. These obligations are divided into stages as follows:

	STAGE		
	Exploration	Construction and assembly	Exploitation
OBLIGATION:	Surface fee	Surface fee	Royalties
	Mining and Environmental policy	Mining and Environmental policy	Mining and Environmental policy
	File Basic Mining Form	File Basic Mining Form	File Basic Mining Form
	File PTO at the end of the exploration phase	Once approved the PTO start the environmental authorization	PTO and Environmental License

Summary of each obligation:



- i) **Royalties:** a 4% is paid quarterly;
- ii) **Surface fee:** consideration charged by the procuring entity over the entire concession area during scanning, assembly and construction or extensions thereof that retains the contractor to explore during the operating period;
- iii) **Mining and environmental policy:** that covers compliance with mining and environmental obligations, payment of fines and forfeiture;
- iv) **FBM:** the tool that the ANM has to collect information on expenditures and advances;
- v) **Plan of Works and Works (PTO):** is the result of studies and exploration work, presented by the dealer before the final expiration of this period is a document that compiles both technical information and legal and budget earmarked for all the operational phase;
- vi) **Environmental license:** It is the authorization granted by the competent environmental authority for the execution of a project, work or activity, according to the law and regulations, can cause severe deterioration of renewable natural resources or the environment, or introduce substantial modifications or notable landscape.

All the Other Contracts are in good standing regarding the main obligations derived of it. If not yet approved by the ANM, all obligations have been submitted.

5.2.9 Relinquished concessions:

In accordance with Law 685 of 2001, the concession contracts are subject to waiver (relinquishment) by the mining company. The mining authority will determine the viability of the waiver considering the obligations due at the time of request.

Currently, the relinquished titles are:

- i) DLK-141.
- ii) FCG-08354X.
- iii) HBF-083.
- iv) FCG-082.

However, although relinquished, environmental obligations remain for 3 years after relinquishment of title.

5.2.10 Concessions finished and in process of liquidation:



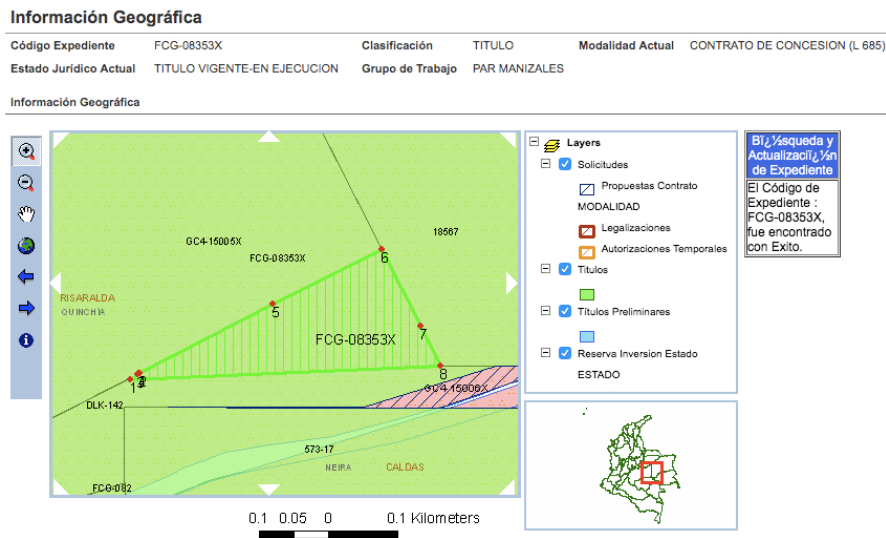
While the titles have been withdrawn following relinquishment, mining concession contracts then undergo liquidation within twelve (12) months following the issuance of the administrative act declaring completion. Four titles are undergoing this process:

- i) FKH-141
- ii) FKH145511X
- iii) FKH-145512X
- iv) FKH-145513X

5.2.11 Area granted

The areas granted to the current valid Concession Contracts, that have not been relinquished are:

- i) **FCG-08353X**
Area: 3,9379.6 Ha.
Location: Risaralda, Quinchia (100%)

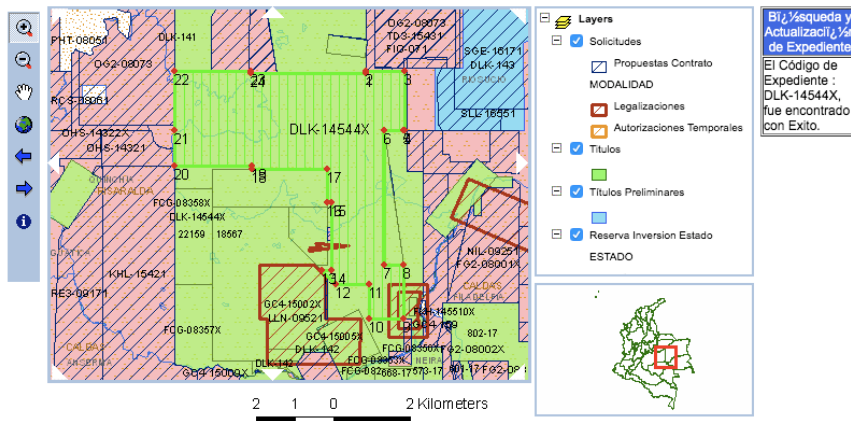


- ii) **DLK-14544X**
Area: 1982,5594 Ha.
Location: Risaralda, Quinchia (100%) (COLOMBIA)

Información Geográfica

Código Expediente	DLK-14544X	Clasificación	TITULO	Modalidad Actual	CONTRATO DE CONCESION (L 685)
Estado Jurídico Actual	TITULO VIGENTE-EN EJECUCION	Grupo de Trabajo	PAR MANIZALES		

Información Geográfica

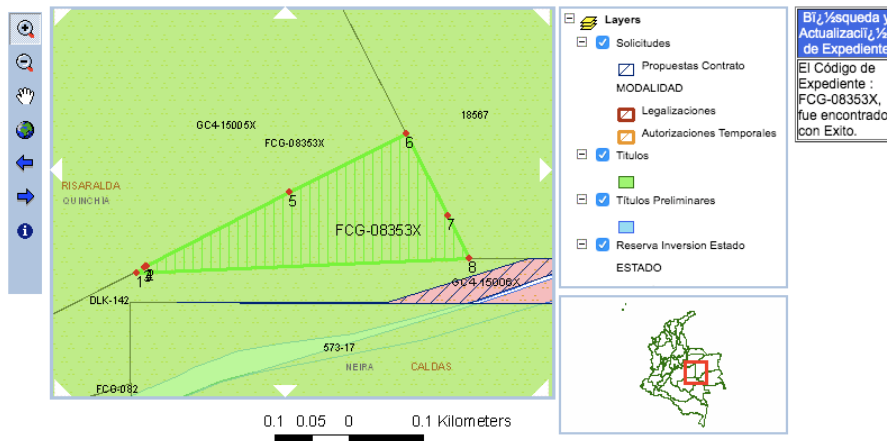


- iii) **FCG-08355X**
 Area: 20,9147 Ha.
 Location: Risaralda, Quinchia (100%)

Información Geográfica

Código Expediente	FCG-08353X	Clasificación	TITULO	Modalidad Actual	CONTRATO DE CONCESION (L 685)
Estado Jurídico Actual	TITULO VIGENTE-EN EJECUCION	Grupo de Trabajo	PAR MANIZALES		

Información Geográfica

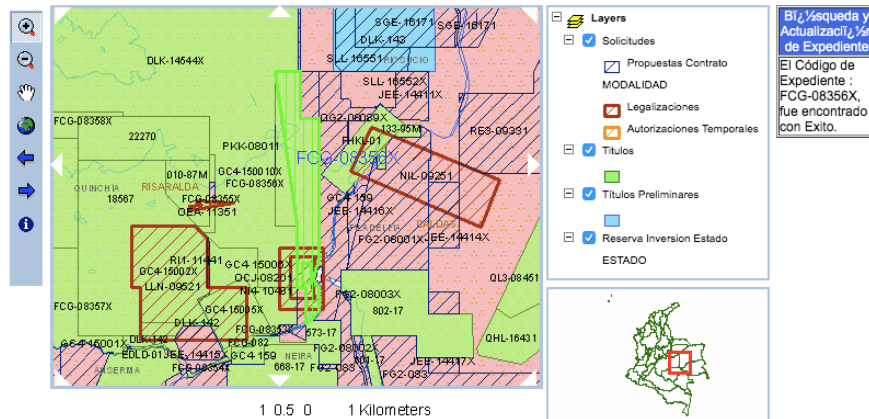


- iv) **FCG- 08356X**
 Area: 295,4448.9 Ha.
 Location: Filadelfia, Caldas (0.8%) – Quinchia, Risaralda(99.92%)

Información Geográfica

Código Expediente	FCG-08356X	Clasificación	TITULO	Modalidad Actual	CONTRATO DE CONCESION (L 685)
Estado Jurídico Actual	TITULO VIGENTE-EN EJECUCION	Grupo de Trabajo	PAR MANIZALES		

Información Geográfica

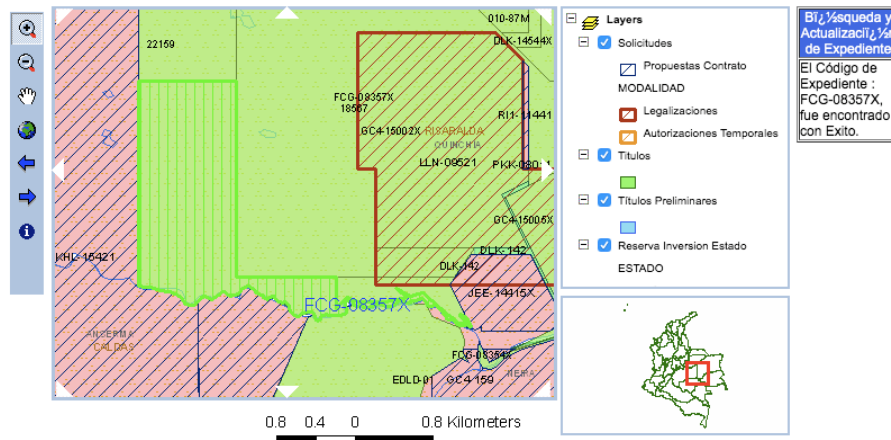


- v) **FCG-08357X**
 Area 6131.8 m2.
 Location: Quinchia, Risaralda (99.27%) – Anserma, Caldas (0.73%)

Información Geográfica

Código Expediente	FCG-08357X	Clasificación	TITULO	Modalidad Actual	CONTRATO DE CONCESION (L 685)
Estado Jurídico Actual	TITULO VIGENTE-EN EJECUCION	Grupo de Trabajo	PAR MANIZALES		

Información Geográfica



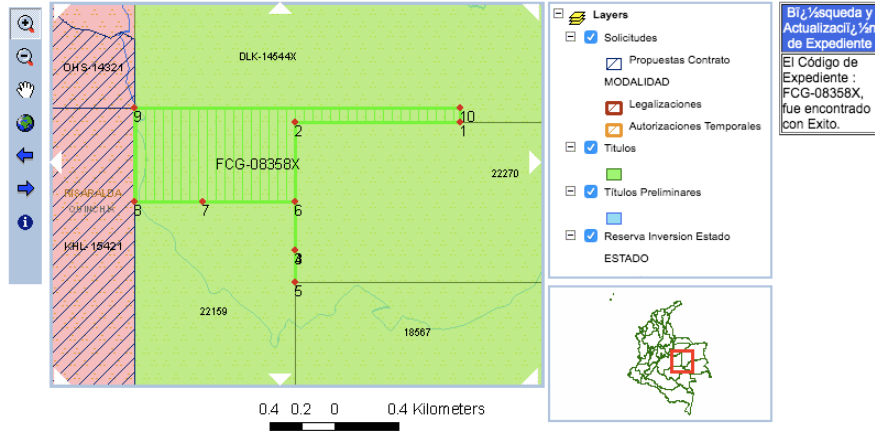
- vi) **FCG-08358X**
 Area: 67,5204 Ha.
 Location: Quinchia, Risaralda (100%)



Información Geográfica

Código Expediente	FCG-08358X	Clasificación	TITULO	Modalidad Actual	CONTRATO DE CONCESION (L 685)
Estado Jurídico Actual	TITULO VIGENTE-EN EJECUCION	Grupo de Trabajo	PAR MANIZALES		

Información Geográfica

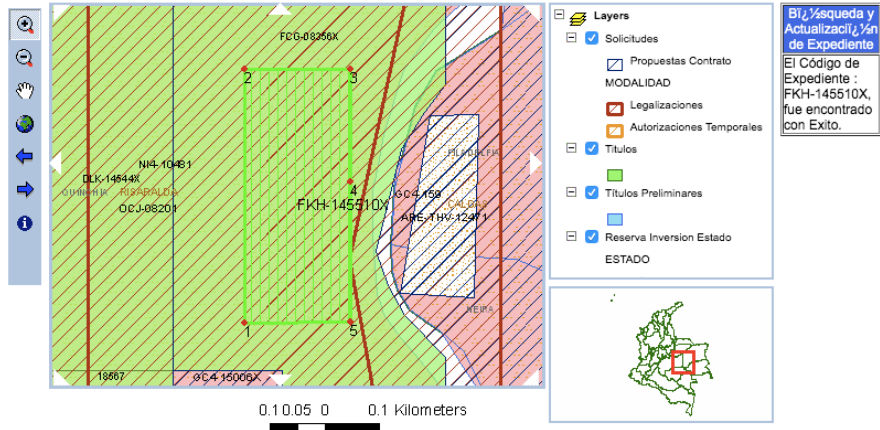


- vii) **FKH-145510X**
 Area: 8.9262 Ha.
 Location: Risaralda, Quinchia (100%)

Información Geográfica

Código Expediente	FKH-145510X	Clasificación	TITULO	Modalidad Actual	CONTRATO DE CONCESION (L 685)
Estado Jurídico Actual	TITULO VIGENTE-EN EJECUCION	Grupo de Trabajo	PAR MANIZALES		

Información Geográfica



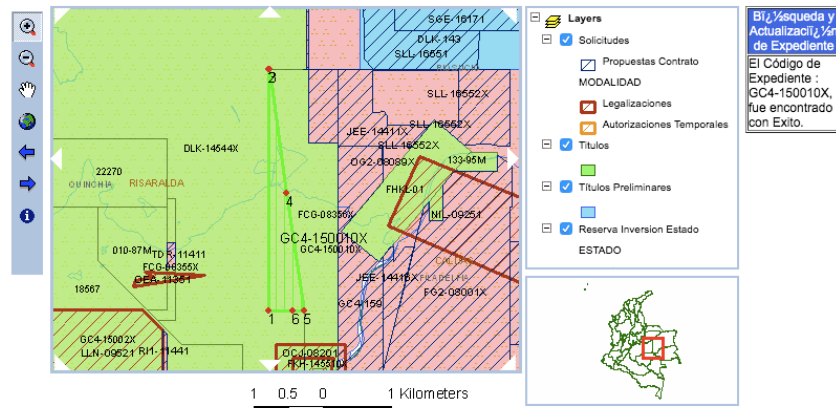
- viii) **GC4-150010X**
 Area: 88.5741 Ha.
 Location: Risaralda, Quinchia (100%)



Información Geográfica

Código Expediente	GC4-150010X	Clasificación	TITULO	Modalidad Actual	CONTRATO DE CONCESION (L 685)
Estado Jurídico Actual	TITULO VIGENTE-EN EJECUCION	Grupo de Trabajo	PAR CENTRO		

Información Geográfica



5.1.12 Illegal mining:

Currently, the Other Contracts do not have illegal mining in their areas.

5.3 APPLICATIONS:

MCM has 11 applications for mining concessions. These seeks the grant of a right to explore, exploit and benefit from minerals under a Mining Concession Contract. A summary of the key issues for applications in Colombia follows:

5.3.1 Regulations applicable:

Law 685 of 2001 (Mining Code) is the general law governing the mining sector in Colombia. There are several decrees and resolutions governing the matter in key areas, such as assigning areas or titles (contractual arrangements), the production control, settlement and collection of royalties and compensation, distribution and transfer of revenue, the environment and social investment.

5.3.2 Application procedure and competent authority:

In order to explore and exploit minerals in Colombia it is necessary to hold a mining concession contract duly executed and registered in the National Mining Register (Article 14 of Law 685 of 2001 - Mining Code). To grant a mining concession, an



applicant must submit a proposal for a concession contract before the Mining Authority in order that its feasibility is assessed according to Colombian law.

The proposed concession is presented to the ANM which, in accordance with the provisions of National Decree 4134 of November 3, 2011, is the state agency responsible for administering mineral resources owned by the state. On receipt of documentation supporting economic capacity, the location coordinates of the polygon of interest and the Minimum Exploratory Program for the requested area, the ANM performs a feasibility analysis comprising:

- i) **Legal feasibility:** including quality of the proposer, as well as its object and legal representation if corporations are concerned.
- ii) **Economic viability:** financial sufficiency to advance the proposal in the concession area.
- iii) **Technical viability:** concerned with the study of the requested area, including the plan and estimated investments to be made.

Once the initial requirements of standard have been met, the ANM orders the holding of a hearing in order to promote citizen participation and guarantee the right of objection. Once this requirement has been satisfied, the mining authority indicates whether the proposal is viable and the signing of memorandum of concession contract that results in the immediate grant of title is ordered.

- i) OG2-08112, OG2-08073 and TDR-11411, are under study by the ANM to establish whether they meet the requirements of legal, economic and technical feasibility, considering that MCM has complied with all the requirements made by the ANM.
- ii) GC4-15001x, GC4-15004X, GC4-15006X, GC4-15007X, GC4-15008X, GC4-15009X were declared by the ANM as feasible applications, i.e., all these applications met all the requirements set by the ANM and held the hearing for third parties on March 3, 2019. The next legal step is to sign Mining Concession Contract with the ANM, and is subject to the ANM's times.
- iii) OG2-081059 and KHL-15421 are currently suspended. Further details are set in paragraph 5.3 h), ii).

5.3.3 Category authorized mineral:



The Mining Code has established that the grantee of a concession contract has the right to exploit minerals expressly included in the contract, such as :

- i) Coal
- ii) Precious metals and precious stones: gold, silver, platinum and emeralds.
- iii) Metallic minerals: nickel, copper, iron, manganese, lead, zinc and titanium.
- iv) Non-metallic minerals: earth salt, sea salt, gravel, sand, clay, limestone, sulfur, barite, bentonite, feldspar, fluorite, asbestos, magnesite, talc, chalk, rock phosphate and ornamental rocks.

The categories of minerals to be granted for the Applications are:

- i) Silver and concentrates;
- ii) Zinc ores and concentrates;
- iii) Gold and platinum, and concentrates;
- iv) Copper ores and concentrates; and
- v) Molybdenum and concentrates.

5.3.4 Term and termination of the application for the mining title:

The concession contract applications do not have a set time for duration, as the process time for grant depends on the compliance with the requirements of law. However, once the application is approved and the concession contract is signed and registered in the Colombian Mining Cadaster (CMC), the mining concession contract has a duration of 30 years, renewable for another 30 years.

5.3.5 Minimum Expenditures

At the moment to file an Application, the holder must submit to the ANM a Minimum Exploratory Program “MEP”. The MEP sets out the terms of reference for minimum investment applied to exploration work within the first three installments of the contract, taking into account the type of mineral and number of hectares requested.

The minimum investment set out in the MEP for the first 3 annuities once the concession contracts are awarded for the **Applications** are:

Application	Total minimum expenditure in COP over first 3 years	Total minimum expenditure in AUD (Approx.) over first 3 years



OG2-08112	\$ 275,671,569	\$ 123,514.86
OG2 - 08073	\$2,649,431,920	\$ 1,187,080.06
OG2-10591	\$ 883,466,020	\$ 395,837.65
TDR-11411	\$ 191,760,571	\$ 85,918.48
GC4-15004X	\$ 195,829,447	\$ 87,741.54
GC4-15006X	\$ 195,807,083	\$ 87,731.52
GC4-15007X	\$ 194,086,793	\$ 86,960.74
GC4-15008X	\$ 194,167,815	\$ 86,997.04
GC4-15009X	\$ 211,913,568	\$ 94,948.04
KLH-15421	\$ 479,188,080	\$ 214,700.60
GC4-15001X	\$ 139,271,764	\$ 62,400.82
TOTAL	\$ 5,610,594,547	\$ 2,513,831.35

The minimum expenditures committed before the ANM in COP (Colombian Peso) are expressed approximately in AUD for the purposes of this Report. In order to provide the most accurate and official rate, we conducted the conversion from COP to USD (American Dollar) according to the official Market Representative Rate "TRM" of July 9, 2019, published by the Bank of the Republic of Colombia: COP \$ 3,207.66, and subsequently that value in USD was converted to AUD according to the official exchange rate published by the Reserve Bank of Australia for July 9, 2019: 0.6958 (Series ID FXRUSD).

Sources:

- <http://www.banrep.gov.co/es/estadisticas/trm>
<https://www.rba.gov.au/statistics/historical-data.html#exchange-rates>.

5.3.6 Area granted for the Application

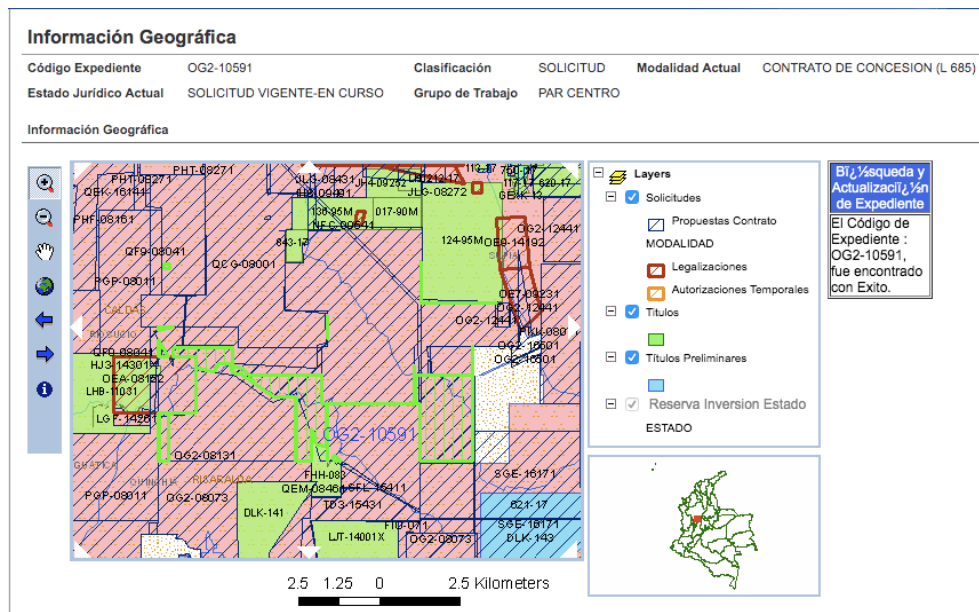
The Mining Code establishes that the concession contracts do not transfer to the beneficiary a right of ownership of minerals, but establishes, exclusively and temporarily, within the area granted, an area in which the concession holder may carry out mining exploration, exploitation and benefit from the minerals found there.

The areas are:

- i) **OG2-10591:**
226.41657 area Ha.,



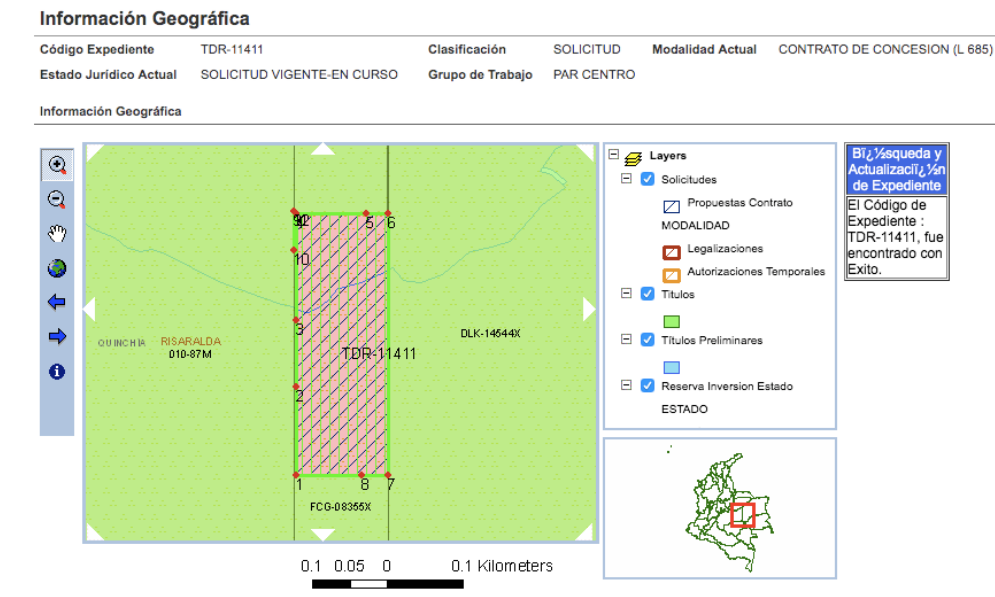
Location: Municipality of Riosucio, Department of Caldas, (72%) – Municipality of Risaralda, Department of Quinchia (17%) – Municipality of Supia, Department of Caldas (10%)



ii) **TDR-11411**

area of 4,3014 ha.

Location: Municipality of Risaralda, Department of Quinchia (100%)



iii) **OG2-08112**



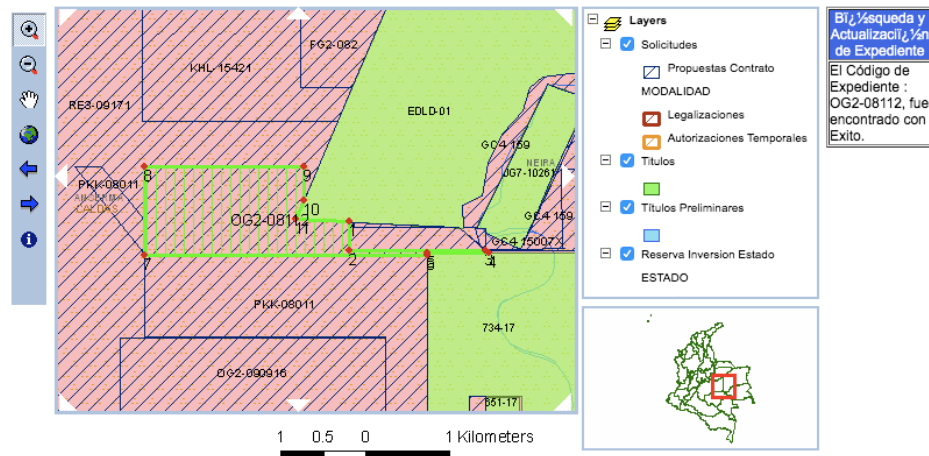
Ha 226.41657 area.

Location: Municipality of Anserma, Department of Caldas (100%)

Información Geográfica

Código Expediente	OG2-08112	Clasificación	SOLICITUD	Modalidad Actual	CONTRATO DE CONCESION (L 685)
Estado Jurídico Actual	SOLICITUD VIGENTE-EN CURSO	Grupo de Trabajo	PAR CENTRO		

Información Geográfica



iv) **OG2-08073**

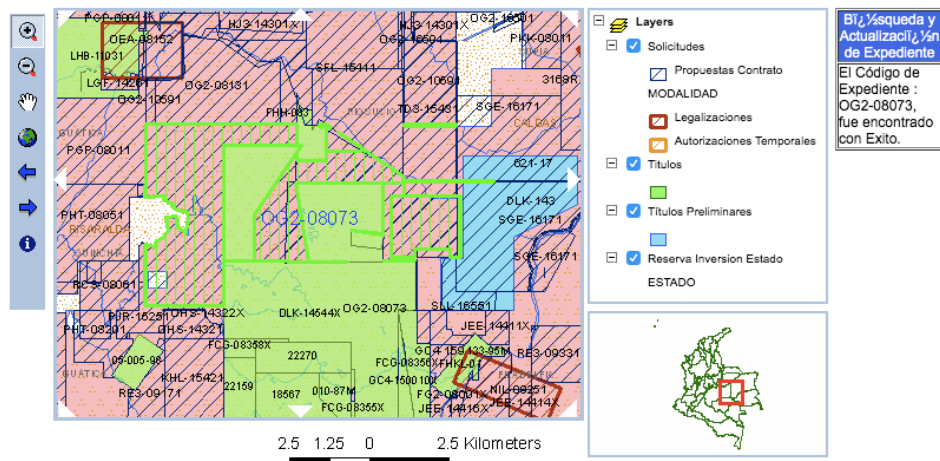
area: 250.65653 Ha.

Location: Municipality of Anserma, Department of Caldas (2.05%) – Municipality of Risaralda, Department of Quinchia (97.95%)

Información Geográfica

Código Expediente	OG2-08073	Clasificación	SOLICITUD	Modalidad Actual	CONTRATO DE CONCESION (L 685)
Estado Jurídico Actual	SOLICITUD VIGENTE-EN CURSO	Grupo de Trabajo	PAR CENTRO		

Información Geográfica



v) **KHL-15421:**

Area: 226.41657 Ha.

Location: Municipality of Risaralda, Department of Quinchia (53%) – Municipality of Anserma, Department of Caldas (47%)

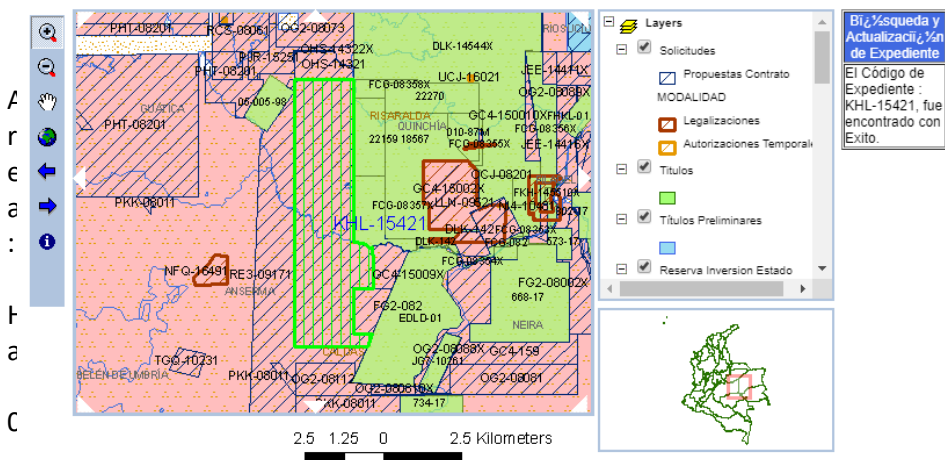
Información Geográfica

Código Expediente	KHL-15421	Clasificación	SOLICITUD	Modalidad Actual	CONTRATO DE CONCESION (L 685)
Estado Jurídico Actual	SOLICITUD VIGENTE-EN CURSO	Grupo de Trabajo	PAR CENTRO		

vi) **GC4-**

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Información Geográfica



4397 area.

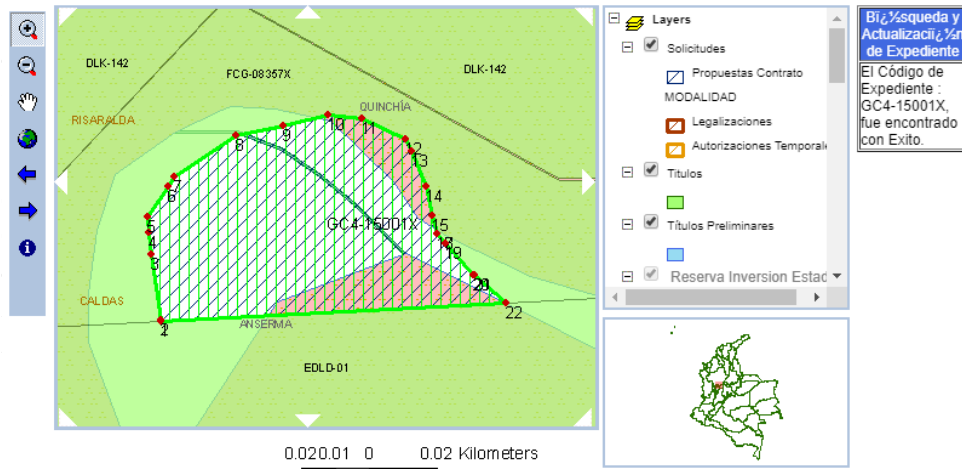
Location: Municipality of Anserma, Department of Caldas (72.05%) – Municipality of Risaralda, Department of Quinchia (27.95%)

Información Geográfica

Código Expediente	GC4-15001X	Clasificación	SOLICITUD	Modalidad Actual	CONTRATO DE CONCESION (L 685)
Estado Jurídico Actual	SOLICITUD VIGENTE-EN CURSO	Grupo de Trabajo	PAR CENTRO		

vii)

Información Geográfica





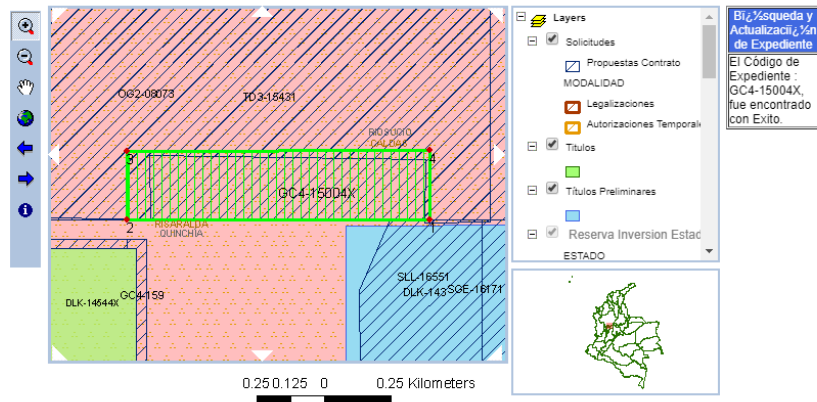
: 29.1463 Ha.

Location: Municipality of Riosucio, Department of Caldas (45%) – Municipality of Risaralda, Department of Quinchia (55%)

Información Geográfica

Código Expediente	GC4-15004X	Clasificación	SOLICITUD	Modalidad Actual	CONTRATO DE CONCESION (L 685)
Estado Jurídico Actual	SOLICITUD VIGENTE-EN CURSO	Grupo de Trabajo	PAR CENTRO		

Información Geográfica



viii) **GC4-15006X**

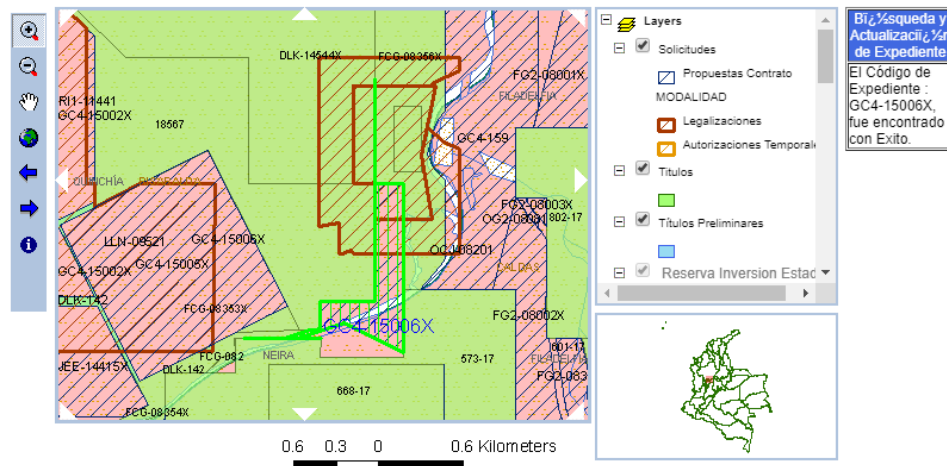
Area: 31.14746 Ha.

Location: Municipality of Neira, Department of Caldas (20.33%) – Municipality of Risaralda, Department of Quinchia (79.67%)

Información Geográfica

Código Expediente	GC4-15006X	Clasificación	SOLICITUD	Modalidad Actual	CONTRATO DE CONCESION (L 685)
Estado Jurídico Actual	SOLICITUD VIGENTE-EN CURSO	Grupo de Trabajo	PAR CENTRO		

Información Geográfica



ix) **GC4-15007X**

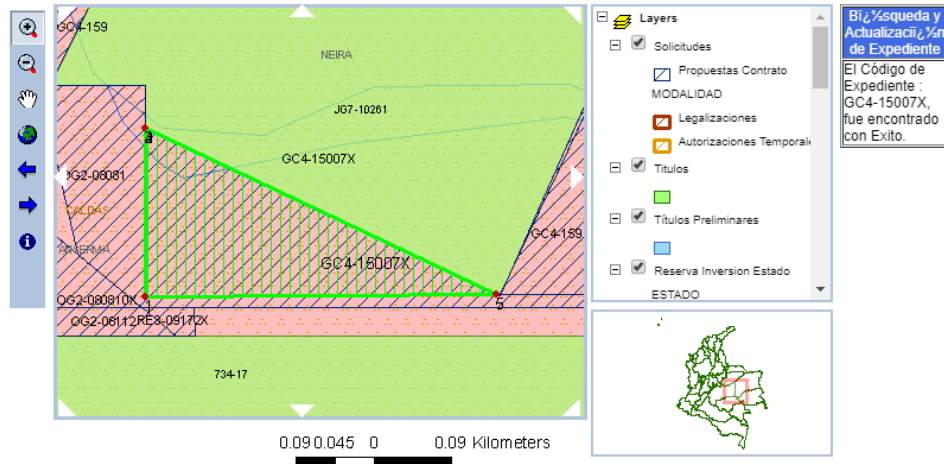
Area: 3.9432 Ha.

Location: Municipality of Anserma, Department of Caldas (100%)

Información Geográfica

Código Expediente	GC4-15007X	Clasificación	SOLICITUD	Modalidad Actual	CONTRATO DE CONCESION (L 685)
Estado Jurídico Actual	SOLICITUD VIGENTE-EN CURSO	Grupo de Trabajo	PAR CENTRO		

Información Geográfica

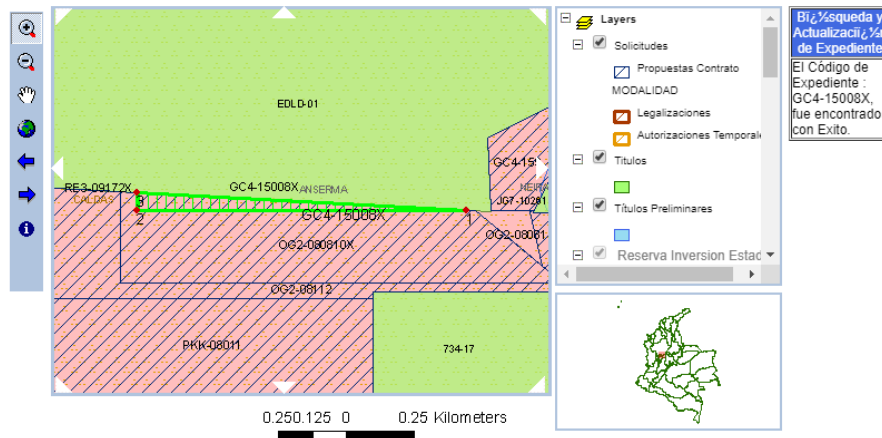


- x) **GC4-15008X**
 Area: 3.8336 Ha.
 Location: Anserma, Caldas (100%)

Información Geográfica

Código Expediente	GC4-15008X	Clasificación	SOLICITUD	Modalidad Actual	CONTRATO DE CONCESION (L 685)
Estado Jurídico Actual	SOLICITUD VIGENTE-EN CURSO	Grupo de Trabajo	PAR CENTRO		

Información Geográfica

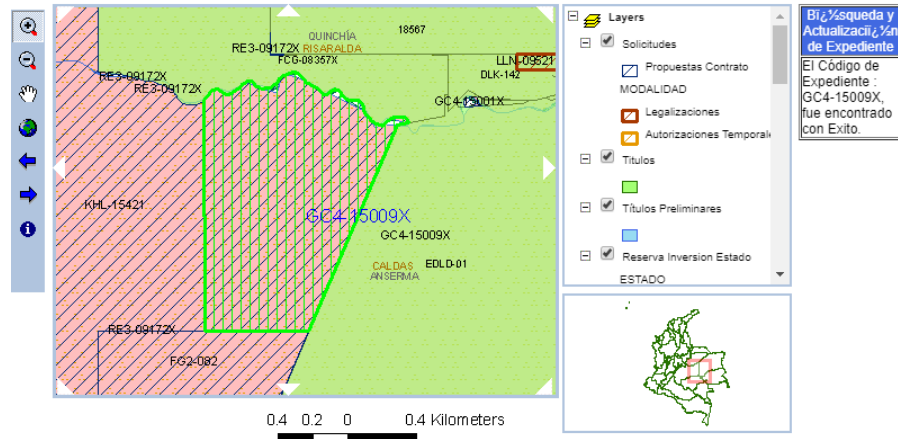


- xi) **GC4-15009X**
 Area: 123.6513 Ha.
 Location: Municipality of Anserma, Department of Caldas (90%) – Municipality of Risaralda, Department of Quinchia (10%)

Información Geográfica

Código Expediente	GC4-15009X	Clasificación	SOLICITUD	Modalidad Actual	CONTRATO DE CONCESION (L.685)
Estado Jurídico Actual	SOLICITUD VIGENTE-EN CURSO	Grupo de Trabajo	PAR CENTRO		

Información Geográfica



5.3.7 Relinquishment of an application:

The applications, in accordance with the law 685 of 2001, are subject to relinquishment by the applicant. It is a free and unilateral act. The applicant expresses its desire to resign and that it is accepted by the competent mining authority.

5.3.8 Loss of right and suspensions:

The applications are future entitlements which, if all the requirements of the law are met, become a mining concession contract. The applications may be rejected or suspended by the competent mining authority according to the following grounds:

- i) **Rejection:** The mining authority may reject the application if:
 - The applicant does not comply with the legal capacity required by law;
 - The applicant does not meet the financial capacity and cost required by law;
 - When the mining authority conducts assessments and establishes that the area susceptible is not large enough to develop a mining concession contract;
 - When the mining authority requirements are not met in a timely manner by the applicant;
 - When by national command authority an area excludable under contract mining is declared.

** When the mining authority rejects an application for the reasons given above the applicant may appeal the decision.



- ii) **Suspension:** The mining authority may suspend the application when:
- When there is a court sentence the authorities land restitution.
 - When national authorities take provisional measures order of which depends on a resolution of fund to continue the recruitment process.

Currently the Applications OG2-10591 and KHL-15421 are suspended through a decision of the Land Restitution Court of Pereira in order to prevent detriment on the land that may affect the alleged owner.

6. CHUSCAL PROJECT ((DLK-142, GC4-15002X and GC4-15005X)

6.1 Regulations and competent authority:

Law 685 of 2001 (Mining Code) is the general law governing the mining sector in Colombia. This code regulates the application of concession contracts, which allow individuals to exploit non-renewable resources of the country.

The ANM is the competent body to regulate all the matters related to the Chuscal Project titles, because of its location in Colombia.

6.2 Stages and duration of the concession contract

The concession contract is the contract concluded by the State and an individual to perform, at the risk of the individual, studies, and works of exploration and exploitation of state-owned minerals that can be found within a given area. This contract includes within its object the stages of:

- i) **Exploration:** technical exploration, the initial stage of mining, aims to identify areas where mineral deposits are located which are then - depending on their size and composition - exploited in a mining project. The initial term is 3 years, and 8 years of extension for a maximum term of exploration of 11 years;
- ii) **Construction and Assembly:** Construction is understood as those works of infrastructure essential for normal functioning of the work of support and management of the mining company. On the other hand, the mining assembly consists of the preparation of mining fronts and installation works, services, equipment and fixed equipment needed to start and advance the extraction or collection of minerals, their collection, internal transport and benefit. The initial term is for 1 year, and 3 years of extension, for a total term of the stage that might be granted of 4 years;



- iii) Exploitation: The operation phase comprises all mining operations found in the concession area, gathering, benefit, and abandonment and closure assemblies and infrastructure. The general term is 24 years which is the remaining term after the exploration and construction and assembly stages, but the definitive duration is the remaining time after the exploration and construction and assembly stage not exceeding 30 years from its registration in the Mining Register.

6.3 Current status and expiration date of concession contracts:

Contract	Stage	Annuity	Expiry date
DLK-142	Construction and assembly	1st annuity	October 22, 2039
GC4-15002X	Exploration	1st annuity	May 21, 2049
GC4-15005X	Exploration	1st annuity	May 19 2049

6.4 Transfer of mining titles with their respective terms and conditions transferees:

The transfer of mining rights is the legal act by which the beneficiary of a mining title (transferor) voluntarily transfers to a third party its rights over the title or part of it, in which the transferee, takes the position of the transferor in the obligations under the contract. The assignor must inform the mining authority, who will verify that the transferee meets the requirements of a concession holder. Once the ANM verifies this information, it authorizes the transfer of the concession contract with all its obligations.

None of the titles that comprise the Chuscal Project have been transferred, since they were applied by AGAC and is the current mining holder. Once they are integrated and converted into the Chuscal Contract, AGAC and MCM must submit before the ANM the request for partial transfer of rights in the percentages according to the JV Agreement, for which the ANM will verify compliance with the legal and economic capacity of MCM in the proportion to be assigned and once the assignment is approved, MCM will be registered in the RMN as the holder of the percentages acquired from the Chuscal Contract.

6.5 Category authorized mineral:



The contract is entitled to exploit minerals specifically mentioned in the contract, as well as those that may be associated with them or result as by-products.

The minerals granted to the Chuscal Project titles are:

- i) Silver and concentrates;
- ii) Zinc and concentrates;
- iii) Gold and concentrates,
- iv) Platinum and concentrates;
- v) Copper and concentrates; and
- vi) Molybdenum and concentrates.

6.6 Causes of termination:

The concession contracts may be terminated for the following reasons:

- i) On expiry of the terms established in the law and the contract without an extension;
- ii) If the holder requests the termination;
- iii) Death of the holder (if the holder is a company the dissolution and liquidation of the company).
- iv) By declaration of forfeiture: which is a sanction imposed on the mining company by the repeated failure of requests made, or breaches of obligations, which results in loss of the right to explore and exploit the area granted and results in the holder not being able to sign further concession contracts for five (5) years.

6.7 Minimum Expenditures

The minimum total investment in Chuscal Project over the first three years, once the PUE is approved and the 3 concession contracts become Chuscal Contract will be of COP \$ 3,079,209,649 (AUD \$ 1,379,624 approx.).

The minimum expenditures committed before the ANM in COP (Colombian Peso) are expressed approximately in AUD for the purposes of this Report. In order to provide the most accurate and official rate, we conducted the conversion from COP to USD (American Dollar) according to the official Market Representative Rate "TRM" of July 9, 2019, published by the Bank of the Republic of Colombia: COP \$ 3,207.66, and subsequently that value in USD was converted to AUD according to the official exchange rate published by the Reserve Bank of Australia for July 9, 2019: 0.6958 (Series ID FXRUSD).

Sources:



- <http://www.banrep.gov.co/es/estadisticas/trm>
<https://www.rba.gov.au/statistics/historical-data.html#exchange-rates>.

6.8 Conditions and obligations of the contract

Concession contracts have a number of obligations under the Mining Code (Law 685 of 2001) which must be met in order to retain the concession. These obligations are divided into stages as follows:

	STAGE		
	Exploration	Construction and assembly	Exploitation
OBLIGATION:	Surface fee	Surface fee	Royalties
	Mining and Environmental policy	Mining and Environmental policy	Mining and Environmental policy
	File Basic Mining Form	File Basic Mining Form	File Basic Mining Form
	File PTO at the end of the exploration phase	Once approved the PTO start the environmental authorization	PTO and Environmental License

Summary of each obligation:

- i) **Royalties:** a 4% is paid quarterly;
- ii) **Surface fee:** consideration charged by the procuring entity over the entire concession area during scanning, assembly and construction or extensions thereof that retains the contractor to explore during the operating period;
- iii) **Mining and environmental policy:** that covers compliance with mining and environmental obligations, payment of fines and forfeiture;
- iv) **FBM:** the tool that the ANM has to collect information on expenditures and advances;
- v) **Plan of Works and Works (PTO):** is the result of studies and exploration work, presented by the dealer before the final expiration of this period is a



document that compiles both technical information and legal and budget earmarked for all the operational phase;

- vi) **Environmental license:** It is the authorization granted by the competent environmental authority for the execution of a project, work or activity, according to the law and regulations, can cause severe deterioration of renewable natural resources or the environment, or introduce substantial modifications or notable landscape.

All the titles that encompasses the Chuscal Project are in good standing regarding the main obligations derived of it. If not yet approved by the ANM, all obligations have been submitted.

6.9 Area granted:

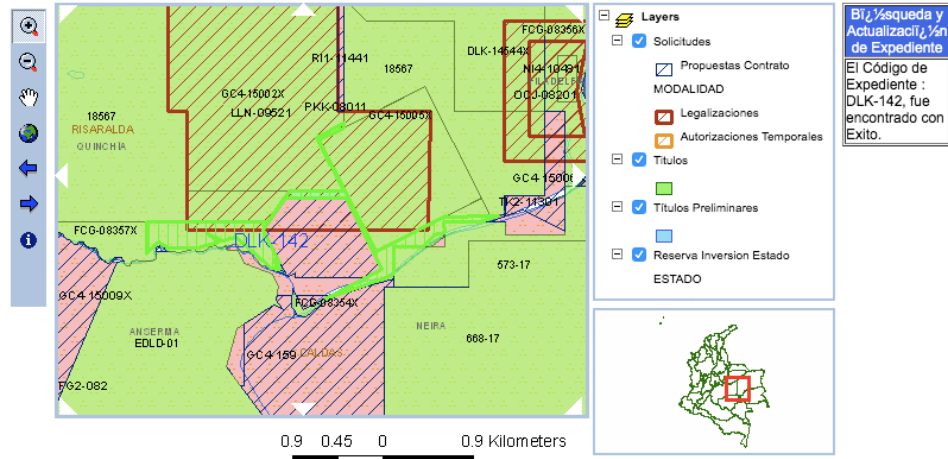
As the integration has not yet been approved by the ANM, the 3 areas are still independent, as follows:

- i) **DLK-142**
Area: 56,890 Ha.
Location: Anserma, Caldas (00.27%) – Quinchia, Risaralda (99.37%) – Neira, Caldas, (0.62%)

Información Geográfica

Código Expediente	DLK-142	Clasificación	TITULO	Modalidad Actual	CONTRATO DE CONCESION (L 685)
Estado Jurídico Actual	TITULO VIGENTE-EN EJECUCION	Grupo de Trabajo	PAR MANIZALES		

Información Geográfica

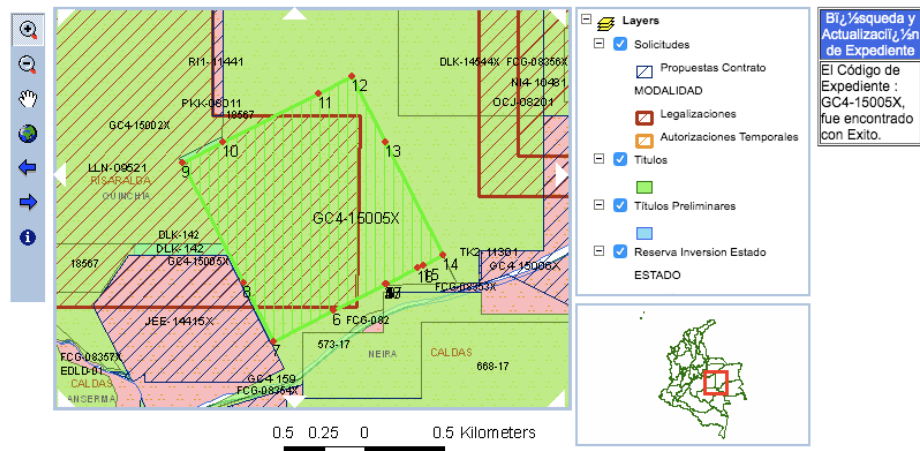


- ii) **GC4-15005X**
Ha 147.4701 area.
Location: Risaralda, Quinchia (100%)

Información Geográfica

Código Expediente	GC4-15005X	Clasificación	TITULO	Modalidad Actual	CONTRATO DE CONCESION (L 685)
Estado Jurídico Actual	TITULO VIGENTE-EN EJECUCION	Grupo de Trabajo	PAR CENTRO		

Información Geográfica



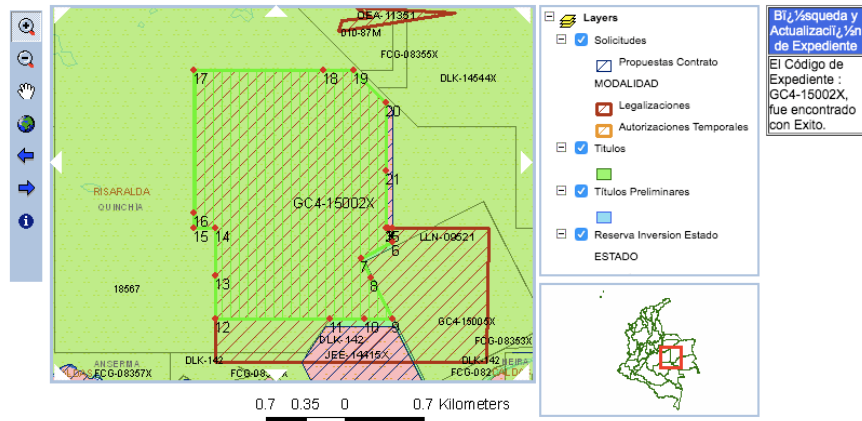
- iii) **GC4-15002X**
Ha 350.2834 area.
Location: Risaralda, Quinchia (100%)



Información Geográfica

Código Expediente	GC4-15002X	Clasificación	TITULO	Modalidad Actual	CONTRATO DE CONCESION (L 685)
Estado Jurídico Actual	TITULO VIGENTE-EN EJECUCION	Grupo de Trabajo	PAR CENTRO		

Información Geográfica



6.10 Land ownership

MCM has acquired certain rights to surface title where the Contract DLK-142 is located, acquiring the land No. 29323857, therefore not needing the approval of third parties to access the area of that title for mineral development.

6.11 Report on detailed environmental conservation program and specific conditions.

Given the current status in which each of the titles is, which are not in the exploitation stage in which they require the issuance of an environmental license and for that purpose a study of environmental impacts must be carried out, including the Environmental Management Plan, where environmental mitigation plans are prepared, these titles do not yet have such studies because they are in the exploration stage, where compensation and environmental mitigation plans are not required because they are not generating impacts to the environment. In the area of Chuscal Project titles there is currently no record in CMC's public bases, of overlaps with areas of environmental special measured that require special environmental conservation measures.



6.12 Relinquishments:

At any time, the Chuscal Project titles may be relinquished. If it happens before the operational stage there are no further obligations than to remain valid an environmental policy for 3 more years after the relinquishment. If the relinquishment happens during or after the operational stage, the holder should execute closure and abandonment according to the Environmental Management Plan, which would then guarantee that the area will not have environmental liability and that the area is in good condition.

In order to relinquish, the ANM must approve that request by verifying that the title is in good standing and all environmental liabilities have been addressed.

6.13 Suspensions:

As of the date of this Report, there have been no suspensions or requested by the owner or declared by the ANM, therefore the titles have completed their normal procedure according to the contractual stages.

6.14 Illegal mining:

These are exploratory mining practices or mineral extraction, developed without proper mining title or without authorization of the owner of private property where a project is located, and undertaken outside legal regulations established by the State.

There is not any report that in the area of the Chuscal Project titles are located any illegal miners that develop mining activities. However, a small underground mine (currently inactive) is present in the Chuscal area.

7. SOCIAL AGREEMENTS

In the area of the **Miraflores Contract** there are approximately 200 traditional ancestral miners that make up 7 Mining Units. In order to carry out the Miraflores mining project, MCM hired a recognized firm to make a characterization of each artisanal miner and following this has signed letter of intent agreements with approximately 136 miners where they agree to vacate their mining activities under the following parameters:

- i) All will receive a monthly benefit for 12 months, that varies according to the age of each miner.



- ii) Some will be employed by MCM as miners once an exploitation stage begins with MCM to provide suitable training.
- iii) Some will not be employed at the MCM project and MCM has agreed to investigate alternative projects for their operation.

8. QUALIFICATIONS AND ASSUMPTIONS

This Report includes the material legal issues that affect the mining titles and does not intend to cover all possible issues and problems that may affect the titles. This report is based on, and subject to, the following requirements and assumptions (in addition to any assumptions expressed elsewhere in this report):

- a) we have relied on information provided by third parties, including several departments, in response to searches made, or having them adopted, and queried by us and based on that information, including search results, being accurate, updated and complete on the date of its receipt by us;
- b) references located in the public lists are taken from data that appear in the searches we have obtained from the services of the competent authorities in the country of origin of the mining titles such as: National Mining Agency, National Mining Cadaster, Ministry of the Interior, CARDER, Judicial branch of the Public Power (Special Jurisdiction of the Restitution of Lands);
- c) statements made in relation to the position of the mining titles are based solely on the information contained in the relevant search on the file of each mining title;
- d) when the compliance with the terms and conditions of the mining titles and all applicable provisions of the mining legislation and regulations in Colombia and all other relevant laws and regulations, or a possible claim in relation to the mining titles would not have occurred. disclosed in the searches that were referred to in the previous point, we do not express an opinion with respect to said compliance or claim;
- e) where the consent of the national mining authority is required, we do not express an opinion as to whether such consent will be granted, or the consequences of its consent were denied, although we are not aware of all that could cause the consent to be rejected;
- f) indigenous or Afro-descendant communities may exist in the areas of mining applications, but knowledge of this situation will only be revealed by the authorities when the contract is granted, since only then will it be in the Company's interest to perform the required procedures for prior consultation;
- g) there are no other documents or materials other than those that were made known to us and that instructed us to review, related to the matters examined;
- h) the information for material contracts was obtained from details of the agreements provided by the Company and we have assumed that:



- i) the contracts referred to in this report were within the capacity and powers of, and were validly authorized, stamped or filed for stamp (when necessary), executed, delivered by and are legally binding on the parties thereto and comprise the entire agreement of the parties in each of them with respect to their respective matters (except where otherwise indicated);
- ii) the signatures in the contracts mentioned in this report are authentic;
- iii) there are no material documents or information that must be provided other than the contracts mentioned in this report;
- iv) the contracts referred to in this report are completed, precisely revealed the details of those agreements and conforms to the original documents of all the copies reviewed;
- v) the parties to each of the contracts mentioned in this report are complying with and will continue to comply with and comply with the terms of each of the contracts mentioned in this report.

9. CONCLUSION

M&NC has prepared this report for the purposes of the Supplementary Bidders Statement only, and for the benefit of the Company and the directors of the Company in connection with the issuance of the Supplementary Bidders Statement and it must not be disclosed to any other person or the program used for any other purpose or cited or mentioned in any public document or presented before any governmental agency or another person without our prior consent.

We bear in mind that the information contained in this report provides an exact statement about the status of the mining titles as on the date of the date of the relevant searches.

A handwritten signature in black ink, appearing to read 'Carolina Florez G', is written over a horizontal line.

CAROLINA FLOREZ G
CEO
M&NC CONSULTORIA S.A.S.



BIOGRAPHY

CAROLINA FLÓREZ GARCÍA, UdeA Law, Master in Business Law, Master of Law with emphasis on taxation and specialized in environmental law of the UEC. Carolina is registered with the Colombian government's National Lawyers Registry, registration no. 253554 (Registro Nacional de Abogados y Auxiliares de la Justicia - certificado de Vigencia N.: 253554).

Carolina is CEO of Mines & Business Consultancy - M&NC, firm that provides consultancy in legal and financial matters to private sector companies, specifically in the energy and mining sector regarding corporate, legal, mining and environmental issues. With its affiliate M&NC Compliance, she is a pioneer in Colombia in implementing the System Against Money Laundering and Financing of Terrorism AML/CFT - for the real sector, adjusted to the dynamics of each industry.

During her 15 years of experience in the mining sector, Carolina has consolidated her experience in the private sector as a legal director and CEO of companies like Gran Colombia Gold Corp - Zandor Capital S.A., directing process managements and contracting business.

Under her responsibility, has coordinated and advised important projects negotiations between Colombian and international mining companies, like:

- Sale of all the assets of Frontino Gold Mines LTD to Zandor Capital SA (Medoro Resources - Gran Colombia Gold);
- Transfer of certain shares of Four Points Mining S.A.S. and American Gold Mines to PARA Resources for LTD;
- Total sale of shares of CIIGSA to Sun Valley Industries LLC; and
- Mining operation contract between Zandor Capital S.A. Colombia (Gran Colombia Gold Corp) and Operaciones Mineras de Antioquia.

According to the above, Carolina has the legal, mining and environmental knowledge and expertise necessary to prepare this report.

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

(a) Includes funds raised from: the shortfall placement announced on 15 February 2019 of \$155,000; Tranche 1 and Tranche 2 Notes of \$918,000 (before costs), Andes Placement of \$750,000 (before costs); less Company and Andes estimated operating and transaction expenses of (\$1.791M).

(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 and transfer of \$1.0M RMB debt from current to non-current liabilities.

Schedule 3 - Terms of Tranche 1 Notes & Tranche 2 Notes

1. Definitions

Company means Metminco Limited (ACN 119 759 349).

Free Attaching Option means a free attaching option to acquire a Share, with an exercise price of \$0.004 on a pre-consolidation basis and an expiry date 2 years from the date of issue.

Notes means the Tranche 1 and Tranche 2 Notes

Noteholder means a holder of a Note.

Share means a fully ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Tranche 1 Notes means the Notes set out on the terms below, including clause 2(m) and not including clause 2(n).

Tranche 2 Notes means the Notes set out on the terms below, including clause 2(n) and not including clause 2(m)

2. Terms

- (a) The Notes have a face value of \$3,000 each.
- (b) The Notes are interest free.
- (c) The Notes are unsecured and do not preclude the Company from borrowing further funds or making further issues of securities.
- (d) The Company does not intend to list the Notes for quotation on ASX and is not obliged to do so.
- (e) The Company acknowledges that on and from the completion date of the Notes and at all times before the conversion date or maturity date of the note, it will be indebted to the Noteholder to the extent of the monies payable.
- (f) The Company may not repay any or all of the subscription sum prior to the date of conversion without the prior written consent of the Noteholder.
- (g) The Notes shall not provide for any voting rights at shareholder meetings of the Company.
- (h) The Noteholder is permitted to transfer all or any part of the Note on the condition that the Noteholder procures that the assignee of the Note agrees to be bound by the terms and conditions of the Note deed.
- (i) The Noteholder may participate in bonus issues in limited circumstances and in accordance with the Listing Rules.
- (j) The Noteholders are not entitled to participate in pro-rata securities issues during the currency of the Notes.

- (k) In an event of default, the Noteholder may by notice to the Company declare all money owing under the Note deed immediately due and payable and cancel its obligations under the deed.
- (l) The Notes are to be issued in a single tranche, however they will convert into fully paid ordinary shares in the Company in two tranches.
- (m) Tranche 1 Notes:
 - (i) The Shares resulting from the conversion of the first 115 Notes will be issued under the Company's existing placement capacity available under ASX Listing Rule 7.1.1.
 - (ii) The Tranche 1 Notes will automatically convert into fully paid ordinary shares at the conversion price of \$0.002 upon Completion.
- (n) Tranche 2 Notes:
 - (i) The Shares resulting from the conversion of the remaining 191 Notes (which will be issued as debt securities) will convert subject to Shareholder approval.
 - (ii) Subject to the receipt of Shareholder approval, the Tranche 2 Notes will convert at \$0.002.
 - (iii) In the event Shareholders do not approve the conversion of the Tranche 2 Notes, the Tranche 2 Notes will remain on issue until the Company does one of the following:
 - (A) obtains a subsequent shareholder approval;
 - (B) converts all or a portion of the Tranche 2 Notes from its available placement capacity as and when it sees fit (noting that at no time does the Company have an obligation to use its available placement capacity - nor does a Noteholder have a right to call for the conversion of the Tranche 2 Notes); or
 - (C) repays the Tranche 2 Notes,noting that if the Tranche 2 Notes remain on issue 12 months after the conversion of the Tranche 1 Notes, the Tranche 2 Notes must be repaid.
- (o) Subject to Shareholder approval, the Company will issue 1 Free Attaching Option exercisable at \$0.004 within 2 years from the date of issue for each Share issued under the Notes.

Schedule 4 - Terms of Options

The following terms and conditions apply to Metminco's Options that will be issued in conjunction with the Takeover Offer (Options):

1. Entitlement

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

2. Exercise Price and Expiry Date

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

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

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

3. Exercise Period

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

4. Quotation of the Options

The current intention of Metminco is to apply for official quotation on ASX of the Bonus Options, Free Attaching Options and Replacement Options-Class X in conjunction with the issue of the Bonus Options, which it is intended to occur in or around December 2019.

Metminco will not apply for official quotation of the Broker 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.

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 Listing Rules.