



**Andean Silver Limited  
ACN 645 578 454**

## **Notice of Annual General Meeting**

**The Annual General Meeting of the Company will be held as follows:**

**Time and date:** Friday, 29 November 2024 at 10.00am (AWST)

**Location:** The offices of the Company, at Level 2, 8 Richardson Street, West Perth WA 6005

The Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their suitably qualified advisor prior to voting.

**Should you wish to discuss any matter, please do not hesitate to contact the Company by telephone on +61 8 6243 6542.**

**Shareholders are urged to vote by lodging the Proxy Form**

**Andean Silver Limited**  
**ACN 645 578 454**  
**(Company)**

**Notice of Annual General Meeting**

Notice is hereby given that the annual general meeting of Shareholders of Andean Silver Limited will be held at the offices of the Company, at Level 2, 8 Richardson Street, West Perth WA 6005 at 10.00 am (AWST) on Friday, 29 November 2024 (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of the Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Wednesday, 27 November 2024 at 5.00pm (AWST).

Terms and abbreviations used in the Notice are defined in Schedule 1.

## **Agenda**

### **1 Annual Report**

To consider the Annual Report of the Company and its controlled entities for the financial year ended 30 June 2024, which includes the Financial Report, the Directors' Report and the Auditor's Report.

### **2 Resolutions**

#### **Resolution 1 – Remuneration Report**

To consider and, if thought fit, to pass with or without amendment, as a **non-binding** ordinary resolution the following:

*'That, the Remuneration Report be adopted by Shareholders on the terms and conditions in the Explanatory Memorandum.'*

#### **Resolution 2 – Re-election of Director – Patrick Gowans**

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

*'That, Mr Patrick Gowans, who retires in accordance with clause 15.2 of the Constitution, Listing Rule 14.5 and for all other purposes, retires and, being eligible and offering himself for re-election, is re-elected as a Director, on the terms and conditions in the Explanatory Memorandum.'*

### **Resolution 3 – Election of Director – David Southam**

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

*'That, for the purposes of clause 15.4 of the Constitution, Listing Rule 14.4 and for all other purposes, Mr David Southam, retires and, being eligible, is elected as a Director of the Company, on the terms and conditions in the Explanatory Memorandum.'*

### **Resolution 4– Ratification of issue of Placement Shares**

To consider and, if thought fit, to pass with or without amendment, each as a **separate** ordinary resolution the following:

*'That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of:*

(a) *12,204,255 Placement Shares issued under Listing Rule 7.1; and*

(b) *11,605,269 Placement Shares issued under Listing Rule 7.1A,*

*on the terms and conditions in the Explanatory Memorandum.'*

### **Resolution 5 – Approval of 10% Placement Facility**

To consider and, if thought fit, to pass with or without amendment, as a **special** resolution the following:

*'That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities totalling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum.'*

### **Resolution 6 – Approval of issue of Performance Rights to David Southam**

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

*'That, pursuant to and in accordance with Listing Rule 10.14, section 208 of the Corporations Act and for all other purposes, Shareholders approve the issue of up to 1,500,000 Performance Rights under the Plan to David Southam (or his nominee) on the terms and conditions in the Explanatory Memorandum.'*

## **3 Voting exclusions**

Pursuant to the Listing Rules, the Company will disregard any votes cast in favour of:

- (a) **Resolution 4(a):** by or on behalf of any person who participated in the issue of those Placement Shares, or any of their respective associates, or their nominees.
- (b) **Resolution 4(b):** by or on behalf of any person who participated in the issue of those Placement Shares, or any of their respective associates, or their nominees.

- (c) **Resolution 5:** if at the time of the Meeting, the Company is proposing to make an issue of Equity Securities under Listing Rule 7.1A.2, by or on behalf of any persons who are expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a Shareholder), or any of their respective associates.
- (d) **Resolution 6:** by or on behalf of David Southam, and any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Plan, or any of their respective associates, or their nominees.

The above voting exclusion does not apply to a vote cast in favour of the relevant Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## 4 Voting prohibitions

**Resolution 1:** In accordance with sections 250BD and 250R of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report, or a Closely Related Party of such a member.

A vote may be cast by such person if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chair to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

**Resolution 6:** In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote on the basis of that appointment, on this Resolution if:

- (a) the proxy is either a member of the Key Management Personnel or a Closely Related Party of such member; and
- (a) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Further, in accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party.

However, the above prohibition does not apply if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (b) it is not cast on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party.

Please note: If the Chair is a person referred to in the section 224 Corporations Act voting prohibition statement above, the Chair will only be able to cast a vote as proxy for a person who is entitled to vote if the Chair is appointed as proxy in writing and the Proxy Form specifies how the proxy is to vote on the relevant Resolution.

**BY ORDER OF THE BOARD**



**Maddison Cramer**  
Company Secretary  
**Andean Silver Limited**  
Dated: 17 October 2024

**Andean Silver Limited**  
**ACN 645 578 454**  
**(Company)**

**Explanatory Memorandum**

**2. Introduction**

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Level 2, 8 Richardson Street, West Perth WA 6005 on Friday, 29 November 2024 at 10.00am (AWST).

The Explanatory Memorandum forms part of the Notice which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted and includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 3	Action to be taken by Shareholders
Section 4	Annual Report
Section 5	Resolution 1 – Remuneration Report
Section 6	Resolution 2 – Re-election of Director – Patrick Gowans
Section 7	Resolution 3 – Election of Director – David Southam
Section 8	Resolution 4 – Ratification of issue of Placement Shares
Section 9	Resolution 5 – Approval of 10% Placement Facility
Section 10	Resolution 6 – Approval of issue of Performance Rights to David Southam
Schedule 1	Definitions
Schedule 2	Summary of material terms of Plan
Schedule 3	Terms and conditions of Director Performance Rights
Schedule 4	Valuation of Director Performance Rights

A Proxy Form is made available with the Explanatory Memorandum.

**3. Action to be taken by Shareholders**

Shareholders should read the Notice, including the Explanatory Memorandum, carefully before deciding how to vote on the Resolutions.

**3.1 Voting in person**

To vote in person, attend the Meeting on the date and at the place set out above.

## 3.2 Voting by proxy

A Proxy Form is made available with this Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);
- (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands;
- (c) if the proxy is the Chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- (d) if the proxy is not the Chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Section 250BC of the Corporations Act provides that, if:

- (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members;
- (b) the appointed proxy is not the chair of the meeting;
- (c) at the meeting, a poll is duly demanded, or is otherwise required under section 250JA on the resolution; and
- (d) either the proxy is not recorded as attending the meeting or the proxy does not vote on the resolution,

the Chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

Your proxy voting instruction must be received by Wednesday, 27 November 2024 at 10.00am (AWST), being not later than 48 hours before the commencement of the Meeting.

### **3.3 Chair's voting intentions**

Subject to the below, the Chair intends to exercise all available proxies in favour of all Resolutions, unless the Shareholder has expressly indicated a different voting intention.

If the Chair is your proxy, either by appointment or by default, and you have not indicated your voting intention, you expressly authorise the Chair to exercise the proxy in respect of Resolution 1 and Resolution 6, even though these Resolutions are connected directly or indirectly with the remuneration of the Company's Key Management Personnel.

If the Chair is a person referred to in the voting prohibition statement applicable to a Resolution (under section 224 of the Corporations Act), the Chair will only be able to cast a vote as proxy for you on the relevant Resolution if you are entitled to vote and have specified your voting intention in the Proxy Form.

### **3.4 Notice of members' rights**

Shareholders have the right to elect to: (a) be sent certain documents in physical form; (b) be sent certain documents in electronic form; or (c) not be sent certain documents at all.

A notice of these rights and how Shareholders can make an election and/or request is available on the Company's website at <https://www.andeansilver.com/>.

## **4. Annual Report**

In accordance with section 317 of the Corporations Act, Shareholders will be offered the opportunity to discuss the Annual Report, including the Financial Report, the Directors' Report and the Auditor's Report for the financial year ended 30 June 2024.

There is no requirement for Shareholders to approve the Annual Report.

At the Meeting, Shareholders will be offered the opportunity to:

- (a) discuss the Annual Report which is available online on the Company's webpage at: <https://www.andeansilver.com/investors/#announcements>;
- (b) ask questions about, or comment on, the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chair about the management of the Company, or to the Company's auditor about:

- (a) the preparation and content of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than five business days before the Meeting to the Company Secretary at the Company's registered office.



The Company will not provide a hard copy of the Company's Annual Report to Shareholders unless specifically requested to do so.

## **5. Resolution 1 – Remuneration Report**

### **5.1 General**

In accordance with section 250R(2) of the Corporations Act, the Company must put the Remuneration Report to the vote of Shareholders. The Directors' Report in the Annual Report for the year ended 30 June 2024 contains the Remuneration Report which sets out the remuneration policy for the Company and the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

In accordance with section 250R(3) of the Corporations Act, Resolution 1 is advisory only and does not bind the Directors. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

If the Company's Remuneration Report receives a 'no' vote of 25% or more (**Strike**) at two consecutive annual general meetings, Shareholders will have the opportunity to remove the whole Board, except the managing director (if any).

Where a resolution on the Remuneration Report receives a Strike at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the managing director, if any) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

The Company's Remuneration Report did not receive a Strike at the 2023 annual general meeting held on 23 November 2023. If the Remuneration Report receives a Strike at this Meeting, Shareholders should be aware that if a second Strike is received at the 2025 annual general meeting, this may result in the re-election of the Board.

The Chair will allow a reasonable opportunity for Shareholders as a whole to ask about or make comments on the Remuneration Report.

### **5.2 Additional information**

Resolution 1 is an ordinary resolution.

Given the personal interests of all Directors in the outcome of this Resolution, the Board declines to make a recommendation to Shareholders regarding this Resolution.

## **6. Resolution 2 – Re-election of Director – Patrick Gowans**

### **6.1 General**

Clause 15.2 of the Constitution provides that one-third of the Directors must retire at the Company's annual general meeting. The Directors to retire are those who have been longest in office since their last election. A Director who retires in accordance with Clause 15.2 is eligible for re-election and that re-election takes effect at the conclusion of the Meeting.

Patrick Gowans has served as a Director since 1 April 2021 and was last elected at the annual general meeting held on 28 November 2022. Accordingly, Mr Gowans retires by rotation at this Meeting and, being eligible, seeks re-election as a Director pursuant to Resolution 2.

If Resolution 2 is passed, Mr Gowans will retire at the conclusion of the Meeting and will be immediately re-elected as a Director.

If Resolution 2 is not passed, Mr Gowans will retire at the conclusion of the Meeting and will not be re-elected as a Director at this Meeting.

## **6.2 Patrick Gowans**

LLB, BA

Patrick Gowans is a partner of QR Lawyers, a Melbourne law firm. Patrick has over 15 years' experience in corporate and commercial law with a focus on equity capital markets, ASX compliance and corporate governance, which includes advising a number of ASX-listed mining exploration entities. Mr Gowans does not hold any other material directorships. Mr Gowans has acknowledged to the Company that he will have sufficient time to fulfil his responsibilities as a Director.

If re-elected, Mr Gowans is considered by the Board (with Mr Gowans abstaining) to be an independent Non-Executive Director, notwithstanding the fact that he has an interest in 500,000 options and 300,000 performance rights in the Company. Mr Gowans is not considered by the Board to hold any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the entity as a whole rather than in the interests of an individual security holder or other party.

## **6.3 Board recommendation**

Resolution 2 is an ordinary resolution.

The Board (with Mr Gowans abstaining) recommends that Shareholders vote in favour of Resolution 2. The Board has reviewed Mr Gowans' performance since his appointment to the Board and considers that his skills and experience as a lawyer with a focus on equity capital markets and corporate governance will continue to enhance the Board's ability to perform its role.

## **7. Resolution 3 – Election of Director – David Southam**

### **7.1 General**

Clause 15.4 of the Constitution provides that the Directors may at any time appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors.

Clause 15.4 and Listing Rule 14.4 both provide that a Director appointed to fill a casual vacancy or as an addition to the existing Directors must not hold office without re-election past the next annual general meeting of the Company following the Director's appointment. A Director who retires in accordance with Clause 15.4 is eligible for election and that election takes effect at the conclusion of the Meeting.

David Southam, appointed on 17 April 2024 as Non-Executive Director and then as Non-Executive Chair on 1 October 2024, retires at this Meeting and, being eligible and offering himself for election, seeks election pursuant to Resolution 3.

If Resolution 3 is not passed, Mr Southam will retire at the conclusion of the Meeting, will not be elected as a Director at this Meeting and will not receive the Director Performance Rights the subject of Resolution 6.

## 7.2 David Southam

B.Comm, FCPA, MAICD

Mr Southam is a CPA with more than 30 years' experience in accounting, operations, capital markets and finance across the resources and industrial sectors. He was previously Managing Director of Mincor Resources where he led that company's highly successful return to the ranks of Australian nickel producers within a three-year period, overseeing a major greenfields discovery, resource definition, the completion of off-take arrangements, feasibility studies, project financing and construction of the Kambalda Nickel Operations, nearly all of which was completed during a global pandemic. During Mr Southam's tenure to August 2022, the market capitalisation of Mincor increased from circa \$70 million to \$1 billion.

Prior to Mincor, David was Executive Director of ASX 200 nickel company Western Areas Limited and has held senior executive roles within Brambles Group, ANZ Investment Bank and WMC Resources.

Mr Southam is currently Executive Chairman of Cygnus Metals Limited (ASX:CY5) and Non-Executive Director of ASX 200 gold producer Ramelius Resources (ASX:RMS). Mr Southam does not hold any other material directorships.

Mr Southam has acknowledged to the Company that he will have sufficient time to fulfil his responsibilities as a Director.

The Company confirms that it took appropriate checks into Mr Southam's background and experience and that these checks did not identify any information of concern.

If elected, Mr Southam is considered by the Board (with Mr Southam abstaining) to be an independent Director, notwithstanding the fact that he has an existing disclosed interest in performance rights in the Company and will be issued a further 1,500,000 Director Performance Rights subject to Shareholder approval of Resolution 6. Mr Southam is not considered by the Board to hold any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the entity as a whole rather than in the interests of an individual security holder or other party.

## 7.3 Board recommendation

Resolution 3 is an ordinary resolution.

The Board (with Mr Southam abstaining) recommends that Shareholders vote in favour of Resolution 3. Mr Southam's extensive financial, strategic, operational and governance experience will be invaluable as the Company advances its Cerro Bayo Silver Project and assesses a range of commercial options and agreements.

## 8. Resolution 4 – Ratification of issue of Placement Shares

### 8.1 General

On 19 September 2024, the Company announced that it had received firm commitments for a placement to raise up to approximately \$25 million (before costs) through the issue of 23,809,524 Shares (**Placement Shares**) at an issue price of \$1.05 per Placement Share (**Placement**).

The Company issued the Placement Shares on 26 September 2024 without prior Shareholder

approval using the Company's available placement capacity under Listing Rules 7.1 (12,204,255 Placement Shares) and 7.1A (11,605,269 Placement Shares).

Resolution 4(a) and (b) seek the approval of Shareholders pursuant to Listing Rule 7.4 to ratify the issue of the Placement Shares.

## **8.2 Listing Rules 7.1, 7.1A and 7.4**

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

Under Listing Rule 7.1A however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%. The Company obtained this approval at its annual general meeting held on 23 November 2023.

The issue of the Placement Shares does not fit within any of the exceptions to Listing Rules 7.1 and 7.1A and, as it has not yet been approved by Shareholders, effectively uses up part of the Company's 15% placement capacity under Listing Rule 7.1 and 10% placement capacity under Listing Rule 7.1A. This reduces the Company's capacity to issue further Equity Securities without Shareholder approval under those Listing Rules for the 12-month period following the issue of the Placement Shares.

Listing Rule 7.4 provides an exception to Listing Rules 7.1 and 7.1A. It provides that where a company in a general meeting ratifies the previous issue of securities made pursuant to Listing Rules 7.1 and 7.1A (and provided that the previous issue did not breach Listing Rules 7.1 and 7.1A), those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rules 7.1 and 7.1A.

The effect of Shareholders passing Resolution 4(a) and (b) will be to allow the Company to retain the flexibility to issue Equity Securities in the future up to the 15% placement capacity set out in Listing Rule 7.1 and the 10% additional placement capacity set out in Listing Rule 7.1A, without the requirement to obtain prior Shareholder approval.

If Resolution 4(a) is passed, 12,204,255 Placement Shares will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without Shareholder approval over the 12-month period following the issue date.

If Resolution 4(a) is not passed, 12,204,255 Placement Shares will continue to be included in the Company's 15% limit under Listing Rule 7.1, effectively decreasing the number of Equity Securities the Company can issue or agree to issue without obtaining prior Shareholder approval, to the extent of 12,204,255 Equity Securities for the 12-month period following the issue of those Placement Shares.

If Resolution 4(b) is passed, 11,605,269 Placement Shares will be excluded in calculating the Company's additional 10% limit in Listing Rule 7.1A, effectively increasing the number of Equity Securities it can issue without Shareholder approval over the 12-month period following the issue date.

If Resolution 4(b) is not passed, 11,605,269 Placement Shares will continue to be included in the Company's additional 10% limit under Listing Rule 7.1A, effectively decreasing the number of Equity Securities the Company can issue or agree to issue without obtaining prior Shareholder approval, to the extent of 11,605,269 Equity Securities for the 12-month period

following the issue of those Placement Shares (and assuming the Company's approval under Listing Rule 7.1A remains in force for this period).

### **8.3 Specific information required by Listing Rule 7.5**

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the ratification of the issue of the Placement Shares:

- (a) The Placement Shares were issued to sophisticated and professional investors. The participants in the Placement were identified through a bookbuild process, which involved the Company and the Joint Lead Managers and Co-Manager seeking expressions of interest to participate in the Placement from new and existing contacts of the Company. 1832 Asset Management L.P, a substantial holder of the Company and Material Investor, participated in the Placement and was issued 4,285,715 Placement Shares. None of the other recipients of the Placement Shares were related parties of the Company or a Material Investor.
- (b) A total of 23,809,524 Shares Placement Shares were issued under Listing Rules 7.1 and 7.1A in the proportions set out in Section 8.1.
- (c) The Placement Shares are fully paid and rank equally in all respects with the Company's existing Shares on issue.
- (d) The Placement Shares were issued on 26 September 2024 at \$1.05 each.
- (e) The proceeds from the Placement have been or are intended to be used for resource conversion and exploration activities at the Cerro Bayo Silver Project in Chile, general working capital (including transaction costs) and corporate costs.
- (f) There are no other material terms to the agreement for the issue of the Placement Shares.
- (g) A voting exclusion statement is included in this Notice.

### **8.4 Additional information**

Each of Resolution 4(a) and (b) is a separate ordinary resolution and are not inter-conditional.

The Board recommends that Shareholders vote in favour of Resolution 4(a) and (b).

## **9. Resolution 5 – Approval of 10% Placement Facility**

### **9.1 General**

Listing Rule 7.1A enables an eligible entity to issue Equity Securities up to 10% of its issued share capital through placements over a 12-month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% annual placement capacity under Listing Rule 7.1.

Resolution 5 seeks Shareholder approval to provide the Company with the ability to issue Equity Securities under the 10% Placement Facility during the 10% Placement Period (refer to Section 9.2(f) below). The number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 9.2(c) below).

If Resolution 5 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 5 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval in Listing Rule 7.1.

## **9.2 Listing Rule 7.1A**

### **(a) Is the Company an eligible entity?**

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less.

The Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a market capitalisation of approximately \$179.9 million based on the closing price of Shares (\$1.155) on 16 October 2024.

### **(b) What Equity Securities can be issued?**

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the eligible entity.

As at the date of the Notice, the Company has on issue one quoted class of Equity Securities, being Shares.

### **(c) How many Equity Securities can be issued?**

Listing Rule 7.1A.2 provides that under the approved 10% Placement Facility, the Company may issue or agree to issue a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

Where:

**A** = is the number of Shares on issue at the commencement of the Relevant Period:

- (A) plus the number of fully paid Shares issued in the Relevant Period under an exception in Listing Rule 7.2 other than exception 9, 16 or 17;
- (B) plus the number of fully paid Shares issued in the Relevant Period on the conversion of convertible securities within Listing Rule 7.2 exception 9 where:
  - (1) the convertible securities were issued or agreed to be issued before the commencement of the Relevant Period; or
  - (2) the issue of, or agreement to issue, the convertible securities was approved, or taken under the Listing Rules to have been approved, under Listing Rule 7.1 or Listing Rule 7.4;
- (C) plus the number of fully paid Shares issued in the Relevant Period under an agreement to issue securities within Listing Rule 7.2 exception 16 where:

- (1) the agreement was entered into before the commencement of the Relevant Period; or
- (2) the agreement or issue was approved, or taken under the Listing Rules to have been approved, under Listing Rule 7.1 or Listing Rule 7.4;
- (D) plus the number of partly paid Shares that became fully paid Shares in the Relevant Period;
- (E) plus the number of any other fully paid Shares issued in the Relevant Period with approval under Listing Rules 7.1 and 7.4; and
- (F) less the number of fully paid Shares cancelled in the Relevant Period.

Note that 'A' has the same meaning in Listing Rule 7.1 when calculating the Company's 15% annual placement capacity, and 'Relevant Period' has the relevant meaning given in Listing Rule 7.1 and 7.1A.2, namely, the 12 month-period immediately preceding the date of the issue or agreement.

**D** = is 10%.

**E** = is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the Relevant Period where the issue or agreement has not been subsequently approved by Shareholders under Listing Rule 7.4.

**(d) What is the interaction with Listing Rule 7.1?**

The Company's ability to issue Equity Securities under Listing Rule 7.1A will be in addition to its 15% annual placement capacity under Listing Rule 7.1.

**(e) At what price can the Equity Securities be issued?**

Any Equity Securities issued under Listing Rule 7.1A must be issued for a cash consideration per Equity Security which is not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the Company and the recipient of the Equity Securities; or
- (ii) if the Equity Securities are not issued within 10 Trading Days of the date in paragraph 9.2(e)(i) above, the date on which the Equity Securities are issued, **(Minimum Issue Price)**.

**(f) When can Equity Securities be issued?**

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A will be valid from the date of the Meeting and will expire on the earlier of:

- (i) the date that is 12 months after the date of the Meeting;
- (ii) the time and date of the Company's next annual general meeting; or

- (iii) the time and date of Shareholder approval of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

**(10% Placement Period).**

**(g) What is the effect of Resolution 5?**

The effect of Resolution 5 will be to allow the Company to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without further Shareholder approval or using the Company's 15% annual placement capacity under Listing Rule 7.1.

### **9.3 Specific information required by Listing Rule 7.3A**

Pursuant to and in accordance with Listing Rule 7.3A, the following information is provided in relation to the 10% Placement Facility:

**(a) Final date for issue**

The Company will only issue the Equity Securities under the 10% Placement Facility during the 10% Placement Period (refer to Section 9.2(f) above).

**(b) Minimum issue price**

Where the Company issues Equity Securities under the 10% Placement Facility, it will only do so for cash consideration and the issue price will be not less than the Minimum Issue Price (refer to Section 9.2(e) above).

**(c) Purposes of issues under the 10% Placement Facility**

The Company may seek to issue Equity Securities under the 10% Placement Facility for the purposes of raising funds for continued investment in the Company's current assets, the acquisition of new assets or investments (including expenses associated with such an acquisition), and/or for general working capital.

**(d) Risk of economic and voting dilution**

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

If this Resolution 5 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' economic and voting power in the Company may be diluted as shown in the below table (in the case of convertible securities only if those convertible securities are converted into Shares).



The table below shows the dilution of existing Shareholders based on the current market price of Shares and the current number of Shares for Variable 'A' calculated in accordance with the formula in Listing Rule 7.1A.2 (see Section 9.2(c) above) as at the date of this Notice (**Variable A**), with:

- (i) two examples where Variable A has increased, by 50% and 100%; and
- (ii) two examples of where the issue price of Shares has decreased by 50% and increased by 100% as against the current market price.

Shares (Variable A in Listing Rule 7.1A.2)	Dilution			
	Issue price per Share	\$0.5775 50% decrease in Current Market Price	\$1.155 Current Market Price	\$2.31 100% increase in Current Market Price
<b>155,723,755 Shares Variable A</b>	10% Voting Dilution	15,572,376 Shares	15,572,376 Shares	15,572,376 Shares
	Funds raised	\$8,993,047	\$17,986,094	\$35,972,187
<b>233,585,633 Shares 50% increase in Variable A</b>	10% Voting Dilution	23,358,563 Shares	23,358,563 Shares	23,358,563 Shares
	Funds raised	\$13,489,570	\$26,979,141	\$53,958,281
<b>311,447,510 Shares 100% increase in Variable A</b>	10% Voting Dilution	31,144,751 Shares	31,144,751 Shares	31,144,751 Shares
	Funds raised	\$17,986,094	\$35,972,187	\$71,944,375

**Notes:**

1. The table has been prepared on the following assumptions:
  - (a) The issue price is the current market price (\$1.155), being the closing price of the Shares on ASX on 16 October 2024, being the latest practicable date before this Notice was signed.
  - (b) Variable A comprises of 155,723,755 existing Shares on issue as at the date of this Meeting, assuming the Company has not issued any Shares in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with Shareholder approval under Listing Rule 7.1 and 7.4.
  - (c) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
  - (d) No convertible securities (including any issued under the 10% Placement Facility) are exercised or converted into Shares before the date of the issue of the Equity Securities.
  - (e) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes quoted Options, it is assumed that those quoted Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
2. The number of Shares on issue (i.e. Variable A) may increase as a result of issues of Shares that do not require Shareholder approval (for example, a pro rata entitlements issue, scrip issued under a takeover offer or upon exercise of convertible securities) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting.
3. The 10% voting dilution reflects the aggregate percentage dilution against the issued Share capital at the time of issue. This is why the voting dilution is shown in each example as 10%. The table does not show an example of dilution that may be caused to a particular

Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.

4. The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.

(e) **Allocation policy**

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing Shareholders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new investors who are not related parties of or associates of a related party of the Company.

(f) **Issues in the past 12 months**

The Company has previously obtained Shareholder approval under Listing Rule 7.1A at its 2023 annual general meeting held on 23 November 2023.

In the 12 months preceding the date of this Meeting, the Company has issued the following Shares under Listing Rule 7.1A:

	<b>Dec 2023 Placement</b>	<b>May 2024 Placement</b>	<b>Sep 2024 Placement</b>
<b>Date of issue</b>	8 December 2023	9 May 2024	26 September 2024
<b>Percentage of Equity Securities on issue at commencement of Relevant Period</b>	~10%	~10%	~10%
<b>Number of Securities</b>	4,535,010	8,916,491	11,605,269
<b>Type of Security</b>	Shares	Shares	Shares
<b>Recipient of Security</b>	Sophisticated and institutional investors, none of whom was a related party or Material Investor of the Company. The investors were identified through a bookbuild process,	Sophisticated and institutional investors, none of whom was a related party of the Company. The investors were identified through a bookbuild process, which involved the	Sophisticated and institutional investors, none of whom was a related party of the Company. The investors were identified through a bookbuild process, which involved the

	<b>Dec 2023 Placement</b>	<b>May 2024 Placement</b>	<b>Sep 2024 Placement</b>
	which involved the Company, Canaccord Genuity Limited (acting as lead manager) and Westar Capital (acting as co-manager) seeking expressions of interest to participate in the Dec 2023 Placement from new and existing contacts of the Company and clients of the assisting brokers.	Company, Canaccord Genuity Limited and Euroz Hartleys Limited (acting as joint lead managers) and Westar Capital (acting as co-manager) seeking expressions of interest to participate in the May 2024 Placement from new and existing contacts of the Company and clients of the assisting brokers. Material Investors Stephen Parsons and Tribeca Investments Partners Pty Ltd participated in the May 2024 Placement.	Company, Canaccord Genuity Limited and Euroz Hartleys Limited (acting as joint lead managers) and SCP Resource Finance (acting as co-manager) seeking expressions of interest to participate in the Sep 2024 Placement from new and existing contacts of the Company and clients of the assisting brokers. Material Investor 1832 Asset Management L.P participated in the Sep 2024 Placement.
<b>Issue price per Security</b>	\$0.20	\$0.45	\$1.05
<b>Discount</b>	Discount of 2.4% to the last closing price on the date of agreement to issue (\$0.205)	Discount of 9.1% to the last closing price on the date of agreement to issue (\$0.495)	Discount of 10.3% to the last closing price on the date of agreement to issue (\$1.17)
<b>Cash consideration received</b>	\$907,002 (before costs)	\$4,012,421 (before costs)	\$12,185,532 (before costs)
<b>Amount of cash consideration spent</b>	100%	100%	Approximately \$1.05 million
<b>Use of cash spent to date and intended use for remaining amount of cash (if any)</b>	Proceeds were used to fund the acquisition of Cerro Bayo, for resource and exploration expansion drilling, care and maintenance costs, costs of the placement and working capital.	Proceeds have been or are intended to be used towards resource growth and discovery exploration at the Cerro Bayo silver-gold project, care and maintenance costs, costs of the raising and general working capital.	Proceeds have been or are intended to be used for resource conversion and exploration activities at the Cerro Bayo Silver Project in Chile, general working capital (including transaction costs) and corporate costs.

(g) **Voting exclusion statement**

At the date of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A and has not approached any particular existing

Shareholder or security holder or an identifiable class of existing security holder to participate in any such issue. However, in the event that between the date of this Notice and the date of the Meeting, the Company proposes to make an issue of Equity Securities under Listing Rule 7.1A to one or more existing Shareholders, those Shareholders' votes will be excluded under the voting exclusion statement in the Notice.

## 9.4 Additional information

Resolution 5 is a **special** resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The Board recommends that Shareholders vote in favour of Resolution 5.

## 10. Resolution 6 – Approval of issue of Performance Rights to David Southam

### 10.1 General

The Company is proposing, subject to obtaining Shareholder approval, to issue up to 1,500,000 Performance Rights to Non-Executive Chair David Southam (or his nominee) (**Director Performance Rights**) as a one-off incentive to align the efforts of Mr Southam in seeking to achieve growth of the Cerro Bayo Project and the Company's share price.

The Director Performance Rights are to be issued under the Andean Silver Limited Employee Incentive Securities Plan (**Plan**). A summary of the material terms of the Plan is in Schedule 2. The full terms and conditions of the performance rights are set out in Schedule 3, with a summary of the vesting conditions below:

Performance Rights	Vesting conditions										
500,000 Class X	Satisfaction of the Retention Condition and the Company's Shares achieving a 20-Day VWAP of \$1.40 or greater prior to 30 June 2027.										
500,000 Class Y	<p>Subject to satisfaction of both the Retention Condition and the Company announcing a JORC Code compliant total Mineral Resource at a grade of not less 180g/t Silver equivalent on or before 30 June 2027 as follows:</p> <table> <tr> <th>Mineral Resources</th><th>% of Performance Rights eligible for vesting</th></tr> <tr> <td>Less than 130Moz</td><td>0%</td></tr> <tr> <td>Target: At 130Moz</td><td>50%</td></tr> <tr> <td>Between 130Moz and 150Moz</td><td>Pro-rata vesting</td></tr> <tr> <td>Stretch: 150Moz or more</td><td>100%</td></tr> </table>	Mineral Resources	% of Performance Rights eligible for vesting	Less than 130Moz	0%	Target: At 130Moz	50%	Between 130Moz and 150Moz	Pro-rata vesting	Stretch: 150Moz or more	100%
Mineral Resources	% of Performance Rights eligible for vesting										
Less than 130Moz	0%										
Target: At 130Moz	50%										
Between 130Moz and 150Moz	Pro-rata vesting										
Stretch: 150Moz or more	100%										
500,000 Class Z	Subject to satisfaction of both the Retention Condition and the Company announcing a successful study (scoping study, prefeasibility study or definitive feasibility study) in accordance with the JORC Code on or before 31 December 2026.										

Where:

**“20-Day VWAP”** means the volume weighted average market price of the Company's Shares calculated over 20 consecutive trading days in which Shares have actually traded following the date of issue of the Performance Rights;

**“JORC Code”** means the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, or as updated with subsequent editions; and

**“Retention Condition”** means Mr Southam remaining an employee, officeholder or consultant of the Company (or a related body corporate) for a continuous period up to and including 30 June 2027.

Details on the independent valuation of the Director Performance Rights can be found in Section 10.4(h) and Schedule 4. The Performance Rights provide an entitlement to receive fully paid ordinary Shares in the Company following the achievement of the above vesting conditions, but may also be cash settled at the election of the Board. The Director Performance Rights will expire 31 December 2028.

Resolution 6 seeks Shareholder approval pursuant to Listing Rule 10.14 and section 208 of the Corporations Act for the issue of the Director Performance Rights to Mr Southam (or his nominee) under the Plan.

## 10.2 Background and rationale

David Southam is a highly experienced resources professional, both as a CEO/Executive and as a non-executive director. He has a successful history as a project developer, with a strong track record and wide range of connections in global capital markets, M&A transactions and off-take negotiation, amongst other things. The Board has identified a need for this expertise to drive the Cerro Bayo Silver-Gold Project from exploration growth to ultimately production.

Mr Southam has been a Non-Executive Director of the Company since 17 April 2024 and transitioned to the role of Non-Executive Chair of the Board on 1 October 2024, following the completion of the highly successful \$25 million Placement and in anticipation of the Company moving into its next phase of growth following Andean's rapid progress and growth over the previous eight months.

The Company therefore is in an important stage of development with significant opportunities and challenges in both the near and long-term, and the proposed one-off issue of Director Performance Rights aims to align the efforts and interests of Mr Southam with those of Shareholders. The vesting conditions have been developed to ensure continued retention, and to achieve growth in the Company's Share price and the creation of Shareholder value through substantial Mineral Resource growth. In addition, the Company relies heavily on a limited number of key people and the Board believes that incentivising with Performance Rights linked to success is a prudent means of conserving the Company's available cash reserves whilst assisting in retaining key personnel in a competitive market.

As part of Andean's evolution as a company, the Board has made and is making a number of changes to enhance governance and independence. Therefore, the Board does not anticipate making future one-off grants of securities to Non-Executive Directors (except as necessary to attract future Board members on appointment). The Board will instead look to implement a long-term incentive plan under which performance rights may be granted to executive management to retain and incentivise key management personnel.

### 10.3 Listing Rule 10.14

Listing Rule 10.14 provides that an entity must not permit any of the following persons to acquire Equity Securities under an employee incentive scheme without the approval of its Shareholders:

- (a) a director of the entity (Listing Rule 10.14.1);
- (b) an associate of a person referred to in Listing Rule 10.14.1 (Listing Rule 10.14.2); and
- (c) a person whose relationship with the entity or a person referred to in Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by Shareholders.

Approval pursuant to Listing Rule 7.1 is not required for the issue of the Director Performance Rights as approval is being obtained under Listing Rule 10.14. Accordingly, the issue of the Director Performance Rights to Mr Southam (or his nominees) will not be included in the Company's 15% annual placement capacity in Listing Rule 7.1 or the maximum permitted number of Equity Securities issued under Listing Rule 7.2, exception 13(b).

The effect of Shareholders passing Resolution 6 will be to allow the Company to issue the Director Performance Rights to Mr Southam (or his nominee) under the Plan.

If Resolution 6 is not passed, the Company will not be able to proceed with the issue of the Director Performance Rights, and the Company will have to consider alternative commercial means to incentivise Mr Southam.

### 10.4 Specific information required by Listing Rule 10.15

Pursuant to and in accordance with Listing Rule 10.15, the following information is provided in relation to the proposed issue of the Director Performance Rights:

- (a) The Director Performance Rights will be issued under the Plan to Mr Southam (or his nominee).
- (b) Mr Southam falls into the category stipulated by Listing Rule 10.14.1 by virtue of being a Director of the Company. If any Director Performance Rights are issued to a nominee of Mr Southam, that person(s) will fall into the category stipulated by Listing Rule 10.14.2.
- (c) A maximum of 1,500,000 Director Performance Rights will be issued to Mr Southam (or his nominees).
- (d) The current total annual remuneration package for Mr Southam as at the date of this Notice is \$150,000 (inclusive of superannuation).
- (e) Mr Southam has previously been issued 1,500,000 Performance Rights (expiring 30 April 2029) under the Plan for nil consideration, as approved by Shareholders at the general meeting on 28 June 2024.
- (f) The Director Performance Rights will be issued on the terms and conditions in Schedule 3.
- (g) The Board considers that Performance Rights, rather than Shares or Options, are an appropriate form of incentive because they aim to align the remuneration of Mr Southam with the goal of generating shareholder wealth with vesting conditions that are designed to be consistent with the Company's strategic and business objectives. Mr Southam will

only be rewarded for the achievement of financial and non-financial business objectives and Mr Southam will only obtain the value of the Director Performance Rights upon satisfaction of the relevant milestones.

- (h) An independent valuation of the Director Performance Rights is in Schedule 4, with a total value of \$1,348,380.
- (i) The Director Performance Rights will be issued to Mr Southam (or his nominees) as soon as practicable following the Meeting and in any event not later than three years after the Meeting.
- (j) The Director Performance Rights will be issued for nil cash consideration and will be provided as an incentive component to Mr Southam's remuneration package.
- (k) A summary of the material terms of the Plan is in Schedule 2.
- (l) No loan will be provided to Mr Southam in relation to the issue of the Director Performance Rights.
- (m) Details of any securities issued under the Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14.
- (n) Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the Plan after the resolution is approved and who were not named in the Notice will not participate until approval is obtained under Listing Rule 10.14.
- (o) A voting exclusion statement is included in the Notice.

## **10.5 Chapter 2E of the Corporations Act**

In accordance with Chapter 2E of the Corporations Act, in order to give a financial benefit to a related party, the Company must:

- (a) obtain Shareholder approval in the manner set out in section 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The proposed issue of the Director Performance Rights constitutes giving a financial benefit to a related party of the Company and it is the view of the Board (with Mr Southam abstaining) that the exceptions set out in sections 210 to 216 of the Corporations Act do not apply in the present circumstances.

Accordingly, the Company is seeking approval for the purposes of Chapter 2E of the Corporations Act in respect of the Director Performance Rights proposed to be issued to Mr Southam (or his nominee) under the Plan.

## **10.6 Information required under Chapter 2E of the Corporations Act**

Pursuant to and in accordance with section 219 of the Corporations Act, the following information is provided in relation to the proposed issue of the Director Performance Rights:

(a) **Identity of the related party to whom Resolution 6 permits financial benefits to be given**

Mr David Southam, or his nominee.

(b) **Nature of the financial benefit**

Resolution 6 seeks Shareholder approval to allow the Company to issue the Director Performance Rights to Mr Southam (or his nominee). The Director Performance Rights are to be issued in accordance with the Plan and otherwise on the terms and conditions in Schedule 3.

Any Shares issued upon conversion of the Director Performance Rights will be fully paid ordinary Shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and will rank equally in all respects with the Company's existing Shares. The Company will apply for official quotation of the Shares on ASX.

(c) **Director recommendations**

The Board (other than Mr Southam who has a personal interest in the outcome of Resolution 6) recommends Shareholders vote in favour of Resolution 6 for the reasons set out at Sections 10.2 and 10.4(g) above.

(d) **Valuation of financial benefit**

Refer to Section 10.4(h) above.

(e) **Remuneration of Mr Southam**

Refer to Section 10.4(d) above.

(f) **Existing relevant interest**

At the date of this Notice, Mr Southam holds the following relevant interests in Equity Securities of the Company:

Shares	Options	Performance Rights
253,969	-	1,500,000

Assuming that Resolution 6 is approved by Shareholders, all of the Director Performance Rights are issued, vested and exercised into Shares, and no other Equity Securities are issued or exercised (including any existing convertible Securities held by Mr Southam as at the date of this Notice), the voting power of Mr Southam in the Company would be 1.12% (based on 155,723,755 Shares on issue as at the date of this Notice).

(g) **Dilution**

The issue of the Director Performance Rights will have a diluting effect on the percentage interest of existing Shareholders' holdings if the Director Performance Rights vest and are exercised. The potential dilution if all Director Performance Rights vest and are exercised into Shares is 0.95%. This figure assumes the current Share capital structure as at the date of this Notice (155,723,755 Shares) and that no Shares are issued other than the Shares issued on exercise of the Director Performance Rights.



The vesting and exercise of all of the Director Performance Rights will result in a total dilution of all other Shareholders' holdings of 0.84% on a fully diluted basis (assuming that all other convertible securities are exercised). The actual dilution will depend on the extent that additional Shares are issued by the Company.

(h) **Trading history**

The highest and lowest closing market sale prices of the Shares on ASX during the 12 months prior to the date of this Notice were:

<b>Highest:</b>	\$1.25 per Share on 27 September 2024
<b>Lowest:</b>	\$0.20 per Share on 28 November 2023

The latest available closing market sale price of the Shares on ASX prior to the date of this Notice was \$1.155 per Share on 16 October 2024.

(i) **Corporate governance**

The Board acknowledges that the grant of the Director Performance Rights to Non-Executive Chair David Southam is contrary to Recommendation 8.2 of the 4<sup>th</sup> edition of the ASX Corporate Governance Council's Principles and Recommendations. However, the Board (with Mr Southam abstaining) considers the grant of the Director Performance Rights is reasonable in the circumstances for the reasons set out in Sections 10.2 and 10.4(g) above.

(j) **Taxation consequences**

There are no taxation consequences for the Company arising from the issue of the Director Performance Rights (including fringe benefits tax).

(k) **Other information**

The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 6.

## **10.7 Additional information**

Resolution 6 is an ordinary resolution.

## Schedule 1      Definitions

In the Notice, words importing the singular include the plural and vice versa.

<b>\$ or A\$</b>	means Australian Dollars.
<b>10% Placement Facility</b>	has the meaning given in Section 9.1.
<b>10% Placement Period</b>	has the meaning given in Section 9.2(f).
<b>Annual Report</b>	means the Directors' Report, the Financial Report, and Auditor's Report, in respect to the year ended 30 June 2024.
<b>ASIC</b>	means the Australian Securities and Investments Commission.
<b>ASX</b>	means the ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.
<b>Auditor's Report</b>	means the auditor's report on the Financial Report.
<b>AWST</b>	means Australian Western Standard Time, being the time in Perth, Western Australia.
<b>Board</b>	means the board of Directors.
<b>Chair</b>	means the person appointed to chair the Meeting of the Company convened by the Notice.
<b>Clause</b>	means a clause of the Constitution.
<b>Closely Related Party</b>	means: <ul style="list-style-type: none"><li>(a) a spouse or child of the member; or</li><li>(b) has the meaning given in section 9 of the Corporations Act.</li></ul>
<b>Co-Manager</b>	means SCP Resource Finance.
<b>Company</b>	means Andean Silver Ltd (ACN 645 578 454).
<b>Constitution</b>	means the constitution of the Company as at the date of the Meeting.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth) as amended or modified from time to time.
<b>December 2023 Placement</b>	has the meaning given in Section 9.3(f).
<b>Director</b>	means a director of the Company.
<b>Director Performance Rights</b>	means the proposed issue of up to 1,500,000 Performance Rights to David Southam (or his nominee), the subject of Resolution 6.
<b>Directors' Report</b>	means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.
<b>Equity Security</b>	has the same meaning as in the Listing Rules.
<b>Explanatory Memorandum</b>	means the explanatory memorandum which forms part of the Notice.

<b>Financial Report</b>	means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.
<b>Joint Lead Managers</b>	means Canaccord Genuity (Australia) Limited and Euroz Hartleys Limited.
<b>Key Management Personnel</b>	has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.
<b>Listing Rules</b>	means the listing rules of ASX.
<b>Material Investor</b>	means, in relation to the Company: <ul style="list-style-type: none"> <li>(a) a related party;</li> <li>(b) Key Management Personnel;</li> <li>(c) a substantial Shareholder;</li> <li>(d) an advisor; or</li> <li>(e) an associate of the above,</li> </ul> who received or will receive Securities in the Company which constitute more than 1% of the Company's anticipated capital structure at the time of issue.
<b>May 2024 Placement</b>	has the meaning given in Section 9.3(f).
<b>Meeting</b>	has the meaning given in the introductory paragraph of the Notice.
<b>Minimum Issue Price</b>	has the meaning given in Section 9.2(e).
<b>Notice</b>	means this notice of annual general meeting.
<b>Option</b>	means an option to acquire a Share.
<b>Performance Right</b>	means a right, subject to certain terms and conditions, to acquire a Share on the satisfaction (or waiver) of certain performance conditions.
<b>Placement</b>	has the meaning given in Section 8.1.
<b>Placement Shares</b>	has the meaning given in Section 8.1.
<b>Plan</b>	means the Company's employee incentive securities plan, a summary of which is in Schedule 2.
<b>Proxy Form</b>	means the proxy form made available with this Notice.
<b>Remuneration Report</b>	means the remuneration report of the Company contained in the Directors' Report.
<b>Resolution</b>	means a resolution referred to in the Notice.
<b>Schedule</b>	means a schedule to the Notice.

<b>Section</b>	means a Section of this Notice.
<b>Securities</b>	means any Equity Securities of the Company (including Shares, Options and/or Performance Rights).
<b>Share</b>	means a fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	means the holder of a Share.
<b>Strike</b>	has the meaning given in Section 5.1.
<b>VWAP</b>	means volume-weighted average price.

## Schedule 2      Summary of material terms of Plan

A summary of the material terms of the Company's Employee Incentive Securities Plan (**Plan**) is set out below.

<b>Eligible Participant</b>	<b>Eligible Participant</b> means a person that is a 'primary participant' (as that term is defined in Division 1A of Part 7.12 of the Corporations Act) in relation to the Company or an Associated Body Corporate (as defined in the Corporations Act) and has been determined by the Board to be eligible to participate in the Plan from time to time.
<b>Purpose</b>	<p>The purpose of the Plan is to:</p> <ul style="list-style-type: none"> <li>(a) assist in the reward, retention and motivation of Eligible Participants;</li> <li>(b) link the reward of Eligible Participants to Shareholder value creation; and</li> <li>(c) align the interests of Eligible Participants with shareholders of the Group (being the Company and each of its Associated Bodies Corporate), by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of a Plan Share, Option, Performance Right or other Convertible Security (<b>Securities</b>).</li> </ul>
<b>Plan administration</b>	The Plan will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Plan rules in its sole and absolute discretion (except to the extent that it prevents the Participant relying on the deferred tax concessions under Subdivision 83A-C of the <i>Income Tax Assessment Act 1997</i> (Cth)). The Board may delegate its powers and discretion.
<b>Eligibility, invitation and application</b>	<p>The Board may from time to time determine that an Eligible Participant may participate in the Plan and make an invitation to that Eligible Participant to apply for any (or any combination of) the Securities provided under the Plan on such terms and conditions as the Board decides.</p> <p>On receipt of an invitation, an Eligible Participant may apply for the Securities the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from an Eligible Participant in whole or in part.</p> <p>If an Eligible Participant is permitted in the invitation, the Eligible Participant may, by notice in writing to the Board, nominate a party in whose favour the Eligible Participant wishes to renounce the invitation.</p>
<b>Grant of Securities</b>	The Company will, to the extent that it has accepted a duly completed application, grant the Participant the relevant number and type of Securities, subject to the terms and conditions set out in the invitation, the Plan rules and any ancillary documentation required.
<b>Rights attaching to Convertible Securities</b>	<p>A <b>Convertible Security</b> represents a right to acquire one or more Plan Shares in accordance with the Plan (for example, an Option or a Performance Right).</p> <p>Prior to a Convertible Security being exercised, the holder:</p> <ul style="list-style-type: none"> <li>(a) does not have any interest (legal, equitable or otherwise) in any Share the subject of the Convertible Security other than as expressly set out in the Plan;</li> <li>(b) is not entitled to receive notice of, vote at or attend a meeting of the shareholders of the Company;</li> </ul>

	<p>(c) is not entitled to receive any dividends declared by the Company; and</p> <p>(d) is not entitled to participate in any new issue of Shares (see Adjustment of Convertible Securities section below).</p>
<b>Vesting of Convertible Securities</b>	<p>Any vesting conditions which must be satisfied before Convertible Securities can be exercised and converted to Shares will be described in the invitation. If all the vesting conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant by the Company informing them that the relevant Convertible Securities have vested. Unless and until the vesting notice is issued by the Company, the Convertible Securities will not be considered to have vested. For the avoidance of doubt, if the vesting conditions relevant to a Convertible Security are not satisfied and/or otherwise waived by the Board, that Convertible Security will lapse.</p>
<b>Exercise of Convertible Securities and cashless exercise</b>	<p>To exercise a Convertible Security, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise of Convertible Securities (see next paragraph below), pay the exercise price (if any) to or as directed by the Company, at any time following vesting of the Convertible Security (if subject to vesting conditions) and prior to the expiry date as set out in the invitation or vesting notice.</p> <p>An invitation may specify that at the time of exercise of the Convertible Securities, the Participant may elect not to be required to provide payment of the exercise price for the number of Convertible Securities specified in a notice of exercise, but that on exercise of those Convertible Securities the Company will transfer or issue to the Participant that number of Shares equal in value to the positive difference between the Market Value of the Shares at the time of exercise and the exercise price that would otherwise be payable to exercise those Convertible Securities.</p> <p><b>Market Value</b> means, at any given date, the volume weighted average price per Share traded on the ASX over the 5 trading days immediately preceding that given date, unless otherwise specified in an invitation.</p> <p>A Convertible Security may not be exercised unless and until that Convertible Security has vested in accordance with the Plan rules, or such earlier date as set out in the Plan rules.</p>
<b>Timing of issue of Shares and quotation of Shares on exercise</b>	<p>As soon as practicable after the valid exercise of a Convertible Security by a Participant, the Company will issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled under the Plan rules and issue a substitute certificate for any remaining unexercised Convertible Securities held by that Participant.</p>
<b>Restrictions on dealing with Convertible Securities</b>	<p>A holder may not sell, assign, transfer, grant a security interest over or otherwise deal with a Convertible Security that has been granted to them unless otherwise determined by the Board. A holder must not enter into any arrangement for the purpose of hedging their economic exposure to a Convertible Security that has been granted to them.</p> <p>However, in Special Circumstances as defined under the Plan (including in the case of death or total or permanent disability of the Participant) a Participant may deal with Convertible Securities granted to them under the Plan with the consent of the Board.</p>
<b>Listing of Convertible Securities</b>	<p>A Convertible Security granted under the Plan will not be quoted on the ASX or any other recognised exchange. The Board reserves the right in its absolute discretion to apply for quotation of an Option granted under the Plan on the ASX or any other recognised exchange.</p>
<b>Forfeiture of</b>	<p>Convertible Securities will be forfeited in the following circumstances:</p>

<b>Convertible Securities</b>	<p>(a) where a Participant who holds Convertible Securities ceases to be an Eligible Participant (e.g. is no longer employed or their office or engagement is discontinued with the Group), all unvested Convertible Securities will automatically be forfeited by the Participant;</p> <p>(b) where a Participant acts fraudulently or dishonestly, negligently, in contravention of any Group policy or willfully breaches their duties to the Group;</p> <p>(c) where there is a failure to satisfy the vesting conditions in accordance with the Plan;</p> <p>(d) on the date the Participant becomes insolvent; or</p> <p>(e) on the Expiry Date.</p>
<b>Change of control</b>	<p>If a change of control event occurs, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the holder's Convertible Securities will be dealt with, including, without limitation, in a manner that allows the holder to participate in and/or benefit from any transaction arising from or in connection with the change of control event.</p>
<b>Adjustment of Convertible Securities</b>	<p>If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each Participant holding Convertible Securities will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.</p> <p>If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Convertible Securities is entitled, upon exercise of the Convertible Securities, to receive an issue of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the Convertible Securities are exercised.</p> <p>Unless otherwise determined by the Board, a holder of Convertible Securities does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.</p>
<b>Plan Shares</b>	<p>The Board may, from time to time, make an invitation to an Eligible Participant to acquire Plan Shares under the Plan. The Board will determine in its sole and absolute discretion the acquisition price (if any) for each Plan Share which may be nil. The Plan Shares may be subject to performance hurdles and/or vesting conditions as determined by the Board.</p> <p>Where Plan Shares granted to a Participant are subject to performance hurdles and/or vesting conditions, the Participant's Plan Shares will be subject to certain restrictions until the applicable performance hurdles and/or vesting conditions (if any) have been satisfied, waived by the Board or are deemed to have been satisfied under the Rules.</p>
<b>Rights attaching to Plan Shares</b>	<p>All Shares issued or transferred under the Plan or issued or transferred to a Participant upon the valid exercise of a Convertible Security, (<b>Plan Shares</b>) will rank equally in all respects with the Shares of the same class for the time being on issue except for any rights attaching to the Shares by reference to a record date prior to the date of the allotment or transfer of the Plan Shares. A Participant will be entitled to any dividends declared and distributed by the Company on the Plan Shares and may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares. A Participant may exercise any voting rights attaching to Plan Shares.</p>

<b>Disposal restrictions on Plan Shares</b>	<p>If the invitation provides that any Plan Shares are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.</p> <p>For so long as a Plan Share is subject to any disposal restrictions under the Plan, the Participant will not:</p> <ul style="list-style-type: none"> <li>(a) transfer, encumber or otherwise dispose of, or have a security interest granted over that Plan Share; or</li> <li>(b) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.</li> </ul>
<b>General Restrictions on Transfer of Plan Shares</b>	<p>If the Company is required but is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Plan Shares issued under the Plan (including on exercise of Convertible Securities) may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Act.</p> <p>Restrictions are imposed by Applicable Law on dealing in Shares by persons who possess material information likely to affect the value of the Shares and which is not generally available. These laws may restrict the acquisition or disposal of Shares by you during the time the holder has such information.</p> <p>Any Plan Shares issued to a holder under the Plan (including upon exercise of Convertible Securities) shall be subject to the terms of the Company's Securities Trading Policy.</p>
<b>Buy-Back</b>	<p>Subject to applicable law, the Company may at any time buy- back Securities in accordance with the terms of the Plan.</p>
<b>Employee Share Trust</b>	<p>The Board may in its sole and absolute discretion use an employee share trust or other mechanism for the purposes of holding Convertible Securities for holders under the Plan and delivering Shares on behalf of holders upon exercise of Convertible Securities.</p>
<b>Maximum number of Securities</b>	<p>The Company will not make an invitation under the Plan which involves monetary consideration if the number of Plan Shares that may be issued, or acquired upon exercise of Convertible Securities offered under an invitation, when aggregated with the number of Shares issued or that may be issued as a result of all invitations under the Plan during the 3 year period ending on the day of the invitation, will exceed 5% of the total number of issued Shares at the date of the invitation (unless the Constitution specifies a different percentage and subject to any limits approved by Shareholders under Listing Rule 7.2 Exception 13(b).</p>
<b>Amendment of Plan</b>	<p>Subject to the following paragraph, the Board may at any time amend any provisions of the Plan rules, including (without limitation) the terms and conditions upon which any Securities have been granted under the Plan and determine that any amendments to the Plan rules be given retrospective effect, immediate effect or future effect.</p> <p>No amendment to any provision of the Plan rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment introduced primarily for the purpose of complying with legislation or to correct manifest error or mistake, amongst other things, or is agreed to in writing by all Participants.</p>



<b>Plan duration</b>	<p>The Plan continues in operation until the Board decides to end it. The Board may from time to time suspend the operation of the Plan for a fixed period or indefinitely and may end any suspension. If the Plan is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the Participants.</p> <p>If a Participant and the Company (acting by the Board) agree in writing that some or all of the Securities granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, then those Securities may be cancelled in the manner agreed between the Company and the Participant.</p>
<b>Income Tax Assessment Act</b>	<p>The Plan is a plan to which Subdivision 83A-C of the <i>Income Tax Assessment Act 1997</i> (Cth) applies (subject to the conditions in that Act) except to the extent an invitation provides otherwise.</p>

## Schedule 3      Terms and conditions of Director Performance Rights

The following terms and conditions apply to each of the Director Performance Rights (**Performance Rights**):

### 1.      Entitlement

At the discretion of the Board, each Performance Right, once vested, entitles the holder to receive cash to the value of one fully paid ordinary share in the capital of the Company (**Share**) calculated in accordance with paragraph 9, or subscribe for one Share upon the exercise of each Performance Right.

### 2.      Inconsistencies with the Plan

The Performance Rights are issued pursuant to the Company's Employee Incentive Securities Plan. To the extent of any inconsistency with the terms of the Performance Rights and the Plan, the terms of the Performance Rights will prevail.

### 3.      Quotation of Performance Rights

The Company will not apply for official quotation of the Performance Rights on ASX.

### 4.      Issue Price

The Performance Rights will be issued for nil cash consideration.

### 5.      Vesting Conditions

Subject to the terms and conditions set out below, the Performance Rights will have the following vesting conditions:

Performance Rights		Vesting Conditions	
Class	Number		
<b>X</b>	500,000	Satisfaction of the Retention Condition and the Company's Shares achieving a 20-Day VWAP of \$1.40 or greater prior to 30 June 2027.	
<b>Y</b>	500,000	Subject to satisfaction of both the Retention Condition and the Company announcing a JORC Code compliant total Mineral Resource at a grade of not less 100g/t Silver equivalent on or before 30 June 2027 as follows:	
		<b>Mineral Resources</b>	<b>% of Performance Rights eligible for vesting</b>
		Less than 130Moz	0%
		Target: At 130Moz	50%
		Between 130Moz and 150Moz	Pro-rata vesting
		Stretch: 150Moz or more	100%
<b>Z</b>	500,000	Subject to satisfaction of both the Retention Condition and the Company announcing a successful study (scoping study, prefeasibility study or definitive feasibility study) in accordance with the JORC Code on or before 31 December 2026.	

Where:

**"20-Day VWAP"** means the volume weighted average market price of the Company's Shares calculated over 20 consecutive trading days in which Shares have actually traded following

the date of issue of the Performance Rights;

“**JORC Code**” means the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, or as updated with subsequent editions; and

“**Retention Condition**” means the relevant Eligible Participant remaining an employee, officeholder or consultant of the Company (or a related body corporate) for a continuous period up to and including 30 June 2027.

## **6. Vesting**

Subject to the satisfaction of the Vesting Conditions on or before the Vesting Date, the Company will notify the holder in writing (**Vesting Notice**) that the relevant Vesting Conditions have been satisfied.

## **7. Expiry Date**

The Performance Rights will expire and lapse on the first to occur of the following:

- (a) the Performance Rights are not exercised in accordance with these terms before 5pm AWST on 31 December 2028; and
- (b) the Vesting Conditions become incapable of satisfaction as determined by the Board in its discretion,

(**Expiry Date**).

## **8. Exercise**

Where the Board elects to satisfy the Performance Rights by the issue of Shares, at any time between receipt of a Vesting Notice and the Expiry Date (as defined in paragraph 7 above), the holder may apply to exercise Performance Rights by delivering a signed notice of exercise to the Company Secretary (**Exercise Notice**). The holder is not required to pay a fee to exercise the Performance Rights.

## **9. Election to pay cash**

When the Company receives an Exercise Notice, the Company will notify the holder within 7 days of receipt as to the Board's election to satisfy the exercise of Performance Rights through the issue of Shares and/or the payment of cash. If the Performance Rights are satisfied through the payment of cash, the amount of cash payable will be calculated based on the VWAP of the Company's Shares over the 20 trading day period immediately preceding the date of receipt of the Exercise Notice and paid within 2 months of receipt of the Exercise Notice.

## **10. Change of control**

Unvested Performance Rights automatically vest and are automatically exercised upon the occurrence of a “Change of Control” occurring before the Expiry Date. A “Change of Control” will occur if a person who does not control the Company at the time the Performance Rights are issued achieving control of more than 50% of the ordinary voting securities in the Company.

## **11. Leaver**

Unless the Company's board of directors determines otherwise, if an Eligible Participant becomes a Leaver:

- (a) unvested Performance Rights will automatically be forfeited upon termination; and
- (b) vested Performance Rights will automatically be forfeited:

- (A) upon termination, in the case of 'bad' Leavers (eg. resignation, or summary termination); and
- (B) 30 days after termination, in the case of 'good' Leavers (eg. redundancy, retirement, or incapacitation).

## **12. Malus and clawback**

Where, in the opinion of the Board, an Eligible Participant:

- (a) acts fraudulently or dishonestly;
- (b) wilfully breaches their duties to the Company (or any other entity within the same corporate group as the Company);
- (c) is responsible for: material financial misstatements; major negligence; significant legal, regulatory and/or policy non-compliance; or a significant harmful act; or
- (d) breaches the Company's Code of Conduct,

then the Board may determine that:

- (e) some or all of the Performance Rights will not be issued to the Eligible Participant; and/or
- (f) the Vesting Condition and/or vesting period applying to the Performance Rights should be reset or altered (as the case may be and subject to compliance with the Listing Rules); and/or
- (g) any or all of the unvested, or vested but unconverted, Performance Rights are forfeited and lapse.

## **13. Issue of Shares**

As soon as practicable after the valid exercise of a vested Performance Right, the Company will:

- (a) issue, allocate or cause to be transferred to the holder the number of Shares to which the holder is entitled;
- (b) issue a substitute Certificate for any remaining unexercised Performance Rights held by the holder;
- (c) if required, and subject to clause 14, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (d) do all such acts, matters and things to obtain the grant of quotation of the Shares by ASX in accordance with the Listing Rules.

## **14. Restrictions on transfer of Shares**

If the Company is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, 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, Shares issued on exercise of the Performance Rights may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act. The Company is authorised by the holder to apply a holding lock on the relevant Shares during the period of such restriction from trading.

## **15. Ranking**

All Shares issued upon the conversion of Performance Rights will upon issue rank equally in all respects with other Shares.

**16. Transferability of the Performance Rights**

The Performance Rights are not transferable, except with the prior written approval of the Company in exceptional circumstances at its sole discretion and subject to compliance with the Corporations Act and Listing Rules.

**17. Dividend rights**

A Performance Right does not entitle the holder to any dividends.

**18. Voting rights**

A Performance Right does not entitle the holder to vote on any resolutions proposed at a general meeting of the Company, subject to any voting rights provided under the Corporations Act or the ASX Listing Rules where such rights cannot be excluded by these terms.

**19. Quotation of the Performance Rights**

The Company will not apply for quotation of the Performance Rights on any securities exchange.

**20. Adjustments for reorganisation**

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

**21. Entitlements and bonus issues**

Subject to the rights under paragraph 22, holders will not be entitled to participate in new issues of capital offered to shareholders such as bonus issues and entitlement issues.

**22. Bonus issues**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment), the number of Shares which must be issued on the exercise of a vested Performance Right will be increased by the number of Shares which the holder would have received if the holder had exercised the Performance Right before the record date for the bonus issue, so as to preserve the proportionate value of the Performance Rights vis-à-vis the Company's ordinary shares.

**23. Return of capital rights**

The Performance Rights do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

**24. Rights on winding up**

The Performance Rights have no right to participate in the surplus profits or assets of the Company upon a winding up of the Company.

**25. Takeovers prohibition**

- (a) the issue of Shares on exercise of the Performance Rights is subject to and conditional upon the issue of the relevant Shares not resulting in any person being in breach of section 606(1) of the Corporations Act; and
- (b) the Company will not be required to seek the approval of its members for the purposes of item 7 of section 611 of the Corporations Act to permit the issue of any Shares on exercise of the Performance Rights.

**26. No other rights**

A Performance Right does not give a holder any rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

**27. Amendments required by ASX**

The terms of the Performance Rights may be amended as considered necessary by the Board in order to comply with the ASX Listing Rules, or any directions of ASX regarding the terms provided that, subject to compliance with the Listing Rules, following such amendment, the economic and other rights of the holder are not diminished or terminated.

**28. Plan**

The Performance Rights are issued pursuant to and are subject to the Plan. In the event of conflict between a provision of these terms and conditions and the Plan, these terms and conditions prevail to the extent of that conflict.

**29. Constitution**

Upon the issue of the Shares on exercise of the Performance Rights, the holder will be bound by the Company's Constitution.

## **Schedule 4      Valuation of Director Performance Rights**

See over the page.

7 October 2024

Andean Silver Limited  
Level 2  
8 Richardson Street  
West Perth, WA 6005  
**Attention: Maddison Cramer**

**RE: Valuation of Andean Silver Limited performance rights**

Dear Maddison,

## 1. Introduction

You have requested that we determine the fair market value of three tranches of performance rights (the **Rights**) in accordance with AASB 2 – Share Based Payment (the **Engagement**). The Rights are proposed to be granted by Andean Silver Limited (the **Company**) to a director of the Company following shareholder approval at the Company’s next General Meeting. As a result, we undertook the valuation as at 4 October 2024 (**Valuation Date**), being the most recently concluded market day prior to the date of this report.

## 2. Summary of the Rights

The tranches comprising the Rights are summarised below and further detailed in Annexure 1.

Tranche	Recipient(s)	Summary of terms / vesting conditions
Tranche 1	David Southam (or nominee)	Exercise Price = \$nil; Satisfaction of the Retention Condition; 20-day VWAP $\geq$ \$1.40
Tranche 2	David Southam (or nominee)	Exercise Price = \$nil; Satisfaction of the Retention Condition; Company announcing a JORC Code compliant total Mineral Resource at a grade of not less than 180g/t Silver equivalent.
Tranche 3	David Southam (or nominee)	Exercise Price = \$nil; Satisfaction of the Retention Condition; Company announcing a successful study in accordance with the JORC Code.

## 3. Valuation Methodologies

We have used the Black-Scholes Option Pricing (**BSOP**) methodology, which utilises the Black-Scholes-Merton model, and Monte Carlo Simulation (**MCS**) Methodology, which utilises the Binomial Option Pricing Model, to estimate the fair value of the Rights. Our valuation of the Rights takes into consideration:

- (1) The material terms of the Rights ..... Annexure 1
- (2) Methodology and key inputs of the BSOP and MCS ..... Annexure 2
- (3) Other considerations ..... Annexure 3
- (4) Key relevant accounting standards ..... Annexure 4



#### 4. Valuation Conclusion

Based on the inputs and assumptions discussed in this letter (including annexures), the resulting fair value for the Rights is summarised in Table 1 below.

**Table 1: Valuation Conclusion**

Tranche	# of equity instruments	Probability of achievement <sup>1</sup>	Value per Right	Concluded value
	(a)	(b)	(c)	(d) = (a)*(b)*(c)
Tranche 1	500,000	90.0%	\$0.9984	\$449,280
Tranche 2	500,000	72.0%	\$1.1100	\$399,600
Tranche 3	500,000	90.0%	\$1.1100	\$499,500
<b>Total</b>	<b>1,500,000</b>			<b>\$1,348,380</b>

Note 1: the Company must apply their estimated probability of achievement of each tranche's non-market-based vesting conditions and service condition to the number of equity instruments in each tranche (see Annexure 3 for further discussion).

Should you have any questions regarding anything contained in this letter please do not hesitate to contact me. Yours faithfully



Oliver Schweizer, CFA  
Director

#### VALUERS' CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this letter are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is our personal, unbiased professional analyses, opinion, and conclusion.
- Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- No one provided significant professional assistance to the persons signing this certification other than other employees of 22 Corporate Advisory Pty Ltd.

## STATEMENT OF LIMITING CONDITIONS

In accordance with professional ethics, our fees for this service are not contingent upon the opinions expressed herein. Information provided by management or its representatives in the course of this investigation has been accepted, without further verification, as correctly reflecting Andean Silver Limited's business conditions and operating results.

Financial and statistical information is from sources we deem reliable. We make no representation as to our sources' accuracy or completeness and have accepted their information without further verification.

The conclusions are based upon the assumption that present management will continue to maintain the character and integrity of Andean Silver Limited through any sale, reorganisation, or diminution of the owners' participation.

Our opinions expressed herein are valid only for the stated purpose and date of the appraisal. Though some similarities exist between the value as set forth for this purpose and others, it would be incorrect to use the opinions as determined herein for any other purpose due to specific timing, performance, and marketability issues. Accordingly, any such use of the conclusions as determined herein for other purposes would be inaccurate and possibly misleading.

Future services regarding the subject matter contained herein, including, but not limited to, testimony or attendance in court shall not be required of 22 Corporate Advisory Pty Ltd unless previous arrangements have been made in writing.

Neither all nor any part of the contents contained herein shall be conveyed to the public through advertising, public relations, news, sales, mail, direct transmittal, or other media without the prior written consent and approval of 22 Corporate Advisory Pty Ltd.

## Annexure 1

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### Summary of the Rights

## Annexure 1 – Summary of the Rights

- Table A1-1 below summarises the key terms of the Rights:

**Table A1-1: Summary of the Rights**

Tranche	# of Rights	Valuation Date	Expiry Date	Term	Exercise Price	Vesting Period Start	Vesting Period End
Tranche 1	500,000	04-Oct-24	31-Dec-28	4.24 yrs	\$nil	04-Oct-24	30-Jun-27
Tranche 2	500,000	04-Oct-24	31-Dec-28	4.24 yrs	\$nil	04-Oct-24	30-Jun-27
Tranche 3	500,000	04-Oct-24	31-Dec-28	4.24 yrs	\$nil	04-Oct-24	30-Jun-27

- The grant of the Rights is subject to shareholder approval at the Company's next General Meeting. As a result, we undertook the valuation as at 4 October 2024, being the most recently concluded market day prior to the date of this report.
- At the discretion of the Board, each individual Right, once vested, entitles the holder to either: (i) receive cash to the value of one fully paid ordinary share in the capital of the Company ('Share'); or (ii) subscribe for one Share upon the exercise of each Right at the exercise prices listed in Table A1-1 above.
- The Rights are subject to the following vesting conditions:

### **Non-market-based vesting criteria**

Tranche 1	no non-market-based vesting conditions										
Tranche 2	<p>Subject to satisfaction of both the Retention Condition and the Company announcing a JORC Code compliant total Mineral Resource at a grade of not less than 180g/t Silver equivalent on or before 30 June 2027 as follows:</p> <table> <tr> <th>Mineral Resources</th><th>% of Performance Rights eligible for vesting</th></tr> <tr> <td>Less than 130Moz</td><td>0%</td></tr> <tr> <td>Target: At 130Moz</td><td>50%</td></tr> <tr> <td>Between 130Moz and 150Moz</td><td>Pro-rata vesting</td></tr> <tr> <td>Stretch: 150Moz or more</td><td>100%</td></tr> </table>	Mineral Resources	% of Performance Rights eligible for vesting	Less than 130Moz	0%	Target: At 130Moz	50%	Between 130Moz and 150Moz	Pro-rata vesting	Stretch: 150Moz or more	100%
Mineral Resources	% of Performance Rights eligible for vesting										
Less than 130Moz	0%										
Target: At 130Moz	50%										
Between 130Moz and 150Moz	Pro-rata vesting										
Stretch: 150Moz or more	100%										
Tranche 3	Subject to satisfaction of both the Retention Condition and the Company announcing a successful study (scoping study, prefeasibility study or definitive feasibility study) in accordance with the JORC Code on or before 31 December 2026.										

### **Market-based vesting criteria**

Tranche 1	Satisfaction of the Retention Condition and the Company's Shares achieving a 20-Day VWAP of \$1.40 or greater prior to 30 June 2027.
Tranche 2	no market-based vesting conditions
Tranche 3	no market-based vesting conditions

### **Definitions**

<b>20-Day VWAP</b>	means the volume weighted average market price of the Company's Shares calculated over 20 consecutive trading days in which Shares have actually traded following the date of issue of the Performance Rights.
<b>Retention Condition</b>	means the relevant Eligible Participant remaining an officeholder, employee or consultant of the Company (or a wholly-owned subsidiary of the Company) at all times up to and including 30 June 2027.

- We understand the Rights are subject to a service condition through the Retention Condition.
- The Rights are exercisable immediately upon vesting (subject to the exercise price) until expiry. The Board will determine if exercised Rights will be settled in cash and/or shares.
- The Rights expire and lapse on the first to occur of the following: (a) if not exercised before 31 December 2028, being 4.24 years after the Valuation Date; or (b) the Vesting Condition becoming incapable of satisfaction as determined by the Board in its discretion.
- We understand that the Rights do not carry any entitlement to dividends (if any) prior to exercise.
- We understand that there are no restrictions on disposal of shares after exercise of the Rights, and that there are no other market-based or non-market-based vesting conditions, or any other conditions that impact on the value of the Rights.

## **Annexure 2**

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### Methodology and Key Inputs of the BSOP and MCS

## Annexure 2 – Methodology and Key Inputs of the BSOP and MCS

### Tranches 2, and 3

In determining the fair value of the Tranche 2, and 3 Rights we used the Black-Scholes Option Pricing (BSOP) methodology, which utilises the Black-Scholes-Merton model, Table A2-1 below summarises the key inputs used in the BSOP methodology, and is followed by an explanation of each of the six key inputs and how they were determined.

### Tranche 1

In determining the fair value of the Tranche 1 Rights we used the Monte Carlo Simulation (MCS) Methodology, which utilises the Binomial Option Pricing Model,

Specifically, we undertook the following process for each of 1,000,000 simulations, to determine the fair value of each tranche having regard to the market-based vesting condition of the VWAP performance hurdle:

1. We created a hypothetical price path using the principles of the Binomial model, on a daily basis, for an ordinary share in the Company for a duration equal to the term of each tranche as listed in Table A2-1 below.
2. At each day of the hypothetical price path, we calculated the 20-day Volume Weighted Average Price (VWAP) and compared it against the VWAP performance hurdle (see Table A2-1 below). When the simulated VWAP exceeded the hurdle, the performance condition was satisfied, and the tranche was considered eligible for vesting upon satisfaction of the Retention Condition. We note that 20 trading days must occur before a 20-day VWAP can be calculated and the tranche is able to vest.
3. In each simulation where the VWAP performance condition was satisfied, the tranche was considered to have vested on 30 June 2027, being upon satisfaction of the Retention Condition. It was assumed that the tranche would be exercised immediately given the \$nil exercise price, and we discounted the value of an exercised right, being the difference between: (i) the simulated share price at vesting; and (ii) the exercise price, back to the Valuation Date – noting that the simulated share price must exceed the exercise price for the right to be exercised.
4. In simulations that did not result in the performance hurdle being met, or in the tranche being exercised (exercise price > share price), we assumed a value of \$nil for the simulation.
5. Finally, we averaged the results in points 2 – 4 above to determine the value of the tranche.

Table A2-1 below summarises the key inputs used in the BSOP and MCS methodology, and is followed by an explanation of each of the key inputs and how they were determined.

**Table A2-1: BSOP and MCS Inputs**

Input	Values at Valuation Date		
	Tranche 1	Tranche 2	Tranche 3
i. Underlying share price	\$1.110	\$1.110	\$1.110
ii. Exercise price	\$nil	\$nil	\$nil
iii. Term	2.74 yrs	2.74 yrs	2.74 yrs
iv. Risk-free rate	3.627%	3.627%	3.627%
v. Dividend yield	Nil	Nil	Nil
vi. Volatility (rounded)	75.0%	75.0%	75.0%
vii. VWAP hurdle	20-day VWAP ≥\$1.40	n/a	n/a

i. Underlying share price

Being the price of the Company's shares at the close of the market on the Valuation Date.

ii. Exercise price

We have been provided with the exercise price of the Rights as listed in Table A2-1 above.

iii. Term

For the purpose of the Monte Carlo Simulation and BSOP methodology, being the period from the Valuation Date to the end of the Vesting Period. While the Rights expire 4.2 years after the Valuation Date, we assumed that the Rights would be exercised immediately after vesting given their \$nil exercise price, and so limited the duration to the end of the relevant Vesting Period.

iv. Risk-free rate

The risk-free rate was determined to be the yield-to-maturity of an Australian government bond on the Valuation Date and with a term of equal duration to each tranche. The government bond interest rates were taken from data provider S&P Capital IQ for the government bonds quoted on the Australian Office of Financial Management website (<https://www.aofm.gov.au/securities/treasury-bonds>). As the term of the Rights did not match the any term-to-maturity for the Australian government bonds as at the Valuation Date, linear interpolation was used to determine the risk-free rate.

v. Dividends

The dividend yield was assumed to be nil as no dividend has been recently paid by the Company and it was assumed that this trend would continue over the term of the Rights.

vi. Volatility

In accordance with AASB 2 paragraph B22, Volatility was determined to be the annualised standard deviation of the continuously compounded change in price of the Company's shares. For each Tranche, the volatility was calculated using the daily, weekly, and monthly share prices for a period prior to the Valuation Date and of equal duration to the term of each tranche (or as long as the shares have been publicly traded). We also considered the volatility over difference calculation periods (from 6-months to 60-months) to determine an appropriate go-forward volatility. A summary of our volatility calculations is set out on the following page.

vii. VWAP hurdle

The Company's share price being at least equal to the VWAP hurdles listed in Table A2-1 above prior to 30 June 2027.

Based on the foregoing methodology and inputs, and before any other considerations discussed in the next section, we determined the value of the Rights to be:

Tranche 1	-	\$0.9984	per Right
Tranche 2	-	\$1.1100	per Right
Tranche 3	-	\$1.1100	per Right



**Table A2-2: Volatility Summary – tranche term calculation period**

Tranche	Tranche 1 – 3		
Interval of changes in share price	Daily	Weekly	Monthly
End date (Valuation Date)	04/10/2024	04/10/2024	04/10/2024
Period (days)	999	999	999
Period (months)	32.87 mths	32.87 mths	32.87 mths
Period (yrs)	2.74 yrs	2.74 yrs	2.74 yrs
Start date	09/01/2022	09/01/2022	09/01/2022
<b>Workings</b>			
Beginning of period (Trading day)	10/01/2022	10/01/2022	10/01/2022
Trading segments in period (Days)	693	143	33
Standard deviation of price change	5.0%	9.5%	17.9%
Annualised Volatility	80.0%	68.2%	62.1%

**Table A2-3: Volatility Summary – various calculation periods**

Calculation date:		04-Oct-24	04-Oct-24	04-Oct-24
Calculation	Weight	Change in share price		
Period		Daily	Weekly	Monthly
6 mnths	0.0	88.1%	85.1%	60.2%
12 mnths	0.0	90.9%	80.7%	78.4%
15 mnths	1.0	83.6%	74.8%	73.8%
18 mnths	0.0	82.8%	73.9%	71.8%
21 mnths	0.0	81.0%	72.7%	67.7%
24 mnths	0.0	83.2%	72.4%	64.8%
30 mnths	1.0	79.9%	70.4%	64.4%
36 mnths	0.0	77.7%	65.8%	61.5%
42 mnths	0.0	n/a	n/a	n/a
48 mnths	0.0	n/a	n/a	n/a
54 mnths	0.0	n/a	n/a	n/a
60 mnths	0.0	n/a	n/a	n/a
Average		83.4%	74.5%	67.8%
Median		83.0%	73.3%	66.3%
Average entire series		75.2%		
Median entire series		74.3%		
Weighted average		81.8%	72.6%	69.1%
Weighted median		81.8%	72.6%	69.1%
Weighted average (Daily, Weekly, Monthly)		74.5%		
Weighted median (Daily, Weekly, Monthly)		74.3%		

**Chosen Volatility: 75.0%**

## Annexure 3

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### Other Considerations

### Annexure 3 – Other Considerations

#### Non-market based vesting conditions

Per paragraph 19 and 20 of AASB 2, any non-market based vesting conditions are taken into account in the valuation of the Rights by adjusting the number of equity instruments included in the measurement. The Company must estimate the probability of achievement of any non-market-based vesting condition (expressed as a % probability) and apply that percentage to the total number of instruments comprising the Rights, to determine the number of equity instruments expected to vest as at the Valuation Date.

Given the non-market-based vesting conditions and employment condition described in Annexure 1 of this report, the Company should estimate the probability of achievement of these conditions for each tranche and apply that percentage to the total number of Rights comprising each tranche. Based on the information provided to us, the Company estimates the following in regard to each tranche's non-market-based vesting conditions.

► Retention Condition – The Company estimates the likelihood of satisfying the Retention Condition to be 90%. This is applicable to all tranches in conjunction with their individual vesting conditions.

► Tranche 1 – N/A. The share price performance hurdle is a market based vesting condition and is taken into account when estimating the fair value of the Rights (see Annexure 2).

► Tranche 2 – Mineral Resource at a grade of not less than 180g/t Silver equivalent – The Company has provided us with its estimated probability of achieving each performance level on the vesting scale (see Annexure 1). Based on these expected outcomes, the expectation is that 80% of the Rights in this tranche will vest (see calculation below). This is in addition to the 90% likelihood of satisfying the Retention Condition.

► Tranche 3 – Announcing a successful JORC study – The Company estimates the likelihood of vesting to be 100%. This is in addition to the 90% likelihood of satisfying the Retention Condition.

#### Tranche 2 – Determination of vesting expectation

Performance Level: Mineral Resources	% eligible for vesting	Probability of achievement <sup>1</sup>	Incremental probability	Weighted probability of vesting
	(a)		(b)	(c)=(a)*(b)
Stretch: 150Moz or more	100%	65%	65.0%	65.0%
Between 130Moz and 150Moz	Pro-rata	n/a	0.0%	0.0%
Target: At 130Moz	50%	95%	30.0%	15.0%
Less than 130Moz	0%	n/a	5.0%	0.0%
<b>Total</b>			<b>100.0%</b>	<b>80.0%</b>

Note 1 – Probability of achievements of each performance level provided by the Company.

## **Annexure 4**

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### **Summary of AASB 2 Share-based Payment**

Table A4-1 below sets out the pertinent clauses of AASB 2 – Share-based Payment as they relate to the Rights.

**Table A4-1: AASB 2 – Share Based Payment**

**AASB**

**Paragraph Comment**

2 (a) <i>Applicable paragraph</i>	<p>An entity shall apply this Standard in accounting for all share-based payment transactions, whether or not the entity can identify specifically some or all of the goods or services received, including:</p> <ul style="list-style-type: none"> <li>(a) equity-settled share-based payment transactions;</li> <li>(b) cash-settled share-based payment transactions; and</li> <li>(c) transactions in which the entity receives or acquires goods or services and the terms of the arrangement provide either the entity or the supplier of those goods or services with a choice of whether the entity settles the transaction in cash (or other assets) or by issuing equity instruments,</li> </ul> <p>except as noted in paragraphs 3A-6. In the absence of specifically identifiable goods or services, other circumstances may indicate that goods or services have been (or will be) received, in which case this Standard applies.</p>
22 Corporate Advisory comment	<p>The Rights are equity-settled share-based payment transactions, in which the entity (Andean Silver Limited) receives goods or services (employment services of the grantee) as consideration for equity instruments of the entity (including shares or share options).</p>
10 & 11	<p>For equity-settled share-based payment transactions, the entity shall measure the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless the fair value cannot be estimated reliably. If the entity cannot estimate reliably the fair value of the goods or services received, the entity shall measure their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.</p> <p>To apply the requirements of paragraph 10 to transactions with employees and others providing similar services, the entity shall measure the fair value of the services received by reference to the fair value of the equity instruments granted, because typically it is not possible to estimate reliably the fair value of the services received, as explained in paragraph 12. The fair value of those equity instruments shall be measured at grant date.</p> <p>We believe that the entity cannot reliably measure the goods or services received along with the corresponding increase in equity. Accordingly, per clause 10, we have defaulted to measuring the goods or services received and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.</p> <p>Given that the Rights essentially allow the holder to receive a fully-paid ordinary share in the Company (whose value can be reliably estimated), subject to certain vesting criteria, we are of the view that the fair value of the equity instruments granted can be reliably estimated causing AASB 2 clauses 24 – 25 to be irrelevant.</p>
14, 15	<p>If the equity instruments granted vest immediately, the counterparty is not required to complete a specified period of service before becoming unconditionally entitled to those equity instruments. In the absence of evidence to the contrary, the entity shall presume that services rendered by the counterparty as consideration for the equity instruments have been received. In this case, on grant date the entity shall recognise the services received in full, with a corresponding increase in equity.</p>

Table A4-1: AASB 2 – Share Based Payment

## AASB

## Paragraph Comment

If the equity instruments granted do not vest until the counterparty completes a specified period of service, the entity shall presume that the services to be rendered by the counterparty as consideration for those equity instruments will be received in the future, during the vesting period. The entity shall account for those services as they are rendered by the counterparty during the vesting period, with a corresponding increase in equity. For example:

(a) If an employee is granted share options conditional upon completing three years' service, then the entity shall presume that the services to be rendered by the employee as consideration for the share options will be received in the future, over that three-year vesting period.

(b) If an employee is granted share options conditional upon the achievement of a performance condition and remaining in the entity's employ until that performance condition is satisfied, and the length of the vesting period varies depending on when that performance condition is satisfied, the entity shall presume that the services to be rendered by the employee as consideration for the share options will be received in the future, over the expected vesting period. The entity shall estimate the length of the expected vesting period at the grant date, based on the most likely outcome of the performance condition. If the performance condition is a market condition, the estimate of the length of the expected vesting period shall be consistent with the assumption used in estimating the fair value of the options granted, and shall not be subsequently revised. If the performance condition is not a market condition, the entity shall revise its estimate of the length of the vesting period, if necessary, if subsequent information indicates that the length of the vesting period differs from previous estimates.

We understand the Rights to have a service condition (i.e. holder must remain employed by the Company until vesting). As such, we consider the Company should account for the services rendered by the holder of the Rights over the expected vesting period of the Rights, with a corresponding increase in equity. The Company should estimate the length of the expected vesting period as at the grant date, based on the most likely outcome of the performance condition.

► For instruments with only a service condition, or that vest at completion of the service condition, the vesting period should be equal to the period of required service.

► For instruments with market-based vesting criteria, the length of the expected vesting criteria should be consistent with the assumptions used in estimating their fair value and should not be subsequently revised.

► For instruments with non-market-based vesting criteria, the Company should revise its estimate, if necessary, if subsequent information indicates that the length of the vesting period differs from previous estimates.

We note that these accounting treatments should be confirmed with the Company's auditors.

16

For transactions measured by reference to the fair value of the equity instruments granted, an entity shall measure the fair value of equity instruments granted at the measurement date, based on market prices if available, taking into account the terms and conditions upon which those equity instruments were granted (subject to the requirements of paragraphs 19-22).

Table A4-1: AASB 2 – Share Based Payment

## AASB

## Paragraph Comment

	<p>We have used the closing share price on the Valuation Date as accurately reflecting the per share price of a fully-paid ordinary share in the Company as at the Valuation Date.</p>
19	<p>A grant of equity instruments might be conditional upon satisfying specified <i>vesting conditions</i>. For example, a grant of shares or share options to an employee is typically conditional on the employee remaining in the entity's employ for a specified period of time. There might be performance conditions that must be satisfied, such as the entity achieving a specified growth in profit or a specified increase in the entity's share price. Vesting conditions, other than market conditions, shall not be taken into account when estimating the fair value of the shares or share options at the measurement date. Instead, vesting conditions shall be taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised for goods or services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Hence, on a cumulative basis, no amount is recognised for goods or services received if the equity instruments granted do not vest because of failure to satisfy a vesting condition, for example, the counterparty fails to complete a specified service period, or a performance condition is not satisfied, subject to the requirements of paragraph 21.</p> <p>The granting of shares from exercise of the Rights is conditional upon achievement of share price appreciation above the exercise price, and VWAP Hurdle for Tranche 1, which will be taken into account when determining the fair value of the Rights.</p> <p>Any non-market-based vesting conditions will be taken into account by estimating their probability of achievement and adjusting the number of equity instruments included in the measurement of the transaction.</p> <p>Any market-based vesting conditions will be taken into account when determining the fair value of the Rights.</p>
20	<p>To apply the requirements of paragraph 19, the entity shall recognise an amount for the goods or services received during the vesting period based on the best available estimate of the number of equity instruments expected to vest and shall revise that estimate, if necessary, if subsequent information indicates that the number of equity instruments expected to vest differs from previous estimates. On vesting date, the entity shall revise the estimate to equal the number of equity instruments that ultimately vested, subject to the requirements of paragraph 21.</p> <p>The Company must estimate the probability of achievement of each non-market-based vesting condition (expressed as a % probability) and apply that percentage to the total number of instruments comprising the Rights, to determine the number of equity instruments expected to vest as at the Valuation Date.</p>
21	<p>Market conditions, such as a target share price upon which vesting (or exercisability) is conditioned, shall be taken into account when estimating the fair value of the equity instruments granted. Therefore, for grants of equity instruments with market conditions, the entity shall recognise the goods or services received from a counterparty who satisfies all other vesting conditions (e.g. services received from an employee who remains in service for the specified period of service), irrespective of whether that market condition is satisfied.</p>

Table A4-1: AASB 2 – Share Based Payment

AASB	
Paragraph	Comment
	<p>We have determined that exercisability of the Rights is subject to market conditions (share price appreciation above the exercise price, and VWAP Hurdle for Tranche 1) and therefore these market conditions must be taken into account when estimating the fair value of the Rights.</p> <p>Based on information provided, there are no other market conditions upon which vesting is conditioned.</p>
AG B4	<p>For share options granted to employees, in many cases market prices are not available, because the options granted are subject to terms and conditions that do not apply to traded options. If traded options with similar terms and conditions do not exist, the fair value of the options granted shall be estimated by applying an option pricing model.</p> <p>We have used the Black-Scholes Option Pricing (BSOP) methodology, which utilises the Black-Scholes-Merton model, to estimate the fair value of the Tranche 2, and Tranche 3 Rights. The valuation under the BSOP methodology is discussed in Annexure 2.</p> <p>We have used the Monte Carlo Simulation (MCS) Methodology, which utilises the Binomial Option Pricing Model, to estimate the fair value of the Tranche 1 Rights. The valuation under the MCS methodology is discussed in Annexure 2.</p>
AG B5	<p>The entity shall consider factors that knowledgeable, willing market participants would consider in selecting the option pricing model to apply. For example, many employee options have long lives, are usually exercisable during the period between vesting date and the end of the options' life, and are often exercised early. These factors should be considered when estimating the grant date fair value of the options. For many entities, this might preclude the use of the Black-Scholes-Merton formula, which does not allow for the possibility of exercise before the end of the option's life and may not adequately reflect the effects of expected early exercise. It also does not allow for the possibility that expected volatility and other model inputs might vary over the option's life. However, for share options with relatively short contractual lives, or that must be exercised within a short period of time after vesting date, the factors identified above may not apply. In these instances, the Black-Scholes-Merton formula may produce a value that is substantially the same as a more flexible option pricing model.</p> <p>Given that the Rights can be exercised for nil consideration, we consider that they would be exercised immediately after satisfaction of the vesting criteria, being achievement of the performance condition and Retention Condition, which would occur before expiry.</p> <p>For the Tranche 2, and Tranche 3 Rights, we consider these instruments to be sufficiently simple enough for the BSOP methodology to be an appropriate pricing model to use in their valuation.</p> <p>For the Tranche 1 Rights, we consider the MCS Methodology to be the most appropriate method to value the Rights as it allows more flexibly to evaluate the performance hurdle during the vesting period, and not just at expiry of the Rights.</p>
AG B6	<p>All option pricing models take into account, as a minimum, the following factors:</p> <ul style="list-style-type: none"> <li>(a) the exercise price of the option;</li> <li>(b) the life of the option;</li> <li>(c) the current price of the underlying shares;</li> </ul>



Table A4-1: AASB 2 – Share Based Payment

AASB	
Paragraph	Comment
	<p>(d) the expected volatility of the share price;</p> <p>(e) the dividends expected on the shares (if appropriate); and</p> <p>(f) the risk-free interest rate for the life of the option.</p> <p>The above factors are taken into account in the valuation of the Rights (See Annexure 2).</p>
AG B7	<p>Other factors that knowledgeable, willing market participants would consider in setting the price shall also be taken into account (except for vesting conditions and reload features that are excluded from the measurement of fair value in accordance with paragraphs 19-22).</p> <p>Based on our instructions, there are no other factors a knowledgeable, willing market participant would consider in setting the price of the Rights.</p>
	<p><u>Expected volatility – Unlisted Entities</u></p>
AG B27 – B29	<p>An unlisted entity will not have historical information to consider when estimating expected volatility. Some factors to consider instead are set out below.</p> <p>In some cases, an unlisted entity that regularly issues options or shares to employees (or other parties) might have set up an internal market for its shares. The volatility of those share prices could be considered when estimating expected volatility.</p> <p>Alternatively, the entity could consider the historical or implied volatility of similar listed entities, for which share price or option price information is available, to use when estimating expected volatility. This would be appropriate if the entity has based the value of its shares on the share prices of similar listed entities.</p> <p>As the Company is listed this clause is not applicable to the Rights. See Annexure 2 for our discussion on volatility.</p>
AG B34 & B35	<p>Conversely, if the employees are not entitled to dividends or dividend equivalents during the vesting period (or before exercise, in the case of an option), the grant date valuation of the rights to shares or options should take expected dividends into account. That is to say, when the fair value of an option grant is estimated, expected dividends should be included in the application of an option pricing model. When the fair value of a share grant is estimated, that valuation should be reduced by the present value of dividends expected to be paid during the vesting period.</p> <p>Option pricing models generally call for expected dividend yield. However, the models may be modified to use an expected dividend amount rather than a yield. An entity may use either its expected yield or its expected payments. If the entity uses the latter, it should consider its historical pattern of increases in dividends. For example, if an entity's policy has generally been to increase dividends by approximately 3 per cent per year, its estimated option value should not assume a fixed dividend amount throughout the option's life unless there is evidence that supports that assumption.</p> <p>The Company has not paid any dividends recently and is assumed to continue this trend for the term of the Rights. As such, this clause is not applicable to the valuation of the Rights.</p>



Andean Silver Limited  
ABN 24 645 578 454

## Need assistance?



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## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:00am (AWST) on Wednesday, 27 November 2024.**

# Proxy Form

## How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

### APPOINTMENT OF PROXY

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

## SIGNING INSTRUCTIONS FOR POSTAL FORMS

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

## PARTICIPATING IN THE MEETING

### Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at [www.investorcentre.com/au](http://www.investorcentre.com/au) and select "Printable Forms".

## Lodge your Proxy Form:

**XX**

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



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**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

# Proxy Form

Please mark ☒ to indicate your directions

## Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Andean Silver Limited hereby appoint

☐ the Chairman  
of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Andean Silver Limited to be held at The offices of the Company, at Level 2, 8 Richardson Street, West Perth, WA 6005 on Friday, 29 November 2024 at 10:00am (AWST) and at any adjournment or postponement of that meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 and 6 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1 and 6 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman. However, if the Chairman is a person referred to in the voting prohibition statement applicable to Resolution 6 under section 224 of the Corporations Act, the Chair will only be able to cast a vote as proxy for you on that Resolution if you are entitled to vote and have specified your voting intention in the Proxy Form.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1 and 6 by marking the appropriate box in step 2.

## Step 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director – Patrick Gowans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Election of Director – David Southam	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4(a)	Ratification of issue of Placement Shares under Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4(b)	Ratification of issue of Placement Shares under Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of issue of Performance Rights to David Southam	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

**Update your communication details** (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

ASL

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Computershare



30 October 2024

Dear Shareholder

### **Annual General Meeting – Notice of Meeting and Proxies**

Notice is given that the Annual General Meeting (**Meeting**) of Shareholders of Andean Silver Limited (ACN 645 578 454) (**Company**) will be held as follows:

**Time and date:** 10:00am (AWST) on Friday, 29 November 2024

**Location:** The offices of the Company, at Level 2, 8 Richardson Street, West Perth WA 6005

### **Notice of Meeting**

In accordance with the *Corporations Act 2001* (Cth), the Company will not be dispatching physical copies of the Notice of Meeting unless individual shareholders have made a valid election to receive documents in hard copy. Instead, the Notice of Meeting and accompanying explanatory statement (**Meeting Materials**) are being made available to shareholders electronically and can be viewed and downloaded from:

- the Company's website at <https://www.andeansilver.com/>; and
- the ASX market announcements page under the Company's code "ASL".

If you have nominated an email address and have elected to receive electronic communications from the Company, you will also receive an email to your nominated email address with a link to an electronic copy of the Notice of Meeting.

### **Voting at the Meeting or by proxy**

Shareholders are encouraged to vote by lodging a proxy form.

Proxy forms can be lodged:

Online: [www.investorvote.com.au](http://www.investorvote.com.au) (control number: 134450) or use your mobile device to scan the personalised QR code

By mail: Computershare Investor Services Pty Limited  
GPO Box 242, Melbourne VIC 3001, Australia

By fax: 1800 783 447 within Australia or +61 3 9473 2555 outside Australia

For Intermediary Online subscribers only (custodians) please visit [www.intermediaryonline.com](http://www.intermediaryonline.com) to submit your voting intentions.

Your proxy voting instruction must be received by 10:00am (Perth time) on Wednesday, 27 November 2024, being not less than 48 hours before the commencement of the Meeting. Any proxy voting instructions received after that time will not be valid for the Meeting.

The Meeting Materials should be read in their entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Authorised for release by  
Maddison Cramer  
Company Secretary  
Andean Silver Limited



(+61) 8 6243 6542



Level 2/8 Richardson Street, West Perth, WA 6005



[info@andeansilver.com](mailto:info@andeansilver.com)

**ANDEANSILVER.COM**

ACN 645 578 454