

26 March 2018

Titan Minerals to Acquire Gold Producer Andina Resources

Highlights

- Titan to acquire Andina Resources to re-consolidate ownership of the Torrecillas Gold Project and enhance Titan's footprint in Peru as a significant gold and base metals production and exploration company.
- The combined group will have significant growth potential with existing and expanding production, diversified and superior growth potential, proven management and operating teams and large international market profile. Boards of both Titan and Andina believe the combination of the two overlapping businesses will generate significant value for shareholders.
- Titan to continue to develop its current Peruvian assets, the Torrecillas Gold Project and the San Santiago Project, in addition to operating Andina's complementary assets comprising the Tulin Gold Plant and the Vista Gold Plant.
- Titan to acquire Andina via a recommended off-market takeover bid with 1 Titan share for every 1.18 Andina shares held. The all scrip takeover will enable Titan to retain its existing cash reserves. Under the bid, Titan will issue approximately 561,656,385 new Titan shares, comprising approximately 25.56%¹ of Titan's share capital immediately following completion of the bid.
- Major Andina shareholders have entered into pre-bid acceptance agreements with Titan in respect of 19.8% of Andina shares currently on issue.
- Andina's independent directors recommend that Andina shareholders accept Titan's offer in the absence of a superior proposal, and subject to an independent expert concluding that the offer is fair and reasonable to Andina shareholders.

Titan Minerals Limited (ASX: TTM) (**Titan**) is pleased to announce that it has entered into a bid implementation agreement (**BIA**) with Andina Resources Limited (**Andina**), by which Titan will acquire all of the issued share capital in Andina via an off-market takeover bid (**Bid**). Andina is a Peru focussed unlisted public company incorporated in Australia.

Under the Bid, Andina shareholders will receive 1 fully paid ordinary share in the capital of Titan for every 1.18 Andina shares held.

Completion of the Bid will create a company of enhanced scale that is positioned for further growth as a significant gold and base metals exploration and production company in Peru. The Boards of both Titan and Andina believe this is a logical combination of two complementary, overlapping businesses, with the opportunity to generate significant value for shareholders.

The independent directors of Andina, being Messrs Tim Neesham and Arturo Cavero unanimously recommend that Andina shareholders **ACCEPT** the Bid, in the absence of a superior proposal, and subject to the independent expert's report concluding that the offer is fair and reasonable to Andina shareholders.

¹ Assumes that all Andina performance rights vest and become Andina shares capable of accepting into the bid, 100% of Andina shareholders accept the bid and that no Titan performance rights vest.

All of the independent directors of Andina intend to accept, or procure the acceptance of, the Bid in respect of all Andina shares that they own or control within 10 business days from dispatch of Andina's target's statement, in the absence of a superior proposal.

Rationale for the Bid

Following completion of the Bid, Titan will continue to develop its current Peruvian assets, the Torrecillas Gold Project and the San Santiago Project, in addition to operating Andina's complementary assets comprising the Tulin Gold Plant and the Vista Gold Plant.

Titan currently has the right to earn-in a 70% interest in the Torrecillas Gold Project. The Bid, if successful, will re-consolidate Titan's ownership of the Torrecillas Gold Project without Titan having to earn-in. The consolidation of ownership of the Torrecillas Gold Project in Titan and the acquisition of the Tulin and Vista Gold Plants has several key benefits:

- Titan will be able to take advantage of the Vista Gold Plant to avoid building its own mill facilities, saving circa US\$4M in capital expenditure, and avoiding the three to four years required to achieve the gold plant licensing approvals;
- Ore can be transported from the Torrecillas Gold Project to the Vista Gold Plant via the Pan American Highway, which provides an efficient transport route from mine to mill;
- Any discovery and subsequent mining operations at the San Santiago concessions can also transport ore to the Vista Gold Plant for processing, which is located less than 100km away; and
- Significant administration and corporate overhead savings.

These synergies will cement Titan's footprint in Peru as a major gold and base metals exploration and production company.

Andina has established an experienced in country operational team having operated in Peru for over 8 years with, most importantly, a strong standing in the community. In addition, the Andina Peru management team provide a wealth of local relationships, plant and technical capabilities in both operating and exploration that will be invaluable to Titan as it expands its operations in Peru.

The merged board and management team is highly credentialed and experienced with strong connections in the key South American and North American markets.

Titan non-executive director, Mr Nicholas Rowley, considers the strategic merit of the merger is compelling:

"The cost of toll treatment of ore in Peru is recognised as a significant cost to all miners. By consolidating the Torrecillas Gold Project, Torrecillas gold mine, Tulin Gold Plant and the Vista Plant into one entity, Titan will be uniquely positioned to mill its own ore and retain the ability to process small batches of high-grade ore for artisanal miner's.

Consolidation of the ownership of the Torrecillas Gold Project will ensure that any future discoveries can be owned by Titan exclusively, with minimal additional capital expenditure by utilising existing heavy equipment, personnel and senior management. In addition, Titan will not require the significant capital investment to build in its own mill facilities due the availability and location of the newly constructed Vista Gold Plant."

The relative locations of the San Santiago Project and the Torrecillas Gold Project to the Vista Plant and the Tulin Gold Plant are illustrated in Figure 1.

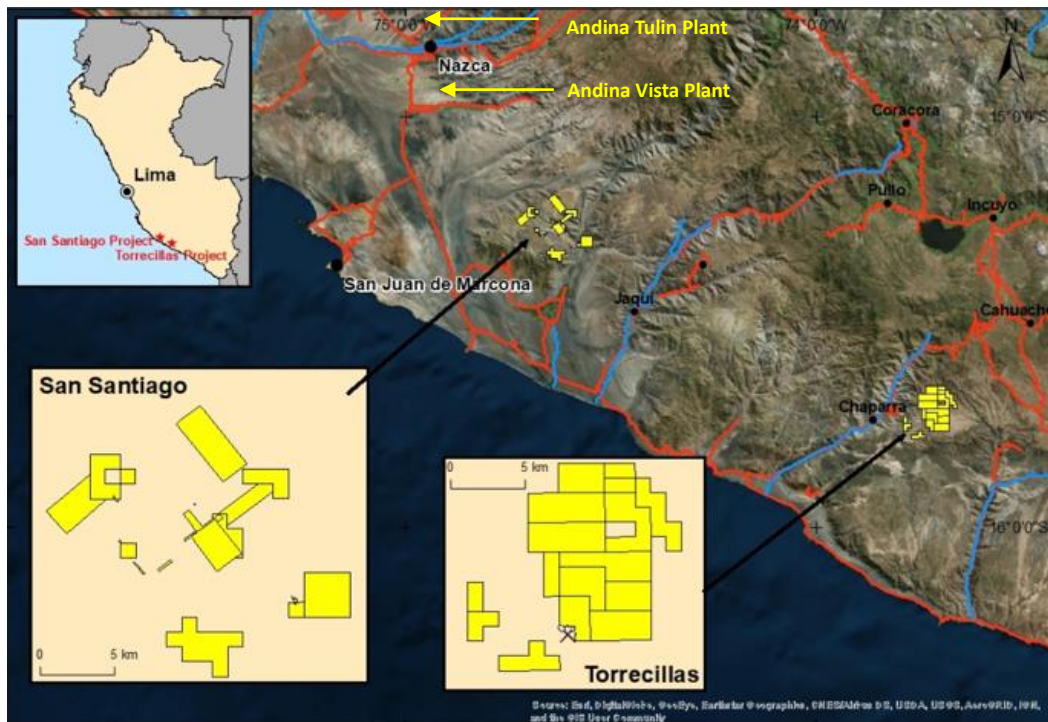


Figure 1: Location of the San Santiago Project and the Torrecillas Gold Project and Andina's Vista Plant and Tulin Gold Plant

Andina Resources

Andina is a Peru focused gold toll treatment company whose salient activities comprise gold refining and production at the Tulin Gold Plant and the Vista Gold Plant in Peru.

During the financial year:

- ending 30 June 2014, Andina processed 15,700 tonnes of ore averaging 15.7 grams/tonne and achieved a profit before tax of A\$1,938,225;
- ending 31 December 2015, Andina processed 12,115 tonnes of ore averaging 20.5 grams/tonne and achieved a profit before income tax of A\$612,002; and
- ending 31 December 2016, Andina processed 13,500 tonnes of ore to produce 7,629 oz of gold averaging 17.4 grams / tonne and achieved a profit before income tax of A\$358,613.

Andina's audited accounts for the financial year ending 31 December 2017 are in the process of being prepared. During that financial year, Andina processed 8,592 tonnes of ore averaging 17.7 grams/tonne. Andina does not anticipate deriving a profit for that financial year on the basis that its working capital was directed to the construction of the Vista Gold Plant and the existence of tailings dam capacity restrictions at the Tulin Gold Plant, amongst other things.

Tulin Gold Plant

Andina currently leases and operates the Tulin Gold Plant, located south of Nasca in Southern Peru. High grade gold ore (averaging approximately 17-20 g/t) is acquired from licensed artisanal miners, and then processed at the plant.

Andina has operated the Tulin Gold Plant on a commercial basis since 2013, generating revenue of circa A\$11m per annum, excluding the financial year ended 31 December 2017 (as explained above). The Tulin Gold Plant had EBITDA of A\$1.1m in 2016.

The Tulin Gold Plant is licensed for 70 tons per day and averaged approximately 37 tons per day in FY16 with all ore being purchased from licensed artisanal gold miners in the local mining district.

The Tulin Gold Plant has profitably milled over 50,000 tons of ore grading approximately 17-20 grams per ton since 2014 and has produced approximately 7,500 oz to 8,600 oz of refined gold per annum, excluding the financial year ended 31 December 2017 (as explained above).



Photo 1: Tulin Gold Plant and CIL circuits

Vista Gold Plant

Andina is constructing the Vista Gold Plant in southern Peru, located near the San Santiago and Torrecillas Gold Projects. Andina is targeting Q2 2018 for completion of construction of the Vista Gold Plant. When complete, the Vista Gold Plant will provide the combined group with significant cash flow opportunity in the near term. The team intends to acquire and process high grade ore from licensed artisanal miners in the region and utilise the Vista Gold Plant to process any ore mined at the Torrecillas mine and/or San Santiago concessions, providing significant synergies to the group.

When complete and licensed, the Vista Gold Plant will have a nameplate capacity of 200 tons per day, more than double the operating capacity of the existing Tulin Gold Plant. The Vista Gold Plant has been designed to increase its capacity to 350 tons per day with minimal capital outlay, when warranted by supply of ore. Andina aims to have the Vista Gold Plant commissioned for operation in Q3 2018, subject to timely receipt of all requisite permits and approvals.



Photo 2: Vista Carbon & Leaching Tanks, with Tailings Dam in the distance

Details of the Bid

The Bid will be implemented by way of an off-market takeover bid, wherein Andina shareholders will receive 1 Titan share for every 1.18 Andina shares held.

The Bid will extend to any Andina shares that are issued as a result of the vesting of Andina performance rights during the offer period.

The Bid is subject to the following conditions:

- 90% minimum acceptance by Andina shareholders;
- all applicable regulatory approvals being obtained;
- Titan shareholders approving the Bid for the purposes of ASX Listing Rule 10.1; and
- no material adverse change or prescribed occurrence in relation to Andina.

Titan and Andina have agreed to a deal protection regime including no shop and no talk rights, a right to match any superior proposal and payment of an agreed break fee in certain circumstances.

Further details of the Bid are set out in the BIA, contained in Annexure A to this announcement, and will be provided in the Titan bidder's statement and Andina target's statement which will be dispatched to Andina shareholders in the coming weeks.

Titan will dispatch a notice of meeting to Titan shareholders for the purposes of ASX Listing Rule 10.1 approval in due course.

Additionally, Andina is required to obtain an independent expert's report as to whether the Bid is fair and reasonable to Andina shareholders, as Mr Matthew Carr is a director of both Titan and Andina. This report will be included in the Andina target's statement.

Titan's Capital Structure

Titan's capital structure on completion of the Bid will be as follows:

			If all existing Titan performance rights vest:	
	Shares	Pro-forma (%)	Shares	Pro-forma (%)
Existing Shareholders	1,635,381,023	74.44	1,715,881,023	75.34
Andina Shareholders	561,656,385 ¹	25.56	561,656,385	24.66
Total	2,197,037,408	100.00	2,277,537,408	100.00

Note:

⁽¹⁾ Assumes that all performance rights in Andina vest and become Andina shares capable of accepting into the Bid, and 100% of Andina shareholders accept the Bid.

Further information about the Bid will be contained in the Titan bidder's statement and the Andina target's statement, along with further details of Titan's intentions.

Pre-Bid Acceptances

Titan has entered into pre-bid acceptance agreements pursuant to which the following Andina shareholders have agreed to accept the Bid in respect of certain of their Andina shares, in the absence of a superior proposal:

Shareholder	Number of Andina Shares	% of Andina Shares
Regal Emerging Companies Fund	43,636,364	7.37%
Richsham Nominees Pty Ltd	33,086,751	5.59%
Alitime Nominees Pty Ltd	22,000,000	3.72%
Paul Gabriel Sharbanee	13,654,167	2.31%
Heelmo Holdings Pty Ltd	5,000,000	0.84%
Total	117,377,252	19.83%

Director Recommendation

The independent directors of Titan, being Messrs Nicholas Rowley, Robert Sckalor and Cameron Henry, unanimously recommend that Andina shareholders **ACCEPT** the Bid.

The independent directors of Andina, being Messrs Tim Neesham and Arturo Cavero, unanimously recommend that Andina shareholders **ACCEPT** the Bid, in the absence of a superior proposal, and subject to the independent expert's report concluding that the offer is fair and reasonable to Andina shareholders.

Mr Matthew Carr is a director of Titan and Andina, and therefore considers it inappropriate to make a comment.

Indicative Timetable

Event	Date
Titan announcement of Bid	26 March 2018
Bidder's statement and target's statement lodged with ASIC	11 May 2018
Record date for determining Andina shareholders' entitlements to accept the Bid	11 May 2018
Dispatch of bidder's statement and target's statement to Andina shareholders	18 May 2018
Offer opens	18 May 2018
Offer period ends (unless extended or withdrawn)	18 June 2018

The above dates are indicative only and are subject to change.



ENDS

For further information regarding this announcement contact:

Zane Lewis

Tel +61 6555 2950



Annexure A
Bid Implementation Agreement

BID IMPLEMENTATION AGREEMENT

Titan Minerals Limited

Andina Resources Limited

DLA Piper Australia

Level 31, Central Park
152-158 St Georges Terrace
Perth WA 6000
PO Box Z5470
Perth WA 6831
Australia
DX 130 Perth
T +61 8 6467 6000
F +61 8 6467 6001
W www.dlapiper.com

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DETAILS

Date 2018

Parties

Bidder

Name Titan Minerals Limited
ABN 97 117 790 897
Address Suite 6, 295 Rokeby Rd
Subiaco WA 6008
Fax +61 8 6166 0261
Email zane@smallcapcorporate.com.au
Attention Zane Lewis

Target

Name Andina Resources Limited
ABN 50 137 601 159
Address Suite 6, 295 Rokeby Rd
Subiaco WA 6008
Fax +61 8 6166 0261
Email arron@smallcapcorporate.com.au
Attention Arron Canicaïs

BACKGROUND

- A The Bidder is proposing to make the Takeover Bid and the Independent Directors are proposing to recommend the Takeover Bid in the absence of a Superior Proposal, and subject to the Independent Expert concluding that the Takeover Bid is fair and reasonable to Target Shareholders.
- B The Parties have agreed that the Takeover Bid will be implemented on the terms and conditions in this Agreement.

AGREED TERMS

1 DEFINITIONS AND INTERPRETATION

Definitions

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

Accounts Date has the meaning given in clause 8.2.9.

Agreed Bid Terms means the terms and conditions in schedule 1.

Agreement means this agreement.

Announcement Date means the date of the announcement of the Takeover Bid by the Bidder pursuant to clause 2.

ASIC means the Australian Securities and Investments Commission.

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

ASX means ASX Limited ACN 008 624 691 and, where the context requires, the financial market that it operates.

Bid Conditions means the conditions to the Takeover Bid detailed in section 3 of the Agreed Bid Terms, each of which being a **Bid Condition**.

Bidder Board means the board of Bidder Directors.

Bidder Counterproposal has the meaning given in clause 6.7.5.

Bidder Director means a director of the Bidder.

Bidder Group means the Bidder and its Related Bodies Corporate.

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

Bidder's Statement means the bidder's statement to be prepared by the Bidder in relation to the Takeover Bid in compliance with Part 6.5 of the Corporations Act.

Break Fee means \$100,000.

Business Day means a day on which banks are open for business in Perth, other than a Saturday, Sunday or public holiday.

Challenged Amount has the meaning given in clause 5.10.

Competing Proposal means any expression of interest, proposal, offer, transaction or arrangement by or with any person pursuant to which, if the expression of interest, proposal, offer, transaction or arrangement is entered into or completed substantially in accordance with its terms, would result in a Third Party:

- (a) directly or indirectly acquiring an interest, a Relevant Interest in or becoming the holder of more than 20% or more of the Target Shares;
- (b) acquiring Control of the Target; or
- (c) otherwise directly or indirectly:
 - (i) acquiring or merging with the Target, or having the right to so acquire or merge with; or
 - (ii) acquiring a significant economic interest in all or significant part of the business or assets of the Target,

in each case whether by way of takeover bid, scheme of arrangement, security holder-approved acquisition or resolution, reverse takeover bid, capital reduction, security buy-back, sale or purchase of assets, joint venture, dual listed company and/or trust structure, or other transaction or arrangement.

Control has the meaning given in section 50AA of the Corporations Act.

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

Court means the Federal Court of Australia or any other court of competent jurisdiction under the Corporations Act.

Encumbrance means any mortgage, charge, pledge, lien, encumbrance, security interest, title retention, preferential right, trust arrangement, contractual right of set-off, or any other security agreement or arrangement in favour of any person, whether registered or unregistered, including any Security Interest.

Exclusivity Period means the period from the date of this Agreement until:

- (a) termination of this Agreement; or
- (b) the end of the Offer Period,

whichever is earlier.

Government Agency means any government or governmental, semi-governmental, administrative, monetary, fiscal or judicial body, department, commission, authority, tribunal, agency or entity in any part of the world.

Independent Board means the board of Independent Directors.

Independent Director means a Target Director who is not a director of the Bidder.

Independent Expert means the independent expert in respect of the Takeover Bid appointed by the Target to express an opinion on whether the Takeover Bid is fair and reasonable to Target Shareholders.

Independent Expert's Report means the report to be issued by the Independent Expert in connection with the Takeover Bid.

Mining Rights means any mineral exploration and/or exploitation rights, tenements, licences, concessions (held directly or indirectly) or contractual rights in respect of the same in which the Target has an interest.

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

Offer has the meaning given in clause 2.1.2.

Party means a party to this Agreement and **Parties** means both of them.

PPSA means the *Personal Property Securities Act 2009* (Cth).

Pre-Bid Acceptance Agreement means an agreement between the Bidder and a Target Shareholder pursuant to which the Target Shareholder agrees to accept the Offer in the absence of any Superior Proposal.

Record Date means the date set by the Bidder pursuant to 633(2) of the Corporations Act.

Related Body Corporate has the meaning given in section 50 of the Corporations Act.

Related Person means in relation to a Party:

- (a) a Related Body Corporate;
- (b) its advisers or an adviser of a Related Body Corporate of that Party; or
- (c) an officer or employee of any entity referred to in paragraphs (a) or (b) above.

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

Security Interest has the meaning given in section 12 of the PPSA.

Stakeholder means any community group, industry group, environmental group, landowners or traditional owners.

Subsidiary has the meaning given in Division 6 of Part 1.2 of the Corporations Act.

Superior Proposal means a Competing Proposal that the Independent Board determines in good faith (based on the written opinion of external financial and legal advisors) is:

- (a) reasonably capable of being valued and completed in a timely manner, taking into account all aspects of the Competing Proposal and the person making it; including without limitation, having regard to legal, financial and regulatory matters and conditions precedent reasonably capable of being completed; and
- (b) more favourable to Target Shareholders as a whole than the Offer, taking into account all the terms and conditions of the Competing Proposal.

Takeover Bid has the meaning given in clause 2.1.1.

Target Board means the board of Target Directors.

Target Director means a director of the Target.

Target Group means the Target and its Related Bodies Corporate.

Target Right means a performance right issued by the Target.

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

Target Shareholder means a registered holder of Target Shares.

Target's Statement means the target's statement to be prepared by the Target in relation to the Takeover Bid in compliance with Part 6.5 of the Corporations Act.

Third Party means a party other than the Target, the Bidder and any of their Subsidiaries.

Timetable means the timetable in schedule 2.

Unacceptable Circumstances has the meaning given in section 657A of the Corporations Act.

Interpretation

1.2 In this Agreement:

- 1.2.1 headings are for convenience only and do not affect interpretation;
- 1.2.2 the schedules and recitals are to be construed as part of this Agreement:
and unless the context indicates a contrary intention:
- 1.2.3 the expression 'person' includes an individual, the estate of an individual, a corporation, an authority, an association or a joint venture (whether incorporated or unincorporated), a partnership and a trust;
- 1.2.4 a reference to any Party includes that Party's executors, administrators, successors and permitted assigns, including any person taking by way of novation and, in the case of a trustee, includes any substituted or additional trustee;
- 1.2.5 a reference to any document (including this Agreement) is to that document as varied, novated, ratified or replaced from time to time;
- 1.2.6 a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;
- 1.2.7 words importing the singular include the plural (and vice versa), and words indicating a gender include every other gender;
- 1.2.8 references to Parties, clauses, schedules, exhibits or annexures are references to Parties, clauses, schedules, exhibits and annexures to or of this Agreement, and a reference to this Agreement includes any schedule, exhibit or annexure to this Agreement;
- 1.2.9 specifying anything after the words 'including', 'for example' or similar expression does not limit what else is included unless there is express wording to the contrary;
- 1.2.10 where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- 1.2.11 a reference to '\$' or 'dollar' is to Australian currency; and
- 1.2.12 if any day appointed or specified by this Agreement for the payment of any money or doing of anything falls on a day which is not a Business Day, the day so appointed or specified shall be deemed to be the next Business Day.

2 TAKEOVER BID

Making the Takeover Bid

2.1 The Bidder agrees to:

- 2.1.1 make an off-market takeover bid under Chapter 6 of the Corporations Act to acquire all the Target Shares on terms and conditions no less favourable to Target Shareholders than the Agreed Bid Terms (**Takeover Bid**); and
- 2.1.2 make offers to the Target Shareholders to acquire the Target Shares pursuant to the Takeover Bid (**Offer**).

Securities covered by the Takeover Bid

- 2.2 The Bidder agrees that, subject to section 617 of the Corporations Act, it will extend the Offer to all Target Shares that are issued as a result of the conversion of Target Rights during the period from the Record Date to the end of the Offer Period.

Public announcement of Takeover Bid

- 2.3 As soon as reasonably practicable following the execution of this Agreement, the Bidder will issue an announcement to ASX concerning the Takeover Bid substantially in the form in schedule 3 or as otherwise agreed between the Parties, and which must, amongst other things:
 - 2.3.1 state that in the absence of a Superior Proposal and subject to the Independent Expert concluding that the Takeover Bid is fair and reasonable to Target Shareholders:
 - 2.3.1.1 the Independent Directors unanimously recommend that Shareholders accept the Offer; and
 - 2.3.1.2 it is the current intention of each Independent Director to accept the Offer in respect of all Shares that they own or control within 10 Business Days from dispatch of the Target's Statement; and
 - 2.3.2 in respect of each Target Shareholder that has entered into a Pre-Bid Acceptance Agreement, state the name of that Target Shareholder and the percentage of Target Shares held.

Target Directors' recommendation and acceptance

- 2.4 The Target represents and warrants that:
 - 2.4.1 the Independent Board has met and considered the possibility of the Bidder agreeing to make the Takeover Bid; and
 - 2.4.2 all of the Independent Directors have informed the Target that, if the Bidder complies with clause 2.1, they will:
 - 2.4.2.1 unanimously recommend that Target Shareholders accept the Offer to be made to them; and
 - 2.4.2.2 accept, or procure the acceptance of, the Offer in respect of any Target Shares that they, or their associates, own or control,
- in each case in the absence of a Superior Proposal and subject to the Independent Expert concluding that the Takeover Bid is fair and reasonable to Target Shareholders.

Target Board changes

- 2.5 If the Bidder acquires a Relevant Interest in at least 50.1% of the Target Shares and the Offer is declared unconditional, the Target must:
- 2.5.1 take all actions necessary to cause the appointment of the nominees of the Bidder to the Target Board;
 - 2.5.2 ensure that all directors on the Target Board, other than the Bidder's nominees, resign and unconditionally and irrevocably release the Target from any claims they may have against the Target (without limitation to any accrued rights they may have under any deed of access and indemnity or policy of directors and officers insurance); and
 - 2.5.3 take all actions to ensure that all directors on the boards of Target Subsidiaries resign and unconditionally and irrevocably release the Target and such Subsidiaries from any claims they may have against any of them, and to cause the appointment of nominees of the Bidder to those boards (without limitation to any accrued rights they may have under any deed of access and indemnity or policy of directors and officers insurance),
- on or before the date that is 5 Business Days after the receipt of a written notice from the Bidder requesting the same.

3 FACILITATION OF OFFER

Bidder's Statement

- 3.1 The Bidder will prepare and dispatch the Bidder's Statement in accordance with clauses 3.2 to 3.4 (inclusive).
- 3.2 The Bidder will ensure that the Bidder's Statement (including any documentation dispatched together with the Bidder's Statement) is consistent with the Agreed Bid Terms and complies with all applicable legal requirements.
- 3.3 The Bidder will, to the extent practicable, give the Target a reasonable opportunity to review an advanced draft of the Bidder's Statement at least 5 Business Days before the Bidder is required to lodge the Bidder's Statement with ASIC and will consult in good faith with the Target with respect to any comments the Target may have.
- 3.4 The Bidder's Statement must contain a statement regarding the matters provided for in clause 2.2.

Target's Statement

- 3.5 The Target will prepare and dispatch the Target's Statement in accordance with clauses 3.6 and 3.7.
- 3.6 The Target will ensure that the Target's Statement (including any documentation dispatched together with the Target's Statement) complies with all applicable legal requirements.
- 3.7 The Target will, to the extent practicable, give the Bidder a reasonable opportunity to review an advanced draft of the Target's Statement at least 5 Business Days before the Target is

required to lodge the Target's Statement with ASIC and will consult in good faith with the Bidder in relation to any comments the Bidder may have.

Dispatch of Offer

- 3.8 The Target agrees that the Offer and accompanying documents to be sent by the Bidder under item 6 of section 633(1) of the Corporations Act may be sent on a date nominated by the Bidder that is earlier than the date prescribed by item 6 of section 633(1) of the Corporations Act.
- 3.9 Each Party agrees to use reasonable endeavours to implement the Takeover Bid as quickly as reasonably permitted in the circumstances, having regard to the Timetable.
- 3.10 Provided that a Superior Proposal has not been received by the Target in the interim, each Party agrees to use reasonable endeavours to send the Bidder's Statement and Target's Statement to Target Shareholders together.

Access to information

- 3.11 Each Party agrees to provide the other Party, on a timely basis, with information that may be reasonably required to assist in the preparation of the Bidder's Statement and the Target's Statement (as applicable).

Promoting the Takeover Bid

- 3.12 From the Announcement Date until the end of the Offer Period, in the absence of a Superior Proposal and subject to the Independent Expert concluding that the Takeover Bid is fair and reasonable to Target Shareholders, the Target will procure that the Independent Board will support the Takeover Bid and participate in efforts reasonably required by the Bidder to promote the merits of the Takeover Bid, including meeting with key Target Shareholders, analysts and media representatives if requested to do so by the Bidder, but only to the extent that the Independent Board has determined, in good faith and acting reasonably (after obtaining written legal advice from external lawyers) that the Target can comply with clauses 3.12 to 3.20 (inclusive) without the Independent Directors' breaching fiduciary or statutory duties.
- 3.13 From the Announcement Date until the end of the Offer Period, the Target agrees:
 - 3.13.1 to include in all public statements relating to the Takeover Bid (following the initial announcement of the Takeover Bid made pursuant to clause 2.3), a statement to the effect that:
 - 3.13.1.1 the Independent Directors unanimously recommend that Target Shareholders accept the Offer to be made to them in the absence of a Superior Proposal and subject to the Independent Expert concluding that the Takeover Bid is fair and reasonable to Target Shareholders; and
 - 3.13.1.2 each Target Director intends to accept, or procure the acceptance of, the Offer made to them in respect of all Target Shares they own or control, in the absence of a Superior Proposal and subject to the Independent Expert concluding that the Takeover Bid is fair and reasonable to Target Shareholders;

- 3.13.2 unless a Superior Proposal emerges or the Independent Expert fails to conclude that the Takeover Bid is fair and reasonable (or having given a report that, in the opinion of the Independent Expert, the Takeover Bid is fair and reasonable, gives a report changing that opinion for any reason to conclude that the Takeover Bid is not fair and reasonable):
 - 3.13.2.1 not to make any public statement or take any other public action which would suggest that the Takeover Bid is not unanimously recommended by the Independent Directors; and
 - 3.13.2.2 to procure that the Independent Directors do not subsequently withdraw their recommendation.

Conduct of the Target during Offer Period

- 3.14 From the Announcement Date until the end of the Offer Period, the Target will, and will procure that each other member of the Target Group will:
 - 3.14.1 not knowingly take any action which causes a breach of the Agreed Bid Terms;
 - 3.14.2 conduct its business in its usual and ordinary course and on a basis consistent with past practice or as may be required in order to satisfy a specific requirement of a Government Agency;
 - 3.14.3 maintain its current liabilities at existing levels and discharge current liabilities as they fall due;
 - 3.14.4 not incur additional liabilities (to those as at the date of this Agreement) in excess of \$50,000;
 - 3.14.5 not acquire, dispose of or create any Encumbrance over, or agree to acquire or dispose of or create any Encumbrance over an asset or assets, the value or aggregate value of which would be material;
 - 3.14.6 not acquire or dispose of one or more assets, entities or businesses for an amount in aggregate of more than \$50,000;
 - 3.14.7 provide the Bidder, as soon as reasonably practicable, with copies of any correspondence received by it from any Government Agency or Stakeholder in respect of any of the Mining Rights;
 - 3.14.8 not, other than in the ordinary course of business:
 - 3.14.8.1 contact or correspond (directly or indirectly); or
 - 3.14.8.2 make or lodge any submission, report or application (whether formal or informal),

with any Government Agency or any Stakeholder in respect of any of the Mining Rights without obtaining the Bidder's prior written consent as to the form and content of any relevant contact, correspondence, submission, report or application, such consent not to be unreasonably withheld;

- 3.14.9 not relinquish, surrender or otherwise dispose of any right or interest in any of the Mining Rights;
- 3.14.10 not enter into any new:
 - 3.14.10.1 farm-in, joint venture, joint operating partnership, option agreement or similar arrangements; or
 - 3.14.10.2 royalty, off-take, marketing or similar arrangements,
 in respect of any of the Mining Rights;
- 3.14.11 not incur or commit to incur capital expenditure (other than the ordinary course of business) and not to undertake, or commit to undertake any exploration, development or capital investment activities in respect of any of the Mining Rights other than those activities that are required to comply with the conditions of the Mining Rights;
- 3.14.12 not alter the terms of engagement or remuneration or benefits provided to any Target Directors', employees or consultants;
- 3.14.13 not appoint any person as a director of the Target;
- 3.14.14 not:
 - 3.14.14.1 convert any of the Target Shares into a larger or small number of Target Shares;
 - 3.14.14.2 resolve to reduce its share capital in any way;
 - 3.14.14.3 enter into any buy-back agreement or resolve to approve the terms of any buy-back agreement;
 - 3.14.14.4 issue Target Shares, grant an option to subscribe for Target Shares or agree to make such an issue or grant such an option;
 - 3.14.14.5 agree to issue convertible notes or any other instruments convertible into Target Shares; or
 - 3.14.14.6 resolve to be wound up,
 except:
 - 3.14.14.7 pursuant to the vesting (including by way of acceleration of vesting) in any director, officer, employee or consultant (or their nominee) of Target Rights on issue as at the date of this Agreement, in accordance with the relevant terms of issue; or
 - 3.14.14.8 as expressly contemplated in this Agreement or otherwise agreed by the Bidder in writing.

- 3.15 In complying with clause 3.14, the Target is not required to do or omit to be done anything which would, in its reasonable opinion:
- 3.15.1 disrupt or adversely affect the day to day operations of the Target or member of the Target Group; or
 - 3.15.2 prevent or hinder the Target or a member of the Target Group from meeting its legal or contractual obligations in the ordinary course of business.

Conduct of the Bidder during Offer Period

- 3.16 From the Announcement Date until the end of the Offer Period, the Bidder will, and will procure that each other member of the Bidder Group:
- 3.16.1 conduct its business in its usual and ordinary course and on a basis consistent with past practice or as may be required in order to satisfy a specific requirement of a Government Agency;
 - 3.16.2 preserve and maintain the value of its business and assets, and its relationships with customers, suppliers, employees and others with whom they have business dealings; and
 - 3.16.3 will not issue any securities, save as agreed by the Target in writing.

Bid Conditions

- 3.17 Subject to clause 3.18, the Target agrees not to do (or omit to do) anything which will, or is likely to, result in any of the Bid Conditions being breached, or not being, or not being capable of being, satisfied.
- 3.18 Nothing in clauses 3.17 to 3.19 (inclusive) prevents the Target or the Target Board from taking, or failing to take, any action where to do otherwise would, in the opinion of the Target Board (determined in good faith have obtained external legal advice), constitute a breach of the Target Directors' fiduciary or statutory duties.
- 3.19 If any event occurs or becomes apparent which would cause any of the Bid Conditions to be breached or cause satisfaction of them to be unreasonably delayed, each Party must, to the extent that the Party is actually aware of such information, immediately notify the other Party of that event.

Approvals

- 3.20 The Bidder agrees that, as soon as practicable after the Announcement Date, it will apply for all relevant approvals required from Bidder shareholders and any Government Agency in relation to the Takeover Bid, including dispatching a notice of meeting to Bidder Shareholders (whether before or after the dispatch of the Bidder's Statement) and holding a general meeting during the Offer Period to obtain the approval of Bidder shareholders for the issue of Bidder shares pursuant to the Takeover Bid for the purposes of ASX Listing Rule 10.1, and the Target will provide all reasonable assistance to the Bidder in seeking such approvals.

Independent expert's report

- 3.21 The Parties acknowledge and agree that the Target will commission the preparation of the Independent Expert's Report as soon as practicable.
- 3.22 The Bidder will provide any assistance or information reasonably requested by the Target or the Independent Expert in connection with the preparation of the Independent Expert's Report.

4 TAKEOVER BID – VARIATION AND WAIVER

Variation

- 4.1 The Bidder may vary the terms and conditions of the Takeover Bid in any manner which is permitted by the Corporations Act, provided that the varied terms and conditions are not less favourable to Target Shareholders than the Agreed Bid Terms as determined by the Independent Expert.

Waiver of Bid Conditions and extension

- 4.2 Subject to the Corporations Act, the Bidder may declare the Takeover Bid to be free from any Bid Condition or extend the Takeover Bid at any time.

5 PAYMENT OF COSTS

Background

- 5.1 The Parties acknowledge that, if they enter into this Agreement and the Takeover Bid is subsequently not implemented, the other Party will incur significant costs.
- 5.2 Each Party has requested that provision be made for the payments detailed in this clause 5, without which they would not have entered into this Agreement or have otherwise agreed to implement the Takeover Bid.
- 5.3 The Break Fee has been calculated to reimburse the Bidder or the Target (as applicable) for the following:
 - 5.3.1 fees for legal and financial advice in planning and implementing the Takeover Bid;
 - 5.3.2 reasonable opportunity costs incurred in engaging in the Takeover Bid or in not engaging in other alternative acquisitions or strategic initiatives;
 - 5.3.3 costs of management and directors' time in planning and implementing the Takeover Bid;
 - 5.3.4 out of pocket expenses incurred by the Bidder's or the Target's (as applicable) employees, advisers and agents in planning and implementing the Takeover Bid; and

5.3.5 any damage to the Bidder's or the Target's (as applicable) reputation associated with a failed transaction and the implications of those damages if the Bidder seeks to execute similar transactions in the future,

in each case, incurred by the Bidder or the Target (as applicable) directly or indirectly as a result of pursuing the Takeover Bid.

5.4 Each Party confirms that its board of directors:

5.4.1 has received legal advice in relation to this Agreement and the operation of this clause 5; and

5.4.2 believes that the Takeover Bid will provide benefits to it and its shareholders and that it is appropriate for it to agree to the payments referred to in this clause 5 in order to secure the other Party's participation in the Takeover Bid.

Payment of costs incurred by the Bidder

5.5 The Target undertakes to pay the Break Fee to the Bidder if, during the Exclusivity Period:

5.5.1 any Independent Director fails to recommend that Target Shareholders accept the Takeover Bid in the absence of a Superior Proposal or, having made such a recommendation, makes a public statement which withdraws, revises, or qualifies that recommendation, except:

5.5.1.1 in circumstances where the Target has validly terminated this Agreement under clause 9; or

5.5.1.2 the Independent Expert fails to conclude that the Takeover Bid is fair and reasonable (or having given a report that, in the opinion of the Independent Expert, the Takeover Bid is fair and reasonable, gives a report changing that opinion for any reason to conclude that the Takeover Bid is not fair and reasonable);

5.5.2 the Target Board or any Target Director recommends that Target Shareholders accept, vote in favour of or otherwise support (including support by way of accepting or voting, or by way of stating an intention to accept or vote, in respect of Target Shares a Target Director owns, controls or otherwise has a Relevant Interest in) a Competing Proposal of any kind which is announced (whether or not such proposal is stated to be subject to any pre-conditions) during the Exclusivity Period;

5.5.3 a Competing Proposal of any kind is announced (whether or not such proposal is stated to be subject to any pre-condition) and within 6 months from the date of such announcement, the Third Party:

5.5.3.1 completes a Competing Proposal of a kind referred to in any of paragraphs (b) or (c) of the definition of Competing Proposal; or

5.5.3.2 without limiting clause 5.5.3.1, acquires, either alone or together with any Associate(s), a Relevant Interest in more than 50% of the Target Shares;

- 5.5.4 the Target or any of the Target Directors does (or omits to do) anything (whether or not it may be permitted by the terms of this Agreement) which results in any of the Bid Conditions being breached or incapable of being fulfilled and the Bidder declares the Takeover Bid free of the breached conditions (which the Bidder is under no obligation to do); or
- 5.5.5 there is a material breach of this Agreement by the Target and that breach is not remedied within 10 Business Days after the Bidder gives the Target written notice requesting the cessation or remedy of the breach.

Payment of costs incurred by the Target

- 5.6 The Bidder undertakes to pay the Break Fee to the Target if there is a material breach of this Agreement by the Bidder and that breach is not remedied within 10 Business Days after the Target gives the Bidder written notice requesting the cessation or remedy of the breach.

Timing of payment

- 5.7 The Target must pay the Break Fee to the Bidder without set-off or withholding within 5 Business Days after the receipt by the Target of a written demand for payment from the Bidder. The demand may only be made after the occurrence of an event referred to in clause 5.5 and the termination of this Agreement.
- 5.8 The Bidder must pay the Break Fee to the Target without set-off or withholding within 5 Business Days after the receipt by the Bidder of a written demand for payment from the Target. The demand may only be made after the occurrence of an event referred to in clause 5.6 and the termination of this Agreement.

Quantification

- 5.9 Each Party acknowledges and agrees that the loss actually incurred by it under clause 5.3 will be of such nature that it cannot accurately be ascertained and that the amount of the Break Fee is a genuine and reasonable pre-estimate of those fees, costs and losses.

Compliance with law

- 5.10 If:
- 5.10.1 it is found by the Takeovers Panel or a Court that all or any part of the payment required to be made under clauses 5.5 or 5.6 is unlawful, involves a breach of director's duties or constitutes Unacceptable Circumstances and the period for lodging an application for review or a notice of appeal (as applicable) has expired without such an application or notice having been lodged; or
- 5.10.2 an application for review or a notice of appeal having been lodged with the Takeovers Panel or a Court within the prescribed period, it is found by the relevant review panel or appeal Court that all or any part of the payment required to be made under clauses 5.5 or 5.6 is unlawful, involves a breach of director's duties or constitutes Unacceptance Circumstances,

(Challenged Amount) then:

- 5.10.3 the undertaking under clause 5.5 or 5.6 (as applicable) does not apply to the extent of the Challenged Amount;

- 5.10.4 in the case any Challenged Amount relates to a payment required to be made under clause 5.5 or 5.6, the Bidder or the Target (as applicable) must immediately refund that Challenged Amount.

Break Fee payable only once

- 5.11 Where a Break Fee becomes payable under this clause 5 and is actually paid, the recipient of the Break Fee cannot make any claim against the other Party for payment of any subsequent Break Fee.

Other claims

- 5.12 Notwithstanding any other provision of this Agreement, to the extent that a Break Fee becomes payable (or would be payable if a demand was made), a Party entitled to receive the Break Fee (the **First Party**) cannot make any claim (or seek other remedy or compensation) against the another Party (the **Second Party**) in relation to an event in this clause 5, unless there has been a wilful or intentional breach by the Second Party of any of its obligations under this Agreement, in which case any entitlement to a Break Fee is without prejudice to any rights or other remedies that the First Party may have for a breach of this Agreement.

6 EXCLUSIVITY

Cease existing discussions

- 6.1 The Target warrants that, as at the time of execution of this Agreement, it is not in any discussions or negotiations, and has ceased any discussions or negotiations with any Third Party in respect of:
- 6.1.1 any Competing Proposal; or
 - 6.1.2 any transaction that is reasonably likely to reduce the likelihood of the success of the Takeover Bid.

Prohibition

- 6.2 During the Exclusivity Period, the Target must not, and must ensure that each of its Related Persons does not, directly or indirectly:
- 6.2.1 (**no shop**) solicit, invite, encourage or initiate (including, without limitation, by the provision of non-public information) any inquiry, expression of interest, offer, proposal or discussion by any person in relation to, or which would reasonably be expected to encourage or lead to the making of, a Competing Proposal, or communicate any intention to do any of those things (whether from a person with whom the Target or any of its Related Persons has previously been in discussions or not); and
 - 6.2.2 (**no talk**) subject to clause 6.4:
 - 6.2.2.1 participate in any negotiations or discussions or provide any information to any person with respect to any inquiry, expression of interest, offer or proposal by any person to make a Competing Proposal;

- 6.2.2.2 accept or enter into, or offer to accept or enter into, any agreement, arrangement or understanding regarding a Competing Proposal;
- 6.2.2.3 disclose any non-public information about the business or affairs of the Target to a Third Party (other than a Government Agency) with a view to obtaining or which may reasonably be expected to lead to receipt of a Competing Proposal, other than in the ordinary course of business or as required by law; or
- 6.2.2.4 communicate to any person an intention to do anything referred to in this clause 6.2.2.

6.3 Nothing in clause 6.2 prevents the Target from continuing to make normal presentations to brokers, investors and analysts in the ordinary course of business or promoting the merits of the Takeover Bid.

Fiduciary exception

6.4 Clause 6.2.2 does not prohibit any action or inaction by the Target or any of its Related Persons if compliance with clause 6.2.2 would, in the opinion of the Target Board, formed in good faith in reliance on specific written advice from its external legal advisers constitute, or would be likely to constitute, a breach of any of the fiduciary or statutory duties of the Target Directors, provided that the Competing Proposal was not directly or indirectly brought about by, or facilitated by, a breach of clause 6.2.1.

Notification of approaches

6.5 During the Exclusivity Period, the Target must as soon as possible notify the Bidder in writing if it, or any of its Related Persons, becomes aware of any:

- 6.5.1 negotiations or discussions, approach or attempt to initiate any negotiations or discussions, or intention to make such an approach or attempt to initiate any negotiations or discussions in respect of any inquiry, expression of interest, offer, proposal or discussion in relation to an actual, proposed or potential Competing Proposal;
- 6.5.2 proposal made to the Target or any of its Related Persons, in connection with, or in respect of any exploration or completion of, an actual, proposed or potential Competing Proposal; or
- 6.5.3 provision by the Target or any of its Related Persons of any non-public information concerning the business or operations of the Target to any to a Third Party in connection with an actual, proposed or potential Competing Proposal,

whether direct or indirect, solicited or unsolicited, and in writing or otherwise.

6.6 For the avoidance of doubt, the Target may only perform any of the acts described in clause 6.5 if not proscribed by clause 6.2 or if permitted by clause 6.4.

Matching right

- 6.7 Without limiting clause 6.2, during the Exclusivity Period, the Target:
- 6.7.1 must not enter into any legally binding agreement, arrangement or understanding (whether or not in writing) pursuant to which a Third Party, the Target or both proposes or propose to undertake or give effect to an actual, proposed or potential Competing Proposal; and
 - 6.7.2 must use its best endeavours to procure that none of its directors change their recommendation in favour of the Takeover Bid to publicly recommend an actual, proposed or potential Competing Proposal (or recommend against the Takeover Bid),
- unless:
- 6.7.3 the Target Board acting in good faith and in order to satisfy what the Target Board members consider to be their statutory or fiduciary duties (having received written advice from its external legal advisers) determines that the Competing Proposal would be or would be likely to be an actual, proposed or potential Superior Proposal;
 - 6.7.4 the Target has provided the Bidder with the material terms and conditions of the actual, proposed or potential Competing Proposal, including price and the identity of the Third Party making the actual, proposed or potential Competing Proposal;
 - 6.7.5 the Target has given the Bidder at least 5 Business Days after the date of the provision of the information referred to in clause 6.7.4 to amend the terms of the Takeover Bid including increasing the amount of consideration offered or proposing any other form of transaction (each a **Bidder Counterproposal**); and
 - 6.7.6 the Bidder has not made a Bidder Counterproposal by the expiry of the 5 Business Day period in clause 6.7.5.
- 6.8 If the Bidder makes a Bidder Counterproposal before the expiry of the 5 Business Day period in clause 6.7.5, the Independent Board must review the Bidder Counterproposal in good faith.
- 6.9 If the Independent Board, acting reasonably and in good faith, determines that the Bidder Counterproposal taken as whole would provide an equivalent or superior outcome for Target Shareholders compared with the Competing Proposal:
- 6.9.1 the Target and the Bidder must use all reasonable endeavours to agree and enter into such documentation as is reasonably necessary to give effect to and implement the Bidder Counterproposal as soon as reasonably practicable; and
 - 6.9.2 the Target must use all reasonable endeavours to procure that the Independent Board:
 - 6.9.2.1 unanimously recommends the Bidder Counterproposal to Target Shareholders (which recommendation may be expressed as being subject to there being no Superior Proposal); and
 - 6.9.2.2 does not recommend the relevant Competing Proposal.

- 6.10 For the avoidance of doubt, clauses 6.7 to 6.9 (inclusive) will have repeat application, such that:
- 6.10.1 each successive material modification of any third party expression of interest, offer or proposal in relation to a Competing Proposal will constitute a new Competing Proposal; and
 - 6.10.2 if any such modification is made after the Bidder has made a Bidder Counterproposal, the Bidder will again have the right, but not the obligation, to make a further Bidder Counterproposal.

7 CONFIDENTIALITY

7.1 A Party (Recipient):

- 7.1.1 must keep confidential any confidential information of the other Party (**Disclosing Party**) disclosed to the Recipient by the Disclosing Party, or of which the recipient becomes aware, except information which is public knowledge otherwise than as a result of a breach of confidentiality by the Recipient or any of its permitted discloses; and
- 7.1.2 may disclose any confidential information in respect of which the Recipient:
 - 7.1.2.1 has an obligation of confidentiality under clause 7.1.1 only to those of the Recipient's officers or employees or financial, legal or other advisers who have a need to know for the purposes of this Agreement or the transactions contemplated by it; or
 - 7.1.2.2 is compelled by law or by any regulatory authority, including ASIC and ASX.

8 WARRANTIES

Mutual warranties

- 8.1 Each Party represents and warrants to the other that, as at the date of this Agreement and until the end of the Offer Period:
- 8.1.1 it is validly incorporated, organised and subsisting under the laws of the place of its incorporation;
 - 8.1.2 it has full power and capacity to enter into and perform its obligations under this Agreement;
 - 8.1.3 this Agreement has been duly executed and is a legal, valid and binding agreement, enforceable against the Party in accordance with its terms;
 - 8.1.4 all necessary authorisations for the execution, delivery and performance by it of this Agreement in accordance with its/their terms have been obtained;

- 8.1.5 it is not bound by any agreement that would prevent or restrict it from entering into and performing its obligations under this Agreement or the transaction contemplated by it;
- 8.1.6 no resolutions have been passed or steps taken, and no petition or other process has been presented or threatened in writing against it, for winding-up or dissolution, and no receiver, receiver and manager, liquidator, administrator or like official has been appointed, or is threatened or expected to be appointed, over the whole or any part of its assets; and
- 8.1.7 no regulatory action of any nature has been taken that would prevent, inhibit or otherwise have a material adverse effect on its ability to fulfil its obligations under this Agreement.

Target warranties

- 8.2 The Target represents and warrants to the Bidder that each of the following statements is true, accurate and not misleading as at the date of this Agreement and until the end of the Offer Period:
 - 8.2.1 each member of the Target Group is a corporation validly existing under the laws of its place of incorporation;
 - 8.2.2 as at the date of this Agreement, the issued capital of the Target is as follows:
 - 8.2.2.1 591,745,120 Target Shares; and
 - 8.2.2.2 71,009,414 Target Rights,and there are no shares or other securities (including equity securities, debt securities or convertible securities) or options (listed or unlisted) or performance rights or other instruments which are convertible into securities in the Target except as described in this clause 8.2.2, nor has the Target offered or agreed to issue any such shares, securities, options or performance rights or other instruments to any Third Party;
 - 8.2.3 the Target has terminated all negotiations and discussions (other than with the Bidder) that relate to any Competing Proposal in respect of the Target as at the date of this Agreement, and there are no discussions, negotiations or agreements in relation to any Competing Proposal in respect of the Target other than to the extent permitted under this Agreement;
 - 8.2.4 no member of the Target Group is involved in any litigation, arbitration, legal, administrative or governmental proceedings or other dispute and there are no facts or circumstances known to the Target (after making reasonable inquiries) likely to give rise to any such proceedings or dispute;
 - 8.2.5 each member of the Target Group holds all material licences, permits and authorisations necessary to conduct its activities as presently conducted;
 - 8.2.6 so far as the Target is aware, there has been no material breach by any member of the Target Group of any laws applicable to it, any orders of any Government Agency having jurisdiction over it, or any conditions to any material licence, permit or authorisation held by it;

- 8.2.7 all information the Target or its representatives has provided to the Bidder or its representatives is to the knowledge of the Target (after making reasonable enquiries) true and correct in all material respects and is not misleading or deceptive in any material respect (whether by omission or otherwise);
- 8.2.8 as at the date of this Agreement, the Target is not aware, after having made due enquiry, of any matter which is likely to result in the occurrence of any prescribed occurrence detailed in paragraph 3.5 of schedule 1 between the Announcement Date and the end of the Offer Period (each inclusive);
- 8.2.9 the Target's audited financial statements for the financial year ended 31 December 2016 (**Accounts Date**):
- 8.2.9.1 are, in all material respects, a true and fair reflection of the Target's financial position and performance as at the Accounts Date; and
- 8.2.9.2 comply with Australian Accounting Standards and the Corporations Regulations 2001 (Cth);
- 8.2.10 since the Accounts Date, there has been no material deterioration in the turnover, financial or trading position or prospects of the Target save as otherwise disclosed to the Bidder in writing;
- 8.2.11 all material agreements to which a member of the Target Group is party are in full force and effect and, so far as the Target is aware, having made due enquiry, are legally binding as between the parties thereto in accordance with their terms;
- 8.2.12 as at the date of this Agreement, the Target is not aware of any act, omission, event or fact that would result in any of the Bid Conditions being breached or not satisfied;
- 8.2.13 no person has any right (whether subject to conditions or not) to, as a result or otherwise in connection with the Bidder acquiring Target Shares:
- 8.2.13.1 acquire, or require the Target to dispose of or offer to dispose of, any material asset of the Target Group;
- 8.2.13.2 terminate or vary any material deed with any member of the Target Group; or
- 8.2.13.3 accelerate or adversely modify the performance of any obligations of a member of the Target Group in a material respect under any material deed, arrangement or understanding;
- 8.2.14 no member of the Target Group is in default in any material respect under any document, agreement or instrument binding on it or its assets nor, so far as the Target is aware, having made due enquiry, has anything occurred which is or would with the giving of notice or lapse of time constitute an event of default, prepayment event or similar event, or give another party thereto a termination right or right to accelerate any right or obligation, under any such document or agreement with such an effect; and

- 8.2.15 there is no Encumbrance (of whatsoever nature) over any assets of the Target Group other than an Encumbrance arising in the ordinary course of business or as previously disclosed in writing to the Bidder.

Notification

- 8.3 Each Party will promptly advise the other in writing if it becomes aware of any fact, matter or circumstance that constitutes or may constitute a breach of any of the representations and warranties given by it under this clause 8.

9 TERMINATION

Termination rights

- 9.1 This Agreement may be terminated by a Party if:
- 9.1.1 the other Party is in material breach of this Agreement and, to the extent that the breach is capable of remedy, that breach is not remedied by that other Party within 10 Business Days of it receiving notice from the first Party of the details of the breach and the first Party's intention to terminate;
 - 9.1.2 the Bidder withdraws the Takeover Bid or the Takeover Bid lapses for any reason including non-satisfaction of a Bid Condition; or
 - 9.1.3 the Independent Directors change their recommendation in relation to the Takeover Bid as a result of the Independent Board determining that it has received a Superior Proposal or the Independent Expert failing to conclude that the Takeover Bid is fair and reasonable (or having given a report that, in the opinion of the Independent Expert, the Bid is fair and reasonable, gives a report changing that opinion for any reason to conclude that the Bid is not fair and reasonable),

by immediate notice to the other Party.

Effect of termination

- 9.2 If this Agreement is terminated by another Party under clause 9.1:
- 9.2.1 each Party will be released from its obligations under this Agreement except its obligations under clauses 1, 5, 7, 8, 9.2, 10, 11 and 12;
 - 9.2.2 each Party will retain the rights it has or may have against the other Party in respect of any past breach of this Agreement; and
 - 9.2.3 in all other respects, all future obligations of the Parties under this Agreement will immediately terminate and be of no further force or effect, including without limitation any further obligations in respect of the Takeover Bid.

10 GST

Interpretation

- 10.1 In this clause 10, a word or expression defined in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth) has the meaning given to it in that Act.

GST gross up

- 10.2 Subject to clause 10.3, if a Party makes a supply under or in connection with this Agreement in respect of which GST is payable, the consideration for the supply but for the application of this clause 10.2 (GST exclusive consideration) is increased by an amount equal to the GST exclusive consideration multiplied by the rate of GST prevailing at the time the supply is made.
- 10.3 Clause 10.2 does not apply to any consideration that is expressed in this Agreement to be inclusive of GST.

Reimbursements and indemnifications

- 10.4 If a Party must reimburse or indemnify another party for a loss, cost or expense, the amount to be reimbursed or indemnified is first reduced by any input tax credit the other Party is entitled to for the loss, cost or expense, and then increased in accordance with this clause 10.

Tax invoice

- 10.5 A Party need not make a payment for a taxable supply made under or in connection with this Agreement until it receives a tax invoice for the supply to which the payment relates.

11 NOTICES

Method of giving notices

- 11.1 A notice required or permitted to be given by one Party to another under this Agreement must be in writing and is treated as being duly given if it is:
- 11.1.1 left at that other Party's address;
 - 11.1.2 sent by pre-paid mail to that other Party's address; or
 - 11.1.3 sent by email.

Time of Receipt

- 11.2 A notice given to a Party in accordance with clause 11.1 to 11.4 is treated as having been duly given and received:
- 11.2.1 when delivered (in the case of it being left at that Party's address);
 - 11.2.2 on the third Business Day after posting (in the case of it being sent by pre-paid mail); and

- 11.2.3 upon receipt by the sender of email confirmation of receipt of the email by the recipient of the email, in which event it will be deemed received as at the time and date of transmission of such confirmation (in the case of it being sent by email).

Address of Parties

- 11.3 For the purposes of this clause 11, the address of a Party is the address below or another address of which that Party may from time to time give notice to each other Party:

The Bidder

Address: Suite 6, 295 Rokeby Rd
Subiaco WA 6008
Email: zane@smallcapcorporate.com.au
Attention: Zane Lewis

The Target

Address: Suite 6, 295 Rokeby Rd
Subiaco WA 6008
Email: arron@smallcapcorporate.com.au
Attention: Arron Canicais

Change of Address

- 11.4 Each Party may from time to time change its address by giving notice pursuant to clause 11.1 to the other Party.

12 GENERAL

Governing law

- 12.1 This Agreement is governed by and is to be construed according to the laws of Western Australia.

Jurisdiction

- 12.2 Each of the Parties irrevocably submits to and accepts generally and unconditionally the non-exclusive jurisdiction of the courts and appellate courts of Western Australia with respect to any legal action or proceedings which may be brought at any time relating in any way to this Agreement.
- 12.3 Each of the Parties irrevocably waives any objection it may now or in the future have to the venue of any action or proceedings, and any claim it may now or in the future have that the action or proceeding has been brought in an inconvenient forum.

Severability

- 12.4 Any provision of this Agreement which is illegal, void or unenforceable is only ineffective to the extent of that illegality, voidness or unenforceability, without invalidating the remaining provisions.

Amendments

- 12.5 This Agreement may not be modified, amended or otherwise varied except by a document in writing signed by or on behalf of each of the Parties.

Waiver

- 12.6 No waiver or indulgence by any Party to this Agreement is binding on the Parties unless it is in writing. No waiver of one breach of any term or condition of this Agreement will operate as a waiver of another breach of the same or any other term or condition of this Agreement.

Further acts

- 12.7 The Parties will promptly do and perform all further acts and execute and deliver all further documents required by law or reasonably requested by any other Party to carry out and effect the intent and purpose of this Agreement.

Approvals

- 12.8 Subject to any law to the contrary and unless this Agreement expressly provides otherwise, where the doing or execution of any act, matter or thing is dependent on the consent or approval of a Party, that consent or approval may be given or withheld in the absolute discretion of that Party.

Duties and Costs

- 12.9 The Bidder must pay all stamp duty in respect of the execution, delivery and performance of any transaction contemplated by this Agreement.
- 12.10 Except as otherwise provided in this Agreement, each Party must pay its own legal costs and expenses in respect of the negotiation, preparation, execution, delivery and completion of this Agreement.

Time of the essence

- 12.11 Time is of the essence of this Agreement.

Power of attorney

- 12.12 Each attorney who signs this Agreement on behalf of a Party declares that the attorney has no notice from the Party who appointed him that the power of attorney granted to him, under which the attorney signs this Agreement, has been revoked or suspended in any way.
- 12.13 Each Party represents and warrants to each other that its respective attorney or authorised officer who signs this Agreement on behalf of that Party has been duly authorised by that Party to sign this Agreement on its behalf and that authorisation has not been revoked, and will provide a copy of such authorisation to the other Party on request of the other Party.

Entire agreement

- 12.14 This Agreement constitutes the sole and entire agreement between the Parties in relation to the transaction contemplated by this Agreement and contains all of the representations, warranties, undertakings and agreements of and between the Parties.

- 12.15 The Parties accept that they rely on only those matters expressly set out in this Agreement, as this Agreement supersedes all prior negotiations, contracts, arrangements or understandings with respect to the subject matter dealt with in this Agreement.
- 12.16 There are no representations warranties, undertakings or agreements between the Parties, expressed or implied, except as set out in this Agreement.

Counterparts

- 12.17 This Agreement may be executed in any number of counterparts (including by facsimile) and all of those counterparts taken together constitute one and the same instrument.

SCHEDULE 1: AGREED BID TERMS

1 CONSIDERATION

- 1.1 1 Bidder Share for every 1.18 Target Shares.

2 OFFER PERIOD

- 2.1 One month from the date the Offer opens, subject to the Bidder's right to extend the period.

3 BID CONDITIONS

Minimum acceptance

- 3.1 At or before the end of the Offer Period, the Bidder has a Relevant Interest in such number of Target Shares which represents at least 90% of the aggregate of all the Target Shares on issue at the end of the Offer Period.

Regulatory approvals

- 3.2 Before the end of the Offer Period, all approvals or consents that are required by any applicable law, by any Government Agency or by any other Third Party as are necessary to permit:
- 3.2.1 the Offer to be lawfully made to and accepted by the Target Shareholders;
 - 3.2.2 the transactions contemplated by the Bidder's Statement to be completed; and
 - 3.2.3 the Target to be in material compliance with each of its and its subsidiaries' contracts, permits, licences and other agreements,

are granted, given, made or obtained on an unconditional basis, remain in full force and effect in all respects, and do not become subject to any notice, intimation or indication of intention to revoke, suspend, restrict, modify or not renew the same.

No material adverse change

- 3.3 Between the Announcement Date and the end of the Offer Period (each inclusive) none of the following occurs:
- 3.3.1 an event, change, condition, matter or thing occurs or will or is reasonably likely to occur;
 - 3.3.2 information is disclosed or announced by the Target concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur; or

3.3.3 information concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur becomes known to the Bidder (whether or not becoming public),

(each of 3.3.1, 3.3.2 and 3.3.3 being a **Specified Event**) which, whether individually or when aggregated with all such events, changes, conditions, matters or things of a like kind that have occurred or are reasonably likely to occur, has had or would be considered reasonably likely to have a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of the Target Group taken as a whole.

3.4 Without limiting the generality of condition 3.3, the effect of a diminution in the value of the consolidated net assets of the Target Group, taken as a whole, by at least \$200,000 against what it would reasonably have been expected to have been but for such Specified Event, other than:

3.4.1 an event, matter, change or circumstance caused, or materially contributed to, by the Bidder;

3.4.2 anything required or permitted to be done or not done under this Agreement or otherwise required to be done in connection with the legal obligations for the implementation of the Takeover Bid; or

3.4.3 any event, matter, change or circumstance:

3.4.3.1 fairly disclosed by the Target to the Bidder or any Related Person of the Bidder prior to the date of this Agreement;

3.4.3.2 disclosed prior to the date of this Agreement in public filings by the Target to ASIC; or

3.4.3.3 otherwise known by the Bidder or any Related Person of the Bidder, at any time prior to the date of this Agreement.

No prescribed occurrences

3.5 Between the Announcement Date and the end of the Offer Period (each inclusive), none of the following events occurs:

3.5.1 the Target converting all or any of the Target Shares into a larger or smaller number of Target Shares;

3.5.2 the Target or any other member of the Target Group resolving to reduce its share capital in any way;

3.5.3 the Target or any other member of the Target Group entering into a buy-back agreement or resolving to approve the terms of a buy-back agreement under sections 257C(1) or 257D(1) of the Corporations Act;

3.5.4 the Target making an issue of Target Shares or granting an option over the Target Shares or agreeing to make such an issue or grant such an option;

3.5.5 the Target or any other member of the Target Group issuing, or agreeing to issue, convertible notes or any other securities;

- 3.5.6 the Target or any other member of the Target Group disposing or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- 3.5.7 the Target or any other member of the Target Group granting, or agreeing to grant, a Security Interest in the whole, or a substantial part, of its business or property;
- 3.5.8 the Target or any other member of the Target Group resolving that it be wound up;
- 3.5.9 the appointment of a liquidator or provisional liquidator of the Target or any other member of the Target Group;
- 3.5.10 the making of an order by a court for the winding up of the Target or any other member of the Target Group;
- 3.5.11 an administrator of the Target or any other member of the Target Group being appointed under sections 436A, 436B or 436C of the Corporations Act;
- 3.5.12 the Target or any other member of the Target Group executing a deed of company arrangement; or
- 3.5.13 the appointment of a receiver, receiver and manager, other controller (as defined in the Corporations Act) or similar official in relation to the whole, or a substantial part, of the property of the Target or any other member of the Target Group.

Bidder Shareholder Approval

- 3.6 The Bidder obtaining Bidder shareholder approval for the issue of Bidder Shares pursuant to the Takeover Bid for the purposes of ASX Listing Rule 10.1.

SCHEDULE 2: TIMETABLE

Event	Date
Bidder announcement of Takeover Bid	26 March 2018
Bidder provides an advanced draft Bidder's Statement to Target	16 April 2018
Target provides an advanced draft Target's Statement to Bidder	30 April 2018
Bidder's Statement and Target's Statement lodged with ASIC	11 May 2018
Record date for determining Target Shareholders' entitlements to accept the Offer	11 May 2018
Dispatch of Bidder's Statement and Target's Statement to Target Shareholders	18 May 2018
Offer Opens	18 May 2018
Offer Period ends (unless extended or withdrawn)	18 June 2018

SCHEDULE 3: AGREED ANNOUNCEMENT

[Agreed Announcement – not reproduced here]

EXECUTION

Executed as an agreement.

Executed by **Titan Minerals Limited ACN 117 790 897** acting by the following persons or, if the seal is affixed, witnessed by the following persons in accordance with s127 of the Corporations Act 2001:

[signature of director].....
Signature of director

[name of director].....
Name of director (print)

[signature of company secretary].....
Signature of director/company secretary

[name of company secretary].....
Name of director/company secretary (print)

Executed by **Andina Resources Limited ACN 137 601 159** acting by the following persons or, if the seal is affixed, witnessed by the following persons in accordance with s127 of the Corporations Act 2001:

[signature of director].....
Signature of director

[name of director].....
Name of director (print)

[signature of company secretary].....
Signature of director/company secretary

[name of company secretary].....
Name of director/company secretary (print)