

ANDEAN MINING CORPORATION PTY LTD
ACN 625 466 006



CONVERTIBLE NOTE AGREEMENT

NOTE ISSUER

And

NOTEHOLDER
Named in Schedule 1

THIS AGREEMENT is made on

PARTIES

Name	ANDEAN MINING CORPORATION PTY LTD ACN 625466006 Address 25 TAWMII Place Castle Hill NSW 2154 “ Andean or ISSUER ”
Name	The person named in Schedule 1
Notice details	As set out in Schedule 1
Short form name	Noteholder

BACKGROUND

A The Noteholder has agreed to provide the Note Amount to the Issuer on the terms and conditions set out in this Agreement.

AGREED TERMS

1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement, unless the context requires otherwise, the following words and phrases have the meaning given:

Agreement	this convertible note agreement.
Approved Purpose	(a) for working capital in the business of Andean; and (b) to meet costs incurred in connection with the Transaction.
Business Day	a day (other than a Saturday or Sunday) on which banks are open for general business in Sydney, NSW.
Immediately Available Funds	(a) cash; (b) bank cheque; or (c) electronic transfer of cleared funds into a bank account nominated in advance by the payee.

Longstop Date	24 months from the date of this document the
Maturity Date	date of completion of the Transaction.
Note Amount	the amount specified in Schedule 1.
ASX	may refer to ASX Limited or the securities exchange operated by it, as the context requires.
Notice	a notice given in accordance with clause 8.
Price	in relation to the Transaction, the following as (a) the price per Share at which Andean's initial relevant public offering is conducted; or (b) the price per Share at which Andean's Shares are acquired by a third party.
Replacement Note	a convertible note that provides for the issue of a fixed number of Shares to the Noteholder on conversion of the note, that provides the same economic benefit to the Noteholder as this Agreement.
Share	a fully paid ordinary share in Andean.
Tax	any tax, levy, impost, duty, charge, deduction, compulsory Note or withholding of whatever kind (together with any related interest, penalty, fine or expense) that is imposed by law or any government agency.
Transaction	(a) initial public offering of and listing of Andean's Shares on the main board of the ASX; or (b) an acquisition by a third party of all of the Shares in Andean.

1.2 Words and expressions

In this Agreement, unless the context requires otherwise:

- (a) the singular includes the plural and vice versa;
- (b) words denoting any gender include all genders;
- (c) where a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (d) a reference to a party, clause, paragraph, schedule or annexure is a reference to a party, clause, paragraph, schedule or annexure of this Agreement;
- (e) a reference to this Agreement includes any schedules or annexures;
- (f) headings are for convenience and do not affect interpretation;

- (g) the background or recitals to this Agreement are adopted as and form part of this Agreement;
- (h) a reference to “\$”, “A\$” or “dollar” is a reference to Australian currency;
- (i) a reference to a time is a reference to the time in Sydney, New South Wales;
- (j) a reference to a party includes its executors, administrators, successors, substitutes (including persons taking by novation) and permitted assigns;
- (k) a reference to writing includes any method of representing words, figures or symbols in a permanent and visible form;
- (l) words and expressions denoting natural persons include bodies corporate, partnerships, associations, firms, governments and governmental authorities and agencies and vice versa;
- (m) a reference to any legislation or to any provision of any legislation includes:
 - (i) any modification or re-enactment of the legislation;
 - (ii) any legislative provision substituted for, and all legislation, statutory instruments and regulations issued under, the legislation or provision; and
 - (iii) where relevant, corresponding legislation in any Australian State or Territory;
- (n) “repay” (or any derivative form thereof) shall, subject to any contrary indication, be construed to include “pay” (as, as the case may be, the corresponding derivative form thereof); and
- (o) in relation to Business Days, if:
 - (i) the day on or by which any act, matter or thing is to be done is a day other than a Business Day, the act, matter or thing will be done on the next Business Day;
 - (ii) any money falls due for payment on a date other than a Business Day, that money will be paid on the next Business Day (without interest or any other amount being payable in respect of the intervening period).

2 TERMS OF THE NOTE

2.1 Note Amount

- (a) The Noteholder agrees to provide the Note Amount by way of Immediately Available Funds to the Issuer in one lump sum within 2 Business Days of this Agreement being executed by the parties.
- (b) The Issuer must utilise the Note Amount for the Approved Purpose only.

2.2 Interest

- (a) Interest will accrue at the rate of 6% per annum on the Note Amount calculated on a 365 day year and will be capitalized annually and upon capitalization will form part of the Note Amount and the increased Note Amount will bear interest at 6% per annum thereafter.

- (b) On conversion all accrued interest will be included in the amount to be converted.
- (c) On repayment all accrued interest must be repaid to the Noteholder at the same time as the Note Amount is repaid.

2.3 Replacement Note

If the Issuer offers a Replacement Note to the Noteholder:

- (a) the Noteholder must sign the Replacement Note; and
- (b) upon signing of the Replacement Note, the Replacement Note will replace the convertible note under this Agreement, which will be at an end.

3 CONVERSION

3.1 Conversion on the Maturity Date

- (a) On the Maturity Date, the Note Amount and all accrued interest will automatically convert into Shares in the number determined under clause 3.1(c) and issued in accordance with clause 3.4, without the need for a party to provide any notice to any other.
- (b) The conversion to Shares under clause 3.1(a) will be taken as full and final satisfaction of the Note Amount upon the Shares being issued.
- (c) The number of Shares to which the Noteholder is entitled on the Maturity Date will be calculated as follows:

$$N = \frac{L \times 2}{P}$$

Where:

- N = the number of Shares to be issued;
- L = the Note Amount plus all accrued interest; and
- P = Price.

3.2 Conversion on the Longstop Date

- (a) If the conversion under clause 3.1(a) or clause 3.3(a) has not occurred before the Longstop Date, on the Longstop Date the Note Amount will automatically convert into Shares in the number determined under clause 3.2(c) and issued in accordance with clause 3.4, without the need for a party to provide any notice to any other party.

- (b) The conversion to Shares under clause 3.2(a) will be taken as full and final satisfaction of the Note Amount upon the Shares being issued.
- (c) The number of Shares to which the Noteholder is entitled on the Longstop Date will be calculated as follows:

$$A = \frac{B \times 2.5}{P}$$

Where:

- A = the number of Shares to be issued; and
- B = the Note Amount plus all accrued interest; and
- P = if the shares on issue at the date of this Agreement have been consolidated on a 4:1 basis, \$0.20 (otherwise the equivalent price for the share capital of the Issuer at the time of conversion).

3.3 Conversion By Noteholder

(a) Subject to clause 4, at any time prior to the first to occur of the Issuer issuing a Drag Notice under clause 6.1 to the Noteholder and the Longstop Date, the Noteholder may elect by notice in writing to the Issuer to convert all (but not some only) of the Note Amount and all accrued interest into Shares, in the number determined under the same formula as a set out in clause 3.2(c) and issued in accordance with clause 3.4.

(b)

The conversion to Shares under clause 3.3(a) will be taken as full and final satisfaction of the Note Amount upon the Shares being issued.

3.4 Issue of Shares

Within 5 Business Days after conversion under clause 3.1(a), 3.2(a) or 3.3(a), as relevant, Andean must:

(a) issue and allot to the Noteholder the number of Shares, calculated in accordance with clause 3.1(c) or 3.2(c) (as applicable), in full satisfaction of the Note Amount (**Conversion Shares**);

(b) enter the name of the Noteholder in the register of shareholders of Andean in respect of the Conversion Shares; and

(c) procure the issue to the Noteholder of a share certificate or holding statement for the Conversion Shares.

3.5 Ranking of Shares

Each Conversion Share shall rank equally in all respects with all other Shares at the date of the conversion.

3.6 Rounding

If on conversion the aggregate number of Conversion Shares to which the Noteholder is entitled includes a fraction of a Share, that fraction must be rounded up or down to the nearest whole Share.

3.7 No distributions before conversion

The Noteholder is not entitled to receive any dividend (in cash or in specie), return of capital or other distribution or benefit to which the holder of Shares or shares in the Issuer would be entitled to participate before the conversion of the Note Amount into Shares in accordance with clause 3.

3.8 Status

The Noteholder acknowledges that this Agreement:

- (a) does not confer on the Noteholder any right to attend or vote at general meetings of the Issuer;
- (b) does not confer on the Noteholder any right to participate in any issue of Shares by the Issuer before the conversion of the Note Amount into Shares in accordance with clause 3

4 REPRESENTATIONS AND WARRANTIES

4.1 Joint representations and warranties

Each party represents and warrants to the other party that:

- (a) it has the power and has taken all corporate and other action required to enter into this Agreement and to authorise the execution and delivery of this Agreement and the performance of its obligations;
- (b) this Agreement constitutes a valid and legally binding obligation of it in accordance with its terms; and (c) the execution, delivery and performance of this Agreement does not violate any existing law or any document or agreement to which it is a party or which is binding on it or any of its assets.

4.2 Status of warranties

All warranties in this Agreement:

- (a) survive the execution of this Agreement;
- (b) remain in full force and effect for the term of this Agreement; and
- (c) are given with the intent that liability under those warranties will not be confined to breaches discovered prior to the date of this Agreement.

5 CONFIDENTIALITY

5.1 Confidentiality

The Noteholder acknowledges that any information disclosed to the Noteholder by the Issuer in connection with the issue of Notes is strictly confidential.

6 DRAG ALONG

6.1 Drag Along

- (a) In the event that Andean receives a bona fide arm's length offer from a third party for all of the shares in Andean (**Offeror**) or resolves to seek a listing of Andean shares on a recognised stock exchange (**Sale Offer/Listing**), Andean may give written notice (**Drag Notice**) to the Noteholder setting out a proposed sale price or issue price per Share, name of and relevant details regarding the Offeror or Listing and the material terms and conditions of the Sale Offer/Listing.
- (b) Andean has the right to require that each shareholder of Andean (including the Noteholder on conversion of the Note Amount to Shares) (**Other Shareholder**) sell or agree to list all of their Shares held by each Other Shareholder (**Drag Along Shares**) on the identical terms and conditions specified in the Drag Notice. Such notice shall constitute an irrevocable offer by each Other Shareholder to sell or transfer to the Offeror or list the Drag Along Shares as part of the Listing as the case may be.

6.2 Power of Attorney

The Noteholder:

- (a) Appoints each director of Andean jointly and each of them severally as its attorney with the right to do everything that in the attorney's opinion is necessary or expedient to give effect to the sale and purchase or Listing of the Shares in accordance with the Drag Notice as specified in clause 6.1;
- (b) Acknowledges that the attorney may exercise its rights notwithstanding a conflict of interest or duty; and
- (c) Will ratify any exercise of a right by an attorney.

This power of attorney is granted for valuable consideration (receipt of which is acknowledged).

7 COSTS AND EXPENSES

7.1 Costs

Each party will bear its own legal fees, costs and expenses actually incurred by it in connection with the:

- (a) negotiation, preparation and entry into this Agreement; and
- (b) executing and completing all transactions contemplated within this Agreement.

8 NOTICES

8.1 In writing

- (a) Any communication in connection with this Agreement must be in writing and, unless otherwise stated, may be given:
 - (i) in person, by post or email; or
 - (ii) to the extent agreed by the parties making and receiving communication, by other electronic communication.
- (b) For the purpose of this Agreement, an electronic communication will be treated as being in writing.
- (c) Unless it is agreed to the contrary, any consent or agreement required under this Agreement must be given in writing.

8.2 Contact details

- (a) The contact details of each party for all communications in connection with this Agreement are as set out in the notice details at the beginning of this Agreement.
- (b) Any party may change its contact details by giving five Business Days' notice to the other parties.

8.3 Effectiveness

- (a) Except as provided below, any communication in connection with this Agreement will be deemed to be given as follows:
 - if delivered in person, at the time of delivery;
 - (i) if posted, five Business Days after being deposited in the post, postage prepaid, in a correctly addressed envelope; and
 - (ii) if by email or any other electronic communication, when received in legible form.
- (b) A communication given under clause 6.3(a) above but received on a non-working day or after business hours in the place of receipt will only be deemed to be given on the next working day in that place.

9 GENERAL

9.1 Assignment

Neither party may transfer its rights and obligations under this Agreement in whole or in part without the prior written consent of the other party.

9.2 Counterparts

This Agreement may be executed in original form and/or by email transmission in any number of counterparts and all counterparts taken together will constitute one and the same instrument.

9.3 Entire agreement

This Agreement constitutes the entire agreement between the parties in connection with its subject matter and supersedes all previous agreements or understandings between the parties in connection with its subject matter.

9.4 Severability

A term or part of a term of this Agreement that is illegal or unenforceable may be severed from this Agreement and the remaining terms or parts of the term of this Agreement continue in force.

9.5 Waiver

A party does not waive a right, power or remedy if it fails to exercise or delays in exercising the right, power or remedy. A single or partial exercise of a right, power or remedy does not prevent another or further exercise of that or another right, power or remedy. A waiver of a right, power or remedy must be in writing and signed by the party giving the waiver.

9.6 Legal advice

Each party acknowledge and agree that it has reviewed this Agreement and sought independent legal advice before entering into such documents.

9.7 Confidential information

No party may disclose the confidential information of another party to any other person or entity except:

- (a) with the consent of the party whose confidential information it is;
- (b) as required by law or an applicable stock exchange; or
- (c) to its professional advisers and employees for the purpose of completing the transactions as described in this Agreement, on the basis that they keep the information confidential.

9.8 Governing law and jurisdiction

This Agreement is governed by the law of New South Wales and each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of New South Wales.

SCHEDULE 1: Noteholder Details

<i>Applicant Name</i>					
<i>Street Address</i>					
<i>City/Town</i>		<i>State</i>		<i>Post Code</i>	
<i>Contact Name</i>					
<i>Contact Phone</i>		<i>Email</i>			
<i>No. Of Convertible Notes applied for</i>		<i>\$1,000 per note</i>	<i>Total Value</i>		

SIGNING PAGE

Executed by ANDEAN MINING CORPORATION
PTY LTD ACN 625 466 006 in accordance with
section 127 of the *Corporations Act 2001*
(Cth):

_____ Signature: Director	_____ Signature: Director/Secretary
Name	Name
Date	Date

Executed by the **Noteholder**:

_____ Signature	_____ Signature
_____ Name (BLOCK LETTERS)	_____ Name (BLOCK LETTERS)
Date	Date