

**Company** [Xtract Resources plc](#)  
**TIDM** XTR  
**Headline** **Chepica Acquisition, Fundraising & Notice of GM**  
**Released** 13:00 07-Feb-2014  
**Number** 5890Z13



RNS Number : 5890Z  
Xtract Resources plc  
07 February 2014

Xtract Resources Plc  
("Xtract" or the "Company" or the "Group")

Proposed Acquisition of Chepica Gold and Copper Mine in Chile  
Details of Fundraising  
Approval of waiver of Rule 9 of the Takeover Code  
Admission of new Ordinary Shares to trading on AIM  
and  
Notice of General Meeting

#### Highlights

- As announced on 12 December 2013, Xtract Resources plc has signed a sale and purchase agreement (the "Acquisition Agreement") with Polar Star to purchase the entire issued share capital of Polar Mining (Barbados) Limited, which is the parent company of a Chilean incorporated entity with a 15 per cent. direct interest and earn in option to acquire the remaining 85 per cent. interest in the Chepica gold and copper mine together with 100% of the Mejillones Phosphate project in Chile (the "Acquisition").
- Xtract has today published a circular (the "Circular") with the background to the Acquisition and notice of a general meeting to be held at 10.30 a.m. on 24 February 2014 at the offices of Fasken Martineau LLP, Third Floor, 17 Hanover Square, London, W1S 1HU (the "General Meeting").
- The consideration for the Acquisition will be £1,250,000, which shall be satisfied by the allotment and issue of 500,000,000 ordinary shares of 0.01 pence each ("Ordinary Shares") credited as fully paid at a price of 0.25 pence per Ordinary Share (the "Consideration Shares").
- Joel Silberstein will be appointed to the Board as Finance Director with effect from completion of the Acquisition.
- Polar Star is deemed to be "acting in concert" for the purposes of the City Code on Takeovers and Mergers (the "Takeover Code") with Tiger Resource Finance plc and all of the directors of Tiger Resource Finance plc (together the "Concert Party") due to the fact that Colin Bird is a director of the Company, Polar Star and Tiger Resource Finance plc. He is therefore deemed to be a related party under Rule 13 of the AIM Rules for Companies. As a result Mr Bird recused himself from any involvement, discussion or review process.
- At the General Meeting, the Independent Directors (as defined below) are seeking the approval of Independent Shareholders (as defined below) by the passing of an ordinary resolution (the "Resolution") voted on by the Independent Shareholders of a waiver proposed to be granted by the Panel of any obligation on the part of the Concert Party, to make a general offer to Shareholders under Rule 9 of the Takeover Code which might otherwise arise upon the Concert Party's participation in the Acquisition.
- The Independent Directors, who have been so advised by Cenkos, have resolved that the Acquisition, the Fundraising and the request for the Waiver are fair and reasonable and are in the best interests of the Company and the Shareholders as a whole. In providing advice to the Independent Directors, Cenkos has taken account of the

Independent Directors' commercial assessments. Accordingly, the Independent Directors unanimously recommend that Independent Shareholders vote in favour of the Resolution.

- As previously announced on 12 December 2013, a financing package has been agreed with YA Global Master SPV, Ltd, which is advised by Yorkville Advisors LLC (the "Investor") and consists of an unsecured loan of up to US\$5,000,000, subscription for 741,418,765 new Ordinary Shares (the "Subscription Shares") at a price of 0.2185 pence per Ordinary Share, equal to £1,620,000 in aggregate, and an equity swap agreement.
- Application has been made to the London Stock Exchange for 1,241,418,765 new Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the new Ordinary Shares will commence on 25 February 2014.

**Jan Nelson, CEO** said: "Having completed our detailed due diligence we are excited at the opportunity these projects in Chile bring. In particular that the Chépica gold and copper mine has the potential to deliver near term production and cash flow. Having an operating mine that generates cash flow puts us in a strong position, particularly at a time when access to capital is difficult. We are also looking at opportunities to consolidate further production from smaller operators surrounding the Chépica project. As outlined, whilst the Mejillones Phosphate property needs further work, we believe it could be developed into a world class phosphate deposit.

"The board is focussed on developing production and cash flow with the longer term objective to become a dividend paying stock."

#### **Enquiries:**

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Words and expressions used in this announcement shall have the same meaning as in the announcement made by the Company on 12 December 2013.

#### **1. Introduction**

1.1 As announced on 12 December 2013, and pursuant to the Acquisition Agreement, the Company has agreed to acquire the entire issued share capital of Polar Mining (Barbados) Limited (the "Target"), which is the parent company of a Chilean incorporated entity with a 15 per cent. direct interest and an earn-in option to acquire the remaining 85 per cent. interest in the Chépica gold and copper mine near Talca, Chile. The full cost of the option is approximately US\$ 7 million to be paid over 26 instalments terminating in 2016. Of the full cost of approximately US\$ 7 million, US\$ 2.35 million has already been paid by the Chilean entity, and approximately US\$ 4.65 million remains to be paid. The instalments are paid quarterly and will be funded from cash-flow from the Mine.

1.2 The Directors other than Colin Bird (the "Independent Directors") are seeking the approval of Shareholders other than the members of the Concert Party ("Independent Shareholders") of a waiver proposed to be granted by the Panel of any obligation on the part of the Concert Party, to make a general offer to Shareholders under Rule 9 of the Takeover Code which might otherwise arise upon the issue of the Consideration Shares to Polar Star pursuant to the Acquisition.

1.3 Colin Bird is a director of the Company, Tiger Resource and Polar Star and he is therefore deemed to be a related party under Rule 13 of the AIM Rules for Companies. As a result Mr Bird recused himself from any involvement, discussion or review process.

#### **2. The Acquisition**

2.1 The Chépica Mine is a gold/copper epithermal project located some 300 km south of Santiago, Chile. The nearest town is Talca which is 15 km from the Mine and is the centre of a prolific wine growing region. The gold and copper occurs in epithermal veins located in a breccia system. Grades of both copper and gold are variable between 2 and 5 grams gold equivalent with vein thicknesses varying between 2 and 7 metres.

2.2 The veins are accessed via adits, with ore being extracted by the use of handheld jack hammers with conventional blasting in the more narrow vein areas. A single boom mobile drill unit drills thicker veins and primary waste development. The plant consists of crushers and a two-ball mill grinding circuit feeding floatation circuit. The concentrate produced is transported to Enami (Government Refinery) by truck, some 50 km north of Santiago. Payment is based upon contained copper and gold. The Mine currently receives US\$150 per ton of concentrate with the cost to

produce a ton of concentrate being approximately US\$60 a ton. This gives a margin in excess of US\$85 a ton of concentrate.

2.3 Xtract announced on 10 July 2013 that it had signed a heads of agreement to joint venture the Mejillones Phosphate property in Chile. The heads of agreement required Xtract to pay US\$50,000 to secure the annual licence fee with a requirement to submit a report which would determine the suitability of the project for continued definition expenditure. Submission of this report would have earned Xtract a 51 per cent. beneficial holding in the Mejillones property. Thereafter, Xtract would be responsible for spending a further US\$1 million on a preliminary economic assessment which should be completed by 30 November 2015. At this stage, Xtract would hold a 75 per cent. beneficial interest with Polar Star having the right to co-invest.

2.4 The Acquisition Agreement now provides Xtract with a 100 per cent. ownership of the Mejillones property and removes expenditure and work commitment timetables allowing Xtract to advance the project at its own election in competition with other group near-cash projects.

2.5 The Mejillones property covers approximately 16,400 ha of highly prospective phosphate deposits that are close to surface and within 15 km of a deep water port. The property targets between 60 and 200 million tonnes of open pit sedimentary phosphate rocks with a grade of + 32 per cent. P205 post mechanical upgrading.

3. Background to and reasons for recommending the Waiver

3.1 The Company has entered into the Acquisition Agreement. The consideration for the acquisition by the Company of the entire issued share capital of the Target is £1,250,000, which shall be satisfied by the allotment and issue by the Company of the Consideration Shares, credited as fully paid, at a price of 0.25 pence per share to Polar Star. The Acquisition is, inter alia, in addition to the conditions detailed below, conditional on the completion of the Fundraising (which comprises Loan Note, the Subscription and the Equity Swap) by the Company. The Consideration Shares will represent approximately 13.96 per cent. of the Company's issued share capital as enlarged by the Acquisition and the Fundraising. The Subscription Shares will represent approximately 20.71 per cent. of the Company's issued share capital as enlarged by the Acquisition and the Fundraising.

3.2 The Independent Directors, having consulted with Cenkos, the Company's nominated adviser, have resolved that the Acquisition and the Fundraising are fair and reasonable and are in the best interests of the Company and the Shareholders as a whole.

3.3 The Consideration Shares are to be issued to Polar Star pursuant to the Acquisition, and Polar Star is deemed to be "acting in concert" (for the purposes of the Takeover Code) with the other members of the Concert Party (who would on completion of the Acquisition and the Fundraising hold approximately 33.23 per cent of the issued share capital of the Company as enlarged by the Acquisition and the Fundraising (the "Enlarged Issued Share Capital"). Because of this, the Acquisition is conditional, inter alia, upon the Takeover Panel giving approval to a waiver of Rule 9 of the Takeover Code, together with the approval of a "whitewash" circular setting out full details of the proposed waiver of the obligation under Rule 9 of the Takeover Code, that would otherwise require the Concert Party to make a mandatory cash offer to the Independent Shareholders to acquire their shares in the Company. Accordingly, the Acquisition is also conditional on the passing of the Resolution and on Admission. Further details of the Takeover Code and the Concert Party and why they are considered to be "acting in concert" are set out below.

3.4 Application will be made to the London Stock Exchange for a total of 1,241,418,765 (being the sum of 500,000,000 Consideration Shares and 741,418,765 Subscription Shares (as set out below)) to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence on 25 February 2014.

3.5 The 1,241,418,765 new Ordinary Shares will rank pari passu in all respects with the Company's existing Ordinary Shares currently in issue, including the right to receive all dividends and other distributions declared, made or paid following Admission.

4. Fundraising

4.1 It is a condition of the Acquisition Agreement that the Company raises funding for the purposes of, inter alia, operating and managing the on-going business of the Target and to provide working capital for its wider operating purposes. In order to raise the required amount, the Company (as borrower) has entered into the Loan Agreement with YA Global Master SPV Ltd. (the "Investor") dated 12 December 2013. Pursuant to the Loan Agreement, the Investor has agreed to provide a loan for a principal amount of US\$ 5,000,000, at an interest rate of 12 per cent. per annum and each tranche is repayable after 12 months. An initial tranche of US\$ 300,000 has been made available for the Company to drawdown since the closing date (the date on which the Loan Agreement was entered into). The initial tranche and any subsequent advances made are repayable in 12 equal monthly instalments. Repayment of the initial tranche commenced on 12 January 2014.

4.2 The Company and the Investor have also entered into the Subscription Agreement and, separately, the Equity Swap Agreement. Under the terms of the Subscription Agreement, the Investor has agreed to subscribe for a total of 741,418,765 new Ordinary Shares in the Company at a price of 0.2185 pence per Ordinary Share (which is equal to £1,620,000 in aggregate). Completion of the Subscription is conditional on, inter alia, admission of the Subscription

Shares to trading on AIM. The Company shall use the subscription amount received by it as an additional source of working capital.

4.3 The obligations in the Equity Swap Agreement are conditional upon, inter alia, the payment by the Company of £500,000 to the Investor on the date that the Subscription Agreement becomes unconditional and the Subscription Shares are admitted to trading on AIM. The Equity Swap Agreement shall continue for a period of 12 months from the date of satisfaction of the conditions. Pursuant to the terms of the Equity Swap Agreement, the Investor has agreement to repay the Swap Payment over the Swap Period. The amount of the Swap Payment to be repaid is based upon the performance of 411,899,316 Ordinary Shares over a 12 calendar month period, beginning with the first full calendar month after the Subscription.

4.4 The Investor and its affiliates currently hold 26,976,087 Ordinary Shares (representing approximately 1.15 per cent. of the Company's current issued share capital) which represent the 33,076,087 Ordinary Shares that were issued on 12 December 2013 in settlement of the Facility Fee attached to the Loan less some Ordinary Shares that have been sold since then. Following the completion of the Acquisition and the Fundraising, the Investor will hold 768,394,852 Ordinary Shares (including the Subscription Shares and its current holding of 26,976,087 Ordinary Shares), representing approximately 21.46 per cent. of the Company's issued share capital as enlarged by the Acquisition and the Fundraising. If the Investor exercises in full the 12,226,000 Investor Warrants that are to be issued in respect of the US\$ 300,000 already advanced by the Investor to the Company, then (assuming that there are no other issues of Ordinary Shares) the Investor will hold 780,620,852 Ordinary Shares, representing approximately 21.73 per cent. of the Company's enlarged issued share capital.

4.5 If the Company borrows any more money from the Investor pursuant to the Loan Agreement, then the Company will be required to issue further Investor Warrants to the Investor. The number and exercise price of such Investor Warrants will depend on the further amount advanced by the Investor and the trading price of Ordinary Shares following such advance (as set out in paragraph 5.1.3 of Part 4), and so it is not possible to calculate the maximum possible percentage holding of the Investor in the Company. If the Investor acquires an interest in additional Ordinary Shares which increases that the Investor's percentage of shares carrying voting rights to 30 per cent. or more of the voting rights of the Company, the Investor will normally be required by the Panel pursuant to Rule 9 of the Takeover Code to make a general offer to the shareholders of the Company to acquire the balance of the equity share capital in the Company and every other class of transferable security carrying voting rights of the Company at the highest price paid by the Investor in the previous 12 months.

5. The Takeover Code requirements

5.1 Under Rule 9 of the Takeover Code, when (i) a person acquires an interest in shares which, taken together with shares in which he and persons acting in concert with him are interested in, carry 30 per cent. or more of the voting rights of a company subject to the Takeover Code, or (ii) any person who, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of a company, but does not hold shares carrying more than 50 per cent. of the voting rights of the company subject to the Takeover Code, and such person, or any persons acting in concert with him, acquires an interest in any other shares which increases the percentage of the shares carrying voting rights in which he is interested, then in either case, that person together with the persons acting in concert with him, is normally required to make a general offer in cash, at the highest price paid by him, or any persons acting in concert with him, for shares in that company or an interest in shares in that company within the preceding 12 months, for all the remaining equity share capital of that company.

5.2 Under the Takeover Code, a "concert party" arises, inter alia, when persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate, to obtain or consolidate control of that company. Under the Takeover Code, control means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights of a company, irrespective of whether such interest or interests give de facto control. In this context, voting rights means all the voting rights attributable to the capital of the company which are currently exercisable at a general meeting. The Takeover Code also states that, directors of a company will be presumed to be acting in concert with the company of which they are a director. Tiger Resource and each of the directors of Tiger Resource, being Colin Bird, Michael Nolan, Raju Samtani and Bruce Rowan, are all Shareholders of the Company and have an established long-standing relationship and history of investing in companies together over many years. This fact, together with Colin Bird's position as Chief Executive Officer and a director of Polar Star (in addition to his position as a director and Chief Executive Officer of Tiger Resource) means that a concert party (pursuant to Rule 9 of the Takeover Code) comprising Polar Star, Tiger Resource and the directors of Tiger Resource exists.

5.3 The Concert Party is currently interested in (in aggregate) 689,655,172 Ordinary Shares representing approximately 29.48 per cent. of the current issued share capital of the Company. Following the completion of the Acquisition and the Fundraising, the Concert Party's interest in Ordinary Shares would (assuming no allotments of Ordinary Shares are made pursuant to options or other rights to subscribe for Ordinary Shares that have already been granted or issued by the Company) be approximately 33.23 per cent. of the Enlarged Issued Share Capital, being 3,580,599,980 Ordinary Shares, by virtue of the Acquisition and the Fundraising. Accordingly, an increase in the

percentage of the shares carrying voting rights in which the Concert Party is interested would prima facie have the effect of triggering Rule 9 of the Takeover Code and result in the Concert Party being under an obligation to make a general offer to all Shareholders.

5.4 Under Note 1 of the Notes on the Dispensation of Rule 9, the Panel will normally waive the requirements for a general offer to be made in accordance with Rule 9 if, inter alia, the Independent Shareholders pass an ordinary resolution on a poll at a general meeting approving such a waiver.

5.5 The Company has applied to the Panel for a waiver of Rule 9 of the Takeover Code in order to prevent the Acquisition triggering an obligation on the part of Concert Party to make a general offer to Shareholders. The Panel has agreed, subject to Independent Shareholders' approval on a poll, to waive the possible requirement for the Concert Party to make a general offer to all Shareholders where such an obligation would arise as a result of the Acquisition.

5.6 The Waiver granted by the Panel relates only to any increase in the percentage of Ordinary Shares held by the Concert Party as a result of the Acquisition and following completion of the Fundraising, and is conditional on the passing of the Resolution (as set out in the General Meeting Notice) by Independent Shareholders of the Company on a poll.

5.7 Following the Acquisition and the Fundraising, the members of the Concert Party will between them be interested in Ordinary Shares carrying 30 per cent. or more of the Company's voting rights, but will not hold Ordinary Shares carrying more than 50 per cent. of such voting rights and, for as long as they continue to be considered as acting in concert for the purposes of the provisions of Rule 9 of the Takeover Code, any further increase in that aggregate interest in Ordinary Shares will be subject to the provisions of Rule 9 of the Takeover Code.

## 6. Changes to the board and senior management

On completion of the Acquisition, Joel Silberstein will be appointed to the Board as Finance Director.

Joel Messod Silberstein, aged 38, is currently a director of, or during the past five years has been a director of, the following companies:

Current	Past
Elko Energy A/S	None
Elko Energy B.V.	
Elko Energy Inc.	
Elko Exploration B.V.	
HA8 Resources Limited	
TJ Capital Limited	
TJ Resources Limited	
RPK Finance and Holdings B.V.	
Xtract Energy Holdings	
Xtract Energy Spain S.L.	
Xtract International Limited	

There is no further information to be disclosed under Rule 17 or Paragraph (g) of Schedule 2 of the AIM Rules for Companies.

## 7. Current trading

The final accounts of the Company for the year ended 31 December 2012 were announced on 29 May 2013 whilst the Company's half yearly report was announced on 30 September 2013, and these reports contain the Independent Directors' view on the current trading and prospects of the Company.

## 8. Additional information

8.1 In the option agreement entered into between the Company (1) and Jan Nelson (2) (the "Nelson Option Agreement") the Company granted Jan Nelson, an option to subscribe for up to 50,000,000 Ordinary Shares at a subscription price of 0.14 pence per share. Mr Nelson shall be entitled to subscribe, in each case, at a subscription price of 0.14 pence per share, for: (i) 12,500,000 Ordinary Shares from the period commencing on 1 February 2014 and ending on the date immediately preceding the seventh anniversary of the date of grant; (ii) 12,500,000 Ordinary Shares from the period commencing on 1 July 2014 (or, if earlier, on the date of completion of an acquisition by the Company or by a subsidiary of the Company of assets where the aggregate consideration (or, if the consideration is to be paid in more than one tranche, the maximum consideration) is £1,000,000 or more, irrespective of whether such consideration is satisfied wholly in cash, wholly by the issue of Ordinary Shares, or partly in cash and partly by the issue of Ordinary Shares (a "Qualifying Acquisition")) and ending on the date immediately preceding the seventh anniversary of the date of grant; and (iii) subject to the completion of a Qualifying Acquisition, 25,000,000 Ordinary Shares from the date of the completion of the Qualifying Acquisition to the date immediately preceding the seventh anniversary of the date of grant. The Acquisition constitutes a Qualifying Acquisition and therefore, following the completion of the Acquisition, Mr Nelson will be entitled to subscribe for all 50,000,000 Ordinary Shares which are the subject of the Nelson Option Agreement.

## 9. Recommendation in respect of the Resolution

9.1 The Independent Directors, who have been so advised by Cenkos, consider that Acquisition, the Fundraising and the request for the Waiver are fair and reasonable and in the best interests of the Independent Shareholders and the Company as a whole. In providing advice to the Independent Directors, Cenkos has taken account of the Independent Directors' commercial assessments. Accordingly, the Independent Directors unanimously recommend that Independent Shareholders vote in favour of the Resolution. Colin Bird as a member of the Concert Party has not been involved in any discussion or review process in respect of the Acquisition or the Fundraising, and so he is excluded from this recommendation.

9.2 Voting on the Resolution will be by means of a poll of the Independent Shareholders.

9.3 The members of the Concert Party who would otherwise be entitled to vote at general meetings, will not vote on the Resolution at the General Meeting.

9.4 Peter Moir, who is both an Independent Director and an Independent Shareholder, intends to vote in favour of the Resolution in respect of his own beneficial shareholdings.

## INFORMATION ON THE CONCERT PARTY

The Concert Party comprises the following:

Name	Number of Ordinary Shares interested in before the Acquisition and the Fundraising	Percentage of voting rights and issued share capital before the Acquisition and Fundraising	Number of Consideration Shares proposed to be issued	Number of Ordinary Shares interested in following completion of the Acquisition and Fundraising*	Number of Ordinary Shares interested in immediately following completion of the Acquisition in full as a percentage of the Enlarged Issued Share Capital*
Tiger Resource	344,827,584	14.75	0	344,827,584	9.63
<b>Colin Bird</b>	86,206,897	3.69	0	86,206,897	2.41
<b>Raju Samtani</b>	86,206,897	3.69	0	86,206,897	2.41
Michael Nolan	86,206,897	3.69	0	86,206,897	2.41
<b>Bruce Rowan</b>	86,206,897	3.69	0	86,206,897	2.41
<b>Polar Star</b>	0	0	500,000,000	500,000,000	13.96
<b>Total</b>	689,655,172	29.48	500,000,000	1,189,655,172	33.23

\*assuming that: no Investor Warrants are exercised; no Ordinary Shares are issued to the Investor in connection with its rights under the Loan ; and the warrants granted by the Company to Cenkos to subscribe for up to 172,957,884 Ordinary Shares, at a price of 0.0435 pence per Ordinary Share (in which Tiger Resource has an interest) are not exercised.

### 1. Tiger Resource

1.1 Tiger Resource is a public limited company established in England and Wales in 1993 and its shares are admitted to trading on AIM. It is an investment company with a focus on the natural resources sector.

1.2 The directors of Tiger Resource are Bruce Rowan (Chairman), Colin Bird (Chief Executive Officer), Michael Nolan (Executive Director), and Raju Samtani (Finance Director). The directors of Tiger Resource are also shareholders of Tiger Resource, of which Bruce Rowan holds 58,366,239 shares (42.19 per cent), Colin Bird holds 8,395,000 shares (6.07 per cent), Michael Nolan holds 1,315,000 shares (0.95 per cent) and Raju Samtani holds 500,000 shares (0.36 per cent) constituting a total aggregate of 68,576,239 shares.

### 2. Colin Bird

2.1 Colin Bird is a chartered mining engineer with multi commodity mine management experience in Africa, Spain, Latin America and in the Middle East. He has been the prime mover in a number of public listings in the UK, Canada and South Africa and is currently chief executive officer of Tiger Resource and Polar Star, as well as a member of the board of Polar Star, Galileo Resources PLC and non-executive Chairman of Jubilee Platinum PLC.

2.2 He has been responsible for founding a number of PLC's which have achieved mid-cap status, and was the founder of Kiwara PLC which discovered the large copper project Kalumbila currently being developed by First Quantum Minerals Ltd., a US\$ 11 billion quoted company.

3. Raju Samtani

Raju is the Finance Director of Tiger Resource and in August 2012 he joined the Company as an executive officer (non-board). He was appointed as an executive director in October 2012 and resigned in May 2013. His previous experience includes three years as group financial controller at marketing services agency - WTS Group Limited, where he was appointed by the Virgin Group to oversee their investment in the WTS Group Ltd. More recently he was finance director of Kiwara Plc which was acquired by First Quantum Minerals Ltd in January 2010. Over the last few years, he has been involved in senior managerial positions for several companies admitted to trading on AIM/JSE listed companies predominantly in the resource sector and has also been involved in financial services compliance work within the investment business sector.

4. Michael Nolan

Michael has been a director of Tiger Resource since 1995. He was also appointed chief executive officer of Minmet Plc in November 1999, having held the position of finance director for all the companies in the Minmet Group since 1994. A Chartered Accountant, he worked with Deloitte & Touche in Dublin and was executive director of Equity and Corporate Finance Plc, the London based corporate finance and investment house.

5. Bruce Rowan

A businessman who is a shareholder in a number of UK public companies. He is also Chairman of Tiger Resource, Sunvest Corporation Limited (listed in Australia) and Starvest Plc (AIM listed).

6. Polar Star

6.1 Polar Star is a Canadian TSX listed exploration and development company with a focus on building shareholder value through the successful exploration, discovery and development of mineral deposits in Chile.

6.2 Polar Star has a pre-eminent land position of highly prospective exploration properties throughout Chile. The properties have been acquired over a number of years based on the expertise of Polar Star's in-country geological team.

6.3 Polar Star currently has limited operating cash flow and production and its exploration expenditures are largely funded from the equity capital raised by Polar Star. As at 30 September 2013, Polar Star had current assets of US\$ 1,462,114, of which US\$ 1,356,403 was cash and cash equivalents, and reported a working capital deficiency of approximately US\$ 1,426,810. Polar Star continues to explore potential joint venture opportunities and asset sales that may provide funding. Polar Star reported on 14 November 2013 that, although the management of Polar Star has been successful in obtaining sufficient capital to date to pursue its business plans, there can be no assurance that Polar Star will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms. However, on 20 January 2014 Polar Star announced that it had entered into a joint venture agreement with Newmont Ventures Limited, a subsidiary of Newmont Mining Corporation to explore, and if appropriate, develop the Montezuma project located in the Antofagasta and Calama districts of Chile and had made a private placement of CDN\$ 2 million at a price of CDN\$ 0.18 with half a warrant per common share exercisable over two years at a price of CDN\$ 0.23, both of which should assist Polar Star in implementing its business plans. The Consideration Shares will comprise a material (but not core) part of Polar Star's assets, and reflect the continued implementation of Polar Star's strategy of seeking to reduce its expenditure by entering into agreements with other mining companies.

6.4 Colin Bird is the chief executive officer of Polar Star as well as a member of the board of directors of Polar Star.

7. General

7.1 The directors of Tiger Resource including Colin Bird have an established long-standing relationship and a history of investing in companies together over many years.

7.2 Each member of the Concert Party has confirmed to the Independent Directors that, other than the appointment of Joel Silberstein as finance director following the completion of the Acquisition and Fundraising, he/it is not presently proposing any changes to the Board or changes to the employment rights of employees of the Group over the 12 month period following the posting of the circular.

7.3 Each member of the Concert Party has also confirmed its intention, following completion of the Acquisition and the Fundraising, that the locations of the Company's places of business would not be altered and business of the Group would be continued in substantially the same manner as at present with no major changes. Each member of the Concert Party has confirmed that it does not intend to redeploy the Group's fixed assets.

7.4 There are no relationships, arrangements or undertakings between the members of the Concert Party and the Independent Directors or Cenkos.

7.5 The effect on the Concert Party being issued Consideration Shares is that its interest will, assuming completion of the Fundraising, rise from 29.48 per cent. of the current issued share capital of the Company to approximately 33.23 per cent. of the Enlarged Issued Share Capital of the Company.

7.6 The Concert Party has also confirmed its intention that it is not presently proposing any changes to the admission of Ordinary Shares to trading on AIM.

7.7 The directors of Tiger Resource and Polar Star on behalf of Tiger Resource and Polar Star respectively, have confirmed to the Independent Directors that following completion of the Acquisition and the Fundraising, they are not

proposing any changes to the board or changes to the employment rights of employees of their respective company groups, that the locations of each of their places of business would not be altered and the business of each of their company groups should continue to be run in the same manner as at present.

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