

**VI Mining PLC**  
("VIM", the "Company" or the "Group", Aquis: VIM)

**Return of Assets and Proposed New Consortium**

Further to the announcement of 31 December 2019, the Directors of VIM are pleased to announce that the Company has entered into a definitive agreement to terminate the Minaspampa and Rosario de Belen acquisition agreements dated 2 February 2018 (the "Acquisition Agreements"), confirming the return of the acquired assets to the original vendors (the "Vendors") and cancelling the unpaid deferred consideration of US\$42.2 million (the "Settlement Agreement").

Also, as announced on 31 December 2019, the Settlement Agreement provides for the formation of a new 50:50 consortium to be finalised between VIM and one of the Vendors (the "Partner"), an experienced Peruvian operator, for the joint development of the Oro Pesa and Cushuro projects with the objective of commencing gold production as soon as possible (the "Consortium"). A further announcement will be made when the agreement constituting the Consortium (the "Consortium Agreement") is signed.

In anticipation of the finalisation of the Consortium, VIM is in the process of transferring to the Vendors ownership of the Oro Pesa project and 50% of Karmin Peru SAC, the group company which holds the Cushuro concessions. The Directors expect that these transfers (together with the Settlement Agreement, the "Transaction") will be executed shortly.

**Settlement Agreement**

The Directors are pleased to announce that on 3 October 2020, the Company completed the Settlement Agreement with the Vendors.

The Settlement Agreement:

- confirms that title to the Minaspampa and Rosario de Belen mining concessions, associated plant and machinery and land has been transferred to the Vendors in anticipation of the termination of the Acquisition Agreements; and
- cancels the unpaid consideration of US\$42.2 million.

The Transaction has the effect of removing from VIM's consolidated balance sheet:

- a. the Minaspampa, Rosario de Belen and Oro Pesa mining concessions, together with the land, plant and machinery and other production non-current assets;
- b. 50% of the group's holding in Karmin Peru SAC;
- c. the US\$42.2 million payment obligation; and
- d. US\$4.1 million of site restoration obligation provisions.

The Directors estimate that the combined impact will be a reduction in net assets of approximately US\$33.5 million.

Following the transfer of the mining concessions of Minaspampa, Rosario de Belen and expected transfer of Oro Pesa, the Vendors are responsible for their administration. The Company has paid all annual fees due relating to the concessions but is aware that some of the payments in June 2018 were coded to the incorrect bank account at the Ingemmet, the Government department which administers mining concessions. The Vendors will be working to rectify the administrative error with the assistance of, and an indemnity from, the Company.

### **One Valley Peru SAC (“OVP”)**

Under the Settlement Agreement, the Company has undertaken to liquidate OVP, the subsidiary which previously owned the Minaspampa and Rosario de Belen concessions, in an orderly manner and all cash flows attributable to the Group from production under the Consortium will be used in settlement of all remaining historic liabilities in Peru at that time.

The Company has today been notified that a creditor has commenced insolvency proceedings against OVP. OVP intends to work with the liquidator, whether appointed through the creditor process or by OVP, to ensure that all liabilities are settled on an orderly basis.

### **Proposed Consortium with established operator to start commercial operations in Peru**

The Settlement Agreement provides for the formation of a new 50:50 consortium to be finalised between VIM and one of the Vendors, an experienced Peruvian operator, for the joint development of the Oro Pesa and Cushuro projects with the objective of commencing gold production as soon as possible. The Partner will lead commercial operations in Peru.

### ***Oro Pesa - new partnership in tolling***

In August 2016, the Company, through its subsidiary Minera Tres Valle SAC (“MTV”), acquired the Oro Pesa mining concession and land. It subsequently commenced construction of a gold processing plant, which is estimated to be 80% complete, to service the needs of local artisanal miners.

The Vendors who now own the concessions and assets comprising the Oro Pesa project (under the terms of the Settlement Agreement), have agreed to grant exclusive rights for the use of the Oro Pesa concessions and assets within the Consortium for a five year extendable term.

The Partner will operate the Oro Pesa consortium, completing the construction of the plant and the formalisation process for tolling operations to start in due course.

VIM and the Partner will agree their respective contributions of necessary finance and equipment in order to bring the project into production.

### ***Cushuro - joint development of mining project***

On 28 January 2019, the Company acquired the entire issued share capital of Karmin Peru SAC, which owns the Cushuro Gold Project located immediately adjacent to Minaspampa.

Karmin Peru SAC, which is owned 50% by VIM and 50% by the Vendors (under the terms of the Settlement Agreement) will grant exclusive rights for the use of the Cushuro mining concessions within the Consortium.

The Partner will operate the Cushuro project and VIM and the Partner will agree their respective contributions of necessary finance and equipment in order to bring the project into production.

David Sumner, Chairman, commented “I am delighted to confirm the resolution of the position with the Vendors. The relationship with the Vendors remains strong and I look forward to a continuing relationship in future. I would like to thank them personally for their support throughout this journey as we have built a position of trust that will remain steadfast for many years to come.

“The proposed Consortium will enable us to bring Cushuro and Oro Pesa into production at a time of strong gold prices which are forecast to continue. With the Consortium structure, the Company’s ongoing operational cash flow requirements will be significantly reduced.”

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