



21 March 2019

**Dear Shareholders**

### **General Meeting to Consider Resolution**

Shareholders were in receipt of a Notice of Meeting which was held on 20 March 2019 to consider a Resolution to hold the 2017 and 2018 annual general meetings. The resolution passed.

The Company has advised shareholders that the 2017 Annual General Meeting is to occur on 1 May 2019. Details of that meeting have been sent to shareholders.

### **Other Activity**

The Company has been advised by its Chilean legal counsel that the proposal which the Company put forward in respect of the historical fine from the previous mine operators has been agreed to. The background to this is that the Company proposed a formal written offer to settle the fine and associated matters in November 2017.

### **Background to Resolution of the Fine with the Chilean Government**

The previous owners incurred a fine for mining in an excluded paleontological reserve attached to the Caldera tenements of over US\$5million plus restitution works and other ongoing requirements. Upon reaching agreement to acquire the Caldera mine Bifox took over responsibility for settlement of the matter.

The mining tenement area is of high paleontological value, is adjacent to an existing paleontology park and contains numerous fossil remains. Since Bifox took control of the site no mining has occurred which destroyed any paleontological remains. The objective of the resolution is to maintain a sustainable, economical mining operation together with the retention of the environmental and heritage values of the site.

The total approved proposal for settlement of the fine and restitution works is as follows:

- An exclusion area for mining of a total of 2,516 hectares out of the existing tenement areas.
- A once only US\$1,000,000 payable at the date of the signing of the agreement.
- Payment of legal fees of US\$100,000
- The company is required to generate a baseline study in paleontology and then maintain it whenever mining occurs. This includes professional and technical specialists and drilling and pit preparation for paleontological and geological purposes.
- Development and implementation of a Management Plan for the paleontological heritage.
- Provide a warehouse for storage of the paleontological collection.



There are four government entities involved in the approval process:

- CDE – equivalent to the Attorney General who has carriage of the overall court case
- CMN – “National Monuments” – similar to our National Parks
- Sernageomin – the Mines Department
- The local council

The proposal was first lodged with CDE who reviewed the proposal and forwarded it to CMN. The matter was then detailed with CMN to include the paleontological plan of management on the site. The documentation for this is now agreed. The CMN board approved the proposal on 25 October 2018.

The matter then reverted to CDE for its recommendations to the other two parties and its own final approval. We are advised that this approval was given on 14 March 2019. CDE has briefed their legal counsel to now prepare documents to reflect the overall proposal.

Now that these matters are approved and in anticipation of production at the mine the Company has formally retained sales agents and agronomists in various South American markets for its products including Argentina, Paraguay, Uruguay along with domestic Chilean markets. The Company is also continuing discussions with groups who have expressed an interest in taking all production from the site. While these discussions are interesting, Bifox is also looking to develop its own value added, branded product lines to enhance sales revenue and profitability.

With the planned recommencement of mining and completion of the maiden JORC the Company is continuing with plans to list the Company’s assets. As the mining, environmental and legal matters are resolved this will advance the planned corporate activities leading to ASX listing.

#### **Website**

The Company has established a new website to replace the old Phillips River Mining site. It can be viewed at [www.bifox.com.au](http://www.bifox.com.au)

Should any shareholder wish to discuss any of these items or other matters please contact me.

**Yours Sincerely**

**Chris West**  
**Chairman**