

SANTANA
MINERALS LIMITED



Santana Minerals Limited

ACN 161 946 989

INFORMATION MEMORANDUM

This Information Memorandum has been issued to facilitate an application for the admission of Santana Minerals Limited to the Official List of the ASX.

No Shares will be issued or granted on the basis of this Information Memorandum.

Legal advisor



IMPORTANT NOTICES

Information Memorandum

This Information Memorandum is dated 7 May 2013 and has been issued as a requirement of the application for the admission of Santana to the Official List of the ASX.

No person has been authorised to give any information or make any representation other than contained in this Information Memorandum and, if given or made, such information or representation must not be relied on as having been so authorised.

No Shares will be issued or granted on the basis of the Information Memorandum. This Information Memorandum does not constitute or contain an offer to sell, or an invitation to subscribe for or buy Shares or any other securities in Santana.

Santana is not seeking to raise any funds or issue any Shares under this Information Memorandum.

Definitions

Capitalised terms are defined in the Glossary section of this Information Memorandum.

Important statements regarding ASX Listing

The fact that the ASX may admit Santana to its Official List and grant Official Quotation of the Santana Shares is not to be taken in any way as an indication of the merits of Santana. Neither the ASX nor any of its officers takes any responsibility for the contents of this Information Memorandum.

Admission to the Official List of the ASX, and Official Quotation of the Santana Shares, if granted, pursuant to this Information Memorandum, will commence as soon as practicable after the requirements for listing on the ASX are met.

No guarantee can be given that Santana will be granted admission to the Official List of the ASX nor that the Santana Shares will be granted Official Quotation.

Scheme Booklet

Santana was incorporated in January 2013 as a wholly owned subsidiary of Cerro Resources NL. Cerro has been listed on the ASX since 1988 and has at all times complied with its continuous disclosure obligations under the Listing Rules and Corporations Act.

The Transaction (which includes the 'spinout' of Santana from Cerro), is described in detail in the Scheme Booklet. The Scheme Booklet also includes information on Santana (see Section 8 of the Scheme Booklet).

This Information Memorandum is intended to and should be read in conjunction with the Scheme Booklet and other publically available information lodged by Cerro with the ASX and TSXV, in particular as that information relates to the Spinout Assets. Shareholders should have regard to that information.

For personal use only

For personal use only

ASX waivers

Santana has sought and obtained certain draft relief from the ASX in respect of a number of Listing Rule requirements of ASX. Further details are set out in Section 2, however in summary the ASX has provided a draft decision to Santana that the ASX will consent to Santana issuing an Information Memorandum pursuant to Listing Rule 1.1, Condition 3 that complies with the information requirements of Appendix 1A (except to the extent any waivers are granted).

Currency

All references to currency are in Australian dollars unless otherwise indicated.

TABLE OF CONTENTS

Important notices	2
1. ASX listing.....	5
1.1 Overview	5
1.2 No fund raising.....	5
1.3 Supplementary Information Memorandum	6
1.4 Section 710 of the Corporations Act.....	6
2. ASX Waivers & disclosure	7
3. Santana’s budget	9
4. Declaration of conformity.....	10
5. Listing Rule 10.15A.....	11
6. Corporate governance	13
7. Consents, disclosures and authorisations.....	24
8. Glossary.....	25
ANNEXURE A	27

For personal use only

1. ASX LISTING

1.1 Overview

Santana is currently a wholly owned subsidiary of ASX and TSXV listed entity, Cerro.

As described in the Scheme Booklet, Cerro proposes to undertake a transaction (**Transaction**) whereby:

- the share capital of Cerro will be reduced;
- the Spinout Assets will be transferred from Cerro to Santana;
- a distribution in-specie from Cerro to Scheme Shareholders will be made of the Santana Shares held by Cerro;
- Primero will acquire all of the Cerro Shares, in exchange for the issue to the Scheme Shareholders of New Primero Shares; and
- the terms and conditions of the Scheme Options being amended, so that:
 - upon cessation of employment the Scheme Options will no longer lapse, unless an option holder's employment is terminated for cause (if applicable); and
 - when the Scheme Options are exercised, the holders of the Scheme Options will receive New Primero Shares (based on the Exchange Ratio) rather than Cerro Shares.

If the Transaction completes:

- Primero will also make an investment in Santana of \$4 million, resulting in Primero holding 19.99% of Santana and the Scheme Shareholders holding 80.01% (immediately after the Transaction completes and the Subscription is made); and
- Santana will seek to list the Santana Shares on the official list of ASX, although the listing is not a condition of the Transaction proceeding.

This Information Memorandum has been prepared by Santana, in connection with its application for admission to the Official List of the ASX of Santana Shares (**ASX Admission Application**).

Santana lodged an initial application in relation to the ASX Admission Application on 26 March 2013 and a further revised ASX Admission Application on 7 May 2013.

This Information Memorandum was lodged on the same date that the further revised ASX Admission Application was lodged.

1.2 No fund raising

Santana is not seeking to raise any funds under this Information Memorandum.

Santana has not raised any capital for the three months before the date of issue of this Information Memorandum and will not need to raise any capital for three months after the date of issue of this Information Memorandum.

For further information on Santana's financial position, see:

- a) Section 8 of the Scheme Booklet, in particular Section 8.4; and
- b) Section 3 of this Information Memorandum.

1.3 Supplementary Information Memorandum

A supplementary Information Memorandum will be issued if Santana becomes aware of any of the following between the issue of the Information Memorandum and the date the Santana Shares are quoted:

- a) a material statement in this Information Memorandum is misleading or deceptive;
- b) there is a material omission from this Information Memorandum;
- c) there has been a significant change affecting a matter included in this Information Memorandum; or
- d) a significant new circumstance has arisen and it would have been required to be included in this Information Memorandum.

1.4 Section 710 of the Corporations Act

In accordance with Santana's requirements pursuant to the Listing Rules, this Information Memorandum in conjunction with the Scheme Booklet (collectively, the **Documentation**), contains all information that would be required under section 710 of the Corporations Act if the Documentation were a prospectus offering for subscription the same number of securities for which quotation will be sought.

For personal use only

2. ASX WAIVERS & DISCLOSURE

Santana has filed applications for relief from the ASX from certain obligations under the Listing Rules in relation to the Listing of Santana.

As at the date of this Information Memorandum, Santana had received a draft decision from ASX confirming that ASX would grant waivers to the following Listing Rules, subject to ASX finalisation:

- a) that Santana may issue an information memorandum that complies with the information memorandum (**IM**) requirements of Appendix 1A of the Listing Rules (except as waived), instead of a prospectus, for the purposes of Listing Rule 1.1 condition 3, on condition that the IM incorporates the Scheme Booklet for the Schemes;
- b) Listing Rule 1.1 condition 3 to permit Santana not to comply with the following paragraphs of Appendix 1A:
 - I. paragraphs 47- 49 of Appendix 1A on the condition that Santana provides the information in final form after the record date for the Schemes (rather than at the date of its application for admission);
 - II. paragraph 115 of Appendix 1A to the extent necessary that Santana not be required to obtain additional experts' consents for the inclusion in the IM of reports included in the Scheme Booklet;
 - III. paragraph 117 of Appendix 1A, to the extent necessary to permit Santana to not include a statement in the IM that a supplementary IM will be issued if Santana becomes aware of certain matters occurring between the issue of the IM and the date Santana Shares are quoted, on condition that any such matters are announced to the market by Cerro and that Cerro undertakes to keep the market informed of material information relating to Santana and Cerro;
- c) subject to d) below, from Listing Rule 1.1 condition 7 to the extent necessary that Santana may count any shareholder (excluding related parties and promoters of Santana and Cerro or any of their associates) who hold a parcel of ordinary shares with a value of at least \$2,000 by reason of the in-specie distribution of the Santana Shares in the calculation of spread;
- d) for the purpose of determining Santana's compliance with Listing Rule 2.1 condition 2 and the value of parcels of securities held by shareholders for the purposes of Santana 's compliance with Listing Rule 1.1 condition 7 (as waived), ASX confirms it would be likely to accept the value of a share in Santana as being the net asset backing per share based on the mid-point of the fair value of Santana's assets as disclosed in the Independent Expert's Report included in the IM. However, ASX would grant Santana a waiver from Listing Rule 2.1 condition 2 to the extent necessary, in the event ASX decides that the value of a share in Santana is not 20 cents;
- e) from Listing Rule 6.18 to the extent necessary to permit Primero to maintain, by way of a right to participate in any issue of shares or to subscribe for shares, its percentage interest in the issued capital of Santana (**Top-up Right**) (for further information see Section 14.3(b) of the Scheme Booklet for further explanation), in

respect of a diluting event which occurs or is announced following the Schemes, subject to the specifically noted conditions;

- f) from Listing Rule 9.1 to the extent necessary to permit Santana to not apply the restrictions in Appendix 9B to the ordinary shares in the capital of Santana issued to Cerro and transferred to Cerro shareholders pursuant to the Schemes;
- g) from Listing Rule 10.14 to the extent necessary to permit Santana to issue securities to directors and their associates under the terms of an employee share option plan (**ESOP**) without shareholder approval, on specifically noted conditions (see Section 5 of this Information Memorandum for further information);
- h) Santana may comply with the requirements of paragraphs 53 – 61 of Appendix 1A by making reference to the appropriate sections of the IM outlining the assets to be transferred to Santana;
- i) Santana is not required to provide the information required under Listing Rules 1.1 condition 8, 1.3.5; and items 81A- 87C of Appendix 1A;
- j) Santana may comply with the requirements of paragraph 107 of Appendix 1A by making reference to the relevant sections of the IM in respect of its current capital structure;
- k) Santana is not required to make the statement required by paragraph 108 of Appendix 1A on condition that the IM incorporates the Scheme Booklet issued in connection with the Schemes;
- l) Santana may comply with the requirements of paragraph 109 of Appendix 1A by having the IM signed by a director, secretary or local agent under section 351 of the Corporations Act, on condition that every director and proposed director has consented to the IM being signed on their behalf; and
- m) Santana is not required to provide the accounts required by paragraph 123A of Appendix 1A.

3. SANTANA'S BUDGET

The expenditure plans of Santana, which cover the initial 12 month period after Santana's proposed admission to the Official List, are set out in Section 8.3 of the Scheme Booklet.

For personal use only

4. DECLARATION OF CONFORMITY

The Scheme Booklet notes that Cerro's disclosure of Mineral Reserve (CIM) and Mineral Resource (CIM) information is based on the reporting requirements of the JORC Code.

The information in the Scheme Booklet that relates to Exploration Results, Mineral Resources or Ore Reserves of the Namiquipa project, Espiritu Santo project, Mt Philp project and Kalman project is based on information compiled by Mr Trevor Leahey, who is a Member of the Australasian Institute of Mining and Metallurgy.

Mr Leahey is a consultant to Cerro Resources NL. He has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" and "qualified persons" as this term is defined in Canadian National Instrument 43-101 ("NI 43-101").

Mr Leahey consents to the inclusion in the Scheme Booklet and this Information Memorandum of matters based on their information in the form and context in which it appears.

For personal use only

5. LISTING RULE 10.15A

As noted in Section 2 of this Information Memorandum, ASX has granted a waiver from Listing Rule 10.14 to the extent necessary to permit Santana to issue securities to directors and their associates under the terms of an employee share option plan (**Plan**) without shareholder approval, on the following conditions:

- a) in the opinion of ASX, adequate information about the issues of securities and terms of the Plan are contained in the Scheme documentation (at a minimum the requirements under Listing Rule 10.15A); and
- b) securityholders and the relevant Court have approved the Schemes.

Santana has established the Plan with the intention that it attract and retain staff, motivate employees to improve Santana's performance and align the interests of employees with those of Santana and its shareholders.

The Plan is an option plan available for those senior executives and key staff invited by the Santana Board to participate in the Plan.

Under the Plan, participants will be offered an opportunity to apply for a specified number of options. Santana will issue options under the Plan for nil consideration.

Relevant information on the Plan is set out in the Scheme Booklet (for example Section 8.11(b) of the Scheme Booklet), however not all the information required under Listing Rule 10.15A is set out in the Scheme Booklet. On this basis and for ease of review and reference all the information required by Listing Rule 10.15A is set out below.

Listing Rule	Requirement	Disclosure						
10.15A.1	If the person is not a director, a statement of the relationship between the person and the director that requires the approval to be obtained.	Not applicable.						
10.15A.2	The maximum number of securities that may be acquired by all persons for whom approval is required, including the formula (if one is used) for calculating the number of securities to be issued.	<p>As noted in the Scheme Booklet, the Santana Board currently proposes to issue 3.9 million options under the Plan, prior to Santana's listing on the ASX. This number includes 2.6 million options that will be issued under the employment agreements described in Section 8.9(c) of the Scheme Booklet (extracted below), with the remainder 1.3 million intended to be issued to senior management of Santana whom will be persons for which shareholder approval under Listing Rule 10.14 will not be required.</p> <table border="1"> <thead> <tr> <th>Person</th> <th>Role with Santana</th> <th>Disclosure</th> </tr> </thead> <tbody> <tr> <td>Craig McPherson</td> <td>Chief Financial Officer and</td> <td>800,000 options exercisable into 800,000 Santana Shares, issued</td> </tr> </tbody> </table>	Person	Role with Santana	Disclosure	Craig McPherson	Chief Financial Officer and	800,000 options exercisable into 800,000 Santana Shares, issued
Person	Role with Santana	Disclosure						
Craig McPherson	Chief Financial Officer and	800,000 options exercisable into 800,000 Santana Shares, issued						

			Company Secretary of Santana	under the Plan with an exercise price of 27.5 cents per option.
		Anthony McDonald	Managing Director	1,800,000 options exercisable into 1,800,000 Santana Shares, issued under the Plan with an exercise price of 27.5 cents per option.
10.15A.3	The price (including a statement whether the price will be, or be based on, the market price), or the formula for calculating the price, for each security to be acquired under the scheme.	Options issued under the Plan will be issued to eligible participants for nil consideration. The exercise price for the 3.9 million options proposed to be issued under the ESOP as disclosed in the Information Memorandum and the Scheme Booklet is 27.5 cents per option.		
10.15A.4	The names of all persons referred to in rule 10.14 who received securities under the scheme since the last approval, the number of the securities received, and acquisition price for each security.	Not applicable. No persons have previously received securities under the Plan.		
10.15A.5	The names of all persons referred to in rule 10.14 entitled to participate in the scheme.	All directors of Santana, being: <ul style="list-style-type: none"> • Norman Seckold; • Anthony McDonald; and • Richard Keever. 		
10.15A.6	A voting exclusion statement	Not applicable, given the approval for the Plan forms part of the approvals required for the Schemes.		
10.15A.7	The terms of any loan in relation to the acquisition.	Not applicable.		
10.15A.8	A statement to the effect noted in the rule.	Details of any securities issued under the Plan will be published in each annual report of Santana relating to a period in which securities have been issued, and that approval for the issue of securities was obtained under Listing Rule 10.14. Any additional persons who become entitled to participate in the Plan after the Schemes are approved and who were not named in the Scheme Booklet will not participate until approval is obtained under Listing Rule 10.14.		
10.15A.9	The date by which Santana will issue the securities, which must no later than 3 years after the Scheme Meetings.	Santana plans on issuing the options under the Plan to Mr McPherson and Mr McDonald as soon as possible after the Schemes are approved, anticipated to be on 24 May 2013 and in any event no later than 30 April 2016.		

6. CORPORATE GOVERNANCE

This statement describes the corporate governance practices of Santana and any of its subsidiaries as applicable as at the date of admission to the Official List.

As an entity seeking listing of securities on the Official List of the ASX, Santana is required under the Listing Rules to provide a statement disclosing the extent to which it will follow, as at the date of its admission to the official list, the recommendations set out in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (2nd Edition with 2010 amendments) (**Recommendations**). To the extent that Santana does not follow any Recommendations, Santana must identify those Recommendations and provide reasons for not following them.

The Santana board of directors (**Board**) is responsible for the overall corporate governance of Santana, and it recognises the need for the highest standards of ethical behaviour and accountability. The Board is committed to administering its corporate governance structures to promote integrity and responsible decision making.

Following admission to the Official List, Santana will be required to report any departures from the Recommendations in its annual report.

The position of Santana in relation to each of the Recommendations is as follows:

Recommendation		Compliance	Comment
Principle 1 – Lay solid foundations for management and oversight			
1.1	Establish the functions reserved to the Board and those delegated to senior executives and disclose those functions	Complies	<p>The Board is responsible for the overall corporate governance of the Company.</p> <p>The Board has adopted a Board Charter that formalises its roles and responsibilities and defines the matters that are reserved for the Board and specific matters that are delegated to management.</p> <p>Santana intends to make the Board Charter available on its website, www.santanaminerals.com.</p> <p>On appointment of a director, the Company issues a letter of appointment setting out the terms and conditions of their position.</p>

Recommendation		Compliance	Comment
1.2	Disclose the process for evaluating the performance of senior executives	Complies	The Board Charter notes that the Board is responsible for monitoring any executive officer's performance, and has in place procedures to assess the performance of the Chief Executive Officer and executive team.
1.3	Provide the information indicated in the Guide (as referred to in the Corporate Governance Principles for the relevant Recommendation) to reporting on Principle 1.	Will comply	<p>Santana will provide a corporate governance statement, including the information required by the Guide to reporting on Principle 1, in future annual reports.</p> <p>Santana intends to make its policies, including its Board Charter, available on its website, www.santanaminerals.com.</p>
Principle 2 – Structure the Board to add value			
2.1	A majority of the Board should be independent directors.	Does not comply	<p>The Board does not consist of a majority of independent directors. However, in accordance with Recommendation 2.1, and to facilitate independent decision-making, the Board has agreed procedures for directors to have access in appropriate circumstances to independent professional advice.</p> <p>Directors are entitled to request and receive such additional information as they consider necessary to support informed decision-making. Any Director has the authority to seek any information they require from any employee or contractor of Santana.</p> <p>Any Director may, at Santana's cost, take such independent legal, financial or other advice as they and the Chairman consider necessary or appropriate. Any Director seeking independent advice must first discuss the request with the Chairman who will facilitate obtaining such advice agreed upon.</p>

Recommendation		Compliance	Comment
2.2	The Chair should be an independent director.	Does not comply	The Chairman is Mr Norman A Seckold, who is not considered independent in accordance with Recommendation 2.2. However, the Board considered that the office of Chairman is best served by Mr Seckold due to his extensive experience in the industry.
2.3	The roles of Chair and Chief Executive Officer should not be exercised by the same individual.	Complies	The roles of Chairman and Chief Executive Officer are not exercised by the same person. Currently the Chairman is Mr Norman A Seckold and the Chief Executive Officer is Mr Anthony J McDonald.
2.4	The Board should establish a nomination committee.	Does not comply	The Board has not established a nomination committee in accordance with Recommendation 2.4. Given the size of the Board, the same efficiencies of a nomination committee would not be derived from a formal committee structure. The responsibility for examination of the selection and appointment practices of the Company rests with the Board.
2.5	Disclose the process for evaluating the performance of the Board, its committees and individual directors.	Complies	The Board Charter notes that the Board must review the Board Charter annually and perform an evaluation of its performance at intervals considered appropriate by the Chairman. The Board Charter also notes that the Board is responsible for monitoring any executive officer's performance, and has in place procedures to assess the performance of the Chief Executive Officer and executive team.
2.6	Provide the information indicated in the Guide to reporting on Principle 2.	Will comply	Santana will provide a corporate governance statement, including the information required by the Guide to reporting on Principle 2, in future annual reports as stipulated by the Guide to reporting on Principle 2. Santana intends to make its corporate governance statement available on its website, www.santanaminerals.com .

Recommendation		Compliance	Comment
Principle 3 – Promote ethical and responsible decision-making			
3.1	Establish a code of conduct and disclose the code or a summary of the code.	Does not comply	<p>Although the Company has not established a formal code of conduct, the Company fosters a governance culture where all directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.</p> <p>The Board Charter notes that directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. The Board has developed procedures to assist with conflicts of interest and these include the director taking no part in the decision making process or discussions where a conflict does arise.</p> <p>The Board has established a Securities Trading Policy, relating to the trading of Company securities by directors and employees.</p> <p>Santana intends to make its policies, including its Securities Trading Policy, available on its website, www.santanaminerals.com.</p>
3.2	Establish a policy concerning diversity and disclose the policy or a summary of that policy.	Does not comply	The Company fosters a governance culture that embraces diversity in the composition of directors, executives and employees together with the appropriate skill mix, personal qualities, expertise and diversity of each position. Due to the size of the Company and the number of officers and employees, a formal diversity policy has not been established in accordance with Recommendation 3.2 at this time
3.3	Disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	Does not comply	As the Company has not established a formal diversity policy, given its size and operations, the Company has not developed measurable objectives for achieving gender diversity in accordance Recommendation 3.3 at this time.

Recommendation		Compliance	Comment
3.4	Disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.	Will comply	<p>The Company currently has approximately 35% female participation in the organisation. There are no females employed in senior executive positions or on the board.</p> <p>Santana will disclose the required information in each annual report.</p>
3.5	Provide the information indicated in the Guide to reporting on Principle 3.	Intend to comply (as applicable)	<p>Santana will provide a corporate governance statement, including the information required by the Guide to reporting on Principle 3, in future annual reports, as applicable.</p> <p>Santana intends to make its corporate governance statement available on its website, www.santanaminerals.com.</p>
Principle 4 – Safeguard integrity in financial reporting			
4.1	Establish an audit committee.	Does not comply	<p>The Board has not established an audit committee in accordance with Recommendation 4.1. Given the size of the Board, the same efficiencies of an audit committee would not be derived from a formal committee structure. The responsibility for the integrity of the Company's financial reporting rests with the Board.</p> <p>The Board has appointed KPMG as its external auditor.</p> <p>The Board reviews the performance of the external auditors, and the Chief Executive Officer and Chief Financial Officer meet with them at the commencement of the half yearly review and annual audit to discuss any issues that have arisen with respect to accounting policies, any significant operational issues and level of proposed audit fees.</p> <p>The auditors also meet regularly with the Chief Executive Officer and Chief Financial Officer to discuss the scope of the audit work to be performed and during the course of the audit.</p>

Recommendation	Compliance	Comment	
4.2	Structure the audit committee so that it: <ul style="list-style-type: none"> consists only of non-executive directors; consists of a majority of independent directors; is chaired by an independent chair, who is not chair of the board; has at least three members. 	Does not comply	For the reasons noted in response to Recommendation 4.1, the Board does not consider it appropriate to have an audit committee at this time.
4.3	The audit committee should have a formal charter.	Does not comply	For the reasons noted in response to Recommendation 4.1, the Board does not consider it appropriate to have an audit committee at this time.
4.4	Provide the information indicated in the Guide to reporting on Principle 4.	Intend to comply (as applicable)	Santana will provide a corporate governance statement, including the information required by the Guide to reporting on Principle 4, in future annual reports, as applicable. Santana intends to make its corporate governance statement available on its website, www.santanaminerals.com .
Principle 5 – Make timely and balanced disclosure			
5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Does not comply	The Company is committed to promoting investor confidence and ensuring that shareholders and the market are provided with timely and balanced disclosure of all material matters concerning the Company, as well as ensuring that all shareholders have equal and timely access to externally available information issued by the Company, and takes its continuous disclosure obligations seriously.
5.2	Provide the information indicated in the Guide to reporting on Principle 5.	Will comply	Santana will provide a corporate governance statement, including the information required by the Guide to reporting on Principle 5, in future annual reports. Santana intends to make its corporate governance statement available on its website, www.santanaminerals.com .

Recommendation		Compliance	Comment
Principle 6 – Respect the rights of shareholders			
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Does not comply	<p>Subject to conflicting requirements under the <i>Corporations Act 2001</i> (Cth) (Corporations Act) and the Listing Rules, the Company will use its website, www.santanaminerals.com, as its primary communication tool for distribution of the annual report, market announcements and media disclosures.</p> <p>External communication which may have a material effect on the price or value of the Company's securities will not be released unless it has been announced previously to ASX.</p>
6.2	Provide the information indicated in the Guide to reporting on Principle 6.	Will comply	<p>Santana will provide a corporate governance statement, including the information required by the Guide to reporting on Principle 6, in future annual reports.</p> <p>Santana intends to make its corporate governance statement available on its website, www.santanaminerals.com.</p>
Principle 7 – Recognise and manage risk			
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Does not comply	<p>Due to the size of the Company, the number of officers and employees and the nature of the Company's business, a formal risk management policy and internal compliance and control system have not been implemented, as at this time.</p> <p>The Board is responsible for the identification, monitoring and management of significant business risks and the implementation of appropriate levels of internal control, recognising however, that no cost effective internal control system will preclude all errors and irregularities. The Board regularly reviews and monitors areas of significant business risk.</p> <p>The Chief Executive Officer takes primary responsibility for developing and managing resources, policies and systems to ensure the effective</p>

	Recommendation	Compliance	Comment
			<p>operation of the Company, including policies on risk management and internal controls.</p> <p>The Company ensures that appropriate insurance policies are kept current to cover potential risks and maintains Directors' and Officers' professional indemnity insurance.</p> <p>The internal audit function is carried out by the Board. The Company does not have an internal audit department nor has an internal auditor. The size of the Company does not warrant the need or the cost of appointing an internal auditor.</p>
7.2	Require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	Complies	The Company has identified key risks within the business. In the ordinary course of business, management monitors and manages these risks. Key operational and financial risks are maintained in a risk management and reporting system and presented to and reviewed by the Board on a periodic basis.
7.3	Disclose whether the Board has received assurance from the Chief Executive Officer and the Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Will comply	Assurance from the Chief Executive Officer and the Chief Financial Officer will be provided in support of the annual financial statements.
7.4	Provide the information indicated in the Guide to reporting on Principle 7.	Intend to comply (as applicable)	Santana will provide a corporate governance statement, including the information required by the Guide to reporting on Principle 7, in future annual reports, as applicable.

Recommendation		Compliance	Comment
			Santana intends to make its corporate governance statement available on its website, www.santanaminerals.com .
Principle 8 – Remunerate fairly and responsibly			
8.1	Establish a remuneration committee.	Does not comply	<p>The Board has not established a remuneration committee in accordance with Recommendation 8.1. Given the size of the Board, the same efficiencies of a remuneration committee would not be derived from a formal committee structure. The responsibility for the Company's remuneration policy rests with the Board.</p> <p>The Board is tasked with ensuring that the Company has remuneration practices which enable it to attract and retain directors and executives who will best contribute towards achieving positive outcomes for shareholders.</p>
8.2	Structure the remuneration committee so that it: <ul style="list-style-type: none"> • consists of a majority of independent directors; • is chaired by an independent chair; • has at least three members. 	Does not comply	<p>See the comments to Recommendation 8.1.</p> <p>For the reasons noted in response to Recommendation 8.1, the Board does not consider it appropriate to have a remuneration committee at this time.</p>
8.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Complies	<p>The Company complies with the guidelines for executive remuneration packages and non-executive director remuneration as proposed in the Recommendations.</p> <p>Santana's Constitution provides that the Non-Executive Directors are entitled to remuneration out of the funds of Santana. Such remuneration must not exceed an amount fixed by Santana's Board prior to the first annual general meeting of Santana, to be apportioned among them in such manner as the Directors determine. Currently, that sum is fixed at a maximum of \$250,000, in aggregate per annum. Any amendments to the maximum sum must be approved by Santana shareholders at a general meeting.</p>

Recommendation	Compliance	Comment									
		<p data-bbox="1160 236 1944 300">For the financial year ending 30 June 2014, it is expected that the aggregate Santana Directors' fees will not exceed \$180,000.</p> <p data-bbox="1160 343 2020 443">In addition to the engagement of the Non-Executive Directors disclosed above, Santana has entered into employment agreements with the following persons, for the noted roles, on the noted terms:</p> <table border="1" data-bbox="1160 481 2040 1396"> <thead> <tr> <th data-bbox="1167 486 1339 523">Person</th> <th data-bbox="1339 486 1547 523">Role</th> <th data-bbox="1547 486 2040 523">Key terms of engagement</th> </tr> </thead> <tbody> <tr> <td data-bbox="1167 523 1339 1066">Craig McPherson</td> <td data-bbox="1339 523 1547 1066">Chief Financial Officer and Company Secretary</td> <td data-bbox="1547 523 2040 1066"> <ul style="list-style-type: none"> <li data-bbox="1563 529 1989 593">• \$240,000 p.a. (including super); and <li data-bbox="1563 603 2033 778">• 800,000 options exercisable into 800,000 Santana Shares, issued under the Executive and Staff Option Plan (Plan) with an exercise price of 27.5 cents per option; <li data-bbox="1563 788 2020 922">• Termination: if by employee, 1 months' notice is required or if by Santana, 3 months' notice or payment in lieu of notice; <li data-bbox="1563 932 2020 1034">• Other: 6 month payment on change of control event occurring in Santana. </td> </tr> <tr> <td data-bbox="1167 1066 1339 1396">Anthony (Tony) McDonald</td> <td data-bbox="1339 1066 1547 1396">Managing Director</td> <td data-bbox="1547 1066 2040 1396"> <ul style="list-style-type: none"> <li data-bbox="1563 1072 1989 1136">• \$240,000 p.a. (including super); and <li data-bbox="1563 1145 2033 1289">• 1,800,000 options exercisable into 1,800,000 Santana Shares, issued under the Plan with an exercise price of 27.5 cents per option; <li data-bbox="1563 1299 2020 1401">• Termination: if by employee, 1 months' notice is required or if by Santana, 3 months' notice or </td> </tr> </tbody> </table>	Person	Role	Key terms of engagement	Craig McPherson	Chief Financial Officer and Company Secretary	<ul style="list-style-type: none"> <li data-bbox="1563 529 1989 593">• \$240,000 p.a. (including super); and <li data-bbox="1563 603 2033 778">• 800,000 options exercisable into 800,000 Santana Shares, issued under the Executive and Staff Option Plan (Plan) with an exercise price of 27.5 cents per option; <li data-bbox="1563 788 2020 922">• Termination: if by employee, 1 months' notice is required or if by Santana, 3 months' notice or payment in lieu of notice; <li data-bbox="1563 932 2020 1034">• Other: 6 month payment on change of control event occurring in Santana. 	Anthony (Tony) McDonald	Managing Director	<ul style="list-style-type: none"> <li data-bbox="1563 1072 1989 1136">• \$240,000 p.a. (including super); and <li data-bbox="1563 1145 2033 1289">• 1,800,000 options exercisable into 1,800,000 Santana Shares, issued under the Plan with an exercise price of 27.5 cents per option; <li data-bbox="1563 1299 2020 1401">• Termination: if by employee, 1 months' notice is required or if by Santana, 3 months' notice or
Person	Role	Key terms of engagement									
Craig McPherson	Chief Financial Officer and Company Secretary	<ul style="list-style-type: none"> <li data-bbox="1563 529 1989 593">• \$240,000 p.a. (including super); and <li data-bbox="1563 603 2033 778">• 800,000 options exercisable into 800,000 Santana Shares, issued under the Executive and Staff Option Plan (Plan) with an exercise price of 27.5 cents per option; <li data-bbox="1563 788 2020 922">• Termination: if by employee, 1 months' notice is required or if by Santana, 3 months' notice or payment in lieu of notice; <li data-bbox="1563 932 2020 1034">• Other: 6 month payment on change of control event occurring in Santana. 									
Anthony (Tony) McDonald	Managing Director	<ul style="list-style-type: none"> <li data-bbox="1563 1072 1989 1136">• \$240,000 p.a. (including super); and <li data-bbox="1563 1145 2033 1289">• 1,800,000 options exercisable into 1,800,000 Santana Shares, issued under the Plan with an exercise price of 27.5 cents per option; <li data-bbox="1563 1299 2020 1401">• Termination: if by employee, 1 months' notice is required or if by Santana, 3 months' notice or 									

Recommendation		Compliance	Comment			
			<table border="1"> <tr> <td></td> <td></td> <td> payment in lieu of notice; • Other: 6 month payment on change of control event occurring in Santana. </td> </tr> </table>			payment in lieu of notice; • Other: 6 month payment on change of control event occurring in Santana.
		payment in lieu of notice; • Other: 6 month payment on change of control event occurring in Santana.				
8.4	Provide the information indicated in the Guide to reporting on Principle 8.	Intend to comply (as applicable)	<p>Santana will provide a corporate governance statement, including the information required by the Guide to reporting on Principle 8, in future annual reports, as applicable.</p> <p>Santana intends to make its corporate governance statement available on its website, www.santanaminerals.com.</p>			

7. CONSENTS, DISCLOSURES AND AUTHORISATIONS

Consents and Disclosures

The following parties have given written consent, which has not been withdrawn at the date of this Information Memorandum, in the following terms:

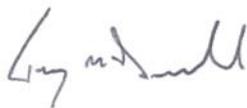
- a) Trevor Leahey has given his consent to be named in this Information Memorandum as a Competent Person for Santana in the form and context in which he is named and has not withdrawn his consent before the date of this Information Memorandum; and
- b) GRT Lawyers has given its consent to be named in this Information Memorandum as Santana's lawyers in the form and context in which it is named and has not withdrawn its consent before the date of this Information Memorandum.

Authorisation

The Information Memorandum is authorised by each of the current directors of Santana (**Directors**) who consent to its lodgement with the ASX and its issue. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Information Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

In accordance with the draft ASX waiver, this Information Memorandum has been signed by Anthony McDonald as Managing Director of Santana on the condition that the other two Directors have consented to the Information Memorandum being signed on their behalf.

Signed by Anthony McDonald



Signature of Anthony McDonald

(Managing Director)

Date: 7 May 2013

8. GLOSSARY

ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited (ABN 98 008 624 691), or if the context requires, the financial market operated by it.
Cerro	Cerro Resources NL ACN 006 381 684.
Cerro Shares	fully paid ordinary shares of Cerro.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
JORC Code	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, as amended from time to time.
Independent Expert's Report	the report prepared by Grant Thornton Corporate Finance Pty Ltd attached to the Scheme Booklet as Appendix A.
Information Memorandum	this document.
Listing	the admission of Santana to the Official List and the quotation of Santana Shares on ASX.
Listing Rules	the official listing rules of the ASX.
Official List	the official list of ASX.
Option Scheme	the proposed scheme of arrangement pursuant to Part 5.1 of the Corporations Act between Cerro and Cerro Optionholders, set out in Appendix C of the Scheme Booklet, subject to any alternations or conditions made or required by the Court under section 411(6) of the Corporations Act.
Santana	Santana Minerals Limited ACN 161 946 989.
Santana Share	a fully paid ordinary share of Santana.
Schemes	the Share Scheme and the Option Scheme.
Scheme Booklet	the document dated 19 March 2013 which was approved by the Federal Court on 21 March 2013 and announced on ASX on 22 March 2013.
Shares	new fully paid ordinary shares of Santana.
Share Scheme	the proposed scheme of arrangement pursuant to Part 5.1 of the Corporations Act between Cerro and Cerro Shareholders, set out in Appendix B of the Scheme Booklet, subject to any alternations or conditions made or required by the Court under section 411(6) of the Corporations Act.
Spinout Assets	all entities and assets of the Cerro Group other than the Cerro del Gallo Entities, which includes the tenements noted in Annexure A.

For personal use only

Transaction

has the meaning given to it in Section 1.1 of this Information Memorandum.

TSX-V

The TSX Venture Exchange.

ANNEXURE A

Name	Number	Area	Status	Grant Date	Expiry Date
Mount Isa, Queensland					
Trafalgar (Mt Philp)	MDL 471	13km ²	Application	-	-
Malbon 2 (Mt Philp)	MDL 471	9km ²	Application	-	-
Trafalgar *	EPM 14232	96km ²	Granted	23.05.05	22.05.17
Pelican **	EPM 13870	83km ²	Renewal lodged	01.04.05	31.03.10
Binna Burra *	EPM 14386	10km ²	Granted	02.08.05	01.08.13
Bronzewing *	EPM 14861	19km ²	Renewal lodged	13.06.06	12.06.13
Pilgrim South *	EPM 15972	38km ²	Granted	30.10.08	29.10.13
Dingo Creek *	EPM 16061	16km ²	Granted	30.10.08	29.10.13
Malbon * ¹	EPMA 16726	64km ²	Application	-	-
Devencourt *	EPMA 16987	93km ²	Application – proposal to grant	-	-
Dermer Creek South *	EPM 17169	6km ²	Granted	05.02.10	04.02.14
Dermer Creek South 2 *	EPM 17285	3km ²	Granted	09.02.10	08.02.14
Andrews *	EPM 17453	16km ²	Granted	21.10.10	20.10.15
Pelican West * ¹	EPMA 17642	3km ²	Application - competing	-	-
Trekelano *	EPM 17762	13km ²	Granted	20.10.10	19.10.15
Malbon 2 *	EPM 18116	16km ²	Granted	25.02.11	24.02.16
Malbon 3 * ¹	EPMA 18228	13km ²	Application – competing	-	-
Duchess *	EPM 18320	22km ²	Granted	30.04.12	29.04.17
Tick Hill * ¹	EPMA 18378	16km ²	Application	-	-

For personal use only

Namiquipa, Mexico					
Tasmania	227076	4,226.20ha	Granted	04.05.06	03.05.56
America	219975	136.36ha	Granted	15.05.03	14.05.53
Rolys	236046	37.44ha	Granted	04.05.10	03.05.60
Espiritu Santo, Mexico					
Tao	238201	884.4693ha	Granted	12.08.11	11.08.61
Sao	238202	200ha	Granted	12.08.11	11.08.61
Vale	238203	4738.7511ha	Granted	12.08.11	11.08.61