

PROJECT OF NATIONAL INTEREST AREA EXPANDED UNDER MINISTERIAL RESOLUTION TO FACILITATE DEVELOPMENT OF LOS CALATOS

Metminco Limited (“Metminco” or the “Company”) (ASX : MNC; AIM : MNC) announces that the Peruvian Government approved an increase in the area that Metminco’s wholly owned subsidiary, Minera Hampton Peru SAC, may purchase under the Project of National Interest designation from 2,800 ha to 12,700 ha to accommodate the surface infrastructure required to exploit the Company’s 100% owned Los Calatos porphyry copper – molybdenum deposit. The surface infrastructure required for the proposed mine includes the open pit and underground workings, waste and ore stockpiles, plant, mine and administration structures and a tailings dam (Figures 1 – 4).

Under **Ministerial Resolution No. 263-2013-MEM/DM** the modification of RM no. 274-2011-MEM from 20/06/2011, for the expansion of the area of national interest, in the area of “Mining Project of Copper and Molybdenum - Los Calatos” which included 3 concessions covering an area of 2,800 ha, named NELSON 1-900, ALPHA 1-900 and GAMMA 1-1000, located in the Torata district, province of Mariscal Nieto, department of Moquegua of the company Minera CN SAC (renamed Minera Hampton Peru SAC) has been approved to include mineral rights: NICKY 1, 2, 3, 4, 6, 7, 8, 9, 10 CELESTE 1, 2, 3 & MARY 1, increasing the area covered by the Ministerial Decree to 12,700 ha.

The Project of National Interest designation allows Minera Hampton Peru SAC to acquire surface title to the Los Calatos Project tenements by direct purchase from the Peruvian government, as opposed to the general rule whereby State-owned property must be acquired through public auction. This exceptional designation only applies in certain circumstances where the project’s feasibility and economic benefit for the country can be demonstrated to the Peruvian government.

Metminco completed a Scoping Study on Los Calatos in March 2013, which determined that the preferred development scenario for Los Calatos comprises a combination of an open pit and underground mining operation with a combined Life of Mine (LoM) of 31 years at a mining and processing rate of 21.9 million tonnes per annum (60,000 tonnes per day). The proposed mining operation would produce approximately 83kt (184mm lbs) of copper in concentrate per annum at an average LoM cash operating cost of US\$1.09/lb. The total tonnes mined and treated over the LoM is estimated to be 656 million tonnes.

William Howe, Managing Director, said *“We are extremely pleased with the approval given by the Peruvian Government to increase the area covered by the Project of National Interest. This secures the Company’s right to purchase the surface rights required for the proposed development of the Los Calatos mining operation and supporting infrastructure, and hence further de-risks the Los Calatos Project.”*

The Company is continuing with optimisation studies to extend the open pit life and reduce development costs”.



William Howe
Managing Director

Figure 1: Los Calatos Project locality map.



Figure 2: Los Calatos Project: Location of Los Calatos tenements in southern Peru.

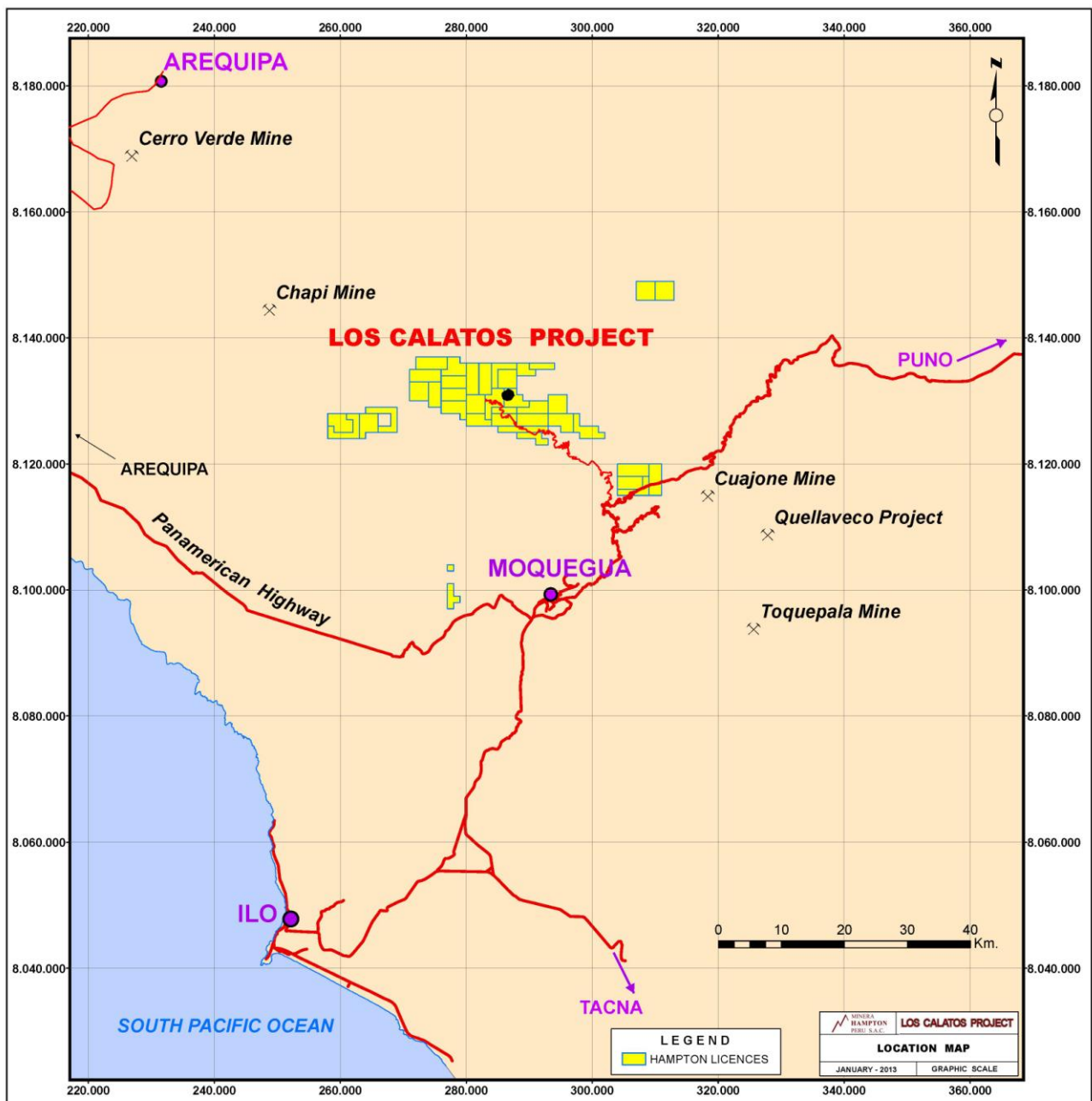


Figure 3: Los Calatos Project tenement map.

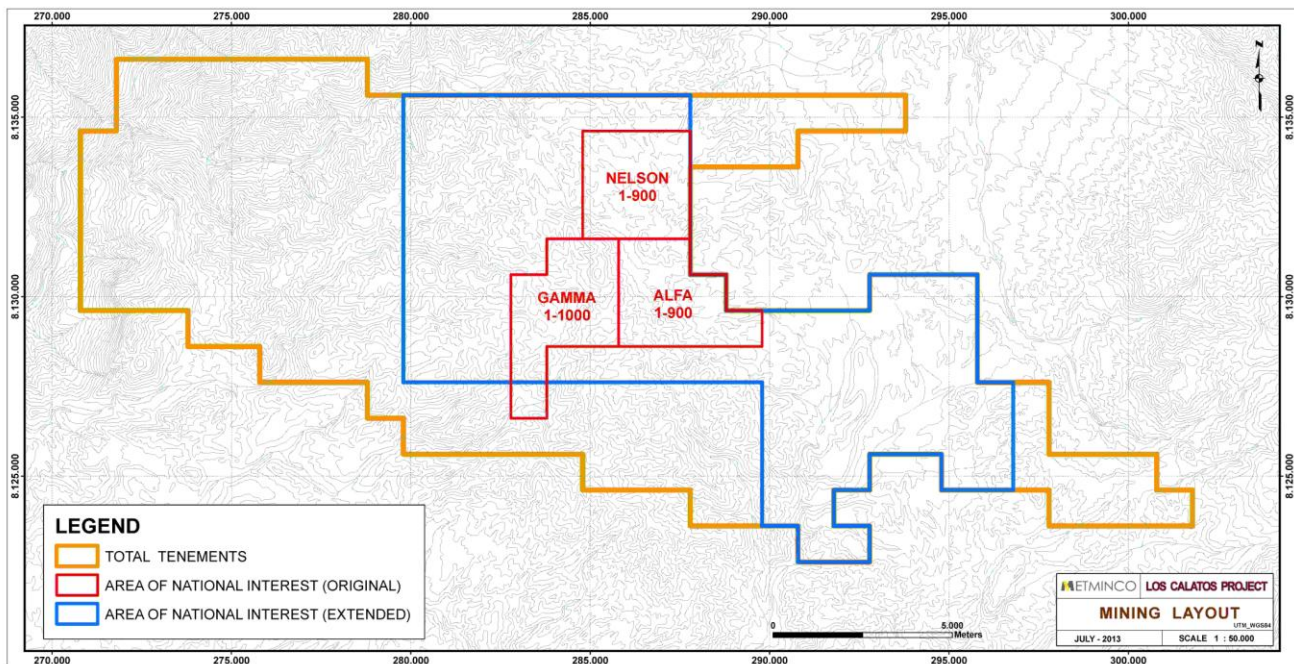
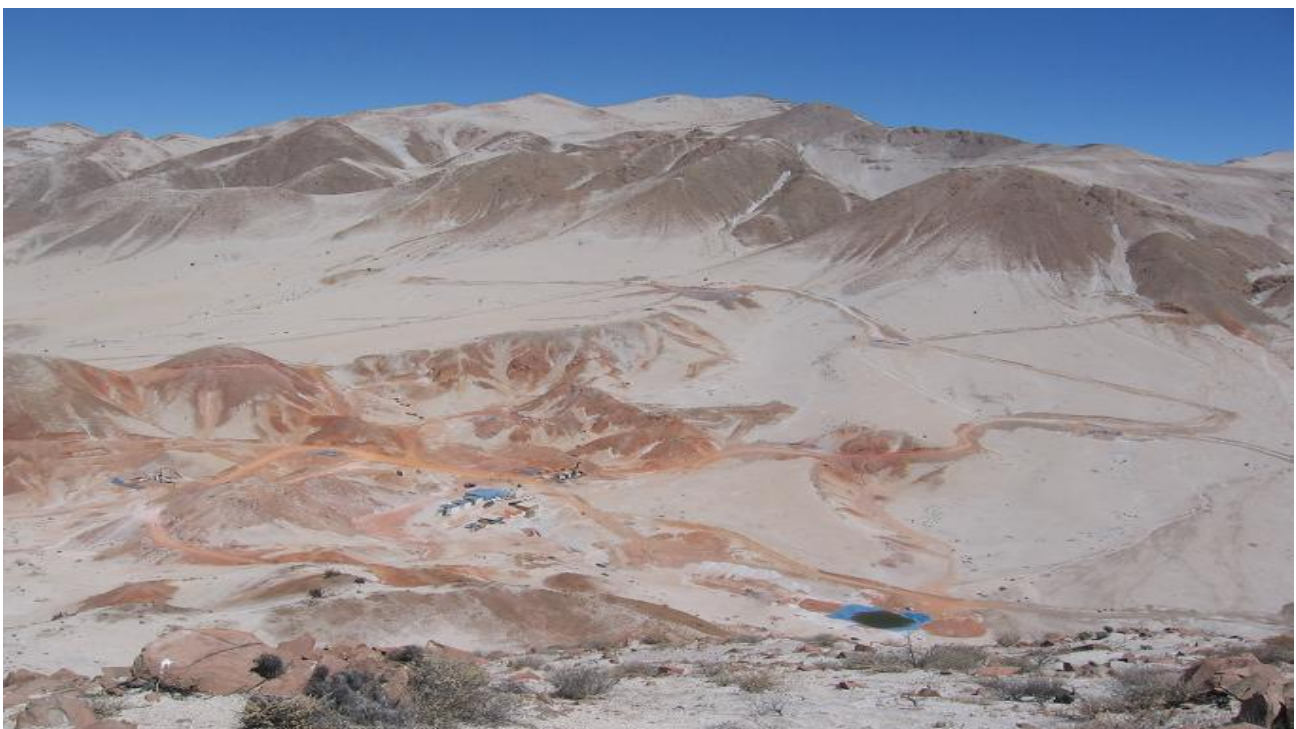


Figure 4: Los Calatos Project: Main high grade copper hydrothermal breccia exposure (red) with diamond drill rig and exploration camp (view to the south west).



Company Background

Metminco is a dual ASX and AIM listed company with a portfolio of copper, molybdenum and gold projects in Peru and Chile.

Premier project - Los Calatos copper-molybdenum project

In March 2013 the Company announced the results of an independent Scoping Study on Los Calatos. The study confirmed the potential of Los Calatos as a long-life (+31 years), low cost (US\$1.09/lb) mining operation producing approximately 83kt (184mm lbs) of copper in concentrate per annum.

The preferred mining scenario evaluated as part of the Scoping Study provides for an open pit with a life of 7-years, and a subsequent underground block cave operation with a life of 24-years, with an average life of mine production rate of 60,000 tonnes per day.

The Scoping Study highlighted the following:

- Optimised operation comprising open pit followed by underground block cave mining operation
- Long-life asset with 31-year LoM
- Total material treated over LoM of 656 million tonnes at 0.45% Cu and 0.026% Mo (0.56% CuEq) (Table 1 below)
- Initial open pit operation with a 7-year life and a low strip ratio of 2.2:1
- Average annual copper in concentrate production of 83.3kt (184m lbs)
- Lowest quartile LoM cash operating costs net of credits of US\$1.09/lb
- Pre-production capital expenditure of US\$1.5bn including initial underground development

Table 1: Total tonnes mined – Preferred Mining Scenario (February 2013)

Type of Mining Operation	Tonnes (million)	Cu (%)	Mo (%)	CuEq (%)
Open Pit	194	0.37	0.018	0.44
Underground – Bulk Mining	462	0.49	0.029	0.61
Total tonnes mined	656	0.45	0.026	0.56

In addition, the prospectivity of the broader tenement holding position is such that it has the potential to contribute additional material to any future mining operation developed in context of the preferred mining scenario. The Company has only drill tested two of the eight targets identified to-date over a total project area of 224 km², where the latter is located in a recognised mining district characterised by the development of porphyry clusters.

Peru is proving to be an investment friendly jurisdiction, in which the Government is actively encouraging responsible mine development with a projected, significant, increase in long term copper production supported by competitive power costs. Mining investment in Peru over the period 2012 to 2020 is estimated to be US\$53 billion, of which 70% relates to new copper mines, and extensions to existing mines. Los Calatos remains highly deliverable, being located on State-owned land in a desert environment without competing land usage, its status as Project of National Interest, and its proximity to existing infrastructure and the coast. Metminco's strategy to access seawater for metallurgical processing purposes has been widely accepted by both local and regional authorities.

From a commodity perspective, the long-term fundamentals of the copper market remain sound, and it is anticipated that global copper production will struggle to keep pace with demand growth. With the support of a funding partner, Los Calatos has the ability to deliver copper into the global market at a time when incremental supply-demand dynamics will be dictated by production emanating from new 'possible' projects, the success of which will be heavily influenced by factors such as socio-political issues, restrictive legislation and technical issues (e.g. unit operating costs). Against the global backdrop of diminishing long life copper projects in mining friendly jurisdictions, and with the benefit of low unit operating costs, Los Calatos is well placed to command significant strategic interest.

Projects and mineral resources

The Los Calatos Project, located in southern Peru, has an open pittable mineral resource of 304 million tonnes at 0.44% CuEq at a cut-off grade of 0.15% CuEq to a vertical depth of 500 metres below surface and an underground bulk mining mineral resource of 1,058 million tonnes at 0.61% CuEq at a cut-off grade of 0.35% CuEq commencing at an elevation of 2,500 metres (approximately 500 metres below surface).

The Chilean assets include the Mollacas Project with a mineral resource of 34.3 million tonnes consisting of a measured resource of 19.4 million tonnes at 0.45% Cu and 0.16g/t Au, an indicated resource of 9.4 million tonnes at 0.34% Cu and 0.16g/t Au, and an inferred resource of 5.5 million tonnes at 0.26% Cu and 0.15g/t Au (at a 0.2% copper cut-off); and the Vallecillo Project with a mineral resource of 8.9 million tonnes consisting of a measured resource of 5.5 million tonnes at 0.84g/t Au, 9.99g/t Ag, 1.12% Zn and 0.32% Pb, an indicated resource of 2.6 million tonnes at 0.80g/t Au, 10.23g/t Ag, 0.94% Zn and 0.35% Pb and an inferred resource of 0.8 million tonnes at 0.50g/t Au, 8.62g/t Ag, 0.48% Zn and 0.17% Pb (at a cut-off grade of 0.2g/t Au).

The Company also has a number of early stage exploration projects where initial exploration activities have identified anomalous copper, molybdenum and gold values.

Note: Copper equivalent (CuEq) for Los Calatos is based on the recovered value of the non-copper by-products (molybdenum) relative to the recovered value of copper. At a long term copper price of US\$2.75/lb with a Cu recovery of 87% and a molybdenum price of US\$15.00/lb with a recovery of 68%, 1 pound of molybdenum is equivalent to 4.2633 pounds of copper (Cu:Mo ratio of 1:4.2633).

Competent Persons Statement

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Colin Sinclair, BSc, MSc, who is a Member of the Australasian Institute of Mining and Metallurgy and is a full-time employee of the Company as Executive General Manager.

Colin Sinclair has sufficient experience (over 30 years) which is relevant to the style of mineralisation, 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'. Mr Sinclair, as Competent Person for this announcement, has consented to the inclusion of the information in the form and context in which it appears herein.

Forward Looking Statement

All statements other than statements of historical fact included in this announcement including, without limitation, statements regarding future plans and objectives of Metminco are forward-looking statements. When used in this announcement, forward-looking statements can be identified by words such as "anticipate", "believe", "could", "estimate", "expect", "future", "intend", "may", "opportunity", "plan", "potential", "project", "seek", "will" and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this announcement, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its directors and management of Metminco that could cause Metminco's actual results to differ materially from the results expressed or anticipated in these statements.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. Metminco does not undertake to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this announcement, except where required by applicable law and stock exchange listing requirements.

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