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**25 November 2011**

## **ASX ANNOUNCEMENT**

Attached is an AIM release in relation to the proposed placing and rights issue.

On behalf of the Board,

A handwritten signature in black ink, appearing to be 'P. Killen', written over a horizontal line.

Philip W Killen  
Company Secretary

24 November 2011

Metminco Limited

(“Metminco” or the “Company”)

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES, CANADA, SOUTH AFRICA, OR JAPAN OR ANY OTHER STATE OR JURISDICTION IN WHICH RELEASE, PUBLICATION OR DISTRIBUTION WOULD BE UNLAWFUL

### Proposed placing and rights issue to raise up to approximately US\$50 million

#### Highlights:

- Metminco to raise up to approximately US\$40 million (£25.0, A\$41.1 million) through a placing (the “**Institutional Placing**”) of new ordinary shares (“**Shares**”) with institutional and other investors at a price of A\$0.14 (£0.088) per Share (the “**Placing Price**”)
- Certain shareholders and other investors have already indicated their support for the Placing
- Metminco to raise up to approximately US\$10 million (£6.4, A\$10.3 million) through a non renounceable rights issue of one new Share for every 20 Shares held (the “**Rights Issue**” and, as the context requires, together with the Institutional Placing, the “**Placing**”) to be issued at the Placing Price
- The proceeds from the Placing will be used to fund the Company’s 2012 drilling programme at Los Calatos, the definitive feasibility study and pre-development at Mollacas, the scoping / pre-feasibility study at Vallecillo and additional exploration development and working capital
- The Placing ensures Metminco is funded to take Los Calatos to an updated interim JORC resource statement by Q3 2012 and a second JORC resource estimate in Q1 2013 and prepare Mollacas construction and submission of a development application to the Chilean government

#### Details of the Placing

Metminco Limited announces today its intention to conduct a placing to raise gross proceeds of approximately US\$40 million (£25.0, A\$41.1 million) through the issue of new Shares, (the “**Placing Shares**”).

The Institutional Placing is being conducted, subject to the satisfaction of certain conditions, through an accelerated book-building process to be carried out by Canaccord Genuity Limited (“**Canaccord Genuity**”), Liberum Capital Limited (“**Liberum**”) and Canaccord BGF Ltd (“**Canaccord BGF**”) acting as joint bookrunners (the “**Joint Bookrunners**”). The identity of Placees and the basis of the allocations are at the sole discretion of the Company and the Joint Bookrunners. The number of Placing Shares will be agreed by the Company with the Joint Bookrunners at the close of the book-building process. Details of the number of Placing Shares will be announced as soon as practicable after the close of the book-building process.

The Company will also seek to raise up to approximately US\$10 million (£6.4, A\$10.3 million) through a non renounceable rights issue of one new Share for every 20 Shares held at the Placing Price. The Placing Price represents a discount of approximately 3.57 per cent. and 11.23 per cent. to the closing middle market price per Ordinary Share on 23 November 2011 on the Australian Stock Exchange (“**ASX**”) and the AIM Market of the London Stock Exchange plc (“**AIM**”) respectively.

The Rights Issue will be conducted by Canaccord BGF.

The Institutional Placing will comprise two tranches, 211,850,000 Placing Shares (the “**Firm Shares**”) have been placed firm (the “**Firm Placing**”) pursuant to the Directors’ existing authority under the ASX Listing Rules to allot Shares for cash on a non pre-emptive basis. An additional number of Placing Shares (the “**Conditional Shares**”) may be placed conditional (the “**Conditional Placing**”) on receipt of shareholder approval at an extraordinary general meeting of the Company to be convened on or around Wednesday 4 January 2012 (the “**General Meeting**”).

The books for the Institutional Placing will open with immediate effect. The books are expected to close no later than

4.30 p.m. (London) today. The timing of the closing of the books and the making of allocations may be accelerated or delayed at Joint Bookrunner's sole discretion. Appendix I to this announcement contains the detailed terms and conditions of the Placing.

By choosing to participate in the Placing and by making an oral and legally binding offer to acquire Placing Shares, investors will be deemed to have read and understood this announcement in its entirety, including the Appendices, and to be making such offer on the terms and subject to the conditions contained herein and to be making the representations, warranties, undertakings and acknowledgements contained in Appendix I to this announcement.

The Placing Shares will be issued credited as fully paid and will rank *pari passu* with the existing issued Shares, including the right to receive all dividends and other distributions declared, made or paid on or in respect of such shares after the date of their issue. The Institutional Placing is being made on a non pre-emptive basis to enable the Company to further develop its institutional shareholder base as an essential part of the group's further development. In order to allow individual shareholders to enjoy the same terms, the Company is also undertaking the Rights Issue.

The Company will apply for admission of the Firm Shares to be traded on AIM and the ASX ("**First Admission**"). It is expected that First Admission will take place and that trading will commence on ASX on or around Thursday 1 December 2011 and on AIM at 8.00 a.m. on or around Thursday 1 December 2011 and in any event no later than 30 December 2011.

Subject to shareholder approval at the General Meeting, the Company will also apply for admission of the Conditional Shares to be traded on AIM and the ASX ("**Second Admission**"). It is expected that Second Admission will take place and that trading will commence on ASX on or around Friday 6 January 2012 and on AIM at 8.00 a.m. on or around Thursday 5 January 2012 and in any event no later than 31 January 2012.

The Firm Placing is conditional, among other things, upon First Admission becoming effective. The Conditional Placing is conditional, among other things, upon shareholder approval at the General Meeting and First Admission and Second Admission becoming effective. The Firm Placing is not conditional upon the Conditional Placing and the Institutional Placing is not conditional upon the Rights Issue.

The Firm Placing and the Conditional Placing are also conditional upon the placing agreements made (i) between the Company, Canaccord Genuity and Liberum and (ii) between the Company and Canaccord BGF not being terminated prior to First Admission (or, as the case may be, Second Admission) in accordance with their respective terms.

Appendix I to this announcement (which forms part of this announcement) sets out the terms and conditions of the Placing. Defined terms used in Appendix I are set out at the end of this announcement and risk factors to the Placing are set out in Appendix II to this announcement.

## **Rights Issue**

As stated above, the Company is pleased to announce the Rights Issue to be offered at the Placing Price. Australian and New Zealand shareholders registered on the share register of the Company on Wednesday 14 December 2011 ("**Record Date**") will be entitled to participate in the Rights Issue. A disclosure document ("**Prospectus**") for the Rights Issue will be lodged with the Australian Securities and Investments Commission and issued when the Shares are offered under the Rights Issue.

Details of the proposed use of funds in respect of the Rights Issue and the Institutional Placing are set out in this announcement under the heading 'Use of Proceeds'. Shares issued under the Rights Issue will rank *pari passu* with the existing issued Shares.

## **Background to and reasons for the Placing**

During the financial year 2011, the Company has made strong operational progress at all of its projects. In particular, the drilling results received to date from the 32,000m Metminco has completed in the Phase 3 diamond drilling ("**DD**") programme have provided further confirmation that the Los Calatos copper/molybdenum project is a world class project. The Phase 3 DD programme is scheduled to be completed by the year end and, in light of the results received so far, the Company intends to undertake a significant ± 100,000m Phase 4 drilling programme commencing January 2012 to achieve an updated interim JORC resource statement during Q3 2012 and an updated JORC resource statement by early 2013 on which to base the Company's proposed pre-feasibility study.

At the Company's Mollacas copper leach project, Metminco recently completed a 2,250m DD programme, which provided ore for metallurgical testwork and additional information for the derivation of a final JORC resource estimate which is expected in Q1 2012. A 1,154m reverse circulation ("**RC**") drilling programme to provide clearance for the planned infrastructure, and for hydrogeological studies has also been completed.

Following completion of metallurgical work and the anticipated resource update, Metminco expects to start the Mollacas

definitive feasibility study during the first half of 2012 as well as certain pre-development work.

At the Company's Vallecillo project, the 9,000m DD programme to upgrade the existing JORC resource at the La Colorada polymetallic deposit is underway and expected to be completed in Q1 2012, leading to a resource upgrade late Q1 2012. In light of the anticipated results of this Phase 3 drilling programme, Metminco expects to commence a scoping / pre-feasibility study during the first half of 2012 and further metallurgical testwork to support the study. The Company is in the early stages of its initial phase of drilling on a potential copper / molybdenum porphyry system that has been identified at Vallecillo.

Work, including further metallurgical testwork, at the Company's Camaron and La Piedra projects continues with RC drilling totalling 10,000m expected to be completed during Q1 2012, following which the Company expects to continue with the exploration of these projects subject to encouraging results.

To continue with value creation for shareholders and to fund the continuing development of these multiple prospective projects within the optimal time scales, in particular, Los Calatos and Mollacas, the Company requires the additional funds to be provided by the Placing.

As at 31 October 2011, the Company had a cash balance of US\$25.2 (A\$23.6) million.

### **Use of proceeds**

Metminco intends to use the proceeds of the Placing to:

- Fund the ± 100,000m Phase 4 drilling programme at Los Calatos – US\$31.5 million
- Fund the detailed feasibility study and pre-development work at Mollacas – US\$5.0 million
- Fund the pre-feasibility/scoping study at Vallecillo – US\$1.5 million
- Provide additional funds to allow exploration, project development and for working capital – US\$12 million<sup>1</sup>

1: If the US\$10m Rights Issue is not taken up in full, the additional exploration, project development and working capital use of proceeds will be reduced accordingly.

William Howe, Chief Executive of Metminco Limited said:

*"We are delighted with the institutional support we have received as a result of the Placing. We are now fully funded to deliver our 2012 work programme and make significant progress in delineating the world class Los Calatos porphyry system and position ourselves to bring Mollacas towards near term production as planned."*

### **Notice of General Meeting**

The Company intends to mail a circular, on or around Wednesday 30 November 2011, to all shareholders giving notice of the General Meeting with an accompanying explanatory memorandum which provides further information on the proposed resolutions to be considered at the General Meeting. This notice will be available at [www.metminco.com.au](http://www.metminco.com.au).

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## Competent Person

The information in this announcement that relates to exploration results and mineral resources is based on information approved by, or is based upon information prepared by or under the supervision of, Mr. 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 General Manager Exploration.

Colin Sinclair has sufficient experience (over 30 years) 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' and a qualified person as defined in National Instrument 43-101 *Standards of Disclosure for Mineral Projects*. Mr. Sinclair consents to the inclusion in this announcement of the information based on his information in the form and context in which it appears.

The estimates of the Company's mineral resources disclosed in this announcement have been prepared and presented in accordance with the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (the "**JORC Code**").

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES, SOUTH AFRICA OR JAPAN OR ANY OTHER STATE OR JURISDICTION IN WHICH RELEASE, PUBLICATION OR DISTRIBUTION WOULD BE UNLAWFUL

Certain statements in this announcement are forward-looking statements which are based on the Company's expectations, intentions and projections regarding its future performance, anticipated events or trends and other matters that are not historical facts. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. Factors that would cause actual results or events to differ from current expectations, intentions or projections might include, amongst other things, changes in commodity prices, changes in equity markets, failure to establish estimated mineral reserves, political risks, changes to regulations affecting the Company's activities, delays in obtaining or failure to obtain any required regulatory approval, failure of equipment, uncertainties relating to the availability and costs of financing needed in the future, the uncertainties involved in interpreting geological, geophysical and engineering data, delays in obtaining geological results, the success of future explorations, acquisitions and other strategic transactions and other risks associated with exploration, development and production. For further details of risks relating to the Company and its shares, please see the Risk Factors in Appendix II. Given these risks and uncertainties, prospective investors are cautioned not to place undue reliance on forward-looking statements, which are not guarantees of future performance. Forward-looking statements speak only as of the date of such statements and, except as required by the Financial Services Authority ("**FSA**"), the London Stock Exchange or applicable law, each of the Company, Canaccord Genuity, Liberum and Canaccord BGF expressly disclaims any obligation or undertaking to review, revise or release publicly any updates to any forward-looking statements to reflect any changes in Metminco's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based, whether as a result of new information, future events or otherwise.

This announcement is for information purposes only and shall not constitute an offer to buy, sell, issue, or subscribe for, or the solicitation of an offer to buy, sell, issue, or subscribe for any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This announcement has been issued by and is the sole responsibility of Metminco.

No representation or warranty, express or implied, is or will be made as to, or in relation to, and no responsibility or liability is or will be accepted by Canaccord Genuity, Liberum or Canaccord BGF or by any of their respective affiliates or agents as to, or in relation to, the accuracy or completeness of this announcement, or any other written or oral

information made available to or publicly available to any interested party or its advisers, and any liability therefore is expressly disclaimed.

Canaccord Genuity, which is authorised and regulated in the United Kingdom by the FSA, is acting for Metminco and for no-one else in connection with the Placing, and will not be responsible to anyone other than Metminco for providing the protections afforded to customers of Canaccord Genuity nor for providing advice to any other person in relation to the Placing or any other matter referred to herein.

Liberum, which is authorised and regulated in the United Kingdom by the FSA, is acting for Metminco and for no-one else in connection with the Placing, and will not be responsible to anyone other than Metminco for providing the protections afforded to customers of Liberum nor for providing advice to any other person in relation to the Placing or any other matter referred to herein.

Canaccord BGF, which is authorised and regulated in Australia by the ASIC, is acting for Metminco and for no-one else in connection with the Placing, and will not be responsible to anyone other than Metminco for providing the protections afforded to customers of Canaccord BGF nor for providing advice to any other person in relation to the Placing or any other matter referred to herein.

The distribution of this announcement and the offering of the Placing Shares in certain jurisdictions may be restricted by law. No action has been taken by Metminco, Canaccord Genuity, Liberum or Canaccord BGF that would permit an offering of such shares or possession or distribution of this announcement or any other offering or publicity material relating to such shares in any jurisdiction where action for that purpose is required. Persons into whose possession this announcement comes are required by Metminco, Canaccord Genuity, Liberum and Canaccord BGF to inform themselves about, and to observe such restrictions. The price of shares and the income from them may go down as well as up and investors may not get back the full amount invested on disposal of the shares.

This announcement is not for distribution directly or indirectly in or into the United States (including its territories and possessions, any State of the United States and the District of Columbia), Canada, South Africa or Japan or any jurisdiction into which the same would be unlawful. This announcement is not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration or an exemption from registration. No offering of securities will be made in the United States by Metminco in connection with the Placing.

This announcement does not constitute or form part of an offer or solicitation to purchase or subscribe for shares in the capital of Metminco in South Africa, Canada or Japan or any jurisdiction in which such an offer or solicitation is unlawful. No public offering of securities of Metminco will be made in connection with the Placing in the United Kingdom or elsewhere.

No prospectus has been lodged with, or registered by, the Japanese Ministry of Finance; and the Placing Shares have not been, and nor will they be, registered under or offered in compliance with the securities laws of any state, province or territory of Canada, South Africa or Japan. Accordingly, the Placing Shares may not (unless an exemption under the relevant securities laws is applicable) be offered, sold, resold or delivered, directly or indirectly, in or into the United States, South Africa or Japan or any other jurisdiction outside the United Kingdom.

This announcement is not a disclosure document under Chapter 6D of the Corporations Act, has not been lodged with ASIC and does not purport to include the information required of a disclosure document under the Corporations Act. No disclosure document has been, or will be lodged, with ASIC in respect of the offer of the Placing Shares. The Institutional Placing is only made to persons in Australia to whom it is lawful to offer the Placing Shares without disclosure to investors under Chapter 6D of the Corporations Act under one or more exemptions set out in section 708 and of the Corporations Act.

The Company is not issuing the Placing Shares for the purposes of the persons to whom they are issuing, selling or transferring them, or granting, issuing or transferring interests in, or warrants over, them.

The Placing Shares have not been approved or disapproved by the US Securities and Exchange Commission, any State securities commission or any other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the Placing or the accuracy or adequacy of this announcement. Any representation to the contrary is unlawful.

## **APPENDIX I**

### **TERMS AND CONDITIONS OF THE PLACING**

### **IMPORTANT INFORMATION FOR INVITED PLACEEES ONLY REGARDING THE PLACING**

#### **Details of the Placing**

The Joint Bookrunners have entered into agreements with Metminco (the “**Placing Agreements**”) under which, subject to the conditions set out in these agreements, the Joint Bookrunners have agreed to use reasonable endeavours to procure subscribers for the Placing Shares at a price to be determined following completion of the bookbuilding process in respect of the Placing (the “**Bookbuild**”), described in this announcement and set out in the Placing Agreement.

The Placing Shares will, when issued, be credited as fully paid and will rank *pari passu* in all respects with the existing issued Ordinary Shares including the right to receive all dividends and other distributions declared in respect of such ordinary shares after the date of issue of the Placing Shares.

### **Application for admission to trading**

Application will be made to the London Stock Exchange for admission of the Placing Shares to trading on AIM and ASX. The Placing is subject to the conditions set out below in the section entitled “Conditions of the Placing”. It is expected that Admission of the Firm Shares will become effective on or around Thursday 1 December 2011 and that Admission of the Conditional Shares will become effective on or around Friday 6 January 2012.

### **Bookbuild**

The Joint Bookrunners will today commence the Bookbuild to determine demand for participation in the Placing by Placees. This Appendix gives details of the terms and conditions of, and the mechanics of participation in, the Placing. No commissions will be paid to Placees or by Placees in respect of any Placing Shares.

The Joint Bookrunners and Metminco shall be entitled to effect the Placing by such alternative method to the Bookbuild as they may, in their sole discretion, determine.

### **Participation in, and principal terms of, the Placing:**

1. Canaccord Genuity, Liberum and Canaccord BGF are acting as joint bookrunners and agents of Metminco.
2. Participation in the Placing will only be available to persons who may lawfully be, and are, invited to participate by the Joint Bookrunners. The Joint Bookrunners and their affiliates are each entitled to enter bids in the Bookbuild as principal. The Canaccord BGF may, in respect of investors in Australia, invite only Australian Investors to participate in the Placing.
3. The Bookbuild will establish a single price payable to the Joint Bookrunners by all Placees whose bids are successful (the “**Placing Price**”). The Placing Price and the number of Placing Shares to be issued will be agreed between the Joint Bookrunners and Metminco following completion of the Bookbuild. The Placing Price and the number of Placing Shares will be announced on a Regulatory Information Service following the completion of the Bookbuild.
4. To bid in the Bookbuild, Placees should communicate their bid by telephone to their usual sales contact at any of the Joint Bookrunners or, in the case of Canadian Placees, their usual contact at the Canadian Affiliate. Each bid should state the number of Placing Shares which the prospective Placee wishes to subscribe for at either the Placing Price, which is ultimately established by Metminco and the Joint Bookrunners, or at prices up to a price limit specified in its bid. Bids may be scaled down by the Joint Bookrunners on the basis referred to in paragraph 9 below.
5. The Bookbuild is expected to close during the course of today but may be closed later at the discretion of the Joint Bookrunners and Metminco. The Joint Bookrunners may, in agreement with Metminco, accept bids that are received after the Bookbuild has closed. Metminco reserves the right (upon the agreement of the Joint Bookrunners) to reduce or seek to increase the amount to be raised pursuant to the Placing, in its absolute discretion.
6. Each prospective Placee’s allocation, including the split between Firm Shares and Conditional Shares, will be determined by Metminco in consultation with the Joint Bookrunners (or the Canadian Affiliate) and will be confirmed orally by one of the Joint Bookrunners as agent of Metminco following the close of the Bookbuild. That oral confirmation will constitute an irrevocable legally binding commitment upon that person (who will at that point become a Placee) in favour of the Joint Bookrunners and Metminco to subscribe for the number of Placing Shares allocated to it at the Placing Price on the terms and conditions set out in this Appendix and in accordance with Metminco’s constitution.
7. Each prospective Placee’s allocation and commitment will be evidenced by a contract note issued to such Placee by one of the Joint Bookrunners. The terms of this Appendix will be deemed incorporated in that contract note.

8. Each Placee will also have an immediate, separate, irrevocable and binding obligation, owed to Metminco and the relevant Joint Bookrunner as agent of Metminco, to pay the relevant Joint Bookrunner (or as it may direct) in cleared funds, an amount equal to the product of the Placing Price and the number of Placing Shares such Placee has agreed to subscribe and Metminco has agreed to allot and issue to that Placee.
9. The Joint Bookrunners may choose to accept bids, either in whole or in part, on the basis of allocations of Firm Shares and Conditional Shares determined in agreement with Metminco and may allocate Firm Shares and/or Conditional Shares and/or scale down any bids for this purpose on such basis as they may determine. The Joint Bookrunners may also, notwithstanding paragraphs 4 and 5 above, subject to the prior consent of Metminco (i) allocate Placing Shares after the time of any initial allocation to any person submitting a bid after that time and (ii) allocate Placing Shares after the Bookbuild has closed to any person submitting a bid after that time.
10. A bid in the Bookbuild will be made on the terms and subject to the conditions in this announcement and will be legally binding on the Placee on behalf of which it is made and except with the consent of the Joint Bookrunners will not be capable of variation or revocation after the time at which it is submitted.
11. Irrespective of the time at which a Placee's allocation pursuant to the Placing is confirmed, settlement for all Firm Shares (or, as the case may be, Conditional Shares) to be acquired pursuant to the Placing will be required to be made at the same time, on the basis explained below under "Registration and settlement".
12. All obligations under the Bookbuild and Placing will be subject to fulfilment of the conditions referred to below under "Conditions of the Placing" and to the Placing not being terminated on the basis referred to below.
13. By participating in the Bookbuild, each Placee will agree that its rights and obligations in respect of the Placing will terminate only in the circumstances described below and will not be capable of rescission or termination by the Placee.
14. To the fullest extent permissible by law, none of the Joint Bookrunners nor any of their affiliates shall have any liability to Placees (or to any other person other than Metminco whether acting on behalf of a Placee or otherwise). In particular, none of the Joint Bookrunners nor any of their affiliates shall have any liability (including to the fullest extent permissible by law, any fiduciary duties) in respect of the Joint Bookrunner's conduct of the Bookbuild or of such alternative method of effecting the Placing as the Joint Bookrunners and Metminco may agree.
15. In addition, any of the Joint Bookrunners or their respective affiliates may enter into financing arrangements and swaps with investors in connection with which such Joint Bookrunners (or their affiliates) may from time to time acquire, hold or dispose of Ordinary Shares.

### **Conditions of the Placing**

The obligations of the Joint Bookrunners under the Placing Agreements in respect of the Firm Placing are conditional on, among other things:

- (a) the warranties set out in the Placing Agreements being true and accurate and not misleading; and
- (b) Admission to AIM of the Firm Shares taking place by 8.00 am (London time) on Thursday 1 December 2011 (or such other date as may be agreed between the Company and the Managers, not being later than the 30 December 2011).

The obligations of the Joint Bookrunners under the Placing Agreements in respect of the Conditional Placing are conditional on, amongst other things:

- (a) Admission of the Firm Shares becoming effective;
- (b) the warranties set out in the Placing Agreements being true and accurate and not misleading;
- (c) an ordinary resolution being passed by the members of the Company authorising the allotment and issue of the Conditional Shares on a non-pre-emptive basis; and
- (d) Admission to AIM of the Conditional Shares taking place by 8.00 a.m. (London time) on Friday 6 January 2012 (or such later date as may be agreed between the Company and the Joint Bookrunners not being later than 31 January 2012).

If any of the conditions contained in the Placing Agreements in relation to the Firm Placing are not fulfilled or waived by the Joint Bookrunners, by the respective time or date where specified (or such later time and/or date as Metminco and



the Joint Bookrunners may agree, not being later than 30 December 2011), the Firm Placing will not proceed and the Placee's rights and obligations hereunder in relation to the Firm Shares shall cease and terminate at such time and each Placee agrees that no claim can be made by the Placee in respect thereof. The Firm Placing is in no way conditional upon the Conditional Placing.

If any of the conditions contained in the Placing Agreements in relation to the Conditional Placing are not fulfilled or waived by the Joint Bookrunners, by the respective time or date where specified (or such later time and/or date as Metminco and the Joint Bookrunners may agree, not being later than 31 January 2012), the Conditional Placing will not proceed and the Placees' rights and obligations hereunder in relation to the Conditional Shares shall cease and terminate at such time and each Placee agrees that no claim can be made by the Placee in respect thereof.

The Joint Bookrunners may, at their discretion and upon such terms as they think fit, waive compliance by Metminco with the whole or any part of any of Metminco's obligations in relation to the conditions in the Placing Agreements. Any such extension or waiver will not affect Placees' commitments as set out in this announcement.

None of the Joint Bookrunners, Metminco or any other person shall have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision they may make as to whether or not to waive or to extend the time and/or the date for the satisfaction of any condition to the Placing nor for any decision they may make as to the satisfaction of any condition or in respect of the Placing generally, and by participating in the Placing each Placee agrees that any such decision is within the absolute discretion of the Joint Bookrunners.

The Placing Agreements may be terminated by the relevant Joint Bookrunners at any time prior to Admission in certain circumstances including, among other things, following a breach of the relevant Placing Agreement by the Company or the occurrence of certain force majeure events.

Upon such termination, the parties to the relevant Placing Agreement shall be released and discharged (except for any liability arising before or in relation to such termination) from their respective obligations under or pursuant to that Placing Agreement subject to certain exceptions.

By participating in the Placing, Placees agree that the exercise by the Joint Bookrunners of any right of termination or other discretion under the Placing Agreement shall be within the absolute discretion of the Joint Bookrunners and that they need not make any reference to Placees and that they shall have no liability to Placees whatsoever in connection with any such exercise or failure so to exercise.

## **No prospectus**

**Offers in Australia:** This announcement is not a disclosure document under Chapter 6D of the Corporations Act, has not been lodged with ASIC and does not purport to include the information required of a disclosure document under the Corporations Act. The Placing is only made to persons in Australia to whom it is lawful to offer the Placing Shares without disclosure to investors under Chapter 6D of the Corporations Act under one or more exemptions set out in section 708 of the Corporations Act. No prospectus or other disclosure document has been, or will be, lodged with ASIC in relation to the offer of the Placing Shares. Neither ASIC nor any of its officers take any responsibility for the contents of this announcement.

No offering document, prospectus or admission document has been or will be submitted to be approved by the FSA or submitted to the London Stock Exchange in relation to the Placing and Placees' commitments will be made solely on the basis of the information contained in this announcement (including the Appendices) released by Metminco today and any information previously published by Metminco by notification to a Regulatory Information Service, and subject to the further terms set forth in the contract note to be provided to individual prospective Placees.

The Company is not a "reporting issuer," as such term is defined under applicable Canadian securities regulations, in any province or territory of Canada. The distribution of the Placing Shares in Canada is being made only on a private placement basis exempt from the requirement that the Company prepare and file a prospectus with the securities regulatory authorities in each province where trades of Placing Shares are made.

Each Placee, by accepting a participation in the Placing, agrees that the content of this announcement (including the Appendices) is exclusively the responsibility of Metminco and confirms that it has not relied on any other information (other than any information previously published by Metminco by notification to a Regulatory Information Service and, in Canada, the Canadian Wrapper), representation, warranty, or statement made by or on behalf of Metminco or the Joint Bookrunners or any other person and none of the Joint Bookrunners or Metminco nor any other person will be liable for any Placee's decision to participate in the Placing based on any other information, representation, warranty or statement which the Placees may have obtained or received. Each Placee acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of Metminco in accepting a participation in the Placing. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

## **Registration and settlement**

## ***UK, EEA and Canadian settlement***

Settlement of transactions in the Placing Shares following Admission will take place within the system administered by Euroclear UK & Ireland Limited ("**CREST**"), subject to certain exceptions. Metminco reserves the right to require settlement for and delivery of the Placing Shares (or a portion thereof) to Placees in certificated form if, in the relevant Joint Bookrunners' opinion, delivery or settlement is not possible or practicable within the CREST system or would not be consistent with the regulatory requirements in the Placee's jurisdiction.

Following the close of the Bookbuild for the Placing, each Placee allocated Placing Shares in the Placing will be sent a contract note stating the number of Placing Shares to be allocated to it at the Placing Price and settlement instructions.

Each Placee agrees that it will do all things necessary to ensure that delivery and payment is completed in accordance with the standing CREST or certificated settlement instructions that it has in place with the relevant Joint Bookrunner. Metminco will deliver depositary interests representing the Placing Shares to a CREST account operated by the relevant Joint Bookrunner as agent for Metminco, and the Joint Bookrunners will enter their respective delivery (DEL) instruction into the CREST system. The input to CREST by a Placee of a matching or acceptance instruction will then allow delivery of depositary interests representing the relevant Placing Shares to that Placee against payment.

It is expected that settlement in respect of the Firm Placing will take place on Thursday 1 December 2011 and that settlement in respect of the Conditional Placing will take place on Friday 6 January 2012.

Interest is chargeable daily on payments not received from Placees on the due date in accordance with the arrangements set out above at the rate of two percentage points above LIBOR as determined by the Joint Bookrunners.

Each Placee is deemed to agree that, if it does not comply with these obligations, Metminco may sell any or all of the Placing Shares allocated to that Placee on such Placee's behalf and retain from the proceeds, for Metminco's account and benefit, an amount equal to the aggregate amount owed by the Placee plus any interest due. The relevant Placee will, however, remain liable for any shortfall below the aggregate amount owed by it and may be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties) which may arise upon the sale of such Placing Shares on such Placee's behalf.

If Placing Shares are to be delivered to a custodian or settlement agent, Placees should ensure that the trade confirmation is copied and delivered immediately to the relevant person within that organisation. Placees will not be entitled to receive any fee or commission in connection with the Placing.

## ***Australian settlement***

The Company will apply to the ASX for admission of the Placing Shares to Official Quotation within seven days after the date of this announcement. If the ASX does not grant permission for Official Quotation of the Placing Shares within three months of the date of this document, or such longer period as is permitted by the Corporations Act, the Company will not allot or grant the Placing Shares (unless ASIC grants to the Company an exemption permitting the allotment and grant). In this case, the Company will refund to Placees all money paid in respect of the Placing Shares, though any interest earned on that money will remain with the Company.

The Company participates in the ASX Clearing House Electronic Subregistry System (**CHESS**). CHESS is a computerised share registry and settlement system operated by the ASX Settlement and Transfer Corporation Pty Limited (**ASTC**), a subsidiary of the ASX, in accordance with the ASX Listing Rules and ASTC Settlement Rules. Settlement of the Placing Shares with CHESS ordinarily occurs within 3 business days of the date of issue.

As Australian Investors will be broker-sponsored under the Placing, the ASTC will send each Australian Investor a CHESS statement setting out the number of Placing Shares granted to each Australian Investor and the broker's allocated Holder Identification Number.

## **Representations and warranties**

By participating in the Placing each Placee (and any person acting on such Placee's behalf) irrevocably acknowledges, confirms, undertakes, represents, warrants and agrees (as the case may be) with each of the Joint Bookrunners (in their capacity as joint bookrunners and placing agents of the Company in respect of the Placing) and the Company, in each case as a fundamental term of their application for Placing Shares the following:

1. it has read this announcement, including the appendices, in its entirety;
2. that (i) no offering document, listing particulars, prospectus, disclosure document or admission document has been or will be prepared in connection with the Placing and (ii) it has not received a prospectus, admission document or other offering document in connection with the Bookbuild, the Placing or the Placing Shares;

3. that the Ordinary Shares are admitted to trading on AIM and ASX, and Metminco is therefore required to publish certain business and financial information in accordance with the rules and practices of those markets (collectively, the “**Exchange Information**”), which includes a description of the nature of Metminco’s business and Metminco’s most recent balance sheet and profit and loss account and that it is able to obtain or access (i) such Exchange Information and (ii) such information or comparable information concerning any other publicly traded company, in each case without undue difficulty;
4. that it has not relied on any information other than the contents of this announcement and any information previously published by Metminco by notification to a Regulatory Information Service and, in Canada, the Canadian Wrapper, representation, warranty, or statement made by or on behalf of Metminco or the Joint Bookrunners or any other person and that none of the Joint Bookrunners or Metminco nor any other person will be liable for any Placee’s decision to participate in the Placing based on any other information, representation, warranty or statement which the Placees may have obtained or received;
5. that the Placing Shares have not been and will not be registered under the securities legislation of the United States, Canada, South Africa or Japan and, subject to certain exceptions, may not be offered, sold, transferred, delivered or distributed, directly or indirectly, in or into those jurisdictions;
6. that a prospectus or other disclosure document has not been lodged with ASIC in relation to the offer of the Placing Shares;
7. that (i) it is not within the United States; (ii) it is not within South Africa, Japan or any other jurisdiction in which it is unlawful to make or accept an offer to acquire the Placing Shares; (iii) it is not acquiring the Placing Shares for the account of any person who is located in the United States, unless the instruction to acquire was received from a person outside the United States and the person giving such instruction has confirmed that it has the authority to give such instruction, and that either (a) it has investment discretion over such account or (b) it is an investment manager or investment company and, in the case of each of (a) and (b), that it is acquiring the Placing Shares in an “offshore transaction” (within the meaning of Regulation S under the Securities Act); and (iv) it is not acquiring the Placing Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Placing Shares into the United States or any other jurisdiction referred to in (ii) above;
8. if it is not a Canadian Placee, warrants that it is not a national or resident of Canada or a corporation, partnership or other entity organised under the laws of Canada (or any political sub-division of it) (or an agent or nominee of such person) and undertakes that: (i) it will not offer, sell or deliver, directly or indirectly, any of the Placing Shares in Canada or to or for the benefit of any person resident in Canada until the expiry of the relevant hold period under Canadian securities laws; and (ii) it will notify any transferee of Placing Shares of the applicable resale restrictions.
9. that the content of this announcement is exclusively the responsibility of Metminco and that none of the Joint Bookrunners nor any person acting on their behalf has or shall have any liability for any information, representation or statement contained in this announcement or any information previously published by or on behalf of Metminco and will not be liable for any Placee’s decision to participate in the Placing based on any information, representation or statement contained in this announcement or otherwise. Each Placee further represents, warrants and agrees that the only information on which it is entitled to rely and on which such Placee has relied in committing itself to subscribe for the Placing Shares is contained in this announcement and any information previously published by Metminco by notification to a Regulatory Information Service, such information being all that it deems necessary to make an investment decision in respect of the Placing Shares and that it has neither received nor relied on any other information given or representations, warranties or statements made by any of the Joint Bookrunners or Metminco and none of the Joint Bookrunners or Metminco will be liable for any Placee’s decision to accept an invitation to participate in the Placing based on any other information, representation, warranty or statement. Each Placee further acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of Metminco in deciding to participate in the Placing;
10. that none of the Joint Bookrunners nor any person acting on behalf of any of them nor any of their respective affiliates has or shall have any liability for any publicly available or filed information, or any representation relating to Metminco, provided that nothing in this paragraph excludes the liability of any person for fraudulent misrepresentation made by that person;
11. that neither it, nor the person specified by it for registration as a holder of Placing Shares is, or is acting as nominee or agent for, and that the Placing Shares will not be allotted to, a person who is or may be liable to stamp duty or stamp duty reserve tax under any of sections 67, 70, 93 and 96 of the Finance Act 1986 (depository receipts and clearance services);
12. that it has complied with its obligations in connection with money laundering and terrorist financing under the

Proceeds of Crime Act 2002, the Terrorism Act 2000, the Terrorism Act 2006 and the Money Laundering Regulations 2007 (the “**Regulations**”) and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations;

13. that if it is not an existing client of any of the Joint Bookrunners, its allocation of the Placing Shares is subject to and conditional upon the Joint Bookrunners (or any one of them) receiving from it the requisite identification document duly verified in compliance with the Australian Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) on or before the settlement date of its allocation of Placing Shares (**Identification Documents**). If the Identification Documents are not received by the Joint Bookrunners (or any one of them) or do not comply with the Anti-Money Laundering and Counter Terrorism Financing Act 2006 (Cth) it will not be issued with any Placing Shares in the Company and it agrees that it will not have any claim of any kind against the Joint Bookrunners (jointly or severally) in respect of the Placing;
14. that if a Placee other than a Canadian Placee, is acting as principal only in respect of the Placing or, if it is acting for any other person (i) it is duly authorised to do so, (ii) it is and will remain liable to the Company and/or the Joint Bookrunners for the performance of all its obligations as a Placee in respect of the Placing (regardless of the fact that it is acting for another person), (iii) it is both an “authorised person” for the purposes of FSMA and a “qualified investor” as defined at Article 2.1 (e) (i) of Directive 2003/71/EC (known as the Prospectus Directive) acting as agent for such person, and (iv) such person is either (1) a “qualified investor” as referred to at section 86 (7) of FSMA or (2) a “client” (as defined in section 86 (2) of FSMA) of its that has engaged it to act as such client’s agent on terms which enable it to make decisions concerning the Placing or any other offers of transferable securities on such client’s behalf without reference to such client;
15. that it does not intend to sell the Placing Shares issued to it under the Placing for at least 12 months from their date of issue, noting that this confirmation is understood to be a statement of its present intention only and not an undertaking not to sell, particularly where its investment objectives or market conditions change;
16. that if a Placee other than a Canadian Placee and a financial intermediary, as that term is used in Article 3 (2) of EU Directive 2003/71/EC (the “**Prospectus Directive**”) (including any relevant implementing measure in any member state), the Placing Shares purchased by it in the Placing will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in a member state of the European Economic Area which has implemented the Prospectus Directive other than to qualified investors, or in circumstances in which the prior consent of the Joint Bookrunners has been given to the proposed offer or resale;
17. that it has not offered or sold and, prior to the expiry of a period of six months from Admission, will not offer or sell any Placing Shares to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in the United Kingdom within the meaning of section 85 (1) of the Financial Services and Markets Act 2000 (“**FSMA**”);
18. that it has not offered or sold and will not offer or sell any Placing Shares to persons in the European Economic Area in circumstances which will result in an offer to the public in any member state of the European Economic Area within the meaning of the Prospectus Directive (including any relevant implementing measure in any member state);
19. that where it is an investor who will receive Placing Shares in Australia, it is a person in respect of whom the Company is not required to provide a disclosure document because it qualifies as a sophisticated investor or professional investor under section 708(8) or section 708(11) of the Corporations Act, respectively, or it is a person to whom section 708(10) of the Corporations Act applies;
20. that it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to the Placing Shares in circumstances in which section 21 (1) of FSMA does not require approval of the communication by an authorised person;
21. that it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Placing Shares in, from or otherwise involving, the United Kingdom;
22. that if a Placee other than a Canadian Placee (i) it is a person falling within Article 19 (5) and / or Article 49 (2) (a) to (d) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or is a person to whom this announcement may otherwise be lawfully communicated; and (ii) any offer of Placing Shares may only be directed at persons to the extent in member states of the European Economic Area who are “qualified investors” within the meaning of Article 2 (1) (e) of the Prospectus Directive (Directive 2003/71/EC) and

represents and agrees that it is such a qualified investor;

23. that it is entitled to purchase the Placing Shares under the laws of all relevant jurisdictions which apply to it, and that its subscription/purchase of the Placing Shares will be in compliance with applicable laws and regulations in the jurisdiction of its residence, the residence of the Company, or otherwise;

24. that the Placing Shares are subject to certain resale restrictions in Canada pursuant to National Instrument 45-102 - *Resale of Securities* ("NI 45-102") and if issued in certificated form will bear a legend substantially to the following effect, until the expiration of the applicable holding period with respect to the Placing Shares set forth in Section 2.5 of NI 45-102:

"UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND A DAY AFTER THE LATER OF: (i) THE DISTRIBUTION DATE; AND (ii) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY."

25. if a Canadian Placee, that:

**the Canadian Placee and each beneficial purchaser, if any, for whom it is acting as trustee or agent: (a) is resident in a Placing Province; (b) did not obtain use an address in a Placing Province solely for the purpose of acquiring Placing Shares; (c) was solicited to purchase the Placing Shares in a Placing Province; and (d) the purchase by and sale to it of the Placing Shares and any act, solicitation, conduct or negotiation directly or indirectly in furtherance of such purchase and sale has occurred only in a Placing Province;**

**the Canadian Placee is purchasing the Placing Shares as principal for its own account, not for the benefit of any other person and it is an "accredited investor" as defined in NI 45-106 and it was not created or used solely to purchase or hold securities as an "accredited investor" as described in paragraph (m) of the definition of "accredited investor" in NI 45-106;**

**in the case of the purchase by the Canadian Placee of the Placing Shares as agent or trustee for any principal whose identity is disclosed or undisclosed or identified by account number only, each beneficial purchaser of the Placing Shares for whom the Canadian Placee is acting is purchasing its Placing Shares as principal for its own account, and not for the benefit of any other person, for investment only and not with a view to resale or distribution, is a resident of a Placing Province, and the Canadian Placee complies with and meets the criteria set forth in subsection 19(ii) in respect of the any participation in the Placing, and the Canadian Placee has due and proper authority to act as agent or trustee for and on behalf of such beneficial purchaser in connection with the transactions contemplated hereby and the acceptance of this Terms and Conditions has been duly authorised and constitutes a legal, valid and binding agreement of, such beneficial purchaser, and the Canadian Placee acknowledges that Metminco may be required by law to disclose to certain regulatory authorities the identity of the beneficial purchaser of Placing Shares for whom it may be acting as agent or trustee, and: (i) it is an "accredited investor" as defined in paragraph (p) of the definition of "accredited investor" in NI 45-106; provided, however that it is not a trust Company or trust corporation registered under the laws of Prince Edward Island that is not registered under the Trust and Loan Companies Act (Canada) or under comparable legislation in another jurisdiction of Canada; or (ii) the Canadian Placee is acting as agent for one or more disclosed principals, each of which principal is purchasing as a principal for its own account, not for the benefit of any other person, and not with a view to the resale or distribution of all or any of the Placing Shares, and each of which principals complies with subsection 19(ii) above;**

**the Canadian Placee and each beneficial purchaser, if any, for whom the Canadian Placee is acting as trustee or agent, is purchasing the Placing Shares for investment only and not with a view to resale or distribution of all or any of the Placing Shares;**

**a subscription under these Terms and Conditions has been duly and validly authorised and constitutes a legal, valid, binding and enforceable obligation of, the Canadian Placee and each beneficial purchaser, if any, for whom the Canadian Placee is acting as trustee or agent, except insofar as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditor rights generally and by the effect of general principles of equity (regardless of**

whether enforcement is considered in proceedings in equity or at law). The Canadian Placee further acknowledges and agrees that the commitment to purchase Placing Shares pursuant to the Placing on the Terms and Conditions and its other obligations hereunder are irrevocable and are not capable of termination or rescission by the Canadian Placee in any circumstances;

if the Canadian Placee is an individual, it is of the full age of majority in the jurisdiction in which it is resident and is legally capable and competent to enter into and be bound by these Terms and Conditions and to take all action and to perform the covenants and obligations pursuant hereto;

if the Canadian Placee is a company, the Canadian Placee is a valid and subsisting company, has the necessary corporate capacity and authority to subscribe for Placing Shares pursuant to the Terms and Conditions and to observe and perform its covenants and obligations hereunder and has taken all necessary corporate action in respect thereof, or, if the Canadian Placee is a partnership, syndicate, trust or other form of unincorporated organization or an individual, the Canadian Placee has the necessary legal capacity and authority to subscribe for Placing Shares pursuant to the Terms and Conditions and to observe and perform its covenants and obligations hereunder and has obtained all necessary approvals in respect thereof;

the Canadian Placee and each beneficial purchaser, if any, for whom the Canadian Placee is acting as trustee or agent, is an investor who, by virtue of his net worth and investment experience or by virtue of consultation with or advice from a person who is not an insider of Metminco, but who is a registered advisor or registered dealer, is able to evaluate the merits and risks of an investment in the Placing Shares and is able to bear the economic risk of loss of such investment;

the Canadian Placee and each beneficial purchaser, if any, for whom it is acting as trustee or agent,

- (a) acknowledges that the Canadian Placee has not (nor, if applicable, has any person on whose behalf the Canadian Placee is contracting) received a prospectus, an offering memorandum (including, without limitation, as such term is defined in the *Securities Act* (Ontario)), sales or advertising literature or similar document (other than financial statements or any other document, other than an offering memorandum, the content of which is prescribed by statute or regulation) in connection with the Placing, and has not received, nor has the Canadian Placee requested, nor does the Canadian Placee (or, if applicable, any person on whose behalf the Canadian Placee is contracting) need to receive, any other document; and
- (b) acknowledges that it has not become aware of any advertisement in printed media of general and regular paid circulation (or other printed public media), radio, television or telecommunications or other form of advertisement (including electronic display such as the Internet) with respect to the distribution of the Placing Shares);

the Canadian Placee and each beneficial purchaser, if any, for whom the Canadian Placee is acting as trustee or agent, acknowledges that because any participation by it in this Placing is being made pursuant to prospectus exemptions available under applicable securities laws: (a) it is restricted from using certain of the civil remedies available under the applicable securities laws; (b) it may not receive information that might otherwise be required to be provided to it under the applicable securities laws if the exemptions were not being used; and (c) Metminco is relieved from certain obligations that would otherwise apply under the applicable securities laws if the exemptions were not being used;

the Canadian Placee and each beneficial purchaser, if any, for whom it is acting as trustee or agent,

- (a) understands and acknowledges that Metminco is not a "reporting issuer" in any jurisdiction in Canada and that the Placing Shares are subject to certain resale restrictions under the securities laws in Canada and acknowledges that the Placing Shares are subject to the applicable hold period required under Canadian securities law and may not be sold, transferred, hypothecated or otherwise traded until the expiry of such hold period except as permitted by applicable securities legislation (including in the transferee's jurisdiction) and stock exchange rules;

- (b) acknowledges that it has been advised by Metminco that it should consult its own legal adviser before trading in, or disposing of, all or any part of the Placing Shares that may be issued to the Canadian Placee pursuant to the Placing to avoid breach of relevant securities legislation and stock exchange rules; and
- (c) it acknowledges that it may be required to file reports in prescribed forms, together with prescribed fees, with certain securities regulatory authorities in Canada with respect to each disposition of all or any part of the Placing Shares;

**the Canadian Placee and each beneficial purchaser, if any, for whom the Canadian Placee is acting as trustee or agent, acknowledges that: (a) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Placing Shares; (b) there is no government or other insurance covering the Placing Shares; (c) there are risks associated with the purchase of the Placing Shares; (d) there are restrictions on its ability to resell the Placing Shares and it is its responsibility to find out what those restrictions are and agrees not to resell the Placing Shares, except in accordance with the provisions of applicable securities legislation and stock exchange rules; (e) the Joint Bookrunners are not acting for and are not expected to have any duties or responsibilities towards the Canadian Placee (and any beneficial purchaser, if any, for whom the Canadian Placee is acting as trustee or agent) for providing protections afforded to their customers or clients under applicable Canadian securities law or advising the Canadian Placee (and any beneficial purchaser, if any, for whom the Canadian Placee is acting as trustee or agent) with regard to the Placing; and (f) neither the Joint Bookrunners nor Metminco have advised the Canadian Placee regarding possible Canadian and other tax consequences of ownership of the Placing Shares and the Canadian Placee acknowledges that it has been advised to consult its own tax advisers with respect to the Canadian and other tax considerations applicable to individual circumstances;**

**the Canadian Placee and each beneficial purchaser, if any, for whom the Canadian Placee is acting as trustee or agent, will execute, deliver, file and otherwise assist Metminco in filing, such reports, undertakings and other documents required by applicable securities legislation, policy or order or by any securities commission, stock exchange or other regulatory authority with respect to the issue of the Placing Shares; and**

**that the funds that will be advanced by the Canadian Placee to Metminco in connection with the Placing will not represent proceeds of crime for the purposes of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada) (the "PCMLA") or and the Canadian Placee acknowledges that Metminco may, in the future, be required by law to disclose the Canadian Placee's name and other information relating to the Placing and the Canadian Placee's subscription in respect thereof, on a confidential basis, pursuant to the PCMLA. To the best of its knowledge, none of the funds to be provided by the Canadian Placee in respect of the Placing: (a) have been or will be derived from or related to any activity that is deemed criminal under the laws of Canada, the United States of America, or any other jurisdiction; or (b) are being tendered on behalf of a person or entity who has not been identified to the Canadian Placee. The Canadian Placee shall promptly notify Metminco and the Joint Bookrunners if the Canadian Placee discovers that any of such representations cease to be true, and to provide Metminco and the Joint Bookrunners with appropriate information in connection therewith.**

- 26. that it (and any person acting on its behalf) will make payment for the Placing Shares allocated to it in accordance with this announcement on the due time and date set out herein, failing which the relevant Placing Shares may be placed with other subscribers or sold as the Joint Bookrunners may in their discretion determine and without liability to such Placee;
- 27. that its allocation (if any) of Placing Shares will represent a maximum number of Placing Shares which it will be entitled, and required, to subscribe for, and that Metminco may call upon it to subscribe for a lower number of Placing Shares (if any), or to subscribe for Conditional Shares as opposed to Firm Shares, or vice versa, but in no event in aggregate more than the aforementioned maximum;
- 28. that none of the Joint Bookrunners, nor any of their respective affiliates, nor any person acting on behalf of any of them, is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing and that participation in the Placing is on the basis that it is not and will not be a client of any of the Joint Bookrunners and that the Joint Bookrunners have no duties or responsibilities to it for providing the protections afforded to their clients or customers or for providing advice in relation to the

Placing nor in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreements nor for the exercise or performance of any of its rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;

29. that the person whom it specifies for registration as holder of the Placing Shares will be (i) itself or (ii) its nominee, as the case may be. None of the Joint Bookrunners nor Metminco will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement. Each Placee and any person acting on behalf of such Placee agrees to participate in the Placing and it agrees to indemnify Metminco and the Joint Bookrunners in respect of the same on the basis that depositary interests representing the Placing Shares will be allotted to the CREST stock accounts of the Joint Bookrunners who will hold them as nominee on behalf of such Placee until settlement in accordance with its standing settlement instructions;
30. that the Company participates in the ASX Clearing House Electronic Subregistry System (**CHES**). CHES is a computerised share registry and settlement system operated by the ASX Settlement and Transfer Corporation Pty Limited (**ASTC**), a subsidiary of the ASX, in accordance with the ASX Listing Rules and ASTC Settlement Rules. Settlement of the Placing Shares with CHES ordinarily occurs within 3 business days of the date of issue.
31. that, as Australian Investors will be broker-sponsored under the Placing, the ASTC will send each Australian Investor a CHES statement setting out the number of Placing Shares granted to each Australian Investor and the broker's allocated Holder Identification Number;
32. that it is not a Related Party (as defined in section 228 of the Corporations Act) of the Company;
33. that it is in compliance with all relevant laws and regulations (including, without limitation, the requirements of the Australian Foreign Acquisitions and Takeovers Act 1975 (Cth));
34. that it will comply with any obligations it may have to issue a substantial securityholder notice under section 671B of the Corporations Act;
35. that these terms and conditions and any agreements entered into by it pursuant to these terms and conditions and any non-contractual obligations arising out of or in connection with such agreements shall be governed by and construed in accordance with the laws of England and Wales and it submits (on behalf of itself and on behalf of any person on whose behalf it is acting) to the exclusive jurisdiction of the English courts as regards any claim, dispute or matter arising out of any such contract, except that enforcement proceedings in respect of the obligation to make payment for the Placing Shares (together with any interest chargeable thereon) may be taken by Metminco or the Joint Bookrunners in any jurisdiction in which the relevant Placee is incorporated or in which any of its securities have a quotation on a recognised stock exchange;
36. that the Company, Canaccord Genuity, Liberum and Canaccord BGF will rely upon the truth and accuracy of the representations, warranties and acknowledgements set forth herein and which are irrevocable and it irrevocably authorises the Company, Canaccord Genuity, Liberum and Canaccord BGF to produce this announcement, pursuant to, in connection with, or as may be required by any applicable law or regulation, administrative or legal proceeding or official inquiry with respect to the matters set forth herein;
37. that it will indemnify and hold Metminco, the Joint Bookrunners and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings in this Appendix I and further agrees that the provisions of this Appendix I shall survive after completion of the Placing;
38. that it will acquire any Placing Shares purchased by it for its account or for one or more accounts as to each of which it exercises sole investment discretion and it has full power to make the acknowledgements, representations and agreements herein on behalf of each such account;
39. that its commitment to subscribe for Placing Shares on the terms set out herein and in the contract note will continue notwithstanding any amendment that may in future be made to the terms of the Placing and that Placees will have no right to be consulted or require that their consent be obtained with respect to Metminco's conduct of the Placing. The foregoing representations, warranties and confirmations are given for the benefit of Metminco as well as the Joint Bookrunners. The settlement of a Placee's subscription (and/or the subscription of a person for whom such Placee is contracting as agent) free of stamp duty and stamp duty reserve tax depends on the settlement relating only to the subscription by it and/or such person direct from Metminco for the Placing Shares in question. Each Placee warrants that neither it, nor the person specified by it for registration as holder, of Placing Shares is, or is acting as nominee or agent for, and that the Placing Shares will not be allotted to, a person who is or may be liable to stamp duty or stamp duty reserve tax under any of sections 67, 70, 93 and 96 of the Finance Act 1986 (depositary receipts and clearance services). If there are



any such arrangements, or the settlement relates to any other dealing in the Placing Shares, stamp duty or stamp duty reserve tax may be payable. In that event the Placee agrees that it shall be responsible for such stamp duty or stamp duty reserve tax, and neither Metminco nor any of the Joint Bookrunners shall be responsible for such stamp duty or stamp duty reserve tax. If this is the case, each Placee should seek its own advice and notify the Joint Bookrunners accordingly;

40. that no action has been or will be taken by any of the Company, the Joint Bookrunners or any person acting on behalf of Metminco or the Joint Bookrunners that would, or is intended to, permit a public offer of the Placing Shares in any country or jurisdiction where any such action for that purpose is required;
41. that, in making any decision to purchase the Placing Shares, it has knowledge and experience in financial, business and international investment matters as is required to evaluate the merits and risks of subscribing for or purchasing the Placing Shares. It further confirms that it is experienced in investing in securities of this nature in this sector and is aware that it may be required to bear, and is able to bear, the economic risk of, and is able to sustain a complete loss in connection with the Placing. It further confirms that it relied on its own examination and due diligence of the Company and its associates taken as a whole, and the terms of the Placing, including the merits and risks involved and that it is aware that publicly available information about the Company can be obtained from ASIC, ASX or announcements made by the Company under the AIM Rules;
42. that the Joint Bookrunners do not owe any fiduciary or other duties to any Placee in respect of any representations, warranties, undertakings or indemnities in the Placing Agreement;
43. that it has (i) made its own assessment and satisfied itself concerning legal, regulatory, tax, business and financial considerations in connection herewith to the extent it deems necessary; (ii) had access to review publicly available information concerning the Group that it considers necessary or appropriate and sufficient in making an investment decision; (iii) reviewed such information as it believes is necessary or appropriate in connection with its subscription or purchase of the Placing Shares; and (iv) made its investment decision based upon its own judgement, due diligence and analysis and not upon any view expressed or information provided by or on behalf of Canaccord Genuity, Liberum and/or Canaccord BGF;
44. that it may not rely on any investigation that Canaccord Genuity, Liberum or Canaccord BGF or any person acting on their behalf may or may not have conducted with respect to the Group, or the Placing and neither Canaccord Genuity, Liberum or Canaccord BGF have made any representation to it, express or implied, with respect to the merits of the Placing, the subscription or purchase of the Placing Shares, or as to the condition, financial or otherwise, of the Group, or as to any other matter relating thereto, and nothing herein shall be construed as a recommendation to it to purchase the Placing Shares. It acknowledges and agrees that no information has been prepared by Canaccord Genuity, Liberum, Canaccord BGF or the Company for the purposes of this Placing;
45. that accordingly it will not hold Canaccord Genuity, Liberum or Canaccord BGF, any of their respective associates or any person acting on their behalf responsible or liable for any misstatements in or omission from any publicly available information relating to the Group or information made available (whether in written or oral form) in presentations or as part of roadshow discussions with investors relating to the Group (the **"Information"**) and that none of Canaccord Genuity, Liberum, Canaccord BGF or any person acting on behalf of any of them, makes any representation nor warranty, express or implied, as to the truth, accuracy or completeness of the Information or accepts any responsibility for any of the Information; and
46. that in connection with the Placing, each of Canaccord Genuity, Liberum, Canaccord BGF and any of their respective affiliates acting as an investor for its own account may take up shares in the Company and in that capacity may retain, purchase or sell for its own account such shares in the Company and any securities of the Company or related investments and may offer or sell such securities or other investments otherwise than in connection with the Placing. Accordingly, references in this announcement to shares being issued, offered or placed should be read as including any issue, offering or placement of such shares in the Company to any of Canaccord Genuity, Liberum, Canaccord BGF and any relevant affiliate acting in such capacity. Neither Canaccord Genuity, Liberum nor Canaccord BGF intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

By participating in the Placing, each Placee (and any person acting on Placee's behalf) subscribing for Placing Shares acknowledges that: (i) the Placing Shares are being offered and sold only pursuant to Regulation S under the Securities Act in a transaction not involving a public offering of securities in the United States and the Placing Shares have not been and will not be registered under the Securities Act; and (ii) the offer and sale of the Placing Shares to it has been made outside of the United States in an "offshore transaction" (as such term is defined in Regulation S under the Securities Act) and it is outside of the United States during any offer or sale of Placing Shares to it.

Each Canadian Placee acknowledges that participating in the Placing requires the Canadian Placee to provide certain personal information to Metminco. Such information is being collected by Metminco for the purposes of completing the

Placing, which includes, without limitation, determining each Canadian Placee's eligibility to purchase the Placing Shares under applicable securities legislation, preparing and registering the Placing Shares to be issued to the Canadian Placee and completing filings required by any stock exchange or securities regulatory authority. Any Canadian Placee's personal information may be disclosed by Metminco to: (i) stock exchanges or securities regulatory authorities; (ii) Metminco's registrar and transfer agent; (iii) the Canada Revenue Agency; and (iv) any of the other parties involved in the Placing, including legal counsel, and may be included in record books in connection with the Placing. By participating in the Placing on these Terms and Conditions, each Canadian Placee is deemed to be consenting to the foregoing collection, use and disclosure of the Canadian Placee's personal information and also consents to the filing of copies or originals of any of the Canadian Placee's Placing documents as may be required to be filed with any stock exchange or securities regulatory authority in connection with the transactions contemplated hereby.

Each Canadian Placee hereby confirms that it has been notified that: (i) Metminco will provide the Ontario Securities Commission with the following information: (a) full name, address and telephone number of the Canadian Placee (or if applicable, each beneficial purchaser on whose behalf the Canadian Placee is contracting); (b) the number of Placing Shares purchased by the Canadian Placee (or if applicable, each beneficial purchaser on whose behalf the Canadian Placee is contracting); (c) the total purchase price for the Placing Shares; (d) the statutory exemption relied upon; and (e) the date of distribution of the Placing Shares (collectively, the information described in (a) through (e) is referred to as the "**Information**"); (ii) the Information is being collected indirectly by the Ontario Securities Commission under the authority granted to it in securities legislation; (iii) the Information is being collected for the purposes of the administration and enforcement of the securities legislation of Ontario; and (iv) the title, business address and business telephone number of the public official in Ontario who can answer questions about the Ontario Securities Commission's indirect collection of the Information is: Administrative Assistant to the Director of Corporate Finance, Ontario Securities Commission, 19th Floor, Box 55, 20 Queen Street West, Toronto, Ontario M5H 3S8, Tel: +1-416-593-808, and the Canadian Placee (or if applicable, each beneficial purchaser on whose behalf the Canadian Placee is contracting) authorises the indirect collection of the Information by the Ontario Securities Commission.

To ensure compliance with the PCMLA and the Regulations, the Joint Bookrunners may, in their absolute discretion, require verification of the identity of the Placee and, if applicable, of each beneficial purchaser for whom the Placee is acting as trustee or agent to the extent that the Placee has not already provided it. Pending the provision to the Joint Bookrunners of evidence of such identity which is sufficient in their opinion to satisfy their obligations under the PCMLA and Regulations, delivery of the Placing Shares may be retained at the Joint Bookrunners' absolute discretion. If within a reasonable time after a request for verification of identity the Joint Bookrunners have not received evidence satisfactory to them, the Joint Bookrunners may, in their absolute discretion, terminate the Placee's placing commitment in which event the monies payable by the Placee in the Placing will, if paid, be returned without interest to the account of the bank from which they were originally debited.

In addition, Placees should note that they will be liable for any stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the United Kingdom by them or any other person on the subscription by them of any Placing Shares or the agreement by them to subscribe for any Placing Shares.

Each Placee and any person acting on behalf of each Placee acknowledges and agrees that the Joint Bookrunners or any of their affiliates may, at their absolute discretion, agree to become a Placee in respect of some or all of the Placing Shares.

When a Placee or person acting on behalf of the Placee is dealing with Canaccord Genuity or Liberum, any money held in an account with Canaccord Genuity or Liberum on behalf of the Placee and/or any person acting on behalf of the Placee will not be treated as client money within the meaning of the rules and regulations of the FSA made under FSMA. The Placee acknowledges that the money will not be subject to the protections conferred by the client money rules; as a consequence, this money will not be segregated from the Canaccord Genuity's or Liberum's money in accordance with the client money rules and will be used by Canaccord Genuity or Liberum in the course of their own business; and the Placee will rank only as a general creditor of Canaccord Genuity or Liberum (as the case may be).

All times and dates in this announcement may be subject to amendment. The Joint Bookrunners shall notify the Placees and any person acting on behalf of the Placees of any changes.

Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser.

## **APPENDIX II**

### **RISK FACTORS**

**Prospective investors should be aware that an investment in the Company involves a high degree of risk and may result in the loss of all or part of the investment. Investors are accordingly advised to consult an**

**authorised investment adviser who specialises in the acquisition of shares and other securities before making their decision to invest in the Company. In addition to the other information contained in this document, the following risk factors affecting the Company should be considered carefully in evaluating whether to make an investment in the Company.**

This Appendix II contains what the Directors believe to be the principal risk factors associated with an investment in the Company. In addition to the other information contained in this document, these risk factors should be considered carefully in evaluating whether to make an investment in the Company. If any of the following risks, which are not exhaustive, were to materialise, the Group's business, financial condition, results, or future operations could be materially adversely affected. In any such case, the market price of the Shares could decline and a Shareholder may lose all or part of their investment. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect on the Group. Prospective investors should carefully consider the other information in this document. Prospective investors should note that the risks described below are not the only risks faced by the Group and are not set out in any order of priority.

## **SPECIFIC RISKS RELATING TO THE GROUP**

The Directors are responsible for ensuring that appropriate policies and procedures are in place to identify and monitor risks faced by the Group and to ensure that wherever possible such risks are managed with a level determined by the Directors as prudent.

A summary of some of the risk factors which have been taken into account include, but are not limited to, the following.

### **Generally**

Metminco has a limited operating history. Metminco does not have cash flow producing assets and the ultimate success of the Group will depend on its ability to develop and generate cash flow from its projects in the future and to successfully discover new deposits on its exploration assets. There is a possibility that not all, or indeed any, of the projects in Group's current portfolio will develop as anticipated or that the Group will become profitable.

### **Litigation**

Legal proceedings may arise from time to time in the course of the Group's business. Furthermore, litigation may be brought against third parties which could have an adverse affect on the Group.

### **Exploration Activity**

All of the Group's projects are in the exploration phase. This is an inherently high risk stage and there is no guarantee of exploration success. Numerous potential drilling locations have been identified, but the Group cannot be sure that it will drill them. No assurance is given that future exploration efforts will result in the discovery of further mineral reserves or mineral resources or result in the discovery of any ore bodies suitable for economic extraction. Unsuccessful exploration activities could have a material adverse effect on the results of operations and the Group's financial condition.

Success in exploration is dependent upon a number of factors including, but not limited to, prospective projects, systematic target generation and follow-up, use of the latest technology, strong management oversight and project level execution and availability of exploration capital. Exploration involves numerous specific risks:

- Failure to delineate commercial mining resources;
- Delays in the availability of drilling rigs and the delivery of equipment;
- Hiring rates for drill equipment;
- Failure and/or breakdown of equipment;
- Industrial accidents;
- Unexpected drilling conditions;
- Availability of specialised personnel; and
- Adverse weather conditions

Exploration and appraisal is a process subject to unforeseen contingencies. Financial failure or default by any future alliance or joint venture partner of the Group may require the Group to face unplanned expenditure or risk forfeiting interests in relevant areas.

### **Geological Risks**

The delineation of geological conditions and the definition of mineral resources and ore reserves is a complex process requiring input from many areas of specialisation and a high degree of interpretation of results obtained from

exploration programs. Even if the Group employs best industry practice to develop reliable estimates, there remains a risk that when mining commences geological conditions could vary with those projected. In this case, there is a risk that geological conditions could adversely affect ongoing operations and in extreme circumstances, result in the abandonment of a project.

### **Mineral Reserves and Resources are Estimates Only**

There is no certainty that the mineral resources, or any mineral reserve, will be realised. Until a deposit is actually mined and processed, the quantity of mineral resources and reserves, and grades, must be considered as estimates only. In addition, the value of mineral resources and any mineral reserve will depend upon, among other things, metal prices and currency exchange rates. Any material change in quantity of mineral resources, or any mineral reserve, or grade, may affect the economic viability of any future mines. Any material reductions in the estimates or mineral resources, or mineral reserves, or the Group's ability to extract any ore, could have a material adverse affect on Metminco's future results of operation and financial condition.

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Often these estimates were appropriate when made but may change significantly when new information becomes available. There are risks associated with such estimates. Resource estimates are necessarily imprecise and depend to some extent upon interpretations, which may ultimately prove to be inaccurate and require adjustment. Adjustments to the Group's resources could affect the Group's development and mining plans.

### **Operating Risk**

The operations of the Group may be disrupted by a number of events that are beyond the control of Metminco. These include but are not limited to:

- The availability of transportation capacity;
- Geological, geotechnical and seismic factors
- Industrial and mechanical accidents;
- Equipment and environmental hazards;
- Power supply failure; and
- Unscheduled shut downs or other processing problems.

As a consequence, it cannot be guaranteed that any of the exploration projects carried out will bring about any new commercial mining operations being brought into operation.

As is common with all mining operations, there is uncertainty and therefore risk associated with the Group's operating parameters and costs. These can be difficult to predict and are often affected by factors outside Metminco's control. If any such risks actually occur, the Group's business, financial condition and/or results of operations could be materially and adversely affected. In such a case, a shareholder may lose all or part of their investment.

### **Development of Production Operations**

Specific risks include:

- Delays in access to land;
- Title to land;
- Permitting;
- Government regulation;
- Access to power; and
- Access to water

### **Production**

If production eventuates, specific risks include:

- Adverse geological, seismic and geotechnical conditions;
- Failure and/or breakdown of equipment;
- Labour disputes;
- Industrial accidents; and
- Other environmental hazards and risks.

### **Risk of Payment Obligations**

Under the exploration licenses and certain other contractual agreements to which the Group will be a party or may in

the future become a party to, the Group may become subject to payment and other obligations. If such obligations are not complied with when due, in addition to any other remedies that may be available to other parties, this could result in dilution or forfeiture of interests held by such companies. The Group may not have, or be able to obtain, financing for all such obligations as they arise.

## **Environmental Regulations**

The Group's operations are subject to environmental regulation in all of the jurisdictions in which it operates. Such legislation covers a wide array of matters, including waste disposal, protection of the environment, worker safety, mine development, land and water use and the protection of endangered and protected species among others. Existing and possible future environmental legislation, regulations and actions could cause the Group to incur additional expenses, capital expenditures, restrictions and delays in the activities of the Group, the extent of which cannot be predicted.

Although precautions to minimise risk will be taken, operations are subject to hazards which may result in environmental pollution and consequent liability which could have a material adverse impact on the business, operations and financial performance of Metminco. Damages occurring as a result of such risks may give rise to claims against a member of the Group which may not be covered, in whole or part, by any insurance taken out. In addition, the occurrence of any of these incidents could result in the Group's current or future operational target dates being delayed or interrupted and result in increased capital expenditure.

## **Health and Safety**

The Group's activities will continue to be subject to health and safety standards and regulations. Failure to comply with such requirements may result in fines and or penalties being assessed against the Group.

## **Additional Requirements for Capital**

Further funds will be required once the Group completes its current proposed exploration and development activities. Unless and until the Group develops or acquires income producing assets, it will be dependent upon its cash resources, any funds derived from the exercise of options and its ability to obtain future equity or debt funding to support exploration, evaluation and development of the properties in which it has an interest.

The Group's ability to raise further equity or debt, or to divest part of its interest in a project, and the terms of such transactions will vary according to a number of factors, including the success of exploration results and the future development of the projects, stock market conditions and prices for commodities.

Should it subsequently be established that a mining production operation is technically, environmentally and economically viable, substantial additional financing will be required by the Group to permit and establish mining operations and production facilities. No assurances can be given that the Group will be able to raise the additional finances that may be required for such future activities. Commodity prices, environmental regulations, environmental rehabilitation or restitution obligations, revenues, taxes, transportation costs, capital expenditures and operating expenses and technical aspects are all factors which will impact on the amount of additional capital that may be required.

Any additional equity financing may be dilutive to shareholders and debt financing, if available, may involve restrictions on financing and operating activities. There are no assurances that additional financing will be available on terms acceptable to the Group, or at all. If the Group is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, forfeit its interest in some or all of its tenements, incur financial penalties and reduce or terminate its operations.

## **Insurance Coverage**

The mining industry is subject to significant risks that could result in damage to, or destruction of, mineral properties or producing facilities, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability which may exceed the Group's insurance coverage.

## **Key Management and Staff**

The success of the Group is largely dependent on the abilities of its Directors, senior management and other key personnel. The loss of the services of these persons may have a materially adverse effect on the Group's business and its prospects. There is no assurance that the Group can retain the services of these persons. Failure to do so could have a materially adverse effect on the Group and its prospects.

## **Local Community**

Positive relationships with local populations cannot be guaranteed. Such relationships are important and can affect the

ability of the Group to secure, amongst other things, surface rights, access, infrastructural support and the necessary labour required to operate a mine.

### **Legal Climate Considerations**

The Chilean and Peruvian jurisdictions, where the Company is currently operating, differ from the legal system found in Australia and the UK. This could lead to exposure to any of the following risks:

- lack of guidance or interpretation of the applicable rules and regulations; and
- delays in redress or greater discretion on the part of the governmental authorities.

There can be no assurance that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangements in these jurisdictions cannot be certain.

## **GENERAL RISKS RELATING TO THE GROUP**

### **General Risks**

The activities of the Group will be subject to usual commercial risks and such factors as industry competition and economic conditions generally may affect the Group's ability to explore and develop income generating projects.

### **Competition**

The Group will compete with numerous other mining companies (many of which have greater financial resources, operational experience and technical capabilities than the Group) in connection with the acquisition of mineral properties as well as for the recruitment and retention of qualified employees.

### **Growth Management**

An inability to manage growth effectively could have a material adverse effect on the Group's business, results of operations and financial condition.

### **Economic Risks**

Emerging markets such as Chile and Peru are potentially subject to more volatility and greater risks than more mature markets.

### **Changes in Economic Conditions**

Factors such as inflation, currency fluctuation, interest rates, changes in legislation, political decisions, cost escalation and industrial disruption have an impact on operating costs and on metal prices.

### **Currency Risk**

Expenditures of the Group will be incurred in a range of currencies, including Australian Dollars, US Dollars, Chilean Pesos, Peruvian Soles and Pounds Sterling. Changes in currency rates may have a negative impact on the financial statements of the Group.

### **Commodity Prices**

Historically, commodity prices have fluctuated widely, affected by numerous external factors. Changes in commodity prices, especially for copper, and also gold, zinc and molybdenum, may have an impact on the Group's capability to raise additional funds, in the future.

If and when any of the Group's projects go into production, changes in relevant commodity prices may affect the profitability or viability of these mineral projects.

### **Changes in Government Policy**

The Group will be subject to the rules and regulations of the countries it does business in, currently Australia, Chile and Peru. Its exploration activities, development projects and any future mining operations are subject to laws and regulations governing the acquisition and retention of title to mineral rights, mine development, health and worker safety, employment standards, fiscal matters, waste disposal, protection of the environment, and protection of

endangered and protected species and other matters. It is possible that future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could have a material and adverse impact on the exploration activities of the Group and on planned development projects or future mining operations. Moreover, where required, obtaining necessary permits to conduct exploration or mining operations can be a complex and time consuming process and Metminco cannot provide assurance that any necessary permits will be obtainable on acceptable terms, in a timely manner or at all.

## **Geopolitical Climate**

The political climate in Chile and Peru is currently stable and generally held to offer a favourable outlook for foreign investments. There is no guarantee that it will remain so in the future. Changes in government, regulatory and legislative regimes, potentially leading to expropriation of mining rights cannot be ruled out.

## **Forward looking statements**

This document contains certain forward looking statements that involve risks and uncertainties. All statements other than statements of historical facts contained in this document, including statements regarding the Group's future financial position, business strategy and plans, business model and approach and objectives of management for future operations, are forward-looking statements. Generally, the forward-looking statements in this document use words like "anticipate", "believe", "could", "estimate", "expect", "future", "intend", "may", "opportunity", "plan", "potential", "project", "seek", "will" and similar terms. The Company's actual results could differ materially from those anticipated in the forward looking statements as a result of many factors, including the risks faced by the Company which are described in this Appendix II. Investors are urged to read this entire document carefully before making an investment decision. The forward looking statements in this document are based on the beliefs and assumptions of the Directors and information only as of the date of this document, and the forward looking events discussed in this document might not occur. Therefore, investors should not place any reliance on any forward looking statements. Except as required by law, the Directors undertake no obligation to publicly update any forward looking statements, whether as a result of new information, future earnings, or otherwise.

## **RISKS RELATING TO THE PLACING SHARES**

### **Share dilution**

Future equity offerings by the Company may dilute the percentage ownership of the Company by existing Shareholders. In certain circumstances, securities issued by the Company in the future may have rights, preferences or privileges attached to them that are senior to or otherwise adversely affect those attached to the shares.

### **Volatility in share price and liquidity**

The share prices of publicly quoted companies can be volatile. The price of shares is dependent upon a number of factors, some of which are general or market specific, others of which are sector specific and others of which are specific to the Company. It may be the case that the market price of the Placing Shares does not fully reflect the underlying value of the Company.

Admission to AIM and ASX does not guarantee that there will be a liquid market for Placing Shares. In addition, the market for shares in smaller public companies is less liquid than for larger public companies. Therefore an investment in Placing Shares may be difficult to realise and the share price may be subject to greater fluctuations than might otherwise be the case.

### **Market value of the shares**

The market value of, and the income derived from, the Placing Shares can fluctuate and can do down as well as up. Investors may not get back the full value of their investment. The market value of the Placing Shares also takes into account the relevant dividend yield and prevailing interest rates. The market value may vary considerably from the underlying net asset value of the Group.

**The foregoing factors are not exhaustive and do not purport to be a complete explanation of all the risks and significant considerations involved in investing in the Company. Accordingly and as noted above, additional risks and uncertainties not presently known to the Directors, or that the Directors currently deem immaterial, may also have an adverse effect on the Company's business.**

## **DEFINITIONS**

Terms not otherwise defined below have the same meanings given to them elsewhere in this announcement:

“A\$” means the lawful currency of Australia

“Admission” means First Admission and Second Admission (or either one of them as the context may require) and the terms “Admission to AIM” and “Admission to ASX” shall be construed accordingly;

“AIM” means the AIM market of the London Stock Exchange;

“ASIC” means the Australian Securities and Investments Commission;

“ASTC” means ASX Settlement and Transfer Corporation Pty Limited CAN 008 504 532;

“ASTC Settlement Rules” means the operating rules of the ASTC and, to the extent that they are applicable, the operating rules of the ASX and the operating rules of Australian Clearing House Pty Limited ACN 001 624 691;

“ASX” means the Australian Securities Exchange;

“ASX Listing Rules” means the official listing rules of the ASX;

“Australian Investors” means eligible sophisticated investors and professional investors under section 708(8) or section 708(11) of the Corporations Act, respectively, and investors to whom section 708(10) of the Corporations Act applies;

“Board” means the board of directors of the Company;

“CHESS” means ASX Clearing House Electronic Subregistry System;

“Canadian Affiliate” means Canaccord Genuity Corp., a registered dealer in each of the Placing Provinces;

“Canadian Placees” means accredited investors (as defined in NI 45-106) in the Placing Provinces with whom Placing Shares are placed;

“Canadian Wrapper” means a supplement to this announcement provided to Canadian Placees only;

“Company” or “Metminco” means Metminco Limited;

“Conditional Placing” means the placing of Placing Shares which is conditional upon a resolution of the members of the Company authorising the allotment of the Conditional Shares on a non pre-emptive basis, as described in this announcement;

“Conditional Shares” means Placing Shares to be placed conditionally pursuant to the Conditional Placing;

“Corporations Act” means the Australian *Corporations Act 2001* (Cth);

“Directors” means the directors of the Company;

“EEA” means European Economic Area;

“Firm Placing” means the firm placing of the Firm Shares described in this announcement;

“Firm Shares” means up to 211,850,000 Placing Shares to be placed firm pursuant to the Firm Placing;

“First Admission” means admission of the Firm Shares to trading on AIM and ASX;

“General Meeting” means the Extraordinary general Meeting of the Company to be convened on or around 4 January 2012 in order to obtain shareholder approvals necessary for the Conditional Placing;

“Group” means the Company and its subsidiary undertakings;

“Joint Bookrunners” means Canaccord Genuity, Liberum and Canaccord BGF;

“London Stock Exchange” means London Stock Exchange plc;

“NI 45-106” means National Instrument 45-106 – Prospectus and Registration Exemptions;

“Official Quotation” means official quotation by the ASX in accordance with ASX Listing Rules;



“Ordinary Shares” or “Shares” means the ordinary shares in the share capital of the Company;

“Placees” means investors with whom Placing Shares are placed, including Canadian Placees;

“Placing” means the placing of the Placing Shares described in this announcement (including the Firm Placing and the Conditional Placing);

“Placing Agreements” means the conditional agreement dated 24 November 2011 entered into by the Company, Canaccord Genuity and Liberum and the conditional agreement dated 24 November 2011 entered into by the Company and Canaccord BGF in connection with the Placing;

“Placing Price” means the price at which the Placing Shares are to be issued pursuant to the Placing;

“Placing Provinces” means the Canadian Provinces of Ontario, British Columbia and Alberta and “Placing Province” means any one of them;

“Placing Shares” means the new Ordinary Shares to be issued pursuant to the Placing;

“Second Admission” means admission of the Conditional Shares to trading on AIM and ASX;

“Shareholders” means the holders of Ordinary Shares from time to time;

“United States” or “US” means the United States of America, its territories and possessions, any State of the United States and the District of Columbia; and

“£” means the lawful currency of the United Kingdom.