

METMINCO'S LOS CALATOS MINING STUDY PROVIDES A MAJOR POSITIVE RE-RATING FOR THE PROJECT

Metminco Limited (“Metminco” or the “Company”) (ASX: MNC; AIM: MNC) is pleased to announce that it has received the results of the Mining Study recently completed by Runge Pincock Minarco (“RPM”) for the Los Calatos copper project, located in southern Peru.

Following the updated mineral resource estimate announced on 16 June 2015, Metminco appointed RPM to undertake a mining study to determine the optimum development approach to be taken at Los Calatos as a high grade mining operation.

The results of the Mining Study present improved parameters for the Project and demonstrate that the development of Los Calatos is economic using the current long term consensus price for copper of US\$3.00/lb (median consensus price post-2019).

The proposed mine development provides for the following:

- Mineable Quantity of 94Mt at 0.88% Cu and 0.051% Mo;
- 6 Mtpa underground mining operation using a sub-level caving mining method (Appendix 1);
- Pre-production capital expenditure of US\$650 million (including contingencies of US\$111 million);
- Average Life of Mine (LoM) production of 45,000tpa copper in concentrate for 17 years;
- Production of up to 56,800tpa copper in concentrate at steady state;
- LoM C1 cash operating costs after by-product credits of US\$1.20/lb;
- Construction period of 18 to 24 months; and
- Short mine development lead time with production from underground commencing only 150 metres below surface.

Economic parameters of the proposed mine development are:

- LoM copper production of 765,160 tonnes (1.69 billion lbs);
- LoM by-product credits of US\$0.53/lb payable copper;
- LoM EBITDA of US\$2.787 billion;
- NPV at 8% discount rate of US\$285 million; and
- Payback period 5.3 years.

Inferred Mineral Resources comprise 62% of the Mineable Quantity (Table 2). There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised.

Mr William Howe, Managing Director, commented: “We are pleased with the outcome of the Mining Study. Although the study is at a high level, it has provided the Company with a further development option that potentially yields very good financial returns and paves the way for Metminco to become a mid-tier copper producer.

There is a significant gap in the market for a near term development copper projects like Los Calatos. Located in an excellent jurisdiction and infrastructure setting, requiring modest capex, and producing approximately 50,000t of copper metal annually, Los Calatos is a deliverable mine. The Company will now focus on advancing the project towards development, subject to funding. Attracting a partner for Los Calatos remains a priority, and we are well positioned to further engage with a number of parties currently undertaking detailed due diligence. The Company will outline its Implementation Plan for the further development of Los Calatos during Q3 2015.”

LOS CALATOS PROJECT

RPM MINING STUDY

On completion of the mineral resource estimate by SRK Consulting (Chile) S.A., as summarised in Table 1 (and Appendix 2), RPM were requested to complete a strategic mining study (Mining Study) on the 3D Block Model developed in support of the mineral resource estimate.

Table 1: Mineral Resource Statement as at 15 June 2015 (SRK Consulting (Chile) S.A.)

Resource Classification	Tonnes	Cu (%)	Mo (ppm)
Measured	72,824,639	0.73	513
Indicated	63,700,257	0.73	345
Total Measured & Indicated	136,524,896	0.73	435
Inferred	215,769,978	0.78	245

Note: Reported at a cut-off grade of 0.50% Cu.

As part of the Mining Study, and in order to develop an understanding of the production profile, and mineable quantity of mineralised material, RPM undertook an underground stope optimisation study, which included the following:

- Import the 3D Block Model provided by Metminco into a Vulcan stope optimiser;
- Define appropriate mining stope optimisation assumptions;
- Perform a high level underground stope optimisation based on the assumptions;
- Determine the unconstrained in-situ stope tonnes; and
- Provide a high level schedule and economic evaluation of the project for a nominated scenario for the purposes of a high-level margin ranking exercise.

On the basis of the work completed by RPM, a Mineable Quantity of 94Mt at 0.88% Cu and 0.051% Mo was estimated. The analysis involved the full extent of the 3D Block Model, and all mineral resource categories were included in the estimation, as this is in line with this level of mining study (Table 2).

Table 2: Mineable Quantity by Mineral Resource Classification.

Mineral Resource Classification	Mt	Cu %	Mo %
Measured	18.35	0.813	0.074
Indicated	17.49	0.658	0.043
Inferred	58.12	0.968	0.046
Mineable Quantity	93.96	0.880%	0.051%

Note: Cut-off grade of 0.75% Cu.

The production profile summarised in Appendix 1, as well as operating and capital costs estimated by RPM and Metminco, formed the basis of an Indicative LoM Financial Model to evaluate the economic viability of the Project, the results of which are summarised on page 1 of this Announcement.

The Company will update shareholders on the technical detail of the development case as soon as the Company receives the final RPM report.

MINING STUDY PRESENTS AN ATTRACTIVE HIGH GRADE MINING ALTERNATIVE

The 2013 mining study completed by RPM evaluated Los Calatos as a high tonnage, low grade, mining opportunity with an average annual milling rate of 24Mtpa producing 98.4kt per annum of copper in concentrate over a LoM of 34 years, with a pre-production capital spend of US\$1.32bn (2013 money terms). Further, the LoM C1 cash operating costs net of by-product credits were estimated at US\$1.12/lb copper (Table 3).

By comparison, the 2015 mining study completed by RPM focusses on the high grade hydrothermal breccias developed within the Los Calatos Porphyry Complex, which were the subject of the June 2015 Mineral Resource Estimate by SRK Consulting (Chile) S.A. The recent study provides for an annual milling rate of 6Mtpa (25% of the 2013 milling rate) producing 45kt per annum of copper in concentrate (46% of the 2013 production) over a 17 year LoM, with a pre-production capital spend of US\$650m (50% of the 2013 capital spend). Further, C1 cash operating costs after by-product credits increased marginally to US\$1.20/lb (Table 3).

Table 3: Comparison of key operating parameters – August 2013 and July 2015 Mining Studies.

Key Parameter	RPM Mining Study	
	August 2013	July 2015
Mineable Quantity	811Mt	94Mt
Head Grade	0.47% Cu; 0.029% Mo	0.88% Cu; 0.051% Mo
Milling Rate	24Mtpa	6Mtpa
Life of Mine	34 years	17 years
Average annual copper in concentrate	98.4kt	45.0kt
Average annual molybdenum in concentrate	4.8kt	1.9kt
Pre-production capital	US\$1.32bn	US\$650m
C1 cash operating costs (after by-product credits)	US\$1.12/lb Cu	US\$1.20/lb Cu

With a substantially lower pre-production capital requirement, and the favourable development status of the project, Los Calatos becomes an attractive development option in a resource sector that is focused on minimising capital spend, attaining above average copper grades, and achieving C1 cash operating costs in the lower quartile of global copper producers.

The conversion rate from mineral resources to tonnes mined in this study, at a cut-off grade of 0.75% copper, is approximately 73% (or 94Mt from a total mineral resource of 129Mt). Given an increasing copper price, there is considerable upside to increase the size of the operation. For instance, at a lower copper cut-off grade of 0.50% copper, the total mineral resource for Los Calatos is 352Mt at 0.76% Cu and 318ppm Mo (Appendix 2).

PROJECT IS HIGHLY DELIVERABLE

The development of Los Calatos is deliverable due to a number of important factors, namely:

Social Licence

- No exposure to local potable water issues.
- No competing land use.
- All surface rights covering the project will be acquired directly from the Peruvian government - Project of National Interest status.

Access to Power and Water

- Use of seawater for the operations – access via a 75km pipeline.
- Located in southern Peru with estimated long term power costs of 6 cents/kWh.
- Power to be accessed via a dedicated 32km power line from Moquegua.

Regional Infrastructure

- Modest elevation (2,900m amsl) capable of supporting year round operations.
- Close proximity to the regional city of Moquegua (65km).
- Large available work force in historical mining district.
- Close proximity to port facilities accessible via the Pan American highway (e.g. loading facility at Matarani).

WAY FORWARD

Based on the results of the Mining Study, the Company is positioned to initiate a development program that progresses the Los Calatos Project from Pre-Feasibility to Feasibility, subject to the availability of funding.

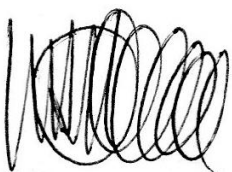
Furthermore, an in-fill drilling program has been planned which is required to advance the current mineral resource to Measured and Indicated Mineral Resource categories for that part of the mineral resource that is to be mined in the first 10 years of the LoM.

The drill program will also facilitate the collection of appropriate metallurgical samples, in addition to geotechnical and hydrogeological information required for the development of the underground mining operation.

The planned studies, and in-fill drilling program, will address the following issues as they relate to the RPM Mining Study and the estimated Mineable Quantity. The Mining Study is based on low-level technical and economic assessments, and is insufficient to support the estimation of Ore Reserves, or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Mining Study will be realised.

Exploration drilling at the TD2 hydrothermal breccia target adjacent to the main Los Calatos deposit remains a priority, as any resources discovered would complement the abovementioned development at Los Calatos.

An environmental baseline study will also be initiated and will accommodate the legislated requirements for the completion of an Environmental Impact Assessment.



William Howe

Managing Director

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Company Background

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

Projects and Mineral Resources

The Los Calatos Project, located in southern Peru, has a total estimated mineral resource of 352 million tonnes at 0.76% Cu and 318 ppm Mo at a cut-off grade of 0.50% Cu, comprising a Measured Mineral Resource of 73 million tonnes at 0.73% Cu and 513 ppm Mo, an Indicated Mineral Resource of 64 million tonnes at 0.73% Cu and 345 ppm Mo, and an Inferred Mineral Resource of 21 million tonnes at 0.78% Cu and 244 ppm Mo.

The Chilean assets include the Mollacas Copper Project with a Mineral Resource of 15.5 million tonnes consisting of a Measured Resource of 11.2 million tonnes at 0.55% Cu and 0.12g/t Au and an Indicated Resource of 4.3 million tonnes at 0.41% Cu and 0.14g/t Au (at a 0.2% copper cut-off); and the Vallecillo Project with a Mineral Resource of 8.9 million tonnes consisting of a Measured Resource of 5.5 million tonnes at 0.84g/t Au, 9.99g/t Ag, 1.12% Zn and 0.32% Pb, an Indicated Resource of 2.6 million tonnes at 0.80g/t Au, 10.23g/t Ag, 0.94% Zn and 0.35% Pb and an Inferred Resource of 0.8 million tonnes at 0.50g/t Au, 8.62g/t Ag, 0.48% Zn and 0.17% Pb (at a cut-off grade of 0.2g/t Au).

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

Competent Persons Statement

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Gavin Daneel BSc, MSc, who is a Member of the Australasian Institute of Mining and Metallurgy, and is engaged as a Consultant in Australia.

Gavin Daneel is a consultant to the Company and has sufficient experience which is relevant to the style of mineralisation, type of deposit under consideration, and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC 2012). Mr Daneel, as Competent Person for this announcement, has consented to the inclusion of the information in the form and context in which it appears herein.

SRK Consulting (Chile) S.A. (SRK)

Metminco supplied SRK with a geological model and supporting drill hole data. Copper and molybdenum grades were estimated into a block model using ordinary kriging with VULCAN software.

The information provided in this ASX Release as it relates to Exploration Results and Mineral Resources of the Los Calatos copper deposit is based on information compiled by Joled Nur, Principal Mining Engineer (Geostatistics and Resources Estimation) SRK. Mr Nur, who is a Member of the Australasian Institute of Mining and Metallurgy, and is a Qualified Person for JORC 2012 compliant statements, performed the resource estimation. Mr Nur has sufficient experience that is relevant to the style of mineralisation and type of mineral deposit under consideration, and to the activity which was undertaken, to make the statements found in this report in the form and context in which they appear. Mr Nur has consented to be named in this announcement and inclusion of information attributed to them in the form and context in which it appears herein.

Forward Looking Statement

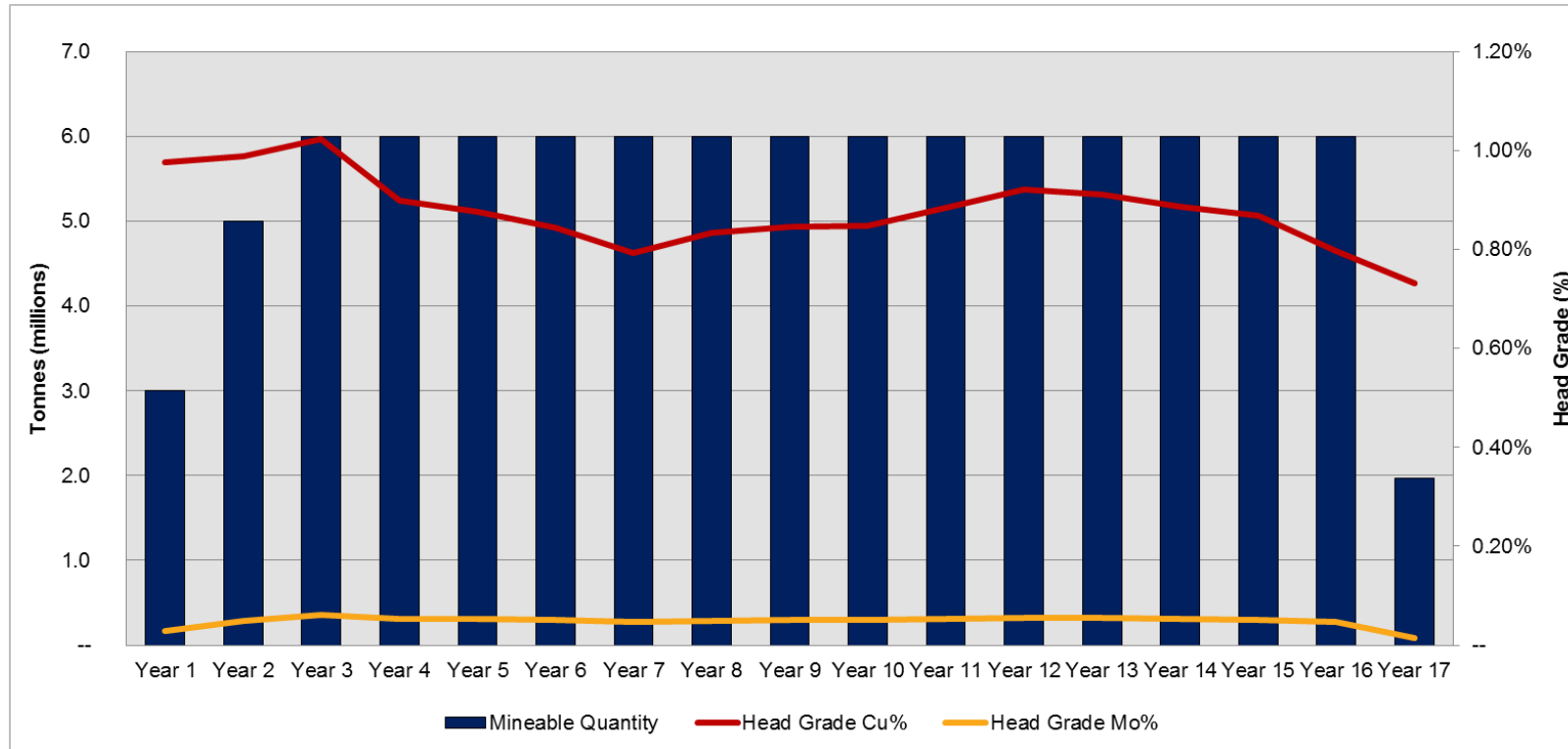
All statements other than statements of historical fact included in this announcement including, without limitation, statements regarding future plans and objectives of Metminco are forward-looking statements. When used in this announcement, forward-looking statements can be identified by words such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

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

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

APPENDIX 1

Los Calatos Project: Production Profile - Stand Alone Underground Mining Operation (6Mtpa).



Notes:

1. Sub-Level Caving constitutes the principle mining method and forms the basis of the estimated Mineable Quantity.
2. Due to the level of the mining study, which includes all mineral resource categories, the Indicative LoM Financial Model incorporates the estimated Mineable Quantity derived from the RPM Mine Study.
3. Street Consensus long term commodity prices used (circa median price beyond 2019) sourced from BMO, encompassing up to 40 Institutions: Copper US\$3.00/lb; Au US\$1,250/oz; Ag US\$19/oz; Mo US\$11.16/lb; Re US\$5,773/kg (Re price from MNC).

APPENDIX 2

Los Calatos Project: Mineral Resources by copper cut-off grade - SRK Consulting (Chile) S.A (June 15, 2015).

Cut-off Cu (%)	Measured			Indicated			Total Measured & Indicated			Inferred		
	Tonnes (Mt)	Cu (%)	Mo (ppm)	Tonnes (Mt)	Cu (%)	Mo (ppm)	Tonnes (Mt)	Cu (%)	Mo (ppm)	Tonnes (Mt)	Cu (%)	Mo (ppm)
0.00	646	0.23	170	1,251	0.17	74	1,898	0.19	107	2,788	0.21	75
0.05	525	0.28	204	1,008	0.21	89	1,533	0.23	128	2,299	0.25	87
0.10	420	0.34	247	709	0.26	116	1,128	0.29	165	1,814	0.29	103
0.15	345	0.38	287	499	0.32	146	844	0.34	204	1,352	0.35	123
0.20	285	0.42	323	361	0.38	174	646	0.40	239	1,045	0.40	141
0.25	231	0.47	355	261	0.43	202	491	0.45	274	788	0.46	162
0.30	183	0.52	387	187	0.50	234	371	0.51	310	564	0.53	190
0.35	145	0.58	422	135	0.56	267	280	0.57	347	423	0.60	210
0.40	114	0.63	460	101	0.63	296	215	0.63	382	327	0.66	228
0.45	90	0.68	489	80	0.68	323	170	0.68	411	265	0.72	235
0.50	73	0.73	513	64	0.73	345	137	0.73	434	216	0.78	245
0.55	59	0.79	532	52	0.78	363	110	0.78	452	177	0.83	253
0.60	47	0.84	545	42	0.83	374	89	0.83	464	147	0.88	258
0.65	38	0.89	556	34	0.88	382	72	0.88	473	122	0.94	257
0.70	31	0.94	566	28	0.92	393	59	0.93	483	99	1.00	261
0.75	25	0.99	572	23	0.97	405	48	0.98	492	81	1.06	259
0.80	20	1.04	581	19	1.00	412	39	1.02	499	66	1.12	257
0.85	16	1.09	593	16	1.04	422	32	1.07	509	55	1.18	250
0.90	13	1.14	603	13	1.08	426	26	1.11	516	47	1.24	243
0.95	10	1.20	625	10	1.13	441	20	1.17	536	39	1.30	236
1.00	8	1.26	650	7	1.18	461	16	1.22	561	33	1.36	232

Note: Total Mineral Resource inclusive of Inferred Mineral Resources is 352Mt at 0.76% Cu and 318ppm Mo (at a 0.50% Cu cut-off).