ASX ANNOUNCEMENT 27 January 2016

MARKET UPDATE

Metminco Limited ("Metminco" or the "Company") (ASX: MNC; AIM: MNC) announces that the Company has now completed a detailed surface mapping program at the TD2 and TD3 targets adjacent to the main Los Calatos deposit, as well as having conducted a further assessment of the available soil geochemical and geophysical results associated with these targets as a precursor to the commencement of the planned drilling program.

The results of this work demonstrates that both the TD2 and TD3 targets share many similarities with the key features that characterise the presence of mineralisation at Los Calatos, and are classified as high priority targets that could have a significant positive impact on the development options and potential economics of the broader Los Calatos Project.

At the TD2 Target, the presence of a breccia at surface with copper oxide mineralisation (supported by a well-developed in soil copper anomaly), dacites and a sub-surface geophysical anomaly, support the exploration potential of the target. Due to the proximity of the target to the main Los Calatos deposit, a drill hole has been scheduled which is expected to commence drilling in early February 2016, targeting the hydrothermal breccia at depth. Site preparation work for the drilling has commenced.

The TD3 Target is located to the southeast of the main Los Calatos deposit. The recent detailed surface geological mapping program has confirmed the presence of a diatreme breccia and dacites which are key components that make up the Los Calatos Porphyry Complex. In addition, coincident Cu, Mo, Au and Ag soil anomalies and geophysical anomaly support the possibility that the Los Calatos Porphyry Complex extends into the TD3 Target area, and further to the southeast. Given these findings, future exploration of these targets will require diamond drilling to assess the mineralisation potential of the area.

The drilling at TD2 will be conducted in parallel with the current process to secure a funding partner. The Company continues to receive expressions of interest with respect to its Los Calatos Project, with these parties entering a due diligence process. Any deal on Los Calatos must be value accretive for all shareholders.

Mr William Howe, Managing Director, commented: "The surface mapping at TD3 has demonstrated that the Los Calatos Porphyry Complex may well extend to the southeast of the currently defined limits, and hence demonstrates the upside potential of the Project. This, together with the previously defined TD2 target, present real exploration upside to the overall Los Calatos Project.

Drilling of the initial hole at TD2 will follow completion of the civil works now underway. The drilling at TD2 was delayed due to the extended Christmas break in Peru and availability of a drill rig to undertake a single hole contract, however, this has enabled further assessment of the optimum location for the drill hole."

Introduction

In November 2015, Metminco raised approximately A$1 million with the objective of funding a detailed surface geological program at the TD3 target at Los Calatos and testing the depth extent of the TD2 copper anomaly with a diamond drill hole, designed to intersect the oxide copper mineralisation exposed at surface below the near surface leached zone.

This announcement provides an update on the work completed in this regard over the period October 2015 to February 2016, and to place this work in the context of the geological model recently developed for Los Calatos.

Model for the development of the Los Calatos Porphyry Complex

Based on the detailed re-logging program that was conducted on the Los Calatos drill core in late 2014 and early 2015, a comprehensive geological model was developed that not only formed the basis for the June 2015 Mineral Resource Estimate, but contributed to developing an improved understanding of the evolution of the Los Calatos Porphyry Complex and associated mineralisation. This improved understanding has had a significant positive effect on the understanding of the exploration potential of those targets immediately adjacent to the known Los Calatos deposit.

The geological events that culminated in the development of the Los Calatos Porphyry Complex in terms of the magmatic phases identified and the associated stages of mineralisation are summarized below as follows:

Magmatic Phases

Five magmatic phases are identified, namely:

- Phase 1: Emplacement of a series of pre-mineralisation fine to medium-grained sub-volcanic igneous intrusives of varying composition - collectively termed the "pre-cursor pluton" (**PP**);
- Phase 2: First porphyritic phase (**PDI-1**) with associated Cu mineralisation and a second porphyritic phase (**PDI-2**), devoid of mineralisation, which intruded prior stocks and intrusives;
- Phase 3: Polyphase intrusion of porphyritic dacites (**PDA-1**) including the development of the high grade anhydrite breccias and culminating in phreatomagmatic events with the formation of Maar diatremes;
- Phase 4: Late stage porphyritic diorite (**PDI-3)** which is largely restricted to the diatreme breccia. Minor development of mineralised anhydrite breccias; and
- Phase 5: Final magmatic phase characterised by the intrusion of sub-vertical andesitic and minor mafic dykes.

Stages of mineralisation

Four main stages of Cu and Mo mineralisation have been recognised at Los Calatos, as summarised below:

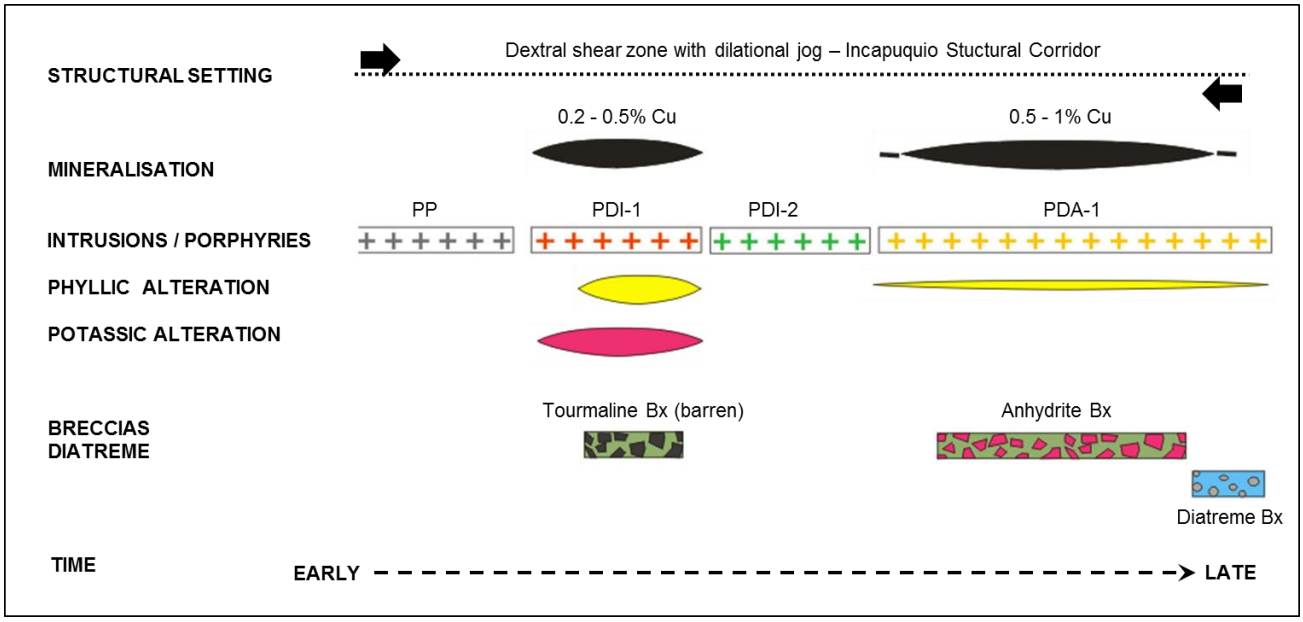
- Stage 1: Porphyritic diorite mineralisation (**PDI-1**): Potassic core of the PDI-1 unit is consistently mineralised at 0.2% to 0.5% Cu;
- Stage 2: Porphyritic dacite mineralisation (**PDA-1**): Development of high grade Cu-Mo anhydrite breccias that are rooted within elongated PDA-1 stocks formed in response to dilational brecciation caused by trans-tensional shearing;

- Stage 3: Porphyritic diorite mineralisation (**PDI-3**): Cu-Mo mineralisation is hosted by small anhydrite breccia bodies flanking the PDI-3 dykes; and
- Stage 4: Supergene enrichment: Supergene enrichment only impacts on the anhydrite breccia bodies that either reach surface, or are near to the surface. The vertical extent of the supergene zone varies between 150 metres and 350 metres.

Chronology – Magmatic phases and mineralisation stages

Figure 1 below graphically represents the development of the main magmatic phases of the Los Calatos Porphyry Complex, and associated hypogene stages of mineralisation.

Figure 1: Schematic representation – development of the Los Calatos Porphyry Complex and associated mineralisation.



Key Components of the Los Calatos Porphyry Complex from a mineralisation perspective

The regional and local structural setting has been of fundamental importance in the location and development of the Los Calatos Porphyry Complex. The regional structure is dominated by the Incapuquio Structural Corridor that hosts the major porphyry Cu-Mo deposits in southern Peru. In the context of Los Calatos, this resulted in a dextral shear zone with the development of a transtensive jog that controlled the emplacement of the various magmatic phases identified.

From a mineralisation perspective, and with reference to Figure 1, the Porphyritic Diorite (PDI-1) and Porphyritic Dacite (PDA-1) host the majority of the Cu-Mo mineralisation, with the former being more extensive, but hosting lower grades in the range 0.2 to 0.5% Cu. However, the PDA-1 is most important from an economic perspective, as it resulted in the development of the higher grade (0.50% to 1.0% Cu) hydrothermal (anhydrite) breccias.

The first phase of porphyritic dacites (PDA-1) was accompanied by de-volatilisation, which led to the formation of extensive, vertical, anhydrite breccias with high Cu and Mo grades. As the dacite porphyry evolved into a multi-staged diatreme breccia, some of the late stage porphyritic dacites rose sufficiently close to the paleosurface culminating in phreatomagmatic events with the formation of diatremes.

Therefore, from an exploration point of view, any potential target should have one or more of the following key components present:

- Located within a wrench fault system with associated dilational jogs;
- Geochemical anomalies (Cu, molybdenum, gold and silver);
- Geophysical anomalies (magnetotelluric resistivity and induced polarity anomalies [viz. sub-surface conductors]);
- Phyllic alteration;
- Porphyritic dacites;
- Hydrothermal breccias; and
- Diatreme breccia

Exploration Targets TD2 and TD3

Two priority targets, namely TD2 and TD3 (Annexures 1 and 2) have been the subject of a recent surface geological mapping program, which identified a number of the key components listed above.

TD2 Target

As can be seen from Annexure 1, the TD2 Target is located to the southwest of the main Los Calatos deposit on a 'structural bend' of the southernmost bounding fault that constrains the extent of the Los Calatos Porphyry Complex.

Whilst a large percentage of the target is covered by younger volcanic (Miocene) cover, surface mapping has identified the presence of porphyritic dacites and copper oxide within hematite tourmaline breccias, which occur within an older diorite pluton (viz. precursor pluton) (Annexure 3). The identified breccias occur over a strike extent in excess of 250 metres.

Soil geochemical sampling has identified a well-developed copper anomaly (>300ppm) related to the copper oxides developed within the quartz tourmaline breccia.

In 2010 a Titan-24 geophysical survey was completed over parts of the Los Calatos Project area. Two of these lines (L10300W and L11100W) traverse the TD2 Target area (Annexure 2) which have identified sub-surface magnetotelluric (MT) anomalies that persist below the main Los Calatos deposit. There is also a ground magnetic anomaly that is coincident with both the Los Calatos deposit and TD2 Target.

Hence, the TD2 Target shares many similarities with the key features that characterise the Los Calatos Porphyry Complex, which in turn supports the basis for the planned drilling program.

Following the extended Christmas break in Peru, a drill rig has now been mobilised which is expected to commence drilling in early February 2016. A single drill hole has been scheduled to intersect the mapped breccia zone at a drill depth of ±200 metres. In the interim, the earth works for the access road and drill pad have commenced.

TD3 Target

The TD3 Target is located to the southeast of the main Los Calatos deposit, along the strike projection of the wrench fault system that controlled the emplacement of the Los Calatos Porphyry Complex (Annexure 1).

The recent surface mapping program has identified the presence of porphyritic dacites and a diatreme breccia that have intruded the older andesites of the Toquepala Formation. Furthermore, an analysis of the soil geochemistry conducted over this area indicates the presence of anomalous

Cu, Mo, Au and Ag soil geochemical values, while the geophysical survey (line L77000W) has identified a sub-surface MT anomaly (Annexure 4).

In terms of the geological model developed for the main Los Calatos deposit, it was established that the diatreme breccia represents one of the final stages in the evolution of the Los Calatos Porphyry Complex, and more specifically of the porphyritic dacites that resulted in the development of the mineralised hydrothermal breccias. Hence, the presence of dacites and the diatreme breccia in conjunction with anomalous Cu values and a sub-surface geophysical (MT) anomaly (that persists to the northwest into the main Los Calatos deposit) (Annexures 2 and 4), supports the theory that the Los Calatos Porphyry Complex continues beyond the current interpreted limits into the TD3 Target area and southeast thereof.

The objective of any future drilling would be to establish the mineralisation potential of any breccias developed at the interface between the diatreme breccia and the older volcanics of the Toquepala Formation.

Objective of exploration drilling programs

The geological model that has been developed for Los Calatos has achieved two key outcomes, namely:

a) The model has assisted in better constraining the high grade Cu and Mo mineralisation that would be the target of a low tonnage, higher grade, underground mining operation (viz. June 2015 Mineral Resource Estimate and RPM Strategic Mining Study).

b) The model has resulted in the development of a useful exploration tool that would assist in defining exploration targets when used in conjunction with the exploration data that has been acquired over the period 2009 to present.

In the case of b) above, and with the definition of the TD2 and TD3 Targets, any drilling of the two targets would serve to confirm the applicability of the model as an exploration tool, and if successful, potentially lead to the identification of additional targets.

As has been reported previously, two mining studies have been completed over the period 2013 to 2015, evaluating two very different mining development opportunities at Los Calatos, namely;

- a high tonnage, low grade opportunity (±24Mtpa – open pit / underground block cave operation); and
- a low tonnage, higher grade opportunity (±6.5Mtpa – underground sub-level cave operation).

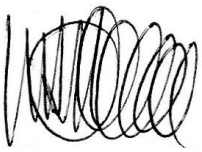
With reference to Figure 1, it is important to note that the high tonnage mining scenario incorporates mineral resources associated with both the low grade PDI-1 and the higher grade PDA-1 phases, whereas the low tonnage scenario predominantly includes mineral resources from the PDA-1 phase.

Common to both of these mining studies is the fact that if additional mineral resources are identified in close proximity to the main Los Calatos deposit, particularly near surface (<500 metres), these mineral resources could have a significant (positive) impact on a centralised mining and processing operation at Los Calatos.

Way Forward

Drilling of an exploration hole into the TD2 Target is scheduled for February 2016, with preparatory work for the drill site having commenced. The drilling will be conducted in parallel with the current process to secure a funding partner for the Los Calatos Project.

Costs relating to the drilling of a single drill hole will be kept to a minimum, whilst ensuring that the objective of the drill hole is achieved.



William Howe
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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 0.5% Cu, comprising a Measured and Indicated Mineral Resource of 136 million tonnes at 0.73% Cu and 434 ppm Mo, and an Inferred Mineral Resource of 216 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 an early stage exploration project in Chile 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 Colin Sinclair, BSc, MSc, who is a Member of the Australasian Institute of Mining and Metallurgy and is currently employed by the Company in Chile.

Colin Sinclair has sufficient experience (over 30 years) which is relevant to the style of mineralisation, type of deposit under consideration, and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results'. Mr Sinclair, as Competent Person for this announcement, has consented to the inclusion of the information in the form and context in which it appears herein.

Forward Looking Statement

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

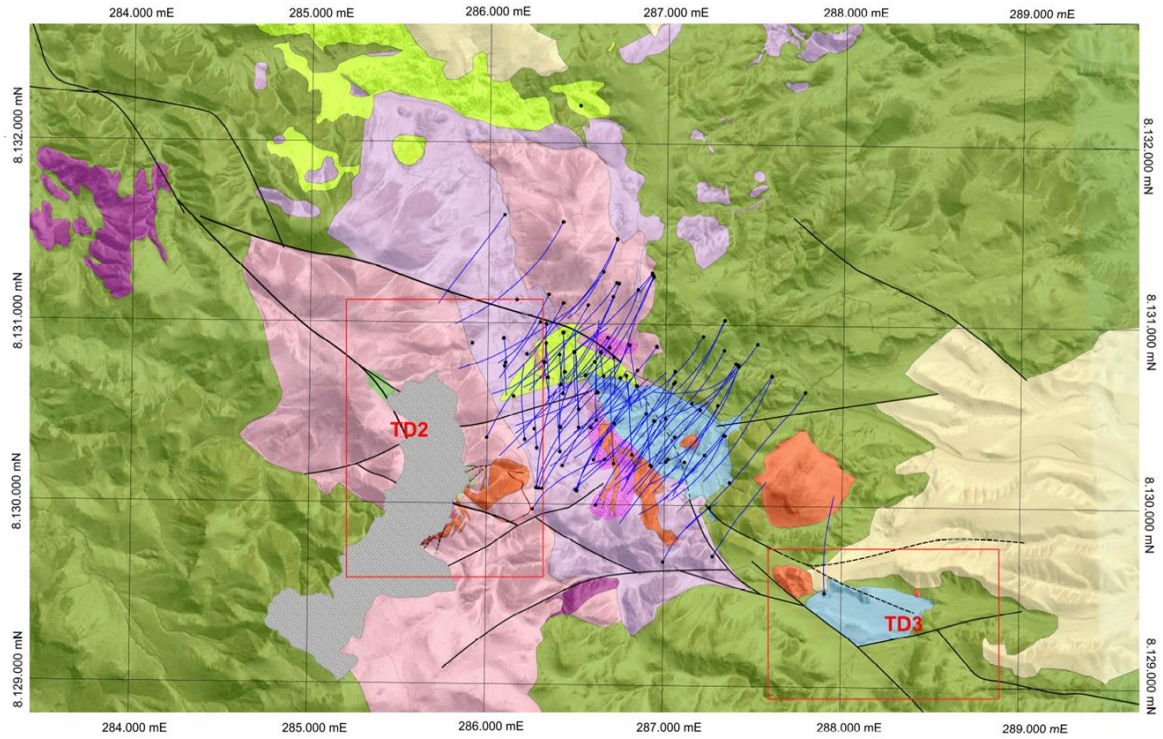
These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this announcement, are expected to take place. Such forward-looking statements are not guarantees of future performance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

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

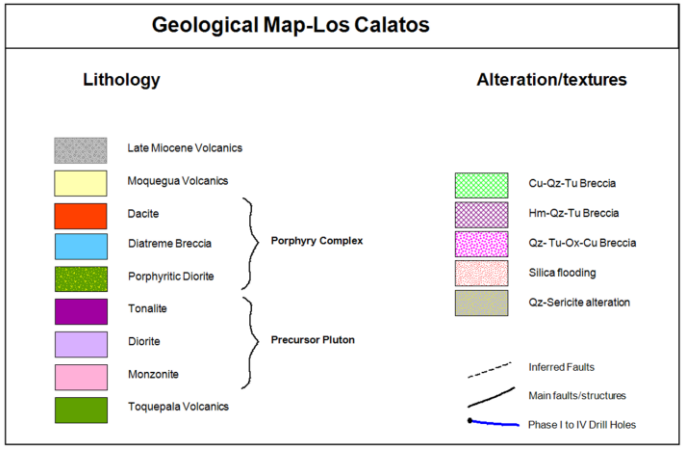
ANNEXURE 1

Los Calatos - Geological Map showing position of the TD2 and TD3 Target areas

Regional Geological Map



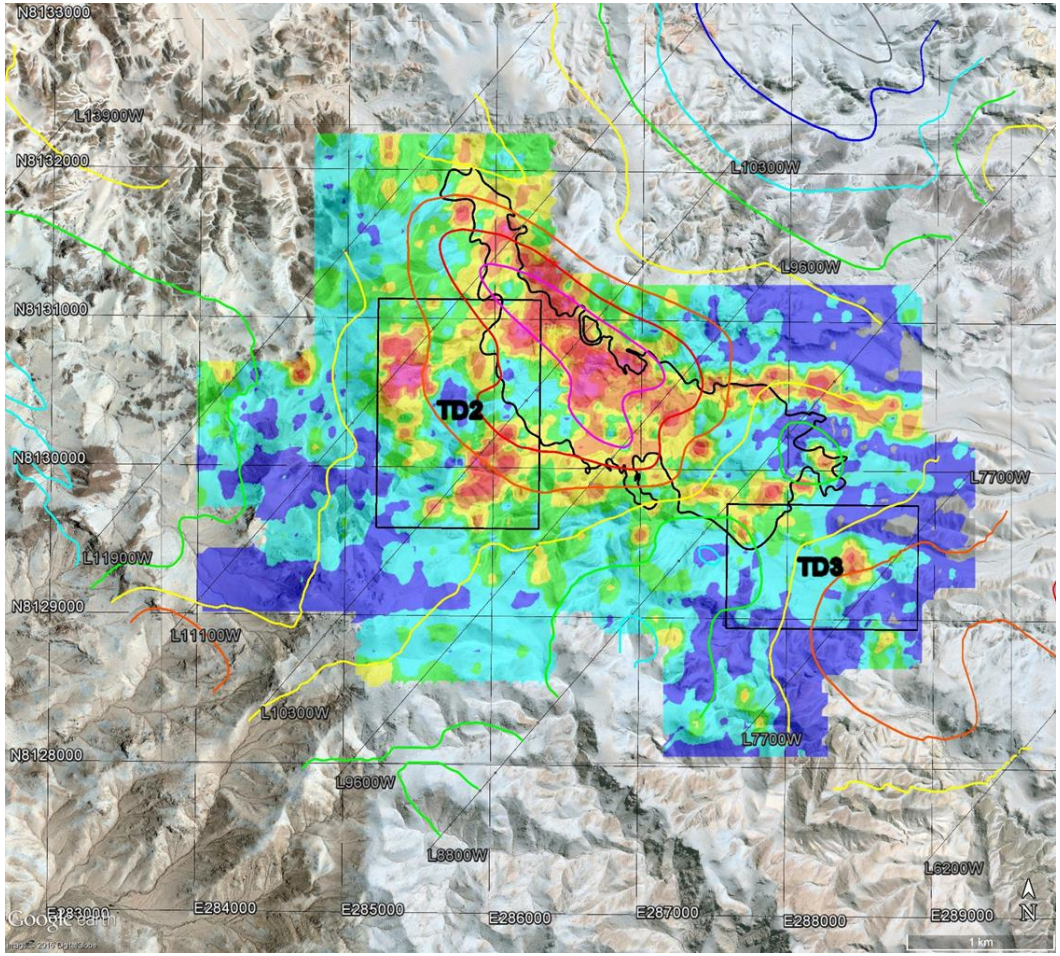
Legend

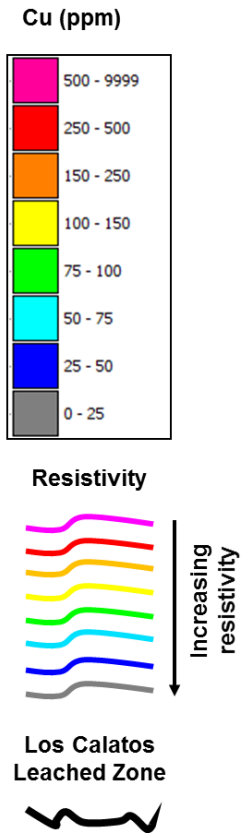


ANNEXURE 2

Los Calatos – Regional map showing the distribution of Cu anomalies & MT resistivity contours

Cu anomalies in-soil, MT Resistivity contours & Los Calatos Leached Zone	*Legend*

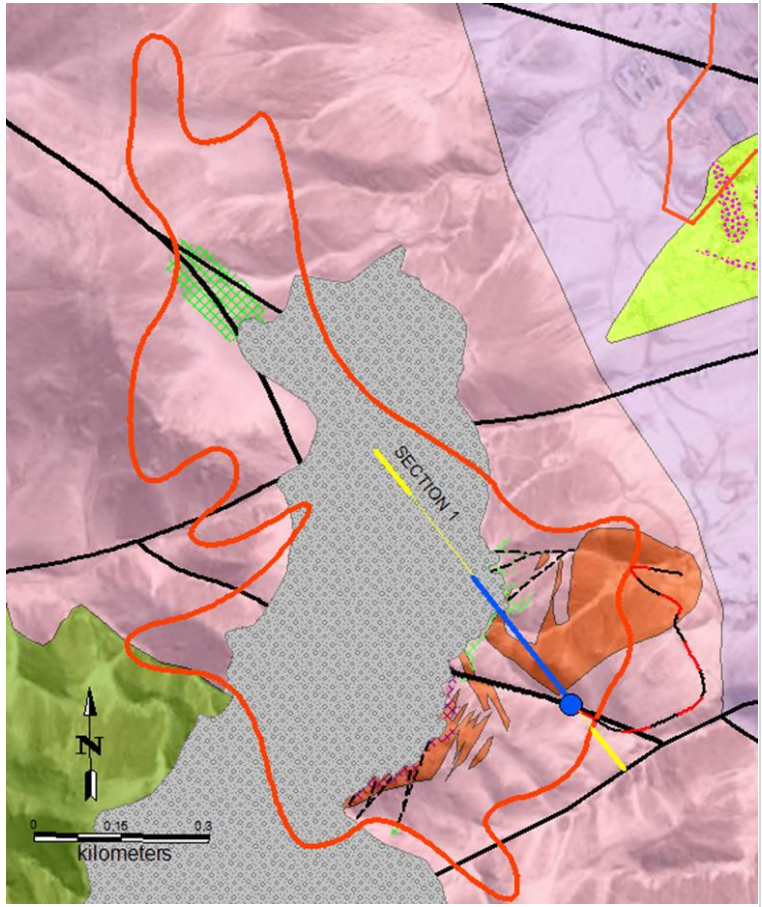


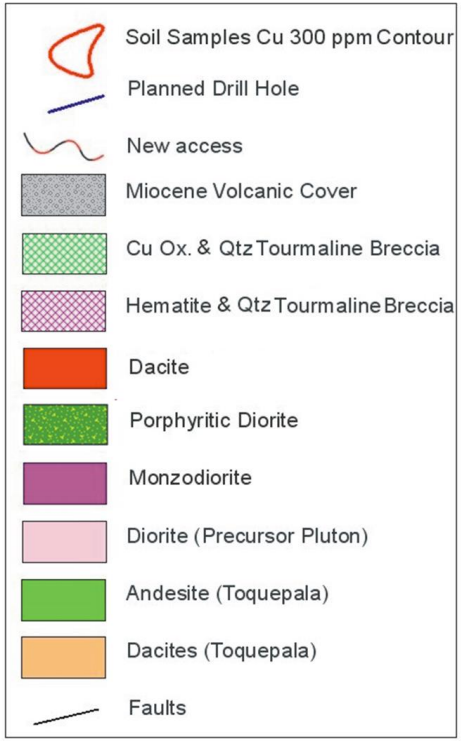


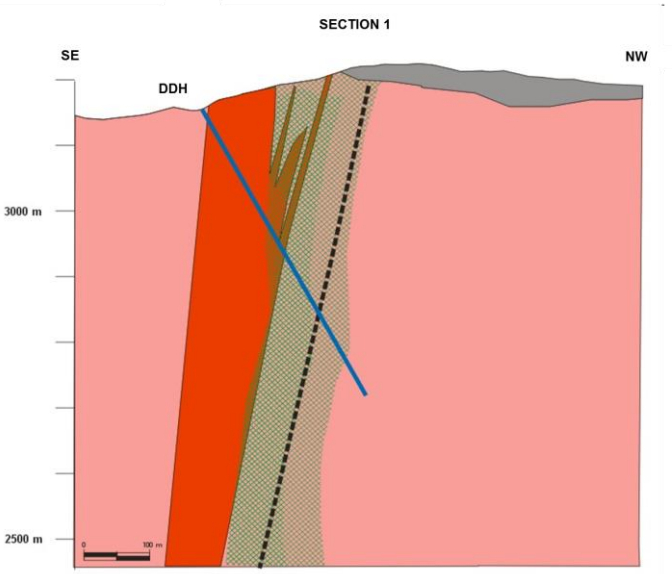
ANNEXURE 3

Geological Map and Drill Section – TD2 Exploration Target

Geological Map	*Legend*	*Section*







ANNEXURE 4

Geological Map – TD3 Exploration Target

Geological Map	*Legend*