

ASX Announcement

15 March 2019

Metminco Raises \$1 Million to Support Proposed Merger with Andes Resources

Highlights

- Strong demand for placement of convertible notes to raise up to \$1 million
- Funds raised will primarily be applied to progress the proposed merger with Andes Resources, undertake geophysical and geochemical work to refine drill targeting at the Chuscal Gold Project in Colombia, and provide working capital
- Further priority offer and placement to be undertaken in conjunction with the proposed merger once binding Bid Implication Agreement has been executed between Metminco and Andes

Metminco Limited (ASX: MNC) (“Metminco” or “the Company”) is pleased to announce that it has received firm commitments for the issue of unsecured convertible notes to raise up to \$1 million (before costs) (“**Convertible Notes**”). The Company expects funds to be received by Friday, 22 March 2019.

Use of the proceeds from the Convertible Notes will include funding the Company’s working capital requirements and progressing the proposed merger with Andes Resources Limited (“**Andes**”) (“**Proposed Merger**”), as announced on Wednesday, 13 March 2019.

Commenting on the success of the capital raising, Metminco’s Executive Chairman, Mr. Kevin Wilson, said:

“We have been overwhelmed with positive feedback from a large number of our major shareholders and a number of new investors who share our enthusiasm for the proposed merger with Andes announced 13th March 2019.

The merger of Metminco and Andes will create a Colombian gold business with a much deeper pool of highly prospective exploration assets in a much sought-after region in the Mid-Cauca Gold and Copper-Gold Belt. This region has yielded multiple multi-million ounce gold and gold-copper deposits, so we are very excited by the prospect of combining a plethora of large targets within this richly endowed gold belt.

The funding support received was important to provide Metminco with the working capital it needs to progress the transaction, and also allow for some planned geophysical and geochemical test work to refine our targeting ahead of planned drilling at the Chuscal Project post completion of the merger.”

The funds raised from the issue of the Convertible Notes will go towards satisfying the proposed \$4 million (before costs) capital raising Metminco intends to undertake, in conjunction with Andes, as part of the Proposed Merger.

Convertible Note Terms

The Convertible Notes will have a face value of \$3,000 each, are interest free and repayable in limited circumstances.

The Convertible Notes are to be issued in a single tranche, however they will convert into fully paid ordinary shares in Metminco (“**Shares**”) in two tranches, as follows:

- The Shares resulting from the conversion of the first 115 Convertible Notes (“**Tranche 1 Notes**”) will be issued under the Company’s existing placement capacity available under ASX Listing Rule 7.1.¹ The Tranche 1 Notes will automatically convert into fully paid ordinary shares at the conversion price of \$0.003 upon successful completion of the Proposed Merger.
- The Shares resulting from the conversion of the remaining 219 Convertible Notes (“**Tranche 2 Notes**”) (which will be issued as debt securities) will convert subject to Metminco shareholder approval. Subject to the receipt of shareholder approval, the Tranche 2 Notes will convert at a conversion price of \$0.003 upon successful completion of the Proposed Merger.

In the event the Proposed Merger becomes incapable of completion, the conversion price for the Convertible Notes will reduce to \$0.002.

Subject to shareholder approval, the Company will issue 1 free attaching option exercisable at \$0.004 within 2 years from the date of issue (“**Option**”) for each Share issued under the Convertible Notes.

In the event shareholders do not approve the conversion of the Tranche 2 Notes, the Tranche 2 Notes will remain on issue until the Company does one of the following:

1. obtains a subsequent shareholder approval;
2. converts all or a portion of the Tranche 2 Notes from its available placement capacity as and when it sees fit (noting that at no time does the Company have an obligation to use its available placement capacity – nor does a convertible note holder have a right to call for the conversion of the Tranche 2 Notes); or
3. repays the Tranche 2 Notes,

noting that if the Tranche 2 Notes remain on issue 12 months after the conversion of the Tranche 1 Notes, the Tranche 2 Notes must be repaid.

Shareholder Meeting

The Company intends to seek shareholder approval for the conversion of the Tranche 2 Notes and issue of the Options in conjunction with the other shareholder approvals sought for the Proposed Transaction. The Company currently intends to convene this meeting in Q2 2019.

Further details on the Convertible Notes and Options will be provided in the Company’s notice of meeting.

This announcement will lift the Trading Halt called on Metminco’s quoted securities on 13 March 2019.

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¹ The Company’s available placement capacity is 178,191,092. The maximum number of Shares the Tranche 1 Note may convert into (assuming a conversion price of \$0.002) utilising the Company’s placement capacity is 172,500,000.