

METMINCO

2015 AGM Presentation

**Los Calatos:
A High Grade Development
Option**



28 May 2015

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Los Calatos
High Grade Development Option

Los Calatos in brief – large scale development option

100% owned, large undeveloped Cu-Mo project

- Measured, Indicated and Inferred Mineral Resource of 1.42Bt at 0.47% Cu & 0.022% Mo (6.7Mt Cu metal) (2013)

Located in prolific Cu-Mo mining district of Southern Peru

- Nearest neighbours include the Toquepala, Cuacone and Cerro Verde mining operations and the Quellaveco project

Project of National Interest

- Right to acquire surface rights/freehold directly from the Peruvian government for development (12,700ha)

Attractive economics

- Unlevered free cashflow (post-tax) over LoM of US\$5.5bn
- Discussions ongoing with interested parties

Optimisation of production schedule

- Preferred mining scenario optimised by RPM
- C1 Cash Operating Costs US\$1.12/lb Cu (net of by-product credits)

Smaller high grade option being reviewed

- Revised block model & mineral resource estimate by late May 2015
- PEA planned for completion in late June 2015

Los Calatos in brief – high grade , lower tonnage option

Mineral Resource Estimate 2013

- Measured, Indicated and Inferred Mineral Resource of 1.42 bln/t at 0.47% Cu & 0.022% Mo (6.7Mt Cu metal)

Breccias, Tonnes and Grade (2013 estimate)

- Using the 2013 Mineral Resource Estimate, breccias contain 252 mt @ 0.78% Cu and 520ppm Mo at a 0.7% Cueq cut-off (2.0Mt Cu metal)

Mineral Resource Estimate 2015 (pending)

- Re-interpretation of the geology and controls on mineralisation completed and used in building a new 3D model of Los Calatos

Breccias, Tonnes and Grade (2015 estimate pending)

- Use of geological boundaries will constrain the high grades within the breccia system

PEA (pending)

- Will focus on a lower tonnage, high grade development option, to be completed by end June 2015

Located in prolific Cu – Mo mining district

Close proximity to substantial open pit mining operations



Unit	Cuajone	Toquepala	Cerro Verde
Started production	1976	1960	1976
Reserves: ¹ Cu grade	0.50%	0.37%	0.38%
Mo grade	0.018%	0.017%	0.013%
Cut-off grade (CuEq)	0.14%	0.16%	0.17%
Strip ratio	4.37	7.67	0.76
2012 Cu production (kt)	159	152	270
Open Pit Depth (m)	±800	±825	
Net Unit Cost (C1) \$/lb ²	1.08	1.72	1.31

¹ As at December 2012; ² BMO Equity Research 2012

Los Calatos Looking South



Los Calatos Looking East

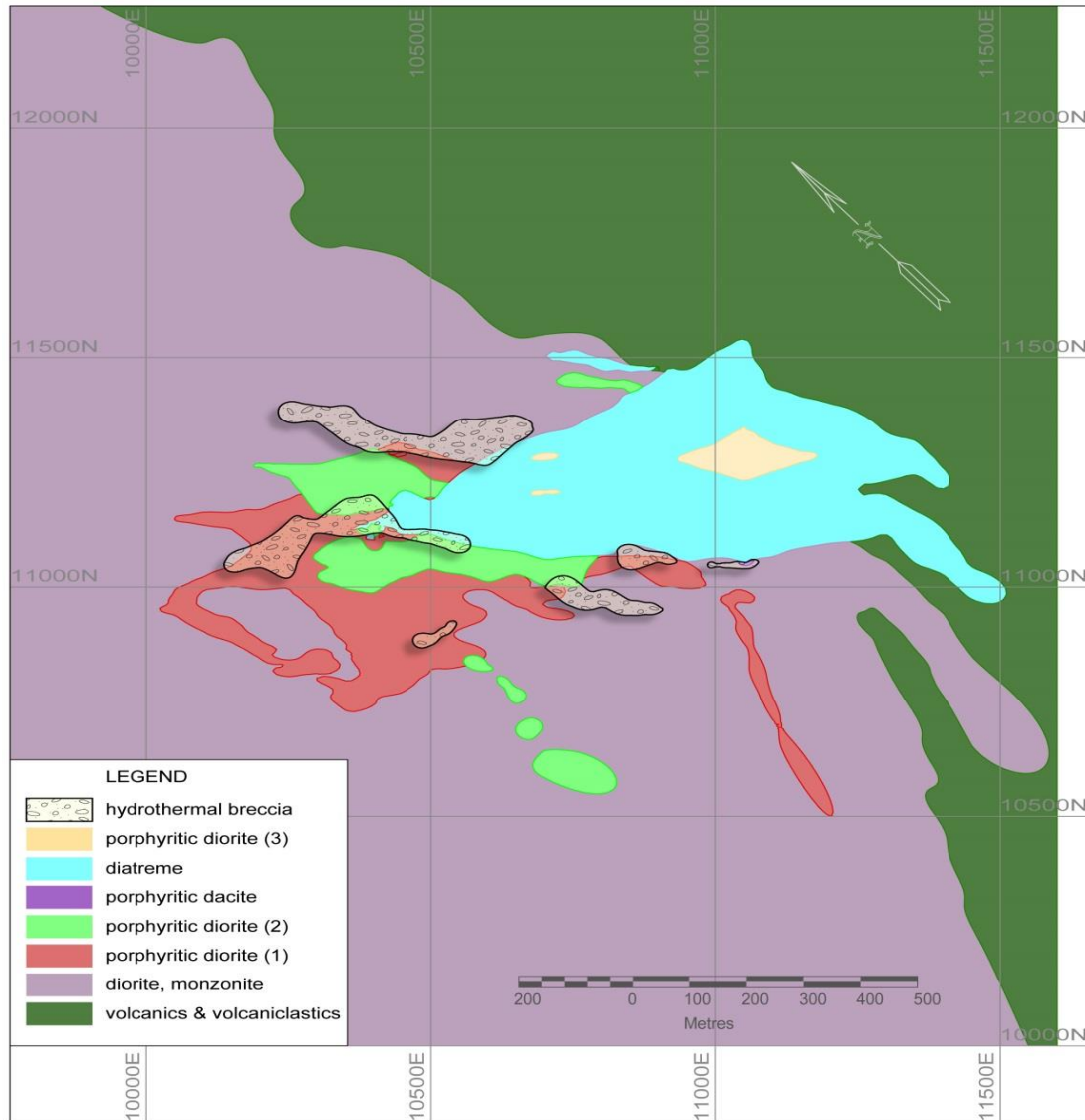


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Concept of high grade starter operation

- Prior drilling programs identified high grade Cu and Mo mineralisation associated with hydrothermal breccias
- Re-logging of drill core (120,000m) constrained high grade zones of mineralisation
 - Established clear geological controls to the high grade mineralisation
 - Determined geometry and continuity of high grade mineralisation
 - Constructed a new 3D Geological Model
 - New resource estimation completed and reported
- The objective was to determine whether a coherent, high grade core exists within the Los Calatos Porphyry Complex
 - The grade – tonnage curve supports the existence of a smaller, high grade mineral resource at progressively higher CuEq cut-off grades
- Evaluate alternative development scenario on basis of high grade resource
 - Smaller, high grade, lower capital cost, starter mining operation – revised mining study expected to be completed by end June 2015

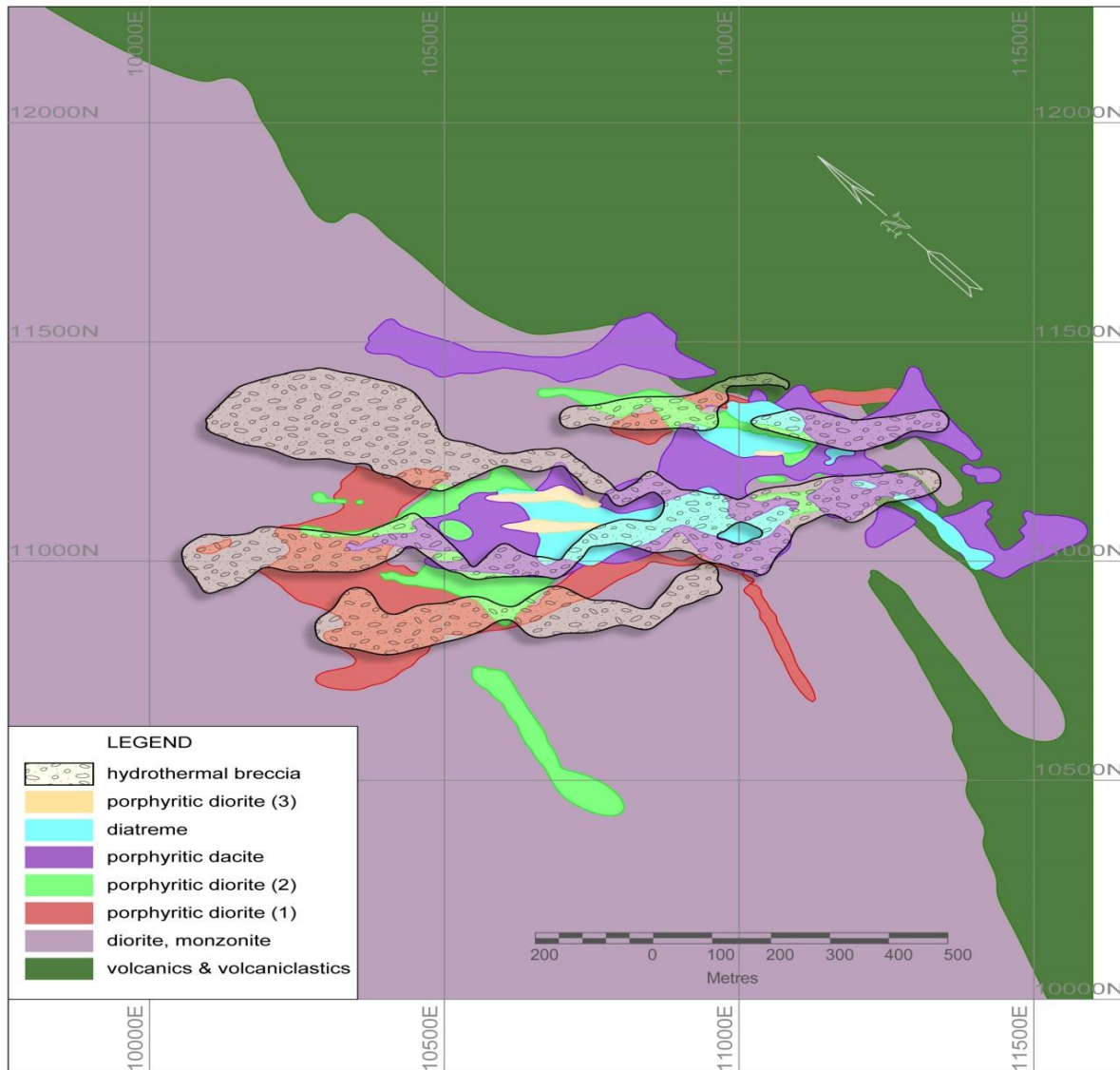
Geological Plan: 2800m RL



Plan view of the 2,800m RL showing:

- Interpreted geological units that comprise the porphyry system
- Outline of the high grade anhydrite (hydrothermal) breccias 100m below surface

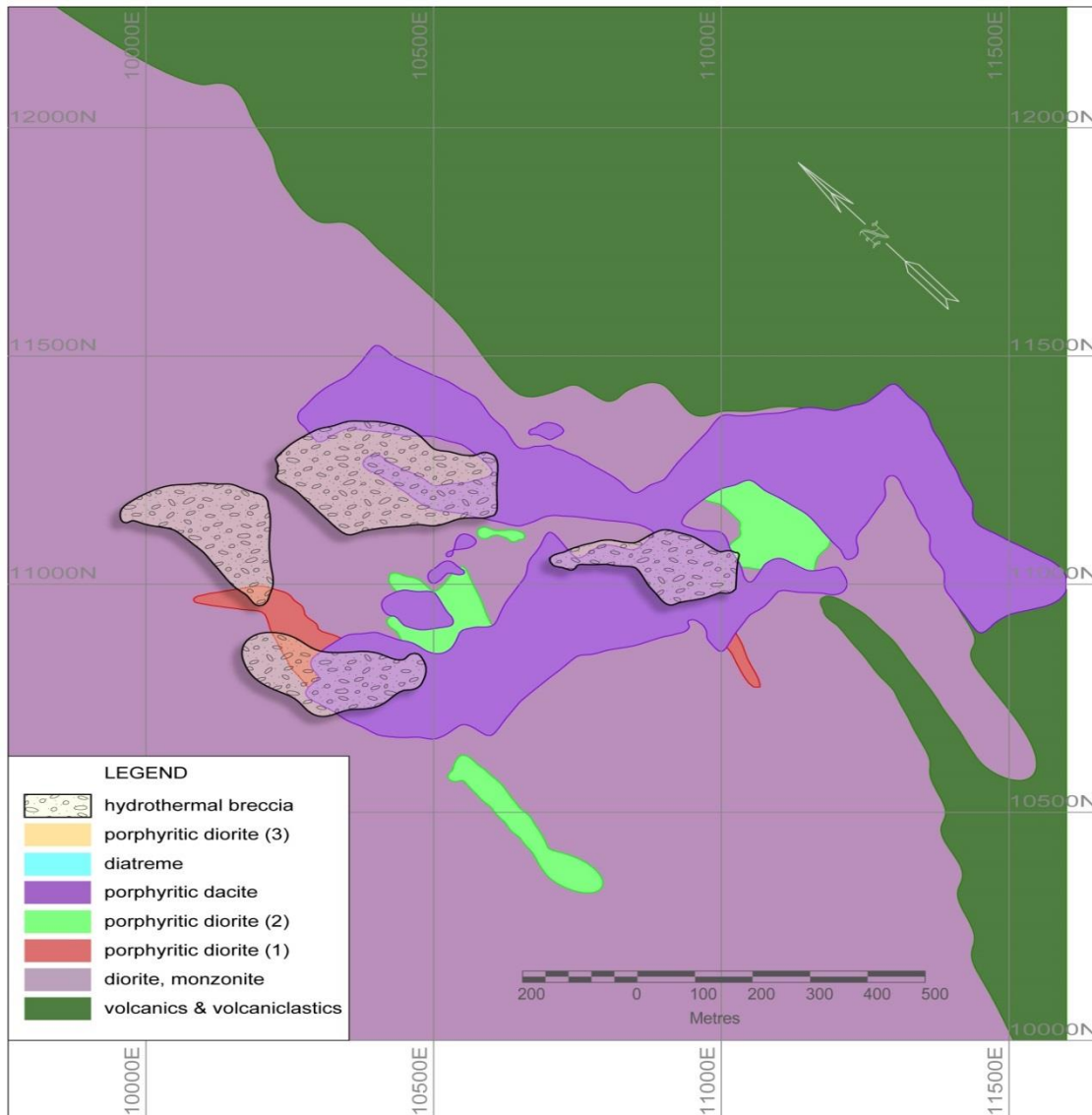
Geological Plan: 2050m RL



Plan view of the 2,050m RL showing:

- Interpreted geological units that comprise the porphyry system
- Outline of the high grade anhydrite (hydrothermal) breccias 850m below surface.
- Note the significant increase in the extent of the breccias

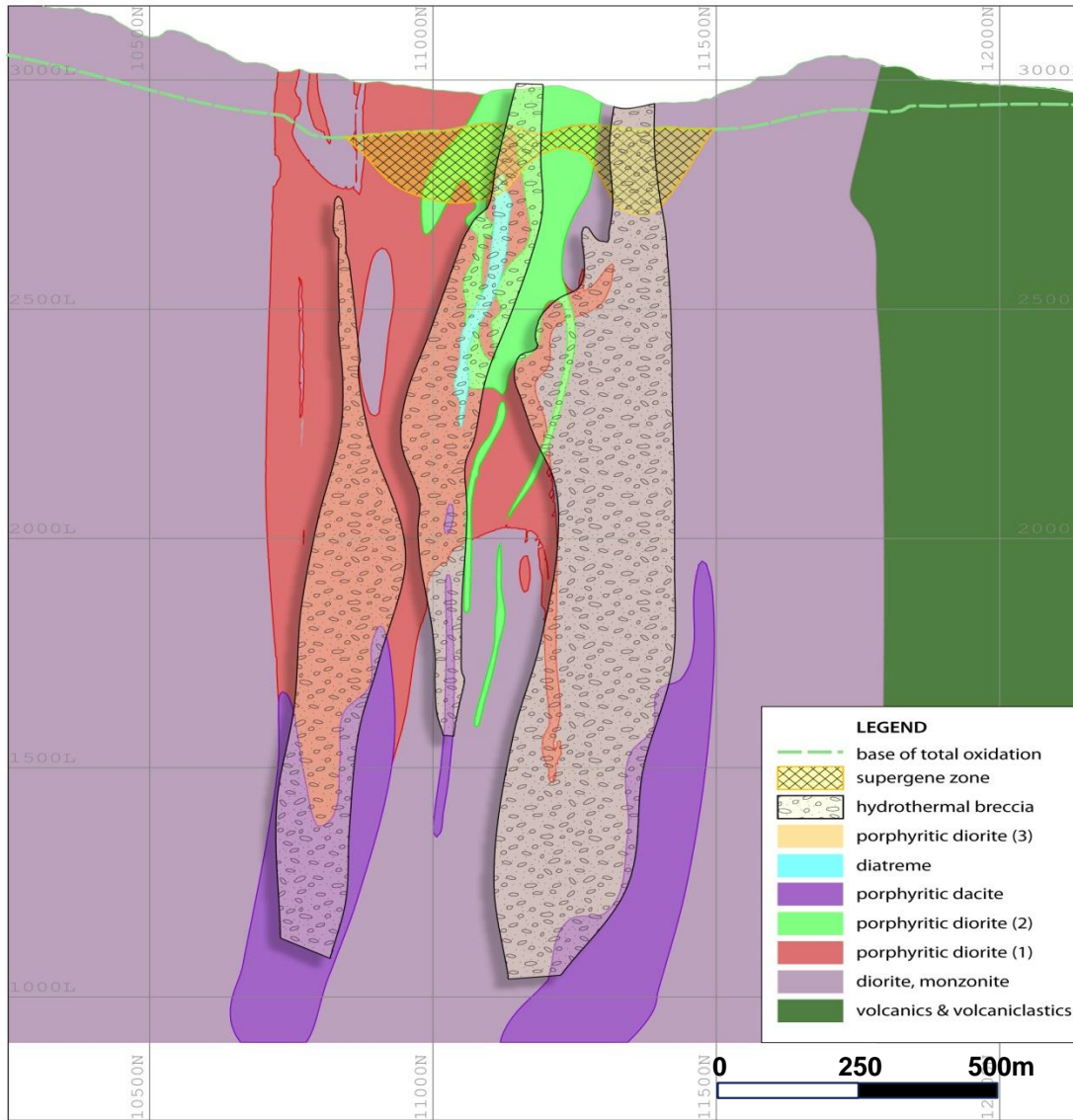
Geological Plan: 1300m RL



Plan view of the 1,300m RL showing:

- Interpreted geological units that comprise the porphyry system
- Outline of the high grade anhydrite (hydrothermal) breccias 1,600m below surface
- Note that the breccias continue to be well developed at this level

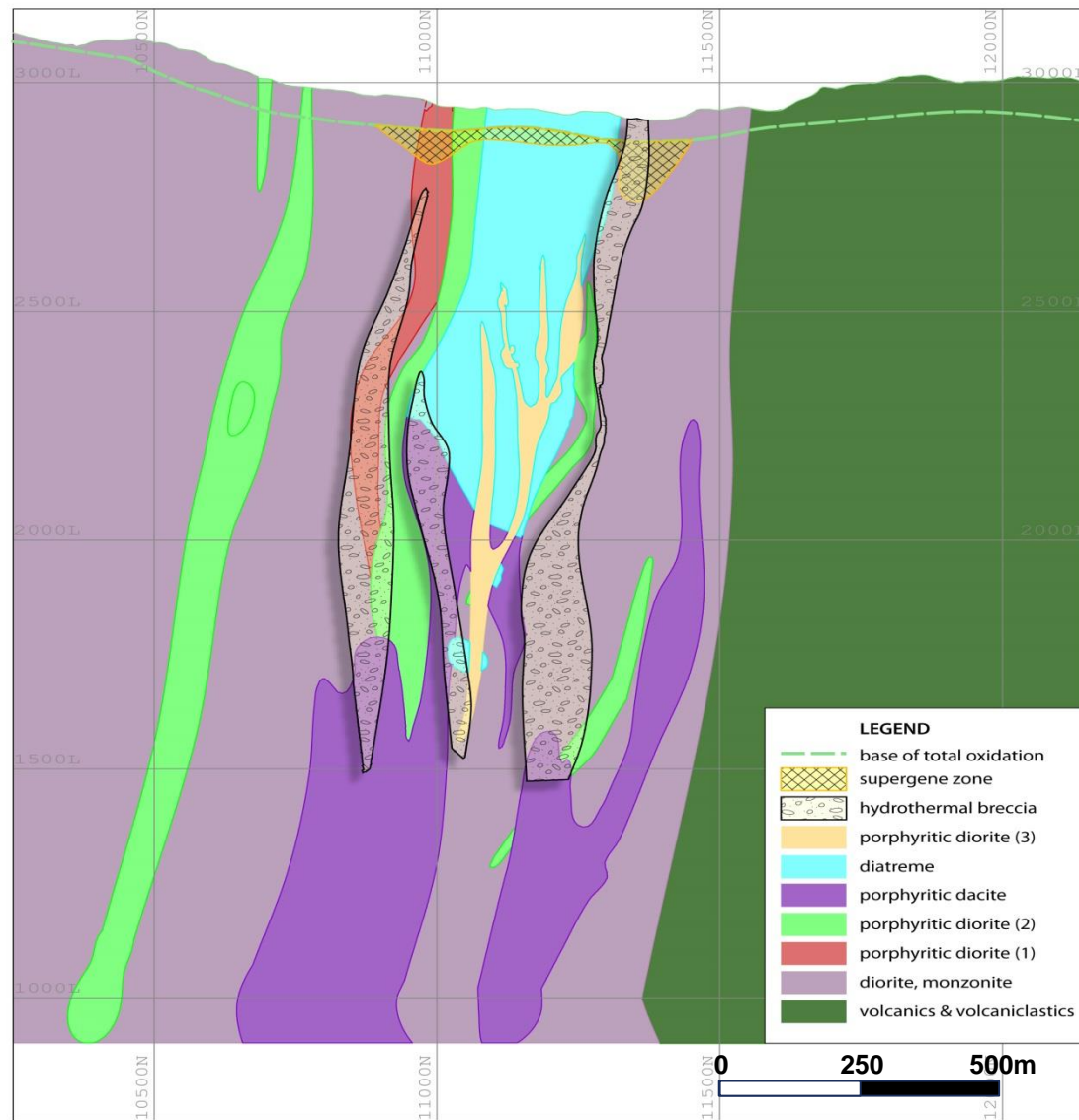
Section 10350 – Looking West



Cross section view of the porphyry system highlighting:

- The vertical nature of the high grade breccia systems
- The association between the breccias and the late stage dacitic intrusive that formed the breccias
- The vertical extent of the breccias being in excess of 1,600m below surface

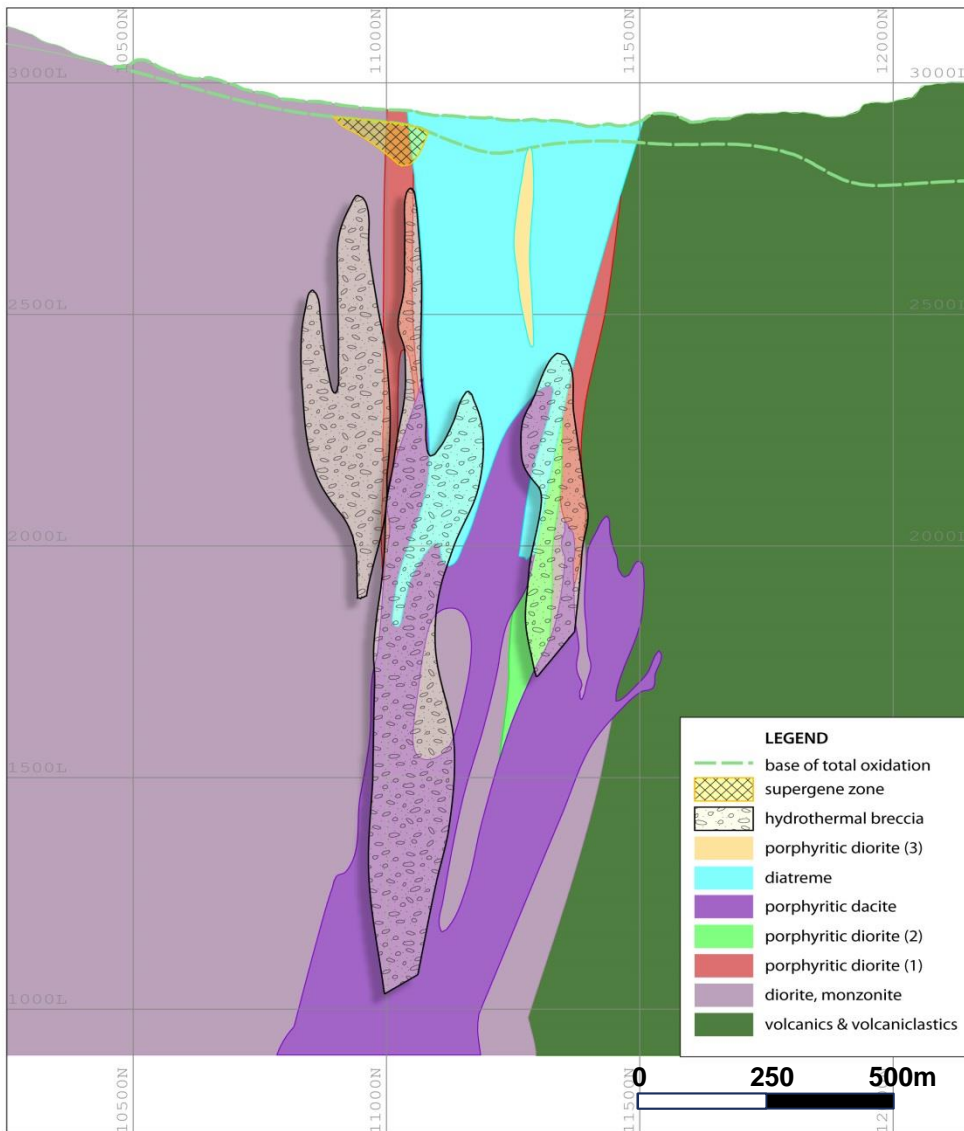
Section 10650 – Looking West



Cross section view of the porphyry system highlighting:

- The vertical extent of the high grade breccia systems
- The association between the breccias and the late stage dacitic intrusive that formed the breccias, and the diatreme which demonstrates the volcanic phase of the system
- The vertical extent of the breccias being in excess of 1,600m below surface

Section 10950 – Looking West



Cross section view of the porphyry system highlighting:

- The vertical nature of the high grade breccia systems
- The association between the breccias and the late stage dacitic intrusive that formed the breccias, and the diatreme which demonstrates the volcanic phase of the system
- The vertical extent of the breccias being in excess of 1,600m from surface.



Infrastructure

Regional infrastructure

➤ Road and Access

- Close to Pan American highway (50km) and the Port of Ilo (100km SW)

➤ Power Supply

- Power likely to be sourced from the regional city of Moquegua 32km SSE of the project
- Power costs low

➤ Services Corridor

- Services corridor to be established to the coast – pumping of sea water to site and of concentrate to a port loading facility

➤ Water

- Sea water to be accessed for metallurgical processing
- Small reverse osmosis plant

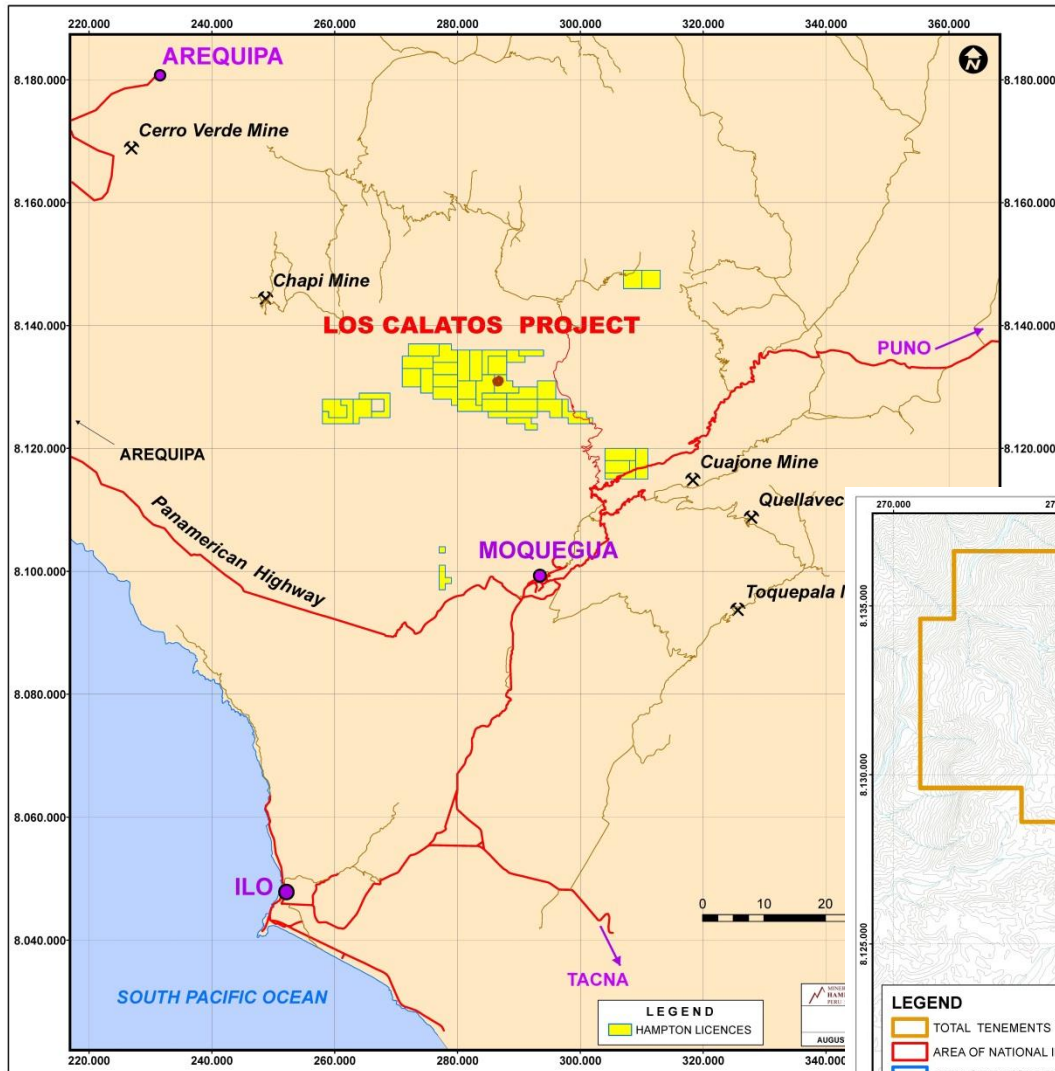
➤ Freehold – Site Infrastructure

- Land to be purchased from government

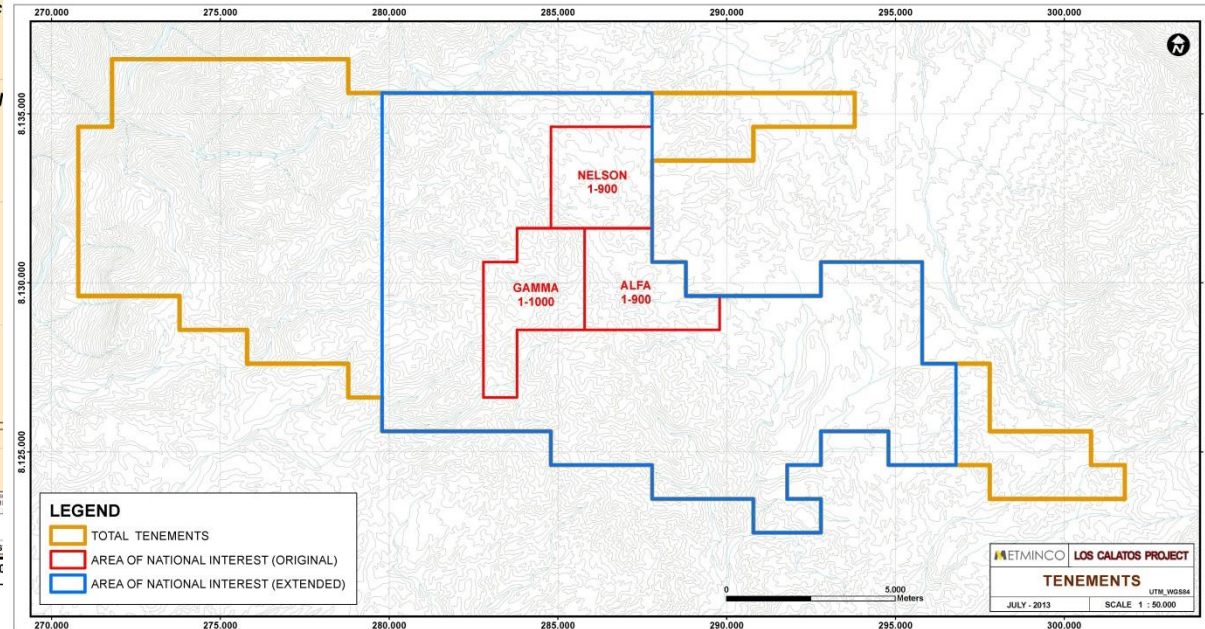


Source: Google Earth

Project of National Interest – Area expanded to 12,700ha



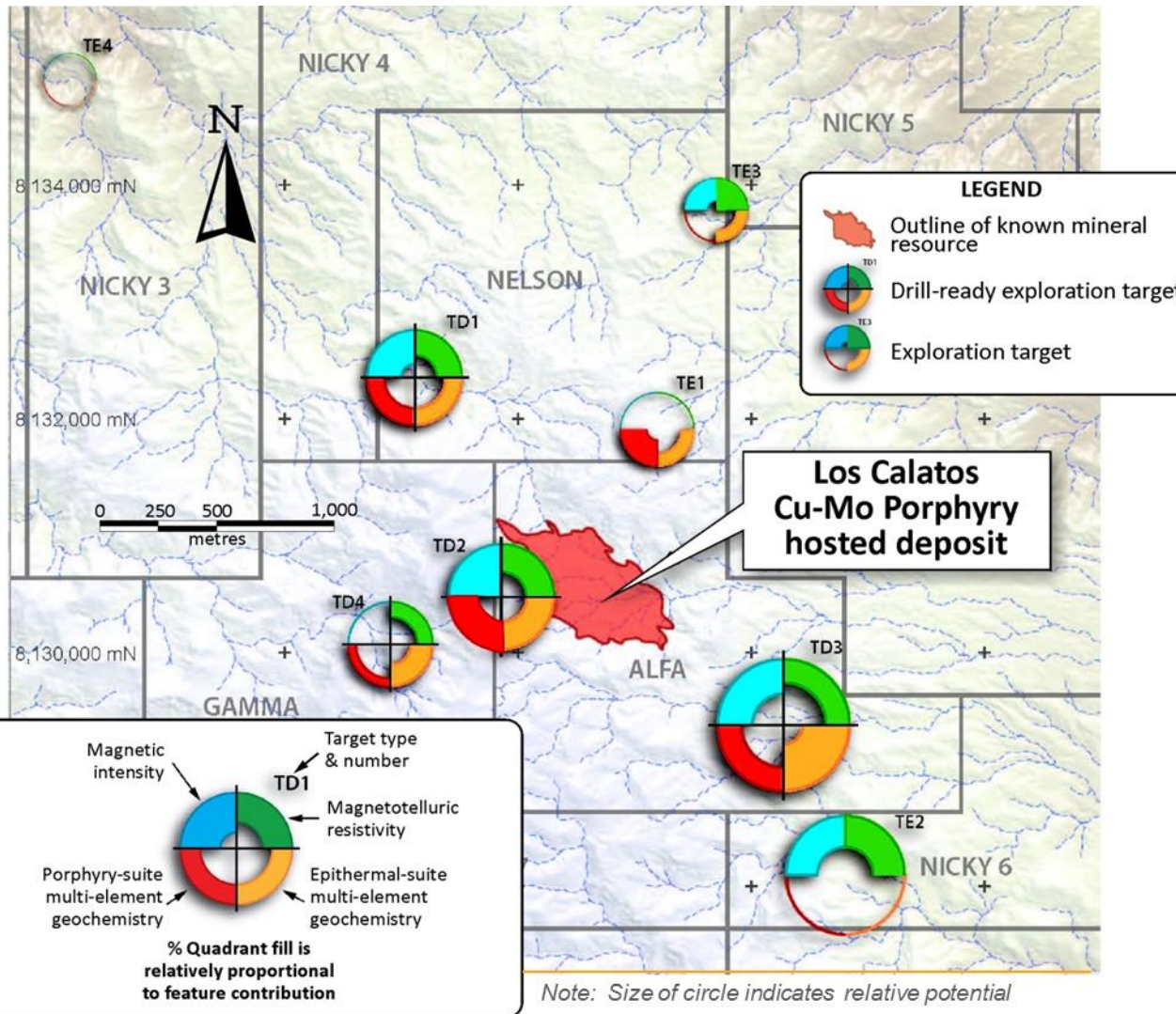
- The tenements within the blue outline below includes those tenements covered by the Project of National Interest
- The PNI area is 12,700 ha and will satisfy the area required for the development of the infrastructure required for Los Calatos





Exploration Potential

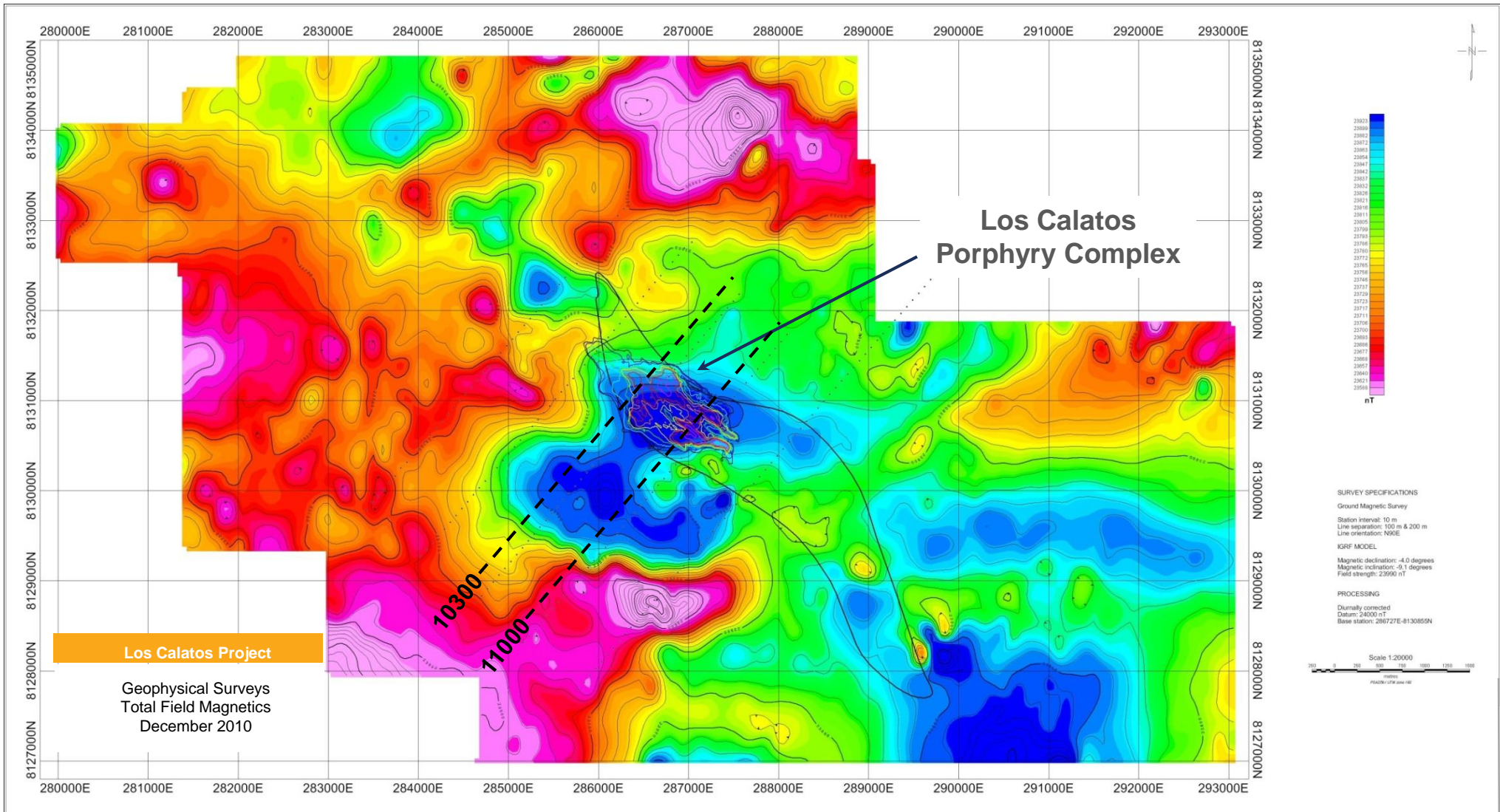
8 exploration targets identified within project area



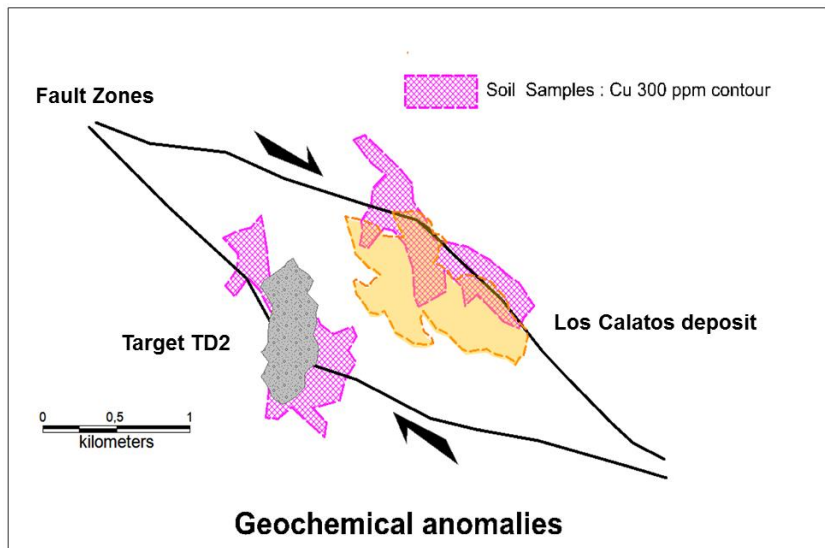
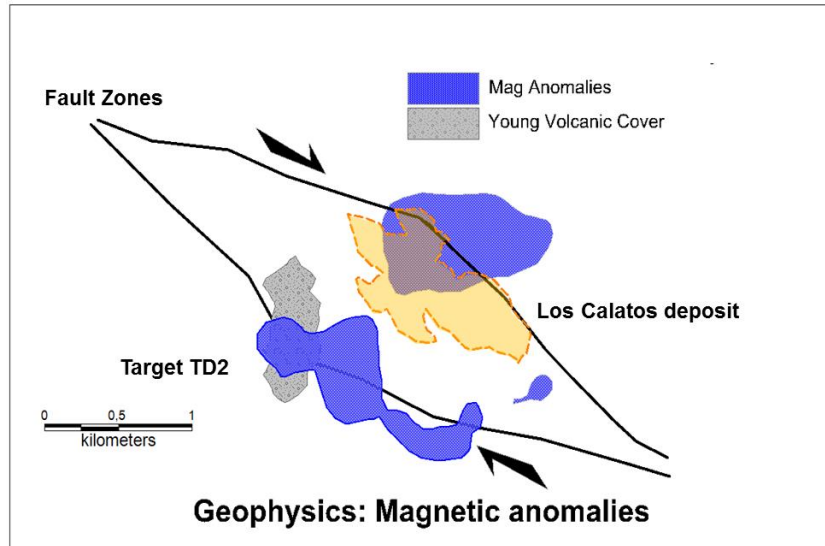
Exploration Targets

- 8 targets identified
 - 4 drill ready exploration targets (TD1 to TD4)
 - 4 exploration targets (TE1 to TE4)
- Targets defined on basis of geophysics and geochemistry
- Initial work suggests porphyry complex extends to the southeast
- Highest priority targets are TD2 and TD3
 - Located to southwest & southeast of estimated mineral resource
- Systematic exploration to follow

Geophysical Survey - Total Field Magnetics

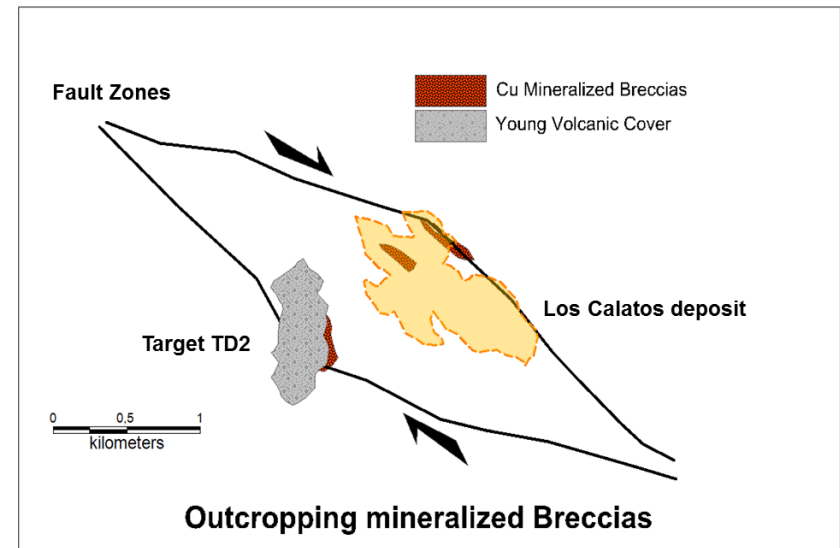


Target TD2 – shares a number of similarities with the Los Calatos deposit

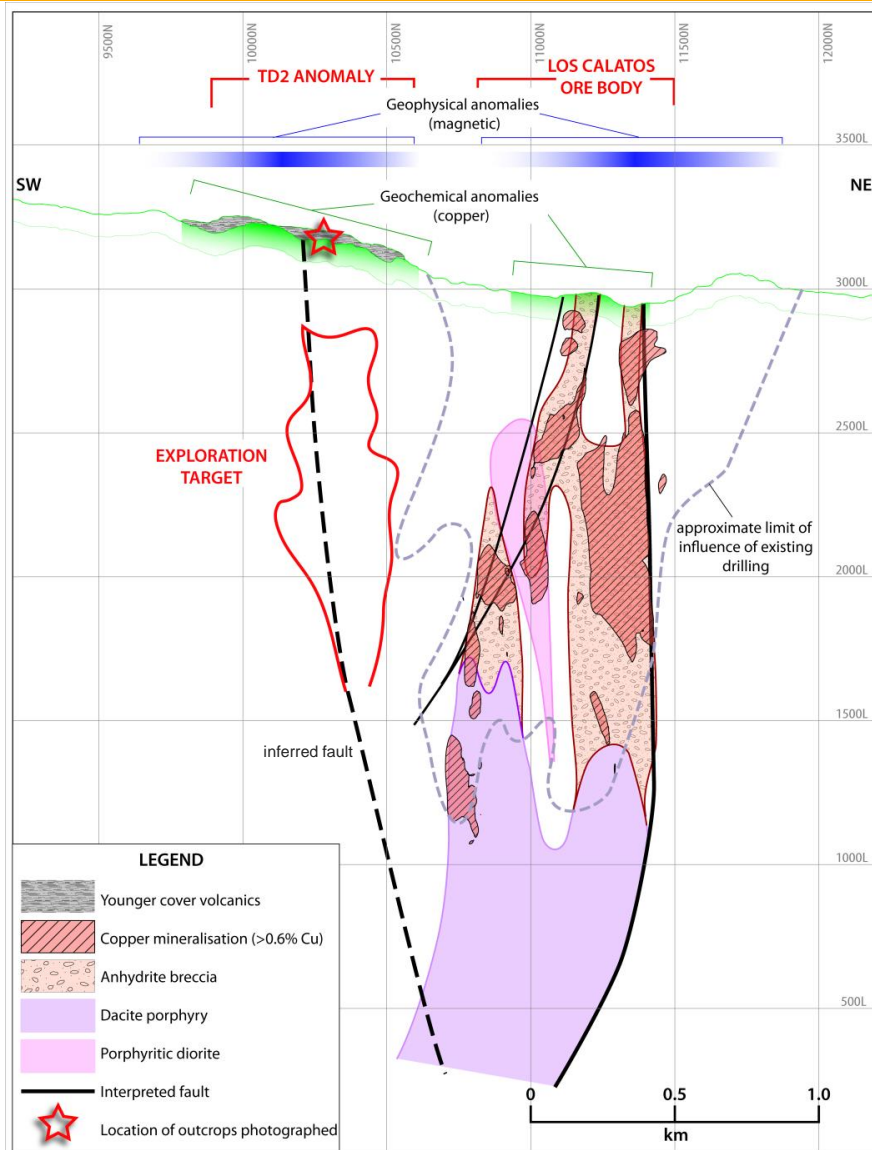


Target TD2 – Drill Ready Target

- Located in similar structural setting to the main Los Calatos deposit
- Supported by geophysics and geochemistry
- Outcropping, mineralised, breccias similar to those intersected in drill holes completed to-date
- Drill platforms and permits finalised



Schematic cross-section: Los Calatos and Target TD2



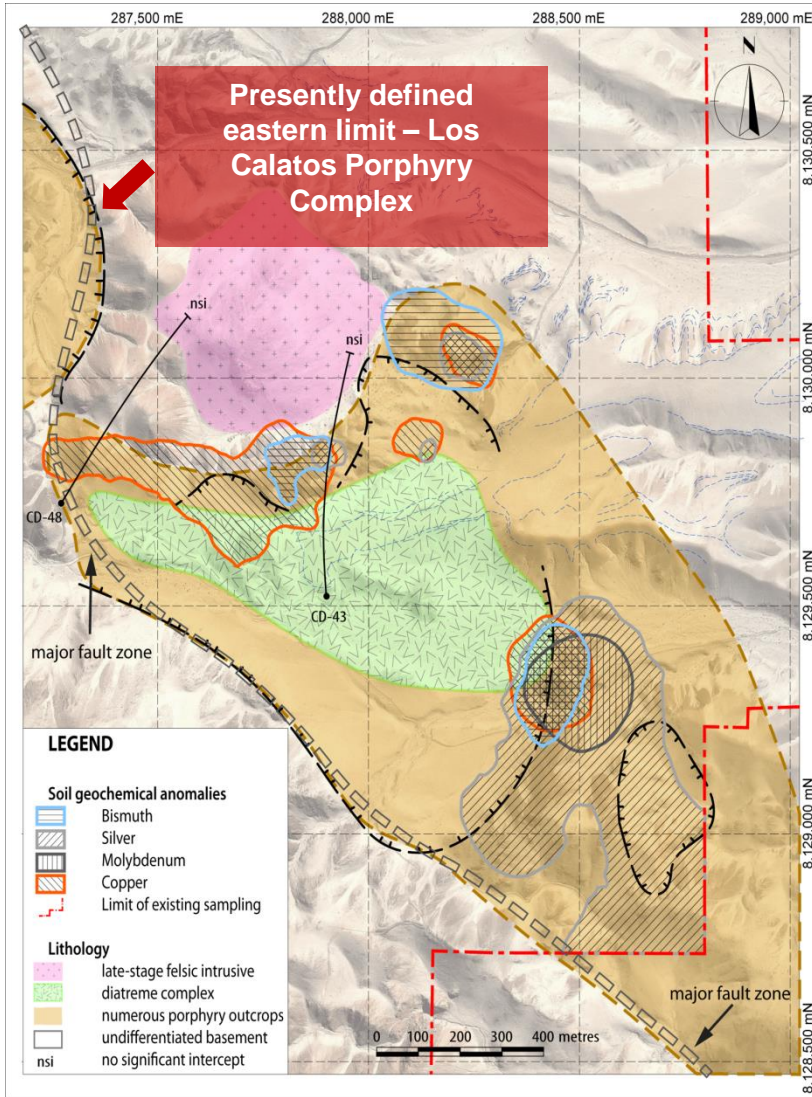
TARGET TD2

Exploration Target TD2

- Outcropping shallow-level hydrothermal breccia containing chrysocolla (hydrated copper cyclosilicate) mineralisation
- Extends over strike distance of >200 metres
- Presence of cryptocrystalline quartz indicative of the upper levels of a hydrothermal system possibly developed above a porphyry system.
- Similar to hydrothermal breccias that host the high copper and molybdenum grades within the defined Los Calatos deposit

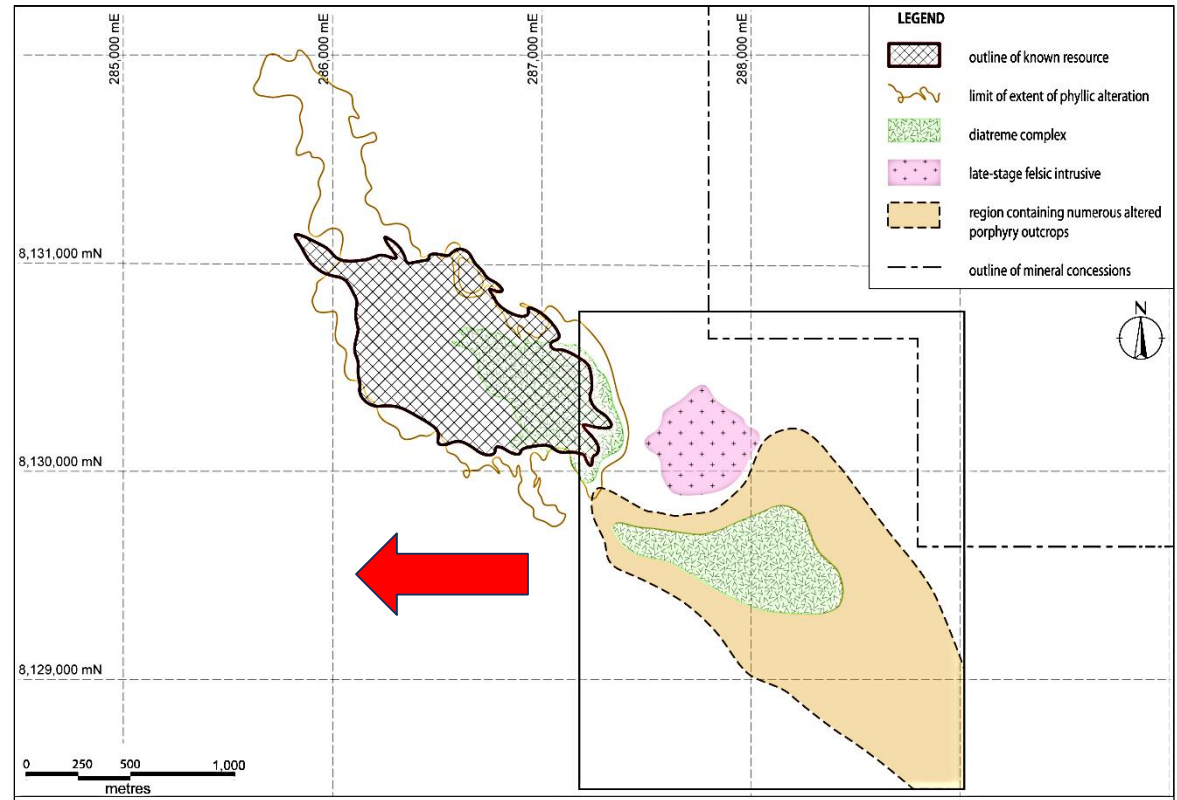


Target TD3: South-eastern extension of Los Calatos deposit



Exploration Target TD3

- Limited exploration work has been completed
- Represents the possible continuation of the Los Calatos Porphyry Complex to the southeast





Peru Overview

Strategically located in Peru

Overview of Peru

- Peru is one of the fastest-growing emerging economies in the world and has a higher GDP than any of its Latin American neighbours
 - Nearly 30% higher than Chile even though their mining operations are less developed
- Robust GDP has been driven by billions of US dollars in private investment, which has increased at a growth rate of more than 300% in the past 12 years. The level of private investment, coupled with a low inflation rate and a healthy debt level in relation to its international reserves has been conducive to mining development
 - GDP has averaged 6.3% growth per year since 2002, reaching 9% in 2011 largely due to the extractive sector where it accounts for almost 60% of Peru's total exports
 - Average inflation from 2002-11 was 2.5% - the lowest in Latin America and has been in line with the Peruvian Central Bank's 1% - 3% target band
- Mining exports grew from US\$14.7 bn to US\$21.7 bn over a 4 year period to 2010 – an increase of nearly 50%
 - In the same period, the proportion of mining exports increased to nearly 40% of the country's total exports
- Peru is amongst the top four producers in the world for silver, copper, lead and zinc having been mining actively for the past 500 years
 - Host to the second-largest known reserve base of copper in the world behind Chile

Location of Copper Projects



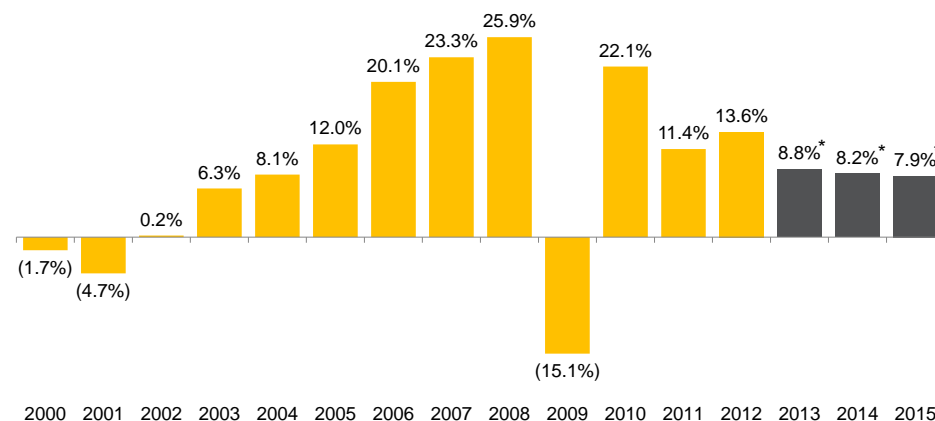
Source: Company filings
Note: based on select copper projects in Peru

Strategically located in Peru (cont'd)

Mining Investment in Peru

- Peru continues to be an attractive jurisdiction for capital flowing into the mining industry due to its macroeconomic stability and friendly investment environment
 - According to the National Mining, Oil and Energy Society, mining investment is forecasted to total US\$53 bn by 2020 to finance 48 mineral exploitation projects
- A study in 2013 by the Fraser Institute shows that Peru is the second most favourable jurisdiction in South America for mining based on its mining investment environment
- Peru has also established a legal framework that is attractive to both local and foreign investors:
 - Non discriminatory treatment between local and foreign investors
 - Free transfer of capital
 - Freedom to purchase stocks from locals and access internal / external credit
 - A number of free trade agreements have been signed recently with the United States, China, Canada, Singapore, Korea and the European Union

Average Annual Change of Private Investment in Peru



Source: Central Reserve Bank of Peru, Ministry of Economy and Finance

* Preliminary figure

Mining Policies and Potential in South America

Country	Policy Potential Index (out of 100)	Survey of Mineral Potential (assuming current regulation/land use restrictions)				
		Encourages Investment	Not a Deterrent to Investment	Mild Deterrent to Investment	Strong Deterrent to Investment	Would not Invest
Chile	67.7	40%	47%	11%	2%	0%
Peru	42.0	27%	44%	24%	6%	0%
Brazil	38.2	21%	46%	11%	2%	0%
Columbia	34.4	29%	36%	29%	7%	0%
Bolivia	13.8	0%	12%	21%	47%	21%
Ecuador	19.0	3%	17%	33%	25%	22%
Venezuela	11.8	3%	15%	15%	29%	38%

Source: Fraser Institute "Survey of Mining Companies 2012-13", Policy Potential Index based on measurement of effects on government policies for the mining industry as calculated by the Fraser Institute

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