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## **METMINCO announces revised Entitlement Issue to refinance, restructure and relaunch Company**

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**Metminco Limited (ASX: MNC; AIM: MNC) (“Metminco” or the “Company”)** has revised the terms of its Entitlement Issue from its previous announcement of 5<sup>th</sup> March 2018 to enable the Company to increase size of the Issue to support its objectives.

Metminco is now seeking to raise up to A\$5.7m through a renounceable Entitlement Issue and Placement. Funds raised are to be re-directed towards exploration activities, the retirement of the Redfield convertible note and payment of creditors as previously notified. The Company is also in the process of appointing a new Board and executive team.

**Metminco today announces;**

- **A revised nine & half (9.5) for two (2) renounceable Entitlement Issue at AUD0.8c to raise circa A\$5.6m combined with a Placement of 19 million shares at AUD0.8c to raise circa A\$150,000**
- **Funds raised will be used to expedite a high impact exploration program on high quality gold properties in Colombia**
- **New Board to execute change in strategic direction and new executive team**

Transaction highlights:

- Metminco to undertake a nine & half (9.5) for two (2) renounceable Entitlement Issue to raise circa A\$5.6m at AUD0.8c per share with one (1) free attaching option for every three (3) shares taken up (“New Shares”) exercisable at AUD1.1c on or before 1 June 2020 (“New Options”).
- The Placement of 19,080,045 shares (“Placement Shares”) at a price of AUD0.8c per share to raise an additional circa A\$150,000, utilising the Company’s available placement capacity pursuant to ASX Listing Rule 7.1. In addition, investors in the placement would receive one (1) free attaching option for every three (3) new shares subscribed for (“Placement Options”).
- Metminco intends to seek quotation on ASX for the New Shares, Placement Shares, New Options and Placement Options and will make an application for admission to trading on AIM for the New Shares and Placement Shares.
- Funds to be raised are intended to enable the Company to focus on driving valuation through advancing two high impact exploration assets in close proximity to the proposed mine site at Miraflores. Drilling is expected to commence in May 2018.



- Aside from bringing forward the exploration program, the incoming board and management will look to divest non-core assets in Chile and commence a round of initiatives aimed at reducing overheads.

Metminco Executive Chairman designate Kevin Wilson said: *“At its current market capitalisation, there is minimal value attributed to Metminco’s gold exploration assets in Colombia, which have obvious potential to produce a world-class discovery. This fund raising will allow us to conduct meaningful drilling on these projects and better demonstrate that potential.”*

### **Renounceable Entitlement Issue to raise circa A\$5.6m and Placement to raise circa A\$150,000**

The Entitlement Issue will provide existing eligible shareholders of Metminco in Australia, New Zealand, Chile and the United Kingdom, subject to any administrative matters required to be complied with, on the record date with a pro-rata opportunity to participate in the recapitalisation of the Company at a 13.0% discount to the Theoretical Ex Entitlement Price (TERP) of AUD0.92c per share based on the last closing price on ASX of AUD1.6c on 20 March 2018 (the last trading day on ASX prior to the trading halt on 21 March 2018 ). The TERP is exclusive of the option value. This will include the ability for eligible shareholders to trade their Entitlement on market on ASX. The Entitlement Issue Price of AUD0.8c is a 50% discount to the closing price on ASX of 20 March 2018 of AUD1.6c. It is a discount of 54.5% to the basic 15 day volume weighted average price (VWAP) on ASX of AUD1.76c.

The offer to eligible shareholders in the United Kingdom is being made on a confidential basis to fewer than 150 persons (other than “qualified investors” (within the meaning of section 86(7) of the Financial Services and Markets Act 2000 (UK) [FSMA])) in the United Kingdom being existing shareholders of Metminco only, and will not involve the actual or intended publishing of a prospectus (within the meaning of section 85 of the FSMA) in respect of the Entitlement Issue or Placement. Neither the Entitlement Issue or Placement are being offered or sold in the United Kingdom, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA.

Each eligible shareholder on the record date will have a right to acquire nine & half (9.5) shares for every two (2) shares held at an issue price of AUD0.8c per share. In addition, for every three (3) shares subscribed for in the Entitlement Issue shareholders will receive one (1) free option at an exercise price of AUD1.1c exercisable on or before 1 June 2020.

A Placement is to be conducted at an issue price of AUD0.8c utilising the Company’s available capacity pursuant to ASX Listing Rule 7.1. In addition, investors in the placement will receive one (1) free attaching option for every three (3) new shares taken up at an exercise price of AUD1.1 cents exercisable on or before 1 June 2020. The Placement Options are subject to shareholder approval.

Patersons Securities Limited (“Patersons”) has been appointed Lead Manager to the Placement and Lead Manager and Underwriter to the Entitlement Issue.

The Entitlement Issue is to be fully underwritten by Patersons up to A\$5,558,653. In the event that that the shortfall pursuant to the Entitlement Issue is less than 20% shortfall, then the sub-underwriters would be given the opportunity but not the obligation to participate in a Top-Up placement on the same terms as the Entitlement Issue. The Top-Up Placement Shares (and attaching Top-Up Options) are over and above the Entitlement Issue and Placement and would be subject to shareholder approval.



Patersons (or its sub-underwriters) will be granted 231,610,545 options on the same terms and conditions as the New Options, subject to shareholder approval. The Company will also seek quotation on the ASX for these options

Patersons has the ability to terminate its arrangements on the occurrence of certain defined adverse events that may impact the success of the fundraising which are usual for an engagement of this nature. Patersons has been appointed as the nominee to seek to sell ineligible shareholders' Entitlements during the Entitlement period. Any proceeds of this sale (less transaction costs) will be paid to ineligible shareholders on a pro rata basis.

It is the responsibility of holders and purchasers of Entitlements to inform themselves of the eligibility criteria for exercise, details of which shall be set out in the Entitlement Issue Prospectus anticipated to be lodged on ASX on 23 March 2018. If holders of Entitlements after the end of the trading period do not meet the eligibility criteria, they will not be able to exercise their Entitlement.

Eligible shareholders will have the opportunity to apply for additional Entitlements above their pro-rata entitlement. However, the acceptance of these applications for additional Entitlements is the decision of the Board and the Underwriter to the Entitlement Issue.

The Company intends to seek quotation on the ASX for the New Shares, Placement shares, Placement Options and New Options and will make an application for admission to trading on AIM for the New Shares and Placement Shares.

The New Shares and Placement Shares will rank equally with existing shares in Metminco.

The Company also advises that, contingent on the success of the Entitlement Issue, it has agreed to issue Redfield Asset Management Pty Ltd ("Redfield") 9,876,512 options exercisable or before 1 June 2020 and otherwise on the same terms as the Placement Options ("Redfield Options"). The Company will also seek quotation of these options on the ASX.

Redfield is considered to be a related party of the Company for the purpose of Rule 13 of the AIM Rules for Companies, being a substantial shareholder (holding 10% or greater of the Company's voting rights) within the 12 months preceding the agreement regarding the Redfield Options. The agreement to issue the Redfield Options is deemed a related party transaction pursuant to Rule 13 and Rule 16 of the AIM Rules for Companies. The Directors, having consulted with the Company's nominated adviser, consider that the terms of the issue of the Redfield Options are fair and reasonable insofar as its shareholders are concerned.

The Company will also issue, on conclusion of the Entitlement Issue, 2,702,152 shares to Lanstead Capital L.P. ("Lanstead") in settlement of an outstanding value payment fee under the Sharing Agreement with Lanstead as announced on the ASX 17 November 2016.

In the event that the Entitlement Issue is not successful, the Company will need to negotiate with creditors on the timing of payments, including repayment of the convertible notes, and/or seek alternative sources of funding.



## High impact exploration program on highly prospective prospects in Columbia

Metminco has the rights to several highly prospective exploration prospects and targets in Colombia's Cauca Belt, one of the world's least explored world-class gold provinces. The Company's tenements are located within the Cauca Belt which is host to AngloGold Ashanti's 28.5Moz La Colosa deposit and Gran Colombia's 8.6Moz Marmato deposit. Given the exploration potential in the region, the incoming Board and management will focus on creating shareholder value through advancing two key exploration assets:

- **Tesorito** (100%) – previous owners drilled three diamond core holes, mineralised from the surface, best intercept **384m @ 1.1g/t Au** (see announcement dated 7 March 2016)
- **Chuscal** (under option with AngloGold Ashanti) – large undrilled 0.5g/t Au geochemical anomaly and artisanal mining with highly encouraging channel sample grades

Both exploration targets are within 2km of the proposed mine site at Miraflores and drilling at Tesorito is expected to commence in May shortly after the Entitlement Issue closes. The focus of incoming management will be to complete negotiations with AngloGold Ashanti on Chuscal in order to commence exploration on the property later in 2018.

### New Board and executive team to relaunch the Company

Shortly after lodgement of the Entitlement Issue Prospectus, it is proposed that experienced mining executive Kevin Wilson will become Metminco's Executive Chairman. Mr Wilson has worked in the mining and finance industries for more than 30 years and is a qualified geologist who has been Managing Director of several listed mining companies. Additional management and Board changes will be announced in due course. Mr Ram Venkat resigned as a director on 19 March 2018.

Aside from the focus on exploration, the new management team will seek to realise additional value by selling non-core assets in Chile and will be charged with reducing overheads. Following the capital raising and settlement of its creditors, the Company will be in a strong financial position with more than A\$3m cash in the bank, manageable debt outside deferred acquisition consideration owed to RMB Australia Holdings Limited (A\$1m in 2018 plus further payments in subsequent years) and a deferred payment to Ausenco of A\$559,000 <sup>(1)</sup> (deferred to be part of the construction cost of Miraflores). The Company also has the potential to further add to the cash position through the sale of non-core assets.

<sup>(1)</sup> Under a Memorandum of Understanding ("MOU") between Ausenco and Metminco, Ausenco will also provide a Guaranteed Maximum Price and a Lump Sum Turnkey price, and will enter into an Engineering Procurement Construction ("EPC") contract for the development of Miraflores. If Metminco withdraws from the agreement under the MOU, Metminco has agreed to pay Ausenco \$838,500.

## Anticipated Timetable for Placement & Entitlement Issue

Event <sup>(1)</sup>	Day	Date
Entitlement Offer announced	Friday	23 March 2018
Lodgement of Prospectus with ASIC	Friday	23 March 2018
Lodgement of Prospectus & Appendix 3B with ASX	Friday	23 March 2018
Settlement of Placement and lodgement of Appendix 3B relating to Placement	Monday	26 March 2018
Notice sent to securityholders	Monday	26 March 2018
Ex-Date for Entitlement Offer	Tuesday	27 March 2018
Trading of Entitlements Commences	Tuesday	27 March 2018
Record Date for Determining Entitlements	Wednesday	28 March 2018
Despatch of Prospectus to Shareholders	Tuesday	3 April 2018
Trading of Entitlements Ends	Tuesday	10 April 2018
Shares quoted on a deferred settlement basis	Wednesday	11 April 2018
Closing Date for Entitlement Offer	Tuesday	17 April 2018
ASX Notified of Entitlement Offer Shortfall	Thursday	19 April 2018
Issue date/Shares entered into Shareholders' security holdings	Tuesday	24 April 2018
Quotation of Securities Issued under the Entitlement Offer	Thursday	26 April 2018

(1) These dates are the latest dates on which each relevant event may take place. This timetable is indicative only and we reserve the right to vary it at any time without providing you with prior notice, subject to the Listing Rules and the Corporations Act.



## Shareholder Enquiries

Eligible shareholders will be sent further details about the Entitlement Issue, including important notices and key risks, via the Entitlement Issue Prospectus anticipated to be lodged on ASX on 23 March 2018 and dispatched on 3 April 2018.

Dentons is Metminco's legal adviser in relation to the Entitlement Issue and Placement.

For further enquiries contact:

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**Market Abuse Regulation (MAR) Disclosure**

The information communicated in this announcement includes inside information for the purposes of Article 7 of Regulation 596/2014.

**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

**COMPETENT PERSONS STATEMENT**

The technical information contained in this presentation that relates to exploration results (excluding those pertaining to Mineral Resources and Reserves) is based on information compiled by Mr Gavin Daneel, who is a Member of the Australasian Institute of Mining and Metallurgy and who is an independent Consulting Geologist. Mr Daneel has sufficient experience 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and to qualify as a Competent Person for the purposes of the AIM Rules for Companies. Mr Daneel consents to the inclusion in the release of the matters based on the information he has compiled in the form and context in which it appears.

The Company is not aware of any new information or data that materially affects the information included in this presentation.