



26 March 2018

## NOTICE TO ELIGIBLE SHAREHOLDERS

Dear Shareholder

### Metminco Limited – Renounceable entitlement Issue

On 23 March 2018, Metminco Limited ACN 119 759 349 (**Metminco** or **Company**) (ASX: MNC; AIM: MNC) announced its intention to raise A\$5.7 million through a renounceable pro rata entitlement offer (**Entitlement Offer**) and placement.

The Entitlement offer is on the basis of 9.5 New Shares in Metminco (**New Shares**) for every 2 shares held in Metminco on 28 March 2018 (**Record Date**), to raise A\$5.6 million at an issue price of AUD0.8 cent per New Share with a one (1) free attaching option for every three (3) shares taken up exercisable at AUD1.1cents on 1 June 2020.

### Terms of the Entitlement Offer

If you are an Eligible Shareholder (defined below), you will be able to subscribe for 9.5 New Share for every 2 Shares you hold in the Company as at 5.00pm on the Record Date at the Offer Price of AUD0.8 cent per New Share.

The Entitlement Offer will raise up to \$5,558,653 before costs, and Patersons Securities Limited has agreed to underwrite the Entitlement Offer.

The Entitlement Offer is renounceable so rights are tradeable on Australian Stock Exchange (**ASX**). All New shares issued under the Entitlement Offer and placement will rank equally with the Company's existing shares. Metminco intends to seek quotation on ASX for the rights issue shares, placement shares, rights options and attaching Options.

### Offer

We believe you may be eligible to participate in the Entitlement Offer. As an Eligible Shareholder, from 28 March 2018, you will be mailed a Prospectus, together with a personalised entitlement and acceptance form (**Entitlement and Acceptance Form**) which contains details of the number of New Shares for which you, as an Eligible Shareholder, are entitled to subscribe for under the Entitlement Offer.

### Prospectus

The Prospectus sets out:

1. the details of the Entitlement Offer;
2. the purpose and effect of the Entitlement Offer;
3. the prospective use of funds raised under the Entitlement Offer;
4. the risks involved in participating in the Entitlement Offer;
5. the rights and liabilities attaching to New Shares;
6. the details of the Shortfall Offer (described below).

The Prospectus may also be viewed on the ASX's website ([www.asx.com.au](http://www.asx.com.au)), as well as on the Company's website ([www.metminco.com.au](http://www.metminco.com.au)).

It is important that you read the Prospectus carefully and in full prior to participating in the Entitlement Offer. It is also important that you inform yourself about the Company by considering information about the Company available from the ASX. The Prospectus does not contain some of this information as it is reported to the ASX on a regular basis.

### **Participation**

Eligible Shareholders may take up their entitlement under the Entitlement Offer (**Entitlement**) in full or in part. Your Entitlement will be determined based upon the number of Shares you hold as at 5.00pm (AEST) on the Record Date.

You may apply to take up your Entitlement by completing and returning to the Company's Share Registrar, Link Market Services Limited, the Entitlement and Acceptance Form, by no later than 5.00pm (AEST) on 17 April 2016 (**Closing Date**). Payment must be made by cheque payable to Metminco Limited or by BPAY® (as detailed in your Entitlement and Acceptance Form). The Company retains discretion to accept or reject any Entitlement and Acceptance Forms received after this time and date.

If you do not wish to take up any part of your Entitlement, you are not required to take any action. That part of your Entitlement not taken up will form part of the Shortfall Offer (defined below).

### **Shortfall Offer**

Any New Shares under the Entitlement Offer that are not applied for will become Shortfall Shares offered under the Shortfall Offer.

The Shortfall Offer is a separate offer under the Prospectus.

Eligible Shareholders who are not related parties of the Company may apply for any Shortfall Shares by completing the relevant Shortfall section in the Entitlement and Acceptance Form and sending it to the Company's Share Registry (refer to Section 4.6) with payment by cheque or BPAY® transfer on the same terms as in the Prospectus.

The Underwriter has the right to nominate and determine in consultation with the Directors who is to receive the securities under the Shortfall Offer,

Application for Shortfall Shares accompanied by Application Money does not guarantee the allotment of any Shortfall Shares. All Application Money in relation to which Shortfall is not allocated will be returned without interest.

It is your responsibility to ensure that you will not breach the takeovers provisions in the Corporations Act by applying for Shortfall Shares.

The Shortfall Shares will be issued within 5 Business Days of the Closing Date. The Company reserves the right to issue Shortfall at its discretion, including as amongst Eligible Shareholders. The Shortfall will not be issued at a price less than AUD0.8 cent per New Share (with attached New Option for every three (3) New Shares issued).

Some Eligible Shareholders will not be able to subscribe for Shortfall Shares due to constraints in the Listing Rules and the Corporations Act. In particular, related parties, such as Directors of the Company will not be able to subscribe for Shortfall Shares without the approval of the Shareholders. The Company notes that substantial Shareholders or any other Shareholder will not be issued Shares under the Shortfall Offer if the issue of those Shares would contravene the takeover prohibition in section 606 of the Corporations Act.

If you are unsure whether you are restricted from participating in the Shortfall Offer you should seek legal and financial advice. If you wish to apply for Shortfall Shares, please refer to the Prospectus.

The effect on capital structure at different levels of Shortfall Shares is captured in the Prospectus.

### **Use of Funds**

Metminco intends to use the funds being raised 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 forecasted to commence in May 2018. The incoming board and management will also look to divest non-core assets in Chile and commence a round of initiatives aimed at reducing overheads.

### **Eligibility**

The Entitlement Offer is extended to shareholders who are registered shareholders of the Company at 5.00pm on the Record Date with a registered address recorded on the Company's share register in Australia and New Zealand (**Eligible Shareholders**).

### **Overseas shareholders**

The Entitlement Offer is limited to Eligible Shareholders. Shareholders with registered addresses in countries other than Australia and New Zealand (**Ineligible Foreign Shareholders**) will not be entitled to participate in the Entitlement Offer. The Company has appointed Patersons Securities Limited as nominee to sell all Ineligible Foreign Shareholders' rights. The proceeds of sale (in Australian dollars) will be distributed to the Ineligible Foreign Shareholders in proportion to their shareholdings as at the Record Date (net of expenses).

### **Option holders**

Persons who currently hold options in the Company (**Options**) are only eligible to participate if they exercise their Unlisted Options prior the Record Date.

## Timetable

Indicative Timetable for Entitlement Offer\*

<b>Event</b>	<b>Date</b>
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 Rights Issue	Tuesday, 27 March 2018
Trading of Rights Commences	Tuesday, 27 March 2018
Record Date for Determining Entitlements	Wednesday, 28 March 2018
Dispatch of Prospectus to Shareholders	Tuesday, 3 April 2018
Trading of Rights Closes	Tuesday, 10 March 2018
Shares quoted on a deferred settlement basis	Wednesday, 11 April 2018
Closing Date for Rights Issue	Tuesday, 17 April 2018
ASX Notified of Rights Issue Shortfall	Thursday, 19 April 2018
Quotation of Securities Issued Under the Offer	Thursday, 26 April 2018

\*This timetable is indicative only and the Company reserves the right to vary it at any time without prior notice, subject to the ASX Listing Rules and the Corporations Act.

Shareholders have, to date, shown great loyalty to the Company and we believe you will see the merit in supporting this fundraising initiative.

By order of the Board.

Yours sincerely

Graeme Hogan

Company Secretary