
METMINCO completes AUD\$5.6 million Entitlement Offer to refinance, restructure and relaunch Company

Metminco Limited (ASX: MNC; AIM: MNC) (“Metminco” or the “Company”) has successfully completed the fully underwritten renounceable entitlement offer announced on 23 March 2018, to raise approximately AUD\$5.6 million before costs (“**Entitlement Offer**”). The Company will issue 694,831,892 new ordinary shares in Metminco at a price of AUD\$0.008 (“**Offer Price**”) (“**Entitlement Shares**”) and 231,610,770 options of exercise price AUD\$0.011 and expiry date 1 June 2020 (“**Option Terms**”) in connection with the Entitlement Offer. Along with circa AUD\$150,000 raised in an earlier placement (see ASX announcement entitled “Placement of Shares and Options” dated 28 March 2018 for further information) (“**Placement**”), these funds will be used to repay debts and relaunch exploration on the Company’s high potential Tesorito gold prospect in Colombia.

Metminco today announces:

- **AUD\$5.6m raised from Entitlement Offer**
- **Funds raised from the Entitlement Offer and Placement will be used to expedite a high impact exploration program on exciting gold properties in Colombia**
- **Further Board and executive changes**

Entitlement Offer Uptake

The proceeds of the 9.5 for 2 renounceable Entitlement Offer, including the shortfall offer to eligible shareholders who accepted their full entitlements, were approximately AUD\$4.03 million before costs. This represented approximately 72% take-up by value from eligible shareholders. The Company thanks all shareholders and rights holders who participated in the Entitlement Offer.

The Company issued on 24 April 2018 503,269,743 new shares and 167,756,720 free attaching options exercisable at AUD\$0.011 on or before 1 June 2020 (“**Attaching Options**”) to eligible shareholders who participated in the Entitlement Offer.

Placement of Shortfall

The Entitlement Offer was fully underwritten by Patersons Securities Limited (“**Patersons**”), which has placed the shortfall of AUD\$1.53 million under the Entitlement Offer, being 191,562,149 new shares and 63,854,050 free Attaching Options, to the sub underwriters of the issue. These securities in Metminco were also issued on 24 April 2018.



Patersons (or its sub-underwriters) will be granted 231,610,545 options on the same terms and conditions as the free Attaching Options to be issued under the Entitlement Offer as part of consideration of underwriting the offer (“**Underwriter Options**”), subject to shareholder approval at the Company’s forthcoming Annual General Meeting to be held on or about 28 May 2018 (“**AGM**”).

The Company will also issue Redfield Asset Management Pty Ltd 9,876,512 options on the same terms and conditions as the free attaching options to be issued under the Entitlement Offer. The Company will also issue 2,702,152 shares to Lanstead Capital L.P. (“**Lanstead**”) at a price of AUD\$0.008 per share in settlement of an outstanding value payment fee under the Sharing Agreement with Lanstead as announced on the ASX on 17 November 2016 (refer to ASX announcement entitled “Prospectus – Entitlement Offer” dated 23 March 2018 for further information) (“**Lanstead Shares**”). These Options and shares will be issued before 1 May 2018.

The Company intends to seek quotation of the 694,831,892 shares issued under the Entitlement Offer on the ASX and will make an application for Admission to trading on AIM (“**Admission**”) for the same, with Admission expected on or about 1 May 2018. The Company also intends to seek quotation of all the options issued under Entitlement Offer and Underwriter Options on the ASX.

The Company will have the following shares and options on issue (not including the Redfield Options and the Lanstead Shares):

- 841,112,236 quoted ordinary shares
- 12,345,639 unlisted options of exercise price A\$0.081 and expiry date 17 May 2019
- 12,345,639 unlisted options of exercise price A\$0.081 and expiry date 25 May 2019
- 231,610,770 options of exercise price A\$0.011 and expiry date 1 June 2020

The Entitlement Shares and Lanstead Shares will rank equally with existing shares in Metminco. The terms of the options issued under the Entitlement Offer can be found in ASX announcement entitled “Prospectus – Entitlement Offer” dated 23 March 2018.

Patersons acted as Lead Manager and Underwriter to the Entitlement Offer. Dentons Australia Pty Ltd (Sydney office) was Metminco’s legal adviser in relation to the Entitlement Offer.

Metminco Executive Chairman Kevin Wilson said: “*The issue was well supported and is seen as encouragement for the new exploration strategy. We thank existing shareholders for their continuing support, welcome new shareholders and look forward to deploying the funds to work on the company’s exciting gold portfolio in Colombia.*”

High impact exploration program on highly prospective prospects in Colombia

Metminco has the rights to several highly prospective exploration prospects and targets in Colombia's Cauca Belt, an under-explored world-class gold province. 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, all mineralised from the surface, best intercept **384m @ 1.1g/t Au** (see ASX announcement dated 7 March 2016 for further information)



- **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 late May. At Chuscal, the focus of incoming management will be to complete negotiations with AngloGold Ashanti in order to commence exploration on the property later in 2018.

Further Board Changes

On 23 March 2018, Mr Kevin Wilson was appointed Executive Chairman of the Company and Mr William Howe accepted the role of Chief Operating Officer in Colombia, stepping down from the role of Managing Director (refer to ASX announcement entitled “Metminco announces Board Changes” dated 23 March 2018 for further information).

In addition, Board member Francisco Vergara-Irarrazaval, who was appointed a director of Metminco on 1 April 2010, will retire in accordance with the Company’s constitution at the conclusion of the forthcoming AGM but has informed the board that he will not seek re-election. The board thanks Mr Vergara-Irarrazaval for his valuable advice during his tenure.

It is proposed that Glenister Lamont will be elected to the board as a non-executive director at the forthcoming AGM. Mr Lamont has an Honours degree in Mining Engineering and a Masters of Business Administration from IMD, Switzerland. He is a Fellow of the Financial Services Institute of Australasia, a Fellow of the Australian Institute of Company Directors and a Fellow of the Australian Institute of Mines and Metallurgy. Additional details of Mr Lamont’s background will be set out in the Notice of Meeting for the Company’s upcoming AGM.

Following the above changes and subject to shareholder approval at the AGM, the board of Metminco will comprise three directors including Mr Kevin Wilson (Executive Chairman), Mr Roger Higgins (Non-Executive Director) and Mr Glenister Lamont (Non-Executive Director).

In addition, the Company advises that it will move its corporate office to Melbourne following the upcoming AGM. This move forms part of measures being undertaken to reduce the Company’s administrative and operational cost base.

As part of restructurings, Mr Geoffrey Widmer, based in Melbourne, has been appointed joint Company Secretary alongside Mr Graeme Hogan. Mr Widmer, MBA Queen’s University Canada, Fellow of the Australian Institute of Company Directors, Member of the Governance Institute of Australia and a Spanish speaker, brings extensive experience in company administration, and is the Honorary Consul for Colombia in Melbourne.

Financial Position

Aside from the focus on exploration, the new management team will seek to realise additional value by selling non-core assets in Chile and reducing overheads. Following the capital raising and payment of most of its creditors, the Company will be in a good financial position with more than AUD\$3 million cash in the bank and limited debt outside a deferred acquisition consideration owed to RMB Australia Holdings Limited (AUD\$1 million in 2018 plus further payments in subsequent years).

The Company redeemed on 24th April 2018 the 12,345,639 convertible notes convertible by 17 May 2018 issued to Redfield Asset Management Pty Limited with the payment of \$842,383.12, which included accrued interest.



AIM disclosure

Due to rounding as provided in the Entitlement Prospectus dated 23 March 2018, the actual number of Entitlement Shares issued varies from that disclosed in the Prospectus (694,831,892 actually issued versus 694,831,634 as quoted in the Prospectus). Also due to rounding, the actual number of free Attaching Options issued is 231,610,770 versus the 231,610,545 disclosed in the Entitlement Prospectus.

The figure of 841,112,236 may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the share capital of the Company under the FCA's Disclosure and Transparency Rules.

Director, PDMR and Substantial/Significant Shareholder Participation

Mr Kevin Wilson, a Director and Executive Chairman of the Company participated in the Shortfall Offer as a sub-underwriter to the extent of receiving 2,551,312 ordinary shares in Metminco at the Offer Price and 850,437 Attaching Options. Mr Wilson is also eligible to receive a further 850,437 Underwriter Options, subject to shareholder approval.

Mr Roger Higgins, a director of the Company participated in the Entitlement Offer in his own name and under Tanabal Super Fund Acc and subscribed for 822,115 and 430,791 Entitlement Shares respectively at the Offer Price and also received 274,039 and 143,597 Attaching Options respectively. Mr Francisco Vergara – Irarrazaval, a director of the Company, participated in the Entitlement Offer in his own name and under Humber Resources Inc and subscribed for 963,300 and 5,106,250 Entitlement Shares respectively at the Offer Price and also received 321,100 and 1,702,084 Attaching Options respectively.

The subsequent holdings of Metminco securities of the directors will be:

Director	Shares	%	Options
Kevin Wilson	2,551,312	0.30%	850,437 (ex. price A\$0.011, expiry 1 June 2020)
Roger Higgins	<u>1,516,676</u>	<u>0.18%</u>	<u>417,636</u> (ex. price A\$0.011, expiry 1 June 2020)
<i>Direct</i>	995,192		274,039 (ex. price A\$0.011, expiry 1 June 2020)
<i>Tanabal Super Fund Acc</i>	521,484		143,597 (ex. price A\$0.011, expiry 1 June 2020)
Francisco Vergara–Irarrazaval	<u>7,374,350</u>	<u>0.87%</u>	<u>2,023,184</u> (ex. price A\$0.011, expiry 1 June 2020)
<i>Direct</i>	1,166,100		321,100 (ex. price A\$0.011, expiry 1 June 2020)
<i>Humber Resources Inc</i>	6,181,250		1,702,084 (ex. price A\$0.011, expiry 1 June 2020)



Mr Nevres Crljenkovic participated in the Entitlement Offer in his own name and under Crljenkovic Super Fund Pty Ltd and subscribed for 24,736,250 and 10,000,000 Entitlement Shares respectively at the Offer Price and also received 8,245,417 and 3,333,334 Attaching Options respectively. The subsequent holdings of Metminco Securities of Mr Crljenkovic' will be:

	Shares	%	Options
Nevres Crljenkovic	<u>40,000,000</u>	<u>4.76%</u>	<u>11,587,751</u> (ex. price A\$0.011, expiry 1 June 2020)
<i>Direct</i>	<i>28,800,000</i>		<i>8,254,417</i> (ex. price A\$0.011, expiry 1 June 2020)
<i>Crljenkovic Super Fund Pty Ltd</i>	<i>11,200,000</i>		<i>3,333,334</i> (ex. price A\$0.011, expiry 1 June 2020)

RMB Australia Holdings Limited's interest in the Company will decrease from 5.47% to 0.95% on an unchanged holding of 8,000,000 ordinary shares.

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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.