
METMINCO announces transformational transaction to refinance, restructure and relaunch Company

Metminco Limited (ASX: MNC; AIM: MNC) (“Metminco” or the “Company”) is seeking to raise up to A\$5.3m through a renounceable Rights Issue and Placement. Funds raised are to be re-directed towards exploration activities and the retirement of the Redfield convertible note. The Company is also in the process of appointing a new Board and executive team.

Metminco today announces;

- **A seven (7) for two (2) renounceable Rights Issue at AUD1.0c to raise circa A\$5.1m combined with a Placement of 19 million shares at AUD1.0c to raise circa A\$190,000**
- **Funds raised would be used to expedite a high impact exploration program on world class properties in Colombia**
- **New Board to execute change in strategic direction and new executive team to focus on cost-cutting initiatives**

Transaction highlights:

- Metminco to undertake a seven (7) for two (2) renounceable Rights Issue to raise circa A\$5.1m at AUD1.0c per share with a one (1) free attaching option for every three (3) shares taken up exercisable at AUD1.3c with a two-year expiry from grant (“Rights Options”).
- The Placement of 19 million shares at a price of AUD1.0c per share to raise an additional A\$190,000, 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 (“Attaching Options”).
- Metminco intends to seek quotation on ASX for the Rights Issue shares, Placement shares, Rights Options and Attaching Options.
- 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 April 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 exploration assets in Colombia, which have obvious potential to produce a world-class discovery. The capital raising initiative announced today will allow us to conduct meaningful drilling on these projects and better demonstrate that potential to the market.”*

Renounceable Rights Issue to raise circa A\$5.1m and Placement to raise circa A\$190,000

The Rights Issue will provide existing eligible shareholders of Metminco in Australia and New Zealand on the record date with a pro-rata opportunity to participate in the recapitalisation of the company at a 32.6% discount to the Theoretical Ex Rights Price (TERP) of AUD1.48c per share based on the last closing price on ASX of AUD3.9c on 27 February 2018 (the last trading day on ASX prior to announcement of the Rights Issue). The TERP is exclusive of the option value. This will include the ability for eligible shareholders to trade their rights on market on ASX. The Rights Issue Price of AUD1.0c is a 74% discount to the closing price on ASX of 27 February 2018 of 3.9 cents. It is a discount of 77% to the basic 30 day volume weighted average price (VWAP) on ASX of A\$0.044.

Each eligible shareholder on the record date will have a right to acquire seven (7) shares for every two (2) shares held at an issue price of AUD1.0 cents per share. In addition, for every three (3) shares subscribed for in the Rights Issue shareholders would receive one (1) free option at an exercise price of AUD1.3c with a two-year expiry from date of issue

It is the responsibility of holders and purchasers of rights to inform themselves of the eligibility criteria for exercise, details of which shall be set out in the Rights Issue Prospectus anticipated to be lodged on ASX on 9 March 2018. If holders of rights after the end of the trading period do not meet the eligibility criteria, they will not be able to exercise their rights.

Metminco will appoint a nominee to seek to sell ineligible shareholders’ rights during the Rights Issue period. Any proceeds of this sale (less transaction costs) will be paid to ineligible shareholders on a pro rata basis.

The Rights Issue is intended to be underwritten though the extent of such underwriting is yet to be finalised. However, in the event that any sub-underwriters (as applicable) receive less than 20% shortfall in the Rights Issue, then any sub-underwriters would be given the opportunity to participate in a Top-Up placement on the same terms as the Rights Issue.

Eligible shareholders will have the opportunity to apply for additional rights above their entitlement. However, the acceptance of these applications for additional rights is the decision of the Board and the Underwriter to the Rights Issue.

A Placement is to be conducted at an issue price of AUD1.0c utilising the Company’s available 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 taken up at an exercise price of AUD1.3 cents with a 2-year expiry from date of issue.

The Company intends to seek quotation on the ASX for the Rights Issue shares, Placement shares, Attaching Options and Rights Options.

All new shares issued under the Rights Issue and Placement will rank equally with existing shares in Metminco.



Patersons Securities Limited has been appointed Lead Manager to the Placement and Underwriter to the Rights Issue, subject to satisfaction of certain conditions typical of entering an underwriting agreement and finalisation of the terms and extent of the proposed underwriting. 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. Subject to shareholder approval, Patersons and sub underwriters will be granted 170,660,401 options on the same terms and conditions as the Rights Options. The Company will also seek quotation on the ASX for these options.

The Company also advises that, contingent on the success of the Rights Issue, it has agreed to issue Redfield Asset Management Pty Ltd ("Redfield") 9,876,512 options exercisable on the same terms as the Rights 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 as defined by the AIM Rules for Companies, holding 10.58 per cent of the Company's issued shares. The agreement to issue the Redfield Options is deemed a related party transaction pursuant to Rule 13 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.

In the event that the Rights 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 world class properties in Columbia

Metminco owns the rights to several world-class exploration prospects in one of the world's least explored major gold provinces in Colombia. 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 April shortly after the Rights 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

Upon completion of the Rights Issue, 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 CEO of several listed mining companies. Additional management changes will be announced in due course.

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, the Company will be in a strong financial position with more than A\$3m cash in the bank,



minimal debt outside deferred consideration owed to RMB Australia Holdings Limited and the potential to further add to the cash position through the sale of non-core assets.

Anticipated Timetable for Placement & Rights Issue (subject to ASX approval)

Event	2018
Announce Offer	Monday 5 March
Settlement of Placement	Friday 9 March
Lodge Rights Issue Prospectus on ASX	Friday 9 March
Record Date for shareholders on Australian register	5pm EST Thursday 15 March
Record Date for shareholders on UK register	5pm (GMT) Thursday 15 March
Rights Issue trading on ASX commences	Wednesday 14 March
Rights Issue trading on ASX ends	Friday 23 March
Closing Date	Thursday 29 March
Rights Issue Shortfall and Top-Up Placement Settled (if any)	Thursday 5 April
Rights Issued and Top-Up placement (if any) securities issued	Friday 6 April

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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