

Debt Refinancing Agreement with RMB and Update on Takeover Offer

Highlights

- **Metminco and RMB enter into a binding Debt Refinancing Agreement (DRA)**
- **\$5 million repayment previously due in June 2020 has been restructured into:**
 - **a \$2 million equity component; and**
 - **deferred repayments linked to project milestones out to 2025**
- **Metminco intends to withdraw its priority offer and placement prospectus dated 18 June 2019 and lodge a new prospectus shortly.**

Metminco Limited (ASX: MNC) (“Metminco” or “the Company”) is pleased to announce it has executed a binding and comprehensive debt refinancing agreement (“**DRA**”) with RMB Australia Holdings Limited (“**RMB**”). The DRA comprises the restructure of the outstanding \$5 million of debt via the issue to RMB of 1,000,000,000 ordinary shares in Metminco and the deferral of \$3.5 million repayments that will be linked to project milestones out to 2025. The DRA formalises the terms contained in the binding term sheet, as announced by Metminco on 13 March 2019.

As announced on 17 May 2019, the Company has entered in a binding Bid Implementation Agreement (“**BIA**”) with Andes Resources Limited (“**Andes**”) under which Andes will become a wholly owned subsidiary of the Company, and Andes’ shareholders will take shares in the Company (“**Merger**”), by way of an off market takeover offer (“**Takeover Offer**”), subject to the satisfaction or waiver of the bid conditions.

A key condition of the Merger is that Metminco restructures its debt to RMB along terms substantially similar to those previously announced to ASX in a Heads of Agreement on 13 March 2019. The signing of the DRA completes a condition within the Sandfire Intention Statement (as defined in the Company’s Bidder’s Statement dated 18 June 2019), where Sandfire has agreed to accept the Metminco takeover offer for Andes subject to three conditions, including that RMB and Metminco enter into this DRA.

Metminco’s Executive Chairman, Mr. Kevin Wilson, commented:

“The transaction agreed with RMB, along with the recently completed equity underwriting and the conditional support from Sandfire to take a 15% interest in the merged company, further secures the proposed Merger with Andes. The debt refinancing is another significant step closer to completing the proposed merger with Andes Resources and accelerating toward drilling our prized Chuscal Project.”

Debt Refinancing Agreement Details

The key commercial terms of the DRA between Metminco and RMB are summarised below:

- subject to approval from the South African Reserve Bank, Metminco will issue to RMB 1,000,000,000 ordinary shares in Metminco (“**DRA Shares**”), valued at \$0.002 per share and which, amongst other things, are issued as partial consideration for the RMB entering into the DRA;
- a payment of \$1.25 million upon the earlier of Metminco’s market capitalisation exceeding \$30 million for more than 10 consecutive trading days, or delivery of a new indicated resource on Metminco’s current assets of greater than 2Moz of gold grading at 4 g/t;
- a payment of \$1.25 million upon the earlier of Metminco’s market capitalisation exceeding \$35 million for more than 10 consecutive trading days, or of the merged company defining a new reserve on Metminco’s current assets of greater than 1Moz of gold grading at 4 g/t;
- a final payment of \$1.0 million upon the earlier of Metminco’s market capitalisation exceeding \$40 million for more than 10 consecutive trading days, or upon the merged company announcing a decision

to mine on any licences or applications or rights to applications or joint venture entitlements held by Metminco in the Quinchia Gold Project prior to the Merger;

- attaining the above noted milestones will trigger a call from RMB for Metminco to repay those debts in cash. A backstop date of 31 March 2025 has been set, at which point any remaining debt outstanding to RMB (if any) would become due;
- no interest is payable on the outstanding debt amounts. In the event of default, interest is charged on the default amount at the bank cash rate plus 3%;
- Metminco has agreed to extend the cap on the 2% royalty due to RMB from \$7 million to \$15 million;
- RMB will maintain its existing security over Metminco's Quinchia Gold Project assets; and
- the DRA Shares will be subject to voluntary disposal restrictions, which preclude RMB from disposing of its DRA Shares, save for in certain circumstances. The restriction will apply to all DRA Shares over a period of 48 months, save for the DRA Shares that are released in accordance with the DRA. The release of the DRA Shares will occur at six monthly intervals, with 12.5% of the initial number of DRA Shares being released in each instance.

The DRA is subject to conditions precedent, including that RMB lodges an application with the South African Reserve Bank seeking approval to the issue of the DRA Shares and that Metminco satisfies the capital raising condition and minimum acceptance conditions of the BIA.

The DRA replaces the deferral agreement between RMB and MNC announced on 15 February 2019 and the binding term sheet announced on 13 March 2019.

Withdrawal of priority offer and placement

Metminco intends to withdraw its priority offer, shortfall and placement offers ("**Capital Raising Offers**") as set out in its prospectus dated 18 June 2019 ("**Original Prospectus**"). The Capital Raising Offers will be withdrawn by way of a withdrawal notice (in the form of a supplementary prospectus) ("**Withdrawal Notice**") to be lodged shortly, which will include information concerning the process and date by which application money will be refunded. Pursuant to the Withdrawal Notice, Metminco will no longer be accepting applications under the Original Prospectus.

Metminco is in the process of preparing a new prospectus which it intends to lodge shortly ("**New Prospectus**"). The New Prospectus will contain offers on the same terms as the existing Capital Raising Offers and will contain, among other things, greater disclosure on the allocation of securities; Andes' projects; Andes' financial information; and remuneration payable to the incoming directors.

The Company confirms that the Takeover Offer remains open, and that the bid condition relating to the proposed capital raising has not been waived.

The Company will provide an update on its key dates, including the closing date of the takeover offer and new capital raising offers to the market shortly.

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