

## SALE OF INTEREST IN THE LOS CALATOS PROJECT TO RELEASE US\$5 MILLION FOR ADVANCEMENT OF MIRAFLORES

**Metminco Limited (“Metminco” or the “Company”)** (ASX: MNC; AIM: MNC) is pleased to announce that the Company has executed a binding agreement with CD Capital Natural Resources Fund III LP (**CD Capital**) to sell its 49% interest in Los Calatos Holding Limited (**LCH**), owner of the Los Calatos Project in Peru, for approximately US\$5 million (A\$6.7 million) cash consideration net of costs (the **LCH Sale**).

### Company’s Strategy

The LCH Sale is the culmination of a re-positioning of Metminco toward becoming a gold producer in the near term. Monetisation of the Company’s interest in the Los Calatos Project will provide funding for the ongoing development of its Miraflores Gold Project, part of the Quinchia Gold Portfolio in Colombia. As previously announced, the Company is currently completing a feasibility study on the Miraflores Gold Project with expected completion during 3Q17. An Environmental Impact Study (**EIA**) on the Project is expected to be submitted to the Colombian authorities by the end of 2017.

The Quinchia Gold Portfolio, which was purchased from RMB Resources Australia Pty Ltd (**RMB**) in June 2016, includes the Tesorito exploration target (gold porphyry where previous drilling intercepted 384m @ 1.01g/t Au), the Dosquebradas porphyry deposit (an inferred resource of 0.92Moz Au has been defined) and the highly prospective Chuscal exploration target (refer announcements dated 21 June 2016 and 7 March 2016).

The Company’s near term strategy is the development of the Miraflores Gold Project with the Company targeting:

- Commencement of construction of the mine and facilities during the second quarter of 2018,
- Gold production targeted to commence in first half 2019, and
- Potential future gold production through exploration and development of high potential prospects in the Quinchia Gold Portfolio including Tesorito, Chuscal and Dosquebrados,

subject to the outcome of the Miraflores Feasibility Study and EIA approval.

### CD Capital Transaction

As announced on 14 June 2016, the Company successfully secured an investment in LCH from CD Capital of up to US\$45 million to advance the Los Calatos Project, thereby providing Metminco’s shareholders with a free carry interest in the Los Calatos Project potentially up to completion of the feasibility studies (**CD Capital Transaction**), subject to CD Capital exercising its option to invest the full US\$45 million. Whilst in the Board’s opinion the Los Calatos Project is an excellent asset it may be some years before shareholders realise value through the CD Capital Transaction. The Company had undertaken to make a capital dividend of its interest in LCH to shareholders by way of an In Specie Distribution of Hampton Mining Pty Ltd shares (the holder of Metminco’s interest in the Los Calatos Project). However, based on the Company’s share price the planned In Specie Distribution did not attract significant investor support, and proved more complex at tax, legal and funding levels than anticipated.

### Rationale for the sale

The Board, after detailed consideration, formed the view that on balance it was in the best interests of the Company and its shareholders to monetise its interest in the Los Calatos Project and to direct the proceeds of the sale towards the development of the Miraflores Gold Project to provide a non-dilutive form of financing for ongoing work programs. The LCH Sale, which is subject to successful resolution of a number of tax related matters, is anticipated to be completed by the end of June 2017 but in any case no later than 11 July 2017.

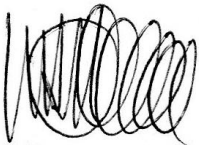
Mr William Howe, Managing Director, commented: “The Company has gone through a transitional period in the last 18 months resulting in its focus moving towards developing the highly attractive and potentially economically accretive Quinchia Gold Portfolio. Los Calatos has been an important asset in the development of the Company, however, the opportunity to release these funds will enable the Company to take the Miraflores project through to a decision to mine, when the real value can be achieved.

We envisage development of the Miraflores Gold Project to be the first leg of the Company’s strategy to transition into a significant gold producer. The 100% owned Quinchia Gold Portfolio also includes the Tesorito, Dosquebradas and Chuscal gold targets, all of which we believe have the potential to increase targeted mine life and annual gold production. The Quinchia Gold Portfolio is a high quality gold asset that is located in the Cauca region of Colombia, a region which we believe is increasingly becoming more prospective and attractive to investment.”

The Los Calatos Project is a large copper-molybdenum mining development project in Southern Peru owned by LCH which in turn is controlled by CD Capital. The Project has a Mineral Resource of 352Mt at 0.76% Cu (2.7 million tonnes of copper) and 0.032% Mo (0.11 million tonnes molybdenum) in the Measured, Indicated and Inferred Mineral Resource categories. Following completion of the CD Capital Transaction, Metminco's interest in LCH was recorded in the Company's balance sheet as an Interest in Associates of A\$33.8 million. For the year ended 31 December 2016 the Company recorded a loss of A\$121.5m on the loss of control of LCH through the disposal of a controlling interest in the LCH.

The Company and RMB have also agreed to a deferment of the next instalment of A\$1.3 million payable to RMB in relation to the acquisition of the Quinchia Gold Project from 20 June 2017 to 21 August with 6% per annum interest payable on settlement.

This announcement contains inside information as stipulated under Article 7 of the Market Abuse Regulation (EU) No. 596/2014



**William Howe**  
**Managing Director**

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**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