



ASX ANNOUNCEMENT

4 August 2016

UP TO US\$45 MILLION IN FUNDING SECURED FOR LOS CALATOS FEASIBILITY STUDY

Metminco Limited ("**Metminco**" or the "**Company**") (**ASX: MNC; AIM: MNC**) is pleased to advise that further to its announcement on 14 June 2016, the Company has entered into an Investment Agreement ("**the Agreement**") with CD Capital Natural Resources Fund III LP ("**CD Capital Fund III**") for an equity investment of up to US\$45 million in relation to the Los Calatos Project ("**Los Calatos**" or the "**Project**"). The investment by CD Capital Fund III is scheduled to be made in three tranches and will be used to complete the planned Pre-Feasibility and Feasibility Studies on the Project. Following the full investment Metminco will have a 30% indirect interest in the Project, with CD Capital Fund III holding the remaining 70%.

CD Capital and the Company are targeting settlement in late August or early September 2016 so that work can commence on the Pre-Feasibility Study. Prior to settlement Metminco's 100% direct and indirect interests in the Project will be restructured into Los Calatos Holding Ltd ("**LCH**"), a Canadian private company.

CD Capital Fund III will initially invest US\$16 million for a 51% interest in LCH by subscribing for new shares in LCH. With the two subsequent investments of US\$14.5 million the CD Capital Fund III equity position will increase to 65% and 70% respectively. Metminco will hold its interest in LCH indirectly through Hampton Mining Pty Ltd ("**Hampton Mining**"), a wholly owned subsidiary of Metminco.

As previously announced, Los Calatos was placed on care and maintenance as the Company sought a partner to fund progression of the Project. Once settlement occurs the initial focus at Los Calatos will be to upgrade the existing Mineral Resources to Measured and Indicated status, to expand the resources (including further drilling at the TD 2 and TD 3 targets), to complete Pre-Feasibility Study level metallurgical testwork including testing with sea water, and progress permitting.

CD Capital's Founder and CIO Carmel Daniele said

"We consider the Los Calatos Project is a world class mining development opportunity. We will work with the Metminco team to upgrade and increase the size of the already large copper resource and develop the Project quickly to a construction decision. We look forward to working closely with the Government of Peru and other local stakeholders to secure the joint benefits which this project can bring to the people of Peru and our investors."

Mr William Howe, Managing Director, commented: "We are very pleased to be progressing this funding arrangement with our new partner and take another important step closer to completing the transaction which will be immediately followed by the commencement of a Pre-Feasibility Study on Los Calatos. We consider CD Capital to be an outstanding partner and this equity investment to be the best outcome for the Project in the current economic climate.

Both parties are committed and focused on advancing the Los Calatos Project forward to a construction decision as soon as possible, and we look forward to working closely with the CD Capital team.

With funding secured and work streams defined for the Los Calatos Project, the Company is now focused on progressing its Quinchia Gold Portfolio in Colombia, including the completion of a Bankable Feasibility Study at the Miraflores Gold Project and drilling the adjoining mineralised target at Tesorito. This is an exciting time for the Company and we look forward to updating shareholders as we progress both projects and transition to becoming a gold producer."

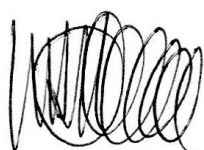
A summary of the commercial terms are set out below. This is not a full list and is designed to be informative only.

- Investment Sum - US\$45 million made up of:
 - Tranche 1 – US\$16 million – 51% Equity
 - Tranche 2 – US\$14.5 million – 65% Equity (Total)
 - Tranche 3 – US\$14.5 million – 70% Equity (Total)
- Standard conditions precedent including but not limited to:
 - No material adverse change
 - Disclosures against warranties
 - Completion of the internal restructure
- Upon completion of the investment, shareholders will have pre-emptive rights to participate in any necessary additional funding
- CD Capital Fund III and Metminco to both have representatives on the board of directors of LCH
- Pre-emptive rights, drag along and tag along on a transfer of shares
- Warranties – typical for a transaction of this nature

A condition of the Agreement is that the Company will use its best endeavours to distribute at least 90% of its holding in Hampton Mining (the wholly owned subsidiary holding its interest in the Los Calatos Project) to its shareholders within six months of completion. The Company will in due course be calling a meeting of its shareholders to seek approval for the return of capital to effect the in specie distribution of its holding in Hampton Mining.

About CD Capital

CD Capital Fund III is a global natural resources and mining fund managed by CD Capital (UK) Ltd (“**CD Capital**”). CD Capital has a proven track record of successfully identifying and investing in world-class mining and resource assets at the growth equity stage. CD Capital supports high quality mining projects through exploration into development and has a long term investment horizon. CD Capital Fund III’s underlying investor base is made up of professional institutional investors with a strong representation from endowments and foundations.



William Howe
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