

ASX Announcement

3 June 2019

Firm Commitments for Capital Raising of \$2.3 Million to Support Merger with Andes Resources

Highlights

- Recently proposed equity capital raising of \$2.332 million is now fully committed, subject to completion of the proposed Merger, through a combination of:
 - Sandfire Resources NL (“Sandfire”) firm intention to subscribe for approximately \$990,000; and
 - \$1.342 million underwritten by Hartleys Limited
- The underwriting of the Capital Raising and commitment from Sandfire is a strong endorsement of the proposed Merger with Andes Resources Limited, and highlights strong investor appetite for funding Metminco’s exploration in the richly gold-copper endowed Mid-Cauca Gold Belt, Colombia
- The underwriting ensures Metminco will be fully funded upon completion of the Merger to commence its much-anticipated first round of diamond drilling at the Chuscal Project in joint venture with AngloGold Ashanti
- Drilling at the Chuscal Project is expected to commence shortly after Merger completion
- Eligible Metminco shareholders on the share register on the date of Prospectus lodgement, which is expected to be on or around 12 June 2019 will be invited to participate in the Capital Raising via a Prospectus offering in which a Priority Pool of \$1 million will be set aside for eligible Metminco shareholders

Metminco Limited (ASX: MNC) (“Metminco” or “the Company”) is pleased to announce it has executed an underwriting agreement with Hartleys Limited (“**Hartleys**”) for approximately \$1.342 million of its proposed placement and priority offer at \$0.002 per share (“**Capital Raising**”), taking total firm commitments to \$2.332 million when including the intention from Sandfire Resources NL (“**Sandfire**”) to subscribe to approximately \$990,000 in Metminco in the Capital Raising.

On 17 May 2019 the Company announced it had entered in a binding Bid Implementation Agreement with Andes Resources Limited (“**Andes**”) to merge the two companies and create a leading Colombian gold explorer and developer, with a dominant position in the richly gold-copper endowed Mid-Cauca Gold Belt (“**Merger**”).

A key condition of the Merger is that Metminco and Andes collectively raise a total of \$4 million in new equity. Through the combination of this Capital Raising and the convertible note placement announced on 15 March 2019, the Company is pleased to report that it has received firm commitments to raise \$3.25 million in new equity at \$0.002 per share, subject to completion of the Merger and the receipt the remaining outstanding convertible note amendment deeds. The balancing \$750,000 is being raised by Andes through a private placement.

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

"The support we have received from Sandfire and the underwriting from Hartleys further secures the proposed Merger with Andes. With the commitments received, we are now one significant step closer to completing the proposed Merger and accelerating toward drilling our prized Chuscal Project.

It is pleasing that despite the currently challenging conditions for raising risk capital for junior resource companies, we have been able to secure commitments to raise \$3.25 million at our current market price. This demonstrates the strong interest the market has in funding the exploration activities of Metminco given the potential for very significant leverage in the case of drilling success, which we intend to test shortly".

Capital Raising Details

As previously reported on 17 May 2019, the Company plans to undertake a Capital Raising conducted at a price of \$0.002 per share (on a pre-consolidation basis) to raise \$2.332 million, subject to completion of the Merger.

Sandfire has confirmed to Andes and Metminco that it intends to subscribe for approximately \$990,000 in new Metminco shares under the Capital Raising, which would result in Sandfire potentially being a 15% shareholder of Metminco upon close of the Merger and Capital Raising. The remaining approximately \$1.342 million has now been secured through the underwriting just completed. The underwriting agreement is conditional upon the bid implementation agreement not terminating, RMB Australia Holdings Limited ("**RMB**") entering into a formal debt re-finance agreement with the Company, and industry standard underwriting conditions.

A prospectus to raise the \$2.332 million is being prepared in connection with the Capital Raising, which is anticipated to be lodged on or around 12 June 2019 and mailed to shareholders shortly after lodgement ("**Prospectus**").

Priority Pool Reserved for Metminco Shareholders

Although already fully committed, the Company wishes to ensure existing shareholders are provided an opportunity to participate in the Capital Raising. The series of landmark transactions occurring in the Company coincident with the Merger, which sets up a favourable outlook for the future of the Company given the strengthened balance sheet, far simplified capital structure, and introduction of new cornerstone shareholders in Sandfire and RMB each expected to be holding 15%, provides the Company with a much enhanced outlook. To this end, Metminco will ensure that of the total \$2.332 million Capital Raising, no less than \$1.0 million is made available to Metminco and Andes shareholders ("**Priority Pool**").

Investors who are registered and eligible shareholders of Metminco or Andes upon close of business on the date of lodgement of the Prospectus, which is expected to occur on or around **12 June 2019 ("Record Date")** will be invited to participate in the \$1 million Priority Pool under the Prospectus.

To the extent the Priority Pool is over-subscribed by eligible shareholders, the Company reserves the right to scale back applications in its absolute and sole discretion in accordance with the allocation policy to be set out in the Prospectus, and in doing so may consider various factors including the size of the applicant's shareholding, and buying and selling activity in MNC shares by the applicant.

Investors who are not existing shareholders of Metminco or Andes will have an opportunity to apply for Shares pursuant to the Prospectus, however there is no guaranteed allocation given the intent to prioritise applications received from Metminco and Andes shareholders.

Other Updates

In addition to the Capital Raising, the Company confirms it is in the process of finalising an amendment to the terms of the recently announced convertible notes (refer announcement dated 15 March 2019)

("Convertible Notes") with each respective holder such that each Convertible Note will convert into fully paid ordinary shares in Metminco at the same price at the Capital Raising, subject to shareholder approval. Through the combination of the Convertible Note and Capital Raising, the Company received firm commitments to raise \$3.25 million in new equity at \$0.002 per share, of which approximately \$2.3 million is subject to completion of the Merger.

Andes is in the process of finalising its own working capital placement to raise up to a maximum of \$750,000 ("Andes Placement"), for which it has received strong interest in support for the proposed merger with Metminco. New shares issued by Andes in the Andes Placement will be issued on equivalent terms to the Capital Raising by Metminco (i.e. an effective share price of \$0.002) and will be subject to the off-market takeover offer to be provided by Metminco for Andes. Interest parties in the Andes Placement should contact Andes directly.

Hartleys Limited acted as Lead Broker to the Capital Raising and is Corporate Advisor to Metminco in respect to the Merger.

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