

ASX Announcement

10 September 2019

## Compelling Gold Opportunities Identified by Strategic Review

*Preparations advance for first drilling of the expansive Chuscal gold prospect*

- Metminco's new Board completes strategic review of all previous exploration, known targets and existing resources on the Company's projects in Colombia's prolific Mid-Cauca epithermal gold and gold/copper porphyry belt in the context of the strong gold price
- Significant upside remains in Metminco's Quinchia Gold Project, requiring systematic integration of geological, geochemical and geophysical exploration results to drive discovery of major gold/copper deposits

### Miraflores Gold Deposit:

- With an existing Resource of 877,000 Au ounces at 2.80g/t Au and Reserve of 457,000 Au ounces at 3.29g/t Au<sup>1</sup>, the economics are materially enhanced as a result of the strengthened gold price
- 2017 DFS generated an NPV<sub>8</sub> of US\$89 million (A\$130 million) using a gold price of US\$1,400/oz
- Clusters of priority epithermal gold and porphyry gold/copper targets identified to complement existing Miraflores Resources within the Quinchia Project

### Chuscal Gold Target:

- Maiden diamond drilling into large surface geochemical anomaly planned to commence within next few weeks, following final pre-drilling ground geophysics and adit mapping

### Tesorito Gold Target:

- Porphyry system, located only 1km from Chuscal and Miraflores, further drill testing required
- Previous drill results include:
  - 253.1m @ 1.01 g/t Au from 2.9m, including 64.0m @ 1.67 g/t Au from 144m (TSDH-07, see ASX release of 30 August 2018<sup>2</sup>); and
  - 384m @ 1.01g/t Au from surface to end-of-hole, including 32.5m @ 1.34 g/t Au from 48.8m; and 156.6m @ 1.28 g/t Au from 88.3m (TSDH-02, see ASX release of 30 August 2018<sup>2</sup>)

### Andes Project:

- Prioritisation of activity across multiple targets within the 800+km<sup>2</sup> Andes portfolio. San Pablo vein/porphyry target rated as the highest priority to date
- Loyalty Option remains scheduled to occur in December 2019, with eligible shareholders to benefit from a 1 for 5 Listed Option issue

On the back of the recent merger, capital raisings and related changes, **Metminco Limited (ASX: MNC)** ("**Metminco**" or "**the Company**") has completed a strategic review of the enlarged, post-merger portfolio in the Mid-Cauca belt of Colombia which hosts several multi-million ounce epithermal gold and porphyry Au/Cu

<sup>1</sup> Refer ASX announcement dated 27 October 2017. The Company confirms that it is not aware of any new information or data that materially affects the information included in the market announcement, and that all material assumptions and technical parameters underpinning the estimate continue to apply.

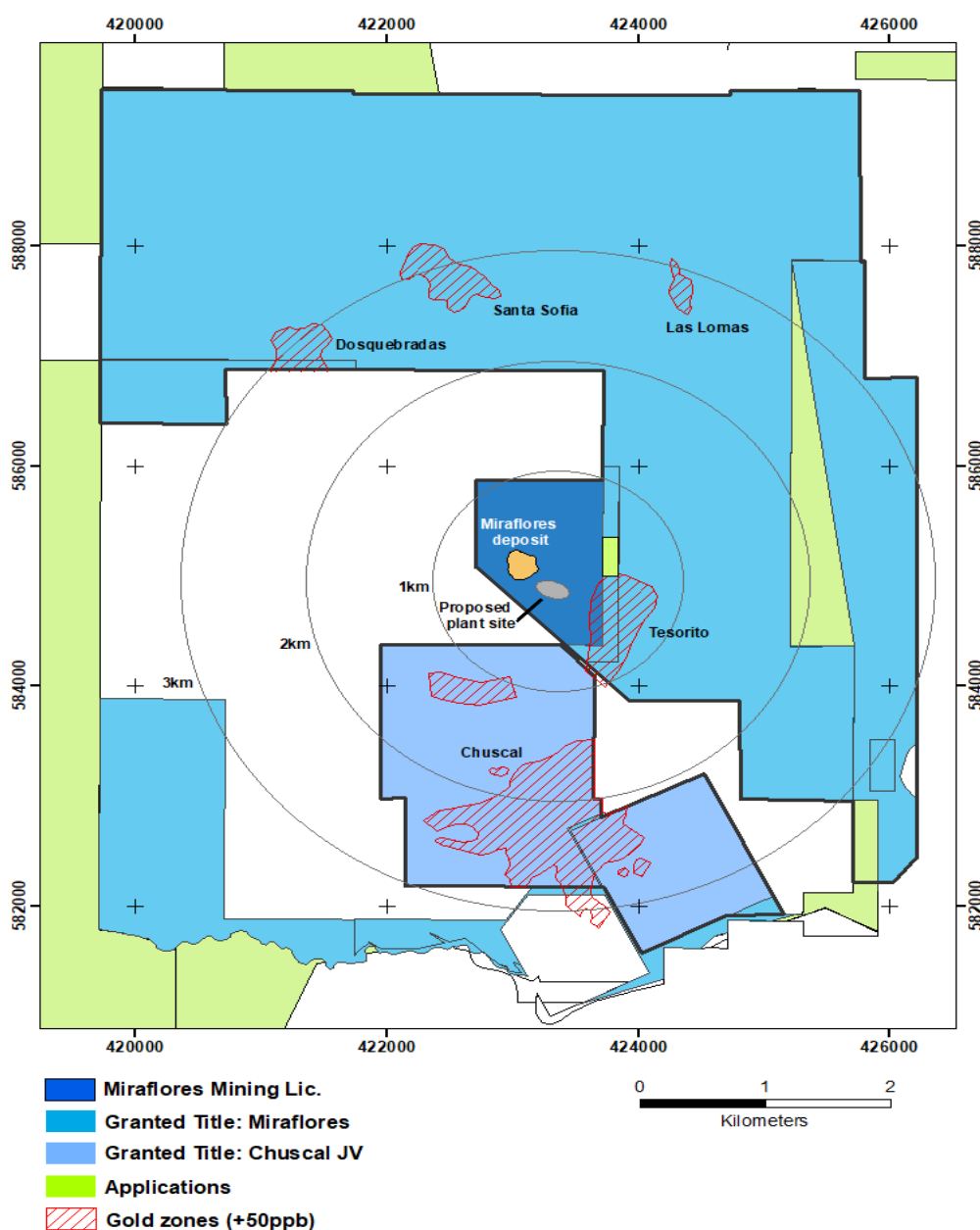
<sup>2</sup> The Company confirms that it is not aware of any new information or data that materially affects the information included in the market announcement.

discoveries, including TSX listed Continental Gold’s giant Buriticá Project, which is fully permitted and on schedule for 2020 production, at a rate of up to 300,000 ozpa<sup>3</sup>.

The immediate focus of the technical team is preparing for a maiden 2,400m diamond drilling program at Chuscal, expected to commence within a matter of weeks. The Company’s strategic focus remains on exploration for a multi-million ounce discovery in its own right or defining new resources to contribute to a regional production scenario leveraging the advanced permitting status of the Miraflores project.

Metminco’s new Managing Director, Jason Stirbinskis added *“In addition to their 15% cornerstone shareholding, we appreciate Sandfire’s deep geological and technical contribution. We are also very pleased to retain Dr Roric Smith as an Adviser and Nick Winer as a geological consultant given their roles with AngloGold Ashanti Limited during the discovery of several tier one porphyry gold-copper deposits in the nearby La Colosa and Nuevo Chaquiro districts.”*

**Figure 1: Quinchia Gold Project targets**



<sup>3</sup> Source: Continental Corporate Presentation 9 August 2018 – [www.continentalgold.com](http://www.continentalgold.com)

## Chuscal

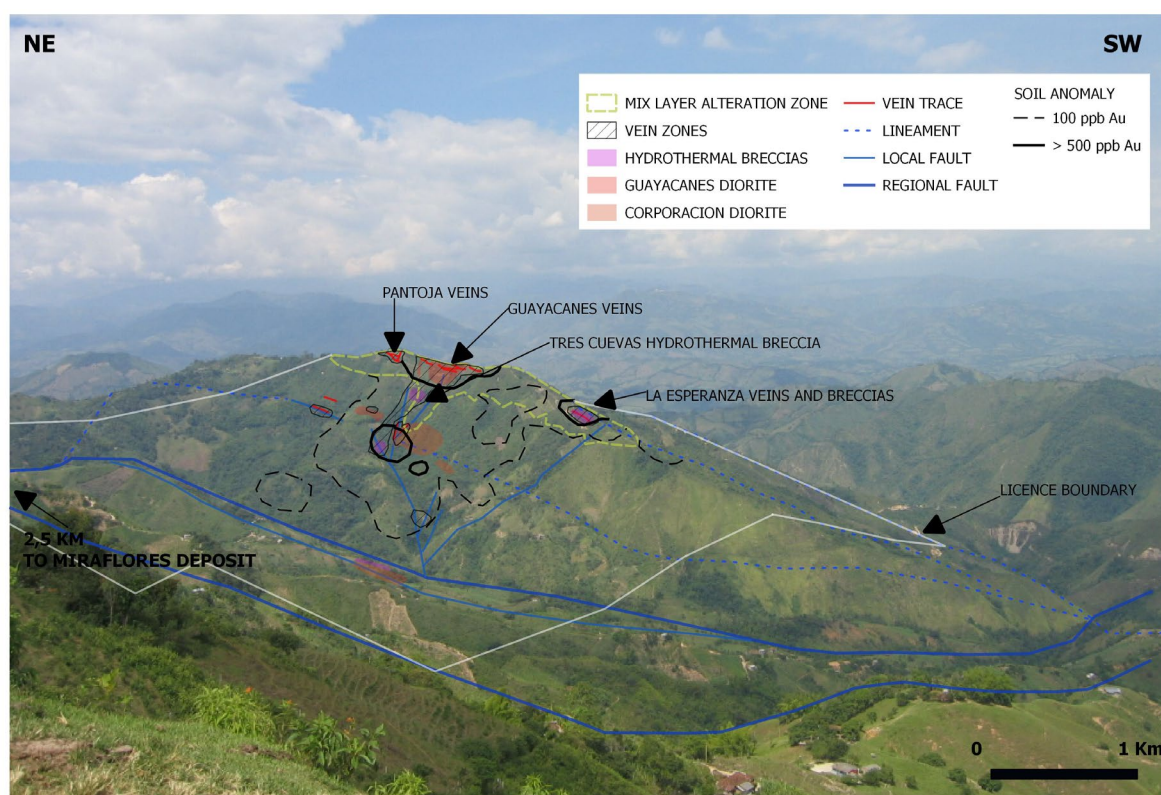
Chuscal<sup>4</sup> features an extensive (900m by 530m), undrilled surface gold anomaly (rock-soil and rock chip geochemistry) averaging 1.76 gpt (uncut) (refer ASX release dated 6 December 2018). A review of previous underground sampling from an adit on the SW margin of the main target, revealed two mineralisation populations. These populations have been interpreted to reflect an early phase of stockwork / disseminated mineralisation (porphyritic diorite) with an average grade of approximately 1.5 gpt Au; cut by a later, high-grade epithermal vein population with an average grade of approximately 8 gpt Au using a 20 gpt Au top-cut (uncut: 19 gpt Au) (refer ASX release dated 21 January 2019<sup>3</sup>). The near-surface, high-grade epithermal vein population overprinting the larger porphyry mineralisation is of particular interest given the potential to create wide mineralised zones with internal, higher-grade zones.

The company is progressing with plans for a diamond drilling program to commence within the next few weeks. The drill targets will be further refined by underground mapping and infill ground magnetic surveys.

On the significance of Chuscal, Mr Stirbinskis said:

*“Positive drilling results at Chuscal could have an immediate amplified effect, not only demonstrating the appeal of Chuscal in its own right, but also its potential to contribute to the realisation of the near-by gold Reserve at Miraflores given the prospects are 2km apart.”*

Figure 2 is an overview of the Chuscal Project. The mineralisation as known today consists of E-W trending, steeply dipping epithermal veins or breccia hosted stockworks located along a NE-SW structure which forms the ridge at Chuscal. While the main target zone indicated by surface geochemistry encompasses the Guayacanes and Corporacion diorites and Tres Cuevas breccia trend, the recently identified Las Esperanza and Pantoja veins and associated adits indicate potential extension of the target area to the SW and NE.



**Figure 2: Chuscal ridge (view to SE) and target zones**

<sup>4</sup> The Chuscal Project is a JV with AngloGold Ashanti Limited. Metminco can earn 51% through \$2.5M of exploration expenditure (see ASX Announcement 6 August 2018)

## Tesorito

Tesorito is located approximately 1 kilometre to the north of Chuscal (Figure 1) and only several hundred metres from the proposed processing facility described in the Miraflores feasibility study.

Near-surface gold porphyry mineralisation at Tesorito was discovered during Miraflores' mine infrastructure sterilisation drilling, reflecting the significant untested exploration potential of this extremely gold-fertile region.

Metminco drilled Tesorito in 2018 with the final hole of that program, TS-DH-07, oriented oblique to previous holes, providing the best intercept of **64m @ 1.67g/t Au from 144m**, within **253.1m @ 1.01 g/t Au from 2.9m** (refer ASX release dated 30 August 2018<sup>5</sup>). The final drill hole also provided valuable insights into the orientation and geometry of higher-grade mineralisation within the broader porphyry complex. The widest intersection previously drilled was **384m @ 1.01g/t Au from surface to end-of-hole, including 32.5m @ 1.34 g/t Au from 48.8m**; and **156.6m @ 1.28 g/t Au from 88.3m** (TSDH-02, see ASX release of 30 August 2018<sup>4</sup>)

The portfolio review has recommended further drilling at Tesorito in the medium term, especially testing the potential for near-surface repetitions of higher-grade zones to the north of recent drilling.

## Miraflores

The Miraflores breccia pipe deposit and proposed plant location has been described in the 2017 Miraflores Feasibility Study (refer ASX announcement 18 October 2017 and Figure 1).

The current gold price exceeds the upper limit of the modelled project gold price sensitivities published in the Feasibility Study (refer Table 1). At USD\$1,400/oz, the project generates a NPV<sub>8</sub> of ~USD\$90M (A\$130 million), and every USD \$100/oz increase in the gold price adds about US\$20M to the NPV, improving the project economics substantially.

With further exploration success elsewhere within the Quinchia Project, leveraging the advanced investigations, plant design and approval status of Miraflores (Mining Authority approval of PTO (construction and operation plan)) to fast track production becomes a compelling opportunity. An EIA remains in its final stage of preparation, while Miraflores has a permit for 2,000m of pre-production, underground development which can be initiated at any time.

**Table 1: Miraflores Feasibility Study Economic Model Gold Price Sensitivity<sup>6</sup>**

Sensitivity to Gold Price				
Key Financial Indicators*	Unit	US\$1,200 Au/oz	US\$1,300 Au/oz	US\$1,400 Au/oz
C1 Cash Cost**	US\$ per Au/oz	595	599	603
AISC-cost	US\$ per Au/oz	639	643	647
EBITDA (LoM average)	US\$m/annum	27.3	29.4	35.8
NPV @ 5%	US\$m	75	96.1	117
NPV @ 8%	US\$m	55	72.3	89.8
IRR	\$%	21	25	28
Payback	Years	4.1	3.6	3.3

\* A variance of +15 -10% can be applied i.e. within the contingency. Contingency of 7.67%.

\*\* C1 Cash Costs includes Government Royalty.

<sup>5</sup> The Company confirms that it is not aware of any new information or data that materially affects the information included in the market announcement

<sup>6</sup> First publicly released on 27 November 2017. For Resources and Reserves see Table 2. No material change has occurred after that date that may affect the JORC Code (2012 Edition) Ore Reserve estimation and Metminco confirms that all material assumptions and technical parameters applicable to the Reserve continue to apply. Source: Ausenco 2017



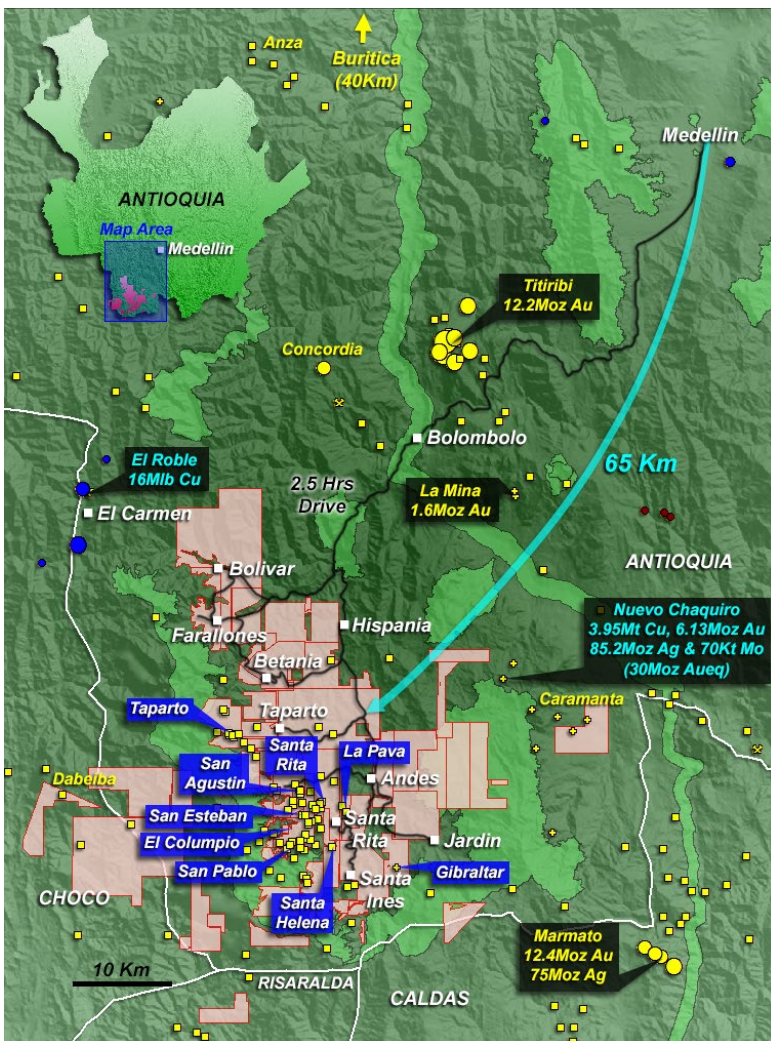
### Andes Project

The review also considered the exploration strategy of the 800+km<sup>2</sup> Andes Project located about 70km north of the Quinchia Project. To date over 14,000 surface and rock chip samples have been collected to define multiple vein hosted and porphyry targets including the Gibraltar porphyry copper/gold target located just 22km from, and in the same porphyry belt, as AngloGold’s Nuevo Chaquiro deposit (refer Figure 3)<sup>7</sup>.

The first and only drill program ever completed in the Andes project was at the El Columpio target in late 2018. The scout drill program was designed to test one of many surface gold/silver anomalies and to provide valuable information to assist in local vectoring of major mineralisation control structures and vein sets.

The drill program suggested a potential causative intrusion(s) to the North of El Columpio and was also a catalyst for the detailed investigation of the San Pablo target, located 1km south of El Columpio as a potential vein and porphyry target. San Pablo is a granted title and is drill ready subject to final drill pad location approvals and remains a priority drill target for Metminco.

The strategic review concluded that the Andes Project is a large cohesive and substantially underexplored tenement package in the Mid-Cauca belt. With only ~10% of the land parcel explored with modern techniques, the Company intends to continue to upgrade and prioritise targets for drill testing assisted by the 2018 structural and geochemical study by internationally respected porphyry expert, and Ecuador-focused SolGold Technical Advisor, Dr Steve Garwin.



**Figure 3: The Andes Project is 70km north of the Quinchia project, is over 800km<sup>2</sup> and contains many established targets and small artisanal mining operations.**

<sup>7</sup> The Company confirms that it is not aware of any new information or data that materially affects the information included in the market announcement, and that all material assumptions and technical parameters underpinning the estimate continue to apply

## FORWARD LOOKING STATEMENTS

This document contains forward looking statements concerning Metminco. Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward-looking statements as a result of a variety of risks, uncertainties and other factors. Forward-looking statements are inherently subject to business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking information provided by the Company, or on behalf of the Company. Such factors include, among other things, risks relating to additional funding requirements, metal prices, exploration, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential title disputes. Forward looking statements in this document are based on Metminco's beliefs, opinions and estimates of Metminco as of the dates the forward looking statements are made, and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments. Although management believes that the assumptions made by the Company and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate. Forward-looking information involves known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any anticipated future results, performance or achievements expressed or implied by such forward-looking information. Such factors include, among others, the actual market price of gold, the actual results of future exploration, changes in project parameters as plans continue to be evaluated, as well as those factors disclosed in the Company's publicly filed documents. Readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws. No representation, warranty or undertaking, express or implied, is given or made by the Company that the occurrence of the events expressed or implied in any forward-looking statements in this presentation will actually occur.

## JORC STATEMENTS - COMPETENT PERSONS STATEMENTS

The technical information related to Metminco's assets contained in this report that relates to Exploration Results (excluding those pertaining to Mineral Resources and Reserves) is based on information compiled or reviewed by Mr Gavin Daneel, who is a Member of the Australasian Institute of Mining and Metallurgy and who is an independent Consulting Geologist. Mr Daneel has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Daneel consents to the inclusion in the release of the matters based on the information he has compiled in the form and context in which it appears.

The Company is not aware of any new information or data that materially affects the information included in this release.

## TABLE 2 - MIRAFLORES PROJECT RESOURCES AND RESERVES

The Miraflores Project Mineral Resource estimate has been estimated by Metal Mining Consultants in accordance with the JORC Code (2012 Edition) and first publicly reported on 14 March 2017. The Miraflores Project Ore Reserve estimate has been estimated by Ausenco in accordance with the JORC Code (2012 Edition) and first publicly reported on 27 October 2017. No material changes have occurred after the reporting of these resource estimates since their first reporting.

### Miraflores Mineral Resource Estimate, as at 14 March 2017 (100% basis)

Resource Classification	Tonnes (000t)	Au (gpt)	Ag (gpt)	Contained Metal (Koz Au)	Contained Metal (Koz Ag)
Measured	2,958	2.98	2.49	283	237
Indicated	6,311	2.74	2.90	557	588
<b>Measured &amp; Indicated</b>	<b>9,269</b>	<b>2.82</b>	<b>2.77</b>	<b>840</b>	<b>826</b>
Inferred	487	2.36	3.64	37	57

#### Notes:

- i) Reported at a 1.2 gpt gold cut-off.
- ii) Mineral Resource estimated by Metal Mining Consultants Inc.
- iii) First publicly released on 14 March 2017. No material change has occurred after that date that may affect the JORC Code (2012 Edition) Mineral Resource estimation.
- iv) These Mineral Resources are inclusive of the Mineral Reserves listed below.
- v) Rounding may result in minor discrepancies.

**Miraflores Mineral Reserve Estimate, as at 27 November 2017 (100% basis)**

<b>Reserve Classification</b>	<b>Tonnes (Mt)</b>	<b>Au (gpt)</b>	<b>Ag (gpt)</b>	<b>Contained Metal (Koz Au)</b>	<b>Contained Metal (Koz Ag)</b>
Proved	1.70	2.75	2.20	150	120
Probable	2.62	3.64	3.13	307	264
<b>Total</b>	<b>4.32</b>	<b>3.29</b>	<b>2.77</b>	<b>457</b>	<b>385</b>

**Notes:**

- i) Rounding of numbers may result in minor computational errors, which are not deemed to be significant.
- ii) These Ore Reserves are included in the Mineral Resources listed in the Table above.
- iii) First publicly released on 27 November 2017. No material change has occurred after that date that may affect the JORC Code (2012 Edition) Ore Reserve estimation.

Source: Ausenco, 2017

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