

## MONTERRICO METALS PLC

*(Incorporated and registered in England & Wales under the Companies Act 1985 with Registered Number 04236974)*

### **PROPOSED CANCELLATION OF ADMISSION OF ORDINARY SHARES TO TRADING ON AIM AND NOTICE OF ANNUAL GENERAL MEETING**

The Board of Monterrico Metals Plc (“**Monterrico**” or the “**Company**”) announces that it intends to seek Shareholders’ approval to cancel admission of its Shares (the “**Shares**”) to trading on AIM. (“**Proposed De-listing**” or “**Delisting**”).

The purpose of this announcement is to set out the background to and reasons for the Proposed De-listing.

#### **1. Background to and reasons for the Proposed Delisting**

The Company was admitted to trading on AIM on 21 June 2002. On 12 April 2007, the cash offer made by Zijin Tongguan Investment Development Co. Ltd (“**Zijin Tongguan**”) to acquire the entire issued and to be issued ordinary share capital of the Company became wholly unconditional with Zijin Tongguan holding 89.9 per cent of the issued and paid-up share capital of the Company. In September 2007, Zijin Tongguan placed approximately 10.0 per cent of the Company’s issued shares to LS-Nikko Copper Inc. As at the date of this document, Zijin Tongguan and LS-Nikko Copper Inc. remain as the substantial shareholders of the Company holding 79.9 per cent and 10.0 per cent of the Company’s issued and paid-up share capital respectively.

The directors of the Company (the “**Directors**”) believe that the ongoing costs and regulatory requirements of a quotation on AIM can no longer be justified, and that greater shareholder value may be derived by operating the Company off-market after taking into account the following factors:-

- the Company is not yet income generating as at the date of this document because, among other factors, the Company has yet to commence any exploitation activities pending the submission for approval of its environmental and social impact study for the project in Peru. On 9 February 2009, the Company entered into a further loan facility agreement of up to US\$5 million with Zijin Tongguan, and the Company has also extended the term of the loans of US\$5 million and £2.55 million which expired on 2 February 2009 to 9 February 2010. The Directors are also currently in discussions with Zijin Tongguan to extend to term of the loans of up to £2 million and US\$8 million due to expire on 30 April 2009 and 3 July 2009 respectively. The Board expects the Company to continue relying on Zijin Tongguan’s financial support and/or bank borrowings to meet its working capital requirements;
- lack of liquidity in the Shares as a result of the concentrated shareholder base. As noted above, Zijin Tongguan and LS Nikko Copper Inc. collectively hold 89.9 per cent of the total issued share capital of the Company. These shareholders have confirmed to the Board that they are in favour of the Proposed De-listing and will vote in favour of the Proposed De-listing.
- the Directors recognise that the current conditions in equity markets may not be conducive for equity fund raisings by non-income generating companies, and therefore believe that the lack of liquidity in the Ordinary Shares will continue; and
- matters relating to maintaining a public listing are consuming a considerable amount of senior management’s time, at the expense of the Company’s day-to-day operations and its business development.

After careful deliberation, the Board has concluded that it is in the best interests of the Company to de-list from AIM.

## **2. Shareholders' approval**

Under the AIM Rules for Companies, a cancellation of admission to trading on AIM must be approved by not less than 75 per cent of shareholders voting in a general meeting and the expiration of a period of at least twenty Business Days from the date on which notice of the Proposed De-listing was given. In addition, a period of at least five Business Days following the Shareholders' approval for the Proposed De-listing is required before the Proposed De-listing may be put into effect. Accordingly, the Company intends to seek shareholders' approval at the forthcoming AGM to be held at the offices of Suite No.1, 16th Floor, Sino Plaza, 255-257 Gloucester Road, Causeway Bay, Hong Kong at 4:30 pm (China time), corresponding to 9:30am (London time) on 22 May 2009. If the resolution for the Proposed De-listing is approved, it is expected that cancellation of dealings will take effect at 7 a.m. (London time) on 3 June 2009, with the last day of dealings in the Company's Shares on AIM being 2 June 2009.

## **3. Irrevocable undertakings**

The Company has received irrevocable undertakings from Zijin Tongguan and LS-Nikko Copper Inc. that they will not sell any of their Ordinary Shares prior to completion of the Proposed De-listing and that they will vote in favour of the Proposed De-listing. Accordingly, the Company has secured voting commitments in favour of the Proposed De-listing from shareholders representing 89.9 per cent of the Ordinary Shares.

## **4. Transactions in the Ordinary Shares following the Proposed De-listing**

Upon completion of the Proposed De-listing, there will be no market facility for dealing in the Ordinary Shares and no price will be publicly quoted for the Ordinary Shares. As such, the Ordinary Shares will not be traded on a public stock market and there will not be a quoted price for the Shares.

The Directors are aware that any Shareholders may still wish to acquire further, or dispose of, Ordinary Shares after completion of the Proposed De-listing and, accordingly, the Company intends to use reasonable endeavours to create and maintain a matched bargain settlement facility for at least 6 months after the Proposed De-listing. Under this facility shareholders or persons wishing to acquire Shares will be able to leave an indication with the matched bargain settlement facility provider that they are prepared to buy or sell Shares at an agreed price. In the event that the matched bargain settlement facility provider is able to match that order with an opposite sell or buy instruction, the matched bargain settlement facility provider will contact both parties and then effect the order. Shareholders will need to register with the matched bargain settlement facility provider as a new client and transfer their respective shareholdings to a designated nominee account. This can take some time to process and therefore Shareholders who consider they may wish to avail themselves of this facility are encouraged to commence such registration and transfer at the earliest opportunity. The contact details of the matched bargain settlement facility provider will be made available to Shareholders on the Company's website, once such facility has been arranged.

Please note however that the Company will give periodic consideration to the benefit and the cost of maintaining such matched bargain settlement facility and decide whether to continue or stop provision of such matched bargain settlement facility following the expiry of 6 months after the Proposed De-listing.

After the Proposed De-listing, the Directors of the Company will give periodic consideration as to whether it is appropriate to apply for re-listing of the Company on a stock exchange and when this may be appropriate. The Company intends to consider an application for re-listing if and when the Company is able to obtain broad acceptance of the relevant peasant communities in northern Peru along with the required permissions from the Peruvian government (which may take some time to obtain) and commence exploitation activities.

However, please note that any proposed re-listing plans will be subject to a number of commercial, legal and regulatory considerations.

### **5. Arrangement with Warrantholder**

The Company issued two warrants in respect of certain Ordinary Shares to Agropecuaria Las Huaringas S.A. ("ALH") under a warrant agreement dated 27 August 2008. The Company has been discussing the Proposed De-listing with ALH in an effort to obtain its consent to the Proposed De-listing. The Company will make a further announcement regarding the progress and outcome of its discussion with ALH in due course.

### **6. Annual General Meeting**

In addition to the resolution described above to cancel the admission of Ordinary Shares to trading on AIM, the following resolutions shall be tabled at the Company's Annual General Meeting on 22 May, in conjunction with the regular business of an AGM:

1. To receive the Report and Financial Statements
2. To approve the re-election of certain Directors
3. To approve the re-appointment of auditors
4. To seek authority to issue shares
5. To seek authority to allot equity securities for cash
6. To seek authority to make market purchases of Ordinary Shares

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