METMINCO

ABN 43 119 759 349

NOTICE OF EXTRAORDINARY GENERAL MEETING

TO ASSIST SHAREHOLDERS IN THEIR CONSIDERATION OF A RESOLUTION TO BE PUT AT THE

EXTRAORDINARY GENERAL MEETING OF THE COMPANY TO BE HELD AT

THE OFFICES OF GRANT THORNTON AUSTRALIA, LEVEL 13, 383 KENT STREET, SYDNEY NSW 2000

ON FRIDAY, 2 MARCH 2018 AT 10AM (SYDNEY TIME)

THIS DOCUMENT IS IMPORTANT

This Notice of Extraordinary General Meeting (together with the Explanatory Memorandum), Independent Expert's Report, Independent Specialist Report and Proxy Form should be read in their entirety. If you do not understand these documents or are in any doubt as to how to deal with them, you should consult your stockbroker, solicitor, accountant or other professional adviser immediately.

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www.metminco.com.au

METMINCO

25 January 2018

Dear Shareholder

On behalf of the Board of Directors, it is our pleasure to invite you to attend Metminco's Extraordinary General Meeting on Friday, 2 March 2018. The meeting will be held at the offices of Grant Thornton Australia, Level 13, 383 Kent Street, Sydney NSW 2000 commencing at 10am (Sydney time).

The Extraordinary General Meeting is being held as Metminco is seeking shareholder approval, in accordance with section 611 (Item 7) of the *Corporations Act 2001* (Cth), of a resolution for the issue of shares to Redfield Asset Management Pty Limited (**Redfield**) pursuant to the conversion of notes and exercise of the options which were previously issued to Redfield and approved by the shareholders at the Annual General Meeting on 23 May 2017.

The Notice of Meeting, Explanatory Memorandum, Independent Expert's Report (prepared by Grant Thornton Corporate Finance Pty Ltd), Independent Specialist Report (prepared by SRK Consulting (Australasia) Pty Ltd) and Proxy Form are enclosed. We encourage you to read these documents in their entirety so you have a full understanding of the proposed transaction and the resolution being put to the shareholders. Importantly, these documents set out the information that is material to your decision on how to vote on the resolution.

Votes at the meeting will be by way of poll. A person intending to vote on shares held in a company name must bring an authority signed on behalf of the company in favour of the person attending.

We look forward to welcoming you at the meeting. If you are unable to attend, we encourage you to vote by using the Proxy Form provided.

Yours sincerely

William Howe **Managing Director**	**Roger Higgins** **Non-Executive Director**

Metminco Limited

ACN 119 759 349

(Company)

NOTICE OF EXTRAORDINARY GENERAL MEETING

AND

EXPLANATORY MEMORANDUM

AND

INDEPENDENT EXPERT'S REPORT

AND

INDEPENDENT SPECIALIST REPORT

AND

PROXY FORM

Notice is hereby given that an Extraordinary General Meeting of the Shareholders of the Company will be held on Friday, 2 March 2018 at 13, 383 Kent Street, Sydney NSW 2000 at 10AM (Sydney time).

An Explanatory Memorandum, Independent's Expert Report, Independent Specialist Report and Proxy Form accompany this Notice and provide additional information on the Proposed Transaction and the Resolution proposed to be considered at the Meeting. The Explanatory Memorandum, Independent Expert's Report, Independent Specialist Report and Proxy Form form part of this Notice and should be read in conjunction with it. We refer Shareholders to the Glossary in the Explanatory Memorandum which contains definitions of capitalised terms used in this Notice and the Explanatory Memorandum.

AGENDA

To consider and, if thought fit, pass the following as an ordinary resolution of the Company:

Resolution	**Approval of the issue of Shares to Redfield pursuant to the conversion of Notes and exercise of Options**	*"That, for the purpose of section 611 (item 7) of the Corporations Act 2001 (Cth) and for all other purposes, Shareholders approve the issue of Shares to Redfield pursuant to the proposed conversion of the Notes and exercise of Options, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting."*

For the purposes of regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Company determines that Shareholders recorded on the Company's register at 10am (Sydney time) on Wednesday, 28 February 2018 (**Record Date**) will be entitled to attend and vote at the Meeting. If you are not a registered Shareholder at the Record Date, you will not be entitled to vote in respect of any Shares at the Meeting.

If you cannot attend the Meeting in person, you are encouraged to sign and deliver the accompanying Proxy Form and return it in accordance with the instructions set out below.

APPOINTMENT OF PROXIES

A Shareholder entitled to attend and vote at the Meeting may appoint an individual or a body corporate as a proxy to attend the Meeting and, on a poll, vote on the Shareholder's behalf. A proxy need not be a Shareholder.

A Shareholder entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. The enclosed Proxy Form provides further details on proxies and lodging Proxy Forms.

Subject to the paragraphs above, if a Shareholder appoints the Chairman of the Meeting as the Shareholder's proxy and does not specify how the Chairman is to vote on a Resolution, the Chairman will vote, as proxy for that Shareholder, in favour of that Resolution on a poll.

For Shareholders registered on the Australian register, section 250B of the Corporations Act stipulates that the proxies must be delivered prior to 10am (Sydney time) on 28 February 2018 to:

Metminco Limited
Link Market Services
Locked Bag A14
Sydney South NSW 1235
Australia

Voting Exclusions

***Resolution**:* The Company will disregard any votes on the Resolution by:

(a) Redfield;

(b) any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed; and

(c) an Associate of any person described in (a) to (b) above.

However, the Company need not disregard a vote in relation to a Resolution if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or if it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

QUESTIONS

If you have any questions about any matter contained in the Notice of Meeting, please contact the Company Secretary, Graeme Hogan, on +61 2 9460 1856 or at graeme.hogan@metminco.com.au.

Dated: 25 January 2018

By order of the Board

Graeme Hogan
Company Secretary

Metminco Limited

ACN 119 759 349

EXPLANATORY MEMORANDUM

IMPORTANT NOTICE

This Explanatory Memorandum is an explanation of, and contains information about, the Resolution set out in the accompanying Notice, to assist Shareholders in determining how they wish to vote on the Resolution.

This Explanatory Memorandum forms part of the accompanying Notice and should be read together with the Notice.

If you are in doubt about what to do in relation to the Resolution, you should consult your financial or other professional advisor.

This Explanatory Memorandum is dated 25 January 2018.

Capitalised terms used in this Explanatory Memorandum have the meaning given to them in the Glossary attached to this Explanatory Memorandum.

FORWARD LOOKING STATEMENTS

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 requirements.

PURPOSE OF THE MEETING

The Company is seeking Shareholder approval in accordance with the Corporations Act of the Resolution as set out below.

The Resolution for consideration at this Meeting is for the approval of the issue of Shares to Redfield pursuant to the conversion of Notes and exercise of the Options which were previously issued to Redfield and approved by the Shareholders at the AGM on 23 May 2017. Under clause 9 of the Note Deed, Redfield exercised its right to request that the Company convene and hold this Meeting to seek approval, for the purposes of item 7 of section 611 of the Corporations Act and for all other purposes, for the issue of Shares on conversion of the Notes and exercise of the Options.

Shareholders will be aware that the conversion pricing applicable to the Notes is based on the agreed share price set out in the Note Deed. No conversion or exercise notice has been received by the Company at the date of this Notice, and therefore we are not able to provide Shareholders with the exact number of Shares that will be issued to Redfield if this Resolution is passed. However, to ensure that Shareholders are well informed as possible, we have set out below the maximum voting power which Redfield and its Associates would have as a result of the issue of Shares under the Proposed Transaction.

The scenario in the Explanatory Memorandum indicates that Redfield, and its Associates, would acquire a maximum voting power in the Company of 31.43% following conversion of the Notes and exercise of all the Options on the basis that there is no other increase in voting power beyond their current voting power.

Section 606(1) of the Corporations Act prohibits the acquisition of voting shares in a listed company if that acquisition results in a person’s voting power increasing above 20%. However, section 611 (item 7) of the Corporations Act provides an exception to this prohibition where shareholders approve the acquisition. Shareholder approval to the issue of Shares pursuant to the conversion of the Notes and exercise of Options is therefore being sought by the Company pursuant to this exception.

Shareholders should appreciate that this Resolution represents your approval to issue these Shares to Redfield in the event that it converts the Notes and exercises the Options, as explained above. It does not mean that either of those steps will occur.

Each of the Directors supports, and recommends Shareholders vote in favour of, the Resolution. The Chairman of the meeting intends to vote undirected proxies in favour of the Resolution.

INDEPENDENT EXPERT'S REPORT

An Independent Expert's Report has been prepared by Grant Thornton in connection with the Proposed Transaction. Grant Thornton has concluded that the issue of Shares following conversion of the Notes and exercise of the Options to Redfield is not fair but reasonable to the non-associated Shareholders. A full copy of the Independent Expert's Report accompanies the Notice of Meeting and Explanatory Memorandum.

INDEPENDENT SPECIALIST REPORT

An Independent Specialist Report has been prepared by SRK Consulting (Australasia) Pty Ltd in connection with the Company's Miraflores Gold Project located in Columbia. A full copy of the Independent Specialist Report accompanies the Notice of Meeting and Explanatory Memorandum.

ABOUT THE COMPANY

As at the date of this Notice of Meeting the Company has complied with the provisions of Chapter 2M Corporations Act as they apply to the Company, the Listing Rules and the AIM Rules, in particular its obligation with respect to continuous disclosure. A detailed overview of the Company and its projects is available on the Company's website <www.metminco.com.au>.

BUSINESS OF MEETING

RESOLUTION – APPROVAL OF THE ISSUE OF SHARES TO REDFIELD PURSUANT TO THE CONVERSION OF NOTES AND EXERCISE OF OPTIONS

"That, for the purpose of section 611 (item 7) of the Corporations Act 2001 (Cth) and for all other purposes, Shareholders approve the issue of Shares to Redfield pursuant to the proposed conversion of the Notes and exercise of Options, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting."

Background to the Proposed Transaction

Note Deed

On 17 May 2017, the Company entered into the Note Deed with Redfield in relation to a convertible note facility of A$0.75 million. The key principal features of the Note Deed are as follows:

Company	Metminco
Investor	Redfield
Principal amount	A$750,000
Number of Convertible Notes:	12,345,639
Options granted	i) First Tranche Options: 12,345,639 Options exercisable at A$0.081 per Share (as adjusted in accordance with the terms of the Note Deed) expiring 17 May 2019. ii) Second Tranche Options: 12,345,639 Options exercisable at A$0.081 per Share (as adjusted in accordance with the terms of the Note Deed) expiring 25 May 2019.
Manner of exercise of Options	Redfield must exercise its Options in minimum parcels of 500,000 Options or if it holds less than 500,000 Options, the number of options held by it. In circumstances where Redfield exercises less than 500,000 Options, it must pay to Metminco the applicable ASX fees associated with the issue of the Shares on exercise of those Options.
Interest rate	12.5% per annum, compounded monthly interest to be capitalised.
Security	The Notes are unsecured obligations of Metminco.
Quotation	The Notes and Options will not be quoted on the ASX. The Company intends to apply for ASX quotation of Shares issued on conversion of any Notes and exercise of any Options.
Conversion	The Notes may be converted into Shares in accordance with the conversion formula set out in the Note Deed at any time from the Issue Date until 17 May 2018.
Conversion price	A$0.06075 per Share (as adjusted in accordance with the terms of the Note Deed).
Conversion formula	Interest will accrue monthly on each Note from and including the Issue Date up to and including the date on which the Note is converted and will be calculated as follows: $\frac{A \times B \times C}{365}$ where: A = the principal outstanding (includes interest which has been capitalised) B = the interest rate of 12.5% per annum C = days in the month The Notes which are to be converted, will convert into Shares at the conversion ratio which is equal to the following formula: $\frac{A}{B}$ where: A = the principal outstanding (includes interest which has been capitalised) B = the conversion price of A$0.06075 per Share
Voting rights	The Notes will not carry a right to vote at meetings of the Company prior to any conversion of the Notes into Shares, nor will it carry any entitlement to participate in future issues of securities by the Company.
Ranking	Shares issued on the conversion of the Notes and exercise of the Options will have the same terms and will rank equally in all respects with the existing Shares in the Company and will be quoted on the ASX.

The Note Deed is unsecured, unsubordinated and is not underwritten. No underwriting agreement was entered into between Metminco and Redfield with respect to the Proposed Transaction. The Note Deed provided that Redfield would be issued the following interests in Metminco:

(a) 12,345,639 unlisted options (exercisable at A$0.081 per Share expiring 17 May 2019) (**First Tranche Options**);

(b) 12,345,639 unlisted options (exercisable at A$0.081 per Share expiring 25 May 2019) (**Second Tranche Options**); and

(c) 12,345,639 convertible notes (convertible at A$0.06075 per Share expiring 17 May 2018) (**Notes**).

On 23 May 2017, Shareholders ratified the issue of the Notes and First Tranche Options to Redfield under Listing Rule 7.4 and approved the issue of the Second Tranche Options to Redfield under Listing Rule 7.1.

The proceeds of the Note Deed have been applied towards the Miraflores Gold Project Feasibility Study (**Miraflores Project**) and working capital. The Miraflores Project is part of the wider 100% company owned Quinchia Gold Portfolio which includes the Tesorito, Dosquebradas and Chuscal gold targets, all of which have the potential to increase targeted mine life and annual gold production.

We note as a condition of the Term Sheet for the Proposed Transaction, the Company and Redfield Advisory, an Associate of Redfield, entered into a Mandate Letter dated 18 May 2017. The Mandate Letter appointed Redfield Advisory as the Company's corporate advisor, on a non-exclusive basis, for a period of 12 months from the date of the execution of the Mandate Letter.

The Mandate Letter stated that Redfield Advisory would provide corporate advisory services on the following conditions:

(a) the Company agreed to pay Redfield Advisory a fee of 6% (excluding GST) of the gross proceeds of any capital which is raised by Redfield Advisory (or any of its related bodies corporate as defined in the Corporations Act);

(b) for any proposal other than the raising of capital, the parties shall agree fees in good faith at the time the proposal arises; and

(c) in addition, Metminco agrees to pay Redfield Advisory a monthly service fee of A$3,500 per month (paid monthly in arrears).

The Company considered various funding models for the Miraflores Project and believed the Proposed Transaction was most favourable as the agreed conversion price and exercise price for the Shares in the Company were higher than the share price of the Company at the time the Note Deed was entered into. The Company has in the past, and continues to, employ advisers for specific reasons, including for: project identification and purchasing; project sales; capital raising; general corporate advice concerning a range of issues such as access and introductions to the general market; and general advice regarding specific markets for fund raisings. The Company chose to engage Redfield Advisory's services as the Company considered that Redfield Advisory has specialist knowledge and access to the general markets, specifically capital markets in North America and Australia and Redfield Advisory's engagement fees under the Mandate Letter were lower than other advisory role engagements undertaken by the Company.

The Company believed the engagement of Redfield Advisory's services under the Mandate Letter was appropriate to further progress the Miraflores Project.

The parties have terminated the Mandate Letter with effect on and from 14 December 2017. The Mandate Letter and subsequent termination of the Mandate Letter have been disclosed for information purposes only and have no effect on the Resolution being put to the Shareholders in this Notice.

Requisition of Extraordinary General Meeting

On or about 9 August 2017, Redfield sent a requisition for an Extraordinary General Meeting to Metminco. The notice served as a request under clause 9 of the Note Deed that Metminco convene and hold an Extraordinary General Meeting of its Shareholders within 3 months of receiving the request to seek approval, for the purpose of item 7 of section 611 of the Corporations Act and for all other purposes, for the issue of Shares on the conversion of the Notes and/or exercise of the Options. Whilst the Company has been committed to holding the Extraordinary General Meeting within 3 months of receiving the request to seek approval from Redfield, the Company was unable to hold the Extraordinary General Meeting within 3 months of receiving the request to seek approval due to delays in the preparation of the Independent Expert's Report and Independent Specialist Report resulting from requirements of ASIC.

Profile of the Company

In the past year, the Company has repositioned itself to become a gold producer in the near term whilst maintaining a longer term interest in gold and copper within South America, in particular Columbia and Chile. The Company is seeking to deliver growth in the long term by progressing with the following objectives:

(a) advancing the Miraflores Project, which is expected to produce 50,000 ounces of gold per annum over a life of mine of 9 years; and

(b) enhancing anticipated future gold production from the Miraflores Project through exploration and development of high potential prospects in the Quinchia Gold Portfolio.

Directors

No Director of the Company has any interest in the Proposed Transaction.

<u>William James Howe: B.Sc., Fellow of the AusIMM</u>

William was appointed to the Board on 17 July 2009. William, Hampton Mining founder, has over 30 years' experience in the mining industry and has worked in southern and west Africa, Australia, South East Asia and North and South America. He has been instrumental in the development of a number of new mining operations in Australia and South East Asia including the development and management of the first copper heap leach operation in Australia. He specialises in optimising existing operations in addition to the development of new operations, both in underground and open pit environments, and has extensive experience in mine development, mine management and corporate management. William was a founding director of Straits Resources Limited and was Managing Director of Ghana Gold Mines Limited, Hargraves Resources NL, Selwyn Mines Limited and Hampton Mining Limited.

Roger Higgins: BE, MSc, and PhD

Roger was appointed to the Board on 8 October 2013. He has over 40 years of mining industry experience, which has included environmental, strategy, project development and operational roles. He commenced working in the industry as an engineering hydrologist working on pit flooding and tailings disposal issues. Subsequent experience included responsibility for projects and operations in arid Australia and the deserts of northern Chile, as well as in eastern and western Canada.

Roger's earlier career included various hydrology related positions in Papua New Guinea (Australian Government and Bougainville Copper), and 4-years at the University of New South Wales, where he completed a PhD in water resource economics. He subsequently spent 26-years with BHP as Manager Planning and Development BHP Copper, General Mine Manager Escondida, Managing Director Ok Tedi, Vice President Project Development Chile and Vice President and Chief Operating Officer Australia, responsible for the Olympic Dam and Cannington mines. Thereafter he spent 5-years with Teck Resources Limited as Senior Vice President Copper in Vancouver BC where he was responsible for Teck's copper business unit and its related operations in Canada, Chile and Peru.

Franciso Vergara-Irarrazava: ILLB

Francisco was appointed to the Board on 1 April 2010. He has over 30 years' experience in the mining industry in Chile and other Latin American countries where he was Vice President of CompaÒ"a Minera El Indio and CompaÒ"a Minera San Jose, subsidiaries of St. Joe Minerals Corporation until 1991. In 1991, he established Vergara & Cia, Law Firm, providing legal services to different mining companies and international engineering firms focused in natural resources, energy, shipping, salmon industry in Chile and agriculture. He has also acted on behalf of foreign governments through their embassies in Chile, and has served as a director of several listed companies, and Chairman and director of a number of unlisted companies.

Ram Venkat: MBA, BaSC

Ram was appointed to the Board on 20 March 2017, and was nominated by Redfield. Ram ceased to be a nominee of Redfield on the Board of the Company on 26 October 2017. Ram is a seasoned capital markets executive who has worked across the Investment Banking, Equity Capital Markets, Mergers & Acquisitions and multi-asset structuring groups at several global investment banks. Most recently, Ram was a director at a leading Australian investment bank, and prior to that at Citigroup Global Markets where he was responsible for structuring funding solutions and providing capital structuring advice to corporate clients.

Ram's career has focused on helping companies navigate through complex and evolving landscapes of risk, including strategy, growth, funding/capital, acquisition and market-related tasks.

Information regarding Redfield

Redfield is the acquiring entity and is ultimately controlled by its directors, Joel Redelman (via Mooncow Pty Ltd as trustee for the Mooncow Trust (**Mooncow**)) and Gaelan Bloomfield.

The following entities are Associates of Redfield:

(a) Redfield Advisory;

(b) Redfield AM SGP Pte. Ltd., Redfield AM 2 SGP Pte. Ltd., Redfield AM 3 SGP Pte. Ltd. and Redfield Advisory 2 Pty. Ltd. as trustee for Redfield Advisory Trust;

(c) Mooncow and Jesscat Pty. Ltd. as trustee for Jesscat Super Fund (**Jesscat**); and

(d) each of the above entities' respective related bodies corporates.

The group (**Redfield Group**) is a cross sector venture capital fund (Redfield) and advisory firm (Redfield Advisory) based out of the APAC region, with a focus on making high growth investments in:

(a) gold;

(b) cyber security;

(c) green energy;

(d) data analytics / artificial intelligence; and

(e) e-commerce.

The Redfield Group was established in 2015 with a focus on partnering with high-performing companies within high-growth sectors and markets. It is ultimately controlled by Joel Redelman and Gaelan Bloomfield. The Redfield Group's operations offer the following support to portfolio companies and clients:

(a) an advisory division that provides corporate advisory, strategic, liquidity and growth advice; and

(b) an asset management division that principally invests and provides financial support to portfolio companies and clients. Redfield has provided equity funding and convertible financing to the Company.

While the Redfield Group is run out of APAC, the Redfield Group invests worldwide. A significant proportion of Redfield's funds are allocated in the US, as well as having South American exposure.

The Redfield Group implements an active investment strategy, working closely with portfolio company CEOs and boards with a focus to:

(a) support decision making and strategic growth;

(b) provide continued capital financing through follow on fundraising rounds; and

(c) drive business growth through advisory and strategic support.

In relation to Mr Redelman and Mr Bloomfield, their personal experience is as follows:

Mr Redelman is co-founder and director of Redfield and Redfield Advisory. Prior to his involvement with the Redfield Group, Mr Redelman founded and built a property development and construction business, Parker Logan Property Pty Ltd. His analytical, management and delivery skills are well suited for helping new businesses reach their business goals.

Mr Bloomfield co-founded Redfield and Redfield Advisory with a focus on leveraging his skills and network established through his career. He has a broad set of skills developed over a number of years working in investment, banking and management consulting at global firms.

Beginning his career at Deutsche Bank on the Global Graduate Programme, Mr Bloomfield gained international experience working in London, Singapore, Australia and South East Asia.

Following his time at Deutsche Bank, Mr Bloomfield joined the Strategy Advisory Practice at KPMG Sydney providing advisory services to clients across the Asia Pacific region. The key focus of his time at KPMG was providing strategic direction to Australian and Asia-Pacific based businesses, including ASX listed entities.

After leaving KPMG, Mr Bloomfield joined a privately-owned corporate finance team based in Sydney, providing capital structure, advisory and strategic support to emerging Australian businesses. The key focus of this time was assisting Australian and Asian based businesses achieve their growth goals.

Through his career Mr Bloomfield has focused on assisting businesses achieve their goals, whether through advisory services or sourcing of capital.

With the support of Mr Redelman and Mr Bloomfield, the Redfield Group has experience in providing:

- strategic advice and support to boards and management;
- transaction and execution support;
- capital markets support including:
  - capital raising;
  - structuring;
  - underwriting; and
  - capital structure optimisation; and
- providing introductions and linking portfolio companies with strategic partners.

Background to section 611 (item 7) of the Corporations Act

The Corporations Act sets out a number of regulatory requirements that must be satisfied in relation to the issue of Shares under the Resolution. These are summarised below.

<u>Section 606(1) of the Corporations Act</u>

Section 606(1) of the Corporations Act prohibits the acquisition of voting shares in a listed company if that acquisition results in a person's voting power increasing:

(a) from 20% or below to more than 20%; or

(b) from a starting point above 20% and below 90%,

collectively the (**Takeover Prohibition**).

The voting power of a person in a body corporate is determined in accordance with section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the persons' Associates have a relevant interest.

If the Resolution is approved, the Company anticipates that following the conversion of the Notes and exercise of the Options into Shares the aggregate voting power of Redfield and its Associates may exceed 20%.

<u>Item 7 section 611 of the Corporations Act</u>

Section 611 (item 7) of the Corporations Act provides an exception to the Takeover Prohibition described above. Specifically, section 611 (item 7) of the Corporations Act allows a person and their Associates to acquire a relevant interest in a company's voting shares with prior shareholder approval as an exception to the Takeover Prohibition.

On this basis and in accordance with section 611 (item 7) of the Corporations Act, the Company seeks approval from the Shareholders for the proposed issues of the Shares to Redfield.

In order to rely on section 611 (item 7) of the Corporations Act, certain information is required to be provided to Shareholders. This information is set out below.

Listing Rule 7.1 of the ASX Listing Rules

Approval pursuant to Listing Rule 7.1 for the issue of the Shares is not required as an issue of securities with approval pursuant to section 611 (item 7) of the Corporations Act is exempt from the requirements of Listing Rule 7.1 (the exception being Listing Rule 7.2, exception 16).

Relevant information

For the purposes of section 611 (item 7) of the Corporations Act, the following information is disclosed:

The identity of the person to whom Shares will be issued and their Associates

It is intended that the Shares will be issued to Redfield. It is not intended that any Shares will be issued to any of Redfield's Associates.

The voting power that Redfield and its Associates would have as a result of the issue of Shares

As at the date of this Notice of Meeting, Redfield and its Associates have voting power in the Company of approximately 10.58%, equivalent to 13,454,298 Shares, by virtue of the following:

(a) Redfield holds 10,970,464 Shares in the Company;

(b) Redfield's Associate, Mooncow (which is an investment vehicle of Joel Redelman), holds 1,883,834 Shares in the Company; and

(c) Redfield's Associate, Jesscat (which is Joel Redelman's superannuation fund), holds 600,000 Shares in the Company.

In the most dilutive scenario in respect of the Proposed Transaction, the issue of Shares under the Resolution would increase the voting power of Redfield and its Associates to 31.43% following conversion of the Notes and exercise of all the Options if there is no other increase in voting power beyond the current voting power.

The maximum extent of the increase in Redfield's and its Associates' voting power in the Company that would result from the issue of Shares

In the most dilutive scenario in respect of the Proposed Transaction, the maximum extent of the increase in Redfield's and its Associates' voting power following conversion of the Notes and exercise of all the Options is 20.85%, if there is no other increase in voting power beyond the current voting power.

As previously noted, the First Tranche Options may be exercised on or prior to 17 May 2019, the Second Tranche Options may be exercised on or prior to 25 May 2019 and the Notes may be converted on or prior to 17 May 2018.

The voting power of each of Redfield's Associates would have as a result of the issue of Shares

As described above, Mooncow holds 1,883,834 Shares and Jesscat holds 600,000 Shares in the Company. It is not intended that any Shares will be issued to Mooncow or Jesscat under the Proposed Transaction. However, in the most dilutive scenario in respect of the Proposed Transaction, the voting power that Redfield's Associates would have under the Resolution following the issue of Shares upon conversion of the Notes and exercise of all the Options is 31.43% if there is no other increase in voting power beyond the current voting power.

The maximum extent of the increase in the voting power of each of Redfield's Associates that would result from the issue of Shares

As previously noted, it is not intended that any Shares will be issued to any of Redfield's Associates under the Proposed Transaction. However, in the most dilutive scenario in respect of the Proposed Transaction, the maximum extent of the increase in Redfield's Associates voting power following conversion of the Notes and exercise of all the Options is 20.85% if there is no other increase in voting power beyond the current voting power.

Additional Information required by ASIC Regulatory Guide 74

What are the reasons for the Proposed Transaction?

Consistent with the Company's previous ASX announcements, the Redfield Group continues to support the Company's objectives of developing the Quinchia Gold Portfolio and advancing the Miraflores Project toward gold production targeted for early 2019. To this end, a conversion of the Notes will deleverage the Company's balance sheet and the exercise of the Options will introduce new equity capital to Metminco.

When does Redfield intend to convert its Notes and exercise its Options?

Redfield intends to exercise its Options and convert its Notes in accordance with the Note Deed. The Notes will mature on 17 May 2018, the First Tranche Options will expire on 17 May 2019 and the Second Tranche Options will expire on 25 May 2019. However, as at the date of this Notice, Redfield has not made a decision on the date on which it intends to exercise its Options or convert its Notes. The Options and the Notes can be exercised in whole or part (and only in multiples of 500,000 for the Options). However, Redfield is also open to discussions with Metminco and its Board regarding specific funding requirements that can be facilitated by Redfield's exercise of its Options and/or conversion of its Notes.

Does Redfield intend to convert all of its Notes and exercise all of its Options?

Redfield is considering exercising some or all of its Options and converting some or all of its Notes in accordance with the terms of the Note Deed. However, as at the date of this Notice, Redfield has not yet made a decision on the number of Options it wishes to exercise and the Notes it wishes to convert.

Does Redfield have any intention to change the business of Metminco?

No. The Redfield Group looks forward to working closely with Metminco's management on their plans for the Metminco business and development of their assets.

Does Redfield have any intention to inject further capital into Metminco?

The Redfield Group has no current intention to inject further capital into Metminco. However, subject to any other qualifications below, the Redfield Group expects to maintain its pro-rata shareholding position (following exercise of the Options and/or conversion of the Notes) should there be any future equity capital raisings. The Redfield Group is open to assist the Company with further funding.

Does Redfield have any intention or proposal to change the future employment of present employees of Metminco?

The Redfield Group looks forward to having a strong working relationship with the Metminco employees.

The Redfield Group supports the Board's strategy to progress the Company from a gold exploration company to a gold production company in the near term. Other than where it would be consistent with the Board's strategy, the Redfield Group has indicated that it has no present intention to make any significant change to the employment of present employees of the Company.

Does Redfield have any proposals where assets will be transferred between Metminco and Redfield or its Associates?

No.

Does Redfield have any intention to redeploy the fixed assets of Metminco?

No.

Does Redfield have any intention to significantly change the financial or dividend distribution policies of Metminco?

No.

Other relevant matters

The Redfield Group has only reviewed information that has been publicly released on Metminco, its current activities and its plans for the future and have had limited discussions with Metminco in relation to its businesses. The Redfield Group does not currently have knowledge of all material information, facts and circumstances that are necessary to assess the operational, commercial, taxation and financial implications of its current intentions. Consequently, final decisions on the responses set out above in this section have not been made.

Following the exercise of some or all of the Options and conversion of some or all of the Notes, the Redfield Group will, to the extent that information is available to it, conduct a review of the operations, assets, structure and employees of Metminco in light of that information. Final decisions will only be reached after that review and in light of all material facts and circumstances. As such, statements set out above are statements of current intention only based on current market dynamics which may change as new information becomes available or circumstances change. The statements set out in the section above should therefore be read in this context.

Independent Expert's Report

An Independent Expert's Report has been prepared by Grant Thornton in connection with the approval of the issue of Shares to Redfield pursuant to the Proposed Transaction. Grant Thornton has concluded that the issue of Shares following conversion of the Notes and exercise of the Options to Redfield is not fair but reasonable to the non-associated Shareholders. The Independent Expert's Report accompanies the Notice of Meeting and Explanatory Memorandum.

The basis for its conclusion that the issue of Shares following conversion of the Notes and exercise of the Options to Redfield is not fair but reasonable to the non-associated Shareholders is as follows:

(a) Grant Thornton has valued the Shares before the conversion of the Notes and exercise of the Options from A$0.0867 (low) to A$0.1403 (high) per Share on a control basis;

(b) Grant Thornton has valued the Shares after the conversion of the Notes and exercise of the Options from A$0.0828 (low) to A$0.1229 (high) per Share on a minority basis; and

(c) as the fair market value per Share on a post transaction minority basis is less than the fair market value per Share pre-transaction on a control basis, Grant Thornton considers that the issue of Shares following conversion of the Notes and the exercise of the Options to Redfield is not fair but reasonable to the non-associated Shareholders.

Grant Thornton considers that the advantages of the Proposed Transaction outweigh the disadvantages and, as such, is of the view that the issue of Shares following conversion of the Notes and the exercise of the Options to Redfield is reasonable to non-associated Shareholders. The key reasons for Grant Thornton's reasonable assessment are as follows:

(a) although Redfield will obtain a significant interest in Metminco following the conversion of the Notes and the exercise of the Options on a fully diluted basis, Redfield will not gain control of the Company;

(b) Redfield has no current intention to change the strategic direction of the Company, employment level or management team;

(c) if Redfield elects to exercise all of the Options, the Company will receive approximately $2 million in cash which together with current cash resources will assist the Company to continue the development of the Miraflores Project;

(d) Shareholder approval of the Proposed Transaction will preserve funding for the Company and avoid the need for Metminco to redeem the Notes (including capitalised interests) and find alternative ways to raise capital; and

(e) Shareholder approval will maintain the Company's alliance with Redfield and Redfield may continue to assist with future capital raisings or provide Metminco with access to channels to source capital that may otherwise not be available to the Company.

Independent Specialist Report

The Company engaged SRK Consulting (Australasia) Pty Ltd to provide the Independent Specialist Report in support of the Independent Expert's Report, relating specifically to the following:

(a) the technical assumptions included in the Miraflores Definitive Feasibility Study, which was announced to ASX on 18 October 2017, and associated techno-economic modelling; and

(b) the valuation of the related exploration potential and any other mineral resources not considered in the techno-economic model.

The Independent Specialist Report prepared by SRK Consulting (Australasia) Pty Ltd accompanies the Notice of Meeting, Explanatory Memorandum, Independent Expert's Report and Proxy Form.

Advantages if Resolution is approved

The key advantages to Shareholders if the Resolution is approved are:

(a) while Metminco has the cash resources to meet the redemption of the Notes, the issue of Shares in lieu of payments under, or on conversion of, the Notes, will preserve Metminco's cash resources and deleverage their balance sheet;

(b) while Metminco can meet its cash flow projections up to a decision to mine and seek construction financing, the exercise of all or some of the Options by Redfield will introduce new equity capital to Metminco up to the amount of A$1,999,993.52, which can be applied towards the Miraflores Project and working capital;

(c) to enable Metminco to investigate new business opportunities;

(d) the continued involvement of Redfield as a strategic investor in Metminco; and

(e) the conversion of the Notes and exercise of the Options would increase Redfield's overall interest in Metminco, which would generally be expected to further incentivise Redfield to contribute towards the future success of Metminco.

Disadvantages if Resolution is approved

The key disadvantages to Shareholders if the Resolution is approved are:

(a) Redfield will obtain increased voting power in the Company; and

(b) the percentage voting power of Shareholders who are not associated with Redfield will be reduced if and when Shares are issued in lieu of payments under, or on conversion of, the Notes and following exercise of the Options, such that:

  (i) Redfield may have a greater degree of influence over the Board and the Company;

  (ii) Redfield's significant shareholding may reduce any takeover premium being factored into the price of Shares;

  (iii) as the single largest Shareholder Redfield will have the potential to block any potential takeover bid of the Company;

  (iv) the likelihood of the Company receiving a takeover bid without the agreement of Redfield will diminish;

  (v) if there is no other increase in Redfield's voting power beyond the current voting power, the issue of the Shares to Redfield under the Proposed Transaction will give Redfield a voting power of 31.43%, reducing the voting power of all non-associated Shareholders to 68.57%;

  (vi) Redfield's fully diluted equity interest in the Company may discourage project finance providers and debt providers from providing the Company with project financing that will be crucially required to finance the Miraflores Project;

  (vii) Redfield does not have prior experience in controlling, or contributing to the strategic decisions of, a company in the natural resources space, whether gold or otherwise, in any stage of its growth, creating significant uncertainty for the Company and its strategic direction; and

  (viii) Redfield's fully diluted equity interest may discourage other investors from acquiring further Shares or participating in capital raising that may be required to finance the Miraflores Project, which may result in a decrease in liquidity of the Shares.

Shareholders should further consider the Independent Expert's Report from Grant Thornton included with this Notice for other relevant advantages and disadvantages of the Resolution and the impact this may have on their shareholding.

Financial impact if Resolution is approved

If the Resolution is approved by Shareholders and Redfield elects to convert all its Notes and exercise all its Options on or before the relevant maturity or expiry dates, Shares will be issued in lieu of the amounts payable under the Note Deed and there will be a decrease of up to A$849,311.60 in the liabilities of the Company. In addition, following the exercise of some or all of the Options, the Company will receive new equity capital from Redfield up to the amount of A$1,999,993.52.

The conversion of the Notes and exercise of the Options are at the option of Redfield and there is no obligation on Redfield to convert the Notes and exercise its Options.

Financial impact if Resolution is not approved

If the Resolution is not approved by Shareholders and Redfield is unable to convert its Notes by the maturity date, the Company will be required to redeem the Notes in accordance with Schedule 1, clause 6 of the Note Deed by repaying the principal amount and accrued interest to Redfield. In addition, if the Options are not exercised by Redfield, the Company would not receive new equity capital up to the amount of A$1,999,993.52. As a result, the Company would need to consider alternative sources of finance that may include a potentially dilutive capital raising or third party debt finance in order to meet its short term or long term commitments and working capital needs.

Recommendation of the Board

All Directors recommend that Shareholders vote in favour of the Resolution. The Chairman of the Meeting intends to vote undirected proxies in favour of the Resolution.

The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution.

GLOSSARY

In this Explanatory Memorandum, the following terms have the following meanings unless the context requires otherwise:

A$	means a dollar in the currency of the Commonwealth of Australia unless otherwise specified.
AGM	means an annual general meeting of the Company.
AIM	means the AIM market of the London Stock Exchange.
AIM Rules	means the AIM Rules for companies, as amended from time to time.
ASIC	means the Australian Securities and Investments Commission.
Associate	has the meaning given to that term in the Corporations Act.
ASX	means the Australian Securities Exchange.
Board	means the board of Directors of the Company.
Company or **Metminco**	means Metminco Limited ACN 119 759 349.
Corporations Act	means *Corporations Act 2001* (Cth).
Director	means a director of the Company.
Explanatory Memorandum	means the Explanatory Memorandum accompanying the Notice of Meeting.
Extraordinary General Meeting or **Meeting**	means the extraordinary general meeting of Shareholders convened for the purposes of considering the Resolutions to be held on Friday, 2 March 2018 at the offices of Grant Thornton Australia, Level 13, 383 Kent Street, Sydney NSW 2000 at 10AM (Sydney time).
First Tranche Options	means 12,345,639 unlisted options, exercisable at A$0.081 per Share, expiring on 17 May 2019 and issued by the Company to Redfield under the terms of the Note Deed.
Grant Thornton	means Grant Thornton Corporate Finance Pty Ltd ACN 003 265 987.
Independent Expert's Report	means the independent expert report prepared by Grant Thornton in relation to the Proposed Transaction attached to this Notice of Meeting.
Independent Specialist Report	means the independent specialist report prepared by SRK Consulting (Australasia) Pty Ltd in relation to the Company's Miraflores Gold Project located in Columbia attached to this Notice of Meeting.
Issue Date	means the date of issue of the Notes under the Note Deed which is 17 May 2017.
Jesscat	means Jesscat Pty. Ltd. ACN 169 355 711 as trustee for Jesscat Super Fund.
Listing Rules	means the listing rules of ASX, as amended from time to time.
Mandate Letter	means the letter of mandate agreed between Redfield Advisory and the Company executed on 19 May 2017.
Mooncow	means Mooncow Pty Ltd ACN 162 573 908 as trustee for the Mooncow Trust..
Notice or **Notice of Meeting**	means the notice of meeting which accompanies the Explanatory Memorandum.
Note Deed	means the Unsecured Convertible Note Deed executed on 17 May 2017 between the Company and Redfield.
Notes	means the 12,345,639 unsecured convertible notes with a conversion price of A$0.06075 per Share and a maturity date of 17 May 2018 which were issued by the Company to Redfield under the terms of the Note Deed.
Option or Options	means the First Tranche Options and the Second Tranche Options issued to Redfield to acquire additional Shares in the Company under the terms of the Note Deed.
Proposed Transaction	means the proposed issue of Shares to Redfield upon exercise of the Options and conversion of the Notes in accordance with the Note Deed.
Proxy Form	means the proxy form attached to this Notice of Meeting.
Quinchia Gold Portfolio	means 6,043Ha of granted concessions and an additional 3,792Ha of pending applications, and contains a number of gold deposits and exploration targets including Miraflores, Dosquebradas and Tesorito.
Record Date	means 10am (Sydney time) on Wednesday, 28 February 2018.
Redfield	means Redfield Asset Management Pty Limited ACN 131 425 815 as trustee for the Redfield Asset Management Trust.
Redfield Advisory	means Redfield Advisory Pty Ltd ACN 613 661 386.
Resolution	means the resolution referred to in the Notice.
Second Tranche Options	means the 12,345,639 unlisted options exercisable at A$0.081 per Share, expiring on 25 May 2019 and issued by the Company to Redfield under the terms of the Note Deed.
Share or **Shares**	means a fully paid ordinary share(s) in the capital of the Company.
Shareholder or **Shareholders**	means a holder of Shares.
Term Sheet	means the Note Deed Term Sheet between Redfield and the Company dated 31 March 2017.
Voting Exclusion Statement	means the statement of excluded persons which the ASX Listing Rules required to be included in the Notice.

Metminco Limited

Independent Expert's Report and Financial Services Guide

19 January 2018

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Independent Directors
Metminco Limited
Suite 401, Level 4, 6 Help Street
CHATSWOOD NSW 2067

19 January 2018

Dear Independent Directors

Independent Expert's Report and Financial Services Guide

Introduction

Metminco Limited ("MNC" or the "Company") is an Australian public company listed on the Australian Securities Exchange ("ASX") and the Alternative Investment Market ("AIM"). The Company is currently focused on developing its 100% owned flagship Miraflores gold project located in Colombia in the Mid Cauca Porphyry belt within the Municipality of Quinchia, approximately 55 kilometres to the north of the regional capital, Pereira ("the Miraflores Project"). MNC has recently announced[1] maiden reserves and a Feasibility Study ("FS") for the Miraflores Project. As at 27 November 2017, MNC had a market capitalisation of approximately A$5.98 million and a cash balance of circa A$6.3 million[2].

On 22 May 2017, MNC announced that it had entered into an Unsecured Convertible Note Deed with Redfield Asset Management Pty Limited ("Redfield") in relation to a convertible note facility of A$0.75 million ("Redfield Convertible Notes"). The key terms of the Redfield Convertible Notes are set out below:

- 12,345,639 unsecured convertible notes bearing an interest rate of 12.5% per annum. Interests are compounded monthly and capitalised into the principal amount. The Redfield Convertible Notes convert into MNC ordinary shares ("MNC Shares") on a one for one basis at a conversion price of 6.075 cents. The Redfield Convertible Notes mature on 17 May 2018.

- Redfield may convert all the Redfield Convertible Notes any time between the issue date and the maturity date. If not converted earlier, the Redfield Convertible Notes plus capitalised interest will convert into MNC Shares at maturity.

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[1] Refer to the ASX announcement on 18 October 2017
[2] The cash balance is as at 30 June 2017.

- In conjunction with the subscription of the Redfield Convertible Notes, MNC issued to Redfield the following unlisted options ("Redfield Options") for no consideration:
  - 12,345,639 options exercisable at 8.1 cents expiring on 17 May 2019.
  - 12,345,639 options exercisable at 8.1 cents expiring on 25 May 2019.

Redfield and its associates[3] (together referred to as Redfield) currently hold a 10.58% interest in MNC equivalent to 13,454,298 MNC Shares.

In accordance with the terms of the Unsecured Convertible Notes Deed, on 9 August 2017, Redfield sent a requisition of an extraordinary general meeting ("EGM") to MNC, requesting MNC to convene and hold an EGM within 3 months to seek approval, for the purpose of item 7 of section 611 of the *Corporations Act 2001* (Cth) ("Corporations Act") and for all other purposes, for the issue of up to 38,671,676 MNC Shares to Redfield on conversion of the Redfield Convertible Notes and/or exercise of the Redfield Options ("Proposed Issue")[4].

Upon exercise of all the Redfield Options and conversion of the Redfield Convertible Notes, Redfield will increase its interest in the share capital of the Company from 10.58% up to 31.43%[5].

The Independent Directors of MNC recommend that the shareholders of MNC not associated with Redfield ("Non-Associated Shareholders") vote in favour of the Proposed Issue.

Purpose of the report

The Independent Directors have engaged Grant Thornton Corporate Finance Pty Ltd ("Grant Thornton Corporate Finance") to prepare an independent expert's report stating whether, in its opinion, the Proposed Issue is fair and reasonable to the Non-Associated Shareholders for the purposes of Item 7 of Section 611 of the Corporations Act.

Summary of opinion

Grant Thornton Corporate Finance has concluded that the Proposed Issue is NOT FAIR BUT REASONABLE to the Non-Associated Shareholders.

In forming our opinion, Grant Thornton Corporate Finance has considered whether the Proposed Issue is fair and reasonable to the Non-Associated Shareholders and other quantitative and qualitative considerations.

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3 Mooncow Pty Ltd as a trustee for the Mooncow Trust holds 1,883,834 MNC Shares and Jesscat Pty Ltd as trustee for Jesscat Super Fund holds 600,000 MNC Shares.
4 The total number of MNC Shares to be issued to Redfield includes the capitalised interest up to the maturity date.
5 Assuming that an additional 1,634,759 MNC Shares will be issued for the interest capitalised on the $0.75 million convertible note facility up to the maturity date.

Fairness Assessment

In forming our opinion in relation to the fairness of the Proposed Issue to the Non-Associated Shareholders, Grant Thornton Corporate Finance has compared the value per MNC Share before the Proposed Issue on a control basis to the assessed value per MNC Share after approval of the Proposed Issue on a fully diluted and on a minority basis.

The following table summarises our valuation assessment:

Fairness assessment A$ per MNC share	*Section Reference*	Low	High
Fair market value per MNC share before the Proposed Issue (control basis)	6.1	0.0867	0.1403
Fair market value per MNC share after the Proposed Issue (minority basis)	7.1	0.0828	0.1229
Premium / (discount) (A$)		**(0.0040)**	**(0.0174)**
Premium / (discount) (%)		**-5%**	**-12%**

Whilst there is significant overlapping in our assessed valuation range of MNC before and after the Proposed Issue, we have concluded that the Proposed Issue is **NOT FAIR** to the Non-Associated Shareholders given that the low and high value points of MNC after the Proposed Issue are lower than the low and high value points of MNC before the Proposed Issue and the conversion price of 6.075 cents of the Redfield Convertible Notes and the exercise prices of 8.1 cents of the Redfield Options are lower than our valuation assessment of MNC before the Proposed Issue.

As set out in section 6.2, the key value contributor to MNC's enterprise value is the Miraflores Project. We have assessed the fair market value of the Miraflores Project based on the net present value of the future cash flows[6]. However, future cash flows do not take into account the risk and uncertainties associated with the ability of MNC to raise the required funding to commence the construction of the Miraflores Project. We note that based on SRK's report, the Miraflores Project requires upfront capital expenditure funding of approximately A$110 million[7]. Assuming that MNC will be able to secure a project finance debt equivalent to 50% of the required capital expenditure, the Company will require equity funding of circa A$55 million (before transaction costs).

We have accounted for this funding risk separately having regard to the theoretical level of dilution on a number of alternative funding options. As a result we have applied a dilution factor of 50% of the enterprise value of the Miraflores Project (refer to section 6.2.8 for details).

Whilst we are of the opinion that our assumption is consistent with the approach that would be adopted by a pool of potential purchasers, we acknowledge that it is subjective and judgemental given that MNC is yet to commence in-depth discussions in relation to potential funding.

Accordingly, we have carried out below a sensitivity analysis on the dilution factor to show the impact on the equity value of MNC in conjunction with a higher level of dilution. The results of the sensitivity analysis are set out below:

[6] As discussed before, SRK has reviewed the technical assumptions underlying the cash flows of the Miraflores Project.
[7] SRK has estimated the total upfront capital expenditure at US$82.5 million after adding circa US$10 million of contingency in the capital expenditure estimated in the FS of US$71.8 million. The capital expenditure expressed in A$ has been calculated after applying the spot exchange rate as at 21 November 2017 of 0.7537.

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Share price before and after Proposed issue at different levels of dilution (A$)	50%		60%		70%		80%	
	Low	High	Low	High	Low	High	Low	High
Share price before Proposed issue on a control basis	0.0867	0.1403	0.0713	0.1157	0.0543	0.0886	0.0366	0.0604
Share price after Proposed issue on a minority basis	0.0828	0.1229	0.0709	0.1033	0.0592	0.0836	0.0477	0.0632
(Discount)/Premium (A$)	**(0.0040)**	**(0.0174)**	**(0.0004)**	**(0.0124)**	**0.0049**	**(0.0050)**	**0.0111**	**0.0028**
(Discount)/Premium (%)	**-5%**	**-12%**	**-1%**	**-11%**	**9%**	**-6%**	**30%**	**5%**

Source: GTCF analysis

We note that in conjunction with higher level of dilution, the Proposed Issue becomes fair as the cash being paid upon exercise of the Redfield Options is at a significant premium to the underlying value per share and also the significant cash balance held by MNC becomes a relatively higher value contributor post the Proposed Issue.

MNC Shareholders should be aware that our assessment of the value per MNC Share does not reflect the price at which MNC Shares will trade if the Proposed Issue is approved. The price at which MNC Shares will ultimately trade depends on a range of factors including the liquidity of MNC Shares, MNC's cash position, macro-economic conditions, gold prices, project development progress, exchange rate and the underlying performance of MNC's business.

Reasonableness Assessment

RG111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite being not fair, there are sufficient reasons for the security holders to accept the offer in the absence of any superior proposal. In assessing the reasonableness of approving the Proposed Issue, we have considered the following advantages, disadvantages and other factors.

Advantages

Valuation assessment of MNC on a full control basis

Our valuation assessment of MNC before the Proposed Issue is on a 100% basis and incorporates the application of a full premium for control in accordance with the requirements of RG111.

However, if Redfield converts all the Redfield Convertible Notes and exercises all the Redfield Options, it will increase its interest in the Company from 10.58% up to approximately 31.43%[8] of the enlarged share capital. This represents a significant interest, although Redfield will not have control of the Company. In addition, Redfield indicated that it has no current intention to change the strategic direction of the Company, employment level or management team.

Large premium over the current trading prices

If Redfield elects to exercise the Redfield Options, the Company will receive approximately A$2 million in cash which together with the current cash resources will assist in continuing the development of the Miraflores Project. The exercise price of 8.1 cents per option is at premium of circa 72% to the last closing price of 4.7 cents on 27 November 2017.

[8] Assuming that an additional 1,634,759 MNC Shares will be issued for the interest capitalised on the $0.75 million convertible note facility up to the maturity date.

The conversion price of the Redfield Convertible Notes of 6.075 cents is at a premium of circa 29% to the last closing price of 4.7 cents on 27 November 2017.

Notwistanding the comments above, MNC Shareholders should be aware that even if Shareholders' approval is obtained for the exercise of the Redfield Options, it is unlikely that Redfield and any other rational investor will opt for the immediate exercise of the Redfield Options given that they are considerably out of the money[9].

Avoid the cash outflow for the redemption of the Redfield Convertible Notes

Based on the terms of the Redfield Convertible Notes, if the approval of the Non-Associated Shareholders in relation to the Proposed Issue is not obtained before the maturity date and Redfield is unable to convert the Redfield Convertible Notes by the maturity date, MNC will be required to redeem the Convertible Notes (including capitalised interest).

MNC has an on-going need for funding to continue the development of the Miraflores Project and to pay the deferred consideration in relation to the acquisition of the Miraflores Project. The approval of the Proposed Issue preserves funding for the Company and avoids the need to make a payment of circa A$0.75 million plus capitalised interests[10] to redeem/repay the Redfield Convertible Notes at a time when sustainable annual company operational cash flows are yet to be established.

If Non-Associated Shareholders' approval in relation to the Proposed Issue is not obtained and Redfield is unable to convert the Redfield Convertible Notes by the maturity date, MNC may be required to raise capital in order to redeem the Redfield Convertible Notes. Based on the current trading prices of MNC Shares on the ASX, any capital raise to redeem the Redfield Convertible Notes is likely to be more dilutive for the Non-Associated Shareholders compared with the conversion of the Redfield Notes and exercise of the Redfield Options.

Strengthening the alliance with Redfield

If the Proposed Issue is approved, MNC will be able to maintain its alliance with Redfield and Redfield may continue to assist with future capital raisings or provide MNC with access to channels for sourcing of capital that may otherwise not be available to the Company. As a result of additional investment in the Company, Redfield will also be further incentivised to work towards the future success of MNC.

[9] It indicates that the exercise price of the Redifield Options is lower than the current trading prices.
[10] Estimated at circa $99,000 if the Redfield Convertible Notes are held to maturity.

Disadvantages

Dilution from the shares issued to Redfield

Redfield's shareholding in MNC has the potential to increase from 10.58% up to 31.43%[11] if it decides to fully exercise the Redfield Options and convert the Redfield Convertible Notes. As a result, the shareholding of the Non-Associated Shareholders will be diluted from 89.42% to circa 68.57%.

Whilst Redfield will not acquire a full controlling interest in MNC as a result of the Proposed Issue, Redfield will have the ability to significantly increase its influence over the affairs of the Company as the single largest shareholder of MNC after the implementation of the Proposed Issue. Redfield will also have the capacity to block any potential takeover bid of MNC.

Likelihood of receiving a takeover offer in the future

In our opinion, if the Proposed Issue is approved, the likelihood of the Company receiving a takeover offer without the agreement of Redfield will diminish as Redfield will hold a relevant interest of up to 31.43%[12] of the enlarged issued capital of the Company upon exercise of the Redfield Options and conversion of the Redfield Convertible Notes.

Other factors

The Non-Associated Shareholders' position if the Proposed Issue is not approved

If the Proposed Issue is not approved, it would be the current Directors' intention to continue operating the Company in line with its objectives. The Non-Associated Shareholders who retain their shares will continue to share in any benefits and risks in relation to MNC's ongoing business. However, MNC may be required to incur a cash outflow of A$0.75 million plus capitalised interest to redeem the Redfield Convertible Notes when they mature in May 2018.

Impact on the MNC trading prices if the Proposed Issue is not approved

MNC Shares are currently trading at a significant discount to the conversion price of the Redfield Convertible Notes and exercise price of the Redfield Options. Based on the terms of the Redfield Convertible Notes, it is likely that the current trading prices of MNC already reflect the expected dilution from the conversion of the Redfield Convertible Notes and exercise of the Redfield Options, although we note that this will occur at a significant premium to the current trading prices[13]. If the Proposed Issue is not approved by the Non-Associated Shareholders and Redfield is unable to convert the Redfield Convertible Notes by the maturity date, MNC may be required to raise additional capital to redeem the Redfield Convertible Notes plus capitalised interests. Based on the current trading prices of MNC, any short-term capital raising may be significantly dilutive for MNC Shareholders.

[11] Assuming that an additional 1,634,759 MNC Shares will be issued for the interest capitalised on the $0.75 million convertible note facility up to the maturity date.
[12] Assuming that an additional 1,634,759 MNC Shares will be issued for the interest capitalised on the $0.75 million convertible note facility up to the maturity date.
[13] However, we note that as at the date of this report, the market is not yet aware that MNC received a requisition for the EGM to convert the Redfield Convertible Notes and/or exercise the Redfield Options on 9 August 2017.

Reasonableness conclusion

In our opinion, the advantages outweigh the disadvantages as set out above and on this basis, it is our opinion that the Proposed Issue is **REASONABLE** to the Non-Associated Shareholders.

Overall conclusion

After considering the abovementioned quantitative and qualitative factors, Grant Thornton Corporate Finance has concluded that the Proposed Issue is **NOT FAIR BUT REASONABLE** to the Non-Associated Shareholders.

Other matters

Grant Thornton Corporate Finance has prepared a Financial Services Guide in accordance with the Corporations Act. The Financial Services Guide is set out in the following section.

The decision of whether or not to accept the Proposed Issue is a matter for each MNC Shareholder to decide based on their own views of the value of MNC and expectations about future market conditions, MNC's performance, risk profile and investment strategy. If MNC Shareholders are in doubt about the action they should take in relation to the Proposed Issue, they should seek their own professional advice.

Yours faithfully
GRANT THORNTON CORPORATE FINANCE PTY LTD

ANDREA DE CIAN
Director

JANNAYA JAMES
Authorised Representative

19 January 2018

Financial Services Guide

1 Grant Thornton Corporate Finance Pty Ltd

Grant Thornton Corporate Finance carries on a business, and has a registered office, at Level 17, 383 Kent Street, Sydney NSW 2000. Grant Thornton Corporate Finance holds Australian Financial Services Licence No 247140 authorising it to provide financial product advice in relation to securities and superannuation funds to wholesale and retail clients.

Grant Thornton Corporate Finance has been engaged by MNC to provide general financial product advice in the form of an independent expert's report in relation to the Proposed Issue. This report is included in MNC's Notice of Meeting and Explanatory Memorandum.

2 Financial Services Guide

This Financial Services Guide ("FSG") has been prepared in accordance with the Corporations Act, 2001 and provides important information to help retail clients make a decision as to their use of general financial product advice in a report, the services we offer, information about us, our dispute resolution process and how we are remunerated.

3 General financial product advice

In our report we provide general financial product advice. The advice in a report does not take into account your personal objectives, financial situation or needs.

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice directly to retail investors.

4 Remuneration

When providing the Report, Grant Thornton Corporate Finance's client is the Company. Grant Thornton Corporate Finance receives its remuneration from the Company. In respect of the Report, Grant Thornton Corporate Finance will receive from MNC a fixed fee, which is based on commercial rate plus reimbursement of out-of-pocket expenses for the preparation of the report. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority.

Except for the fees referred to above, no related body corporate of Grant Thornton Corporate Finance, or any of the directors or employees of Grant Thornton Corporate Finance or any of those related bodies or any associate receives any other remuneration or other benefit attributable to the preparation of and provision of this report.

5 Independence

Grant Thornton Corporate Finance is required to be independent of MNC in order to provide this report. The guidelines for independence in the preparation of independent expert's reports are set out in Regulatory Guide 112 *Independence of expert* issued by the Australian Securities and Investments Commission ("ASIC"). The following information in relation to the independence of Grant Thornton Corporate Finance is stated below.

"Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with MNC *(and associated entities) that*

could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation the Proposed Issue.

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the transaction, other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the transaction. Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.

Grant Thornton Corporate Finance considers itself to be independent in terms of Regulatory Guide 112 "Independence of expert" issued by the ASIC."

We note that Grant Thornton Australia Limited is the auditor of MNC. The audit services provided by Grant Thornton Australia Limited are strictly for compliance purposes and we have strict internal protocols in relation to audit independence. In addition, this Report was provided outside of the audit procedures. In our opinion, Grant Thornton Corporate Finance is independent of MNC and its Directors and all other relevant parties of the Proposed Issue.

6 Complaints process

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Financial Ombudsman Service (membership no. 11800). All complaints must be in writing and addressed to the Chief Executive Officer at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service who can be contacted at:

Financial Ombudsman Service Limited
GPO Box 3
Melbourne, VIC 3001
Telephone: 1800 367 287

Grant Thornton Corporate Finance is only responsible for this report and FSG. Complaints or questions about the General Meeting should not be directed to Grant Thornton Corporate Finance. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

Compensation arrangements

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act, 2001.

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Contents

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1 Outline of the Proposed Issue

1.1 Terms of the Redfield Convertible Notes

Set out below is a summary of the key terms of the Redfield Convertible Notes.

Terms	Comments
No. Notes	12,345,639
Conversion price	A$0.06075
Security	The notes are unsecured
Coupon	The notes bear an annual interest rate of 12.50% which is compounded monthly and capitalised into the principal value of the notes.
Maturity	17 May 2018
Transferrable	The holder can transfer the notes by executing an appropriate written transfer instrument
Conversion	The note holder can convert any time before the maturity date any number of notes provided that the conversion does not breach section 606 of the Corporations Act. The holder can request at any time before the maturity date that the Company convene and hold an extraordinary general meeting of MNC Shareholders to seek approval, for the purpose of item 7 of section 611 of the Corporations Act, section 208 of the Corporations Act and for all other purposes, for the issue of the MNC Shares in relation to the Proposed Issue. If not converted earlier and subject to receiving the necessary Shareholders' approval, the notes will convert on or around the maturity date. If Shareholders' approval is not received and Redfield is unable to convert the notes by the maturity date, the notes plus capitalised interest will be redeemed.
Other	The notes bear the usual anti-dilution clauses typical for an instrument of this type.

1.2 Terms of the Redfield Options

Set out below is a summary of the key terms of the Redfield Options.

Terms	Option expiring on 17 May 2019 (First Tranche Options)	Option expiring on 25 May 2019 (Second Tranche Options)
No. Options	12,345,639	12,345,639
Exercise price	A$0.081	A$0.081
Expiry date	17 May 2019	25 May 2019
Transferability	The options are freely transferrable	The options are freely transferrable

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1.3 Effects of the Proposed Issue

If the Proposed Issue is approved by the Non-Associated Shareholders:

- Upon exercise of the Redfield Options and conversion of the Redfield Convertible Notes, Redfield will increase its interest in the Company from 10.58% up to 31.43%[14].

- If Redfield elects to exercise the Redfield Options, the Company will receive approximately A$2.0 million in cash.

- Redfield has indicated that it does not intend to change the business of MNC but it intends on working closely with the Management Team on their plans for MNC business and development of the assets. However, we note that Redfield has indicated that its knowledge of MNC is only based on publicly available information and its view may change in the future if Redfield is able to access additional information following exercise of some or all of the Redfield Options or conversion of some or all Redfield Convertible Notes.

We have set out in the table below the various shareholdings of Redfield in MNC in conjunction with the Redfield Convertible Notes and Options:

Shareholding of Redfield in MNC	Scenario A	Scenario B	Scenario C
Existing number of MNC Shares	127,200,299	127,200,299	127,200,299
Existing number of MNC Shares held by Redfield and its associates	13,454,298	13,454,298	13,454,298
Percentage shareholdings of Redfield and its associates in MNC	10.58%	10.58%	10.58%
Additional shares from Convertible Notes	13,980,398	13,980,398	13,980,398
Additional shares from exercising First Tranche Options	NA	12,345,639	12,345,639
Additional shares from exercising Second Tranche Options	NA	NA	12,345,639
Total number of shares held by Redfield	**27,434,696**	**39,780,335**	**52,125,974**
Percentage shareholdings of Redfield in MNC	**19.43%**	**25.91%**	**31.43%**

Source: GTCF calculations

In relation to the above scenarios, we note the following:

- Scenario A – Redfield converts the Convertible Notes only.

- Scenario B – Redfield converts the Convertibles Notes and exercises the First Tranche Options only.

- Scenario C – Redfield converts the Convertible Notes and exercises the First Tranche Options and Second Tranche Options.

We note that for the purpose of the calculation for the aforementioned scenarios, we have assumed that even if the Non-Associated Shareholders approve the Proposed Issue, Redfield will wait until the maturity date to convert the Redfield Convertible Notes in order to maximise the return from the Redfield Convertible Notes coupon.

[14] Assuming that an additional 1,634,759 MNC Shares will be issued for the interest capitalised on the $0.75 million convertible note facility up to the maturity date .

2 Purpose and scope of the report

2.1 Purpose

Section 606 of the Corporations Act prohibits the acquisition of a relevant interest in the issued voting shares of a company if the acquisition results in the person's voting power in the company increasing from either below 20% to more than 20%, or from a starting point between 20% and 90%, without making an offer to all shareholders of the company.

Item 7 of Section 611 of the Corporations Act allows the shareholders not associated with the acquiring company (i.e. the Non-Associated Shareholders) to waive this prohibition by passing a resolution at a general meeting. Regulatory Guide 74 "Acquisitions agreed to by shareholders" ("RG 74") and Regulatory Guide 111 "Content of expert reports" ("RG 111") issued by ASIC set out the view of ASIC on the operation of Item 7 of Section 611 of the Corporations Act.

RG 74 requires that shareholders approving a resolution pursuant to Item 7 of Section 611 of the Corporations Act be provided with a comprehensive analysis of the proposal, including whether or not the proposal is fair and reasonable to the Non-Associated Shareholders. The Directors may satisfy their obligations to provide such an analysis by either:

- Commissioning an independent expert's report; or
- Undertaking a detailed examination of the proposal themselves and preparing a report for the Non-Associated Shareholders.

If the Proposed Issue is approved, Redfield may increase its current shareholding interest in the Company from 10.58% up to 31.43%[15] (assuming Redfield does not acquire any further additional interest in MNC prior to the Proposed Issue and no other new MNC Shares are issued).

Accordingly, the Independent Directors have engaged Grant Thornton Corporate Finance to prepare an independent expert's report stating whether, in its opinion, the Proposed Issue is fair and reasonable to the Non-Associated Shareholders for the purposes of Item 7 of Section 611 of the Corporations Act.

2.2 Basis of assessment

In preparing our report, Grant Thornton Corporate Finance has had regard to the Regulatory Guides issued by ASIC, particularly RG 111, which states that an issue of shares requiring approval under Item 7 of Section 611 of the Corporations Act should be analysed as if it were a takeover bid. Accordingly, we have assessed the Proposed Issue with reference to Section 640 of the Corporations Act. RG 111 states that:

- An offer is considered fair if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer. The comparison should be made assuming 100% ownership of the target company irrespective of whether the consideration offered is scrip or cash

[15] Assuming that an additional 1,634,759 MNC Shares will be issued for the interest capitalised on the $0.75 million convertible note facility up to the maturity date.

and without consideration of the percentage holding of the offeror or its associates in the target company.

- An offer is considered reasonable if it is fair. If the offer is not fair it may still be reasonable after considering other significant factors which justify the acceptance of the offer in the absence of a higher bid. ASIC has identified the following factors which an expert might consider when determining whether an offer is reasonable:

  - The offeror's pre-existing entitlement, if any, in the shares of the target company.

  - Other significant shareholding blocks in the target company.

  - The liquidity of the market in the target company's securities.

  - Taxation losses, cash flow or other benefits through achieving 100% ownership of the target company.

  - Any special value of the target company to the offeror, such as particular technology and the potential to write off outstanding loans from the target company.

  - The likely market price if the offer is unsuccessful.

  - The value to an alternative offeror and likelihood of an alternative offer being made.

Grant Thornton Corporate Finance has determined whether the Proposed Issue is fair to the Non-Associated Shareholders by comparing the fair market value of MNC Shares before the Proposed Issue on a 100% control basis with the fair market value of MNC Shares after approval of the Proposed Issue on a minority basis.

In considering whether the Proposed Issue is reasonable to the Non-Associated Shareholders, we have considered a number of factors, including:

- Whether the Proposed Issue is fair.

- The implications to MNC and the Non-Associated Shareholders if the Proposed Issue is not approved.

- Other likely advantages and disadvantages associated with the Proposed Issue as required by RG111.

- Other costs and risks associated with the Proposed Issue that could potentially affect the Non-Associated Shareholders of MNC.

2.3 Independence

Prior to accepting this engagement, Grant Thornton Corporate Finance (a 100% subsidiary of Grant Thornton Australia Limited) considered its independence with respect to the Proposed Issue with reference to the ASIC Regulatory Guide 112 “Independence of Expert’s Reports” (“RG 112”).

Grant Thornton Corporate Finance has no involvement with, or interest in, the outcome of the approval of the Proposed Issue other than that of an independent expert. Grant Thornton Corporate Finance is entitled to receive a fee based on commercial rates and including reimbursement of out-of-pocket expenses for the preparation of this report.

Except for these fees, Grant Thornton Corporate Finance will not be entitled to any other pecuniary or other benefit, whether direct or indirect, in connection with the issuing of this report. The payment of this fee is in no way contingent upon the success or failure of the Proposed Issue.

We note that Grant Thornton Australia Limited is the auditor of MNC. The audit services provided by Grant Thornton Australia Limited are strictly for compliance purposes and we have strict internal protocols in relation to audit independence. In our opinion, Grant Thornton Corporate Finance is independent of MNC and its Directors and all other relevant parties of the Proposed Issue.

2.4 Consent and other matters

Our report is to be read in conjunction with the Notice of Extraordinary General Meeting and Explanatory Memorandum dated on or around 8 January 2018 in which this report is included, and is prepared for the exclusive purpose of assisting the Non-Associated Shareholders in their consideration of the Proposed Issue. This report should not be used for any other purpose.

Grant Thornton Corporate Finance consents to the issue of this report in its form and context and consents to its inclusion in the Notice of Extraordinary General Meeting and Explanatory Memorandum.

This report constitutes general financial product advice only and in undertaking our assessment, we have considered the likely impact of the Proposed Issue to the Non-Associated Shareholders as a whole. We have not considered the potential impact of the Proposed Issue on individual Non-Associated Shareholders. Individual shareholders have different financial circumstances and it is neither practicable nor possible to consider the implications of the Proposed Issue on individual shareholders.

The decision of whether or not to approve the Proposed Issue is a matter for each Non-Associated Shareholder based on their own views of value of MNC and expectations about future market conditions, MNC’s performance, risk profile and investment strategy. If the Non-Associated Shareholders are in doubt about the action they should take in relation to the Proposed Issue, they should seek their own professional advice.

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3 Profile of the industry

MNC is engaged in the exploration and development of gold deposits in Colombia. Set out below is a brief overview of the key trends in the industry.

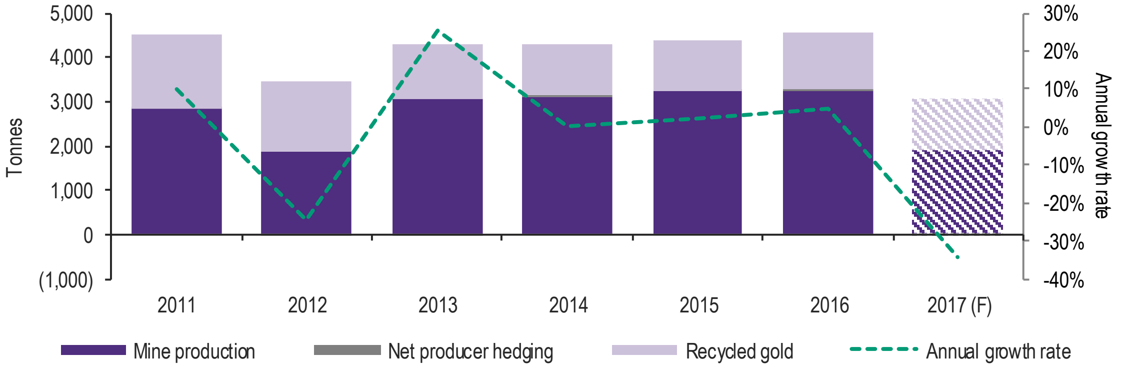
Gold is a precious metal used primarily in the fabrication of jewellery, electronics and other industrial applications. It is also an investment asset used as a store of value and for hedging purposes.

Gold is actively traded on the international commodity markets and experience daily price fluctuations as determined by global supply and demand factors.

3.1 Supply and demand

The supply of gold is mainly sourced from mine production and the recycling of scrap gold. The graph below illustrates historical gold supply by category:

Historical global gold supply by category

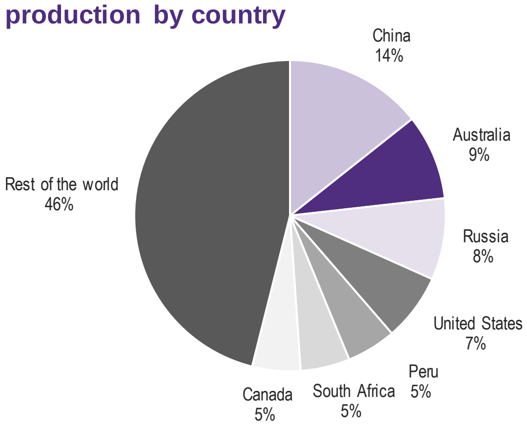


Source: World Gold Council

Note (1): Forecast supply in 2017 estimated based on annualising 2017 Q1 and Q2 actual results.

Global production of gold has increased modestly over the last three years. In 2016, mine production remained flat (0.09% growth), reflecting the lowest growth rate over the four year period to 2016. However, the recycling of scrap gold has increased by c. 17% in 2016, boosted by the increase in gold prices. Gold mine production by country in 2016 is set out below:

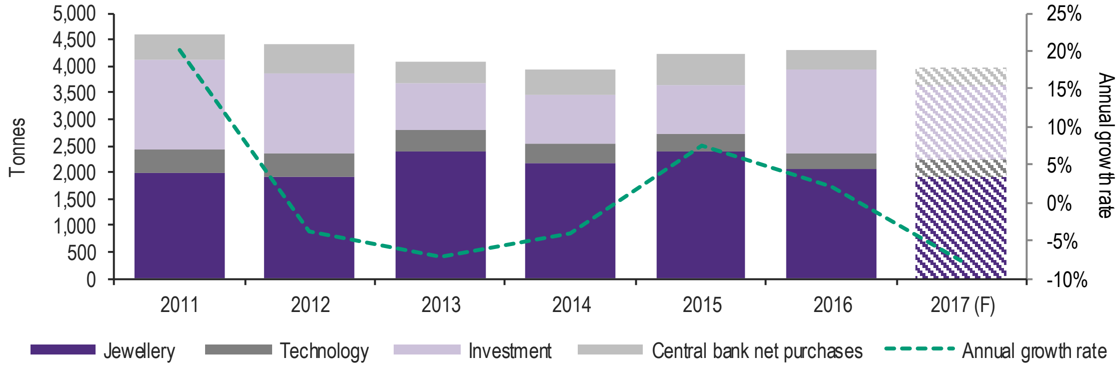
2016 Gold mine production by country



Source: World Gold Council

Forecasted gold mine production is expected to marginally decline in 2017. The reduction in production from the mature gold producing nations is largely offset by increased production from developing countries. Gold demand by category is illustrated below:

Historical global gold demand by category



Source: World Gold Council

Note (1): Forecast demand in 2017 estimated based on annualising 2017 Q1 and Q2 actual results.

Total gold demand increased by 93 tonnes (2%) in 2016. The increase was driven by a sharp rise in consumption from China and India. This escalation is expected to weaken along with the introduction of GST in India in the second half of 2017 and the launch of the Chinese trading platform Microgold which allows users to electronically send gold through WeChat[16] in China. The only category that experienced growth was physical investment, with the main contributor being increased Chinese investment following the devaluation of the yuan.

The fabrication demand for gold has historically been driven by the demand for jewellery and industrial demand ("Primary Demand"). Jewellery accounted for the largest component of fabrication demand. The level of Primary Demand is highly seasonal as demand in India and China is strongly linked to traditional festivities.

Investors generally consider gold as a relatively safe investment asset mainly because the price of gold has historically been negatively correlated to movements in the general global economy and other major financial assets. As a result, gold is often used for hedging and as a store of wealth. In recent history, volatility caused by the Global Financial Crisis ("GFC"), political unrest in the Middle East, foreign exchange fluctuations and the European Debt Crisis ("EDC") have caused investors to sell off other riskier assets to purchase gold for its unique properties as an investment asset.

Increasing interest in gold as an investment asset has also led to an increase in the variety of gold investment products, such as gold exchange traded funds, which are publicly listed investment funds that hold gold as their primary asset.

In recent years, investment demand for gold has also included the net purchase of gold by central banks and official sector institutions[17] ("Official Sector"). The Official Sector became net buyers of gold in 2010. In a number of developing countries experiencing rapid economic growth, the significant expansion of foreign

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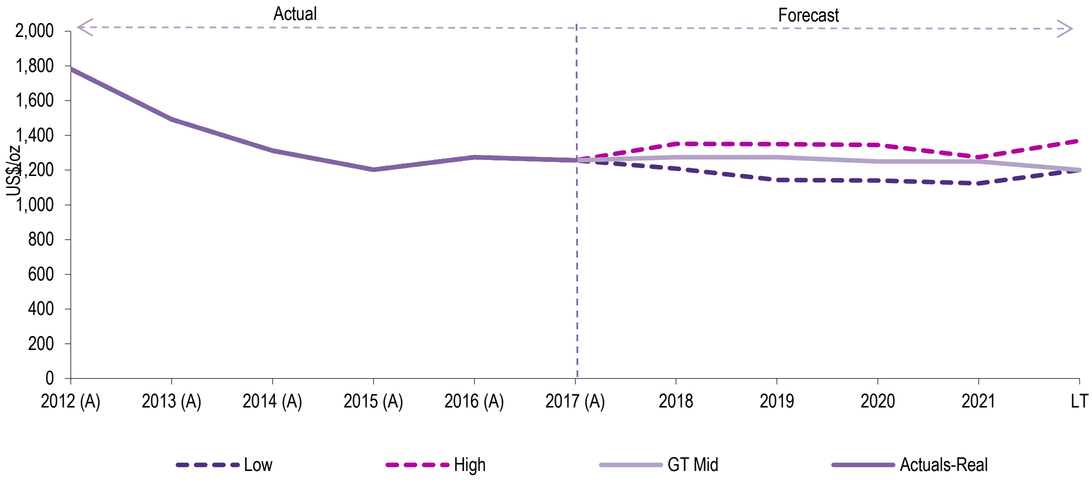
[16] A Chinese mobile application which provides communication services.
[17] Official sector institutions include all departments and agencies of national governments such as exchange authorities and fiscal agents that undertake activities similar to those of treasury, central bank or stabilisation fund

exchange reserves has required central banks to increase gold holdings in order to hedge against adverse movements in foreign exchange reserve movements. Also, the GFC and the EDC have raised concerns in relation to the dominance of the Euro and the US dollar in foreign exchange reserves and have prompted many central banks to diversify reserve assets holdings through the purchase of gold.

3.2 Historical and forecast price of gold

Set out below are the real historical and forecast prices of gold since 2012:

Historical and forecast gold prices (real basis)



Source: S&P Capital IQ, Consensus Forecast and GTCF Calculations

Prices peaked at over US$1,796 per ounce during 2012 due to ongoing concern over the US and the EDC. During 2012-14, gold prices began declining as economic conditions improved, reducing the relative attractiveness of gold as an investment asset. As at 27 November 2017, the spot price of gold was US$1,275 per ounce.

The price of gold is forecasted to have subdued growth in the short to medium term in line with the expected recovery and stabilisation of the global economy and financial markets. As gold is regarded as a store of value, its price is often negatively correlated to other economic indicators.

3.3 Colombia's economy

Colombia is Latin America's fourth largest economy measured by gross domestic product. Petroleum is Colombia's main export, making over 45% of Colombia's exports. Colombia has the fastest growing information technology industry in the world and has the longest fibre optic network in Latin America. Colombia also has one of the largest shipbuilding industries in the world outside Asia.

The economy continued to adjust to the reduction of oil prices in the last few years as lower oil prices led to a slowdown in GDP growth to 2% in 2016. Colombia has recently faced one of the largest terms-of-trade shocks in the region and one of the largest in its history, estimated at about 4 percent of its GDP in conjunction with the steep reduction in oil and commodities prices over the last few years. As a result, the Peso depreciated heavily as Colombia's flexible exchange rate regime assisted to smooth the impact on the economy. The Colombian peso depreciated about 80 percent between mid-July 2014 and February 2016, before appreciating in mid-March 2017.

Economic growth is projected to rise through 2017 and 2018. The historic peace agreement, increasing oil prices and the start of infrastructure projects are expected to accelerate investments. Private consumption is expected to grow moderately and the unemployment rate to stabilise. Inflation is projected to return to the central bank target range of 2-4% at the end of 2017.

Colombia has been historically affected by internal conflicts but the Colombian Congress approved on 30 November 2016 the new peace agreement between the Government of Colombia and the Revolutionary Armed Forces of Colombia which has brought stability to the region.

Monetary policy is projected to become gradually more supportive as inflation continues to recede. The structural tax reform of December 2016 is expected to help achieve a more balanced fiscal consolidation.

In relation to the mining sector, Colombia offers some great mineralogy potential and the country has produced over 80 Moz of gold and exploration has discovered over 100 Moz of gold in the last 10 years. The Colombian Government is supportive of foreign investments with some strong investors protection laws. Colombia was ranked 6th out of 148 countries for investor protection according to the World Economic Forum's Global Competitiveness Report.

Colombia requires the payment of government royalties of 4% of gross value of the mine output for gold and silver. All mineral resources are property of the government but they can be explored after obtaining the necessary concession. The corporate tax rate on foreign companies that do not have a branch or private entities in Colombia is 33%.

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4 Profile of MNC

4.1 Overview

MNC is a junior gold exploration and development company listed on the ASX and the AIM with a market capitalisation of approximately A$5.98 million as at 27 November 2017. MNC's primary focus is on the development of the 100% owned Miraflores Project. It recently announced maiden reserves and completion of a FS for the Miraflores Project.

In May 2016, MNC announced that it had completed the purchase of the Quinchia Gold Portfolio comprising the Miraflores, Tesorito, Dosquebradas and Cushal Projects plus other exploration potential from RMB Australia Holding Limited ("RMB") for 350 million MNC Shares issue at A$0.005 per share plus the reimbursement of circa US$170,000 cash. In addition to the above, under the purchase agreement, MNC will make the following milestone payments to RMB ("Deferred Consideration"):

- Initial payment of A$1 million on 20 June 2017 (completed).
- Second payment of A$1 million on 20 June 2018.
- Third payment of A$3 million on the earlier of a) decision to mine; b) 20 June 2019.
- Forth payment of A$2 million on the earlier of a) decision to mine; b) 20 June 2020.
- A maximum of A$7 million in royalty payments to RMB from operating cash flows.

MNC's key projects (part of the Quinchia Gold Portfolio) are outlined below:

- *Miraflores Project* – it represents a near-term gold development opportunity with measured and indicated resource of 9.27 Mt at 2.82 g/t gold and 2.77 g/t silver equivalent to 840,000 oz Au and 826,000 oz Ag, including reserves[18]. Having recently completed the FS, the Company announced maiden reserves for the Miraflores Project. It included proven, probable reserves and planned dilution together comprising 4.3 Mt at 3.29 g/t gold and 2.77 g/t silver equivalent to total production of 421,421oz. AU and 210,815 oz. Ag[19]. The critical part for the development of the project remains completion of the baseline monitoring for the Environmental Licence and social licence.
- *Dosquebradas, Tesorito and Cushal* – they currently represent exploration targets but they could supplement and extend the operations established at Miraflores Project via access to potential high grade deposit. Limited exploration has been undertaken so far. The exploration tenements for the Cushal area are subject to an option agreement with AngloGold Ashanti which is in the process of being transferred to MNC.

[18] Based on the announcement of the Feasibility Study lodged with ASX on 30 October 2017. The resources estimate also includes Inferred Au resources of c. 37,000 oz. and Inferred Ag resources of c. 57,000 oz.
[19] In their assessment of the combined impact of dilution and ore loss, SRK have recommended a 5% loss to the contained metal allocated to the mine schedule which accommodates the combined effect of a 10% dilution, a 9% grade reduction due to ore loss and a mining tonnes increase of 5%. Therefore, the Financial Model includes a gold production of c. 400,000 oz. No loss has been considered against the silver production.

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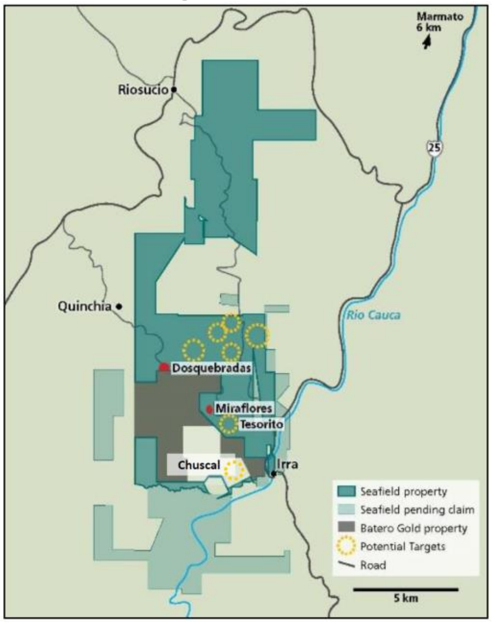
MNC's tenement holdings

MNC's three target areas



Source: Company filings
Note (1): Miraflores Project was previously known as Seafield Property

The following table provides a summary of MNC's key projects and total attributable Mineral Resources reported in accordance with the JORC Code[20] ("Mineral Resources") for the Quichia Gold Portfolio:

Mineral resource estimates as at March 2017					
Quichia Gold Portfolio	Tonnes (000's)	Au (g/t)	Ag (g/t)	Oz Au (000's)	Oz Ag (000's)
Measured	2,958	2.98	2.49	283	237
Indicated	6,311	2.74	2.90	557	588
Measured and Indicated	**9,269**	**2.82**	**2.77**	**840**	**825**
Inferred	487	2.36	3.64	37	57

Source: MNC's ASX announcements, investor presentations and financial reports
Note (1): The above resources are inclusive of the reserves noted earlier.

The following table provides a summary of MNC's Mineral Reserves:

Miraflores Project reserves		Grade		Contained reserves	
	Tonnes	Au	Ag	Au	Ag
	(Mt)	(g/t)	(g/t)	(koz)	(koz)
Proved	1.70	2.75	2.49	150	120
Probable	2.62	3.64	3.13	307	264
Total Reserves	**4.32**	**3.29**	**2.77**	**457**	**384**

Source: MNC's ASX announcement dated 30 October 2017

In June 2017, MNC announced the sale of its residual 49% interest in the Los Calatos copper project in Peru' ("Los Calatos Project") for approximately US$5 million cash. The sale was driven by the Directors' intention to reposition MNC as a gold producer. The Company also owns some residual copper projects in Chile but they are currently not the primary focus. They are Loica (early stage exploration project with no

[20]The JORC (the "Joint Ore Reserves Committee") Code is a standard used for the public disclosure of Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore. The Natougou Mineral Resources are estimated under the 2012 JORC code while the Nabanga Mineral Resources are estimated under the JORC 2004 code.

resources identified), Vallecillo (measured and indicated resource of 8.1Mt at 0.82g/t gold and 10.6g/t silver) and Mollacas (measured and indicated resource of 15.5Mt at 0.128g/t, 0.51% copper and 0.49% soluble copper and completed Scoping Study).

4.2 Miraflores Project

The Miraflores Project is 100% owned by MNC, comprising 124 hectares mineral exploitation contract granted by the Colombian Ministry of Mines. The mineral contract is located in the Municipality of Quinchia some 190km west of the Colombia capital Bogota and 55km north of the city of Pereira. The Miraflores Project has measured and indicated mineral resource of 9.27Mt at 2.82g/t gold and 2.77g/t silver equivalent to 840,000 oz of gold and 826,000 oz of silver at a cut-off grade of 1.2g/t[21].

On 14 September 2017, the Company announced that it had received approval from the environmental agency in the Department of Risaralda in Colombia namely the Corporacion Autonoma Del Risaralda ("CARDER") to construct up to 2,000 metres of underground development under the existing Miraflores exploitation license. The approval will allow MNC to conduct exploration activities in the previously defined ore zones on multiple levels prior to construction of the processing facilities and supporting infrastructure. Further pursuant to the approval, MNC will also be able to discharge water from the underground development and development of waste and ore dumps on surface.

Following approval from CARDER, the Company announced completion of the FS and maiden reserves with proven and probable reserves and planned dilution together comprising 4.3 Mt at 3.29 g/t gold and 2.77 g/t silver equivalent to total production of 421,421 oz. AU and 210,815 oz. Ag[22].

Mining is undertaken via underground longhole stope with a cut-off grade of 1.53g/t Au. The mine will meet the required plant feed with a 365 days per annum and 24-hour schedule with two shifts of 12 hours each.

Gold recovery is expected at circa 90% based on processing facility flowsheet that includes gravity concentration followed by flotation and cyanidation of the flotation concentrate. Throughput is expected at circa 1,300 tonnes per day with the objective of producing circa 45,000 oz of gold per annum.

The Miraflores Project is located in a rural area with the closest town being circa 30 km away. Power is readily available with major transmission line that runs 5 to 10 km form the site. Preliminary sources of water have been identified in the area. MNC has access to approximately 7 litres per second of water rights in the area.

In relation to the environmental studies, baseline data collection and preliminary impact analyses were initiated in 2010, expanded in 2012 but then suspended in 2013 when the previous owner of the Miraflores Project went into receivership. MNC has recently reinitiated this program.

The initial capital costs for the project have been estimated as part of the FS with different degree of details at US$71.8 million excluding contingency (c. US$6.0 million). The majority of the capital costs are in relation to the processing plant (US$46.3 million) and Owner's costs (US$8.4 million). The sustaining

[21] Based on the announcement of the Feasibility Study lodged with ASX on 30 October 2017. The resources estimate also includes Inferred Au resources of c. 37,000 oz. and Inferred Ag resources of c. 57,000 oz.

[22] In their assessment of the combined impact of dilution and ore loss, SRK have recommended a 5% loss to the contained metal allocated to the mine schedule which accommodates the combined effect of a 10% dilution, a 9% grade reduction due to ore loss and a mining tonnes increase of 5%. Therefore, the Financial Model includes a gold production of c. 400,000 oz. No loss has been considered against the silver production. Refer to section 6.2 for details.

capital costs over the life of the mine have been estimated to total US$17.9 million. SRK have recommended increasing the capital expenditure in the model by 15% to account for potential cost escalations. Refer to section 6.2 for details.

Operating costs have been estimated at US$56.01/t milled and AISC has been assessed at US$643/oz. SRK have recommended increasing the operating expenditure (excluding the mining costs) by 10%. Refer to section 6.2 for details.

4.3 Other projects

Tesorito Project – A large gold porphyry system has been identified.

Cushal Project – MNC has identified exploration target on the basis of soil geochemistry and artisanal working in excess of 176ha. The exploration tenements for Cushal area are subject to an option agreement with AngloGold Ashanti to be transferred to MNC and its associates.

Dosquebradas Project – the project has inferred resources of 0.92 Moz of gold and 1.04 Moz. Of silver at a 0.20/g/t cut off which may potentially increase the mine life of the Miraflores Project.

MNC also holds exploration assets in Chile which are currently in care and maintenance as outlined below:

- Mollacas Project – It is located approximately 50 km east of Ovalle in Central Chile. The project is connected by a 40 kilometre asphalt surfaced road and a 12 kilometre dirt road. In July 2012, the Company announced updated mineral resource estimate of 15.5 Mt at a Cu grade of 0.51%. The total contained leachable copper is 79,111 tonnes. In March 2014, MNC updated a prior scoping study which confirmed the economic viability of the project. However, in late March 2014, the IV Region Court of Appeal overturned a 2011 judgement by the First Court of Ovalle which had granted the Company the right to mine the Mollacas Project.

- Vallecillo Project – In October 2012, SRK Consulting completed a mineral resource estimate. However a preliminary economic assessment of the project undertaken in 2013 indicated that additional mineral resources need to be identified to develop the project into a viable mine.

- Loica Project – Early stage exploration project with limited exploration undertaken.

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4.4 Financial information

4.4.1 Financial Performance

The consolidated statements of profit or loss of MNC for the financial years ended 31 December 2014 ("FY14"), 31 December 2015 ("FY15"), 31 December 2016 ("FY16") and the half year ended 30 June 2017 ("HY17") are set out in the table below:

Consolidated statements of profit or loss for the period ended: A$	FY14 31-Dec-14 Audited	FY15 31-Dec-15 Audited	FY16 31-Dec-16 Audited	HY17 30-Jun-17 Audited
Revenue	10,135	4,445	389	-
Finance costs on deferred consideration		-	(221,057)	(229,730)
Foreign exchange gain/(loss)	(610,084)	(74,202)	16,369	(60,779)
Adminstration expenses	(1,991,226)	(1,152,533)	(660,563)	(288,047)
Corporate expenses	(1,131,966)	(655,191)	(975,800)	(1,206,987)
Occupancy expense	(297,523)	(260,984)	(199,537)	(51,860)
Exploration and evaluation expenditure impaired	(7,204,568)	(43,480,520)	(407,300)	(87,880)
Loss of control of subsidiary	-	-	(121,540,173)	-
Loss on sale of asset	-	-	-	(27,165,722)
Exploration, evaluation and due diligence expenses	(1,697,706)	(626,568)	-	-
Provision for Chilean VAT receivable	-	(2,825,214)	-	-
Unrealised loss on derivative asset	-	-	-	(1,553,481)
Realised loss on derivative asset	-	-	-	(106,118)
Share of net loss of associate	-	-	(113,198)	23,570
Profit/(Loss) before income tax	**(12,922,938)**	**(49,070,767)**	**(124,100,870)**	**(30,727,034)**
Income tax expense	-	-	-	-
Profit/(Loss) for the year	**(12,922,938)**	**(49,070,767)**	**(124,100,870)**	**(30,727,034)**
Other comprehensive income				
Exchange differences on translating foreign controlled entities (net o	6,146,533	8,617,997	423,051	(1,430,655)
Total comprehensive income/(loss) for the year	**(6,776,405)**	**(40,452,770)**	**(123,677,819)**	**(32,157,689)**
Loss for the year attributable to members of the parent entity:	(12,922,938)	(49,070,767)	(124,100,870)	(30,727,034)
Total comprehensive loss attributable to members of the parent e	(6,776,405)	(40,452,770)	(123,677,819)	(32,157,689)

Source: Company filings

We note the following in relation to the above consolidated statement of financial performance:

- The loss due to loss of control of subsidiary of A$121.5 million in FY16 refers to the reduction in the fair market value of the retained 49% interest in the Los Calatos Project by MNC based on the agreed purchase price in relation to the transaction with CD Capital to acquire up to 70% of the Los Calatos Project for an investment of up to US$45 million.

- The large exploration and evaluation expenditure impairment of A$43.5 million in FY15 refers to the Mollacas Project. As a result of the Court of Appeal of Region IV ruling, MNC does not currently have mining rights. Whilst MNC is looking for possible alternatives, and given that the Directors were not able to accurately assess the recoverable amount, they wrote down the carrying value of the project to the recoverable amount of the land and water rights owned by the Company.

- Loss on sale of asset of A$27.2 million in H1FY17 refers to the difference between the carrying value of the 49% of the Los Calatos Project of A$33.8 million and the actual sale price of A$6.6 million. We note that after detailed consideration the Company decided to monetised its interest in the Los Calatos Project 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.

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- The unrealised loss on market to market of the equity swap of A$1.6 million in H1FY17 is in relation to the derivative agreement with Landstead Capital L.P. whereby the Company issued circa 25 million shares at 11.58 cents.

4.4.2 Financial Position

The statements of financial position of MNC as at 31 December 2016 and 30 June 2017 are set out in the table below:

Consolidated statements of financial position as at A$	FY16 31-Dec-16 Audited	HY17 30-Jun-17 Audited
Current assets		
Cash and cash equivalents	71,548	6,349,931
Trade and other receivables	385,827	215,235
Derivative asset	-	596,413
Other current assets	21,060	12,506
Total current assets	**478,435**	**7,174,085**
Non-current Assets		
Derivative asset	-	258,440
Investment in associate	33,766,877	-
Property, plant and equipment	4,538,349	4,257,086
Exploration and evaluation expenditure	9,486,691	10,421,030
Total non-current assets	**47,791,917**	**14,936,556**
Total assets	**48,270,352**	**22,110,641**
Current liabilities		
Trade and other payables	3,425,242	5,717,660
Short term provisions	236,775	208,976
Total current liabilities	**3,662,017**	**5,926,636**
Non-current liabilities		
Long term provisions	79,903	49,272
Long term payables	4,893,628	4,159,681
Total non-current liabilities	**4,973,531**	**4,208,953**
Total liabilities	**8,635,548**	**10,135,589**
Net assets	**39,634,804**	**11,975,052**
Equity		
Contributed equity	329,032,074	333,092,371
Reserves	(30,142,687)	(31,135,702)
Accumulated losses	(259,254,583)	(289,981,617)
Total equity	**39,634,804**	**11,975,052**

Source: Company filings

We note the following in relation to the statements of financial position:

- Cash and cash equivalents of A$6.3 million as at 30 June 2017 was a substantial increase compared to A$71,548 as at 31 December 2016, primarily as a result of proceeds of A$6.6 million from the sale of the 49% interest in the Los Calatos Project.

- Derivative asset (current and non-current) comprises the receivable from the equity swap entered by the Company on 31 January 2017. Based on the terms of the agreement with Lanstead Capital L.P., the Company issued circa 25 million shares at 11.58 cents. Rather than paying MNC for the shares issued, Lanstead placed A$3 million in Government Bonds with an escrow agent. We note that out of A$3 million, the Company received A$0.45 million as an advance at the time of completion. The remaining A$2.55 million will be received over a period of 18 months based on monthly payments. The pro-rate monthly payment is adjusted based on the actual MNC share price against the agreed benchmark share price of 15.8 cents. Specifically, if the 5 days VWAP preceding the monthly settlement date is higher or lower than the benchmark price, the monthly payment is adjusted accordingly.

- Trade payables (current and non-current) include the following:

- A$1 million – short term component of the Deferred Consideration.
- A$5 million – non-current portion of the Deferred Consideration
- A$0.75 million – debt component of the fair market value of the Redfield Convertible Notes.

4.5 Capital structure

As at the date of this report, MNC's capital structure is as follows:

- 127,200,299 ordinary shares.
- 12,345,639 Redfield Convertible Notes with a conversion price of 6.075 cents.
- 12,345,639 options with an exercise price of 8.1 cents and expiry date of 17 May 2019.
- 12,345,639 options with an exercise price of 8.1 cents and expiry date of 25 May 2019.

4.5.1 Ordinary shares

The top ten shareholders of MNC as at 5 December 2017 are set out below:

Top 10 shareholders of ordinary shares as at 5 December 2017			
Rank	Name	No. of shares	Interest (%)
1	Computershare Clearing Pty Limited	26,589,398	20.90%
2	Citicorp Nominees Pty Limited	12,451,546	9.79%
3	Redfield Asset Management Pty Limited	10,970,464	8.62%
4	BNP Paribas Nominees Pty Limited	8,735,961	6.87%
5	RMB Australia Holdings Limited	8,000,000	6.29%
6	HSBC Custody Nominees (Australia) Limited	5,459,014	4.29%
7	BNP Paribas Nominees Pty Limited	4,936,938	3.88%
8	Wilnic Pty Limited	2,270,742	1.79%
9	JP Morgan Nominees Australia Limited	1,915,794	1.51%
10	Mooncow Pty Ltd	1,883,834	1.48%
Top 10 shareholders total		**83,213,691**	**65.42%**
Remaining shareholders		**43,986,608**	**34.58%**
Total ordinary shares outstanding		**127,200,299**	**100.00%**

Source: Management

4.5.2 Convertible notes and options

Refer to section 1 for a detailed overview of the terms.

5 Valuation methodologies

5.1 Introduction

As part of assessing whether or not the Proposed Issue is fair to the Non-Associated Shareholders, Grant Thornton Corporate Finance has compared the Fair market value of MNC Shares before the Proposed Issue on a control basis to the fair market value of MNC Shares after approval of the Proposed Issue on a minority basis.

In each case, Grant Thornton Corporate Finance has assessed value using the concept of fair market value. Fair market value is commonly defined as:

"the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm's length."

Fair market value excludes any special value. Special value is the value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special value that they expect to realise from the acquisition to the seller.

We note, RG111 requires the fairness assessment to be made assuming 100% ownership of the target company and irrespective of whether the consideration offered is script or cash and without consideration of the percentage holding of the offeror or its associates in the target company.

5.2 Valuation methodologies

RG 111 outlines the appropriate methodologies that a valuer should generally consider when valuing assets or securities for the purposes of, amongst other things, approval of an issue of shares using item 7 of s611 of the Corporations Act, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:

- Discounted cash flow ("DCF") method and the estimated realisable value of any surplus assets.
- Application of earnings multiples to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets.
- Amount available for distribution to security holders on an orderly realisation of assets.
- Quoted price for listed securities, when there is a liquid and active market.
- Any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.

Further details on these methodologies are set out in Appendix A to this report. Each of these methodologies is appropriate in certain circumstances.

RG111 does not prescribe the above methodologies as the method(s) that an expert should use in preparing their report. The decision as to which methodology to use lies with the expert based on the expert's skill and judgement and after considering the unique circumstances of the entity or asset being valued. In general, an expert would have regard to valuation theory, the accepted and most common market practice in valuing the entity or asset in question and the availability of relevant information.

5.3 Selected valuation methods

5.3.1 Miraflores Project

The Miraflores Project is the key development asset of MNC. The market value of the Miraflores Project was assessed having regard to the DCF approach. We believe this methodology to be appropriate due to the following:

- MNC has recently completed a FS for the Miraflores Project and it has prepared a detailed financial model underneath the mine plan.
- MNC advised that ore reserves only are included in the financial model underpinning the forecast production target and financial projections.
- The DCF method is the most appropriate approach in valuing assets with a finite life such as mineral assets. This reflects the fact that the reserves deplete over time, and the significant level of capital and time required for the development of mineral assets.
- The DCF method is one of the most commonly used methodologies for the valuation of mineral assets.
- Grant Thornton Corporate Finance has engaged SRK to independently review the technical assumptions in relation to the long term financial model.

In the valuation assessment of Miraflores Project's other exploration assets (i.e. mineral resources not included in the FS plus other exploration potential), we have had regard to SRK's assessed valuation.

5.3.2 Cross-check

Prior to reaching our valuation conclusions, we have considered the reasonableness of our valuation of MNC's shares having regard to the market approach based on a multiple of mineral resources for the Company as a whole and the trading prices.

5.3.3 Independent technical specialist

For the purposes of this report, Grant Thornton Corporate Finance has engaged SRK to review and express an opinion on the reasonableness of the technical assumptions included in the projections for the Miraflores Project. SRK have also been engaged to prepare a valuation of the other mineral resources of the Quinchia Gold Portfolio not included in the FS and other exploration potential. SRK's engagement was completed in accordance with the VALMIN Code[23]. A copy of the SRK Report is included as Appendix E.

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[23] The VALMIN Code is binding on members of the Australasian Institute of Mining and Metallurgy when preparing public independent expert reports required by the Corporations Act concerning mineral and petroleum assets and securities. The purpose of the VALMIN Code is to provide a set of fundamental principles and supporting recommendations regarding good professional practice to assist those involved in the preparation of independent expert reports that are public and required for the assessment and / or valuation of mineral and petroleum assets and securities so

6 Valuation assessment of MNC before the Proposed Issue

6.1 Valuation summary

Set out below is our valuation assessment of MNC before the Proposed Issue on a control basis.

Valuation summary before Proposed Issue A$000's	Reference	Low	High
Enterprise value of the Miraflores Project (100%) [1]	6.2.1	14,989	21,488
Less: Deferred consideration for the Quinchia Project	6.2.3	(6,000)	(6,000)
Enterprise value of other exploration potential [1]	6.2.2	8,412	17,368
Value of the Quinchia Portfolio (before dilution)		**17,401**	**32,856**
Add: Cash and cash equivalents	6.2.7	6,351	6,351
Add: Lanstead receivables	6.2.6	480	480
Less: Value of options	6.2.5	(1,093)	(2,273)
Less: Value of convertible notes	6.2.4	(1,074)	(1,728)
Equity value before adjusting for dilution		**22,065**	**35,686**
Number of shares outstanding	4.5.1	127,200	127,200
Assessed value per share before dilution		**0.173**	**0.281**
Dilution factor	6.2.8	*50%*	*50%*
Assessed value per share after dilution		**0.087**	**0.140**

Source: GTCF calculations
Note (1): In assessing the A$ value of the Miraflores Project and the other exploration potential, we have adopted a spot exchange rate as at 21 November 2017 of 0.7537.

6.2 Valuation of Quinchia Portfolio

6.2.1 Miraflores Project – FS case based on mineral reserves only

Management have provided a Financial Model ("Financial Model") in relation to the Miraflores Project current planned life of mine under the FS. The Financial Model is based on an operational plan of 9.3 years and is based on a mine schedule completed by independent mine consultant, and it does not take into account potential extension of the life of mine based on current and future exploration. The fair market value of the exploration potential and resources not included in the Financial Model has been estimated separately by SRK.

Grant Thornton Corporate Finance has engaged SRK, to review and express an opinion on the reasonableness of the technical assumptions included in the Financial Model in relation to, among other things, the reserves, production profile, operating and capital expenditure for the Miraflores project.

Based on SRK's review and suggested changes to the Financial Model, Grant Thornton Corporate Finance has assessed the net present value of the Miraflore Project based on ungeared, real and post-tax cash flows.

Set out below is a brief overview of the key operating and economic assumptions used in the assessment of the Miraflores Project.

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that the resulting reports will be reliable, thorough, understandable and include all the material information required by investors and their advisers when making investment decisions.

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6.2.1.1 Operating assumptions

Based on SRK's review, certain changes were made to the operating assumptions in the Financial Model which are briefly summarised below. Refer to SRK's report for complete details of the recommended changes to the operating assumptions.

Changes recommended by SRK	
Commencement of the mine	Based on the feasibility study, the construction of the mine is expected to be completed in September 2019. Given this, SRK have recommended considering production to commence in Q1 or Q2 of 2020. We have adopted 2020 as the first year of production.
Recoverable gold	To account for dilution and ore loss, SRK have recommended applying a 5% loss to the contained metal allocated to the mining schedule which accomodates the combined effect of a 10% dilution, a 9% grade reduction due to ore loss and mining tonnes increase of 5% . No changes have been recommended to the recoverable silver.
Capital expenditure	To account for cost escalation of the capital expenditure, SRK have recommended increasing the capital expenditure by 15%
Sustaining capital expenditure	To continue operating the mine over the LOM, SRK have recommended using a sustaining capital expenditure of US$0.5 million commencing from the first full year of production (FY20) throughout the entire life of mine excluding the final year of production.
Operating expenditure	To account for cost escalations of the operating expenditure, SRK have recommended increasing the operating expenditure by 10% . However, no additions have been made to the underground mining costs

Source: SRK Report, GTCF analysis

In addition to the above, we have made following changes to the model:

- Capitalised development costs – We have included capitalised development costs as capital expenditure in the assessment of capital expenditure in the calculation of the DCF.
- Depreciation – All fixed assets (comprising existing assets, capitalised development costs, initial capital expenditure and sustaining capital expenditure) have been fully depreciated over the life of mine.
- Corporate costs – Based on representations made by MNC, we note that no corporate costs have been included in the Financial Model. A large acquirer would typically be required to incur relatively minimal levels of corporate costs. We have therefore not included corporate costs in the model.

The key operating assumptions, after SRK adjustments (refer to Appendix E for details), underpinning the forecast cash flows relating to the Miraflores Project are set out below:

Miraflores gold mine	*Units*	Miraflores gold mine
Life of mine (LOM) (years)	Years	*9.3*
Tonnes Processed	t	*4,326,353*
Gold Grade Processed	g/t	*3.29*
Silver Grade Procesed	g/t	*2.53*
Gold recovery (%)	%	*87%*
Silver Recovery (%)	%	*60%*
Total gold sales (oz)	*oz*	*400,179*
Total silver sales (oz)	*oz*	*210,815*

Source: Financial Model, GTCF analysis

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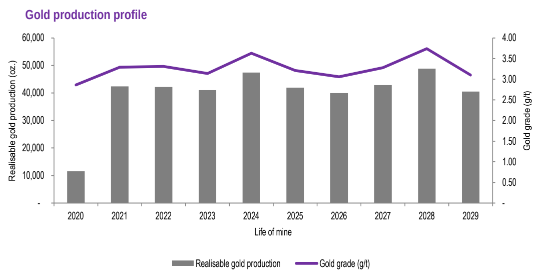
Note (1): The total gold sales included in the Financial Model is 421,421 oz. SRK have recommended applying a 5% loss to the contained metal allocated to the mining schedule which accommodates the combined effect of a 10% dilution, a 9% grade reduction due to ore loss and mining tonnes increase of 5%. The total gold sales reported above are after applying SRK's recommendations.

Based on the results of the FS, the Company is currently in the process of obtaining Environmental License, including the validation of the impacts on the local communities and gaining of the social license for the Miraflores Project.

Production profile of the Miraflores Project



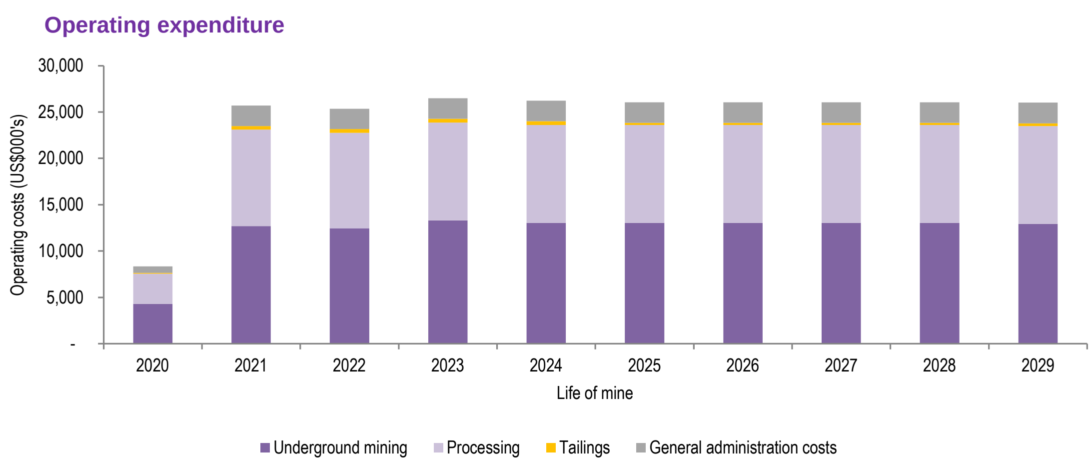
Source: Financial Model
Note (1): The realisable gold production is calculated as 99.6% of the total gold sales. The realisable silver production is calculated as 99% of the total silver sales.

We note the following in respect of the above graphs:

- Gold production has been assumed to commence in 2020 based on indications from SRK.
- The Miraflores Project is expected to have a relatively steady production profile over the life of mine ("LOM").

Operating costs

The forecast operating expenditure profile (real terms) is summarised below:



Source: Financial Model

In relation to the above cost breakdown, we note the following:

- The operating expenditure estimates have been provided by GR Engineering Services Limited ("GRES"), a Perth-based consulting company.

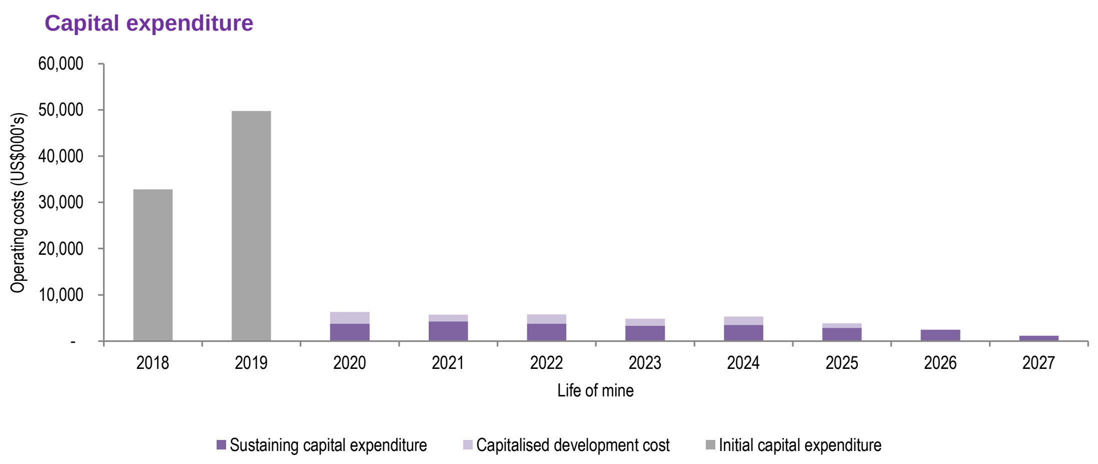
- SRK have recommended a 10% increase in the operating costs (excluding underground mining costs) to account for cost escalations in the future.

- The processing costs are relatively stable over the LOM. The major components of the processing costs are crushing and screening (c. US$1 million annually from FY20) and grinding, classification and gravity (c. US$2.5 million annually from FY20). Other processing costs include costs associated with floatation, tailings and detoxification.

- The general and administration expenses are only site-related overheads and do not include corporate overheads. For our valuation assessment, we have not included corporate overheads, given that a larger acquirer would be required to incur minimal corporate costs and the availability of potential synergies.

Capital expenditure

Based the FS and SRK's required amendments, the upfront capital expenditure for the Miraflores Project is US$82 million[24] or circa A$110 million[25]. The forecast capital expenditure (real terms) over the projected mine life is summarised below:



Source: Financial Model

In relation to the above capital expenditure, we note the following:

- SRK have recommended a 15% increase in the capital expenditure (refer to Appendix E for details).

- The capital expenditure does not include the costs to complete the bankable feasibility study and other costs up to commencement of construction of the mine.

- The Financial Model does not include restoration and rehabilitation costs and the salvage value of the plant and equipment. Based on technical assessment by GRES, the rehabilitation costs and the

[24] SRK added circa US$10 million to the FS' contingency.
[25] The capital expenditure expressed in A$ has been calculated by applying the spot exchange rate as at 21 November 2017 of 0.7537.

salvage value of the plant are likely to off-set each other resulting in no material cash outflows towards the end of the life of mine.

6.2.1.2 Economic assumptions

Gold and silver prices

For the purpose of forming a view on the appropriate gold and silver prices to use for the valuation, Grant Thornton Corporate Finance has had regard to historical spot prices and forecast prices prepared by various brokers.

Given the volatility in the commodity markets, the current levels of precious metal prices relative to the long-term historical prices, the divergent views of analysts, assumptions regarding future gold and silver prices are subject to uncertainty.

The assumptions in relation to the gold and silver prices adopted by Grant Thornton Corporate Finance do not represent forecasts by Grant Thornton Corporate Finance but are intended to reflect the assumptions that could reasonably be adopted by industry participants in their pricing of precious metal assets and companies.

In our assessment of the gold and silver prices, we have considered the following:

- Broker forecasts released by Consensus Economics Inc, dated 13 November 2017.
- Historical movement in spot and forward prices of gold and silver.
- Other publicly available information.

The table below summarises the forecast gold and silver prices which we have adopted for the purposes of our valuation assessment.

Forecast prices summary (in real terms)	Spot	2019E	2020E	2021E	Long-term
Grant Thornton Corporate Finance assessed range (Gold)					
Low	1,275.3	1,250.0	1,200.0	1,200.0	1,175.0
High	1,275.3	1,300.0	1,300.0	1,300.0	1,225.0
Grant Thornton Corporate Finance assessed range (Silver)					
Low	16.8	17.0	17.0	18.0	18.8
High	16.8	18.5	19.0	18.5	19.3

Source: Consensus Economics Inc. Forecast (November 2017
Note (1): Spot price as at 29 November 2017 and GTCF Calculations

In assessing the gold and silver price range, we note that significant uncertainties remain in relation to forecast precious metals prices. Some analysts have forecasted the US$ denominated gold price to gradually decrease in the short to medium-term in line with the expected recovery of the world economy as gold price is often considered to be negatively correlated to other economic indicators.

Conversely, other industry analysts are of the opinion that gold prices may trend upwards due to the following reasons:

- Political instability and economic uncertainty persists in the global markets.

- The increasing interest in gold as an investment asset has led to an increase in the variety of gold investment products, in particular the significant increase in the number of gold exchange traded funds.

- High demand from emerging countries like China and India.

Given the above uncertainties, we have undertaken a number of sensitivities in relation to the precious metal prices in our valuation assessment.

Tax rate

The income tax rate for foreign companies without branches or private entities incorporated in Columbia is 33%.

In our valuation assessment of the Miraflores Project, we have incorporated circa US$18 million of accumulated net tax losses which could potentially be used to offset against future taxable income.

Working capital

Movements in working capital have been included in the Financial Model on an annual basis to account for the timing difference in the realisation of revenues and the payment of costs.

Discount rate

The cash flow assumptions associated with the Miraflores Project have been prepared on a real, ungeared and post-tax basis. Accordingly, Grant Thornton Corporate Finance has applied a real, post-tax weighted average cost of capital ("WACC") in the range of 9.5% to 10.5% to value the Miraflores Project. Refer to Appendix B for details.

In our assessment of the WACC, we have applied a country risk premium for Columbia[26] of 2.2% and a specific risk premium of between 2% to 3% to reflect the following risks associated with the Miraflores Project:

- The Miraflores Project concession ownership comprises a single mining exploitation contract with an area of 124.092 ha granted by the Colombian state mining company ECOMINAS. The concession is valid until 26 June 2019. Whilst the Company is confident that the concession will be extended/renewed, this poses a risk for the project.

- The production profile of the Miraflores Project does not allow for a ramp-up period in the ore production which based on discussions with SRK, we believe may be optimistic.

- An environmental assessment and social license for the Miraflores Project are yet to be obtained.

[26] Esitmated by Professor Aswath Damodaran of Stern School of Business at New York University

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- The expected production commencement date of early 2020 requires timely completion of multiple procedures including construction of the mine, obtaining the environmental assessment and social license and commissioning of the plant at the mine. Any delays in these procedures are likely to impact the commencement date of the Miraflores Project.

- Whilst we have not specifically accounted for this in our discount rate, we also note that in April 2017, AngloGold Ashanti announced that it had suspended mining at its La Colosa gold mine, which is located in the Cauca gold belt (where the Miraflores Project is located), after a local community voted to ban mining in the area due to environmental concerns. Specifically, we note that a constitutional court ruling made possible for a referendum voted by the local community to overturn the Colombian central government's authority over mining project.

Sensitivity analysis

The following table sets out the sensitivities on the value of the Miraflores Project by changing some of the key assumptions.

Miraflores Project - sensitivity analysis $000	Low	High
Fair market value of the Miraflores Project	14,989	21,488
Sensitivity analysis		
Gold prices		
Increase by 5%	26,367	33,480
Decrease by 5%	3,294	9,183
Silver prices		
Increase by 5%	15,076	21,580
Decrease by 5%	14,902	21,397
Operating costs		
Increase by 10%	(2,449)	2,963
Increase by 15%	(11,168)	(6,300)
Capital expenditure		
Increase by 5%	9,638	16,115
Increase by 7.5%	6,963	13,428

Source: GTCF analysis
Note (1): The sensitivities of the operating costs and capital expenditure are in addition to the recommendations made by SRK in respect of operating expenditure (10%) and capital expenditure (15%)

In the table below, we have set out the sensitivity of the value of the Miraflores Project to changes in the discount rate.

Miraflores Project - sensitivity analysis on the mid-point value based on the discount rate	**$000**
Fair market value of the Miraflores Project - mid-point estimate	18,166
Discount rate sensitivity	
-2.0%	32,408
-1.0%	24,964
1.0%	11,951
2.0%	6,266

Source: GTCF analysis

These sensitivities do not represent a range of potential values of the Miraflores Project, but are intended to show to Metminco Shareholders the sensitivity of our valuation assessment to changes in certain variables.

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6.2.2 Mineral resources outside the LOM and exploration potential

Grant Thornton Corporate Finance has engaged SRK to assist in the valuation assessment of the fair market value of the resources outside the LOM and exploration potential of the entire Quinchia Gold Portfolio. We note the following:

- In addition to the Miraflores Property (contract number 010-87M), MNC has 16 proximal and coincident mining title rights. Most of these are early exploration rights with limited value with the exception of Dosquebradas and Tesorito (Contract no. DLK-14544X) which comprises more than 90% of the total value of the exploration potential, assessed by SRK.

- The total mineral resources of the Quinchia gold portfolio is 877,000[27] oz. of gold and 882,000[28] of silver. Of the above, c. 421,000 of gold and c. 210,000 oz. of silver has been included in the DCF Model[29].

SRK has undertaken its valuation assessment of the mineral resources outside the LOM having regard to the following methodologies:

- The market approach which involves comparing the transaction value of similar mineral properties transacted in the open market.

- The Yardstick method based on the current silver spot price.

A summary of SRK's valuation assessment of the mineral resources outside the LOM and exploration potential is set out in the table below:

Valuation of the other exploration potential assessed by SRK A$000's	Low	High
Valuation of the mineral resources of the Quinchia Gold Portfolio not included in the Financial Model	8,412	17,368

Source: SRK Report

6.2.3 Summary value of the Quinchia Gold Portfolio

We have set out in the table below a summary of our valuation assessment of the Miraflores Project (following discount for funding dilution) and other exploration potential.

Fair market value of the Quinchia Gold Portfolio (before dilution) A$000's	Low	High
Fair market value of the Miraflores Project	14,989	21,488
Less: Deferred consideration for the Miraflores Project	(6,000)	(6,000)
Valuation of the mineral resources of the Quinchia portfolio not included in the DCF	8,412	17,368
Fair market value of the Quinchia Gold Portfolio (before dilution)	**17,401**	**32,856**

Source: GTCF Calculations, SRK Report

[27] Including Inferred resources of 37,000 oz. of gold
[28] Including Inferred resources of 57,000 oz. of silver
[29] The reserves include in the Model are before making the adjustments recommended by SRK. After accounting for losses on account of dilution and ore losses, the recoverable gold and silver is c. 400,000 and c. 210,000 respectively. Refer to section 6.2 for details.

As at 30 June 2017, the fair market value of the deferred consideration of the Miraflores Project has been assessed at circa A$6 million for financial reporting purposes which we have adopted for the purpose of our valuation assessment.

6.2.4 Redfield Convertible Notes

The Redfield Convertible Notes have a total face value of A$0.75 million and are convertible at 6.075 cents per MNC Share at any time before or on the maturity date.

We have estimated the fair market value of the Redfield Convertible Notes using an equity value methodology based on the model set out by Tsiveriotis and Fernandes.[30]

The value of the Convertible Notes was assessed based on the following assumptions:

- Maturity date of 17 May 2018.
- Conversion price of 6.075 cents.
- Underlying value of MNC Shares in line with our valuation on a control basis before the Proposed Issue.
- Risk-free rates of 1.75%, being the average yield on the 2-year Australian Government zero coupon Bond as at 27 November 2017.
- Based on our experience and a review of similar debt instruments, we have considered the coupon charged on the Redfield Convertible Notes as market-based interest rate.
- Assessed volatility of 100% with consideration of the 2-year average historical share price volatility of MNC, comparable companies and expectation that long term volatility will reduce from the current level as MNC transitions through development.

Based on the above, we have assessed the value of the Redfield Convertible Notes to be approximately in the range of A$1.1 million[31] to A$1.7 million.

We note that we have valued the Redfield Convertible Notes assuming that they are convertible into MNC Shares, however Redfield currents faces restrictions on the convertibility of the Redfield Convertible Notes before shareholder approval is received under item 7 of section 611 of the Corporations Act. In our opinion, the valuation of the Redfield Convertible Notes is consistent with the approach that would be adopted by a pool of potential purchasers. If a bidder is seeking to buy out the Company at a price in line with our valuation assessment before the Proposed Issue, it will consider the fair market value of the Redfield Convertible Notes (both intrinsic value and time value of money) rather than just the face value of the debt[32]. We also note that the Redfield Convertible Notes are transferrable in which case they could

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[30] Tsiveriotis, K. and Fernandes, C., "Valuing convertible bonds with credit risk', Journal of Fixed Income, 95-102, September 1998
[31] We note that in our valuation assessment, we have verified that the value per each Redfield Convertible Notes implied in our valuation assessment of the Redfield Convertible Notes does not exceed our valuation assessment of one MNC Share before the Proposed Issue.
[32] The Redfield Convertible Notes are redeemed at face value (A$0.75 million) plus capitalised interest if they cannot be converted into MNC Shares.

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potentially be converted without MNC Shareholders' approval (assuming no breach of Chapter 6 of the Corporations Act).

6.2.5 Redfield Options

MNC currently has 24,691,278 Redfield Options on issue, which we valued using the Binomial Model having regard to the following key assumptions:

- Maturity date of 17 May 2019 and 25 May 2019.
- Exercise price of 8.10 cents.
- Underlying value of MNC Shares in line with our valuation on a control basis before the Proposed Issue.
- Risk-free rates of 1.63%, being the yield on 2-year zero coupon Australian Commonwealth Government Bond as at 31 October 2017.
- Assessed volatility of 100% with consideration of the 2-year average historical share price volatility of MNC, comparable companies and expectation that long term volatility will reduce from the current level as MNC transitions through development.

Based on the above, we have assessed the value of the Redfield Convertible Notes to be approximately in the range of A$1.1 million to A$2.3 million.

6.2.6 Lanstead Receivable

As at 30 June 2017, the carrying value of the Lanstead Receivable was circa A$0.85 million. Based on the 5 day VWAP of MNC Shares at month-end, we have assessed the fair market value of the Lanstead Receivable at circa A$0.48 million. The table below illustrates our assessment of the Lanstead Receivable.

Metminco Limited - Lanstead Receivable							
Installment due date	Number of shares	Benchmark share price (A$)	Actual share price[1] (A$)	Benchmark amount (A$million)	Installment to be paid[2] (A$million)	Adjustment[3] (A$million)	Actual amount[4] (A$million)
Jun-17	1,054,852	0.158	0.057	0.17	0.14	(0.11)	0.04
Jul-17	1,054,852	0.158	0.050	0.17	0.14	(0.11)	0.03
Aug-17	1,054,852	0.158	0.046	0.17	0.14	(0.12)	0.02
Sep-17	1,054,852	0.158	0.042	0.17	0.14	(0.12)	0.02
Oct-17	1,054,852	0.158	0.045	0.17	0.14	(0.12)	0.02
Nov-17	1,054,852	0.158	0.063	0.17	0.14	(0.10)	0.04
Dec-17	1,054,852	0.158	0.048	0.17	0.14	(0.12)	0.03
Jan-18	1,054,852	0.158	0.048	0.17	0.14	(0.12)	0.03
Feb-18	1,054,852	0.158	0.048	0.17	0.14	(0.12)	0.03
Mar-18	1,054,852	0.158	0.048	0.17	0.14	(0.12)	0.03
Apr-18	1,054,852	0.158	0.048	0.17	0.14	(0.12)	0.03
May-18	1,054,852	0.158	0.048	0.17	0.14	(0.12)	0.03
Jun-18	1,054,852	0.158	0.048	0.17	0.14	(0.12)	0.03
Jul-18	1,054,852	0.158	0.048	0.17	0.14	(0.12)	0.03
Aug-18	1,054,852	0.158	0.048	0.17	0.14	(0.12)	0.03
Sep-18	1,054,852	0.158	0.048	0.17	0.14	(0.12)	0.03
Oct-18	1,054,852	0.158	0.048	0.17	0.14	(0.12)	0.03
Nov-18	1,054,852	0.158	0.048	0.17	0.14	(0.12)	0.03
Total				**3.00**	**2.55**		**0.48**

Source: Company filings
Note (1): We have assumed the 5 day VWAP of MNC Shares of A$0.048 as at 27 November 2017 from December 2017 and onwards.
Note (2): Represents a pro-rate monthly instalment based on the remaining A$2.55 million of the derivative asset facility to be paid over a 18 month period after having received A$0.45 million as an advance.
Note (3): (Actual share price – benchmark share price) x number of shares.
Note (4): Installment to be paid + adjustments.

In our valuation assessment, we have assumed that the share price will remain on or around the current level over the life of the instrument. We note that the number of shares adopted in our valuation assessment includes the full shares issued to Lanstead.

6.2.7 Other assets and liabilities

As at 30 June 2017, MNC had a net cash balance of $6.35 million.

6.2.8 Assessed level of dilution

We note that the assessed value of the Miraflores Project estimated based on the net present value of future cash flows does not take into account the risk and uncertainties associated with the ability of MNC to raise the required funding to commence the construction of the project and the dilutionary impact of those funding on existing shareholders. We have accounted for this risk separately.

This is consistent with the requirement of RG111 which specifically states that *"funding requirements for a target that is not in financial distress (e.g. capital that is required to develop the project) should generally be taken into account when determining the fair value of the target securities"*.

Based on SRK's report, the Miraflores Project requires upfront capital expenditure funding of approximately A$110 million[34] to develop the project. Assuming that MNC will be able to secure a project finance debt equivalent to 50% of the required capital expenditure, the Company will require equity funding of circa A$55 million (before transaction costs).

There are a number of alternative funding structures that could be adopted by MNC, including but not limited to the following:

- *Rights issue* – Historical right issues in the mining and mining services sectors for exploration companies have occurred at a significant discount to trading prices (between 50% and 80% for right issues greater than A$25 million). However, we note that this is a difficult option to pursue for MNC given that the current market capitalisation of the Company is only A$6 million.

- *Private placement with strategic investors* – Based on previous transactions observed in the marketplace and on our experience, we are of the opinion that whilst MNC may not be required to offer a significant discount to the trading prices under this funding option (which could possibly attract a premium to the recent trading prices), the implied value of the project may still be at a discount to our assessed value of the Miraflores Project on a 100% basis.

- *Sale of an interest in the Miraflores Project* – similar to the funding option above, the value of the Miraflores Project that MNC may be able to currently monetise may not necessarily be in line with our valuation of the project on a 100% basis as set out above.

The level of dilution (if any) to be suffered by MNC Shareholders is subject to the MNC trading prices at the time MNC approaches the market to raise the required capital. We note that the trading prices of early stage exploration and development companies are by their own nature particularly volatile due to the

[34] SRK has estimated the total upfront capital expenditure at US$82.5 million after adding circa US$10 million of contingency in the capital expenditure estimated in the FS of US$71.8 million. The capital expenditure expressed in A$ has been calculated after applying the spot exchange rate as at 21 November 2017 of 0.7537.

volatility of the underlying metals, the uncertainty in relation to the economic and financial viability of the underlying project and the limited liquidity in the trading prices which usually affects these companies. Whilst it is not possible to predict the trading prices of MNC at the time it will be required to raise the capital to fund the development of the Miraflores Project, it is not unreasonable to assume that the trading prices of MNC may increase from the current level as the confidence level in the project increases. We note that the trading prices of MNC increased from 4.6 cents on 11 October 2017 to 8.0 cents on 18 October 2017 on strong volumes upon the Company announcing maiden reserves and completion of a Feasibility Study for the Miraflores Project. However during the following weeks, the trading prices reverted back to on or around the current level on low volumes.

Given that the selection of the potential dilution factor for existing MNC Shareholders is subjective as MNC is yet to commence in-depth discussions in relation to potential funding, in order to assist in our assessment, we have carried out below a calculation of the implied value of the Quinchia Portfolio in conjunction with different level of dilutions between 50% and 80%[35].

Valuation summary of the Quinchia Portfolio after dilution		50% Dilution		60% Dilution		70% Dilution		80% Dilution	
A$000's	Reference	Low	High	Low	High	Low	High	Low	High
Enterprise value of the Miraflores Project	6.2.1	14,989	21,488	14,989	21,488	14,989	21,488	14,989	21,488
Less: Deferred consideration for the Miraflores Project	6.2.3	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)
Enterprise value of other exploration potential	Appendix E	8,412	17,368	8,412	17,368	8,412	17,368	8,412	17,368
Total value of the Quinchia Portfolio (before dilution)		**17,401**	**32,856**	**17,401**	**32,856**	**17,401**	**32,856**	**17,401**	**32,856**
Less $ value of the assessed dilution	Note 1	(11,032)	(17,843)	(13,600)	(22,070)	(16,117)	(26,305)	(18,605)	(30,709)
Total value of the Quichia Portfolio (after dilution)		**6,368**	**15,013**	**3,801**	**10,786**	**1,284**	**6,551**	**(1,204)**	**2,147**

Note 1 - Calculated as the assessed value per share before dilution less the assessed value per share after dilution multiplied for the number of shares on issue

As outlined in the table above, the greater is the level of dilution from the capital raising the lower is the implied value of the Quinchia Portfolio.

As outlined in the table below, the price paid by MNC for the Quinchia Portfolio plus the exploration expenditure incurred since the acquisition up to 30 November 2017 has been estimated at circa A$9.1 million.

Price paid and exploration expenditure for the Miraflores Project A$000's	Reference	Low
Upfront scrip consideration	*Note 1*	2,000,000
Upfront cash payment	*Note 2*	415,000
Total upfront consideration		**2,415,000**
Deferred consideration paid on 20 June 2017	*Note 3*	1,000,000
Total consideration paid		**3,415,000**
Exploration expenditure	*Note 4*	
June quarter 2016		686,700
September quarter 2016		272,700
December quarter 2016		1,610,100
1 January to 30 November 2017		3,136,000
Total exploration expenditure		**5,705,500**
Total price paid plus exploration expenditure		**9,120,500**

- Note 1 – based on 400 million MNC shares issued at a deemed price of A$0.5 cents.
- Note 2 – MNC paid A$165,000 as reimbursement of operating costs plus A$250,000 in relation to exploration expenditure.

[35] We note that even if the dilution factor is applied to the equity value per share of MNC, the substance is to reduce the unfunded value of the Quinchia Project in order to take into accounting funding risks and dilution for existing shareholders. A similar outcome could have been achieved by increasing the discount rate applied in the calculation of the net present value of the future cash flows of the Miraflores Project to reflect the aforementioned risks.

- Note 3 – cash deferred consideration paid in June 2017

- Note 4 – as per the quarterly report released by MNC since the acquisition of the Miraflores Project, all the exploration expenditures were focussed on advancing the development of this project. In our calculation, we have considered 90% of the of exploration expenditures to take into account minimum care and maintenance costs/fees on the other projects[36].

In our opinion, it is not reasonable to assume that the current value of Quinchia Project is less than the price paid by MNC plus the exploration expenditure incurred to date due to the following:

- Since the acquisition, MNC has significantly advanced the confidence level of the Miraflores Project with the release of maiden reserves and completion of a Feasibility Study.

- Exploration and development companies usually benefit of a value multiplier effect on the cash spent on successful exploration which is not considered in the table outlined above which is accordingly considered conservative.

- The average gold price in the last two year and at the time of the acquisition of the Quinchia Project is substantially consistent with the current gold price.

Based on the above, we have adopted a dilution factor of 50% in our valuation assessment of the MNC. For completeness, we have included in the executive summary a sensitivity analysis to outline the value of MNC in conjunction with different level of dilution.

6.3 Resource Multiple method

We have considered the reasonableness of our valuation assessment by comparing the resource multiples implied in our valuation assessment of MNC with the resource multiples of listed comparable companies.

Typically, this method only provides a high-level indication of the market value as the resource multiple may vary significantly between the different listed comparable companies due to size and quality of the deposit, availability of infrastructure, cost structure and level of development.

When selecting an appropriate multiple type for the valuation of MNC we have had consideration to the following:

- Resource Multiple (EV/oz) – based on the total global JORC or NI 43-101[37] defined, attributable and contained Mineral Resources held by a company (including those outside of the flagship asset).

- Recoverable Resource Multiple (EV/oz) – based on the proportion of total Mineral Resources estimated to be convertible into saleable production having regard to the development plan outlined in the company's latest project study (i.e. estimated total saleable gold production over the LOM).

[36] The exploration expenditure for the period 1 October to 30 November 2017 is based on estimates provided by the Company whereas the exploration for the period from 1 January 2017 to 30 September 2017 is based on the quarterly activity reports.
[37] National Instrument 43-101 is a codified set of rules and guidelines for reporting and displaying information related to mineral properties owned by, or explored by, companies which report these results on stock exchanges within Canada

Whilst we consider the use of the Recoverable Resource Multiple will yield a more accurate valuation metric as it removes likely sub-economic ounces from the estimation of the multiple, we note that average recovery rates are not available for all of the selected comparable companies. Accordingly, we have cross-checked the fair market value of the Miraflores Project based on Resource Multiples of the peer group.

6.3.1 Resource Multiple implied in the DCF

The resource multiple implied by our DCF valuation is set out in the table below:

Valuation cross-check Quinchia Gold Portfolio (A$ '000s)	Reference	Low	High
Enterprise value of the Miraflores Project	6.2.1	14,989	21,488
Enterprise value of other exploration potential	Appendix E	8,412	17,368
Less $ value of the assessed dilution	6.2.8	(11,032)	(17,843)
Total enterprise value of the Quinchia Gold Portfolio (after dilution)		**12,368**	**21,013**
Adjusted contained resource gold metal ratio (koz)	Note 1	851	851
Implied gold resource multiple (EV/oz)		**14.54x**	**24.70x**

Source: GTCF analysis

Note (1): The contained resource metal includes the gold equivalent of the silver resources included in the Feasibility Study. In assessing the gold equivalent of silver, we have used the spot prices of gold and silver as at 20 November 2017.

6.3.2 Resource Multiple of listed peers

The selection of an appropriate Resource Multiple is a matter of judgement and involves consideration of a number of factors. In particular, we note that the Resource Multiple may vary significantly between the different listed comparable companies due to size of the deposit, grade, recovery rate, cost structure and level of development. In our selection of comparable companies, we have had regard to the following factors:

- Flagship project focused on gold.
- Location of flagship assets in South America.
- ASX listed gold companies with projects in the exploration/development stage.
- Status of development of the flagship project of the relevant company (i.e. production/ development/ exploration phase). We note that we have excluded companies with flagship assets that are in the production phase.
- Size of the company, including market capitalisation and resource base.

Set out below are the Resource Multiples of our selected comparable gold companies that are at an advanced exploration to pre-production stage in South America and ASX listed gold companies in the exploration/development stage. Refer to Appendix D for further details on the comparable companies.

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Company	Market cap[1] A$m	EV[1] (A$'m)	Main minerals	Flagship asset	Location[2]	Interest[3] (%)	Mine type[4]	Study Stage[5]	Attributable contained resources[6] - Gold: Resource Tonnes Mt	Gold grade g/t	Inferred resources Moz	Indicated resources Moz	Measured resources Moz	Contained resources Moz	Resource (I+M)[7]: Gold metal ratio (Moz)	Multiple (minority) (A$/oz)
Tier 1 - Flagship Gold Project in South America																
Filo Mining Corp.	151	145	Gold/Silver	Filo del Sol	Chile	100%	O/H	PFS	611.80	0.33	2.51	3.95	-	3.95	5.45	26.62x
Antioquia Gold Inc	16	43	Gold	Cisneros	Colombia	100%	U	E	1.01	6.30	0.11	0.06	0.03	0.20	0.10	441.55x
Batero Gold Corp.[8]	10	(2)	Gold/Silver	Batero-Quinchia	Colombia	100%	O	PFS	23.70	0.76	0.06	0.27	0.24	0.52	0.53	NM
Minera IRL Limited	28	122	Gold	Ollachea Gold	Peru	100%	U	FS	11.80	4.00	0.20	1.30	-	1.30	1.30	93.62x
Rio Novo Gold Inc.	18	22	Gold	Almas Gold	Brazil	100%	O	FS	76.85	1.37	1.69	0.70	0.53	1.23	1.35	16.22x
Continental Gold Inc.	599	492	Gold/Silver	Buritica	Colombia	100%	U	FS	28.49	9.82	4.50	3.94	0.54	4.48	4.80	102.49x
Reunion Gold Corporation	40	28	Gold	Dorlin	French Guiana	75%	P	E	32.92	1.10	0.59	0.29	0.29	0.58	0.58	47.69x
Sandspring Resources Ltd	39	38	Gold/Copper	Toroparu	Guyana	100%	O	PFS	369.77	0.89	3.09	5.50	1.40	6.90	7.98	4.77x
Tier 2 - ASX listed gold companies in the exploration/ development stage																
Azumah Resources Limited	16	15	Gold	Wa Gold	Ghana	100%	O	FS	40.99	1.51	0.68	0.68	0.64	1.32	1.32	11.65x
OreCorp Limited	34	21	Gold	Nyanzaga	Tanzania	51%	O/U	PFS	12.09	4.03	0.18	1.01	0.38	1.57	1.38	15.32x
Capricorn Metals Limited	56	54	Gold	Karlawinda		100%	O	E	31.30	1.10	0.08	1.03	-	1.11	1.79	29.94x
Stonewall Resources Limited	53	54	Gold	TGME	South Africa	74%	O/U	PFS	19.73	4.46	2.00	0.69	0.07	2.76	0.76	70.42x
Primary Gold Limited	31	30	Gold	Mount Bundy	Australia	0% -100%	O/U	E	26.21	1.52	0.41	0.84	0.03	1.28	0.87	34.50x
Horizon Gold Limited	21	8	Gold	Gum Creek	Australia	100%	O/U	E	17.30	2.25	0.31	0.94	-	1.25	0.94	8.69x
Average (Tier 1 excl. outliers)															3.04	**21.42x**
Median (Tier 1 excl. outliers)															2.33	**21.42x**
Average (Tier 2 excl. outliers)															1.03	**11.89x**
Median (Tier 2 excl. outliers)															0.94	**11.65x**
Average (All excl. outliers)															1.41	**15.70x**
Median (All excl. outliers)															1.17	**15.32x**

Source: MNC announcements, Capital IQ, company presentations and websites, other publicly available information
Notes:
(1) EV based on market capitalisation as at 29 November 2017.
(2) Location of flagship asset.
(3) Ownership adjusted for any free carry to the government upon decision to mine.
(4) Mine type: 'O' open pit; 'U' underground; 'H' heap leach, 'P' placer mining
(5) Study stage: 'E' exploration; 'PFS' pre-feasibility study; 'FS' feasibility study
(6) Attributable contained resources = total resources x interest % x grade.
(7) Indicated and Measured (I+M) assessed on a minority basis.
(8) Batero's enterprise value is negative and therefore its resource multiple is not meaningful.

We note the following in relation to the selected valuation approach:

- We have limited our assessment of the Resource Multiple to measured and indicated resources due to the geologically speculative nature of inferred resources.
- The Resource Multiple is based on the enterprise value for the Company as a whole rather than just the flagship project and accordingly it incorporates the value of the exploration potential.

In order to further understand the level of comparability, we have drawn below a detailed comparison between the flagship projects.

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Company	Mine type[1]	Study stage[2]	Date of Study	LoM[3] (years)	Initial Capex (US$'m)	AISC[4] Cost (US$/oz)	Payback Year
				Economic analysis of the flagship project			
Metminco[5, 6, 7, 8]	**U**	**DFS**	**18-Oct-17**	**9.3**	**82.5**	**643**	**3.6**
Tier 1 - Flagship Gold Project in South America							
Filo Mining Corp.	O/H	E	NA	NA	NA	NA	NA
Antioquia Gold Inc	U	E	NA	5 - 7	NA	NA	NA
Batero Gold Corp.[8]	O	PFS	18-Dec-13	7.0	97.30	842	2.5
Minera IRL Limited	U	FS	29-Nov-12	11.0	177.50	499	3.7
Rio Novo Gold Inc.	O	FS	20-Feb-13	15.0	150.00	721	2.8
Continental Gold Inc.	U	TR	24-Feb-17	14.0	389.20	492	2.3
Reunion Gold Corporation	P	E	NA	NA	NA	NA	NA
Sandspring Resources Ltd	O	PFS	31-Mar-13	16.0	464.00	NA	2.6
Tier 2 - ASX listed gold companies in the exploration/ development stage							
Azumah Resources Limited	O	FS	23-Mar-15	7.0	142.30	697	2.9
OreCorp Limited	O/U	PFS	13-Mar-17	12.0	287.50	838	NA
Capricorn Metals Limited	O	E	NA	7.0	NA	NA	NA
Stonewall Resources Limited	O/U	PFS	28-Feb-17	7.0	NA	578	2.0
Primary Gold Limited	O/U	E	19-Apr-17	9.0	130.00	900	NA
Horizon Gold Limited	O/U	E	NA	NA	NA	NA	NA
Average (Tier 1 excl. outliers)							
Median (Tier 1 excl. outliers)							
Average (Tier 2 excl. outliers)							
Median (Tier 2 excl. outliers)							
Average (All excl. outliers)							
Median (All excl. outliers)							

Source: MNC announcements, Capital IQ, company presentations and websites, other publicly available information
Notes:
(1) Mine type: 'O' open pit, 'U' underground and 'HL' heap leach
(2) Study stage: 'E' exploration, 'PFS' pre-feasibility study, 'FS' feasibility study, 'TR' technical report
(3) Life of mine.
(4) All-in sustaining cash costs as defined by the World Gold Council.
(5) DFS = Definitive Feasibility Study
(6) Date of study is the date on which results of the FS were announced to the market
(7) LOM, AISC and Payback period are obtained from investor presentation
(8) Initial capex has been sourced from the model and includes the 15% sensitivity recommended by SRK

Tier 1 – Flagship assets based in South America

- *Filo Mining* – the flagship Filo del Sol Project is located in Northern Chile in the Andes region. It includes an open-pit and heap leach mine and it has significantly higher total resources and gold metal equivalent than MNC's flagship asset. The project is a gold oxide, copper oxide and silver project. Filo Mining is expected to make final decision on the PEA in Q3 2017.

- *Antioquia Gold* – the flagship Cisneros project is located in Colombia and it is fully permitted. Antioquia Gold has commenced the development of a 500 tpd underground mine and processing plant at Cisneros to initially exploit the Guayabito and Guaico deposits, that are just 2km apart, with an initial 5-7 year mine life. Gold production is anticipated to commence in Q2 2018. In August 2017, the company updated mineral resources to circa 100,000/oz of contained gold with an average gold grade of circa 6 g/t. The company anticipates producing 15,000 oz in the first year ramping-up to 30,000 oz thereafter. Environmental licence for the project required for construction and mining of the Cisneros project was received in November 2016. The company has recently issued a prospectus to raise circa C$62 million to commence construction of the processing plant and mine development.

- *Batero Gold* – the flagship project (Batero-Quinchia) is located in the same Municipality of Quinchia of the Miraflores Project which makes it particularly comparable. The company has recently completed a PEA whose outcomes are compared below with the FS undertaken by MNC on the Miraflores Project.

Item	**Miraflores Project**	**Batero Quinchia Project**
Indicated and measured contained gold	850k oz	517k oz
Average annual production	45,000 oz of gold	56,000 oz of gold and 117,000 oz of silver
Mine type	Underground	Open pit
Initial capex	US$71.8 million[38]	US$97.3 million
Gold price adopted	US$1,300	US$1,400
Post Tax IRR at US$1,400 gold price [39]	28%	21%
After tax NPV at 5% discount rate and US$1,400 gold price	US$114 million	US$47.3 million

As outlined above, whilst the size of the project and the initial capital expenditure are particularly comparable, the Batero-Quinchia Project has particularly high AISC which makes the economics of the project questionable at the current gold price. As outlined above, even if a long term gold price of US$1,400 is adopted, the net present value of the project at a 5% discount rate is only one third of the value of the Miraflores Project. As a result of the economics of the project, Batero Gold has a negative enterprise value. Whilst MNC also has a negative enterprise value, we are of the opinion that the detailed comparison of the flagship projects outlined above supports our view that the current trading prices may not necessarily reflect the fair market value of MNC (refer to section 6.4 for discussion).

- *Minera IRL* – we note that the company's Corihuarmi Gold Project based in Peru is currently a producing mine but is expected to close in 2018 after being in production since 2008. However, we note that the company is currently undertaking exploration drilling program of 3,062 meters to further extend the life of mine. The company's flagship project is the Ollachea Gold Project located in Peru where viability of a low cost underground mining operation has been demonstrated via the completion of a DFS. The project benefits from easy access to infrastructure and it has recently received approval in relation to the environmental impact study and permitting for construction. The resource multiple only refers to the indicated resources of the Ollachea Project.

- *Rio Novo* – the Almas Gold Project in Brazil is the company's flagship asset and the primary focus of Rio Novo. The Almas Project is permitted for construction and it is economically viable based on the DFS completed in November 2012. In September 2016, the company announced an updated feasibility study which improved the economics of the project. The Alma Project has total measured and indicated contained gold resources of 839,000 oz. The company holds ownership interests in two additional

[38] Excluding SRK contingency increase of circa US$11 million.
[39] We note that MNC prepared the scoping study using a gold price of US$1,300/oz. However for comparability with the Batero-Quinchia Project, we have adopted the sensitivity values provided in the FS on a gold price of US$1.400/oz

projects located in Brazil and Colombia which have contained gold indicated and measured resources of 1.3 Moz. We note that the Company has indicated that based on the current climate in Brazil and the specific circumstances of the company with a number of disputes and class actions, the operations have been put on care and maintenance and it does not intend to spend additional money on the development of its projects until capital market conditions improve.

- *Continental Gold* – The company's flagship Buritica project is a near production large gold mine based in Colombia. The project is fully permitted and the company has significant cash resources (circa US$150 million) to commence the construction of the mine. The total upfront capital expenditure is circa US$400 million. The company finalised the feasibility study at the end of 2016 which showed robust economics and a net present value of circa US$850 million[40]. The project has large gold reserves of 3.7 Moz with a 14 year mine life that will produce 3.5 Moz of gold and 494,000 oz of silver.

- *Reunion Gold* – It owns directly or via options a number of early stage exploration projects in Suriname, Guyana and French Guiana. The company has recently announced that it had acquired a 3-year option to acquire 100% of additional exploration properties in French Guiana. The resource multiple of A$47.69/ oz is based on an historical estimate for the Dorlin Project which is not compliant with the current regulatory environment.

- *Sandspring Resources* – The flagship Toroparu Gold Project located in Guyana has large undeveloped reserve and resource of gold and copper of 4.1 Moz of gold reserve and 6.9 Moz of measured and indicated resource. The project also has 211 million pounds of economic byproduct copper. A PFS was conducted in 2013 in relation to an open-pit mining operation producing 228,000 oz of gold per annum over an initial mine life of 16 years. A FS for the project is currently underway. The company also has significant upside at several other projects.

Tier 2 – exploration/development ASX listed peers

- *Azumah Resources* – the company's flagship Wa Gold Project is based in Ghana and it has JORC measured and indicated resources of 1.4 Moz. The feasibility study was completed in February 2015 based on a 1.2 Mtpa plant producing circa 90,000oz of gold per annum over a 7 year mine life. Mining leases were granted whilst the environmental permitting is currently pending. Ghana is the second largest African gold producer.

- *OreCorp* – it owns a 51% interest in the Nyanzaga Project in Tanzania which is a high grade open pit and underground mine gold project with measured and indicated resources of 2.7 Moz. The company has circa A$20 million in cash and no debt. The company completed a PFS whereby the project is expected to deliver circa 213koz of gold production per annum for a 12 year life of mine. The AISC is estimated to be US$838/oz over the life of the mine. In April 2017, OreCorp commenced a FS. The regulatory environment has recently changed in Tanzania. Among other things, a minimum 16% government free carried interest has been introduced, together with increasing the royalty payable on gold production from 4% to 6%.

- *Capricorn Metals* – the flagship 100% owned Karlawinda gold project is located in Western Australia and it is an advanced gold deposit which includes the Bibra deposit where 0.7 Moz of reserves and 1.03 Moz of indicated resource were identified. Capricorn completed a scoping study in July 2016 and

[40] Using a 5% discount rate and a gold price of US$1,200/oz.

commenced a FS in second half of 2016. A DFS was completed at the end of the September 2017 quarter. The scoping study was based on a single large open pit mining operations feeding 3Mtpa carbon in pulp processing facility. Extensive infrastructure is present on site.

- *Stonewall Resources* – it owns a range of early stage gold exploration assets in South Africa which includes several surface and near surface high grade gold projects. The flagship project is the TGME Project. Following a small scale production between 2012 and 2015, the company is currently focussed on the refurbishment of the CIL plant with the intention to resume production. The company announced a revised scoping study in April 2017 whereby it expects to produce 100koz per annum at its peak at an AISC of US$624/oz. It is the intention of the company to develop the high grade low capex mines in the portfolio in the short term. Stonewall has access to over 43 historical mines and prospects areas that can be accessed and explored. We are of the opinion that the high Resource Multiple reflects the large exploration potential which is yet to be converted in JORC resources.

- *Primary Gold* – the company is primarily focussed on the Coolgardie Gold Project in WA and the Mount Bundy Project in NT. The Coolgardie Project is targeting mining operations in Q4 2017 but it is a small scale operation with only 100koz of M&I contained gold, however the project has significant exploration potential and it has circa 1.2 Moz of gold. The company also completed a scoping study at Mount Bundy where it is expected to produce 130koz per annum for a mine life of 9 years and AISC of A$1,050. This project has 175 koz of probable reserve and 845koz of indicated resource.

- *Horizon Gold* – it is an exploration and development company focussed on the 100% owned Gum Creek Project in WA which hosts circa 1 Moz of contained M&I gold. The Gum Creek Project has historically produced more than 1 Moz of gold. The company has recently engaged engineers to provide a cost estimate to refurbish the CIL plant as a potential low capital route to return the project to production.

6.3.3 Conclusion on the selected Resource Multiple

In respect of the comparable companies, we make the following observations:

- Among the Tier 1 companies:

  – The Resource Multiples of Antioquia Gold, Minera IRL, Continental Gold may be considered broadly comparable to the Miraflores Project. However, we note the following:

    i) The median Resource Multiples of these companies is A$106/oz which we consider more appropriate for companies in advanced development stage and close to commence construction of the project.

    ii) On 31 August 2017, Antioquia Gold lodged a prospectus for a rights issue to raise C$62.5 million which indicates that the company is close to obtain the required funding for its project.

    iii) Minera IRL also has the Corihuami Gold mine, which is a producing gold mine. All else being equal, the multiples for a gold producer are likely to be higher than the multiples for early-stage exploration companies.

iv) Similarly, Continental Gold is a large diversified gold producer. All else being equal, larger and diversified companies multiples are likely to be higher than early-stage exploration companies.

Given these factors, the multiples for these companies are likely to be higher than the Miraflores Project.

- The remaining of the Tier 1 companies, whilst none of them is perfectly comparable to the Miraflores Project, we believe that as a whole they provide a reasonable guidance for the Resource Multiple applicable to MNC. The average and median Resource Multiple of these listed peers are A$20.1/oz and A$17.2/oz respectively on a minority basis.

- Among the Tier 2 companies:
  - We are of the opinion that the flagship projects of Capricorn Metals, Stonewall Metals and Primary Gold can be considered comparable to the Miraflores Project. While each of these projects are at different stages, typically, the multiples of these companies are likely to reflect the risks associated with an early-stage exploration company. The presence of mines in politically stable countries with conducive investment environments positively influences the multiples. For instance, Capricorn Metals mine in Australia is likely to carry a lower risk relative to the Miraflores Project in Columbia.
  - The remaining of the Tier 2 companies have an average and median Resource Multiple of A$11.89/oz and A$11.65/oz respectively on a minority basis.

Having regard to the above, we are of the opinion that the Resource Multiple implied in the DCF assessment is broadly supported by the comparable companies.

6.4 Quoted price of securities

In our assessment of the fair market value of MNC Shares, we have had regard to the trading prices of the listed securities on the ASX. The valuation assessment of MNC based on the trading prices is an exercise of professional judgement that takes into consideration the depth of the market for the listed securities, volatility of the market price, and whether or not the market value is likely to represent the underlying value of MNC in accordance with the requirements of RG111. The following sections detail the analysis undertaken in selecting the share price range.

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6.4.1 Liquidity analysis

To assess the liquidity of MNC Shares, we have analysed the trading volume over the last year as a percentage of the shares outstanding and free float as outlined in the table below:

Month end	Volume traded ('000)	Monthly VWAP ($)	Total value of shares traded ($'000)	Volume traded as % of total shares	Cumulative volume traded as % of total shares	Volume traded as % of free float shares	Cumulative volume traded as % of free float shares
Nov 2016	965	0.1204	116	1.1%	1.12%	1.76%	1.76%
Dec 2016	1,304	0.1002	131	1.5%	2.60%	2.33%	4.09%
Jan 2017	2,305	0.0872	201	2.6%	5.15%	4.02%	8.11%
Feb 2017	3,603	0.0909	328	2.8%	7.99%	4.46%	12.57%
Mar 2017	1,669	0.0887	148	1.3%	9.30%	2.06%	14.63%
Apr 2017	1,652	0.0713	118	1.3%	10.60%	2.04%	16.67%
May 2017	1,495	0.0581	87	1.2%	11.77%	1.85%	18.52%
Jun 2017	2,025	0.0518	105	1.6%	13.36%	2.50%	21.03%
Jul 2017	914	0.0465	43	0.7%	14.08%	1.13%	22.16%
Aug 2017	3,500	0.0408	143	2.8%	16.83%	4.33%	26.49%
Sep 2017	5,207	0.0455	237	4.1%	20.93%	6.44%	32.93%
Oct 2017	7,601	0.0644	489	6.0%	26.90%	9.40%	42.33%
Min		**0.0408**		**0.72%**		**1.13%**	
Average		**0.0678**		**2.34%**		**3.69%**	
Median		**0.0644**		**1.59%**		**2.50%**	
Max		**0.1002**		**5.98%**		**9.40%**	

Source: Capital IQ and GTCF calculations

With regard to the above analysis, we note that:

- In the absence of a takeover or alternate transactions, the trading prices represent the value at which minority shareholders could realise their portfolio investment.
- MNC complies with the full disclosure regime required by the ASX. As a result, the market is fully informed about the performance of MNC.
- The level of free float[41] of MNC Shares as at 27 November 2017 was approximately 42%. Over the last twelve month period, circa 42% of the free float shares and 27% of the total shares have traded on the ASX. In our opinion, whilst there is limited liquidity in the MNC Shares, we note that it is not uncommon for exploration/development companies until resource targets become sufficiently defined. Further, liquidity also improves as visibility around funding arrangements increases.
- MNC Shares have been quite volatile over the observed period (i.e. last 12 months), with the minimum and maximum monthly VWAP price varying between $0.04 and $0.12. This is explained further in our analysis of the daily movements in MNC's share price and volumes, and market conditions below.

41 Free float Shares excludes those owned by Company employees, individual insiders, related parties and other strategic investors (i.e. Redfield)

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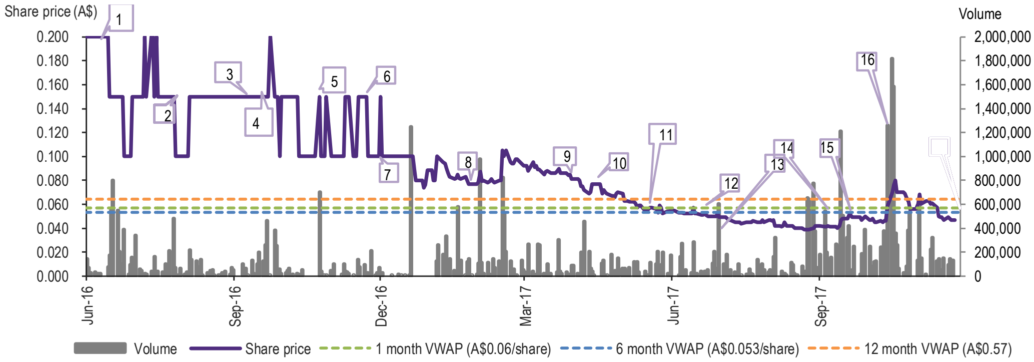
Our analysis of the daily movements in MNC's share price and volumes since 1 June 2016 is set out below:



Source: S&P Capital IQ, MNC's ASX announcements and GTCF analysis
Note (1): Volume weighted average share price = total value of shares traded daily/total volume of shares traded
Note (2): VWAP for the period prior to the Valuation Date

In relation to the share price graph above, we note the following:

#	Date	Closing share price (A$/share)	Spot gold price (U$/troy oz)	Comments
1	14 Jun 16	0.200	1,287	MNC announced that it had entered into a binding term sheet with CD Capital Natural Resources Fund III for an equity investment of up to US$45 million in the Los Calatos Project to be provided in three tranches. Following completion of the tranche 1 investment of US$16 million, CDC will own 51% of the Los Calatos Project
2	21 Jul 16	0.150	1,331	MNC announced that it had received a mineral resource estimate for the Miraflores Project.
3	8 Sept 16	0.150	1,338	Results of the scoping study of the Miraflores Project are announced to the market.
4	19 Sep 16	0.115	1,314	MNC announced the completion of a capital raising of A$1 million. A total of 422,222,222 new fully paid ordinary shares of MNC were placed by SP Angel Corporate Finance LLP at a price of A$0.00237.
5	24 Oct 16	0.150	1,264	MNC announced that the equity investment of up to US$45 million in Los Calatos Holdings Ltd by CD Capital Natural Resources Fund III had been settled. The funding would be used to complete Pre-feasibility and Feasibility studies on the Miraflores Project.
6	18 Nov 16	0.150	1,209	MNC announced that it had obtained secured funding commitments of approximately A$4.85 million for the completion of the Miraflores Feasibility Study and progress the project towards production. A total of 2,058,619,651 new fully paid ordinary shares would be placed at a price of A$0.00237 per Share to raise the amount.
7	30 Nov 16	0.100	1,174	MNC announced the commencement of the Miraflores Gold Project Feasibility Study and its expected completion in the first half of 2017.
8	4 Jan 17	0.080	1,165	MNC announced the completion of 50 to 1 security consolidation. Following the completion of the security consolidation the Company had on issue 90,280,468 fully paid Shares and 100,000 unlisted options to acquire one share at A$1.51 per Share on or before 1 August 2017.
9	14 Mar 17	0.085	1,203	MNC announced that the mineral resource estimates for the Miraflores gold deposit have increased. Gold contained in measured and indicated

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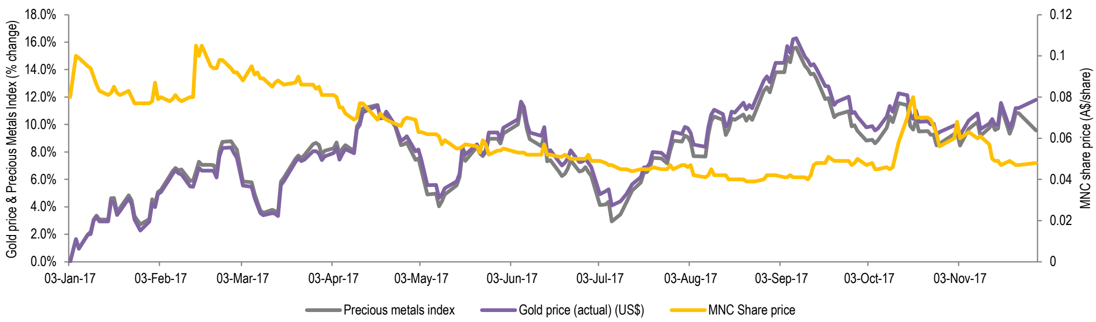
#	Date	Closing share price (A$/share)	Spot gold price (U$/troy oz)	Comments
				resource category has increased by approximately 8,000 ozs and inferred resource increased by approximately 29,000 ozs.
10	3 Apr 17	0.081	1,254	MNC announced that the Company has signed a binding term sheet with Redfield Asset Management and Redfield Advisory in relation to a convertible note facility of A$0.75 million. The proceeds from the Convertible Notes would be applied toward the Miraflores Gold Project Feasibility Study and working capital.
11	22 May 17	0.056	1,261	MNC announced the completion of the capital raising via the issuance of convertible notes to Redfield. The Miraflores Feasibility Study was advanced to completion in the third quarter of 2017 at which point the Miraflores Project will be transitioned to the development phase.
12	14 Jun 17	0.057	1,276	MNC announced the sale of its 49% interest in Los Calatos Holding Limited for approximately US$5 million (A$6.7 million) cash consideration net of costs.
13	27 Jun 17	0.039	1,247	MNC settled the sale of Los Catalos asset realising A$6.7 million net of transaction costs and the proceeds would fund Miraflores Gold Project toward a targeted production of 50,000 oz AU p.a. over 9 year mine life.
14	31 Aug 17	0.042	1,319	MNC advised that 100,000 unlisted options are exercisable at A$1.51 per option expired 1 August 2017.
15	14 Sep 17	0.047	1,325	MNC announced that it has received approval from the CARDER to conduct exploration activities and construction up to 2,000 metres of underground development under the existing Miraflores exploitation license.
16	18 Oct 17	0.080	1,285	MNC announced maiden reserves for the Miraflores Project

Source: MNC's ASX announcements and GTCF analysis

To further assist in our analysis and understanding of the recent MNC Share price movements, we have also taken into consideration the indexed movement of MNC share price to its gold price and precious metal prices as set out below:

Historical MNC share price analysis



Source: S&P Capital IQ, MNC's ASX announcements and GTCF analysis
Note (1): Precious Metal prices index is calculated based on the average of the prices for Gold, Silver, Platinum and Palladium
Note (2): Movements in the price of gold and the index value have been assessed considering January 3, 2017 as the base.

As outlined in the graph below, there is no correlation between the gold price and the trading prices of MNC. We are of the opinion that this is not uncommon for early stage exploration companies as they are more driven by specific company's announcement in relation to the enhanced confidence level of the deposits rather than the global gold price.

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Set out below the VWAP analysis of MNC prior to 27 November 2017 and prior to 9 August 2017 on which date MNC received requisition for the General Meeting from Redfield.

VWAP	Low	High	VWAP
Prior to 27 Nov 2017			
5 day	0.047	0.049	0.048
10 day	0.047	0.060	0.051
1 month	0.047	0.068	0.057
2 month	0.045	0.080	0.062
3 month	0.039	0.080	0.056
4 month	0.039	0.080	0.054
5 month	0.039	0.080	0.053
6 month	0.039	0.080	0.053
9 month	0.039	0.095	0.057
12 month	0.039	0.095	0.064
Prior to 09 Aug 2017			
5 day	0.041	0.048	0.045
10 day	0.041	0.048	0.045
1 month	0.041	0.048	0.046
2 month	0.041	0.058	0.049
3 month	0.041	0.061	0.051

Source: Capital IQ and Grant Thornton Corporate Finance calculations

Based on the analysis above, we have selected trading prices between 5.0 cents and 6.5 cents per share (on a minority basis) as representative of the fair market value of the Company on a minority basis. We note that this is significantly lower than our assessed valuation range based on the DCF of 8.7 cents to 14.0 cents. We are of the opinion that the large difference is driven by the following:

- Our valuation assessment based on the DCF is on a 100% basis and includes the application of a full premium for control.

- Over the last twelve month period, the Company has refocused as a gold exploration and development company via the sale of the Los Calatos Project and the acquisition of the Miraflores Project. In particular, the sale of the Los Calatos Project generated a total impairment/loss compared with the carrying value on the balance sheet of A$148 million. We are of the opinion that this may have adversely affected the trading prices of MNC.

- A number of senior members of the Board/Management Team changed/resigned over the last twelve month-period as outlined below:

  - In August 2017, Mr. Phillip Wing, Chairman of the Board, resigned effective immediately.

  - In July 2017, MNC announced that Mr. Philip Killen, CFO and company secretary, will be leaving the Company with immediate effect.

  - In September 2016, Mr Stephen Tainton, executive Director since October 2013, resigned with immediate effect to focus on the development of the Los Calatos Project together with CDC.

  - In July 2016, Mr. Tim Read, MCN Chairman since March 2011, tendered his resignation.

  Investors usually value continuity and cohesiveness in the Management Team and Board of Directors, in particular for early stage exploration and development companies and the announcements above may have adversely affected the trading prices.

- Notwithstanding that MNC has significant cash resources of A$6.3 million as at 30 June 2017, the Company has large cash commitments of circa A$6 million in relation to the Deferred Payment for the Miraflores Project. The trading prices of MNC may reflect dilution for future capital raisings.

Accordingly, we conclude that the difference between the assessed value of MNC based on the DCF and the trading prices is not unreasonable.

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7 Valuation assessment of MNC after approval of the Proposed Issue

In our assessment of the market value of MNC after the Proposed Issue, we have adjusted our valuation assessment set out in Section 6 in order to consider the following:

- The conversion of the Redfield Convertible Notes into 13,980,438 MNC Shares (including capitalised interest)[42].
- The issue of 24,691,278 Redfield Options upon exercise of the Redfield Options.
- The cash inflow of circa A$2 million as the exercise price of the Redfield Options.
- A minority discount applicable to our valuation assessment of MNC after the Proposed Issue.

Set out below is a summary of our valuation assessment of MNC after approval of the Proposed Issue on a minority basis and taking into account the dilution from the conversion of the Redfield Convertible Notes and exercise of the Redfield Options.

Valuation summary A$000's	Reference	Low	High
Value of the Quinchia Portfolio (after dilution)	7.1	6,368	15,013
Minority discount	7.2	23%	23%
Value of the Quinchia Project on a minority basis		**4,899**	**11,549**
Add: Cash and cash equivalents	6.2.7	6,351	6,351
Add: Lanstead receivables	6.2.6	480	480
Add: Proceeds from options		2,000	2,000
Equity value of Metminco		**13,730**	**20,380**
Number of shares outstanding	7.2	165,872	165,872
Assessed value per share		**0.083**	**0.123**

Source: GTCF Calculations

7.1 Value of the Quinchia Portfolio after dilution

We have calculated the value of the Quinchia Portfolio after dilution based on the value of the Quinchia Project before the Proposed Issue between A$17.4 million and A$32.9 million less the $ value arising from the assessed dilution between A$11.0 million and A$17.8 million.

7.2 Minority discount

As the Proposed Issue is considered a control transaction in accordance with RG 111, we have compared our assessment of MNC on a control basis before the Proposed Issue with our assessment of MNC on a minority basis following the approval of the Proposed Issue. The minority discount of 23% is just the inverse of the 30% premium for control.

[42] Assuming that an additional 1,634,759 MNC Shares will be issued for the interest capitalised on the $0.75 million convertible note facility up to the maturity date.

7.3 Shares on issue

Set out below is a summary of our calculation of the shares on issue in MNC following the Proposed Issue.

Total shareholding in MNC	No. of MNC Shares
Total number of shares before the Proposed Issue	127,200,299
Additional shares from conversion of Convertible Notes	13,980,398
Additional shares from exercise of First Tranche Options	12,345,639
Additional shares from exercise of Second Tranche Options	12,345,639
Total number of shares after the Proposed Issue	**165,871,975**

Source: GTCF analysis

8 Sources of information, disclaimer and consents

8.1 Sources of information

In preparing this report Grant Thornton Corporate Finance has used various sources of information, including:

- Notice of Meeting and Explanatory Memorandum.
- Annual reports/ consolidated accounts of MNC for FY15, FY16, and HY17.
- Announcements made by MNC on the ASX.
- MNC's website.
- S&P Capital IQ.
- IBISWorld.
- Various broker's reports.
- Other publicly available information.
- Discussions with MNC Management.

8.2 Qualifications and independence

Grant Thornton Corporate Finance Pty Ltd holds Australian Financial Service Licence number 247140 under the Corporations Act and its authorised representatives are qualified to provide this report.

Grant Thornton Corporate Finance provides a full range of corporate finance services and has advised on numerous takeovers, corporate valuations, acquisitions, and restructures. Prior to accepting this engagement, Grant Thornton Corporate Finance considered its independence with respect to and all other parties involved in the Proposed Issue with reference to the ASIC Regulatory Guide 112 "Independence of expert" and APES 110 "Code of Ethics for Professional Accountants" issued by the Accounting Professional and Ethical Standard Board. We have concluded that there are no conflicts of interest with respect to MNC, its shareholders and all other parties involved in Proposed Issue.

Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with MNC or its associated entities that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Issue.

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Proposed Issue, other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the Proposed Issue. Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.

8.3 Limitations and reliance on information

This report and opinion is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

Grant Thornton Corporate Finance has prepared this report on the basis of financial and other information provided by MNC and publicly available information. Grant Thornton Corporate Finance has considered and relied upon this information. Grant Thornton Corporate Finance has no reason to believe that any information supplied was false or that any material information has been withheld. Grant Thornton Corporate Finance has evaluated the information provided by MNC through inquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially misstated or would not afford reasonable grounds upon which to base our report. Nothing in this report should be taken to imply that Grant Thornton Corporate Finance has audited any information supplied to us, or has in any way carried out an audit on the books of accounts or other records of MNC.

This report has been prepared to assist the Directors in advising the Non-Associated Shareholders in relation to the Proposed Issue. This report should not be used for any other purpose. In particular, it is not intended that this report should be used for any purpose other than as an expression of Grant Thornton Corporate Finance's opinion as to whether the Proposed Issue is fair and reasonable to the Non-Associated Shareholders.

MNC has indemnified Grant Thornton Corporate Finance, its affiliated companies and their respective officers and employees, who may be involved in or in any way associated with the performance of services contemplated by our engagement letter, against any and all losses, claims, damages and liabilities arising out of or related to the performance of those services whether by reason of their negligence or otherwise, excepting gross negligence and wilful misconduct, and which arise from reliance on information provided by MNC, which MNC knew or should have known to be false and/or reliance on information, which was material information MNC had in its possession and which MNC knew or should have known to be material and which did not provide to Grant Thornton Corporate Finance. MNC will reimburse any indemnified party for all expenses (including without limitation, legal expenses) on a full indemnity basis as they are incurred.

8.4 Consents

Grant Thornton Corporate Finance consents to the issuing of this report in the form and context in which it is included in the Notice of Meeting and Explanatory Memorandum to be sent to the Non-Associated Shareholders. Neither the whole nor part of this report nor any reference thereto may be included in or with or attached to any other document, resolution, letter or statement without the prior written consent of Grant Thornton Corporate Finance as to the form and content in which it appears.

Appendix A – Valuation methodologies

Capitalisation of future maintainable earnings

The capitalisation of future maintainable earnings multiplied by appropriate earnings multiple is a suitable valuation method for businesses that are expected to trade profitably into the foreseeable future. Maintainable earnings are the assessed sustainable profits that can be derived by a company's business and excludes any abnormal or "one off" profits or losses.

This approach involves a review of the multiples at which shares in listed companies in the same industry sector trade on the share market. These multiples give an indication of the price payable by portfolio investors for the acquisition of a parcel shareholding in the company.

Discounted future cash flows

An analysis of the net present value of forecast cash flows or DCF is a valuation technique based on the premise that the value of the business is the present value of its future cash flows. This technique is particularly suited to a business with a finite life. In applying this method, the expected level of future cash flows are discounted by an appropriate discount rate based on the weighted average cost of capital. The cost of equity capital, being a component of the WACC, is estimated using the Capital Asset Pricing Model.

Predicting future cash flows is a complex exercise requiring assumptions as to the future direction of the company, growth rates, operating and capital expenditure and numerous other factors. An application of this method generally requires cash flow forecasts for a minimum of five years.

Orderly realisation of assets

The amount that would be distributed to shareholders on an orderly realisation of assets is based on the assumption that a company is liquidated with the funds realised from the sale of its assets, after payment of all liabilities, including realisation costs and taxation charges that arise, being distributed to shareholders.

Market value of quoted securities

Market value is the price per issued share as quoted on the ASX or other recognised securities exchange. The share market price would, prima facie, constitute the market value of the shares of a publicly traded company, although such market price usually reflects the price paid for a minority holding or small parcel of shares, and does not reflect the market value offering control to the acquirer.

Comparable market transactions

The comparable transactions method is the value of similar assets established through comparative transactions to which is added the realisable value of surplus assets. The comparable transactions method uses similar or comparative transactions to establish a value for the current transaction.

Comparable transactions methodology involves applying multiples extracted from the market transaction price of similar assets to the equivalent assets and earnings of the company. The risk attached to this valuation methodology is that in many cases, the relevant transactions contain features that are unique to that transaction and it is often difficult to establish sufficient detail of all the material factors that contributed to the transaction price.

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Appendix B – Discount rate

Introduction

The cash flow assumptions associated with the Miraflores Project have been prepared on a real, ungeared and post-tax basis. Accordingly, we have assessed a range of real post-tax discount rates for the purpose of calculating the net present values of the Miraflores Project.

The discount rate was determined using the WACC formula. The WACC represents the average of the rates of return required by providers of debt and equity capital to compensate for the time value of money and the perceived risk or uncertainty of the cash flows, weighted in proportion to the market value of the debt and equity capital provided. However, we note that the selection of an appropriate discount rate is ultimately a matter of professional judgment.

Under a classical tax system, the nominal WACC is calculated as follows:

$$\mathrm{WACC} = \mathrm{R_d} \times \frac{\mathrm{D}}{\mathrm{D+E}} \times (1-\mathrm{t}) + \mathrm{R_e} \times \frac{\mathrm{E}}{\mathrm{D+E}}$$

Where:

- Re = the required rate of return on equity capital;
- E = the market value of equity capital;
- D = the market value of debt capital;
- Rd = the required rate of return on debt capital; and
- t = the statutory corporate tax rate.

WACC Inputs

In our assessment of the required rate of return on equity capital, we have observed the global financial markets and adopted the US market as a proxy due to the following:

- Demand and supply for gold and silver are driven by global forces and markets.

- Majority of the costs are forecast be incurred in US$.

- Gold and silver are traded in US$.

Required rate of return on equity capital

We have used the Capital Asset Pricing Model (“CAPM”), which is commonly used by practitioners, to calculate the required return on equity capital.

The CAPM assumes that an investor holds a large portfolio comprising risk-free and risky investments. The total risk of an investment comprises systematic risk and unsystematic risk. Systematic risk is the variability in an investment’s expected return that relates to general movements in capital markets (such as the share market) while unsystematic risk is the variability that relates to matters that are unsystematic to the investment being valued.

The CAPM assumes that unsystematic risk can be avoided by holding investments as part of a large and well-diversified portfolio and that the investor will only require a rate of return sufficient to compensate for the additional, non-diversifiable systematic risk that the investment brings to the portfolio. Diversification cannot eliminate the systematic risk due to economy-wide factors that are assumed to affect all securities in a similar fashion. Accordingly, whilst investors can eliminate unsystematic risk by diversifying their portfolio, they will seek to be compensated for the non-diversifiable systematic risk by way of a risk premium on the expected return. The extent of this compensation depends on the extent to which the company's returns are correlated with the market as a whole. The greater the systematic risk faced by investors, the larger the required return on capital will be demanded by investors.

The systematic risk is measured by the investment's beta. The beta is a measure of the co-variance of the expected returns of the investment with the expected returns on a hypothetical portfolio comprising all investments in the market – it is a measure of the investment's relative risk.

A risk-free investment has a beta of zero and the market portfolio has a beta of one. The greater the systematic risk of an investment the higher the beta of the investment.

The CAPM assumes that the return required by an investor in respect of an investment will be a combination of the risk-free rate of return and a premium for systematic risk, which is measured by multiplying the beta of the investment by the return earned on the market portfolio in excess of the risk-free rate.

Under the CAPM, the required nominal rate of return on equity (Re) is estimated as follows:

$$R_e = R_f + \beta_e (R_m - R_f)$$

Where:

- R_f = risk free rate
- β_e = expected equity beta of the investment
- $(R_m - R_f)$ = market risk premium

Risk free rate

In the absence of an official risk free rate, the yield on government bonds (in an appropriate jurisdiction) is commonly used as a proxy. Accordingly, we have adopted the following risk free rates:

Consistent with the circa 10-year mine life of the Miraflores Project, we have observed the yield on the 10-year United States Treasury bond over several intervals from a period of 5 trading days to 10 trading years. Given the volatility in the global financial markets, we have placed more emphasis to the average risk free rate observed over a longer period of time. Based on the above, we have adopted the risk free rate of 2.3%.

Market risk premium

The market risk premium represents the additional return an investor expects to receive to compensate for additional risk associated with investing in equities as opposed to assets on which a risk free rate of return is earned. However, given the inherent high volatility of realised rates of return, especially for equities, the market risk premium can only be meaningfully estimated over long periods of time. In this regard, Grant Thornton studies of the historical risk premium in the US over periods of 20 to 80 years suggest the premium is between 4.5% and 6.0%.

Accordingly, for the purpose of the WACC assessment, Grant Thornton Corporate Finance has adopted a market risk premium of 5.5%.

Beta

The beta measures the expected relative risk of the equity in a company. The choice of the beta requires judgement and necessarily involves subjective assessment as it is subject to measurement issues and a high degree of variation.

An equity beta includes the effect of gearing on equity returns and reflects the riskiness of returns to equity holders. However, an asset beta excludes the impact of gearing and reflects the riskiness of returns on the asset, rather than returns to equity holders. Asset betas can be compared across asset classes independent of the impact of the financial structure adopted by the owners of the business.

Equity betas are typically calculated from historical data. These are then used as a proxy for the future which assumes that the relative risk of the past will continue into the future. Therefore, there is no right equity beta and it is important not to simply apply historical equity betas when calculating the cost of equity.

For the purpose of this report, we have had regard to the observed betas (equity betas) of comparable gold and silver companies as set out below:

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Company Beta analysis	Location of flagship	Market Cap A$'million	Equity Beta¹	Gearing Ratio¹	Ungeared Beta	Local Regeared Beta	MSCI Regeared Beta
Metminco Limited	Australia	6	1.57	0.0%	1.57	1.89	0.99
Tier 1: Flagship Gold Project in South America							
Filo Mining Corp.	Canada	149	NM	0.0%	NM	NM	NM
Antioquia Gold Inc.	Indonesia	17	0.99	41.1%	0.77	0.92	1.12
Batero Gold Corp.	Malaysia	11	1.73	0.0%	1.73	2.09	NM
Minera IRL Limited	Phillipines	29	1.55	189.3%	0.67	0.80	0.14
Rio Novo Gold Inc.	Phillipines	19	3.26	6.9%	3.11	3.75	1.05
Continental Gold Inc.	Phillipines	600	3.34	0.0%	3.34	4.03	1.17
Eco Oro Minerals Corp	Canada	27	1.60	NM	NM	NM	NM
Reunion Gold Corporation	Canada	34	1.80	21.9%	1.56	1.88	1.29
Sandspring Resources Ltd.	United States	41	3.37	0.0%	3.37	4.06	0.84
Average - Tier 1			**2.21**	**32.4%**	**2.08**	**2.51**	**0.93**
Median - Tier 1			**1.77**	**3.4%**	**1.73**	**2.09**	**1.08**
Tier 2: ASX-listed gold companies in the exploration/development stage							
Azumah Resources Limited	Australia	15	1.11	0.6%	1.11	1.34	0.88
Orezone Gold Corporation	Canada	105	2.97	0.0%	2.97	3.58	0.85
Gascoyne Resources Limited	Australia	160	0.45	0.0%	0.45	0.55	NM
OreCorp Limited	Australia	35	1.20	0.0%	1.20	1.45	1.34
Capricorn Metals Limited	Australia	37	1.93	NM	NM	NM	0.69
Stonewall Resources Limited	Australia	44	NM	0.0%	NM	NM	NM
Primary Gold Limited	Australia	29	2.64	0.0%	2.64	3.18	0.71
Horizon Gold Limited	Australia	19	NM	0.0%	NM	NM	NM
Average - Tier 2			**1.72**	**0.1%**	**1.67**	**2.02**	**0.89**
Median - Tier 2			**1.56**	**0.0%**	**1.20**	**1.45**	**0.85**

Source: S&P CapitalIQ and GTCF calculations

Note (1): Equity betas are calculated using data provided by S&P CapitalIQ. The betas are based on a five-year period with monthly observations and have been degeared based on the average gearing ratio over five years.

Grant Thornton Corporate Finance has observed the betas of the comparable companies by reference to the local index and MSCI.

It should be noted that the above betas are drawn from the actual and observed historic relationship between risk and returns. From these actual results, the expected relationship is estimated generally on the basis of extrapolating past results. Despite the arbitrary nature of the calculations it is important to assess their commercial reasonableness. That is, to assess how closely the observed relationship is likely to deviate from the expected relationship.

Consequently, while measured equity betas of the listed comparable companies provide useful benchmarks against which the equity beta used in estimating the cost of equity for the pre-development assets, the selection of an unsystematic equity beta requires a level of judgement.

The asset betas of the selected company are calculated by adjusting the equity betas for the effect of gearing to obtain an estimate of the business risk of the comparables, a process commonly referred as degearing. We have then recalculated the equity beta based on an assumed 'optimal' capital structure deemed appropriate for the business (regearing). This is a subjective exercise, which carries a significant possibility of estimation error.

We used the following formula to undertake the degearing and regearing exercise:

$$\beta_e = \beta_a\left[1 + \frac{D}{E} \times (1 - t)\right]$$

Where:

- βe = Equity beta
- βa = Asset beta
- t = corporate tax rate

The betas are de-geared using the average gearing level over the period in which the betas were observed and then re-geared using a gearing ratio based on the forecast time-weighted gearing level underlying the Miraflores Project (80% debt to 20% equity).

In selecting the appropriate beta, we have considered the following:

- The median equity beta of Tier 1 companies based on the MCSI Index is 1.05.

- We note that Antioquia Gold and Continental Gold Inc. have early-stage gold mines in Colombia. The betas for these companies would therefore be considered to be closely comparable to the Miraflores Project. However, Continental Gold Inc. is larger and relatively more diversified compared to the Miraflores Project.

- We note that the OreCorp Limited has a gold mine in Tanzania, with a life of mine of 12 years. However, the project has a higher AISC of US$838/oz. compared to the Miraflores Project of US$643/oz. and higher pre-production capital expenditure of US$287 million compared to the Miraflores Project of US$71.8 million[43]. Given this, we would expect the beta for the Miraflores Project to be marginally lower than OreCorp.

- The median equity beta of Tier 2 companies based on the MCSI Index is 0.85. Tier 2 companies have exploration/development stage gold flagship assets. Given the location of the flagship assets of the Tier 1 companies, we consider the Tier 1 companies risk profile to be most comparable to the Miraflores Project.

Based on the analysis above, we have selected a beta range of between 1.2 and 1.3 for the Miraflores Project to calculate the required rate of return on equity capital.

Country risk premium and specific risk premium

Specific risk premium represents the additional return an investor expects to receive to compensate for country, size and project related risks not reflected in the beta of the observed comparable companies.

Cost of debt

For the Miraflores Project, we have adopted a cost of debt in the range of 6% to 7% (pre-tax) which is likely to be the cost of debt payable by a pool of potential purchasers for the Miraflores Project.

Additionally, Grant Thornton Corporate Finance has considered the following.

- The margin implicit in corporate bond yields over the US Government bond yields.

- The historical and current cost of debt for comparable companies.

[43] Before SRK's increase to the capex contingency of circa US10 million.

- Expectations of the yield curve.

Tax rate

We have adopted a tax rate of 17.7% which represents the effective tax rate included in the Financial Model.

Capital structure

Grant Thornton Corporate Finance has considered the gearing ratio which a hypothetical purchaser of the business would adopt in order to generate a balanced return given the inherent risks associated with debt financing. Factors which a hypothetical purchaser may consider include the shareholders' return after interest payments, and the business' ability to raise external debt.

The appropriate level of gearing that is utilised in determining WACC for a particular company should be the "target" gearing ratio, rather than the actual level of gearing, which may fluctuate over the life of a company. The target or optimal gearing level can therefore be derived based on the trade-off theory which stipulates that the target level of gearing for a project is one at which the present value of the tax benefits from the deductibility of interest are offset by present value of costs of financial distress. In practice, the target level of gearing is evaluated based on the quality and variability of cash flows. These are determined by:

- the quality and life cycle of a company;
- working capital;
- level of capital expenditure; and
- the risk profile of the assets.

Given that most of the comparable companies are early-stage exploration companies, the level of gearing is likely to be low. However, as work progresses on the Miraflores Project, the level of gearing is likely to increase as the project is gradually de-risked. Grant Thornton Corporate Finance have therefore adopted a relatively low level of gearing of 20% debt and 80% equity.

WACC calculation

The forecast cash flows of the Miraflores Project have been prepared on real terms. We have determined the WACC on real terms by 'deflating' the nominal WACCs determined above by the long-term US inflation expectation of 2% utilising the Fisher equation, as follows:

$$(1+r_{real}) = (1+r_{nominal}) / (1+i)$$

Where:

- r_{real} = real WACC
- I = long term forecast rate of inflation
- $r_{nominal}$ = nominal WACC

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The real discount rate adopted for the Miraflores Project is summarised below:

WACC calculation	Miraflores mine	
	Low	High
Cost of equity		
Risk free rate	2.30%	2.30%
Beta	1.20	1.30
Market risk premium	5.5%	5.5%
Country risk premium	2.2%	2.2%
Specific risk premium	2.0%	3.0%
Cost of equity	**13.1%**	**14.6%**
Cost of debt		
Cost of debt (pre tax)	6.0%	7.0%
Tax	17.71%	17.71%
Cost of debt (post tax)	**4.9%**	**5.8%**
Capital structure		
Proportion of debt	20%	20%
Proportion of equity	80%	80%
WACC (post-tax) (nominal)	**11.5%**	**12.9%**
US long term inflation	2.0%	2.0%
WACC (post-tax) (real)	**9.30%**	**10.70%**
Adopted WACC	**9.50%**	**10.50%**

Note (1): Rounded to the nearest 0.5%
Source: S&P Capital IQ and GTCF calculations

We note that the discount rate adopted to assess the net present value of the cash flows of the Miraflores Project only reflects the risk to realise the cash flows up to 31 December 2029 based on the current mine plan and assuming that the current circumstances remain unchanged up to 31 December 2029 (i.e. value in use).

Appendix C – Glossary

A$	Australian Dollar
AIM	Alternative Investment Market
AISC	All-in Sustaining Cost
APES	Accounting Professional and Ethical Standards
APES110	Code of ethics for Professional Accounting
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
CARDER	Corporacion Autonoma Del Risaralda
China	People's Republic of China
Corporations Act	Corporations Act 2001 (Cth)
DCF	Discounted Cash Flow
Deferred Consideration	Milestone payments to be made by MNC to RMB following the purchase of the Quinchia Gold Portfolio
FS	Feasibility Study
Directors	The Directors of MNC
EDC	European Debt Crisis
EGM	Extraordinary General Meeting
EV	Enterprise Value
FSG	Financial Services Guide
FY14	Financial year ended 31 December 2014
FY15	Financial year ended 31 December 2015
FY16	Financial year ended 31 December 2016
GDP	Gross domestic product
GFC	Global Financial Crisis
Grant Thornton Corporate Finance	Grant Thornton Corporate Finance Pty Ltd
HY17	Half year ended 30 June 2017
JORC/ JORC Code	The JORC (the "Joint Ore Reserves Committee") Code is a standard used for the public disclosure of Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore.
koz	000's ounces
Los Calatos Project	Los Calatos copper project in Peru
Mineral Resources	Mineral resources reported in accordance with the JORC Code
Miraflores Project	MNC's flagship gold project in Colombia
MNC or the Company	Metminco Limited ACN 119 759 349
Mt	Million tons
Non-Associated Shareholders	Shareholders of MNC not associated with Redfield
oz	Ounce
pa	Per annum
PFS	Pre-feasibility Study
Primary Demand	Demand for jewellery and industrial demand for gold
Proposed Issue	The issue of MNC Shares upon conversion of the Redfield Convertible Notes and exercise of the Redfield Options
Redfield	Redfield Asset Management Pty Limited ACN 131 425 815
Redfield Convertible Notes	Unsecured convertible note facility of A$0.75 million issued by MNC to Redfield
Redfield Options	Options issued by MNC to Redfield half of which expires on 17 May 2019 with the other half expiring on 25 May 2019.
RG	Regulatory Guide
RG 111	ASIC Regulatory Guide 111 "Contents of expert reports"
RG 112	ASIC Regulatory Guide 112 "Independence of Experts"

RG 74	ASIC Regulatory Guide 74 “Acquisitions agreed to by shareholders”
RMB	RMB Australia Holding Limited
Scoping Study	A scoping study for the Miraflores Project completed in September 2016
US$	United States dollar
VWAP	Volume Weighted Average Price
WACC	Weighted Average Cost of Capital

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Appendix D – Description of comparable companies

Company	Description
Tier 1 – Flagship Gold Project in South America	
Filo Mining Corp.	Filo Mining Corp. engages in the acquisition, exploration, and development of precious and base metals properties in Chile and Argentina. Its flagship property is the Filo del Sol Project, a copper, gold, and silver mineral exploration project located along the border of Region III, Chile and San Juan Province, Argentina. The company was incorporated in 2016 and is headquartered in Vancouver, Canada.
Antioquia Gold Inc.	Antioquia Gold Inc. engages in the acquisition, exploration, evaluation, and development of mineral resource properties primarily in Colombia. The company primarily explores for gold and precious metals. Its flagship property is the Cisneros project, which includes 11 mining concessions with a total area of approximately 5,818 hectares located in the Department of Antioquia, Colombia. The company is headquartered in Toronto, Canada. Antioquia Gold, Inc. is a subsidiary of Infinita Prosperidad Minera SAC.
Batero Gold Corp.	Batero Gold Corp. engages in the exploration and development of mineral properties in Colombia. It explores for gold, silver, and copper deposits. It holds a 100% interest in the Batero-Quinchia project located in the municipality of Quinchia, Department of Risaralda, Colombia. The company was formerly known as Angus Resources Inc. and changed its name to Batero Gold Corp. in July 2010. Batero Gold Corp. was incorporated in 2008 and is headquartered in Toronto, Canada.
Minera IRL Limited	Minera IRL Limited, together with its subsidiaries, engages in the exploration, development, and mining of precious metals in Latin America. Its flagship project is the Ollachea gold project that is located in southern Peru. It also explores for silver, copper, and molybdenum ores. The company was formerly known as Goldmin Holdings and changed its name to Minera IRL Limited in October 2006. Minera IRL Limited was founded in 2000 and is headquartered in Lima, Peru.
Rio Novo Gold Inc.	Rio Novo Gold Inc. acquires, explores, and develops gold mineral resource properties in Brazil and Colombia. It holds interests in the Almas Gold Project located in the Tocantins State, Brazil; the Matupá Gold Project located in the Mato Grosso State, Brazil; and the Tolda Fria Gold Project located in the Caldas State, Colombia. The company was formerly known as Rio Novo Holdings S.A. and changed its name to Rio Novo Gold Inc. in January 2010. The company was incorporated in 2008 and is headquartered in Rio de Janeiro, Brazil. Rio Novo Gold Inc. is a subsidiary of Northwestern Enterprises Ltd.
Continental Gold Inc.	Continental Gold Inc., together with its subsidiaries, acquires, explores for, evaluates, and develops gold resource properties in Colombia. It holds the rights to develop and explore 1 advanced-stage gold project, as well as explore 3 early-stage projects in Colombia covering an area of approximately 76,870 hectares. The company's flagship project is the Buriticá project comprising 24 concessions covering an area of 29,812 hectares and 42 concession applications totaling an area of 40,153 hectares located to the northwest of Medellín in the Antioquia Department in north-western Colombia. Continental Gold Inc. was founded in 2007 and is headquartered in Toronto, Canada.
Reunion Gold Corporation	Reunion Gold Corporation, a mineral exploration company, engages in the acquisition, exploration, and development of mineral properties in South America. It holds an option agreement to acquire an 80% interest in the Haute Mana gold project that comprises eight contiguous mining concessions covering an area of 122.5 square kilometers in central French Guiana; and an option agreement to acquire a 75% interest in the Dorlin gold project, which covers 84 square kilometers exploitation permit for gold in the central west region of French Guiana. The company was formerly known as New Sleeper Gold Corporation and changed its name to Reunion Gold Corporation in June 2006. Reunion Gold Corporation is based in Longueuil, Canada.
Sandspring Resources Ltd	Sandspring Resources Ltd., a junior mining company, explores and develops gold and related minerals in Guyana, South America. It primarily explores for gold, copper, and silver. The company's primary resource property is the Toroparu gold project, which covers a total of 138,740 acres comprising 7 small scale claims, 98 medium scale prospecting permits, 13 medium scale mining permits, and 2 prospecting licenses. Sandspring Resources Ltd. was incorporated in 2006 and is based in Centennial, Colorado.

Company	Description
Tier 2 – ASX listed gold companies in the exploration/ development stage	
Azumah Resources Limited	Azumah Resources Limited engages in the exploration and development of mineral properties. It primarily explores for gold deposits. The company primarily owns a 100% interest in the Wa Gold Project located in the northwest Ghana, West Africa. Its Wa Gold Project comprises the three tenement blocks, including the Wa-Lawra block covering an area of approximately 2177.0 square kilometers located to the west and north-west of the town of Wa; and north-south for c. 110 square kilometers to east of the Burkina Faso border, as well as the Wa East block that comprises the Josephine and Julie- Collette license blocks located east of Wa. It also explores the Kunche and Bepkong deposits located to the Black Volta River and Ghana's border with Burkina Faso, as well as Julie deposit to the east. The company is based in West Perth, Australia.
OreCorp Limited	OreCorp Limited engages in the exploration of mineral properties in Africa. The company explores for gold, nickel, copper, and precious metals. Its principal properties include the Nyanzaga project comprising 27 contiguous prospecting licenses covering 291 square kilometers in northwest Tanzania; and the Akjoujt South project comprising two licenses covering 460 square kilometers of area located in northwest Mauritania. The company is based in Subiaco, Australia.
Capricorn Metals Limited	Capricorn Metals Limited explores for and evaluates mineral properties. It primarily explores for graphite, gold, nickel, copper, and PGM deposits. The company holds interest in the Karlawinda gold project located south-east of Newman in Western Australia; and the Madagascar projects covering an area of 237.7 square kilometers located in south-west Madagascar. It also rents offices and houses. The company was formerly known as Malagasy Minerals Limited and changed its name to Capricorn Metals Limited in February 2016. Capricorn Metals Limited was incorporated in 2006 and is based in West Perth, Australia.
Stonewall Resources Limited	Stonewall Resources Limited, a gold mining company, explores for, develops, and produces gold. The company also explores for silver. Its principal projects include the TGME project located around the towns of Pilgrims Rest; and Sabie project situated in the Mpumalanga Province, South Africa, as well as the Lucky Draw project located near the township of Burraga in New South Wales, Australia. The company is based in North Sydney, Australia.
Primary Gold Limited	Primary Gold Limited explores and produces gold in Australia. It owns the Mount Bundy Gold Project which encompasses the Toms Gully, Rustlers Roost, and Quest 29 Projects in the Northern Territory, Australia, as well as holds interest in a tenure covering an area of approximately 2,020 square kilometers in the northern Pine Creek areas; and Coolgardie Gold Project located in Western Australia. The company was formerly known as Hydrotech International Limited and changed its name to Primary Gold Limited in 2013. Primary Gold Limited was incorporated in 2006 and is based in Subiaco, Australia.
Horizon Gold Limited	Horizon Gold Limited engages in the mineral exploration activities in Australia. The company primarily explores for gold deposits. It holds 100% interest in the Gum Creek Gold Project covering an area of approximately 724 square kilometers located within the Southern Cross Province of the Western Australian Archaean Yilgarn Craton. The company is based in Perth, Australia. Horizon Gold Limited is a subsidiary of Panoramic Resources Limited.

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Appendix E – SRK Technical Report

Independent Specialist Report
Miraflores Gold Project

Report Prepared for

Metminco Limited and
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Report Prepared by

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GRT005

January 2018

Independent Specialist Report Miraflores Gold Project

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January 2018

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Table of Contents

List of Tables

List of Figures

Disclaimer

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List of Abbreviations

Abbreviation	Meaning
AACE	Association for the Advancement of **Cost** Engineering
AIM	AIM is a sub-market of the London Stock Exchange
AMM	Miraflores Miners Association
ASX	Australian Securities Exchange
AusIMM	Australasian Institute of Mining and Metallurgy
B2Gold	B2Gold Corp.
CCGC	Caribbean Copper & Gold
CIL	carbon-in-leach
CIM	Canadian Institute of Mining, Metallurgy and Petroleum
CIP	carbon-in-pulp
Cobre	Cobre y Oro de Colombia
DCF	discounted cashflow
DFS	Definitive Feasibility Study
ECOMINAS	Empresa Colombiana de Minas or Colombian Mining Company
G&A	General & Administrative
Grant Thornton	Grant Thornton Australia Limited or Grant Thornton Corporate Finance Pty Ltd or Grant Thornton Pty Ltd
GRES	GR Engineering Services
g/t	grams per tonne
ha	hectare(s)
HV	high voltage
IER	Independent Expert Report
INGEOMINAS	National Institute of Geology and Mining - entity entitled to grant and control the performance of concession agreements
IP	induced polarisation
JORC	Joint Ore Reserves Committee
JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves - 2012
koz	kilo-ounces
KPMG	Klynveld Peat Marwick Goerdeler
kt	kilotonnes
LME	London Metals Exchange
M	Million
MCM	Miraflores Compañia Minera SAS
Metminco	Metminco Limited, ASX: MNC, ACN 119 759 349
MMC	Metal Mining Consultants
MNC	Listing code - ASX stock exchange
NI 43-101	Canadian Securities Administrators National Instrument 43-101
NPV	net present value
NSR	net smelter return

Abbreviation	Meaning
oz	ounces
PEA	Preliminary Economic Assessment
RMB	RMB Resources Australia Pty Ltd
SRK	SRK Consulting (Australasia) Pty Ltd
t	tonne
TSF	tailings storage facility
TSX-V	Toronto Venture Exchange
TVX Mineria de Colombia	subsidiary of TVX Gold Inc
US$	United States dollar
VALMIN Code	Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets - 2015

1 Introduction

Metminco Limited (Metminco) commissioned Grant Thornton Australia Limited (Grant Thornton) to provide an Independent Expert Report (IER) commenting on the fairness and reasonableness of a convertible note facility to be applied towards the ongoing assessment and development of the Miraflores Gold Project located in Colombia.

SRK Consulting (Australasia) Pty Ltd (SRK), in the role of Technical Specialist, has been requested by Grant Thornton to provide a short form Independent Specialist Report in support of the IER, relating specifically to the following:

1 The technical assumptions included in the Miraflores Definitive Feasibility Study (DFS), which was announced to the ASX on 18 October 2017, and associated techno-economic modelling
2 The valuation of the related Exploration Potential and any other Mineral Resources not considered in techno-economic model.

This Report has been prepared in accordance with the VALMIN Code (2015) and the JORC Code (2012).

SRK has relied on documents and information available in the public realm and documents made available by Metminco, in particular, the Miraflores DFS.

This assessment was conducted by Mr Peter Fairfield (Principal Consultant – Mining), Mr Simon Walsh (Associate Consultant – Processing) and Ms Karen Lloyd (Associate Consultant – Valuation). Internal peer review of this report was conducted by Mr Jeames McKibben (Principal Consultant – Project Evaluation).

The conclusions expressed in this Report are appropriate as at 4 December 2017. The valuation is only appropriate for this date and may change in time in response to variations in economic, market, legal or political factors, in addition to ongoing exploration results. All monetary values outlined in this report are expressed in United States dollars (US$) unless otherwise stated.

SRK confirms its independence of Metminco. SRK was commissioned on a fee for service basis according to SRK's standard schedule of rates. SRK's fee for this assignment is approximately A$35,000, which is not contingent on the outcome of this valuation or the success or failure for the transaction for which the Report was prepared. This Report represents the first review conducted by SRK regarding Metminco's assets. None of SRK's consultants or their immediate families involved in the preparation of this Valuation Report have (or had) a pecuniary or beneficial interest in Metminco prior to or during the preparation of this Report.

2 Miraflores Project

2.1 Location

The Miraflores Project (the Project) is located within the Municipality of Quinchía, Department of Risaralda, Republic of Colombia, some 190 km west-northwest of the Colombian capital of Bogota and 55 km to the north of Pereira, the capital of the Department of Risaralda (Figure 2-1).

The Project consists of a 124 ha mineral exploitation contract granted by the Colombian Ministry of Mines to the Asociación de Mineros de Miraflores (Miraflores Miners Association, AMM), and is located within the active Quinchía artisanal gold mining district.

The Project is situated along the eastern margin of Colombia's physiographic Western Cordillera and overlooks the Cauca River valley. The region has mountainous topography which is characterised by high relief, with steeply vegetated valleys and an active drainage network.

The Project is serviced by water and power, and there is a supply of unskilled local labour. The rural town of Quinchía is located 15 km south-southeast, by sealed and unsealed road, of the Project and will provide access to the national grid power should any mining development proceed. The town of Quinchía can be accessed by paved highway from the regional towns of Pereira (approximately 103 km), or Manizales (approximately 75 km), which are both serviced by a commercial flight from Bogota. The city of Medellín (population 3.7 million) is located approximately 160 km to the north of the Project.

Hydrogeological studies indicate that there are sufficient groundwater resources to support the Project, although the groundwater will need to be treated by a water treatment plant before use. Potable water for domestic use at the Project will be trucked from Quinchía.

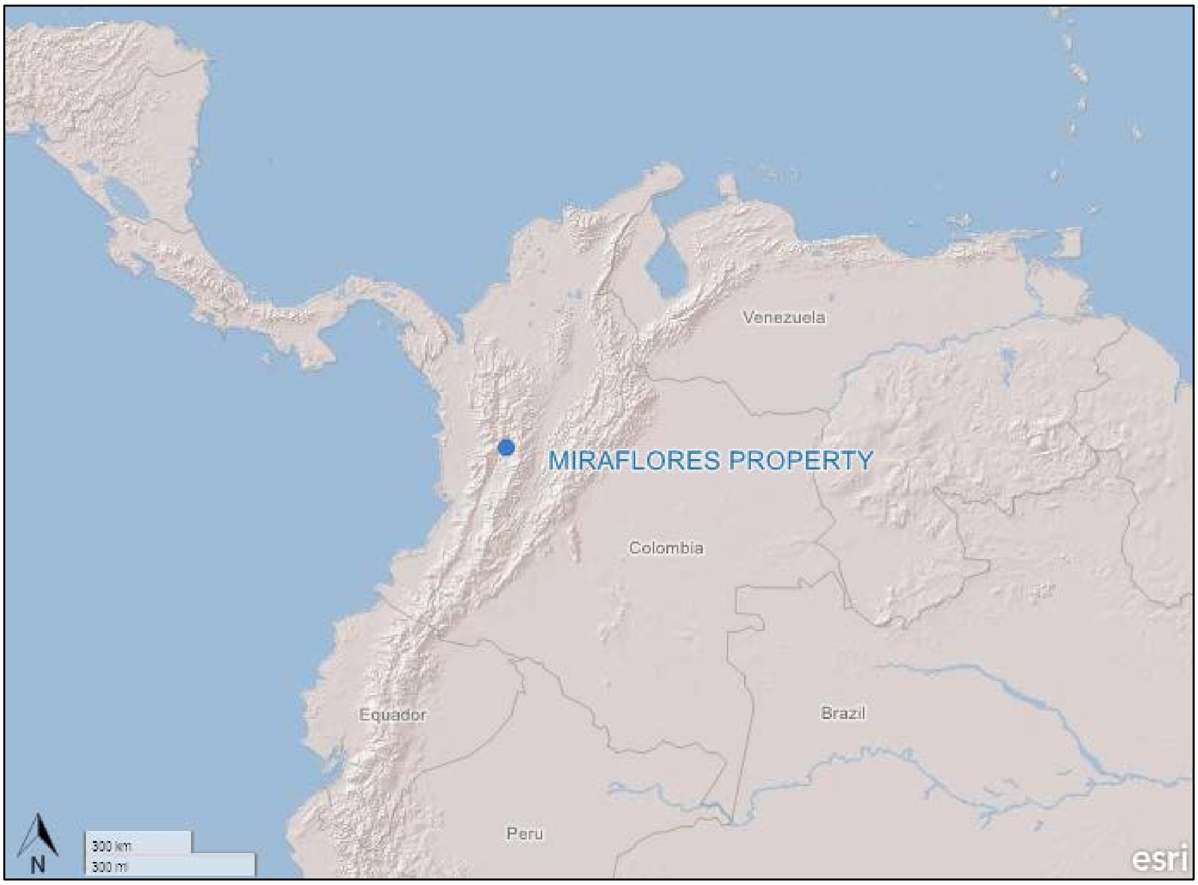

Figure 2-1: Location of the Miraflores Project

2.2 Ownership and tenements

The Project is 100% owned by Miraflores Compañia Minera SAS (MCM), a wholly owned operating subsidiary of Metminco Limited, an ASX and AIM listed company operating under the code MNC.

Table 2-1 presents the Miraflores concession ownership schedule, which comprises a single mining exploitation contract with an area of 124.092 ha, granted by the Colombian state mining company ECOMINAS (Empresa Colombiana de Minas or Colombian Mining Company) to the Asociación de Mineros de Miraflores (Miraflores Miners Association, AMM) on 13 October 1987, and extended by INGEOMINAS (National Institute of Geology and Mining) for 15 years on June 27, 2004. The contract is valid until 26 June 2019.

Table 2-1: Ownership schedule for the Miraflores property

Contract Number	Size (ha)	Registered Title Holder	Contract Status	Expiry Date
010-87M	124.092	Miraflores Compañia Minera (100%)	Mining Registry No. GBRK-01	26 June 2019

Source: Seafield (now Miraflora), 2013.

In addition to the mining exploitation contract, MCM has acquired a 100% interest in 16 proximal and, in part, coincident mining title rights (Table 2-2 and Figure 2-2).

Table 2-2: Additional mineral title held by Metminco's subsidiary in the Miraflores region

ID	Tenement	Area (ha)	Project
1	FCG-08354X	5.0109	Early Exploration
2	FHH-083	125.0083	Early Exploration
3	DLK-141	513.5723	Early Exploration
4	FCG-08356X	295.4448	Early Exploration
5	FCG-08357X	254.7683	Early Exploration
6	DLK-142	56.0564	Early Exploration
7	FCG-082	1.2159	Early Exploration
8	DLK-14544X	1,982.0098	Dosquebradas and Tesorito
9	FCG-08353X	3.0096	Early Exploration
10	FCG-08358X	67.5321	Early Exploration
11	FCG-08355X	20.0093	Tesorito
12	FKH-145510X	8.0092	Early Exploration
13	FKH-145511X	10.0023	Early Exploration
14	FKH-145512X	0.0062	Early Exploration
15	FKH-145513X	7.0	Early Exploration
16	FKH-141	16.0071	Early Exploration
17	010-87M	124.0001	Miraflores and Tesorito

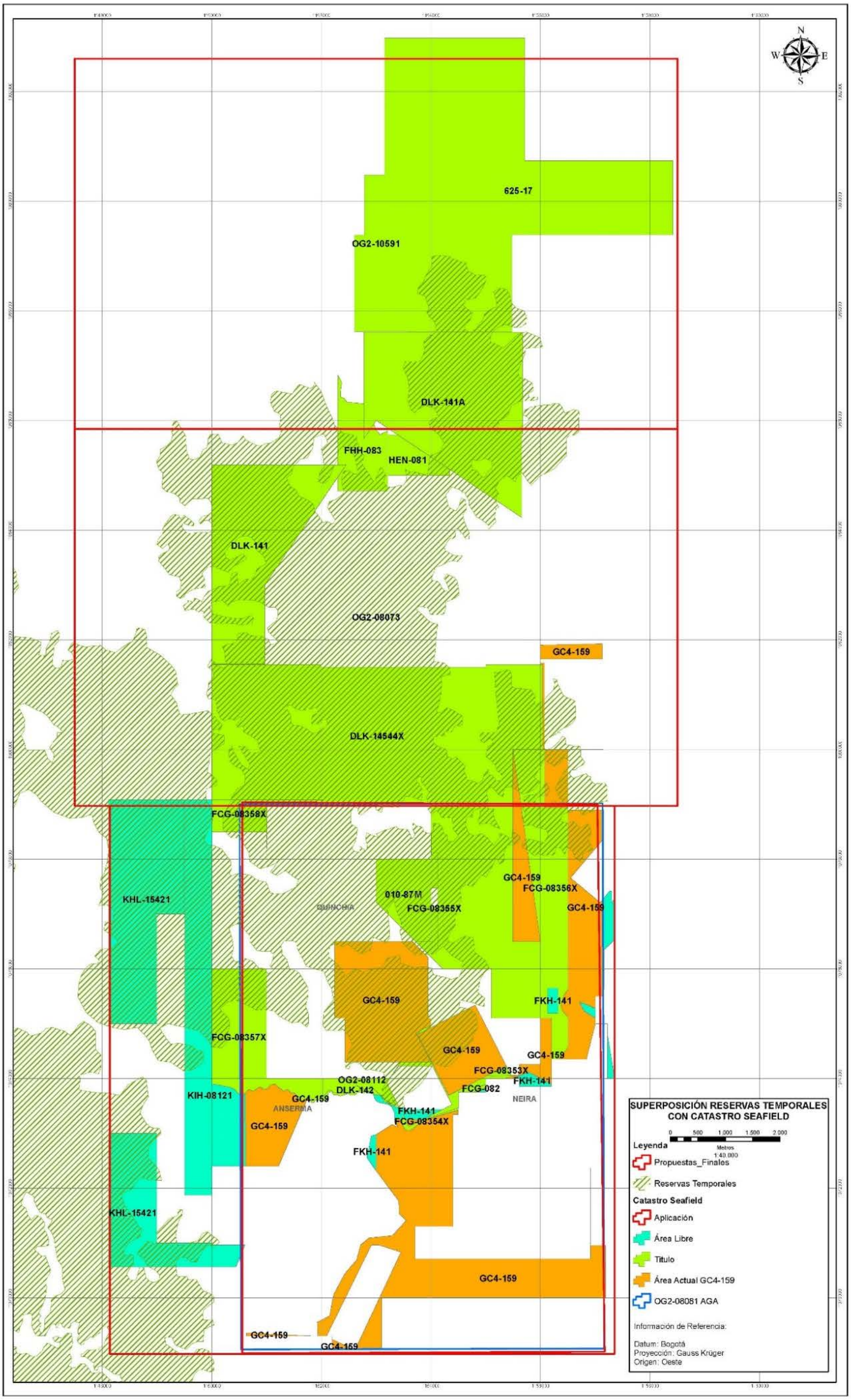

Figure 2-2: Metminco tenement map

SRK has been provided with an independent legal opinion report relating to the Project tenure, which was prepared by Ricaurte Rueda Abogados in Colombia and has relied on the independent legal opinion report that for the purposes of this Report: i) the mining titles are in good standing and marketable from a legal viewpoint, ii) Metminco either has been or will be granted full mineral resources exploration and exploitation rights subject only to fulfilling the requirements and obligations under the Mining Law of Colombia (Law 685/2001) and its associated laws, decrees, resolutions and regulations, and iii) there are no liens or encumbrances aside from the royalties, as set out below.

2.3 Royalties

The Miraflores exploitation contract was signed under the Aporte Minero (Mining Contribution) scheme developed under historical legislation and will attract the following royalties until the contract expires in 2019.

1. 4% mining royalty due on 80% of the net smelter return (NSR) metal value at a trailing average one month price as published by the London Metals Exchange (LME).
2. 4% concession royalty due on 80% of the NSR metal value at a trailing average one month LME price.

On expiry, the contract will revert to the current system of concession contracts which are subject to a 4% royalty only.

2.4 History

The Quinchía region has a long history of artisanal gold mining, and artisanal gold mining is currently practiced (Table 2-3). Artisanal mining activity in the area is notionally related to the price of gold, though no definitive estimates of historical extraction quantities are known to exist.

Table 2-3: Summary of work completed at the Project to date

Date	Activity
1950's	First record of artisanal mining
1970's	Interest in the area renewed
1980's	Artisanal mining co-operative, Asociacion de Mineros de Miraflores (AMM), formed
1994	Modern exploration begins
1994 - 1997	TVX Mineria de Colombia, a subsidiary of TVX Gold Inc., carried out various field visits to the Quinchía district
2000	INGEOMINAS completed a series of technical studies, including geological mapping, geochemical and geophysical studies, and prepared non-compliant resources estimates (under agreement with AMM) that were not publicly reported
2005 - 2007	Sociedad Kedahda SA (now AngloGold Ashanti de Colombia SA) entered an exploration agreement with the AMM and carried out exploration that included geological mapping and geochemical sampling
2006	AngloGold Ashanti continued regional exploration. At the Quinchía Project, a total of 19 holes were drilled, targeting both porphyry gold/ copper and breccia gold systems. Best drill results include 265 m at 0.8 g/t Au and 242 m at 0.85 g/t Au. During the year, 1,414 m of diamond drilling was undertaken in four holes at the Miraflores Project.
2007	The Miraflores Project is optioned to B2Gold Corp. (B2Gold), which carried out exploration from 2007 to 2009, including 2,210 m of drilling, preliminary metallurgical testing, and undertook preparation of an NI 43-101 Technical Report. B2Gold also calculated an internal Mineral Resource estimate which was not published.

Date	Activity
	As of December 2007, B2Gold held a 51% interest in the Miraflores Project, subject to certain back-in rights of AngloGold Ashanti, but signed a non-binding agreement with AngloGold Ashanti to increase its interest to 100%.
2008	AngloGold Ashanti terminated its right to earn back an interest in the Miraflores Project. B2Gold acquired 100% interest in the Miraflores Project in May 2008. In June 2008, Nilam Resources entered a letter of intent with Caribbean Copper & Gold (CCGC) to acquire all outstanding shares of CCGC' s wholly-owned Colombian subsidiary, Cobre y Oro de Colombia (Cobre). Under the agreement, Nilam would pay CCGC US$3 M in cash to acquire 100% of Cobre's issued and outstanding shares. Cobre had an underlying agreement with AngloGold Ashanti to acquire the Quinchía Project. In its quarterly report for the period ended 31October 2008, Nilam made no mention of having an interest in the Quinchía Project or any other property in Colombia.
2009	In March 2009, B2Gold decided not to continue to pursue its option at the Miraflores Project and the property reverted to AMM's ownership under the terms of the option agreement. In November 2009, Seafield Resources Limited (Seafield) signed a letter of intent with CCGC to acquire all rights, title to, and interest in, certain mining claims, options and land packages in the Quinchía district of Colombia.
2010	In March 2010, Seafield signed a formal agreement with CCGC regarding projects in the Quinchía district. Under the finalised agreement, Seafield would spend an aggregate minimum of US$650,000 during the 12-month period following the binding date of the first option payment to certain property owners. In mid-March 2010, Seafield began exploration at Quinchía, including detailed soil geochemical surveys and magnetic geophysical survey follow-up. Geological mapping, sampling, and soil sampling was also under way on three additional porphyry targets outlined by the airborne magnetic survey. In April 2010, Seafield announced an initial Inferred Mineral Resource estimate at the Miraflores Project which was potentially amenable to bulk-tonnage mining and mineral extraction techniques. Seafield would acquire a 100% interest in Miraflores from AMM or Mineworkers by making cash payments totalling US$1.5 M over two years, plus a final option payment of US$1.5 M within 30 months of the initial signing date. AMM was operating a small underground mine producing about 8 tpd of ore. The operation was closed down by Seafield in order to focus on exploration and development studies. In June 2010, Seafield commenced an 11-hole drill program totalling 3,500 m at Miraflores. As of early December 2010, a total of 4,132 m in 12 holes had been drilled at Miraflores. Better results from the first three holes included 449 m grading 1.29 g/t Au in hole QM DH-03, and 12.2 m grading 0.66 g/t Au in hole QM DH-01.
2011	As at May 2011, Seafield had earned a 30% interest in the Project. Seafield announced an NI 43-101 compliant (Scott E. Wilson Consulting, Inc.) Measured and Indicated Mineral Resource for Miraflores of 1,227,593 oz gold grading 0.9 g/t Au contained in 44,717,000 t at a cut-off grade of 0.3 g/t Au and an Inferred Resource of 354,512 oz of gold grading 0.9 g/t Au in 12,252,000 t a cut-off grade of 0.3 g/t Au.
2012	As a result of an extensive drilling program, in January 2012, Seafield announced an NI 43-101 compliant (Scott E. Wilson Consulting, Inc.) Measured and Indicated Resource for Miraflores of 1,926,000 oz of gold grading 0.77 g/t Au contained in 77,841,000 t at a cut-off grade of 0.3 g/t Au and an Inferred Resource of 1,024,000 oz of gold grading 0.52 g/t Au in 63,320,000 t at a cut-off grade of 0.3 g/t Au. In April 2012, Seafield announced a Preliminary Economic Assessment (PEA) which suggested that total gold production of 709,000 oz could be achieved through open pit and underground methods over a mine life of 14 years for an after-tax NPV (8%) of US$249 M using a US$1,500/oz gold price. Cash costs were estimated at US$527/oz.
2013	In August 2013, an NI 43-101 Technical Report and PEA suggested that total gold production of 529,453 oz could be achieved through open pit and underground methods over a mine life of 15 years for an after-tax NPV (5%) of US$98 M using a US$1,500/oz gold price. A feasibility study was initiated, but work was subsequently suspended in September 2013 as further optimisation was required, specifically in relation to tailings management.

Date	Activity
2014	In January 2014, feasibility-level metallurgical, geotechnical and hydrogeological reports were prepared for Seafield by SRK (Denver). In July 2014, Seafield announced it had defaulted on a debt facility interest payment due to RMB Australia Holdings Limited. In August 2014, Seafield's wholly-owned subsidiary, Minera Seafield S.A.S, filed for a reorganisation agreement under Colombian Law. In September 2014, Seafield notified the TSX-V (Toronto Venture Exchange) that KPMG had been appointed as receiver and manager for the company, pursuant to an application brought by RMB Australia Holdings Limited, Seafield's secured creditor.
2015	SRK Consulting (U.S.), Inc. (SRK UK) was retained by RMB Resources Inc. (RMB) to complete an independent study of the Miraflores Project (Miraflores or the Project) located in Colombia. The purpose of the study is to improve open pit and underground mill feed gold grade while reducing the impact of tailings on Project operating and capital cost by relocating the tailings to the Tesorito site.
2016	In June 2016, Metminco purchased Miraflores Compañia Minera from RMB Resources Australia Pty Ltd through the issue of 400M Metminco shares issued, A$7 M in cash over 4 years and A$7 M from a royalty stream from production In September 2016, Metminco announced the results for a scoping-level mining study assessing an underground development option by SRK (USA). Metminco advised the market in November 2016 that it had commenced with a Bankable Feasibility Study at the Project.
2017	In March 2017, Metminco announced an updated and improved Mineral Resource estimate for the Miraflores Project. In October 2017, Metminco announced its maiden Ore Reserve for the Project and reported the results of the DFS, which suggests that total gold production of 529,453 oz could be achieved through underground methods over a mine life of 15 years for an after-tax NPV (5%) of US$96 M using a US$1,500/oz gold price. Metminco reported that the path for the development of the Project remains the completion of the Environmental Licence, including the validation of the impacts on the local communities and the gaining of the social licence for the Project.

Note: *SRK notes the Mineral Resources and Ore Reserves outlined in Table 2-3 have been superseded with the current estimates outlined in the following sections.

2.5 Proposed project

Metminco plans to develop and mine the Project using traditional underground decline development and longhole stoping for extraction of the Ore Reserve. Metminco has investigated a traditional processing flowsheet consisting of a 480,000 tpa concentrator circuit that contains a three-stage crushing circuit, ball mill grinding, a gravity and floatation plant for gold concentration, cyanide detoxification of the cyanidation residue and a thickener for tailings. Metallurgical testwork has shown that recoveries of 92% gold and 60% silver may be possible. The principal components of the current project are as follows:

- Measured and Indicated Mineral Resources (exclusive of Ore Reserves) of 9.3 Mt, averaging 2.82 g/t Au and 2.77 g/t Ag and containing approximately 840,000 oz of gold and 825,000 oz of silver
- Proved and Probable Ore Reserves of 4.32 Mt, averaging 3.29 g/t Au and 2.77 g/t Ag and containing 457,000 oz of gold and 385,000 oz Ag at a 1.53 g/t Au cut-off to support underground mining on a US$1,200/oz gold price (exclusive of metallurgical recovery)
- Underground mining operations using traditional longhole stoping for ore extraction via a single decline with a targeted mine life of approximately 10 years
- Initial capital cost of US$71.8 M with a sustaining capital allowance of US$18.6 M over the life of mine; annual sustaining capital for the process plant and infrastructure is specifically excluded.
- The site is to be developed as a greenfields operation. While access to the site has been established, all facilities and supporting infrastructure for the Project will need to be developed.

3 Site Inspection

SRK has not undertaken a site inspection of the Project as, in SRK's opinion, a site inspection was not likely to reveal information or data that is material to this Independent Specialist Report.

SRK is satisfied that there is sufficient current information available to allow an informed evaluation to be made without an inspection and notes the following:

1 The Project is at the exploration stage with no development or construction having been undertaken at this time.

2 The Project is a proposed underground mining operation.

3 The feasibility study report provides sufficient commentary regarding the location and access specifics of the Project

4 The current Mineral Resource at Miraflores has been reported in accordance with the guidelines of the JORC Code (2012) and classified and reported by Metal Mining Consultants (MMC) in accordance with the Canadian Securities Administrators National Instrument 43-101 (NI 43-101) and the corresponding Canadian Institute of Mining and Metallurgy (CIM) Definition Standards on Mineral Resources and Mineral Reserves. SRK does not consider that a site inspection of the drill cuttings was necessary to arrive at an informed opinion on this aspect of the assessment.

4 Geology and Resources

4.1 Geological setting

The Miraflores region is characterised by the four principal rock units listed below:

1 A basement complex consisting of mafic and ultramafic oceanic volcanic rocks and granitic intrusive rocks belonging to the Romeral Terrane

2 Stratified clastic sedimentary rocks of the Amaga Formation

3 Basaltic to andesitic through felsic volcanic and pyroclastic rocks of the Combia Formation

4 Dioritic to monzonitic hypabyssal porphyritic intrusive rocks.

The porphyritic intrusive rocks characterise the main deposit that is the focus of this Report. The Miraflores deposit envelops one of these intrusive bodies and is referred to throughout the Report as the Miraflores breccia pipe.

Mineralisation at the Miraflores Project is contained within the Miraflores magmatic-hydrothermal breccia body, developed entirely within mafic volcanic of the Cretaceous-age Romeral Terrane.

Based on surface definition and diamond drilling, the body is roughly circular, measuring some 280 m by 250 m in outcrop. It has been traced via drilling for over 600 m in vertical extent and remains open at depth. The breccia consists primarily of angular to rounded fragments of mafic volcanic rock, diabase, micro-gabbro and dacite porphyry in a matrix of rock flour.

Five types of breccia and hydrothermal infilling are observed. Mineralisation is present primarily as hydrothermal cement between the breccia fragments, and in late, spaced, high-grade fault-controlled vein structures which cut the breccia. The centimetre-scale fault-veins strike N15° to 35°W, and dip between sub-horizontal and vertical. The hydrothermal breccia cement is characterised by coarse-grained, euhedral infillings of abundant calcite, quartz, epidote and pyrite, galena, sphalerite, chalcopyrite and native gold. The hydrothermal matrix varies from 25% to 75% of composite breccia body. The highest-grade mineralisation in the Miraflores breccia is contained within the fault-veins, where values range from 3 g/t Au to 429 g/t Au.

4.2 Miraflores Mineral Resource and Ore Reserve

4.2.1 VALMIN Compliance Section 7.3

The current Mineral Resource at Miraflores was announced in March 2017 and has been reported in accordance with the guidelines of the JORC Code (2012) and classified and reported by Metal Mining Consultants (MMC) in accordance with the Canadian Securities Administrators National Instrument 43-101 (NI 43-101) and the corresponding Canadian Institute of Mining and Metallurgy (CIM) Definition Standards on Mineral Resources and Mineral Reserves, and are deemed to be reported to a sufficient quality standard Mineral Resources have been reported at a 1.2 g/t Au cut-off to support underground mining (Table 4-1), which is reasonable for the proposed mining operation.

Table 4-1: Miraflores Mineral Resource estimate as at May 2017

Resource Classification	Inventory (kt)	Grade (g/t Au)	Grade (g/t Ag)	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
Measured & Indicated	**9,269**	2.82	2.77	840	825
Inferred	487	2.36	3.64	37	57

Notes: Based on a cut-off grade of 1.2 g/t Au. Resources are inclusive of reserves. Rounding of numbers may result in minor computational errors, which are not deemed to be significant.

Source: MMC, 2016.

For further details relating to the current Mineral Resource estimate, refer to Metminco's ASX announcement dated 14 March 2017.

The Project reserve estimate has been classified and reported in accordance with the NI 43-101 and the corresponding CIM Definition Standards on Mineral Resources and Mineral Reserves and the JORC Code (2012) and is listed in Table 4-2. The reserves are deemed to be reported to a sufficient quality standard and have considered the appropriate Modifying Factors which are reasonable for the proposed mining operation

Table 4-2: Miraflores Ore Reserve estimate as at May 2017

Reserve Classification	Tonnes (Mt)	Gold (g/t)	Silver (g/t)	Contained Metal (koz Au)	Contained Metal (koz Ag)
Proved	1.70	2.75	2.20	150	120
Probable	2.62	3.64	3.13	307	264
Proved + Probable	4.32	3.29	2.77	457	385

Note: Rounding-off of numbers may result in minor computational errors, which are not deemed to be significant.

Source: Ausenco, 2017.

For further details relating to the current Ore Reserve estimate, refer to Metminco's ASX announcement dated 18 October 2017.

4.3 Exploration potential

Detailed studies by Metminco have largely focused on the assessment of the defined Mineral Resource at the Miraflores Project; however, there are a number of additional targets that have been partially tested within the broader Quinchía portfolio, including:

- The Tesorito Project, located 800 m from Miraflores, Tesorito is a porphyry system hosting gold-silver-copper-molybdenum mineralisation. The initial exploration at Tesorito in 2012 and 2013 by Seafield included geological mapping, rock and soil sampling, followed by trenching within the area of anomalous gold and copper in soils. In addition, an induced polarisation (IP) geophysical survey was carried out over part of the target area. Assays from the rock trench samples included 2 m averaging 9.04 g/t Au. Three exploration holes were drilled by Seafield in 2013, with an intersection of 384 m grading 1.01 g/t Au, 0.9 g/t Ag and 0.08% Cu. Metminco has indicated that future exploration will be targeted at defining the extent of the IP anomaly and proposes that additional mill feed for Miraflores could be provided from Tesorito.
- The Dosquebradas Project hosts gold-copper porphyry style mineralisation in diorites, basalts and mixed intrusive breccias. Seafield reported an Inferred Mineral Resource of 0.92 Moz Au and 1.04 Moz Ag (at a 0.3g/t cut-off) at Dosquebradas, which was estimated under NI 43-101 guidelines.

SRK considers that potential exists within the broader area surrounding the Miraflores Project to identify additional mineralisation which could add to the resource/ reserve base over the longer term.

5 Mining

5.1 Mining/ production schedule

Proposed mining at Miraflores is planned as underground mining, using a retreat longhole open stoping method incorporating backfill (rockfill and tailings) into the mining cycle. The proposed production schedule is presented as Table 5-1.

5.1.1 VALMIN Compliance Section 7.4 (b)

The Project is still at the feasibility stage and there is no historical production at the Project to allow a comparison of the proposed performance estimates with prior performance.

Table 5-1: Production schedule

	Units	Total	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10
Stope Ore	kt	4,326	153	454	446	476	467	467	467	467	467	463
Development Ore	kt	0	0	0	0	0	0	0	0	0	0	0
Main Ramp Dev	m	5,156	1,301	968	1,076	710	675	366	60	0	0	0
Surface Raise	m	908	206	0	191	165	233	113	0	0	0	0
Underground Slot	m	370	74	84	27	44	75	66	0	0	0	0
Tailings Backfill	k(m^3)	1,365	500	86	85	88	88	204	204	204	204	15
Milled Ore	kt	4,326	144	460	455	467	467	467	467	467	467	467
Recovered Gold	koz	421	12	45	45	43	50	44	42	45	52	43
Recovered Silver	koz	211	8	23	24	17	22	24	21	18	30	23
Tailings to TSF	kt	2,025	62	268	265	271	271	155	155	155	155	208

Source: Miraflores Financial Model FS (V3)!opex.

6 Metallurgy and Processing

6.1 Processing

The proposed Miraflores processing plant has a nominal design throughput of 475 ktpa, processing fresh underground gold and silver ores with a typical head grade of 3 - 4 g/t Au. Testwork has shown the ores to be competent, requiring a moderate grind size for effectively liberation and with high gold recoveries. A large proportion of the recovered gold reports to a gravity concentrate, with the remainder largely associated with sulphide minerals being recovered into a flotation concentrate. Both concentrates are intensively leached, before being precipitated with zinc dust, calcined and smelted into final gold and silver doré.

Based on the testwork, the processing flowsheet incorporates three-stage crushing, single stage ball milling and classification, gravity gold recovery, gold flotation of the gravity tailings, separate intensive cyanide leaching of both concentrates which make up only a small percentage (3.5% - 4%) of the original feed tonnage, Merrill-Crowe (zinc) precipitation and dewatering of leached gold and silver, calcination of the gold/ silver zinc precipitate and smelting of final gold and silver calcine into final doré bars. Tailings are detoxified and then used for paste backfill in the underground mine or thickened, filtered and dry stacked into a dry tailings storage facility.

7 Capital and Operating Costs

7.1 Mining

Mobile equipment capital costs are considered as leasing costs derived from estimated equipment requirements and unit capital costs. As described in the study report documents, the process is considered by SRK to be appropriate for the feasibility level of study.

The activity costs have been reported as unit costs; these have been derived with what appears to be a first principles level of detail. SRK identified what may have been calculation errors in the spreadsheet provided. SRK has since been provided with the raw data, and has audited the calculations, with no material errors identified. The activity costs were accounted for as capital and operating costs in a manner that is consistent with SRK's expectation.

SRK considers that the mining unit cost is low compared to costs SRK would have expected for a similar operation. Labour is typically a large component of operating costs, but this may not be the case for the Miraflores Project.

7.2 Processing

7.2.1 Capital costs

A capital cost estimate for the processing plant and infrastructure has been developed by GR Engineering Services (GRES) to support the current DFS. Costs related to the tailings storage facility, owner's costs and the cost for an overhead high voltage (HV) powerline to site have been estimated separately, but are included in the overall cost estimate of US$65.913 M. This excludes mining costs. The accuracy of the GRES estimate is reported to be within -10% to +15% and to be at a Class 3 level of estimated according to the AACE classification guidelines as at Q2 2017, inclusive of contingency.

7.2.2 Sustaining capital costs

The DFS report and associated discounted cashflow (DCF) model specifically exclude sustaining capital costs for the process plant and infrastructure; however, an allowance for mining has been included. The justification provided was that the mechanical equipment selected for the plant would be new and robust, and in conjunction with good quality process water and appropriate routine maintenance, no sustaining capital would be required over the entire 10-year life of mine.

7.2.3 Operating costs

An operating cost estimate has been developed by GRES to support the Project. The accuracy of the estimate is reported to be within -10% to +15% as at Q2 2017. The claimed accuracy range is consistent with feasibility study guidelines. The build-up of costs is conventional and uses testwork, mass balancing, equipment sizing, reagent consumption, wear, and the electrical load list. The operating costs for processing, dry stacked tailings disposal and General & Administrative (G&A) expenses developed in the DFS and used in the DCF model are US20.54/t, US$1.37/t and US$4.35/t, respectively.

8 Valuation

Metminco has undertaken a DCF valuation of the Miraflores life of mine projections and Grant Thornton provided this to SRK. SRK has reviewed the production and cost projections and has advised Grant Thornton on the reasonableness of the assumptions and projections from valuation purposes. SRK has reviewed Metminco's production projections as a basis for valuation. In determining the appropriate parameters for valuation, SRK has considered the assessments that might be made by a willing, knowledgeable and prudent buyer in assessing the value of the Miraflores Property and associated exploration tenure within the Quinchía portfolio.

8.1 Cashflow projections

SRK has reviewed the technical assumptions supporting Metminco's cashflow analysis of the Miraflores Property. SRK's findings are presented in the following sections.

8.2 Mining

As noted in Section 4.2, The current Mineral Resource and Ore Reserve at Miraflores has been reported in accordance with the guidelines of the JORC Code (2012) and classified and reported by Metal Mining Consultants (MMC) in accordance with the Canadian Securities Administrators National Instrument 43-101 (NI 43-101) and the corresponding Canadian Institute of Mining and Metallurgy (CIM) Definition Standards on Mineral Resources and Mineral Reserves. The Mineral Resources and Ore Reserves are deemed to be reported to a sufficient quality standard. The Mineral Resources have been reported at a 1.2 g/t Au cut-off to support underground mining (Table 4-1), which is reasonable for the proposed mining operation.

The total inventory in Table 8-1 is consistent with the total production schedule in the economic model. SRK notes that less than 1% of project revenue comes from contained silver.

Table 8-1: **Miraflores Ore Reserve estimate as at October 2017 (updated from DFS)**

Reserve Classification	Tonnes (Mt)	Gold (g/t)	Silver (g/t)	Contained Metal (koz Au)	Contained Metal (koz Ag)
Proved	1.70	2.75	2.20	150	120
Probable	2.62	3.64	3.13	307	264
Proved + Probable	4.32	3.29	2.77	457	385

Source: Ausenco, 2017: DFS_B = Part 15, Table 15-1.

8.2.1 Schedule

The DFS report (Part 16 Table 16.1) presents a mine development summary table, which includes an allowance for passing bays, dewatering bays, and substations. SRK is satisfied that Metminco has considered the required design components and that the planned development meterage is likely to be within appropriate tolerance levels for a DFS.,

In SRK's opinion, the proposed mine plan and design is based on a sound logic and methodology, but SRK has not verified the absolute quantities, which will be required prior to the development of a commissioning plan.

SRK considers the topics covered to be appropriate, but areas are lacking in detail. As a result of the uncertainty in the deliverability of the mining schedule, SRK requested supporting information from Metminco to substantiate Metminco's assumptions. The production schedule is summarised in Table 5-1 and SRK is satisfied that the assumptions are reasonable and that the mining schedule is appropriate for the Project.

While the proposed annualised development rates are considered to be achievable, SRK notes that the Year 1 production is 33% of the targeted annual production rate of 467 ktpa and relies on completion of sufficient development to enable production to commence.

8.2.2 Dilution

SRK notes that 9% of the contained gold is from planned dilution that is a combination of internal waste and external dilution to allow for stope overbreak.

Of the mining inventory, 31% (1,348 kt) is from planned dilution. The DFS report (Part 15) states 20% is from planned (internal) and 11% is from estimated (external) dilution.

SRK notes that the DFS Report (Part 15) states that for internal dilution, the grade of the Inferred Resources has been included in the planned internal dilution. SRK notes that 0.7 m of planned dilution has been added to hanging wall and footwall for each stope.

The DFS report states (DFS Part 15) designed stope widths are between 2 m and 10 m, expanded by 0.7 m to account for external wall dilution. This is 35% and 7% dilution for the 2 m and 10 m stope width, respectively. SRK does not have the underlying data to assess the distribution of stope widths, but suggests that 7% dilution on a 10 m stope using the proposed mining method is conservative.

Additional dilution from mucking against the backfilled stopes, should be expected.

SRK recommends the addition of 10% dilution at zero grade, to account for mining dilution.

8.2.3 Ore loss

Ore loss has been included for areas of the Mineral Resource not being mined; however, no allowance has been made for mining recovery from inside the stopes. In SRK's experience, 100% stope extraction is not achieved and ore will be left behind in stopes.

Further to this, there is an increased risk associated with conversion of Inferred Mineral Resource into the mine plan and a reduction in grade. SRK is unable to determine the amount of Inferred Mineral Resource included in the design from the information provided.

In light of this, SRK recommends that the mining inventory be reduced by 5%.

To model the combined effect of the additional dilution, expected by SRK, and the ore loss due to mining recovery, SRK recommends that the mined grade is reduced by 9% and the mined tonnes increased by 5%. This results in an overall loss of 5% of contained metal in the mining schedule, which could be modelled as either a reduction of in-situ metal (mine-life) or a recovery loss during cashflow modelling.

8.2.4 Metallurgy and processing

In SRK's opinion, the processing flowsheet is appropriate for the Miraflores underground ores. It is based on, and supported by, metallurgical testwork and reflects the high gravity recoverable gold component of the ores and the readily floated remaining gold, which is largely associated with the sulphide minerals. In terms of gold processing flowsheets, while all the process units chosen are well established in the industry, the flowsheet is not particularly conventional in comparison to a typical free milling carbon-in-leach (CIL) / carbon-in-pulp (CIP) operation which is well proven and low risk. While this flowsheet is suited to the Project ores, and has demonstrated high total gold recoveries above 90%, it is considered to be less conventional, but does not present a significant risk – based on the testwork. Silver recoveries are modest; typically between 55% and 60%.

SRK considers there to be a few potential minor flowsheet opportunities that should be considered in detailed design in order to increase and/or de-risk metal recoveries and/or improve operability.

Challenges could include managing cyanide away from the flotation circuit as it acts as a depressant, managing the water balance due to the use of a large centrifugal-style gravity concentrator for a relatively small throughput, management of the crushing circuit only planned to be operated on weekdays and not at night, and control of recirculating loads of gravity tailings through the milling circuit.

SRK considers the targeted process plant throughput of a maximum of 466.6 ktpa to be reasonable, and within the plant's design capacity. SRK considers that an allowance for start-up, ramp-up and optimisation of throughput over the first three quarters of operation should be included. This allows for variation in mined ore delivery to the plant, complexities of the plant flowsheet and water balance, and for the site team, which will largely comprise nationals who will need to become familiar with the plant and feed variability.

SRK considers the estimated average life of mine gold recovery of 92%, on underground ores only, to be reasonable. The recoveries are mass-weighted for each ore type based on the life of mine tonnage and includes an absolute discount of 2% to account for processing inefficiencies and scale-up. This is considered by SRK to be good practice, as a deduction from testwork to allow for scale-up is not always applied in projects. The proposed gold recovery value is acceptable as the base case; however, but SRK recommends an additional discount be applied to test the Project's NPV sensitivity to a downside recovery case.

The recovery estimate is based on testwork gravity recoveries, which are higher under laboratory test conditions as the mass recovery is significantly lower in practice. The difference should largely be picked up through flotation and there are consistent recoveries across the tests undertaken which provides further confidence in the metallurgical behaviour of the ores. However, there are issues remaining which relate to flotation scale-up, zinc precipitation inefficiency loss to the filtered tailings and potentially some leach inefficiencies at plant scale. Conversely, SRK sees potential upside to the recoveries with the marginally higher average gold feed grade compared to that tested, and if shear reactors and oxygen addition are included in the flotation concentrate leaching process. SRK recommends that further work be undertaken to refine the gold recovery assumptions.

The silver recovery of 60% used in the current DCF model does not reflect the value of 55% presented in the FS report. This value is based on testwork and is also mass weighted for each ore type based on the life of mine tonnage. It includes an absolute discount of 2% to account for processing inefficiencies. SRK recommends adopting the FS report value of 55%, unless Metminco is able to justify the increase to 60% silver recovery. SRK notes that this has negligible impact on the overall project NPV. Similar to the gold recoveries, there is potential for some differences in the recovery when scaled up to full size, and SRK recommends an additional discount be applied to test the Project's NPV sensitivity to a downside recovery case.

For valuation purposes, the proposed construction schedule of 88 weeks from the beginning of the feed and 63 weeks from the commencement of earthworks is reasonable. It is SRK's experience that projects with several competing critical path tasks, and several potential sources of slippage in schedule, commonly encounter delays in project delivery. SRK recommends that for stress testing of the DCF model, an additional month be added to the overall Project implementation base case timeline, to allow for any schedule delays, for example, due to geotechnical issues associated with the mountainous location of the plant and a need for further geotechnical investigations for the proposed site. This work should be largely completed at a definitive feasibility level of study.

8.2.5 Capital and operating costs

Capital costs

In SRK's opinion, the level of rigour assigned to the capital cost estimate approaches an FS level of accuracy and considers the processing and infrastructure capital costs developed by to be reasonable for valuation purposes when benchmarked against comparable projects. The GRES contingency allowance of 7.67% for the processing plant is considered to be at the low end of the likely range and recommends a 10% contingency allowance as a minimum and suggests a 15% allowance as being better suited, based on the level of engineering detail provided. This is premised on recommendations provided in AusIMM Cost Estimation Handbook Second Edition, (AusIMM, Monograph Series 27). SRK has requested additional information on the HV powerline cost as the scope of work is unclear and the accuracy of the cost estimate for this work uncertain.

SRK notes that while the capital cost contingency appears in the DCF model, it appears to have been removed for the purposes of the cashflow calculations. In SRK's opinion, a contingency is included in capital costs to allow for 'known unknowns' in the estimate. The reported accuracy associated with the level of study is a separate consideration. Contingency has not been made for owner's costs and the detail provided for review does not identify an allowance for the tailings and HV powerlines. In SRK's opinion, a contingency must be included in financial modelling; SRK recommends a range of 10% - 15% be included.

In SRK's opinion, there is a risk of an escalation in the capital cost above that estimated. SRK recommends scenario based modelling be completed as part of the economic analysis to assess sensitivity of a modest increase in capital costs using the estimate accuracy range of -10% to +15%.

SRK notes that no allowance in the DCF has been made for costs incurred for progressive environmental rehabilitation of the Project or closure at the end of the mine life. SRK understands that the Environmental Management Plan for the Project is still under development and a cost estimate for closure will be prepared by Metminco further to this planning. Given the modelled mine life of 10 years, the materiality of this omission is deemed negligible for cash flow purposes.

Operating costs

When benchmarked against similarly sized projects, the estimated costs are at the very low end of the likely range, subject to the projected throughputs being achieved, and are likely to be difficult to achieve, particularly during early production when the operation is being stabilised and optimised. It is possible that the low processing cost estimate is partly justified with the lower cost, grid-sourced electrical power and local labour, as well as the very small concentrate mass that is leached, although reagent consumptions on that concentrate are very high.

In SRK's opinion, there is a risk of an escalation in operating costs above those estimated. SRK recommends that the base case estimate be increased by 10% to bring it in line with SRK's benchmark values, and that an additional allowance be made to further stress test the financial robustness of the DCF model using the estimate accuracy range of -10% to +15%.

Sustaining capital

It is SRK's experience that some form of sustaining capital is always incurred. SRK recommends that for financial modelling purposes, an allowance be included for sustaining mechanical equipment, modifications or replacement and other unforeseen costs. At this level of study, sustaining capital is often either benchmarked from other operations, estimated on a US$/t basis, or factored from a percentage of capital costs over the life of mine, or a percentage of the mechanical equipment replacement. Using a combination of these rules of thumb, SRK recommends a sustaining capital allowance of US$500 k per annum, incurred for the first full year after production starts and then for the remainder of the mine life, with the exception of the final year of production.

Exploration potential

In addition to the identified mineralisation at Miraflores, SRK considers the Quinchía portfolio offers additional exploration potential.

SRK considers that a willing and knowledgeable buyer would consider the exploration ground within the Quinchía portfolio to be prospective for porphyry-style vein mineralisation. SRK anticipates that, with a suitable focus on exploration and an appropriate budget, there is a reasonable likelihood of estimating an updated Mineral Resource at Tesorito, some of which is likely to be of sufficient tonnage and grade to support mining and processing as an Ore Reserve to feed the Miraflores processing facility.

SRK anticipates that, with a suitable focus on exploration and an appropriate budget, there is a reasonable likelihood of increasing the resource base at Dosquebradas.

For the purpose of this valuation report, SRK has assumed 100% equity interest in the 16 exploration titles within the broader Quinchía portfolio.

To assess the value of the Quinchía exploration potential outside of the defined resources, SRK has considered recent transactions for early to advanced stage exploration projects in Colombia. SRK found six transactions it considers comparable (Table 8-2).

Table 8-2: Comparable transactions – Exploration tenure

Property	Metals	Agreement Date	Location	Area (ha)	Equity (%)	Implied value US$ M (100% basis)	Implied value (US$/ha)
Two mining concessions (Gramalote Ltd)	Copper, gold, silver	6/10/2015	Colombia	163.94	100%	0.14	969.81
La Golondrina project	Gold, silver	6/10/2015	Colombia	120.00	100%	0.14	1,321.78
El Porvenir gold property	Gold	14/11/2014	Colombia	5,950.00	100%	7.20	1,353.86
Rancheria project	Copper, gold, silver	29/07/2014	Colombia	4,787.00	70%	6.47	1,356.40
San Matias project	Copper, gold	8/05/2015	Colombia	20,000.00	51%	52.94	2,904.01
La Garrucha concession	Copper, gold	9/03/2015	Colombia	1,400.00	100%	0.30	239.19

Based on its review of the transactions outlined in Table 8-2, SRK considers the market would likely pay in the range of US$845/ha - US$2,130/ha for the **20 ha of advanced exploration tenure** (resource footprint Tesorito additional to the Miraflores footprint) at Quinchía. On this basis, SRK estimates a 100% interest in the advance exploration potential associated with the Quinchía project lies in the range between US$0.02 M and US$0.04 M, with a preferred value of US$0.03 M.

In addition to the above and based on its review of the transactions outlined in Table 8-2, SRK considers the market would likely pay in the range between US$240 and US$845/ha for the **1,363 ha of early exploration tenure** at the Quinchía Project. On this basis, SRK estimates a 100% interest in the early exploration potential associated with the Quinchía Project lies in the range between US$0.33 M and US$1.15 M, with a preferred value of US$0.75 M.

Based on its review of the transactions outlined in Table 8-2, and in consideration of the mixed maturity level of the tenure, SRK considers the market would likely pay in the range US$240/ha to US$2,130/ha for the **1,383 ha of total exploration tenure** at Quinchía. On this basis, SRK estimates a 100% interest in the exploration potential associated with the Quinchía Project lies in the range between **US$0.34 M and US$1.09 M, with a preferred value of US$0.77 M**. This range is range is considered reasonable, given the overall size of the landholding and the results encountered to date.

8.2.6 Yardstick valuation

The Dosquebradas sub-project has a reported a 0.92 Moz Au and 1.04 Moz Ag Inferred Mineral Resource which was estimated under NI 43-101 guidelines. SRK has considered typical yardstick ranges (0.5% - 5% of current metal spot price) for the Dosquebradas sub-project. SRK has elected to apply a yardstick measure of 0.5% - 1% of the current gold and silver spot price to the Dosquebradas sub-project, given its relative lack of study data and resource maturity (the prevailing price at the Valuation date was US$1,286/oz Au and US$17/oz Ag).

On this basis, a 100% interest in Metminco’s estimated Dosquebradas sub-project using the Yardstick method is estimated to lie in the range between US$6.0 M and US$12.0 M, with a preferred estimate of US$8.0 M.

8.3 Summary

SRK assesses the additional value of a 100% interest in the Quinchía portfolio not already incorporated by Grant Thornton in its consideration of the value of the life of mine schedule at the Miraflores Project, to lie in the range between US$6.34 M and US$13.09 M, with a preferred value of US$9.72 M.

Compiled by

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Principal Consultant

Peer Reviewed by

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Principal Consultant

SRK Report Client Distribution Record

Project Number: GRT005

Report Title: Independent Specialist Report - Miraflores Gold Project

Date Issued: 18 January 2018

Name/Title	Company
William Howe	Metminco Limited
Andrea De Cian	Grant Thornton Australia Limited

Rev No.	Date	Revised By	Revision Details
0	22/11/2017	Karen Lloyd	Draft Report
1	24/11/2017	Karen Lloyd	Revised Draft Report
2	30/11/2017	Karen Lloyd	Final Report
3	04/12/2017	Karen Lloyd	Revised Final Report
4	21/12/2017	Karen Lloyd	Revised Final Report
5	18/01/2018	Karen Lloyd	Revised Final Report

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METMINCO

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PROXY FORM

I/We being a member(s) of Metminco Limited and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

☐ **the Chairman of the Meeting (mark box)**

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Extraordinary General Meeting of the Company to be held at **10:00am on Friday, 2 March 2018 at the offices of Grant Thornton Australia, Level 13, 383 Kent Street, Sydney NSW 2000** (the **Meeting**) and at any postponement or adjournment of the Meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

STEP 2

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒

Resolutions	**For**	**Against**	**Abstain***
1 Approval of the issue of Shares to Redfield pursuant to the conversion of Notes and exercise of Options			

* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)	Joint Shareholder 2 (Individual)	Joint Shareholder 3 (Individual)
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

(a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and

(b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am on Wednesday, 28 February 2018,** being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:

ONLINE
www.linkmarketservices.com.au
Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).

BY MAIL
Metminco Limited
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Locked Bag A14
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BY FAX
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BY HAND
delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

* During business hours (Monday to Friday, 9:00am–5:00pm)

IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE EXTRAORDINARY GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU. THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.