Metminco Limited ABN 43 119 759 349

REPORT FOR THE HALF YEAR ENDED

30 JUNE 2017

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HIGHLIGHTS

Miraflores Bankable Feasibility Study

Metminco Limited (Metminco or the Company) acquired Miraflores Compania Minera SAS (Miraflores Compania), formerly Minera Seafield SAS from RMB Australia Holdings Limited (RMB) in June 2016.

Miraflores Compania Minera owns 100% of the Quinchia Gold Portfolio which;

- has a NI 43-101 estimated Mineral Resource of 2.8 million ounces of gold,
- covers 6,043Ha of granted concessions and an additional 3,792Ha of pending applications,
- contains a number of deposits and significant exploration targets including Miraflores, Dosquebradas, Tesorito and Chuscal, and,
- is located in Colombia's Middle Cauca Belt, which hosts several multimillion ounce gold discoveries

- The Miraflores Project has a JORC 2012 compliant Measured and Indicated Mineral Resource of 9.27 million tonnes at 2.82g/t Au and 2.77g/t Ag containing 840,000 oz Au and 826,000 oz Ag at a 1.2g/t Au cut-off,
- The Miraflores Project has a mineable quantity of 4.32 million tonnes at 3.3g/t Au and 2.56g/t Ag at a 1.53g/t cut-off containing 458,000 oz of Au and 355,000 oz Ag.
- The Company commenced with a Bankable Feasibility Study in November 2016 and is expected to complete the study by the end of 3Q2017.
- Metallurgical testwork commissioned by Metminco on Miraflores ores confirmed previous testwork results with gold recovery of 91% confirmed.
- Optimisation of the mining plan and schedule for the feasibility study has resulted in significant operating cost savings from previous studies.
- Changes from previous studies such as backfill, tailings disposal, stoping height, and plant layout and changes to the mine plan including changing from an open pit/underground configuration to underground only operations will accelerate permitting for the operation.

Los Calatos Copper-Molybdenum Project

- Agreement to dispose of the Company's remaining interest in the Los Calatos Project was reached with CD Capital Natural Resources Fund III LP (CD Capital) with final settlement of the transaction on 28 June 2017. The Company received US$5 million net of costs for its remaining interest in Los Calatos.

Chile

- The Company's assets in Chile remained on care and maintenance during the half year.

Corporate

- The Company secured funding to progress the Miraflores Project through to completion of a Bankable Feasibility Study and decision to mine from the sale of the Los Calatos Project.
- The Company's cash position as at 30 June 2017 was approximately A$6.3 million.

DIRECTORS' REPORT

The Directors present their report, together with the financial statements of the consolidated group, being Metminco Limited (Metminco or the Company) and its controlled entities (Consolidated Group or Metminco Group), for the half year ended 30 June 2017, as well as the Independent Review Report.

DIRECTORS

The following persons held the office of director during and since the half year ended on 30 June 2017.

Phillip Wing	Non- Executive Director (resigned as Non-Executive Director & Chair 3 August 2017)
William Howe	Managing Director
Roger Higgins	Non-Executive Director
Francisco Vergara-Irarrazaval	Non-Executive Director
Ram Venkat	Non-Executive Director (appointed 20 March 2017)

Directors have been in office since the start of the half year unless otherwise stated.

COMPANY SECRETARY

Philip Killen was the Company Secretary for the half year ended 30 June 2017. He resigned as Company Secretary and Chief Financial Officer effective 14 July 2017. On that day Brian Jones was appointed Company Secretary and CFO and is in office at the date of this report.

OPERATING RESULTS

The loss of the Consolidated Group for the half year ended 30 June 2017 was A$30,727,034 (2016: loss of A$1,126,406) after providing for income tax.

REVIEW OF OPERATIONS

QUINCHIA GOLD PORTFOLIO – COLOMBIA

Introduction

In June 2016 the Company completed the acquisition of Miraflores Compania Minera ("Miraflores Compania") from RMB Resources Australia Pty Ltd. Miraflores Compania owns 100% of the Quinchia Gold Portfolio located within Colombia's Middle Cauca Belt approximately 90 km WNW of the Colombian capital of Bogota and 55 km to the north of Pereira, the capital of the Department of Risaralda.

The Quinchia Portfolio, which has a NI 43-101 estimated Mineral Resource of 2.8 million ounces of gold, covers 6,043Ha of granted concessions and an additional 3,792Ha of pending applications, and contains a number of deposits and exploration targets including Miraflores, Dosquebradas, Tesorito and Chuscal.

Colombia's Middle Cauca Belt, which hosts several multimillion ounce gold discoveries, is a north-south geological trend that takes its name from the Cauca River that runs through it, and represents the area of focus where explorers are looking to make new porphyry gold and gold-copper discoveries.

The district extends roughly from Ibague in Tolima at the southern extremity to Medellin at its northern extremity, and it has resulted in a number of significant greenfield and brownfield discoveries. These discoveries have made the belt the most prolific in Colombia in terms of discovered gold ounces to date and remains highly prospective for additional discoveries.

MIRAFLORES PROJECT – Metminco Feasibility Study

The Miraflores Project represents a near-term gold development opportunity, with a Measured and Indicated Mineral Resource of 9.27 million tonnes at 2.82g/t gold and 2.77g/t silver (840,000 oz Au and 826,000 oz Ag)

at a cut-off grade of 1.2 g/t. The Company commissioned a feasibility study in November 2016 with an estimated completion date by the end of 3Q2017. The feasibility study is focussed on an underground operation producing approximately 50,000 ounces of gold per annum for 9 years as projected by the Scoping Study announced 8 September 2016.

GEOLOGY

The Miraflores deposit comprises a magmatic-hydrothermal breccia pipe located within a fertile hypabyssal porphyry cluster breccia-pipe. The breccia pipe is sub-vertical and cylindrical with surface dimensions of 250m x 280m with a known vertical extent of 500m to 600m, but open at depth, with clear contacts with the adjacent basalts of the Barroso Formation. A NNW – SSE fracturing system appears to control the formation of the breccia.

Four types of breccia have been distinguished, namely a Red Breccia, a Green Breccia, a Grey Breccia and a White Breccia. The contacts between the different types of breccias are gradational or transitional. The White Breccia occurs in irregular, elongated vertical zones or pockets, surrounded by Green or Grey breccia's, and is interpreted to have formed later than the other breccias. Furthermore, hydrothermal fluid appears to have washed out the rock flour matrix within the White Breccia, or replaced it, with deposition of gangue and sulfide minerals. Of the four breccia types, the Red Breccia contains the highest gold grades with grades of up to 429g/t gold in the vicinity of fault / vein zones.

Steeply-dipping high-grade veins are present, which represent the youngest mineralizing event at Miraflores. Three groups of veins have been identified based on strike direction, namely Group 100 comprising 3 veins with an average strike/dip of 293°/-87°; Group 200 comprising 5 veins with an average strike/dip of 308°/-82°; and Group 800 comprising 13 veins with an average strike/dip of 340°/-82°. Of these veins, Group 100 is the oldest, and the Group 800 is the youngest.

The main mineralization trends of the high-grade veins vary in strike from 325° to 10° and 280° to 60°, and vary in dip from being vertical to dipping 70°E. The veins are defined by a narrow mineralized core (10cm to 60cm) and a wider mineralized halo (1m to 5m). The narrow core consists of increased amounts of sphalerite, galena, pyrite, chalcopyrite, and fine clay. The wider mineralized halo is defined by weak to moderate mineralization along the margins of breccia fragments. The intensity and width of the mineralized halo is controlled by the porosity and permeability of the wall rock. Assay values as high as 429g/t Au have been reported for the veins, with numerous sample values ranging from 10g/t Au to grades exceeding 100g/t Au.

The younger sub-vertical, northeast dipping veins, that cross-cut the breccia are characterized by the development of argillized material that contains large quantities of pyrite, chalcopyrite, sphalerite and galena, with occasional visible gold. The sulfides are present as coarse particles ranging from 100 to 200µm (occasionally greater than 200µm). The lateral continuity of the NNW-SSE structures is important, and is clearly recognized in prior exploitation workings, where high gold grade mineralization can be followed over a strike length in excess of 150 metres (and more than 80 metres in height), with limited displacement by younger structures. Intersection points of cross-cutting structures (veins) form high gold grade 'shoots' of variable dimensions, which can be observed in the underground workings.

Three diamond drilling programs have been carried out at Miraflores over the period 2006 to 2013 consisting of 73 drill holes totalling 25,884m.

- Kedahda (4 drill holes totalling 1,415m)
- B2Gold (6 drill holes totalling 2,210m)
- Miraflores Compania Minera SAS (63 drill holes totalling 22,259m)

The modelling of the Miraflores deposit has been undertaken using Vulcan™ and Leapfrog™ Software. All of the exploration sampling has been used in the geological modelling process. The drill hole database was de-surveyed, transformed and validated in the Vulcan™ software, which was then used for the modelling of the mineral resource.

The statistics have been completed using a combination of Vulcan™, Microsoft Excel™ and Sage™ 2001. Geostatistics have been completed in Vulcan™ and Sage™ 2001 and grade interpolation has been undertaken in Vulcan™. Compilation of the final model was undertaken in Vulcan™. Vulcan™ software is similar to other mining software systems and relies on a block modelling approach to represent the deposit as a series of 3-D blocks to which grade attributes, and virtually any other attributes can be assigned. The software provides numerous means by which attributes can be assigned, and optimization routines are provided that allow block splitting, such that complex deposit outline details are not lost or smoothed out by regular size blocks.

Drill hole assays for Miraflores were composited using 2m down the hole composite lengths. A total of 13,194 two-metre composites were constructed, starting at the collar of the drill hole. Composite intervals less than 0.75m in length were merged with 2m composites however; some composites less than 2m do exist, as the composites were constrained by geological boundaries.

Basic statistics were compiled for both gold and silver grades in each mineralized lithology and all 21 veins developed within the Miraflores deposit. Capping statistics were determined using histogram and log probability plots of all gold composites in the breccia. A capping value of 45g/t was determined for the breccia, whereas it varied from 0 to 17g/t for the veins. Silver grades were not capped as the silver grades at Miraflores are very low.

BLOCK MODEL

The resource model for Miraflores was constructed with Vulcan™ software using a block model. All of the required information about the deposit is stored in each individual block. This includes estimated characteristics of gold and silver and statistical characteristics such as number of samples used in an estimate, distances to the nearest sample and the number of drill holes used. Geological triangulations were also used to identify the rock type of each block, and these structures also controlled the sub-blocking in Vulcan™ along their boundaries. Geological codes stored in the block model were also used to assign the density within specific geological boundaries.

Grade Estimation

The Inverse Distanced cubed (ID3) grade estimation methodology was used to estimate gold and silver grades. For the breccia, basalt and saprolite, the variography was modelled to determine appropriate search ellipsoid orientation and search distances, whereas for the 21 veins, the search orientation varied depending on the orientation of the vein.

DENSITY

A total of 2,100 specific gravity measurements were used to define the density of each lithological block in the model.

MINERAL RESOURCE ESTIMATE

As of 02 April, 2013, Metal Mining Consultants (MMC) estimated a Measured and Indicated Mineral Resource of 72.6mt at a gold and silver grade of 0.78g/t and 1.52g/t respectively using a cut-off grade of 0.27 g/t gold in accordance with NI 43-101. The mineral resource was based on 25,884 m of drilling in 73 diamond drill holes and 236 metres of underground channel samples. The mineral resource estimate provided for both an open pit and an underground mining operation.

More recently, MMC were retained by Metminco to produce a mineral resource that is estimated in accordance with the guidelines of the JORC Code (2012 Edition), but which only provided for the exploitation of the Miraflores deposit via an underground mining operation, and hence a higher cut-off grade of 1.2g/t gold. This mineral resource estimate was released to the market on 14 March 2017. Further refinement of the block model, including the addition of further Specific Gravity measurements, were included into the block model and an updated resource estimate completed. The revised mineral resource estimate is summarized in Tables 1 and 2 below.

DIRECTORS' REPORT (Continued)

Table 1: Mineral Resource Estimate – Miraflores Gold Project (MMC March 2017)

Classification	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 & Indicated	**9,269**	**2.82**	**2.77**	**840**	**826**
Inferred	487	2.36	3.64	37	57

Note:

i) Based on a gold cut-off grade of 1.2g/t.

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

iii) Table 1 requirement in support of the JORC Code (2012 Edition) released by Metminco on 21 July 2016.

Table 2: Sensitivity of Mineral Resource to varying gold cut-off grades.

Measured and Indicated Mineral Resource (Breccia and Veins)					
Cut-off (Au g/t)	K Tonnes	Au (g/t)	Au (Koz)	Ag (g/t)	Ag (Koz)
0.60	23,584	1.61	1,221	2.13	1,615
0.70	19,095	1.83	1,123	2.27	1,394
0.80	15,968	2.04	1,047	2.40	1,232
0.90	13,663	2.24	984	2.52	1,107
1.00	11,848	2.44	929	2.63	1,002
1.10	10,440	2.63	883	2.72	913
1.20	**9,268**	**2.82**	**840**	**2.77**	**825**
1.30	8,414	2.98	806	2.84	768
1.40	7,681	3.13	773	2.90	716
1.50	7,030	3.29	744	2.97	671

Inferred Mineral Resource (Breccia only)					
Cut-off (Au g/t)	K Tonnes	Au (g/t)	Au (Koz)	Ag (g/t)	Ag (Koz)
0.60	1,904	1.12	69	3.22	197
0.70	766	1.82	45	3.06	75
0.80	670	1.98	43	3.18	68
0.90	598	2.12	41	3.39	65
1.00	547	2.22	39	3.49	61
1.10	527	2.27	38	3.51	59
1.20	487	2.36	37	3.64	57
1.30	466	2.41	36	3.72	56
1.40	340	2.80	31	2.64	29
1.50	267	3.17	27	2.49	21

DIRECTORS' REPORT (Continued)

MINING STUDY

The purpose of the study was to develop and present a comprehensive and detailed description of the final optimized underground mine design and plan for the Project that presents a technically and economically viable mining opportunity.

The results of this study will allow the determination of the size or rate of material treatment and economic value assigned to the business, which will provide the justification for the development of the planned operation.

The mining report integrates all the work done and recommendations for future work. It also includes an evaluation, together with comments and reports, on the following tasks;

Rock Mechanics (Rock Mechanics Laboratory Test and Rock Mass Model Review, Structural Model 3D (Major Faults) Analysis and Construction, Conceptual Hydrogeological Model Data and Test Analysis, Empirical Method Analysis and Design, Stability Wedges Analysis in Mine Structure, Underground Support Design and Quantity, Numerical Modelling (FLAC 3D) underground method selected).

Mining (Mine Layout Review, Cut-Off Grade Calculation & Economic Grade Shell Determination, Underground Methods Trade Off (Sublevel Stopping vs. Mix Stope Method), Mine Access Design (Optimizing Distances and Access for different Faces), Design of Selected Stope Method, Mine Planning (Selected Underground Method), Equipment Fleet & Staff / Selection and Quantity, Ventilation Planning, Mining Services, Optimum Weekly Mining Work Shift, Capital and Mine Operating Costs).

Key achievements of the mining study;

The key achievement of this study is the reduction in the mining costs from the scoping study of approximately 19%, realised by the following:

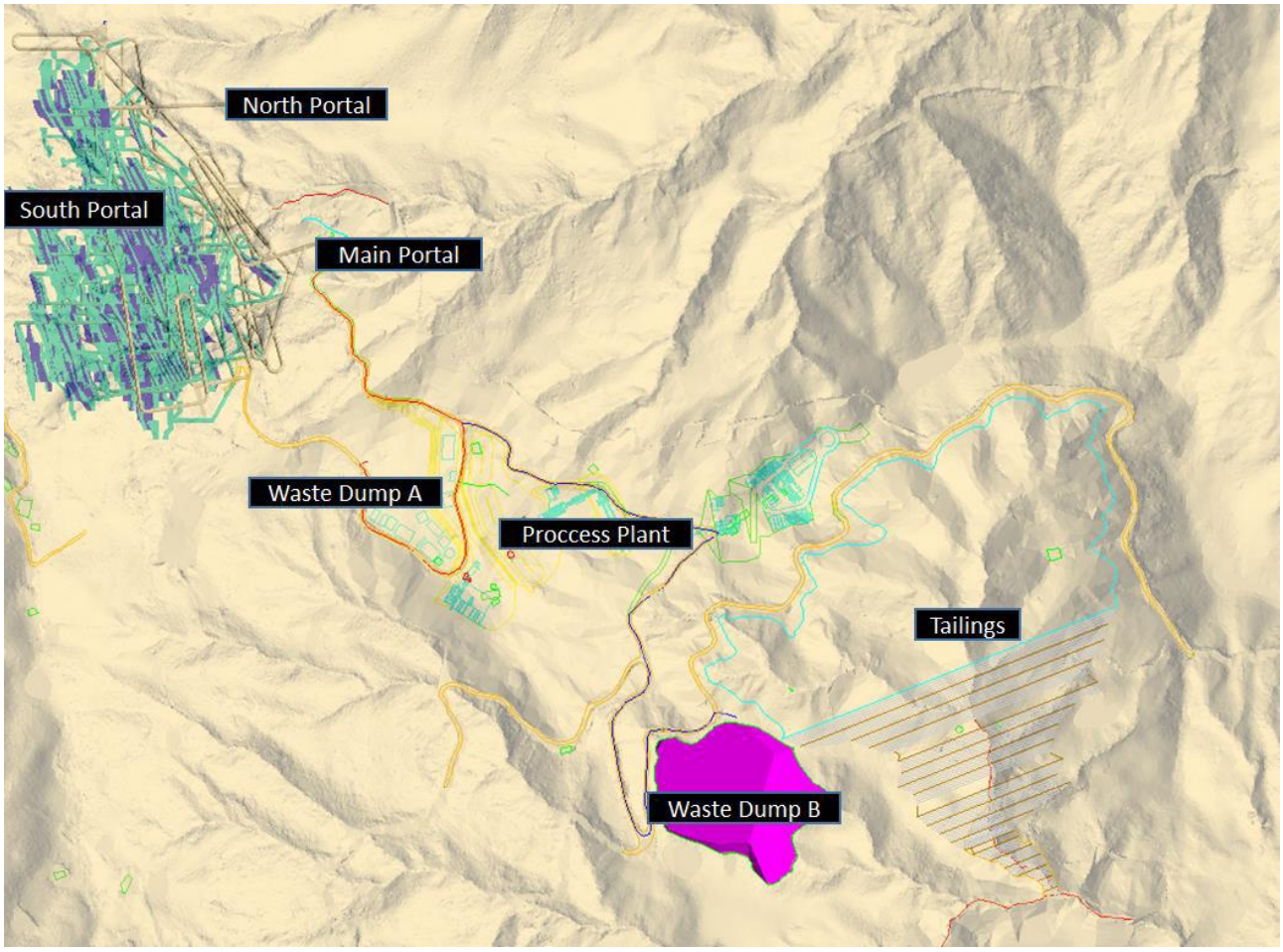
- Provision of an operative mine design and mine plan that feeds the plant at full capacity in a short period of time
- Elimination of the use of cemented backfill
- An appropriate understanding of the rock mechanics of the mine allowing a mine design that maximizes mine recovery and a reduction of the quantity of backfill for mining extraction by more than 50%
- Provision of more payable gold ounces in the mine plan
- Haulage profile optimized
- Reduced mine development

An owner´s work force has been considered for the underground mining operations. Metminco intends to manage the production operations, and plans to use an experienced training team during the first year of ore production to train the Colombian labour.

This labour will be required to construct the infrastructure for the mining activities. The infrastructure is to include workshops, electrical substation, access portal, powder magazine and others. Mining will commence with construction of three portals. One is the main portal giving access to the development of a decline ramp and lateral haulage levels.

The mining method for the Miraflores deposit will be longhole stoping.

General layout of the project.

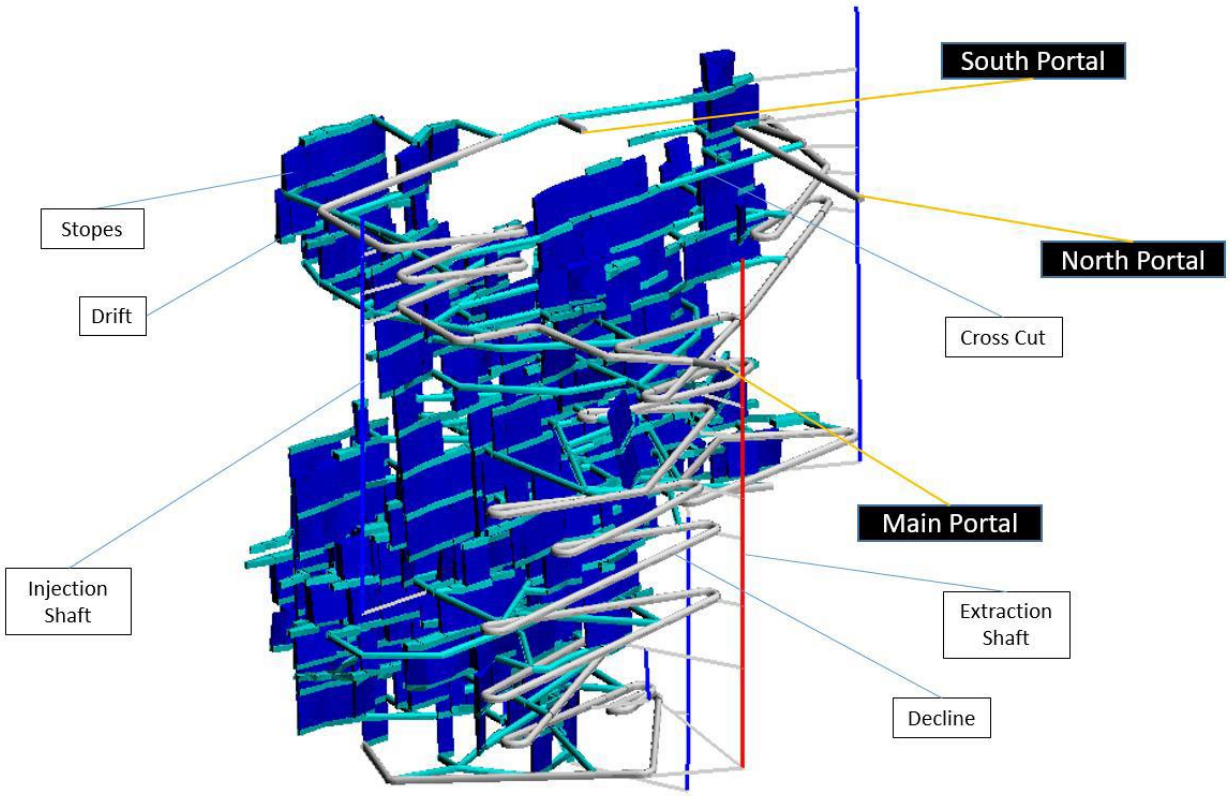


Underground Development

Active mining areas in the Miraflores mine will be accessed through three portals. Access ramps are driven to establish sublevels. Every sublevel has a main attack drift (cross-cut) and production galleries. The drift production galleries give access to the stopes between levels. In longitudinal mining areas, development is done in mineralization on 26 m vertical intervals (4m drift + 22 m stope, successively).

The primary development ramps are designed to be 4.5 m wide by 4.5 m high with an arched roof and are typically driven at a maximum grade of ±12%. The drift development headings allowing access to the individual stope are designed at 4 m wide by 4 m high.

Underground development design



Ventilation Shafts, Raises and Drifts

Ventilation shafts and raises will be connected to primary development. The ventilation shafts have been incorporated into the design. For fresh air, two injection shafts of 3.1 m diameter have been included and in the central zone one extraction shaft is located. The design of the extraction shaft is 5 x 5 m.

Mining Method

The Miraflores deposit has been planned as an underground mining operation. The advantages of underground mining include:

- Underground mining reduces the footprint of the mine and its environmental impacts;
- The deposit is ideally suited to underground mining methods which minimise dilution from the mining process; and
- Underground selectivity will help to maximize run of mine (ROM) feed grades.

For blasting cost assumptions a contract (by Enaex) for powder magazine administration, charging and detonation operations plus explosives acquisition has been assumed. Contract mining is assumed for initial capital development. The infrastructure is to include workshops, warehouse, fuel supply, and transportation.

Retreat longhole open stope with backfill is the mining method proposed. This method permits the extraction of the ore at maximum hydraulic radius after backfilling the stopes. The backfill assumed is waste material from mining and fine tailings material. Backfill is required for both stability and environmental reasons, allowing all waste material generated by the mining operation to be redeposited as fill in the mine.

Cut-off grade

The cut-off grade was calculated for the economic parameters which were provided by Metminco. The value of the cut-off grade is 1.53 g Au/t, which has been used in the determination of the economic stopes for the project. A post analysis confirms that for a life of mine around 10 years, ore to plant of 1,300 tpd producing

4,000 oz Au per month, the cut-off grade would be 1.75 g Au/t. Therefore this cut-off grade was used in the optimization algorithm.

Backfill

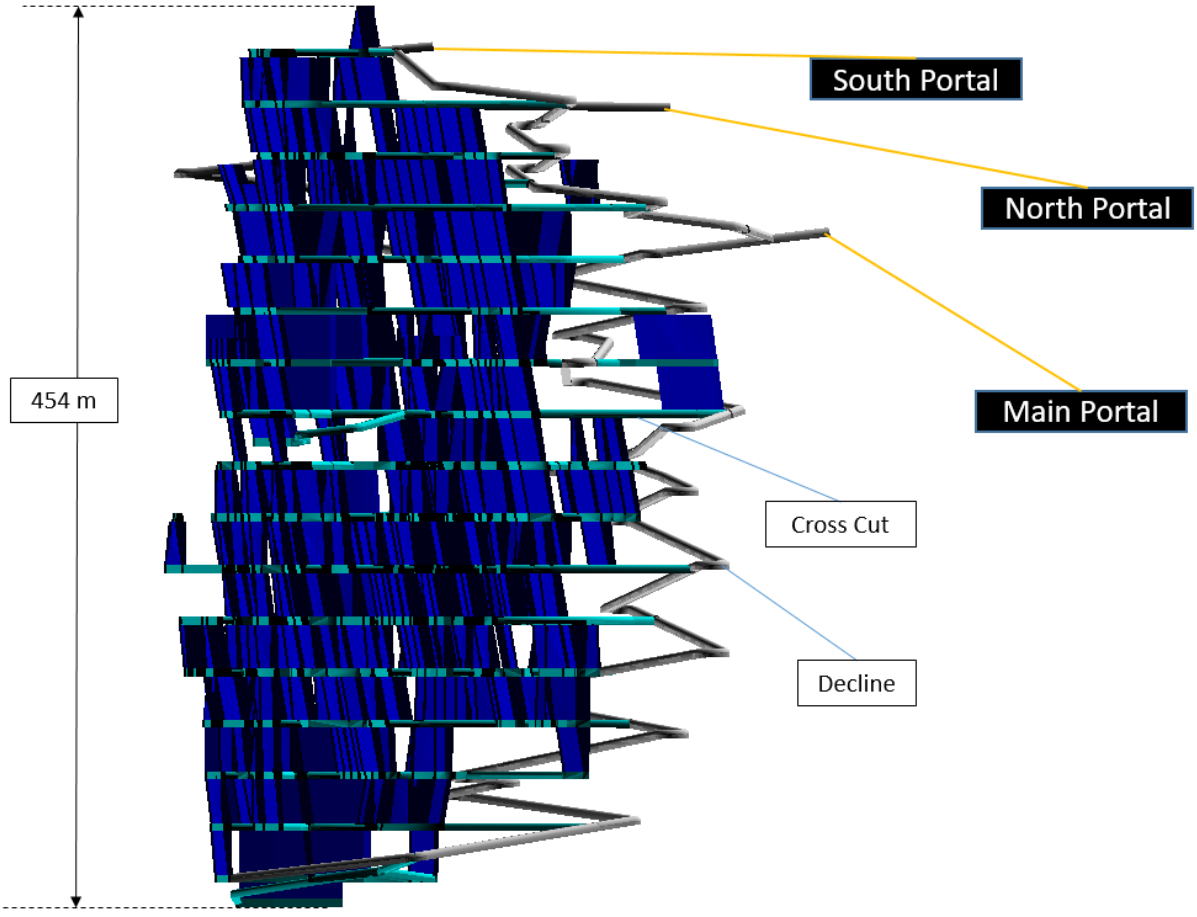
To reduce the environmental impact the Miraflores mine will use the waste and tailings within the mine for backfilling and stability. The mine plan requires the backfill to start in Q2 of the second year. The proportion of fill is 34% waste and 66% tailing. The mechanical property of this mixture will be the subject of further analysis. The fill is not intended to improve the mechanical conditions; but rather to help control the hydraulic radius of the mine extraction supporting the hanging wall.

In some zones the use of metal bulkheads may be required. These will be used to contain the backfill material in the stope without the need for a complete backfill of the extracted stope. This measure will reduce the quantity of backfill required. For the backfill operations the same low profile trucks used in mining production will be employed.

Stope Design

The stopes derived from the mining optimization have been used as the basis for the mine design. These stopes define the ore extraction along the ore body. The optimization considered a cut-off grade of 1.75 g/t Au, which permits the extraction at maximum grade and generates a plant feed that produces 4,000 oz per month. A 40 m crown pillar to surface from the upper stopes has been allowed.

Layout of the mine development in an east-west view.

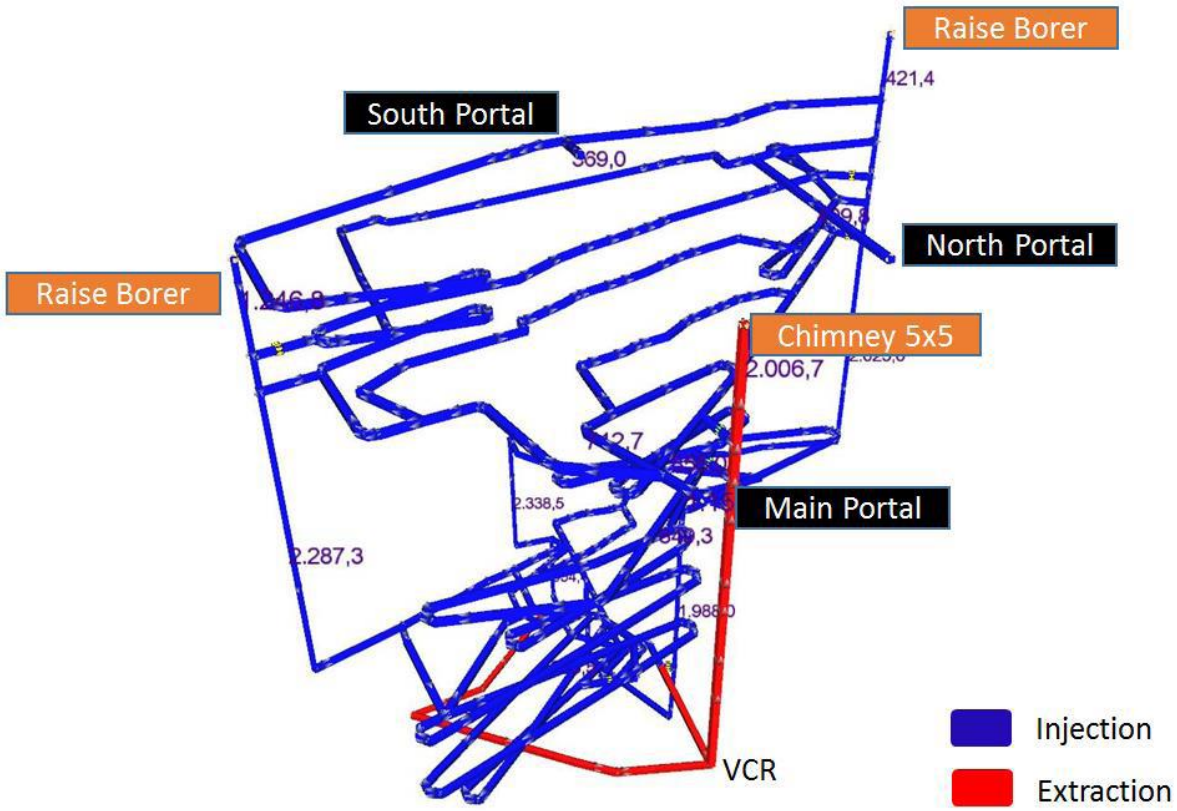


DIRECTORS' REPORT (Continued)

Ventilation

The mine has its own primary ventilation circuit. Taking into account the various characteristics of the Miraflores Project design, such as the long hole open stopes and ore haulage by trucks on the main ramp, the mine will be ventilated by an exhausting system using surface fans extracting through a VCR raise with a section of 5 x 5 meters. This, at 336 meters in length, will connect the 1,071 mine level with the surface and control air flow in the main extraction circuit.

Circuit of injection/extraction ventilation flows (blue - fresh air, red - extracted air)



Description of air flow

The main ventilation system is an Exhaust System. Two main fans will be installed, operating in parallel. These satisfy the operating criteria obtained by simulation carried out using the Ventsim Visual™ software.

Fresh air will enter the mine via 5 airways, namely 3 access portals and 2 bored raises. The air flows via ramps (main and secondary) to the production and development areas and the drifts that access such levels.

Contaminated air will then be extracted from the various sectors of the mine to the Central VCR Raise (main extraction shaft with surface elevation of 1,407 m.a.s.l.). This is driven by the pair of surface fans generating the exhaust flow through the VCR raise.

The required air flow rate is 540 Kcfm.

Geotechnical Studies

All the mine accesses will be developed in rock mass with good geotechnical conditions. The first 80 meters of the decline ramp will be developed in Basalt before transitioning to Breccia. The geotechnical characterization is described in the geotechnical report (SRK, 2013).

Drill cores adjacent to the three accesses show Saprolite in the first 3 to 7 meters, followed by 15 to 20 meters of weathered Basalt, and after 20 to 30 meters, of fractured Basalt. The same conditions should be expected in the first meters of the decline ramp hosted by Breccia rock.

No landslides were observed in the portal pad areas. A design of crown ditches and cut benches supported by mesh, bolts and shotcrete is recommended to mitigate the erosion problems, to control runoff into the pad area and to support the structural wedges and rock planes which could exist in the bench faces.

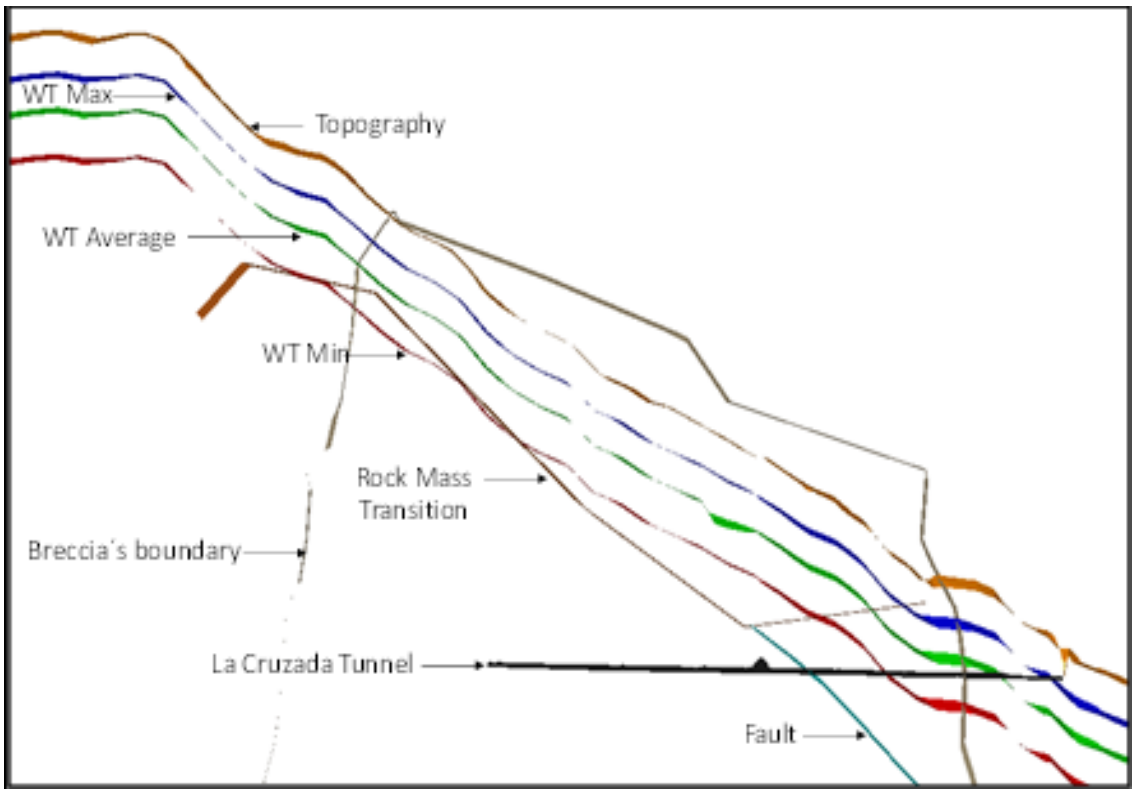
The geotechnical conditions for the mine designs are as follows: Ground conditions can be described, according to the Q system, as "fair" in veins. Below surface (first 40 to 50 meters), where weathered and fractured rock mass is developed, the condition can be described as "good" for fresh basalt and "very good" for fresh breccia. The majority of ground conditions at Miraflores are classified as "good".

The stope design is based on a 30 meters sub-level spacing and 30 meters strike length. Geotechnical information is used to identify possible areas of poor ground conditions and to limit stope spans in these areas to 20 meters strike length, and/or to increase dilution estimates.

Hydrogeological Studies

As a result of the constant measurements of geotechnical and hydrogeological bore holes, it has been possible to generate a database allowing the construction of a conceptual hydrogeological model of the deposit. In order to establish the level of the local water table results from the GT-13 and Hydro bore holes (six GT-13 and three Hydro bore holes) were analyzed.

Water Table 2D Modelling.



Modeling of the phreatic surfaces from the geotechnical bore holes was undertaken, at maximum, minimum and average level. These have been triangulated in a 3D model, obtaining 3 surfaces representing the maximum, minimum and average water table levels.

The water table appears in the upper area of the deposit, having an area of influence that would cover the surface area (Soil and Saprolite) plus the fractured rock mass (first meters due to surface weathering). This would not have influence at depth where the rock mass is of good geotechnical quality, except for infiltrations through major structures and mineralized veins (evidence in the La Cruzada tunnel), where a flow rate of 3 to 5 lt/s was observed.

This surface has been correlated along the water table surface and along with the 3D structural model and mineralized veins. From the result, it is inferred that the water table would have an influence at the level of the rock mass of regular geotechnical quality (fractured) and surface cover, so that its infiltration towards the rock mass where the underground mine will be developed would be given only through structures and mineralized veins, maintaining a level of infiltration as observed in the visit to the La Cruzada tunnel, where a flow rate of 3 to 5 lt/s was observed.

Mine Development and Production Scheduling

Mine development and stope production were scheduled using Vulcan Gantt Scheduler™. The schedule includes a one year pre-production period. During that time, the portal and main decline will be developed to the bottom of the primary exhaust ventilation shaft. At the same time, sublevel ramps and haulage drifts will be developed as areas become accessible.

Production will start in year 1, focusing on high-grade zones and the early level development. The production will ramp up relatively quickly, allowing the processing of 1,300 tons per day (plant design capacity) in the first month of the mine schedule. (Table 3)

Cross-cuts were used as precedents to ensure that required development was completed before a mining location was scheduled for production. The rate of backfill was considered as 1,000 ton per day. The ore feed to plant is scheduled to be 1,300 ton per day from the first month of plant operations.

The LoM strategy is to feed a total of 4,326,214 ton @ 3.29 Au (g/t), to the plant recovering 415,850 ounces Au, at a metallurgical recovery rate of 91%. Gold grade in the mine plan tends to be stable across the LoM without major variations.

PROCESSING

The process facility has been designed to treat 474,500 tonnes per annum (1,300 tonnes per day). The wet plant is scheduled to operate seven days per week at nominal treatment rate of 58.9 dry t/h.

Crushing

A run-of-mine (ROM) pad for storage of ore delivered by mine haul trucks will be established adjacent to the crushing plant feed bin (ROM bin). Ore delivered to the ROM pad will be stored in a number of separate stockpiles according to ore type and grade, to facilitate blending of the feed to the crushing plant. Ore will be reclaimed from the ROM stockpiles and delivered in the required blend to the ROM bin by a front end loader (FEL).

A three stage crushing plant will be provided to crush the ROM ore. The crushing plant has been designed to operate 5 days per week, 12 hours per day, at an effective utilisation of 70%, at a crushing rate of 220 t/h to produce sufficient product for the mill throughput of 474,500 dry t/a. The crushing circuit design will have enough capacity to build fine ore stocks to accommodate non- operational periods and tolerate shutdowns for maintenance requirements. The crushing plant product will have a maximum particle size P_{100} of 13 mm and a P_{80} of 9 mm.

Crushed Product Storage and Handling

Crushed product passing the bottom deck of the product screen will be conveyed to the fine ore bin. To cater for single shift crushing the bin will have a live capacity of 1,500 tonnes to provide 25 hours of equivalent mill feed. An insertable dust collector will be located on the fine ore bin to minimise dust emissions. The bin will also incorporate a load-out door to permit the bin to be emptied in the event of a hang up. A FEL will remove crushed product from the opening as and when required to a crushed ore stockpile for feed through the emergency feed bin to enable the grinding circuit to be operated if no crushed product is available in the bin. This stockpile and bin will be used during weekends when crushing is not performed. The emergency feed hopper will have 20 tonnes capacity.

Under normal circumstances mill feed will be drawn from the product bin via a slot in the base onto the variable speed product bin reclaim feeder. A weightometer on the mill feed conveyor will indicate the instantaneous and totalised mill feed tonnage and will be used to control the speed of the fine ore bin reclaim feeder and emergency feeder. Mill feed from fine ore bin or emergency feed bin will be transported to the

grinding circuit by the mill feed conveyor. Mill feed will be sampled for analysis by the site laboratory using an automatic two-stage sampling system.

Grinding, Gravity Recovery and Classification

The grinding circuit will consist of a single stage overflow ball mill that will operate in closed circuit with hydro-cyclones to a product size P_{80} of 106 µm. The circuit will also comprise of a centrifugal gravity concentrator, with feed screen, and an intensive cyanidation reactor to leach the recovered gravity concentrate.

New feed ore will discharge from the mill feed conveyor into the feed box of the ball mill where it will combine with cyclone underflow pulp and dilution water. The rubber lined ball mill will be 3.84 m in diameter and 5.20 m long and is equipped with a 1,400 kW motor. The mill will operate in overflow configuration, at 75% critical speed and with a ball charge of 35% by volume. The pulp density of the mill discharge has been designed to be 75% solids w/w. Pulp exiting the mill will pass through a trommel screen having 8 mm by 18 mm slotted aperture polyurethane screen panels.

The trommel oversize will be washed by process water sprays and the oversize scats will discharge into the trash bin provided for removal. Trommel screen undersize will report to the mill discharge hopper. The mill discharge hopper will be fitted with two (duty/standby) variable speed mill discharge pumps. Water will be added to the hopper and the diluted pulp will be pumped to the gravity feed screen for classification ahead of the centrifugal concentrators.

The gravity feed screen will be a 1.5 m wide by 3.6 m long horizontal vibrating screen having 2.3 mm by 16 mm slotted aperture polyurethane screen panels. Oversize from the screen will gravitate to the ball mill feed chute. Undersize material from the gravity screen will report to one of two (duty/standby) centrifugal concentrators (KC-QS40 Knelson concentrators) where precious metals will be collected into a concentrate via a by-pass manifold described below.

The gravity concentrators will operate on a semi-batch basis, with periodic recovery of the coarse, high specific gravity concentrate being gravity fed to the intensive cyanidation unit. Automatic knife gate valves on the gravity screen underpan will direct feed to either of the gravity concentrators. Prior to the duty concentrator going through a concentrate dump and purge cycle the feed will be switched to the standby unit. The duty concentrator will thus change alternatively with each concentrate recovery cycle. An additional automated valve will be fitted to the screen underpan which will be used to bypass feed from both concentrators. The operation of the feed and by-pass valves will be controlled from the vendor control package supplied with the intensive cyanidation machine control module. Normally, the gravity concentrators will operate with 20 minute run cycles and approximately 2,600 kilograms of concentrate will be produced per day for intensive cyanidation. The gravity concentrators will be supplied with filtered process water to fluidise the bowl during operation and subsequent concentrate recovery. The concentrator tailings will be directed to the cyclone feed hopper.

The recovered concentrate will be subjected to intensive cyanidation in a *CS2000 Consep Acacia* dissolution module to dissolve the contained gold and silver. The intensive cyanidation module will be located within a secure area and concentrate dumped periodically from the gravity concentrators will flow by gravity to the intensive cyanidation storage cone. The storage cone will have capacity to hold 24 hours concentrate production from the Knelson concentrators when operated with a dump cycle of 20 minutes. Intensive cyanidation of gravity concentrate will be a batch process performed daily. While a batch of concentrate is being leached, the gravity circuit will continue to operate and deposit concentrate to the storage cone.

The intensive cyanidation reactor will be an up-flow fluidised bed leach reactor whereby the gravity concentrate will be exposed to a high concentration cyanide solution at elevated temperature in the presence of a leach accelerant chemical called 'Leach Aid'. At the completion of the leach cycle the pregnant solution will be transferred to a gravity pregnant solution tank for controlled delivery to the zinc precipitation circuit. The leached residue will be also be rinsed to recover the remaining dissolved precious metals and to remove cyanide that may otherwise be detrimental to flotation performance. The wash solution will be transferred to gravity wash solution tank from where it will be pumped to the flotation concentrate leach circuit. The leached residue solids, after flushing to remove any residual cyanide solution, will be pumped to the mill discharge hopper. When the reactor leach vessel has been emptied, another batch of concentrate will be loaded from the concentrate storage cone located directly above it.

The concentrator tailings and the gravity screen oversize will report to the cyclone feed hopper. The cyclone feed hopper will be fitted with two (duty/standby) variable speed cyclone feed pumps. The pulp will be diluted to the correct cyclone feed density before being pumped to the cyclone cluster for classification. The cyclone cluster will consist of six 250 mm diameter cyclones (four duty and two standby) which have been designed to operate at a pressure of approximately 100 kPa with a feed density of 57% solids w/w and a design mill circulating load of 250%. Cyclone underflow, at a pulp density of approximately 75% solids w/w, will gravitate to the mill feed box.

Flotation

The flotation circuit will consist of a conditioning stage and conventional, forced air addition flotation cells for the roughing/scavenging and cleaning duties. Cyclone overflow slurry will be screened on a trash screen to remove any coarse particles, wood fibre or other trash before the flotation process is commenced. Undersize from the trash screen will flow to the rougher flotation conditioning tank. The trash screen oversize (trash) will be rejected to a trash bin for disposal as waste. Flotation feed (or cyclone overflow) samples will be collected by an automatic sampler to assist with metallurgical accounting.

Concentrate Thickening and Leaching

The cleaner flotation concentrate will be thickened in the concentrate thickener. The concentrate pulp will be thickened in a 5 m diameter high rate thickener fitted with an auto-dilution feed system to increase the settling rate. Flocculant will be added as a solution to settle the solids to approximately 60% solids w/w.

A bed level measuring device will be installed to monitor the thickener bed depth. The addition rate of flocculant will be controlled according to the bed depth. The thickener will be equipped with two variable speed peristaltic underflow pumps arranged in a duty/standby configuration which will be controlled to maintain a constant thickener bed pressure. A nucleonic density gauge will measure the density of the thickened slurry to the concentrate leach circuit.

Thickener torque will be maintained in a pre-set range automatically via the thickener local control panel which will raise or lower the thickener rakes according to the torque reading. Torque reading and rake status (i.e. running/stopped/fault) are displayed on the control system. Concentrate thickener overflow will gravitate to the process water tank. The concentrate thickener underflow will report to a sampler before entering the leach circuit.

The concentrate will be pumped to a feed box ahead of the intensive leaching circuit which will comprise four agitated tanks arranged in series. The box will have two discharge outlets and dart plugs which allow the feed to be directed to either the first or the second leach tank. Barren solution from the zinc precipitation circuit will be used to dilute the thickened pulp to a density of 30% solids w/w. The leaching train will consist of four 103 m^3 agitated leach tanks, resulting in a minimum residence time of 48 hours at the design treatment rate.

Concentrate Leach Residue Thickening, Filtration and Washing

The intensive leach residue will be thickened in the concentrate leach residue thickener. Pulp outflow from the final leach tank is thickened in a 5 m diameter high rate thickener fitted with an auto-dilution feed system to increase the settling rate. Flocculant is added as a solution to settle the solids to approximately 55% solids w/w.

The thickened concentrate leach residue slurry is pumped by one of two (duty/standby) variable speed concentrate filter feed pumps to the vacuum belt filter. The belt filter will have a total area of 15 m2. Vacuum will be applied to the belt filter cloth to remove filtrate from the pulp. The filtrate will be recovered to a filtrate receiver and will then be pumped to the concentrate leach residue thickener. With cloth movement down the belt filter a cake will form and then dry. Raw water will then be used to wash the cake to remove the remaining extracted precious metals. The wash solution will also report the concentrate leach residue thickener via the filtrate receiver and filtrate pump arrangement. The cake will then be further dried prior to discharge at the end of the filter belt. The filter cake, at approximately 12% moisture, will be discharged to a bunker which will be periodically emptied by a FEL.

Flotation Tailing Thickening and Filtration

Rougher and cleaner flotation tailings will be pumped to the tailings thickener feed box. The combined pulp will then flow to the feed well of the tailings thickener. Flocculant will be added to increase the settling rate and underflow density to approximately 55% solids w/w. Tailings thickener overflow will gravitate to the process water tank for re-use in the grinding circuit. Two underflow pumps (duty/standby) will withdraw thickened pulp from the thickener base and discharge the pulp into the tailings filter feed tank.

A bed level measuring device will be installed to monitor the thickener bed depth. The addition rate of flocculant will be controlled according to the bed depth. The duty tailings thickener underflow pump speed will be controlled to maintain a constant thickener bed pressure.

The tailings filtration section will consist of an agitated tailings filter feed tank, dual filter feed pumps (duty and standby) and vertical plate and frame type pressure filters. The filter will discharge filter cake into a bunker. The tailings filter cake will be routinely moved by a FEL for stockpiling in the storage shed. Filtered tailings will be trucked either to the tailings storage facility or to the mine for backfilling of stopes.

Gold and Silver Recovery

The unfiltered pregnant solution from the concentrate leach residue thickener overflow will report to the unfiltered pregnant solution tank. Gravity leach pregnant solution will also report to this same tank. The combined solution will be clarified to remove a majority of the contained suspended solids which may otherwise be detrimental to the zinc precipitation process. The solution will be pumped to nominally one of two (duty/standby) pressure clarifiers. The pressure leaf type filters will contain diatomaceous earth as a filtration aid to increase clarification efficiency. When the differential pressure of the incoming and outgoing streams is high the relevant pressure filter is back washed using either raw water or MC barren solution. The backed washed slurry will be collected into a sump and then pumped to the concentrate leach residue thickener. The filtered solution will report to the filtered pregnant solution tank.

The filtered pregnant solution will then be pumped to a de-aeration tower. Vacuum pumps (duty/standby) are fitted to the tower to aid the de-aeration process. The dissolved oxygen (DO) concentration of the pregnant solution will be decreased to below 1 ppm to minimise its impact on the zinc precipitation efficiency. Zinc powder will be added to the de-aerated pregnant solution. Dilute lead nitrate solution will also be added to aid the zinc precipitation process.

The solution containing precipitate will then be pumped to nominally one of two (duty/standby) zinc precipitation filters. The plate and frame type filters will be coated with diatomaceous earth to aid the filtration process. The precipitated precious metals, some precipitated base metals and the zinc remnants will be recovered in the filters. When the inlet pressure to the filters increases substantially and the feed flow decreases the relevant filter will be bypassed and the standby unit will be put into duty. The contents of the filter will then be partially dried with air. The filter pack will then be opened to enable the contents to be discharge to a trolley which will enable transfer of the zinc precipitate to the acid digest vessel. Dependent on final layout the contents of the filters may be able to discharge to the acid digest tank directly.

The barren solution from the zinc precipitation filters will discharge into a barren solution tank. The barren solution tank will then be pumped for distribution as leach feed dilution and as flocculant dilution water. The remaining barren solution will be pumped to the cyanide detoxification circuit.

The MC circuit will also comprise of agitated bodycoat and precoat tanks with dedicated pumps which will deliver diatomaceous earth (DE) to both the pressure clarifiers and to the zinc precipitation filters. Barren solution will be used as a diluent in both tanks.

Zinc dust within bags will be lifted to a zinc dust bag splitter. The contents of the broken bags will discharge into a zinc dust hopper. The zinc dust will then be added by a variable speed zinc dust feeder to a zinc dust mixing cone prior to the zinc precipitation filter feed pumps. Sodium cyanide and recycle solution will also be added to the cone to aid precipitation and minimise air ingress to the process.

Zinc precipitate from the zinc precipitation filters will be transferred to the agitated acid digest tank. Raw water and concentrated sulphuric acid will then be added to the tank to facilitate the digest process. The acid digest tank will be fitted with a hood and exhaust fan to collect any emissions. After two (2) hours of digestion the contents of the tank will be recirculated through a plate and frame type filter to recover the precious metals. When the filtrate and acid digest tank is free of precious metals the digest solution will be neutralised with sodium hydroxide solution before being pumped to the cyanide destruction circuit.

The zinc precipitate sludge filter will be opened to recover the filter cake containing precious metals. The filter cake will be transferred to a drying oven. The oven will be fitted with an exhaust hood and exhaust fan. After drying overnight the residual cake will be cooled and then mixed with flux reagents. The mixed cake will then be loaded into an electric furnace for smelting. The tilting furnace will discharge slag and bullion into moulds. The recovered bullion will be cleaned, weighed and then stored within a vault in preparation for shipment.

The slag phase will be allowed to cool and will then be crushed in the slag jaw crusher and periodically returned to the milling circuit. Off-gases from the calcine oven and smelting furnace will be exhausted to atmosphere.

The gold room will include security access and electronic surveillance equipment, gold room vault and associated equipment for handling and weighing gold and silver precious metals product.

Cyanide Detoxification

The INCO air / SO_2 process will be utilised for cyanide detoxification. The cyanide detoxification circuit will consist of two agitated tanks in series, each with an air sparging facility. The excess barren solution will be pumped to the detoxification feed box. Sodium metabisulphite (SMBS) and various spillage lines will also be pumped into the distribution box. During normal operation, solution from the box will enter the first detoxification tank and overflow from the first detoxification tank into the second detoxification tank, and discharge into residue tailings thickener with weak acid dissociable (WAD) cyanides less than 1 mg/L.

The detoxification process utilises SO_2 and air in the presence of a soluble copper catalyst to oxidise cyanide to the less toxic compound cyanate (OCN^-). The SO_2 source will be sodium metabisulphite (SMBS) which will be dosed into the cyanide destruction tank as a 20% w/v solution.

The process also requires the presence of soluble copper to catalyse the reaction. Copper sulphate will be added into the cyanide destruction tank as a 10% w/v solution when required (as the ore may contain significant cyanide soluble copper).

Oxygen will be required as part of the chemical process and will be supplied by sparging air into the cyanide destruction tank using dedicated blowers (duty/standby). Hydrated lime slurry will be added to the cyanide destruction tank to maintain the pH in the range 8.0 to 9.0 which is optimum for the cyanide destruction reaction. The pH will be monitored using instrumentation that will control the lime addition.

Water Treatment Plant

Modelling has indicated that a positive water balance will occur during certain periods of plant operation. Modelling indicated that pit dewatering, acid mine drainage from waste stockpiles, and process plant bleed streams will contribute to a positive water balance to a maximum value of 200 m3/h. This water will require treatment prior to discharge. A water treatment plant has thus been included within the process design to accommodate this processing requirement. Details of the quality, constituents and turbidity of this water were not available during preparation of this study. It has been assumed that the water is high in turbidity, is acidic and contains base metals which will require neutralisation and precipitation.

The contaminated water will be collected in a process water pond. Where possible the water will be used for processing requirements. Any excess water will be pumped from the process water pond to the water treatment plant which will contain three (3) off neutralisation/precipitation tanks. The three tanks will have a capacity of 100 m3 equivalent to one half hours residence time each at the design feed flowrate of 200 m3/h. Provision will be made in the design to bypass the tanks for cleaning and maintenance purposes. Air and lime slurry will be added to the tanks to facilitate the neutralisation and precipitation process.

The treated water will gravitate from the last tank to the water treatment clarifier feed hopper from where it will be pumped to the water clarifier. The water clarifier will be a high rate thickener type and will have a diameter of 13 metres. Flocculant will be added to the thickener feed to aid the settling process. Thickened sludge and gypsum will be pumped from the clarifier base to the tailings thickener located in the main processing plant. Clarifier overflow will be pumped to sand filters for further polishing prior collection in the treated water tank. Some of the treated water will be pumped (duty/standby) to the raw water tank located in the main treatment facility. Excess treated water not required for the process will overflow the tank and discharged.

Two blowers (duty/standby) will be installed to supply air to the water treatment tanks. Flocculant and lime slurry will be supplied from the main processing facility.

Metallurgical Testwork - Summary of Results

A confirmatory metallurgical testing program was conducted on two composite samples originating from the Miraflores Project, located in the Quinchia District of Colombia, to confirm the metallurgical findings from the 2012 feasibility test program (BV Minerals Internal Project #1208712), and to obtain additional design parameters.

Two Miraflores composite samples (Lower Orebody and Upper Orebody) representing mill feed for the first and second four yearly mining periods were tested in this program, following the flowsheet developed in the 2012 feasibility study. In addition, Unconfined Compressive Strength (UCS) test and comminution testing including Bond Impact Crushing Work Index and Bond Rod Mill Work Index tests were performed on a separate whole HQ core sample.

The presence of coarse free gold caused persistent scatters in gold head assay on the Miraflores samples tested. Standard fire assays of the two composite head samples showed that gold grades varied in a wide range from 0.88- to 4.39g/t, and averaged 2.27 g/t Au on Lower Orebody and 2.05 g/t Au on Upper Orebody composite. Calculated head grade from metallic assays on about 500g sub-samples resulted in 6.04g/t Au and 2.63g/t Au on Lower Orebody and Upper Orebody, respectively.

Hardness testing indicated that the HQ core material was very hard, yielding a Bond rod mill work index of 21 kWh/tonne and an averaged crushability work index of 15.8 kWh/tonne. Comminution Bond ball mill work index were 18.6 and 18.7 kWh/tonne for Lower and Upper Orebody composite respectively, indicating moderately hard character of the Miraflores ore with respect to breakage in ball mills.

Confirmatory testing, including gravity pre-concentration followed by gold flotation from the gravity tailing and then cyanidation of flotation concentrate, was conducted on the Lower and Upper Orebody composites. On average, gravity concentration was able to recover 70.9% gold on Lower Orebody and 64.4% gold on Upper Orebody at a primary grind size of 105 µm. Sulfide flotation of gravity scalped tailings recovered the majority of the fine gold remaining in gravity tailings, leaving 0.04-0.06 g/t Au in flotation tailings for direct disposal.

Upgrading of flotation rougher concentrates was effective with 95.6 - 98.4% Au in gravity tailings reported to cleaner concentrates at low mass recoveries of 3.1 - 3.5%.

Cyanidation of flotation cleaner concentrates at 30 wt.% solids in 2 g/L sodium cyanide solution with aeration yielded 91.6% and 83.4% gold extractions from Upper Orebody and Lower Orebody, respectively. Cyanidation with oxygen injection produced similar results. The overall gold recovery from the gravity + flotation & cyanidation process is provided in the table below.

Sample ID	Gold Recovery , %			
	Gravity Recovery	Flotation Recovery	Cyanidation Recovery	Overall Recovery
Lower Orebody	58.4	40.3	82.8	**91.8**
Upper Orebody	60.3	37.8	92.1	**95.1**

It can be concluded that similar metallurgical performances can be expected from the Lower and Upper Orebody composites following the same Gravity + Flotation & Cyanidation process flowsheet established in the 2012 feasibility study.

More work is required to study the cyanidation mechanism to improve gold extraction efficiency.

Tailings Storage Facility (TSF)

The tailings generated from the Phase II metallurgical testwork have been shipped to Colombia where geotechnical testwork is currently being undertaken to provide information relating to the characteristics of

the material to be placed on the TSF. Tailings will be filtered and stacked on what will be a dry tailings facility. The TSF design includes water catchment management, water storage facilities and a water treatment plant to treat all contact water from the project site.

Geotechnical Investigations

Geotechnical investigations including test pitting, core drilling and geophysics covering the processing plant and TSF areas is currently being undertaken to confirm design criteria for these installations as part of the feasibility study.

Power

The Company has identified a preferred power line route from Quinchia to the Miraflores site and has now commenced with landowner negotiations for a right of way to facilitate the construction of the power line. The power line to be constructed will be a dedicated power line (33kva) and will be between 7 and 9km in length. A substation upgrade at Quinchia will be necessary to accommodate the power requirements of the operation.

Community Relations and Environmental Impact Assessment (EIA)

Community relations are an important issue with regards to gaining a social licence for the development of the project. The Company continues to work with the local communities, municipality and government agencies and other stakeholders to gain its social licence for the project.

The critical path for the development of the project remains the completion of the baseline monitoring for the EIA. It is expected that the baseline monitoring will be completed in October 2017 with the EIA application likely submitted to the relevant authorities by the end of 2017.

DIRECTORS' REPORT (Continued)

Table 3: Annual Mine Plan Production Summary

Description	Units	Total	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Total Tonnes (mineralization + waste + lowgrade)	(Kt)	**5,026**	434.5	615.4	582.4	632.9	580.3	517.7	471.6	442.6	486.8	261.6
Mineralized Tonnes (Au > 1.53 g/t)	(Kt)	**4,326**	264.5	469.5	457.6	529.3	480.7	477.1	471.6	442.6	486.8	246.6
Mineralization Au	(g/t)	**3.29**	2.86	3.29	3.30	3.14	3.63	3.21	3.06	3.28	3.74	3.02
Mineralization Ag	(g/t)	**2.56**	3.35	2.58	2.78	1.90	2.40	2.71	2.32	2.02	3.36	2.53
Low Grade (0.6 g/t < Au < 1.53 g/t)	(Kt)	**284**	43.4	46.9	67.0	57.6	50.9	3.5	-	-	-	14.9
Low Grade Au	(g/t)	**0.88**	0.87	0.85	0.80	0.92	0.97	0.85	-	-	-	1.00
Waste (Au < 0.6 g/t)	(Kt)	**415**	126.5	99.0	57.8	46.0	48.8	37.1	-	-	-	-
Mine to Plant	(Kt)	**4,080**	165.9	445.6	446.0	466.7	466.7	466.7	466.7	442.6	466.7	246.6
Au	(g/t)	**3.30**	2.88	1.03	3.31	3.14	3.63	3.21	3.06	3.28	3.74	3.02
Mine to Stock	(Kt)	**246**	98.6	23.9	11.6	62.6	14.0	10.4	4.9	-	20.1	-
Au	(g/t)	**3.10**	2.83	3.33	3.00	3.14	3.63	3.21	3.06	-	3.74	-
Stock to Plant	(Kt)	**246**	98.6	14.6	9.3	-	-	-	-	24.1	-	99.4
Au	(g/t)	**3.10**	2.83	3.37	3.27	-	-	-	-	3.19	-	3.30
Accumulated Stock	(Kt)		-	9.3	11.6	74.2	88.2	98.6	103.4	79.3	99.4	-
Au	(g/t)		2.83	3.27	3.00	3.12	3.20	3.20	3.19	3.19	3.30	3.30
Total Ore to Plant	(Kt)	**4,326**	264.5	460.2	455.3	466.7	466.7	466.7	466.7	466.7	466.7	346.0
Au	(g/t)	**3.29**	2.86	3.29	3.31	3.14	3.63	3.21	3.06	3.28	3.74	3.10
Au oz	(Koz)	**416**	3.18	11.09	22.06	42.9	49.6	43.9	41.7	44.7	51.1	31.4
Mineralization t/d	(Kt/d)	**1.3**	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.0
Drifts & Cross-cuts (4 m x 4 m)	(m)	**23,569**	4,542	4,868	4,540	4,658	3,807	1,153	-	-	-	-
Ramp (4.5 m x 4.5 m)	(m)	**5,157**	1,543	970	1,191	471	743	240	-	-	-	-

MOLLACAS PROJECT

The Company holds title to 21 Exploitation Concessions covering the Mollacas deposit and surrounding area, and owns 179 ha of land adjacent to the proposed open pit operation. In addition, Metminco also owns water rights to approximately 175 litres/sec. from two canals.

The Mollacas project remained on care and maintenance during the half year to 30 June 2017.

OTHER PROJECTS

The Company's Vallecillo and Loica projects remained on care and maintenance during the half year to 30 June 2017.

CORPORATE

Half Year Result

The Consolidated Group reported an after tax loss for the half year ended 30 June 2017 of A$30,727,034 (2016: loss of A$1,126,406) due primarily to loss on sale of its interest in the Los Calatos Project (A$27.2 million), unrealised loss on derivative asset (A$1.6 million) and overhead costs associated with corporate governance, compliance, and maintenance of ASX and AIM listings. Care and maintenance costs at the Company's Chilean projects, Mollacas, Vallecillo and Loica were written off (A$87,880).

Cash Position and Funding

During the half year ended 30 June 2017, Metminco's cash position increased from A$71,548 to A$6,349,931 million due to the sale of its interest in the Los Calatos Project (A$6.6 million), additional fund raisings (A$1.7 million net of costs) and convertible notes (A$0.7 million net of costs).

Cash outgoings for the period were focussed on the continued development of the Miraflores Gold Project and corporate overheads. Expenditure for the half year was focused on the Miraflores Feasibility Study including an updated JORC 2012 Mineral Resource estimate, the mining study, metallurgical test work, evaluation of processing options, infrastructure work towards completion of the Feasibility Study and the preparation of the EIA (Environmental Impact Assessment).

As stated in the Notes to the Financial Statements, Metminco is an exploration Company currently without an operating cash inflow and the net cash position of the Group will continue to decrease until such time as the Group has an operating cash inflow. The sale of Los Calatos is therefore an important milestone for Metminco in its transition to becoming a gold producer. Funds from the sale will be applied to completion of the Miraflores Feasibility Study and the lodgement of the Environmental Impact Assessment (EIA) leading towards a decision to mine, subject to mine development funding and EIA approval. Following the release of the Miraflores Feasibility Study which is anticipated to be completed during Q3 2017 which will demonstrate the robust economics of the potential development of the Miraflores Project into a near term cash flow the Board anticipates the capital raising alternatives for the Company will increase significantly.

Details of fund raising during the half year ended 30 June 2017:

Sale of Interest in the Los Calatos Project

As announced 27 June 2017 the Company sold its 49% interest in Los Calatos Holding, owner of the Los Calatos Project, for approximately US$5 million (A$6.6 million) cash consideration net of costs (the LCH Sale). Proceeds from the LCH Sale have provided a non-dilutive form of financing for ongoing work programs towards the development of the Miraflores Gold Project.

Placement and derivative asset

During the half year the Company completed a second tranche of the placement announced 17 November 2016 by placing a total of 36,919,831 new fully paid ordinary shares (Shares) and receiving approximately A$ 1.7 million net of costs. The remaining approximately $2.6 million of the A$3 million Lanstead Capital LP funding facility is to be received over 18 months subject to the Company's measured share price compared to the benchmark price (A$0.158). If the Metminco measured share price exceeds the benchmark price, for that month, the Company will receive more than 100 per cent of the monthly settlement due on a pro rata basis. There is no upper limit placed on the additional proceeds receivable by the Company as part of the monthly settlements. Should the measured share

price be below the benchmark price, the Company will receive less than 100 per cent of the expected monthly settlement on a pro rata basis.

Convertible note facility (Convertible Notes)

In May 2017 the Company entered into an A$0.75 million unsecured convertible note facility with Redfield Asset Management.

The key terms of the convertible notes are as follows:

Face Value: A$750,000

Coupon Rate: 12.5% per annum, compounded monthly interest to be capitalised.

Conversion: No later than 12 months from date of issue at which time the Convertible Notes and capitalised interest automatically convert to fully paid ordinary shares (Shares) at the Conversion Price.

Conversion Price: A$0.06075

Options granted: i) 12,345,639 exercisable at $0.081 per Share any time prior to 24 months from date of issue

ii) 12,345,639 exercisable at $0.081 per Share any time prior to 24 months from date of issue to be issued as soon as Company's available placement capacity under ASX Listing is refreshed.

Funding: A$750,000 after fees has been received.

Underwriting Fee: 4.5% of Face Value

The Company's Strategy

The Company's first priority is on becoming a gold producer in the near term and as such the Board determined that it was in the best interest of shareholders to monetise its interest in the Los Calatos Project and deploy those funds towards progressing the Miraflores Gold Project toward production. The Miraflores Feasibility Study is anticipated to be completed during Q3 2017 with the EIA expected to be lodged by the end of 2017. The Company, subject to approval and financing, is targeting commencement of construction of the proposed Miraflores gold mine and facilities during Q2 2018 with gold production targeted to commence in the first half of 2019.

Importantly the Miraflores Project is part of the larger Quinchia Gold Portfolio, which has substantial upside potential including the significant gold porphyry system targets of Tesorito, Dosquebrados and Chuscal.

Whilst the Company also retains its 100% Chilean Projects, the primary focus is on the Miraflores Gold Project and as such the Chilean projects are on care and maintenance. The Company has significant exposure to Copper through Mollacas on which a mining study announced in 2014 demonstrated robust economics for development and Loica, a prospective copper play with known mineralisation. As previously announced development of the Mollacas Project is subject to resolution of a dispute with the land holder. The Vallecillo Project, a polymetallic deposit with identified resources is also a valuable asset.

Share Consolidation

Following the completion of the security consolidation on 4 January 2017 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.

Annual General Meeting

The Company's Annual General Meeting of shareholders for the year ended 31 December 2016 was held at 100 Walker St, North Sydney NSW 2060 on 23 May 2017. All resolutions put before the Annual General Meeting were approved by shareholders.

Board Changes

Ram Venkat – Non-Executive Director

Mr. Ram Venkat was appointed as a Non-Executive Director of the Company effective 20 March 2017. Mr. Venkat is a seasoned capital market executive who has worked across the investment banking, equity capital markets, mergers & acquisitions and multi-asset structuring groups at several global investment banks.

Ram combines the knowledge and skillset of an engineer, his extensive experience in investment banking and his record of working with companies to achieve sustainable profitability, coupled with his experience in financial structuring and corporate oversight brings valuable and differentiated skills to the board room.

Philip Killen – Company Secretary and Chief Financial Officer (CFO)

Mr Philip Killen, who has held office as Company Secretary and CFO of Metminco Limited since 31 October 2009 tendered his resignation. Mr Killen's resignation was accepted by the Company and was effective from 14 July 2017.

Mr Killen has been an extremely valuable member of the executive team and remains supportive of the Company, however, he has elected to pursue other business interests.

Mr Brian Jones has been appointed as Company Secretary and Chief Financial Officer effective 14 July 2017 in place of Philip Killen. Mr. Jones is a Chartered Accountant with more than 10 years' experience as Company Secretary in other ASX listed companies.

Phillip Wing - Chair

Phillip Wing, who held office as a Director of Metminco Limited since 17 July 2009 and as Chair since 27 July 2016 tendered his resignation from the Company's Board of Directors effective from 3 August 2017.

The Board expresses its gratitude to Mr Wing for his outstanding services as a Director and Chair and wishes him all the best.

The Company has commissioned a search firm to identify suitable candidates to fill the Chair position.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

Matters that have arisen in the interval between the end of the half year ended 30 June 2017 and the date of this report of a material or unusual nature are as follows:

- Resignation of Philip Killen (14 July 2017) and appointment of Brian Jones as Company Secretary and Chief Financial Officer (CFO).
- Resignation of Phillip Wing (3 August 2017) as Non-Executive Director and Chair of the Company.
- On 14 July 2017 the Company initiated a 'Small Holding Sale Facility' for shareholders who hold a 'Small Holding' of shares (unmarketable parcels) in the Company. Under ASX Listing Rules and the Company's constitution a 'Small Holding' is defined as:
  - a shareholding with a market value of less than A$500, and therefore
  - any shareholding of 11,111 shares or less in the Company, based on the closing share price of A$0.045 per share on the Record Date (Monday, 10 July 2017) is deemed to be a 'Small Holding'

The Company refers to the ASX announcement on the Company's website entitled 'Small Holding Sale Facility' dated 14 July 2017 for further details in relation to this capital management initiative.

As at the date of this report, the Directors are not aware of any further matters that have arisen that have significantly affected, or may significantly affect, the operations of the Company.

PROJECTS AND MINERAL RESOURCES

Summarised below are the mineral resources that have been estimated by Metal Mining Consultants for the Company's Miraflores Gold Project and SRK Consulting (Chile) S.A, for the Mollacas and Vallecillo Projects.

The Miraflores project Mineral Resource estimate has been estimated in accordance with the JORC Code, 2012 Edition. Mineral resource estimates for the Mollacas and Vallecillo were prepared and first disclosed under the JORC Code 2004. For the Mollacas and Vallecillo projects resource estimates were completed by SRK Consulting (Chile) S.A, in accordance with the JORC code (2004). Metal Mining Consultants (USA) (MMC) completed a resource estimate for the Miraflores deposit in accordance with the JORC Code (2012 Edition).

Miraflores Project

Table 1: Mineral Resource Statement, March 2017.

Classification	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 & Indicated	**9,269**	**2.82**	**2.77**	**840**	**826**
Inferred	487	2.36	3.64	37	57

Note:

i) Reported at a 1.2g/t gold % Cu cut-off.

ii) Mineral Resource estimated by Metal Mining Consultants Inc.

iii) Rounding may result in minor discrepancies.

Mollacas Project

Table 2: Mineral Resource Statement, July 2012 (Copper Leach Project – Oxides & Secondary Sulphides).

Category	Tonnes (million)	CuT (%)	Cu_Sol(%)	Au (g/t)
Measured	11.2	0.55	0.44	0.12
Indicated	4.3	0.41	0.29	0.14
Measured & Indicated	**15.5**	**0.51**	**0.40**	**0.13**

Note:

i) Reported at a cut-off of 0.20% Cu.

ii) Mineral Resource estimated by SRK Consulting (Chile) S.A.

iii) Rounding may result in minor discrepancies.

Vallecillo Project (La Colorada deposit)

Table 3: Mineral Resource Statement, October 2012.

Category	Tonnes (million)	Au (g/t)	Ag (g/t)	Zn (%)	Cu (%)	Pb (%)
Measured	5.5	0.84	9.99	1.12	0.06	0.32
Indicated	2.6	0.80	10.23	0.94	0.07	0.35
Measured & Indicated	**8.1**	**0.82**	**10.06**	**1.06**	**0.06**	**0.33**
Inferred	0.86	0.50	8.62	0.48	0.12	0.17

Note:

i) Reported at a cut-off of 0.20g/t Au.

ii) Mineral Resource estimated by SRK Consulting (Chile) S.A.

iii) Rounding may result in minor discrepancies.

COMPETENT PERSONS STATEMENT

Metminco

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Colin Sinclair, BSc, MSc, who is a Member of the Australasian Institute of Mining and Metallurgy, and is currently employed by the Company in South America.

Colin Sinclair has sufficient experience (over 30 years) which is relevant to the style of mineralisation, type of deposit under consideration, and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results'. Mr Sinclair, as Competent Person for this report, has consented to the inclusion of the information in the form and context in which it appears herein.

SRK Consulting (Chile) S.A.

Metminco supplied SRK with a geological model and supporting drill hole data. Copper and molybdenum grades were estimated into a block model using ordinary kriging with VULCAN software.

The information provided in this report as it relates to Exploration Results and Mineral Resources of the Chilean Projects is based on information compiled by Joled Nur, Principal Mining Engineer (Geostatistics and Resources Estimation) SRK. Mr Nur, a Qualified Person for JORC 2012 compliant statements, reviewed the technical information presented in this document. Mr Nur, Principal Mining Engineer with SRK, performed the resource estimation. Mr Nur has sufficient experience that is relevant to the style of mineralisation and type of mineral deposit under consideration, and to the activity which was undertaken, to make the statements found in this report in the form and context in which they appear. Mr Nur has consented to be named in this announcement and inclusion of information attributed to them in the form and context in which it appears herein.

Metal Mining Consultants Inc.

The information provided as it relates to Exploration Results and Mineral Resources of the Miraflores Gold Project is based on information compiled by Scott Wilson, President of Metal Mining Consultants Inc. in Colorado, USA. Mr Wilson, a Qualified Person for JORC (2012 Edition) compliant statements, reviewed the technical information presented in this document.

Mr Wilson has sufficient experience that is relevant to the style of mineralisation and type of mineral deposit under consideration, and to the activity which was undertaken, to make the statements found in this report in the form and context in which they appear. Mr Wilson has consented to be named in this announcement and inclusion of information attributed to him in the form and context in which it appears herein.

FORWARD LOOKING STATEMENT

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.

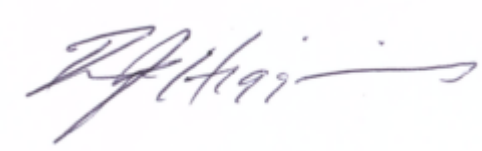
These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this announcement, are expected to take place. Such forward-looking statements are not guarantees of future performance 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.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under S307C of the Corporations Act 2001, is set out on page 27 of this financial report, and forms part of this Directors' Report.

This report is signed in accordance with a resolution of the Board of Directors.



Roger Higgins, Director

Dated: 13 September 2017

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Auditor's Independence Declaration
To the Directors of Metminco Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Metminco Limited for the half-year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

C F Farley
Partner - Audit & Assurance

Sydney, 13 September 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half year ended 30 June 2017

	Note	30 June 2017 $	30 June 2016 $
Revenue		–	192
Finance costs on deferred consideration	15	(229,730)	–
Foreign exchange (loss) / gain		(60,779)	25,879
Administration expenses		(288,047)	(116,248)
Corporate expenses		(1,206,987)	(615,995)
Occupancy expense		(51,860)	(129,856)
Exploration expenditure written off	4	(87,880)	(290,378)
Loss on sale of asset	16	(27,165,722)	–
Unrealised loss on derivative asset	8	(1,553,481)	–
Realised loss on derivative asset	8	(106,118)	–
Profit on disposal of assets		23,570	–
Loss before income tax	2	**(30,727,034)**	**(1,126,406)**
Income tax expense		–	–
Loss for the period from continuing operations		**(30,727,034)**	**(1,126,406)**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign controlled entities	9	(1,430,655)	(1,244,390)
Total comprehensive (loss) for the period		**(32,157,689)**	**(2,370,796)**
Loss attributable to:			
Members of the parent entity		(30,727,034)	(1,126,406)
		(30,727,034)	**(1,126,406)**
Total comprehensive (loss) attributable to:			
Members of the parent entity		(32,157,689)	(2,370,796)
		(32,157,689)	**(2,370,796)**
Loss per share			
From continuing operations:			
Basic loss per share (cents)	10	(25.38)	(0.04)
Diluted loss per share (cents)	10	(25.38)	(0.04)

These financial statements should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Note	30 June 2017 $	31 December 2016 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		6,349,931	71,548
Trade and other receivables	7	596,413	385,827
Derivative asset	8	215,235	–
Other assets		12,506	21,060
TOTAL CURRENT ASSETS		**7,174,085**	**478,435**
NON-CURRENT ASSETS			
Derivative asset	8	258,440	–
Investment in associate	16	–	33,766,877
Property, plant and equipment	3	4,257,086	4,538,349
Exploration and evaluation expenditure	4	10,421,030	9,486,691
TOTAL NON-CURRENT ASSETS		**14,936,556**	**47,791,917**
TOTAL ASSETS		**22,110,641**	**48,270,352**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	5	5,717,660	3,425,242
Short-term provisions	6	208,976	236,775
TOTAL CURRENT LIABILITIES		**5,926,636**	**3,662,017**
NON-CURRENT LIABILITIES			
Long-term provisions	6	49,272	79,903
Long-term payable	5	4,159,681	4,893,628
TOTAL NON-CURRENT LIABILITIES		**4,208,953**	**4,973,531**
TOTAL LIABILITIES		**10,135,589**	**8,635,548**
NET ASSETS		**11,975,052**	**39,634,804**
EQUITY			
Issued capital	12	333,092,371	329,032,074
Other reserves		(31,135,702)	(30,142,687)
Accumulated losses		(289,981,617)	(259,254,583)
TOTAL EQUITY		**11,975,052**	**39,634,804**

These financial statements should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 30 June 2017

	Issued Capital	Accumulated Losses	Option Reserve	Convertible Note equity reserve	Foreign Currency Translation Reserve	Acquisition Reserve	Total
	$	$	$	$	$	$	$
Balance at 1 January 2016	**324,037,464**	**(137,675,903)**	**67,756**	**–**	**23,230,638**	**(41,506,662)**	**168,153,293**
Loss attributable to members of the parent entity	–	(1,126,406)	–	–	–	–	(1,126,406)
Other comprehensive income	–	–	–	–	(1,244,390)	–	(1,244,390)
Total comprehensive income for the period	–	(1,126,406)	–	–	(1,244,390)	–	(2,370,796)
Shares issued during the period	3,960,910	–	–	–	–	–	3,960,910
Transaction costs	(152,813)	–	–	–	–	–	(152,813)
Options lapsed during the period	–	13,070	(13,070)	–	–	–	–
Balance at 30 June 2016	**327,845,561**	**(138,789,239)**	**54,686**	**–**	**21,986,248**	**(41,506,662)**	**169,590,594**
Balance at 1 January 2017	**329,032,074**	**(259,254,583)**	**54,686**	**–**	**11,309,289**	**(41,506,662)**	**39,634,804**
Loss attributable to members of the parent entity	–	(30,727,034)	–	–	–	–	(30,727,034)
Other comprehensive loss	–	–	–	–	(1,430,655)	–	(1,430,655)
Total comprehensive loss for the period	–	(30,727,034)	–	–	(1,430,655)	–	(32,157,689)
Shares issued during the period	4,375,000	–	–	–	–	–	4,375,000
Transaction costs	(314,703)	–	–	–	–	–	(314,703)
Equity component of convertible note	–	–	–	11,468	–	–	11,468
Options issued during the period	–	–	426,172	–	–	–	426,172
Balance at 30 June 2017	**333,092,371**	**(289,981,617)**	**480,858**	**11,468**	**9,878,634**	**(41,506,662)**	**11,975,052**

These financial statements should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 30 June 2017

	Note	30 June 2017 $	30 June 2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,573,133)	(779,763)
Interest received		–	192
Net cash used in operating activities		**(1,573,133)**	**(779,571)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of property, plant and equipment		23,570	12,100
Payments for exploration expenditure		(1,203,307)	(1,283,365)
Purchase of Miraflores Compania		–	(219,105)
Proceeds from sale of Los Calatos		6,601,155	–
Net cash used in investing activities		**5,421,418**	**(1,490,370)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		2,020,035	1,960,910
Payments in respect to capital raisings		(314,704)	(152,814)
Cash received on acquisition of Miraflores Compania		–	75,467
Cash received from convertible notes	17	750,000	–
Cash received from derivative asset	8	35,549	–
Net cash provided by financing activities		**2,490,880**	**1,883,563**
Net increase / (decrease) in cash held		**6,339,165**	**(386,378)**
Cash and cash equivalents at beginning of financial period		71,548	949,790
Effect of exchange rates on cash holdings in foreign currencies		(60,782)	25,880
Cash and cash equivalents at end of financial period		**6,349,931**	**589,292**

These financial statements should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2017

NOTE 1: BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

Reporting entity

Metminco Limited is a company domiciled in Australia. The consolidated interim financial report of the Company for the half-year ended 30 June 2017 comprises the Company and its controlled entities, and is presented in Australian dollars, which is the functional currency of the parent company.

The consolidated annual financial report of the consolidated entity for the period ended 31 December 2016 is available upon request from the Company's registered office at Suite 401, Level 4, 6 Help Street, Chatswood, 2067, Australia or from the Company's website at www.metminco.com.au.

The interim financial report has been prepared on an accruals basis and is prepared under historical cost convention, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were authorised for issue by the directors on 13 September 2017.

Statement of Compliance

This general purpose financial report for the half year ended 30 June 2017 has been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2016 and any public announcements made by Metminco Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Significant Accounting Policies

The accounting policies applied by the consolidated entity in this condensed consolidated interim financial report are consistent with those applied by the consolidated entity in its annual financial report for the year ended 31 December 2016 other than as stated below.

Going concern basis of accounting

The Consolidated Group incurred a net loss of $30,727,034, has net cash used in operations (including payments for exploration) of $2,776,440 during the half-year ended 30 June 2017 and has a cash balance of $6,349,931 as at that date. During the half year ended 30 June 2017 the Company sold its Peruvian Los Calatos Project for approximately US$5 million (A$6.7million) net of costs, raised $2.57 million after costs through share placements, convertible notes and a derivative asset.

Metminco is an exploration Company currently without an operating cash inflow and the net cash position of the Group will continue to decrease until such time as the Group has an operating cash inflow. The sale of Los Calatos is therefore an important milestone for Metminco in its transition to becoming a gold producer. Funds from the sale will be applied to completion of the Miraflores Feasibility Study and the lodgement of the Environmental Impact Assessment (EIA) leading towards a decision to mine, subject to mine development funding and EIA approval. Following the release of the Miraflores Feasibility Study which is anticipated to be completed during Q3 2017 which will demonstrate the robust economics of the potential development of the Miraflores Project into a near term cash flow the Board anticipates the capital raising alternatives for the Company will increase significantly.

Notwithstanding the material uncertainty the Directors are satisfied that the Company and Group have sufficient cash reserves together with its strategies as alluded to above to maintain its current portfolio and meet its debts as and when they fall due. Therefore these financial statements have been prepared on a going concern basis.

NOTE 2: LOSS FOR THE PERIOD

	6 months ended 30 June 2017 $	6 months ended 30 June 2016 $
Expenses:		
Expenses from continuing operations:		
Employee and directors' benefits expense	(254,712)	(256,559)
Depreciation and amortisation	(32,862)	(52,718)

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2017

NOTE 3: PROPERTY PLANT & EQUIPMENT

	30 June 2017 $	31 December 2016 $
Land		
At cost	4,129,266	4,409,481
Total land	**4,129,266**	**4,409,481**
Plant and equipment		
At cost	1,370,102	1,661,910
Accumulated depreciation	(1,242,282)	(1,533,042)
Total plant and equipment	**127,820**	**128,868**
Total property, plant and equipment	**4,257,086**	**4,538,349**

Reconciliations

Reconciliation of the carrying amounts for each class of property, plant and equipment are set out below:

Land		
Carrying amount at beginning of period	4,409,481	3,871,595
Land acquired with acquisition of Miraflores Compania	–	467,762
Impact of foreign exchange movement	(280,215)	70,124
Carrying amount of plant and equipment at end of period	**4,129,266**	**4,409,481**
Plant and equipment		
Carrying amount at beginning of period	128,868	714,565
Additions of equipment	–	931
Sale of equipment	(23,570)	–
Acquisition of subsidiary	–	66,070
Loss of control of subsidiary	–	(445,465)
Impact of foreign exchange movement	55,384	(115,077)
Depreciation	(32,862)	(92,156)
Carrying amount of plant and equipment at end of period	**127,820**	**128,868**
Carrying amount at end of period	**4,257,086**	**4,538,349**

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2017

NOTE 4: EXPLORATION AND EVALUATION

	30 June 2017 $	31 December 2016 $
Costs carried forward in respect of areas of interest in:		
– exploration and evaluation phases	**10,421,030**	**9,486,691**
Reconciliations		
Carrying amount at the beginning of the period	9,486,691	160,886,215
Acquisition of subsidiary	–	8,029,875
Expenditure incurred during the period	1,077,797	2,977,764
Loss on sale of asset	–	(152,696,422)
Impact of foreign exchange movement during the period	(55,578)	(9,303,441)
Exploration expenditure write off*1	(87,880)	(407,300)
Carrying amount at the end of the half year	**10,421,030**	**9,486,691**

Recoverability of the carrying amount of exploration assets is dependent upon the successful recovery of ore reserves. Impairment indicators in AASB 6 are considered on a project by project basis.

*1 Write off
Due to competing expenditure priorities the Company has no plans at this stage to undertake significant expenditure on its Chilean assets. During the six months ended 30 June 2017 the Company incurred care and maintenance fees of A$87,880 which it has written off.

Capitalised costs amounting to $1,203,307 for the period ended 30 June 2017 (for the year ended 31 December 2016: $2,977,764) have been included in cash flows from investing activities.

NOTE 5: TRADE AND OTHER PAYABLES

	30 June 2017 $	31 December 2016 $
CURRENT		
Trade payables	1,195,576	901,258
Deferred consideration (refer Note 15)	1,925,926	962,250
Other payables and accrued expenses	1,848,394	1,561,734
Convertible Notes (refer Note 17)	747,764	–
	5,717,660	**3,425,242**
NON CURRENT		
Deferred Consideration (refer Note 15)	4,159,681	4,893,628
	4,159,681	**4,893,628**

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2017

	30 June 2017 $	31 December 2016 $
NOTE 6: PROVISIONS		
	SHORT-TERM EMPLOYEE BENEFITS	
Consolidated Group		
Balance at the beginning of the reporting period	236,775	258,225
(Provisions utilised)	(27,799)	(21,450)
Balance at the end of the reporting period	**208,976**	**236,775**
	LONG-TERM EMPLOYEE BENEFITS	
Balance at the beginning of the reporting period	79,903	83,155
(Provisions utilised)	(30,631)	(3,252)
Balance at the end of the reporting period	**49,272**	**79,903**

NOTE 7: TRADE AND OTHER RECEIVABLES

CURRENT	30 June 2017 $	31 December 2016 $
Other receivables	215,235	385,827
Total current trade and other receivables	**215,235**	**385,827**
NON-CURRENT		
Other receivables	–	2,253,626
Provision for impairment of VAT receivables	–	(2,253,626)
Total non-current trade and other receivables	**–**	**–**

NOTE 8: DERIVATIVE ASSET

CURRENT	30 June 2017 $	31 December 2016 $
Derivative asset *1	596,413	–
Total derivative asset	**596,413**	**–**
NON-CURRENT		
Derivative asset *1	258,440	–
Total Derivative asset	**258,440**	**–**

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2017

NOTE 8: DERIVATIVE ASSET (Continued)

*1 On 31 January 2017 the Company entered into a Subscription Agreement, Escrow Agreement and Sharing Agreement with Lanstead Capital L.P regarding a A$3 million derivative asset facility. Pursuant to these agreements the Company issued 25,316,456 shares at 0.1158 per share for an aggregate subscription amount of A$3million. As security for the proceeds of these shares the recipient of the shares placed $A3million in government bonds with an escrow agent as security for the proceeds receivables.

Whilst A$0.45 million was received as an advance the remaining $A2.55 million is to be received over 18 months subject to the Company's measured share price compared to the benchmark price of A$0.158. Over a 18 month period the Company will exchange $A141,667 worth of government bonds per month for a cash payment the amount of which is determined against a benchmark price of A$0.158 per ordinary share. If the volume weighted average price of an ordinary share in Metminco for the five dealing days prior to settlement exceeds the benchmark price then the Company will receive more than 100% of the monthly payment due. If the price is less than the benchmark price, the Company will receive less than 100% of the monthly payment due.

The secured derivative asset settled to date realised a loss of $106,118.

Fair value of derivative asset
The derivate asset is recorded at fair value through profit or loss with the fair value based on the share price of the Company at 30 June 2017. A fair value loss of 1,659,599 has been taken to the consolidated statement of profit and loss and other comprehensive income.

Movement in the fair value of the derivative asset is as follows:

	Opening Balance 1 January 2017	Derivative asset book value	Cash received from derivative asset	Loss on Settlement	Fair value adjustment	Closing Balance 30 June 2017
Current derivative asset	–	1,841,665	(35,549)	(106,118)	(1,103,585)	596,413
Non-current derivative asset	–	708,335	–	–	(449,895)	258,440

NOTE 9: FOREIGN EXCHANGE RESERVE

During the half year ended 30 June 2017 the AUD recovered against the USD by 6.35% resulting in a foreign exchange reserve loss of $1,430,655. (During the half year to 30 June 2016 the AUD recovered against the USD by 1.92% resulting in a foreign exchange reserve loss of $1,244,390).

	6 months ended 30 June 2017			6 months ended 30 June 2016		
Date	31/12/2016	30/06/2017	% change	31/12/2015	30/06/2016	% change
AUD/USD	0.7197	0.7686	6.35%	0.7298	0.7441	1.92%

NOTE 10: LOSS PER SHARE

		6 months ended 30 June 2017 $	6 months ended 30 June 2016 $
a.	**Reconciliation of earnings to loss**		
	Loss	(30,727,034)	(1,126,406)
	Loss used in the calculation of basic and dilutive EPS	**(30,727,034)**	**(1,126,406)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2017

NOTE 10: LOSS PER SHARE (Continued)

		30 June 2017 No.	30 June 2016 No.
b.	**Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS** *1	121,046,994	3,205,123,130
	Weighted average number of dilutive options outstanding	–	–
c.	**Anti-dilutive options on issue not used in dilutive EPS calculation** *1	100,000	5,000,000

*1 On 4 January 2017 the Company completed a share consolidation of its securities on the basis of 50:1. On completion of the consolidation the Company had on issue 90,280,468 Shares and 100,000 options

NOTE 11: DIVIDENDS

The company resolved not to pay or declare any dividends in the period ended 30 June 2017 (2016: $ nil).

NOTE 12: ISSUED CAPITAL

	30 June 2017 $	31 December 2016 $
101,883,843 (31 December 2016: 4,513,918,626) fully paid ordinary shares *1	**330,092,371**	**329,032,074**
25,316,456 (31 December 2016: nil) partly paid ordinary shares	**3,000,000**	–
	333,092,371	**329,032,074**

a. Movements in fully paid ordinary share capital (No. Shares)	**No. Shares**	**No. Shares**
Balance at beginning of the reporting period	**4,513,918,626**	**2,975,335,799**
*1 The consolidation of the Company securities on the basis of 50:1 was completed on 4 January 2017. On completion of the consolidation the Company had on issue 90,280,468 Shares	**90,280,468**	
Shares issued		
- 29-Mar-16	–	50,000,000
- 29-Mar-16	–	2,098,678
- 29-Mar-16	–	6,022,887
- 05-Apr-16	–	210,000,000
- 08-Apr-16	–	40,000,000
- 08-Apr-16	–	1,604,832
- 06-May-16	–	151,785,724
- 06-May-16	–	1,233,630
- 23-May-16	–	82,750,000
- 23-May-16	–	6,582,125
- 23-May-16	–	1,639,872
- 22-Jun-16	–	350,000,000
- 04-Oct-16	–	422,222,222
- 23-Nov-16	–	107,142,857
- 12-Dec-16	–	105,500,000
- 31-Jan-17	11,603,375	–
At the end of the reporting period	**101,883,843**	**4,513,918,626**

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2017

NOTE 12: ISSUED CAPITAL (CONTINUED)

b. Movements in fully paid ordinary share capital ($)	30 June 2017 $	31 December 2016 $
Balance at beginning of the reporting period	**329,032,074**	**324,037,464**
Shares issued		
- 29-Mar-16	–	250,000
- 29-Mar-16	–	10,493
- 29-Mar-16	–	23,580
- 05-Apr-16	–	804,669
- 08-Apr-16	–	153,270
- 08-Apr-16	–	8,024
- 06-May-16	–	584,375
- 06-May-16	–	6,169
- 23-May-16	–	331,000
- 23-May-16	–	32,911
- 23-May-16	–	6,420
- 22-Jun-16	–	1,750,000
- 04-Oct-16	–	951,429
- 23-Nov-16	–	252,867
- 12-Dec-16	–	250,035
- 31-Jan-17	1,375,000	–
Costs of capital raising	(314,703)	(420,632)
At the end of the reporting period	**330,092,371**	**329,032,074**

c. Movements in partly paid ordinary share capital (No. Shares)	30 June 2017 No. Shares	31 December 2016 No. Shares
Balance at beginning of the reporting period	**–**	**–**
Shares issued		
- 31-Jan-17	25,316,456	–
At the end of the reporting period	**25,316,456**	**–**

d. Movements in partly paid ordinary share capital ($)	30 June 2017 ($)	31 December 2016 ($)
Balance at beginning of the reporting period	**–**	**–**
Shares issued		
- 31-Jan-17	3,000,000	–
At the end of the reporting period	**3,000,000**	**–**

On 31 January 2017 the Company issued 36,919,831 (25,316,456 shares to Lanstead Capital, 10,970,464 shares to Redfield Asset Management, 632,911 shares to Wilnic Pty) at A$0.1185 as share placement to raise A$4,375,000. The shares issued to Lanstead Capital (25,316,456 shares) have been partly paid.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2017

NOTE 13: CAPITAL AND LEASING COMMITMENTS

		30 June 2017 $	31 December 2016 $
a)	**Operating Lease Commitments**		
	Non-cancellable operating leases contracted for but not capitalised in the financial statements		
	Payable - minimum lease payments		
-	not later than 12 months	47,780	42,864
-	between 12 months and 5 years	46,444	56,934
-	greater than 5 years	–	–
		94,224	**99,798**

The Group has lease commitments over four premises in Australia and Colombia with terms ranging from 1 to 26 months. Rent is payable monthly in advance.

b)	**Exploration Tenement Licence Commitments**		
	Mining and exploration licence fees for tenements held by the Group but not yet capitalised in the financial statements		
	Payable (minimum license payments)		
-	not later than 12 months	**308,579**	**41,395**

NOTE 14: SEGMENT REPORTING

The Consolidated Group's primary activity is mineral exploration in the geographic area of South America. This focus is consistent with the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Group is managed primarily for the sole purpose of mineral exploration.

	MINERAL EXPLORATION		NON-CORE RECONCILING ITEMS		Total	
a. Segment performance	**30 June 2017 $**	**30 June 2016 $**	**30 June 2017 $**	**30 June 2016 $**	**30 June 2017 $**	**30 June 2016 $**
Other income	–	–	–	192	–	192
Total segment revenue	–	–	–	192	–	192
Total group revenue	–	–	–	192	–	192
Segment gain/(loss) before tax	(108,399)	68,775	(30,618,635)	(1,195,181)	(30,727,034)	(1,126,406)
Gain/(loss) before tax from continuing operations	(108,399)	68,775	(30,618,635)	(1,195,181)	(30,727,034)	(1,126,406)
Depreciation and amortisation expense included in segement result	(32,025)	(49,864)	(837)	(2,854)	(32,862)	(52,718)
Impairment expense	(87,880)	(290,378)	–	–	(87,880)	(290,378)

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2017

NOTE 14: SEGMENT REPORTING (Continued)

	MINERAL EXPLORATION		NON-CORE RECONCILING ITEMS		Total	
b. Segment assets	**30 June 2017 $**	**31 December 2016 $**	**30 June 2017 $**	**31 December 2016 $**	**30 June 2017 $**	**31 December 2016 $**
Segment assets	15,198,859	47,930,212	6,911,782	340,140	22,110,641	48,270,352
Segment asset increases for the period						
– capital expenditure	1,179,736	2,336,225	–	–	1,179,736	2,336,225
– acquisition	–	8,516,926	–	–	–	8,516,926
– investment in associates	–	33,880,075	–	–	–	33,880,075
	1,179,736	**44,733,226**	**–**	**–**	**1,179,736**	**44,733,226**
c. Segment liabilities						
Segment liabilities	1,759,160	657,797	8,376,429	7,959,751	10,135,589	8,617,548
Reconciliation of segment liabilities to group liabilities						
-Total group liabilities	**1,759,160**	**657,797**	**8,376,429**	**7,959,751**	**10,135,589**	**8,617,548**

d. Revenue by geographical region

Revenue is disclosed below, based on the location :

	30 JUNE 2017 $	30 JUNE 2016 $
Australia	–	192
South America	–	–
Total revenue	**–**	**192**

e. Assets by geographical region

The location of segment assets by geographical location of the assets is disclosed below:

	30 JUNE 2017 $	31 DECEMBER 2016 $
Australia	1,207	2,043
Colombia	11,227,652	10,022,214
Peru	–	33,766,878
Chile	3,707,696	4,000,782
Total non-current assets	**14,936,555**	**47,791,917**

NOTE 15: CONTROLLED ENTITIES

	COUNTRY OF INCORPORATION	PERCENTAGE OWNED 30 JUNE 2017 %	PERCENTAGE OWNED 31 DECEMBER 2016 %
Controlled Entities consolidated			
Subsidiaries of Metminco Limited:			
Hampton Mining Limited	Australia	100	100
North Hill Holdings Group Inc	British Virgin Islands	100	100

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2017

NOTE 15: CONTROLLED ENTITIES (Continued)

	COUNTRY OF INCORPORATION	PERCENTAGE OWNED 30 JUNE 2017 %	PERCENTAGE OWNED 31 DECEMBER 2016 %
Wholly owned subsidiaries of North Hill Holdings Group Inc:			
Cerro Norte Mining Inc	British Virgin Islands	100	100
North Hill Ovalle Inc	British Virgin Islands	100	100
North Hill Peru Inc	British Virgin Islands	100	100
North Hill Colombia Inc	British Virgin Islands	100	100
Minera Hampton Chile Limitada	Chile	100	100
Miraflores Hampton Colombia SAS	Colombia	100	100
Miraflores Compania Minera SAS	Colombia	100	100

Acquisition with respect of controlled entities

Metminco's growth strategy is to become a gold producer in the near term. To this effect on 30 May 2016, North Hill Colombia Inc acquired a 100% ownership interest in Miraflores Compania Minera SAS (formerly Minera Seafield SAS) by the issue of 350 million Shares (at a fair value price of A$0.5 cents per Share) and reimbursement of approximately A$165,000 in Miraflores Minera's operating costs from date of signing the binding term sheet to 30 April 2016. A further payment of approximately A$300,000 is payable for the period from 1 May 2016 to 20 June 2016 (date of settlement) on or before 20 June 2017 (deferred to 21 August 2017 with 6% interest on the amount payable). RMB was issued 50 million shares in March 2016 in respect of an exclusivity fee. Miraflores Minera is the owner of the Quinchia Gold Portfolio more fully described above.

Under the purchase agreement, Metminco will make cash payments to RMB as follows:

(i) Initial payment of A$1.0 million on 20 June 2017;

(ii) Second payment of A$1.0 million on 20 June 2018;

(iii) Third payment of A$3.0 million on the earlier of (a) a decision to mine at the Quinchia Gold Portfolio; and (b) on 20 June 2019;

(iv) Fourth payment of A$2.0 million on the earlier of (a) a decision to mine at the Quinchia Gold Portfolio; and (b) 20 June 2020; and

(v) A maximum of A$7 million in royalty payments to RMB from operating cashflows.

Acquisition of Miraflores Compania Minera SAS

	FAIR VALUE $
Purchase consideration	
Ordinary shares in Metminco Limited	2,000,000
Reimbursement to 20 June 2016	467,605
Acquisition expenses (charged to expenses)	414,500
Deferred cash consideration (present value 30.06.2017) *	5,634,821
	8,516,926
Fair value of identifiable assets acquired and liabilities assumed	
Cash	75,467
Receivables	42,029
Property, plant and equipment	533,832
Exploration expenditure	8,029,875
Creditors	(140,838)
Employee entitlements	(23,439)
	8,516,926

* No contingent consideration has been recorded in respect of the potential royalty payments, as these amounts cannot be reliably estimated.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2017

NOTE 15: CONTROLLED ENTITIES (Continued)

	Opening Balance 1 January 2017	Fair value adjustment	Closing Balance 30 June 2017
Deferred cash consideration (present value)	5,855,877	229,730	6,085,607

The deferred cash consideration of A$7million has been discounted at 8 % per annum.

NOTE 16: LOSS ON SALE OF ASSET

On 27 June 2017 the Company announced the sale of its Peruvian Los Calatos asset in exchange for cash	30 JUNE 2017 $	31 DECEMBER 2016 $
Balance as at the beginning of the year	33,766,877	–
Sale proceeds received	(6,601,155)	–
Loss on sale	**27,165,722**	–

NOTE 17: CONVERTIBLE NOTE FACILITY

In May 2017 the Company entered into an A$0.75 million unsecured convertible note facility with Redfield Advisory Pty Ltd and Redfield Asset Management Pty Limited (together **Redfield**) at a coupon rate of 12.5%pa expiring no later than 17 May 2018. The Convertible Notes and capitalised interest automatically convert to fully paid ordinary shares (Shares) at A$0.06075 per Share on expiry. The holder may elect to convert prior to expiry.

The Company issued 12,345,639 options exercisable at $0.081 per Share exercisable any time prior on or before 17 May 2019 and 12,345,639 options exercisable at $0.081 per Share exercisable any time prior on or before 25 May 2019 and paid an underwriting fee of 4.5%pa to Redfield as fees for the facility.

The values of the liability and equity components of the Convertible Notes are calculated as follows:

	$
Present value of principle payable at the end of 1 year ($750,000 discounted at 15%)	652,174
Present value of interest payable in arrears ($99,312 discounted at 15%)	86,358
Total liability component	**738,532**
Proceeds of issue	750,000
Residual – equity component	(11,468)

In subsequent years, the profit and loss account is charged with interest of 15% on the debt instrument. A discount rate of 15% has been applied as the Convertible Notes and capitalised interest automatically convert on expiration. In accordance with the agreement the Convertible Notes are to be converted to equity on or before expiry.

The value of the Options issued in accordance with the Convertible Note agreement was determined to be $426,173 using the binomial method based on the applicable issue date, the Company's current shares price ($0.056 per Share for options expiring 17 May 2019 and $0.057 per Share for options expiring 25 May 2019, interest rate of 1.62% and assuming 80% volatility. As the options vested immediately the value was charged to expense in the current period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2017

NOTE 18: EVENTS AFTER THE END OF THE FINANCIAL PERIOD

Matters that have arisen in the interval between the end of the half year ended 30 June 2017 and the date of this report of a material or unusual nature are as follows:

- Resignation of Philip Killen (14 July 2017) and appointment of Brian Jones as Company Secretary and Chief Financial Officer (CFO).
- Resignation of Phillip Wing (3 August 2017) as Non-Executive Director and Chair of the Company.
- On 14 July 2017 the Company initiated a 'Small Holding Sale Facility' for shareholders who hold a 'Small Holding' of shares (unmarketable parcels) in the Company. Under ASX Listing Rules and the Company's constitution a 'Small Holding' is defined as:
  - a shareholding with a market value of less than A$500, and therefore
  - any shareholding of 11,111 shares or less in the Company, based on the closing share price of A$0.045 per share on the Record Date (Monday, 10 July 2017) is deemed to be a 'Small Holding'

  The Company refers to the ASX announcement on the Company's website entitled 'Small Holding Sale Facility' dated 14 July 2017 fur further details in relation to this capital management initiative.

As at the date of this report, the Directors are not aware of any further matters that have arisen that have significantly affected, or may significantly affect, the operations of the Company.

DIRECTORS' DECLARATION

In the opinion of the Directors of Metminco Limited:

1) The consolidated financial statements of Metminco Limited are in accordance with the Corporations Act 2001, including:
   a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
   b) giving a true and fair view of the financial position as at 30 June 2017 and of its performance for the half-year ended on that date.
2) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Roger Higgins

Dated: 13 September 2017

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Independent Auditor's Review Report
To the Members of Metminco Limited

Conclusion

We have reviewed the accompanying half-year financial report of Metminco Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 30 June 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Metminco Limited is not in accordance with the Corporations Act 2001, including:

c giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the half-year ended on that date; and

d complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Material uncertainty regarding continuation as a going concern

We draw attention to Note 1 to the financial report which indicates the consolidated entity incurred a net loss of $30,727,034, has net cash used in operations (including payments for exploration) of $2,776,440 during the half-year ended 30 June 2017 and has a cash balance of $6,349,931 as at that date. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our report is not modified in relation to this matter.

Directors' responsibility for the half-year financial report

The Directors of Metminco Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Metminco Limited consolidated entity's financial position as at 30 June 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB *134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Metminco Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the *Corporations Act 2001.*

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

C F Farley
Partner - Audit & Assurance

Sydney, 13 September 2017